INFLUENCE OF PROCUREMENT PROCESS ON PERFORMANCE OF CONSTITUENCY DEVELOPMENT FUND PROJECTS IN MARAKWET EAST CONSTITUENCY IN KENYA

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ABSTRACT
Marakwet East Constituency, Rongo, Ikolomani and Hamisi were ranked as worst constituencies among the surveyed constituencies in the management for CDF funds, with Sh58.9 million of the Sh72.5 (81.2% of funds) allocated for Marakwet East Constituency having been mismanaged. This research will be carried out to assess the influence of procurement process on performance of constituency development fund projects with reference to Marakwet East Constituency. The specific objectives of the study were; to find out the effect of accountability on performance of constituency development fund projects, to analyze the effect of integrity on performance of constituency development fund projects, to assess the effect of responsiveness on performance of constituency development fund projects, and to establish the effect of transparency on performance of constituency development fund projects. The study is of benefit to the Marakwet East Constituency, Government of Kenya and other researchers. Secondary data was collected from Marakwet East Constituency reports, Magazines, and other relevant materials. Responses in the questionnaires was then tabulated, coded and processed by use of a computer programme - Statistical package for Social Science (SPSS) version 21 to analyze the data. Descriptive statistics such as mean and standard deviation were used. Tables, pie charts, and graphs were used to present responses and facilitate comparison. The study found out that majority of the respondents indicated that accountability of management influence procurement process to a very high extent. The study concludes that accountability of management influence procurement process and that management accountability influence the procurement process to a very high extent. Finally the study recommends that procurement practice should be responsive to aspirations, expectations and needs of the target society.

Key Words: Accountability, Procurement process, Responsiveness and Transparency
Introduction
Public procurement systems are central to the effectiveness of development expenditure. Budgets get translated into services largely through the governments’ purchases of goods, services and works. It is estimated that 15% of the world’s Gross Domestic Product (GDP) is spent through public procurement (Development Assistance Committee, 2005). It is further estimated that public procurement accounts for 9%–13% of the GDP of the economies of developing countries. In Angola, public procurement accounts for 58%, it accounts for 40% in Malawi while in Uganda, it accounts for 70% of public spending (Thai, 2001). But the area of procurement is increasingly prone to internal factors (Trionfetti, 2000).

The Constituency Development Fund (CDF) was established in 2003 through an Act of Parliament as contained in The Kenya Gazette Supplement No. 107 (Act No. 11) of 9th January 2004 (RoK, 2012). The Act was amended through the CDF (Amendment) Act, 2007 in the Kenya Gazette Supplement No. 112 (Act No. 16) of 22nd October 2007. The fund aims to control imbalances in regional development brought about by partisan and sectarian politics. The Constituency Development Fund (CDF) was an initiative to combat poverty and promote equitable growth and development around the country leading to achievement of Vision 2030. It targets all constituency-level development projects, particularly aimed at combating poverty at the grassroots. The fund comprises an annual budgetary allocation equivalent to 2.5% of the government’s ordinary revenue. A motion seeking to increase this allocation to 7.5% of government’s revenue. 75% of the fund is allocated equally amongst all the current 210 constituencies. The remaining 25% is allocated as per constituency poverty level. A maximum per centum of each constituency’s annual allocation may be used for other projects as follows: 5% emergency funds, 15% education bursaries, 2% monitoring and evaluation of projects, 3% recurrent expenses, 2% sports, 2% environment and 3% administration. The CDF core values include: Transparency, Accountability, Equity in resource distribution and Participatory approaches by all stakeholders.

Statement of the Problem
Despite the existence of the devolved funds, internal inefficiencies in their management have made them not to achieve the desired results. For instance, Wanjiru (2008) documents that poverty levels have increased from 56% in 2002 to 60% in 2008, public service delivery has failed, inequalities in resource distribution prevails and funds meant for community use have been looted by corrupt civil servants and politicians. A new audit carried out by the National Taxpayers Association (NTA) reveals that Sh242 million of the Sh1.2 billion allocated to the Development Fund (CDF) in the period 2010/2011 is either misappropriated or unaccounted for (Matata, 2011).

The audit, carried out in 28 counties, reveals that of the Shs242 million, Sh179.1 million was lost on shoddy projects, some of which are complete while others remain incomplete (Martin, 2011) but KShs40.5 million was unaccounted for, and KShs22.2 million was spent on projects that
have been abandoned (Maria, 2011). Marakwet East Constituency was ranked among the worst constituencies among the surveyed constituencies in the management for CDF funds. A total of Kshs. 226,732,369 has been allocated to the constituency since 2003/04 - 2009/10. 39% of the total CDF funds allocated to the monitored projects in FY 2009/10 are on abandoned projects while KShs.58.9 million of the Sh72.5 (81.2% of funds) allocated for Marakwet East Constituency having been mismanaged (Richard, 2010). NACCSC (2008) shows that many constituents feel resources are not flowing to the intended beneficiaries, primarily as the result of improper influence by the MP. Constituent perceptions on how CDF resources were allocated led to a situation where the majority of respondents felt that the MP favored people of his or her ethnic group/clan/community or allocates more resources to the region where the MP comes from (NACCSC, 2011).

