Assessment of Effectiveness of Equalization Funds Transfer Program in Poverty Reduction by the Devolved Governments in Kenya: A Case Study of Kilifi County

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Abstract: **Despite the Kenyan government developing and implementing numerous development plans, strategies and reports aimed at alleviating poverty, it is apparent that the poverty levels in the country have continue to escalate and still remains an elusive affair despite the government's effort in initiating various developments to curb poverty levels in the country. Additionally, the poverty levels in the country have been on an increasing trend due to poor economic performance which has led to many Kenyan households leaving below the recommended one dollar a day leading to most households being unable to afford decent meals and nutrition, lack of access to basic education, health and sanitation and decent housing. Despite the entrenchment of the devolved governance structure in the Kenya constitution 2010 so as to enhance democratic institutions and enhance accountability in governance and power for the citizens, as well as ensuring equitable distribution of resources to address the needs at the grassroots, certain regions of the country still lag behind in terms of development and the poverty levels are still on the rise. This study aimed at assessing the effectiveness of poverty reduction strategies as adopted by the devolved system of governance in Kenya. The findings of this study points out that county government should enhance the involvement of the public in decisions related to poverty reduction and more specifically, they should enhance the involvement of the public on decisions involving major decisions on which poverty reduction projects to undertake, identification of key poverty reduction programs, resource allocation and utilization decisions. In order to foster a good working relations and continuity of the poverty reduction initiatives, the government should improve on the public involvement in the County government development committees as well as in the poverty reduction project monitoring and evaluation.**

I. INTRODUCTION

The UNEP Millennium Report (2000), indicates that almost half of the world population comprising an average of 4 billion people live below the poverty level with South Asia having the largest share of approximately 522 million while the Sub- Saharan Africa have the highest proportion at 46.3% of the population being classified as poor. The report further indicates that nearly 1 billion people are illiterate while more than 1 billion people lack access to clean and safe water and 840 million people either lack decent meals or face food insecurity with about one-third of children below five years suffering from malnutrition, (UNEP Millennium Report, 2000). Additionally, Nyamboga, Nyamweya, Sisia, & Gongera, (2014), while citing World Bank (2010) posits that nearly half the global population lives in poverty with minimum opportunities of improving their livelihoods with most of the industrialized countries and the whole regions of the developing world experiencing poverty. Nyamboga *et al.,* (2014), concludes that the levels of poverty in these regions could be as a result of local factors combined with national and international circumstances.

According to the UNDP (2000), the approach adopted in the mobilization and utilization of public resources has a significant relationship with its impact on poverty. The UNDP (2000) furthers observes that in order to promote economic growth, and reduce the economic gap between the poor and the rich and have pro – poor development plans leading to enhanced quality of life, there is a need to have a fair and equitable public budgetary policy. The report also observes that reducing poverty levels is a function of available resources and the government's economic and social priorities and policies, thus making it possible for the low-income economies to be able to reduce the impact of poverty on the population.

Nyamboga *et al,* (2014) further argue that for a government to address poverty, other than increasing their spending on health and education sectors, they should also develop policies aimed at promoting equitable socio- economic growth also known as social provisioning policies. These policies are key in alleviating poverty, reducing socio-economic deprivation, enhancing citizen productive capacities and possibilities; and reducing government expenditure on mitigating effects of poverty on her citizens (MDGs, 2000; UNDP, 2000).

At independence, African countries including Kenya, being informed by the levels of their citizens' vulnerability and the then prevailing "trickle down" economic discourses, had their priorities on certain pillars key among them being fighting and alleviating poverty. The proponents of the "trickle down" economic discourse argued that since poverty rather than distribution mattered, it was only necessary to concentrate on economic growth as this wealth would trickle down to benefit the poorest sections of society as the economy grows making the subject of socio – economic inequality have low profile not only in scholarly but also political and policy discourses. However, in recent times, a lot of prominence has been given to the social dimensions in assessing people's quality of life. Such dimensions include levels of access to basic health and education, access to clean water and sanitation. Because of the prominence of these social dimensions, their deprivation deepens the poverty levels and reduces citizen's well-being and the existence of wide gaps in accessing them by citizens negatively affects the poverty alleviation efforts particularly in the growing economies. Consequently, for effective economic growth and redistributive policies as entrenched in the constitution 2010, Kenya's quest in vision 2030 to grow by 10% per annum has to ensure reduction in inequality and that there is equitable benefit from both development initiatives and resources allocation.

Overview of Devolved Government Systems in Kenya

Kenya enacted a new constitution in 2010 through a referendum process. This effectively established the devolved governance structure that created a two tier government with tier one being the National government with three independent arms namely, the executive which is headed by an elected president, the judiciary headed by the chief justice and president of the supreme court and the legislature headed by the speaker of the national assembly and has a bicameral house comprising of the national assembly and the senate. The second tier of governance are the devolved county governments. The devolved systems known as counties in Kenya have legally recognized geographical demarcations with their elected leaders with two arms of governance, namely the executive headed by an elected governor who constitutes the County executive committee and the county assembly headed by the speaker. These units are expected to raise their own revenues and have independent authority to make investment decisions (Commission for the implementation Constitution (CIC), 2014; Loveridge, 2010).

