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INFLUENCE OF FAIRNESS AND EQUITY ON THE IMPLEMENTATION OF CONSTITUENCY DEVELOPMENT FUND PROJECTS IN NYERI TOWN CONSTITUENCY

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INFLUENCE OF FAIRNESS AND EQUITY ON THE IMPLEMENTATION OF CONSTITUENCY DEVELOPMENT FUND PROJECTS IN NYERI TOWN CONSTITUENCY

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Abstract

Purpose: the purpose of this study was to determine the influence of the fairness and equity on the implementation of constituency development fund projects in Nyeri Town Constituency.

Methodology: This research used descriptive survey research design. The population of target was 90 project management committee members from both primary and secondary schools that have benefited from Constituency Development Fund, and fourteen (14) sub chiefs whose areas have benefited from these projects. Collection of data was done by use of interview as well as questionnaires schedules. The analysis of the collected data was done by use of statistical package for social sciences (SPSS) to produce descriptive and inferential statistics. So as to test the extent of relationship amongst the variables a statistical confidence level of 95% was used.

Results: The study found that fairness and equity had positive and significant effect on implementation of constituency development fund projects with $\beta = 0.257$ at p value 0.001.

Unique contribution to theory, practice and policy: It was recommended that there should be clear channels provided to seek justice in case of unfair treatment in tendering process.

Keywords: *Fairness, equity, cdf, procurement*

1.0 INTRODUCTION

1.1 Background of the Study

Fairness and equity is a salient component of procurement system in America (Dekel, 2010). It is fundamental principle in EU procurement Law (EC, 2010) while in UK it is considered as the means to provide fair access to public money (UK,1995). In South Africa, subsection 217 of the constitution (RSA,1996) sets out five constitutional principles among them fairness, equity in procurement. The South African constitution therefore recognizes public procurement as a tool to encourage policy and social aims via, for instance, encouraging the formerly disadvantaged group's development (Bolten, 2014). Similarly in Kenya Article 227 of the Kenyan constitution (RoK,2010) visualizes public procurement of services and goods to be equitable, just, transparent, cost effective, competitive and which harmonizes advancement or protection for persons or groups formerly disadvantaged by inequitable competition. Moreover, the Kenyan Government passed the Public Disposal and procurement set of laws 2011 (ROK, 2011) that, amongst others, did a regulation of the inclusion of underprivileged enterprises owned by women, groups, persons with disabilities as well as youth.

According to CDF Act 2003 amended 2007, consequent CDF Act 2013 and most recent NG-CDF Act 2015, the CDF funds as government funds must be subjected to accountability mechanisms. The Acts envisage an inclusive CDF management to ensure stakeholder involvement in CDF management, provision for CDF managers aimed ensuring the funds are managed professionally. The CDF project implementation is subject to Procurement Act 2005 (ROK, 2005).The act provides for procurement processes and principles to guide procurement and disposal of goods and services in government funded projects including the devolved CDF. The article 227 of Kenya Constitution (ROK, 2010) stipulates the essence of procurement principles in government business. It stipulates; when an organ of a state or any other public body contracts for services and goods it shall do so in compliance with a method which is equitable, fair, transparent, cost effective as well as competitive. The same constitution demands integrity and ethics for state officers entrusted with utilization of public funds. Moreover, utilization of CDF funds as taxpayers are subject to scrutiny by the auditor general (KNAO, 2015). There is a strong feeling the CDF funds are not being utilized optimally. According KNAO (2014) 273 out 290 constituencies could not fully account for billions allocated for CDF Yet funds had been distributed to various identified community projects. Among the constituencies with notable high number of incomplete projects and concerns over procurement noted in the report include Seme, Alego Usonga, Bonchari, Kaloleni, Kanduyi, Subukia, Ruaraka, Machakos Town, Maragwa, Bundalangi and Nyeri Town. Specifically, KNAO (2016).The reported in Nyeri Town Constituency points out that out of 52 projects slated for 2014-15 only 35 were completed. The report further notes flouting of procurement process casting doubt on value for money even in the said projects. According to EACC (2015) procurement is a major contributor to poor performance of CDF projects as it is prone to manipulation and corrupt practices.

1.2 Statement of the Problem

Constituency Development Fund has since inception in 2003 been allocated colossal amounts of money amounting to Ksh 193,896,852,648 countrywide. Nyeri Constituency has received Ksh 521,200,506. This is aimed at achieving the objectives of devolving funds to attain fast socio-economic growth and eliminate poverty at level of constituency via locally prioritized projects financing. The funds are supposed to be utilized appropriately and efficiently in project implementation for the citizens to gain the benefits associated with devolved funds at local levels. In an effort to bring about effectiveness in project implementation, Public Procurement and Asset Disposal Act 2015, and the new constitution (2010) provide guidelines to procurement processes. They outline procurement principles maintain fairness and equity. This is aimed at achieving timelines, completeness and quality of workmanship in project implementation. However, the implementation of CDF projects has been marred with lots of controversies which have resulted to public outcry. Reports from KNAO (2014), EACC (2012) and IPSOS (2014) indicate that majority of CDF projects country wide have been mismanaged as attested by soaring number of incomplete projects. According to KNAO (2014) CDF projects in 273 constituencies out of 290 have been mismanaged. There are a soaring number of projects that have not been completed despite money having been disbursed to the project committees. In Nyeri Town Constituency, the KNAO report (2016) particularly singles out Nyeri Town Constituency in which only 35 projects out of 52 had been completed as June 30 2015. Moreover, the auditor general questioned procurement process as even the projects listed as complete do not reflect the value of money due to quality concerns. There is cause of concern due to large amount of money allocated to CDF projects country wide and Nyeri Town constituency in particular without commensurate and reciprocal benefit. Connection between procurement and project implementation has attracted research concerns