Issues of corruption are a common linking all CDF schemes, backed by research in many areas also recorded constituent perceptions of corruption on the part of CDF management. The issue is also acknowledged by the Government of Kenya which identified corruption as one of the key problems to be investigated (Gikonyo, 2008). Kimenyi (2005) considers public audits as important links in the chain of accountability as they strengthen accountability, both upwards to the elected or appointed members who provide resources, and outwards to the consumers and beneficiaries, taxpayers and the wider community at large. Wanjiru (2008) documents that the area where public audits are needed most are in the procurement of state resources since public resources are scarce and the process is political, technical and highly imperative. An open, transparent and non-discriminatory procurement process is thus the best tool to achieve value for money as it optimizes competition among suppliers (TISA, 2009). It is evident that CDF money is not managed in a transparent manner and that communities are not sufficiently involved in its management leading to loss of funds, numerous incomplete projects, low quality and irrelevant project across the constituencies in the country CEDGG, (2011). Kinyoda (2009) did a study on the level of participation in project identification and selection by constituents a case of Makadara Constituency CDF while Ondieki (2008) studied the influence of constituency development funded projects in selected indicators of poverty reduction in Kitutu Masaba Constituency. However the authors have not indicated to us how procurement process is done within the constituency and its contribution to the performance of the same. The study will therefore be conducted to find out the influence of procurement process on performance of constituency development fund projects in Kenya with reference to Marakwet East Constituency.

General Objective

The general objective of the study was to assess the influence of procurement process on performance of Constituency Development Fund Projects in Kenya with reference to Marakwet East Constituency.
Specific Objectives

1. To find out the effect of accountability on performance of constituency development fund projects.
2. To analyze the effect of integrity on performance of constituency development fund projects.
3. To establish the effect of transparency on performance of constituency development fund projects.
4. To assess the effect of responsiveness on performance of constituency development fund projects.

Literature Review

Accountability

According to Mark (2004) Accountability is a concept in ethics and governance with several meanings. It is often used synonymously with such concepts as responsibility, answerability, blameworthiness, liability, and other terms associated with the expectation of account-giving. As an aspect of governance, it has been central to discussions related to problems in the public sector, nonprofit and private (corporate) worlds. In leadership roles, accountability is the acknowledgment and assumption of responsibility for actions, products, decisions, and policies including the administration, governance, and implementation within the scope of the role or employment position and encompassing the obligation to report, explain and be answerable for resulting consequences. As a term related to governance, accountability has been difficult to define. It is frequently described as an account-giving relationship between individuals, example" A is accountable to B when A is obliged to inform B about A’s (past or future) actions and decisions, to justify them, and to suffer punishment in the case of eventual misconduct", Accountability cannot exist without proper accounting practices, in other words absence of accounting means absence of accountability (Mark, 2004).

According to Philip (2000) "Accountability" stems from Late Latin accomptare (to account), a prefixed form of computare (to calculate), which in turn derived from putare (to reckon). While the word itself does not appear in English until its use in 13th century Norman England, the concept of account-giving has ancient roots in record keeping activities related to governance and money-lending systems that first developed in Ancient Israel, Babylon, Egypt, Greece, and later, Rome (Philip 2000).

Political accountability is the accountability of the government, civil servants and politicians to the public and to legislative bodies such as a congress or a parliament. In a few cases, recall elections can be used to revoke the office of an elected official. Generally, however, voters do not have any direct way of holding elected representatives to account during the term for which they have been elected. Additionally, some officials and legislators may be appointed rather than elected. Constitution, or statute, can empower a legislative body to hold their own members, the government, and government bodies to account. This can be through holding an internal or independent inquiry. Inquiries are usually held in response to an allegation of misconduct or
corruption. The powers, procedures and sanctions vary from country to country. The legislature may have the power to impeach the individual, remove them, or suspend them from office for a period of time. The accused person might also decide to resign before trial. Impeachment in the United States has been used both for elected representatives and other civil offices, such as district court judges (Philip 2000).

**Integrity**

Maintaining integrity in public procurement is one of the most important pillars of modern national procurement systems (Barrett, 2000). A study by the World Bank in 2003 found that the procurement process should also uphold integrity by ensuring that there are no malpractices; informed decision-making, which requires public bodies to base decisions on accurate information and ensure that requirements are being met. The proposed amendment of the 2003 Act in 2007 which is supported by the Act section 13 requires that the integrity of the persons involved in the procurement process be put into consideration. This is as a result selection of CDC members is characterized by political interference/interests of the members of parliament (RoK 2003).