The essence of instituting the devolve governance structures in the constitution 2010 was to facilitate the transfer of authority for decision-making, finance, and management to the county governments that are quasi-autonomous units of local government with a corporate status (CIC, 2014; Loveridge, 2010). The county governments are responsible for overseeing devolved functions that include health care, pre-primary education, and maintenance of local roads. In addition to these governments raising their own revenues, they also receive a share of national revenues. The devolved governance structure is an ambitious one and one of few in the world that seeks to decentralize both the executive and legislative power from the central government to new devolved administrations set up from scratch (Muia, 2008). This is a remarked deviation from the previous system that demarcated the country into eight provinces and hundreds of districts, but vesting the executive power largely in the central government. In exercising their executive powers, the devolved governments oversee the functions of agriculture, health facilities, sanitation, transport and trade licenses while the national government oversees education, security, foreign policy, and national economic policy and planning (CIC, 2014).

With the transfer of social dimension services to the country government, the focus has been shifted to the devolved units and their efforts to stem the country's widening inequalities in the provision of education, health, infrastructure, water and other crucial services across the counties in order to help in the fight against poverty and to eventually alleviate that has oscillated between 44% and 46% (Loveridge, 2010; World bank, 2012). Additionally, this transfer necessitates the need for rational resource allocation to the grassroots where services are delivered, requires managers at every level to focus on the Government's objectives and prudently manage associated risks and to be more responsive needs of the service recipients (CIC, 2014).

In order to ensure fair and equitable distribution and sharing of resources between the national government and the devolved county governments, the constitution 2010 created the Commission on Revenue Allocation (CRA) which is mandated to recommend a revenue allocation and sharing formula under the Equalization Transfer Fund which has been provided for in the Constitution so as to ensure development of the marginalized areas (Loveridge, 2010; Wambugu, & Lee, 2008). The commission is required by law to recommend to the National Assembly the basis for equitable sharing of revenues raised nationally and to specifically decide on the division of revenue between the national government and the county governments and the sharing of the revenue among the county governments from time to time on an annual basis (Wambugu, & Lee, 2008). The parameters that have been proposed as the basis of developing the revenue allocation and sharing formula include population size, poverty indices, and land mass. Additionally, for the management of the fixed costs, 25 percent of the revenues is to be shared equally among all counties with a further 2 percent provided as an incentive for fiscal responsibility which has initially been shared equally among the counties and aimed rewarding counties that are able to manage their resources better and are more effective in mobilizing their own resources (CIC, 2014; Wambugu, & Lee, 2008).

However, effective operationalization of the devolved governance system has been affected negatively by lack of adequate auditing thus making the equalization transfer funds not to be based on factual figures as the Constitution of Kenya (2010) on Public Finance (11), section 203(2), requires that national income that is equitably allocated to county governments shall not be less than 15 percent of all revenues collected by the national government during the preceding financial year (CIC, 2014; Wambugu, & Lee, 2008). The operations of the devolved governments have also been affected significantly by supremacy battles experienced between the National Assembly and Senate, county assemblies and governors, and the judiciary. These battles in essence derails service delivery at the grassroot (CIC, 2014). Additionally, a lot of audit queries have been raised on the devolved units bringing into fore the issues of grave concerns around accountability and transparency giving the impression that majority of counties are operating in total disregard to the established fiscal policies as stipulated in the constitution leading to wastage and spending in non-priority areas. In order to show the magnitude of the impact of these supremacy battles, Mbaka, (2014), observed that the governors and their executives cannot handle the issues of misuse of funds raised by the members of county assemblies (MCAs) and are forced to take a back seat due to the fear for their jobs.

Kilifi County

Kilifi County that comprised the former Kilifi and Malindi districts, with a population of 1,134,856 (Kenya National Population Census, 2009), is found along the coastal strip and covers an approximate area of 15,500km^2 and borders Tana River, Taita Taveta, Kwale and Mombasa Counties to the North, West, South West, and South respectively and the Indian Ocean to the East. Kilifii county has six sub counties namely; Malindi, Magarini, Ganze, Rabai, Kaloleni and Kilifi/Bahari. The Kenya national population census (2009), ranked the sources of livelihoods in Kilifi county as marginal mixed farming (MMF) - (44%), cash cropping/dairy (22%), formal employment (14%), food cropping (11%), fishing and mangrove (3%); ranching (2%), forest /tourism (2%) and casual labor (2%) (KNBS, 2009; Mbaka, 2014).

Despite the fact that Kilifi County is considered as one of counties with numerous natural resources in the country, it has one of the highest poverty level index, with 68% of the population surviving on a single meal per day with an absolute poverty level of 71.7 percent despite the numerous efforts by both governmental and non – governmental organizations operating in the area (KIHBS 2013/2014)

KIHBS (2013/2014), highlight the main causes of poverty in the county as low levels of productivity due to low uptake of technology, especially in the agricultural sector, high illiteracy and population growth rates; frequent natural disasters like floods; inadequate infrastructure; and excessive dependence on a narrow range of cash crop for income earnings. The report also identified gender inequality in access productive assets and social services to have significantly contributed to the decline in output growth and widespread poverty. Other factors identified in the report include lack of title deeds, poor infrastructure and the rising cost of living.