1.3 Objective of the Study

To determine the influence of the fairness and equity on the implementation of constituency development fund projects in Nyeri Town Constituency

2.0 LITERATURE REVIEW

2.1 Theoretical Review

The theory of legitimacy is based on the organizational legitimacy concept. According to Dowling and Pfeffer, (1975) legitimacy is a status or condition that exists when a value system of a entity is similar with the value system of the bigger social system of which the entity is a part (Guthrie, Cuganesan & Ward, 2006). When an actual, potential or disparity is present between the two systems of value, then there is a danger to the legitimacy of the entity. Theory of legitimacy states that institutions repeatedly seek to make sure that they function within their respective society's norms as well as bounds. It has been noted that theory of legitimacy suggests that the institution is accountable to reveal its activities to the stakeholders, particularly to the public as well as substantiate its subsistence within the society boundaries (Wilmshurst and Frost, 2000).

to determine the effect of various factors of fairness and equity. As shown in Table 1 fairness in selection of suppliers greatly affects the implementation of the CDF projects and had a mean score of 4.5949 and a standard deviation of 0.58876. Standardized and objective evaluation criteria is formulated and applied without bias to promote fairness and this had a mean score of 3.7468 and a standard deviation of 0.70653. Bidders under the same category compete at a level playground and this had a mean score of 3.6076 and a standard deviation of 0.79126. Independence of various committees taking part in the process of procurement promotes just treatment to all bidders had a mean score of 3.4937 and a standard deviation of 0.59643 while channels are provided to seek justice in case of unfair treatment in tendering had a mean score of 2.7975 and a standard deviation of 0.95246. From the results, it is evident that standardized and objective evaluation criteria is formulated and applied without bias to promote fairness where bidders under the same category compete at a level playground.

Table 1 Descriptive Analysis for Fairness and Equity

Fairness and equity factors	N	Mean	Std. Error	Std. Dev
Fairness in selection of suppliers greatly affect the implementation of the CDF projects	79	4.5949	.06624	.58876
Standardized and objective evaluation criteria is formulated and applied without bias to promote fairness.	79	3.7468	.07949	.70653
Bidders under the same category compete at a level play ground	79	3.6076	.08902	.79126
Independence of various committees involved in the procurement process promotes fair treatment to all bidders	79	3.4937	.06710	.59643
Channels are provided to seek justice in case of unfair treatment in tendering	79	2.7975	.10716	.95246
Valid N (listwise)	79			

4.3 Regression Analysis on Influence of Fairness and Equity on the Implementation of CDF Projects

The bivariate linear regression analysis results of fairness and equity on the implementation of constituency development fund projects were as shown in Table 2 to 4.

Table 2: Fairness and Equity Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
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1	.354 ^a	.125	.114	.80537
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a. Predictors: (Constant), fairness and equity

As indicated by regression findings in Table 2, the value of R was 0.354 signifying that there is a correlation between fairness and equity on the on the constituency development fund projects implementation within Nyeri Town Constituency. The value of R² of 0.125 indicates that 12.5% of the implementation of constituency development fund projects is explained by fairness and equity all other factors held constant. The remaining 87.5 percent is explained by other factors.

Table 3: Fairness and Equity Model ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	7.144	1	7.144	11.014	.001 ^b
1	Residual	49.944	77	.649		
	Total	57.089	78			

a. Dependent Variable: implementation effectiveness of CDF projects

b. Predictors: (Constant), fairness and equity

The model was significant with the F ratio = 11.014 at p value $0.001 < 0.05$. This is an indication that fairness and equity when considered singly have a significant effect on the constituency development fund projects implementation within Nyeri Town Constituency. Dekel (2010) noted that fairness and equity is a salient component of procurement system.

Table 4: Fairness and Equity Model Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
	(Constant)	3.007	.223		13.489	.000
1	fairness and equity	.257	.077	.354	3.319	.001

a. Dependent Variable: implementation effectiveness of CDF projects

Fairness and equity had positive and significant effect on implementation of constituency development fund projects with $\beta = 0.257$ at p value 0.001 which is less than 0.05. As shown in

Table 4.17, the bivariate linear regression model equation fitted by use of unstandardized coefficients is; $Y = 3.007 + 0.257X_1 + e$

3.007 is the constant

X_1 is fairness and equity index

This means that fairness and equity positively and significantly influence the constituency development fund projects implementation within Nyeri Town Constituency. This as well indicates that one unit increase of X_1 increases Y by 0.257. The indication was that fairness and equity is a major factor that affects implementation of constituency development fund projects.

5.0 CONCLUSION AND RECOMMENDATIONS

5.1 Conclusion

Fairness and equity had positive and significant effect between competitiveness and the constituency development fund projects implementation. The findings indicate that standardized and objective evaluation criteria is formulated and applied without bias to promote fairness where bidders under the same category compete at a level playground. Therefore the study concludes that public procurement of services and goods should be conducted in an equitable, transparent and just manner.

5.2 Recommendations

The study recommends that there should be clear channels provided to seek justice in case of unfair treatment in tendering process. A research focusing on the challenges affecting efficient constituency development fund projects implementation in Nyeri Town Constituency. Future researchers should focus on role of various stakeholders in constituency development fund projects implementation within Nyeri Town Constituency.

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