A study by the Organisation for Economic Co-Operation and Development (OECD) (2007) revealed that public procurement is increasingly recognized as a profession that plays a significant role in the successful management of public resources. In the last decade reform efforts have often occurred in cycles, as public procurement has gone through substantial changes in terms of priorities, needs and capacity. In many cases these reforms been driven by ad hoc scandals. As countries have become more aware of the importance of procurement as an area vulnerable to mismanagement and potentially corruption, they have recently initiated efforts to integrate procurement in a more strategic view of government actions. This has also led some countries to recognize procurement as a strategic profession rather than simply an administrative function. This requires specific guidelines as well as restrictions and prohibitions to: Ensure that public funds are used for the purposes intended; Enable public officials to adapt in a changing environment; and minimize the potential for corruption (OECD, 2007).

**Responsiveness**

A study by the Ghana Integrity Initiative (2007) found that the procurement practice should be responsive to aspirations, expectations and needs of the target society. Irrational working process is the one of the main reasons of wasting time resource. Therefore, optimization of the procurement process, integration, and the streamline flow are the inevitable requirement that the organization can have the quick-response capacity. The process management breaks the traditional enterprise boundaries among organizations. Each work is a part of the process, which must achieve the time requirement of the whole process. Time is the key performance indicator of the efficient process. In order to save the time and provide a better internal logistics, the organization needs to measure the external quick-response and internal quick-response. The external quick-response means the fast rapid of reflecting the customer orders. On the other hand, the internal quick-response states the fast rapid of exchanging the customer orders information, especially the anomalistic orders besides the off frame, as well as the cancellation information of customer orders (Ghana Integrity Initiative, 2007).
Nie (2004) observed that irrational working process is the one of the main reasons of wasting time resource. Therefore, optimization of business process, integration, and the streamline flow are the inevitable requirement that the organization can have the quick-response capacity. The process management breaks the traditional enterprise boundaries among organizations. Each work is a part of the process, which must achieve the time requirement of the whole process. Time is the key performance indicator of the efficient process. In order to save the time and provide a better internal logistics, the case company needs to measure the external quick-response and internal quick-response. The external quick-response means the fast rapid of reflecting the customer orders. On the other hand, the internal quick-response states the fast rapid of exchanging the customer orders information, especially the anomalous orders besides the off frame, as well as the cancellation information of customer orders. Hence, the increase of the responsiveness of information flow is not only having the function to meet the customer needs, but also could make the whole department operate more integrated (Nie, 2004).

**Transparency**

There is need for transparency to enhance openness and clarity on procurement policy and its delivery (World Bank, 2003). Waara (2007) revealed that transparency is necessary for the concept of accountability to take hold among the major groups of market participants: borrowers and lenders; issuers and investors; and national authorities and international financial institutions. The study also found that National governments increasingly recognize that transparency improves the predictability and hence, the efficiency of policy decisions. Transparency forces institutions to face up the reality of a situation and makes officials more responsible, especially if they know they will have to justify their views, decisions, and actions afterwards. Transparency means that the same rules apply to all suppliers of goods, works and services and that these rules are publicized as the basis of procurement decisions prior to their use. Transparency enables the creation of open, fair and transparent procedures. It promotes inward investment and competitiveness as the public sector is seen as a responsible business partner (Waara, 2007).

The use of public money must be conducted in a transparent and open manner, allowing stakeholders and the general public access to information on procurement activities by the government as well as a means to control and audit all procurement cases. Furthermore, the rules governing public procurement must be readily available to all interested parties (Public Procurement Authority, 2007).

**Research Methodology**

**Research Design**

The study employed a descriptive research design. Descriptive research design is a method of collecting information by interviewing or administering a questionnaire to sample of individuals (Saunders, Lewis & Thornhill, 2009). The descriptive research design provided a clear defined information and the findings were conclusive.
Target Population
A population is the aggregate of all cases that conform to some designated set of specifications (Paton, 2002). The study was carried out in Marakwet East Constituency which has 15 CDF Committee members.

Sample Design
Stratified sampling design was used in the study. Kombo and Tromp (2006) point out that it involves dividing your population into homogenous sub groups and then taking a simple random sample in each sub group. The stratified random sampling method was best suited in this research because the population consists of different people dealing with projects within Marakwet East Constituency. This method was appropriate because it abled to represent not only the overall population but also the key sub groups at the populations. The method was best suited because it minimized biasness (Cooper & Schindler, 2011).