KIHBS (2013/2014), further report the area has a high rate of school drop outs as a result of poverty, leading to high cases of early marriages which then creates a vicious cycle of poverty and illiteracy and further compacting the poverty challenge as uneducated and poor labor force cannot earn enough for saving and investment to facilitate growth and development. The KIHBS (2013/2014) report further indicate that majority of the indigenous residents in the county are employed in low paying jobs. Mbaka (2014) posits that though measures have been taken to address these issues, long-term sustainable solutions still remain elusive with the KIHBA report (2013/2014) indicating that to be successful in poverty alleviation efforts in the area, there is a need to address issues pertaining to land, security, increased education and gender participation in the development of the county. Additionally, in order to help alleviate poverty, literacy levels should be increased, gender issues addressed, infrastructure improved to enable transportation of farm produce to the markets, health facilities improved and the county government should fast track the issuance of title deeds which in turn will enable the residents access bank loans and other financial services using them as collateral, and policies on zero tolerance to corruption enacted (Wambugu, & Lee, 2008).

Nyamboga *et al* (2014) posit that to date, poverty levels in the country have continue to escalate despite the establishment and implementation of various development plans, Strategy Papers, Assessment Reports, and Vision 2030 policies intended to fight poverty. Further, poverty alleviation still remains elusive despite the various positive developments such as establishing the causes, constraints and the processes that engender and entrench poverty. Additionally, Nyamboga *et al.,* (2014), assert that poverty, as depicted by a number of Kenyan households going without adequate food and nutrition, inadequate access to basic education and health services, safe water and decent housing is as a result of poor national economic performance.

According to Omiti, *et al,* (2002), several anti – poverty policies have been initiated by the government of Kenya right from independence when the government identified poverty, diseases and illiteracy as the major hindrance to human development as articulated in the Sessional Paper No. 10 of 1965. Various poverty eradication policies and strategies have been adopted as outlined in the different development plans as well as in a number of various poverty reduction strategy papers (PRSP). Further strategies and policies have been outlined in a number of participatory poverty assessment reports (PPAR) as well in the numerous national poverty eradication plans (NPEP). Additionally, the district focus for rural development (DRFD) were also aimed at addressing the poverty eradication programs by the national government together with the mid-term expenditure framework (MTEF) (Omiti, *et al*, 2002).

Omiti *et al.,* (2002) further observed that additional poverty eradication strategies and policies have been outlined in the Millennium Development Goals (MDGs), and Vision 2030. However, they also observed that despite all these positive developments, and also due to the poor national economic performance, poverty alleviation still remains elusive in the country. Omiti *et al.*, (2002) observed that due to the increasing poverty levels, a large population goes without adequate food; education, health facilities, safe water and decent housing. But these, they claimed is attributed to poor policy formulation, initiation, planning and implementation of poverty alleviation programs.

According to Omiti *et al.*, (2002), studies so far conducted show that the poor have been excluded in the process of formulating poverty alleviation policies and strategies, instead they have been reduced to passive participants in their own development thus reducing their ownership of resultant programs. Specifically, they have not participated in formulating these policies and identifying the specific projects aimed at raising the level of development. As a result of this, it is observed that they poor inadequately represented at grassroot levels in various policy-making organs and institutions fighting poverty (Omiti, et al 2002).

The devolved governance structure was entrenched in the Kenyan constitution 2010 so as to promote democratic and accountable exercise of power and to ensure equitable distribution of resources to address the needs at the grassroots (Ghai, 2007). However, it is worth pointing out that despite all these, certain regions of the country still lag behind in terms of development with poverty levels being on the rise. While it is apparent that devolution has been designed to transfer decision-making and resources from the central government to the devolved governments at the grassroots, it is indisputable that the counties have not realized these objectives on an equal measure, as much as these is not expected to be same since the counties are not equal in terms of capacity and thus cannot be expected to grow at the same pace (Mbae & Anami, 2012). Kilifi County remains to be one of the poorest counties in Kenya. Whereas a few studies have been done in the areas of poverty reduction and eradication, based on the researched documents, there is no evidence of a study having been done in Kilifi county to assess the effectiveness of devolved systems and therefore this paper looks at the effectiveness of poverty reduction strategies through equitable resources; a case study of devolved government systems in Kilifi County, Kenya.

This study specifically aimed at assessing the effectiveness of equalization transfer funds as a poverty reduction strategy in Kenya and the specific objectives pursued include:

1. To establish the extent to which the equalization funds transfer has been channeled to poverty reduction programs and utilized effectively in poverty reduction efforts in Kilifi County?
2. To explore the challenges faced by the county government in its poverty reduction efforts?
3. To explore the interrelationship among effective utilization of equalization funds transfer, inter – agency cooperation, and public participation in poverty reduction efforts in Kilifi County?

II. THEORETICAL REVIEW

The Fight against Poverty

According to Nyamboga *et* al, (2014) while citing World Bank (2010), poverty has been observed in many of the industrialized countries and actually characterized the whole regions of the developing world with nearly half of all the people in the world living in poverty and lack opportunities to improve their livelihoods. Nyamboga *et al*, (2014) posit that the roots of poverty lie in a tangled web of local situations, national and international circumstances. According to Omiti, *et al*, (2002), the government of Kenya has over the years initiated several anti-poverty policies including the vision 2030 for sustainable national economic and social development and aims at making Kenya a globally competitive and prosperous nation with high standards of living by 2030 and thus effectively eradicating poverty in the country. However, a study by IFAD (2012) paints a grey picture of the situation and indicates that poverty rates have remained steadily high at about fifty percent. The IFAD (2012) shows that the poverty levels are high among the rural poor who comprised of the small scale farmers, household headed by women, unskilled and semi-skilled workers, herders, farm laborers, and people with disabilities and aids orphans while the poor account for about 800% of the population in the arid and semi-arid areas with women and children being the majority (Mbae & Anami, 2012).

According to Omiti, *et al*, (2002), the high poverty prevalence rate in the country is reflected in the cases of decreasing life expectancy, reported cases of increasing child mortality, lack of access to adequate health-care, water and sanitation as well as poor housing, the high unemployment rates, increased cases of households reporting high incidences of hunger and child malnutrition. It is also reflected in the reported high illiteracy levels and increasing prevalence of diseases. Further, the SID report (2013), the Kenya County Facts sheets (2013), the Environmental Health Department (2013) and IFAD (2012) have all indicated that about 50% of Kenyan households are poor, lack access to clean and safe drinking water with only 4% of the rural population having access to electricity while more than 47% of the urban population live in informal settlements in conditions of abject poverty characterized by lack of access to safe drinking water and poor sanitation facilities observing that the national poverty rates have continuously remained high despite the state participation and interventions (Mbae & Anami, 2012).

The Kenyan government has considered poverty reduction as a national challenge. According to Lubaale, (2014), poverty was considered a short- term hardship, and the government hoped that it could be eliminated with improved national economic growth and development. Regrettably, due to its increasing prevalence, the government now recognizes poverty a major threat to a very significant section of Kenyan households. Poverty is considered as a threat to national security, economic well-being of the general population and a threat to quality service delivery. The nature of observed poverty is such that economic growth alone will not be sufficient to alleviate it (Republic of Kenya, 1999). Lubaale (2014) argues that in the fight against poverty and in a bid to understand the government's success in poverty eradication, the institutional framework put in place by the Kenyan government for poverty reduction in the period 2005-2007 in urban areas was inimical to participation, and thus not effective. Lubaale (2014) concludes that the absence of sanction is the weakest element in the institutional framework while the stakeholder involvement is extensively applied as a tool for citizen participation while Nyamboga, *et al* (2014), observes that, as part of her development agenda, the Government of Kenya has since independence directed her efforts to fight diseases, ignorance and poverty.

Poverty Reduction Strategies

Ghai (2007) is of the view that the county governments bear the greatest responsibility in the provision of the essential social dimension services to the citizens as contained in the Millennium Development Goals Status Report for Kenya 2011. These essential social dimension services are key pillars in the attainment of the MDG targets by 2030 (Ministry of Devolution & Planning, 2013). The county governments are strategic in poverty alleviation as they are tasked with the responsibility of ensuring and coordinating community participation in governance and developing local administrative capacity which is key in the implementation of government's effort in the fight against poverty as enhanced community participation in governance promotes development (Ministry of Devolution & Planning, 2013).

Mbae and Anami (2012) have argued that the fact that people at the grassroot can best define their priority poverty problem areas and best understand how to address them when it comes to the fight against poverty makes the county governments to be such a crucial institution. This position is supported by Ghai (2007) who observed that the county governments are critical in the fight against poverty since, at the local level, in the provision of essential social dimension service and support, the poor and the hungry interact almost exclusively with the local government. Loveridge (2010) asserts that involving stakeholders with direct interest in the issue provides broad support to the strategic plan and serves as a guarantee for its successful implementation, as the ownership over the produced strategic plan is adopted by all the community members involved in the planning process. Muia (2008), argues that successful implementation of any program, including poverty alleviation programs can best be attained through stakeholder participation vide brainstorming which he considers as one of the effective ways, where every participant contributes his idea / objective.

Additionally, in the poverty alleviation efforts, the county governments are a key pillar as they are capable of providing public services, mobilizing community resources, stimulating private investment, expanding rural-urban linkages, adapting national development policies to local conditions, and investing in local infrastructure (Ghai, 2007; Gupta et al., 1994). Additionally, the ministry of devolution and planning (2013), points out the key role played by the county governments in the fight against poverty by acknowledging that their formation is expected to unlock the flow of resources to the rural areas to improve the quality of life of the residents of their areas of jurisdiction. Based on the definition of empowerment by Gupta *et al.*, (1994), as the ability of people, in particular the least privileged, to: (a) have access to productive resources that enable them to increase their earnings and obtain the goods and services they need; and (b) participate in the development process and the decisions that affect them, then the fight against poverty must focus towards empowering the poor (Gupta et al., 1994).

Serageldin, *et al.* (2004), identified seven strategic activity areas for the county governments to focus their efforts in the fight against poverty and significantly improve the residents' quality of life and living standards. These strategic activity areas are:

1. Instituting participatory urban processes that give a voice in decision-making to poor and marginalized populations;
2. Partnering with communities, community-based organizations (CBOs), and non-governmental organizations (NGOs) including advocacy groups on community-based initiatives;
3. Providing access to land (including regularization), infrastructure, and urban services;
4. Initiating integrated programs for the improvement of the urban environment;
5. Supporting the development of small businesses and micro-enterprises;
6. Fostering citizenship and social inclusion;
7. Collaborating with foundations and philanthropic organizations on social projects as well as alleviating the hardships endured by poor and marginalized populations.

The decentralization of the essential social dimension services such as health care, education, vocational training, and other social services is a key strategy in the fight against poverty. However, its effectively implementation is significantly impacted by the extent of the decentralized delivery systems in each country, and the devolution of functions to the local level (Serageldin, et. al., 2004).

Serageldin et al., (2004), argues that the fight against poverty should be considered as an institutional process that should facilitate access to productive resources of land, water, and infrastructure for the poor and requires permanent adaptation to changing circumstances of power, economics, and culture.

Gupta et al., (1994), opined that in addressing poverty alleviation by promoting local development in the face of growing disparities and economic downturns, any strategy adopted must significantly address the necessity of opening up employment and income generation opportunities for impoverished populations. They further argue that infrastructure is a key pillar in poverty alleviation as it promotes access to services such as access roads, drainage, and transport, health care, education, vocational training, and other social services. Infrastructural development is a key pillar in the fight against poverty and to win the fight and eradicate poverty, infrastructure should be maintained at all times to ensure the running of industries.

However, it should be noted that all these depend on the critical role of local governments in reaching and extending services to vulnerable groups at the grassroot (Gupta et al., 1994). It should also be noted that in alleviating poverty access to productive resources by the poor is fundamental in ensuring that they are empowered. Additionally, in order to make meaningful progress in enhancing access to productive resources by the poor and effectively alleviate poverty, at the local levels, the county governments should ensure an interactive service delivery base noting that excluding the rural poor from participating in the implementation of poverty alleviation programs, and without establishing effective organizations of the rural poor will most certainly lead to failure (Gupta et al., 1994).

Devolution presents a rare but strategic opportunity to the realization of the elusive dream of eradicating poverty in Kenya, it should be regarded as the vehicle key in addressing the wide disparity in regional development and resource allocation and allows for the participation by the rural and urban poor population in addressing their own problems and allows for the delivery of local needs, choices and constraints in Kenya (Nyamboga et al., 2014; World Bank 2012). Most Kenyans are optimistic that counties will effectively offer public participation spaces and eventually deliver services for the overall improvement of their welfare and thus contributes to the effective eradication of poverty.

Equitable Distribution of Financial Resources by the Devolved Government

The underlying principle in the decentralization of governance through devolution is the enlargement of sub-national participation in decision making over interventions and consequently enhances their local relevance and citizen participation in their implementation as entrenched in the Kenya constitution 2010 and is intended that this would expand the scope for efficiency and cost-effectiveness but being cognizant that the clearer the structure of decentralization, the greater the scope for efficiency (Ghai, 2007).

Centralization has three fundamental dimensions, which may occur independently or jointly: the administrative, the political and the fiscal. Since the promulgation of the new Constitution, county forums bringing together manifold stakeholders to discuss development and governance issues have been instrumental in demystifying devolved government, and deconstructing it for the greater understanding of all people (CIC, 2014). Additionally, there exist two key principles guiding revenue allocation in a devolved governance system namely the vertical sharing of revenue collected by the central government between the devolved government and the other tiers of governments and the horizontal revenue sharing that arises out of the variations in revenue generation capacities of the devolved governments. Where the revenue raising capacities are low, heavier tax burden is imposed relative to higher revenue raising capacity area known as “equalization transfer” which is necessary because higher taxation will scare away businesses further depressing the economy of the concerned government (CIC, 2014).

The Constitution 2010 provided for a smooth phased transfer of functions from national to county governments depending on the capacity of the county governments and also taking into account the impact of the skewed development amongst the counties, existing investments and natural resources as well the capacity of the counties to raise their own revenue for sustainability and backlash of such transfers against the central government (Nyamboga et al., 2014; Omiti et al., 2002; Wanjiru, 2006).

With the proposed formula for revenue allocation by the Commission for Revenue Allocation how will some counties sustain themselves given that such allocated revenue does not potentially suffice the development needs and gaps, overheads and requisite service delivery (Awori & Atema, 2001). The new Constitution mandates a devolution system that fundamentally differs from the kind of decentralization that has been function in Kenya since the colonial and post-independence period hitherto. Previously, the commission on Revenue Allocation (CRA) recommended the second generation revenue allocation formula in which 60 percent of the allocation is based on population size, 20 percent on basic equal share, 12 percent on poverty level rate, 6 percent on the size of land and 2 percent on fiscal responsibility exercised by the county with 20 per cent being shared equally among the 47 counties (Wanjiru, 2006).

Wanjiru (2006), asserts that the Kenya government have previously introduced different types of devolved funding structures so as to address the existing spatial inequality with some of the most notable ones being the Local Authority Transfer Fund, (LATF) created through the LATF Act No 8 of 1998, the Road Maintenance Levy Fund, (RMLF) created through the Kenya Roads Act, 2007, the Rural Electrification Fund, created through the Energy Act of 2006 and the Constituency Development Fund, created through the CDF Act of 2003. Despite these piecemeal efforts to address inequality in resource distribution, the country is yet to achieve equal development across the different regions and hence the escalating poverty levels in some regions (Wanjiru, 2006).

Effectiveness of the Adopted Poverty Reduction Strategies

Muia (2008), asserts that an assessment of the government’s performance in poverty alleviation programs shows that it has not made a substantial achievement towards the same. While it is evident that from the time of independence, the government of Kenya has continued with efforts of expanding provision of public services, much attention has not been paid to ensuring quality and equity in the provision of the same thus derailing the poverty alleviation programs. Additionally, Lubaale (2014), opined that even though the government has significantly increased spending in social dimension services, regrettably, this has not been translated into better living conditions for the residents given that an increasing number still live in abject poverty.

Wambugu and Lee (2008), argues that in order to be successful in alleviating poverty, there is a need to have adequate physical, human and financial capacity and they opined that only well-resourced organizations are likely to make any significant impact in poverty reduction efforts. An assessment of the capacity of institutions to effectively address poverty alleviation was carried out both from observations as well as community and organizational perspectives. The survey examines the institutional, human, physical, financial and infrastructural capacities of the institutions involved in poverty alleviation. The perceived strength of the capacity of poverty eradication strategies are to be measured by physical and human infrastructure, technical expertise, outreach activities, and financial base, among others (Okoth, 2013).

Okoth (2013) further opine that just as it is the case with dominant institutions, institutions with strong capacity tend to be international or national with an established track record and they exhibit expertise in focus areas and adequate resources and other facilities for outreach activities, strong financial base, well networked, have well trained personnel and adequate office space including own office blocks, among others and this enables them achieve their objectives effectively and with higher success rates.

Omiti et al., (2002), explain that the devolved units have various categories of institutions involved in poverty reduction programs in different areas with the dominant ones being international NGOs, who have been observed to be dominating the areas of sustainable livelihood, education and training/ skills development and health especially HIV/AIDS.

The impact of the devolved government has to be assessed against the objectives of devolved government regarding the management of ethnic politics and conflict. As discussed earlier, the devolved government objectives are to enhance national unity by accommodating diversity (lack of political ethnic accommodation has led to conflict in the past). Also, the devolved system of government is meant to protect and safeguard minorities and marginalized ethnic communities (CIC, 2014; Muia, 2008).

Ghai (2007), pointed out that in the implementation of the devolved governance structures in Kenya, several issues have emerged that may affect ethnicity and politics in Kenya. However, Loveridge (2010) is of the view that some of these happenings has enhanced the political significance of county governments and devolution in general and further observes that the decision by a number of politicians to quit national politics to start a career in county politics enhanced the significance of the devolved government in the national political system and provides a strategic opportunity to attain higher success rates in poverty alleviation efforts.

III. SUMMARY OF FINDINGS

This study adopted a descriptive survey research design due to its ability to facilitate and enables the collection of original data for describing a population too large to observe directly. A survey obtains information from a sample of people by means of self-report, that is, the people responded to a series of questions posed by the researcher. The study targeted the employees of both the county government and the county assembly as well as residents of the county through the county ward offices. The employees targeted are specifically those who are involved in the development and implementation of the county policies and strategic plans regarding budgetary processes, poverty reduction, social welfare programs, resources mobilization and distribution and economic empowerment.

In order to ensure representative sample is used, the study at the first tier considered stratified sampling by grouping the respondents into the following stratus: County government workers involved in socio-economic program development and implementation; Kilifi County assembly employees who are involved in the administration of various socio-economic related programs; the administrators of the various wards within Kilifi county and members of the various constituency development committees. At the second tier, the study adopted a purposive sampling for the county government and county assembly workers by selecting only those workers who are involved in the development, implementation and monitoring of socio-economic programs concerned with poverty eradication or reduction. Based on the adopted sampling designs and given the size of the target population, this study ultimately, adopted a census of all the members within the target population. Empirical information was collected from journal articles and other secondary materials. On the other hand, primary data was obtained from the actual field of study as a way of administered research instruments.

Equalization funds transfer channeled to poverty reduction programs

Table 1: Extent of channeling equalization funds transfer to poverty reduction programs

	Mean	Std. Deviation
Road construction	4.12	1.022
Training workforce	2.99	.887
Citizen empowerment	3.36	.737
Land ownership	2.51	.757
Land reclamation	2.57	.662
Improved connectivity to electricity	3.90	.776
Investment in physical infrastructure	3.91	.615
Improving local security situation	3.34	.740
Enhanced drought mitigation programs	3.74	.665
Extent of channeling equalization funds transfer to poverty reduction programs	3.38	.323
Valid N (listwise)		

Table 1 reveals that the respondents homogeneously are of the opinion that the equalization funds have been to a small extent channeled to poverty reduction programs with a mean of 3.38. With regard to specific items considered, the study reveals that respondents are heterogeneously of the opinion that the equalization funds transfer programs have been averagely channeled to the Road construction efforts with a mean of 4.12. Road network is a critical component in poverty reduction since it facilitates ease of movement of both human resources and products for merchandising purposes. Poor road infrastructure, hinders mobility and thus movement of resources for production is hampered. With regard to the funds being channeled to training of the workforce for better productivity, the study reveals that with a mean of 2.99, the respondents heterogeneously considered that this has been done to a small extent. The respondents heterogeneously agree that the equalizations funds transfers have been to a small extent been channeled to programs aimed at ensuring citizen empowerment with a mean of 3.36. Additionally, with heterogeneous opinions, the funds have been channeled to a small extent on efforts aimed at enhancing land ownership as well as land reclamation with respective means of 2.51 and 2.57 while with regard to channeling the funds on efforts to improved connectivity to electricity given the role of electricity in ensuring economic growth and development, the respondents heterogeneously agree that this has been averagely done with a mean of 3.90. Further, with a mean of 3.91, the respondents tend to heterogeneously agree that the funds have to an average extent been channeled to facilitate investment in physical infrastructures within the county while to a small extent with a mean of 3.34, the funds have been channeled towards efforts aimed at improving the local security and averagely with a mean of 3.74, the funds have been channeled towards drought mitigation programs.

Effective utilized of the equalization funds transfer in poverty reduction efforts

Table 2: Utilization of equalization funds transfer

	Mean	Std. Deviation
Road construction	4.37	1.061
Social welfare programs	3.60	.769
Agricultural improvement services	4.69	.864
Gender Balance programs	3.31	.648
Land ownership	2.66	.699
Improvement and upgrading of shelter for locals	2.91	.879
Investment in physical infrastructure	4.10	.738
Improving local security situation	3.35	.789
Improving land usefulness	3.12	.759
Extent of effective utilization of equalization funds transfer in poverty reduction efforts	3.57	.463
Valid N (listwise)		

Table 2 reveals that with a mean of 3.57, the respondents homogeneously agree that to an average extent, the equalization funds transfers have been effectively utilized in poverty reduction efforts. With regard to specific items, the study reveals that with a mean of 4.37, the respondents heterogeneously feel that to a large extent, the equalization funds transfers have been effectively utilized in the road construction efforts. With regard to enhancing social welfare programs, the respondents heterogeneously are of the opinion that the funds have been effectively utilized to an average extent with a mean of 3.60.

The respondents have a heterogeneous opinion that the equalization fund transfers are to a large extent channeled towards agricultural improvement services with a mean of 4.69 and standard deviation of .864. According to the respondents, they tend to have a heterogeneous opinion that the funds have to a small extent been channeled to programs that are intended to ensure gender balance within activities being conducted by the residents and the County government with a mean of 3.31 with a standard deviation of .648. With regard to enhancing land ownership as a means to eradicating poverty, the respondents tend towards a heterogeneous opinion that this has been done to a small extent with a mean of 2.66 and a standard deviation of .699. Shelter and infrastructure development are some of the key indicators of poverty level with poor shelter and lack of infrastructure developments indicating high poverty level, thus one of the important aspects of poverty reduction is improved shelter for individual households and enhanced infrastructural development. When asked their opinion on the extent to which the funds have been channeled to efforts aimed at the improvement and upgrading of shelter for locals, with a mean of 2.91 and standard deviation of .879, the respondents heterogeneously have an opinion that this has been channeled to a small extent) while on investment in physical infrastructure, the respondents heterogeneously have the opinion that it has been averagely channeled with a mean of 4.10 and a standard deviation of .738. Security is a key pillar in the fight against poverty since areas with high poverty levels generally tend to have security problems, consequently, for any government to succeed in eradicating poverty, security must be enhanced. However, when asked about the extent to which the equalization funds have been channeled towards effort to improve the local security situation, the respondents heterogeneously have the opinion that the extent is small with a mean of 3.35 and standard deviation of .789 – small extent). Finally, with regard to the aspect of land usefulness, the respondents heterogeneously feel that the funds have been channeled to wards effort on improving land usefulness to a small extent with a mean of 3.12 and standard deviation of .759.

Challenges faced by the county government in its poverty reduction efforts?

Table 3: Challenges faced by county government in poverty reduction efforts

	Mean	Std. Deviation
Non implementation	5.74	1.022
Lack of prioritization	5.73	.870
Projects agreed on without informed decisions	5.80	.913
Valid N (listwise)		

Table 3 indicates the respondents opinions regarding the extent of selected challenges faced by the County government in her poverty reduction efforts with the respondents heterogeneously considering that non-implementation of agreed upon poverty reduction programs is a challenge to a great extent with a mean of 5.74 and standard deviation of 1.022 and lack of prioritization is also a challenge to a great extent with a mean of 5.73 and standard deviation of .870 and also to a great extent projects agreed on without informed decisions is a challenge with a mean of 5.80 and standard deviation of .913.

Interrelationship among effective utilization of equalization funds transfer, inter – agency cooperation, and public participation in poverty reduction efforts

Table 4: Interrelationship of variables - Correlations

		Extent of effective utilization of equalization funds transfer in poverty reduction efforts	Extent of inter-agency involvement in poverty reduction efforts	Extent of public involvement in decisions related to poverty reduction
Extent of effective utilization of equalization funds transfer in poverty reduction efforts	Pearson Correlation	1	.956**	.480**
	Sig. (2-tailed)		.000	.000
	N	138	138	138
Extent of inter-agency involvement in poverty reduction efforts	Pearson Correlation	.956**	1	.485**
	Sig. (2-tailed)	.000		.000
	N	138	138	138
Extent of public involvement in decisions related to poverty reduction	Pearson Correlation	.480**	.485**	1
	Sig. (2-tailed)	.000	.000	
	N	138	138	138
**. Correlation is significant at the 0.01 level (2-tailed).				

The study in table 4 reveals that with a significant correlation at the 0.01 level (2 tailed), there exist a positive insignificant interrelationship among effective utilization of equalization funds transfer, inter – agency cooperation, and public participation in poverty reduction efforts in Kilifi County with the interrelationship between extent of effective utilization of equalization funds transfer in poverty reduction efforts and extent of inter-agency involvement in poverty reduction efforts and extent of public involvement in decisions related to poverty reduction having respective Pearson correlation levels of .956 and .480 while the interrelationship among extent of inter – agency involvement in poverty reduction efforts and extent of public involvement in decisions related to poverty reduction having a Pearson correlation of .485

IV. CONCLUSION

The study reveals that the respondents homogeneously are of the opinion that the equalization funds have been to a small extent channeled to poverty reduction programs while with regard to specific items considered, the study reveals that respondents are heterogeneously of the opinion that the equalization funds transfer programs have been averagely channeled to the road construction efforts and regarding the funds being channeled to training of the workforce for better productivity, the study reveals that this has been done to a small extent. The respondents heterogeneously agree that the equalizations funds transfers have been to a small extent been channeled to programs aimed at ensuring citizen empowerment. Additionally, with heterogeneous opinions, the funds have been channeled to a small extent to efforts aimed at enhancing land ownership as well as land reclamation. With regard to channeling the funds on efforts to improved connectivity to electricity, the respondents heterogeneously agree that this has been done to an average extent. Further, respondents tend to heterogeneously agree that the funds have to an average extent been channeled to facilitate investment in physical infrastructures within the county while to a small extent; the funds have been channeled towards efforts aimed at improving the local security. Finally, to an average extent, the funds have been channeled towards drought mitigation programs.

The study findings reveal that the respondents homogeneously agree that to an average extent, the equalization funds transfers have been effectively utilized in poverty reduction efforts. With regard to specific items, the study reveals that the respondents heterogeneously feel that to a large extent, the equalization funds transfers have been effectively utilized in the road construction efforts. With regard to enhancing social welfare programs, the respondents heterogeneously are of the opinion that the funds have been effectively utilized to an average extent. Further, the respondents have a heterogeneous opinion that the equalization fund transfers are to a large extent channeled towards agricultural improvement services while they tend to have a heterogeneous opinion that the funds have to a small extent been channeled to programs that are intended to ensure gender balance within activities being conducted by the residents and the County government. With regard to enhancing land ownership as a means to eradicating poverty, the respondents tend towards a heterogeneous opinion that this has been done to a small extent. The study further reveals that on the funds being channeled to efforts aimed at the improvement and upgrading of shelter for locals, the respondents heterogeneously have an opinion that this has been channeled to a small extent while on investment in physical infrastructure, the respondents heterogeneously have the opinion that it has been averagely channeled. On the extent to which the equalization funds have been channeled towards effort to improve the local security situation, the respondents heterogeneously have the opinion that the extent is small. Finally, with regard to the aspect of land usefulness, the respondents heterogeneously feel that the funds have been channeled towards effort on improving land usefulness to a small extent

On the aspect of the extent of challenges faced by the county government in her poverty reduction efforts, the study findings indicate that the respondents heterogeneously consider that non-implementation of agreed upon poverty reduction programs is a challenge to a great extent, lack of prioritization is also a challenge to a great extent and also to a great extent projects agreed on without informed decisions is a challenge.

The study reveals that with a significant correlation at the 0.01 level (2 tailed), there exist a positive insignificant interrelationship among effective utilization of equalization funds transfer, inter – agency cooperation, and public participation in poverty reduction efforts in Kilifi County.

V. RECOMMENDATIONS

The study having established that the equalization funds transfer has been channeled to poverty reduction programs to a small extent, the county government needs to revised the allocation utilization of the funds and identified more programs to which the funds can be channeled. The specific areas that need more channeling of the funds so as to help in poverty reduction include road construction efforts, training of the workforce for better productivity, citizen empowerment programs, programs enhancing land ownership as well as land reclamation. The county government also needs to enhance allocation of the funds to projects aimed at improving electricity connectivity within the county. Additionally, the County government need to enhance efforts to channel more funds to facilitate investment in physical infrastructures as well as channeling more funds towards efforts aimed at improving the local security and drought mitigation programs.

The analysis of the findings reveals that the equalization funds transfer has not been effectively utilized, consequently, it is recommended that the County government should review the operations of the funds to enhance effective poverty reduction efforts. More efforts need to be made with regard to the funds being utilized in road construction efforts, enhancing social welfare programs, activities aimed at improving gender balance, enhancing land ownership, shelter and infrastructure development, as well as enhancing investment in physical infrastructure. Additionally, the county government needs to review the fund's allocation to programs aimed at improving the local security situation as well as effort on improving land usefulness.

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BIOGRAPHY OF THE LEAD AUTHOR

Hon. Commissioner Samwel Kazungu Kambi holds a Master in Business Administration (MBA) from University of Eastern Africa, Baraton and a Bachelor of Arts Degree in Development Studies from the same University. He worked as a Manager at Post Bank from 1991 to 1992.

He started his political career when he was elected to serve as the Member of Parliament for Kaloleni Constituency from 2007-2012. He served as an Assistant Minister for Medical Services from 2008 to 2012 under the Coalition Government.

In May 2013, Hon. Kazungu Kambi was nominated by President Uhuru Kenyatta as a Cabinet Secretary (CS) for the Ministry of Labor and Social Services, a position he held up to 2015. During his tenure at the ministry, he was instrumental in spearheading transition of staff from National to the 47 County governments and also instrumental in ensuring that the national social security fund (NSSF) increased its revenue from Kes. 400, 000 to Kes. 1.2 billion by the time he was leaving and was also instrumental in the revival of the National Industrial Training Authority (NITA), as well as being instrumental in the establishment of the National Employment Authority vide an Act of Parliament which seeks to connect job seekers with employers. At the helm of the Ministry of Labor and Social Services, Hon. Kazungu enhanced the growth of the National Cash Transfer Program, a support program for the elderly and the disabled from 1000 to over 7000 beneficiaries.

At the Child Welfare Association, he spearheaded establishment of the National Adoption Society and the National Emergency Response, Welfare and Rescue Organization for children through a legal notice No. 58 of 23/05/1955.

He has served as the Chairman of Coast Development Authority and also as a Director at the Betting Control and Licensing Board.

Hon. Kazungu has a keen interest in community development and empowerment of the marginalized communities and groups.

Hon. Samwel Kazungu Kambi is currently a Commissioner at the National Land Commission.

As an established Finance professional and expert, Hon. Kazungu is currently pursuing a Doctorate of Philosophy (PhD) in Finance and Management at Baraton University.