Data Collection Techniques
The study used a questionnaire to collect the required data. A questionnaire is a data collection instrument that sets out in a formal way the questions designed to elicit the desired information. It will consist of a list of structured questions, un-structured questions and Likert rating scales relating to the field of inquiry with space provided for selection of choices and explanatory answers. Close ended questions have the advantage of collecting viable quantitative data while open-ended questions allowed the respondents freedom of answering questions and the chance to provide in-depth responses. Questionnaire is preferred because it is efficient, cheap and easy to be administered. The questionnaires were administered through drop and pick to identify respondents with a brief explanation on their purpose and importance.

Data Analysis
The questionnaires was checked for completeness and consistency of information at the end of every field data collection day and before storage. Data capturing was done using Excel software. The data from the completed questionnaires was scleaned, re-coded and entered into the computer using the statistical packages for social sciences (SPSS) for Windows for analysis. The SPSS computer program was commanded to produce frequency tables, graphs, pie charts and the necessary measures of variances for interpretation. Descriptive statistics (that is frequency analysis) was computed for presenting and analyzing the data. Descriptive statistics by use of standard deviation, percentages and frequency distribution was used to analyze the data. The multiple regression analysis determined whether the group of factors proposed together predict or influence effective procurement process management on performance.

Analysis was done using SPSS Version 20 software. Regressions and ANOVA test was used to determine the effect of procurement planning on performance.

\( Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \varepsilon \)
Where $Y'$=Dependent variable and $X_1$, $X_2$, $X_3$, $X_4$ and are the four independent variables

Where $Y'$-

- $X_1$- accountability
- $X_2$- integrity
- $X_3$- responsiveness
- $X_4$- transparency

**Research Results**

The researcher conducted a multiple regression analysis so as to test relationship among variables (independent) on the Procurement process. The researcher applied the statistical package for social sciences (SPSS) to code, enter and compute the measurements of the multiple regressions for the study.

**Table 1: Model summary**

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.541$^a$</td>
<td>.855</td>
<td>.756</td>
<td>.59091</td>
</tr>
</tbody>
</table>

Coefficient of determination explains the extent to which changes in the dependent variable can be explained by the change in the independent variables or the percentage of variation in the dependent variable (Performance of CDF projects) that is explained by all the four independent variables (Accountability, Integrity, Responsiveness and Transparency). The four independent variables that were studied, explain only 85.5% of the assess of the influence of procurement process on performance of Constituency Development Fund Projects in Kenya with reference to Marakwet East Constituency as represented by the R squared. This therefore means that other factors not studied in this research contribute 14.5% of the assess of the influence of procurement process on performance of Constituency Development Fund Projects in Kenya with reference to Marakwet East Constituency. Therefore, further research should be conducted to assess the influence of procurement process on performance of Constituency Development Fund Projects in Kenya with reference to Marakwet East Constituency.
Table 2: ANOVA

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>1.442</td>
<td>4</td>
<td>.360</td>
<td>45.6</td>
<td>.007</td>
</tr>
<tr>
<td>Residual</td>
<td>3.492</td>
<td>10</td>
<td>.349</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>4.933</td>
<td>14</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The significance value is 0.007 which is less than 0.05 thus the model is statistically significant in predicting how Accountability, Integrity, Responsiveness and Transparency affect the procurement process on performance of Constituency Development Fund Projects in Kenya with reference to Marakwet East Constituency. The F critical at 5% level of significance was 2.65. Since F calculated is greater than the F critical (value = 45.6), this shows that the overall model was significant.

Table 3: Coefficient of determination

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>(Constant)</td>
<td>.563</td>
<td>.808</td>
<td>.697</td>
<td>.002</td>
</tr>
<tr>
<td>accountability</td>
<td>.217</td>
<td>.168</td>
<td>.357</td>
<td>.927</td>
</tr>
<tr>
<td>integrity</td>
<td>.156</td>
<td>.169</td>
<td>.068</td>
<td>.179</td>
</tr>
<tr>
<td>responsiveness</td>
<td>0.067</td>
<td>.118</td>
<td>.507</td>
<td>1.845</td>
</tr>
<tr>
<td>Transparency</td>
<td>0.03</td>
<td>.354</td>
<td>.052</td>
<td>.190</td>
</tr>
</tbody>
</table>

The researcher conducted a multiple regression analysis so as to assess the influence of procurement process on performance of Constituency Development Fund Projects in Kenya with reference to Marakwet East Constituency and the four variables. As per the SPSS generated table above, the equation \( Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \epsilon \) becomes:

\[ Y = 0.563 + 0.217 X_2 + 0.156 X_3 + 0.067 X_3 + 0.03 X_4 \]

Where Y is the dependent variable (Performance of CDF projects), X1 is the accountability variable, X2 is integrity variable, X3 is responsiveness and X4 is Transparency variable. The possible value of Y when all independent variables are equal to zero is 0.563.

According to the regression equation established, taking all factors into account (Accountability, Integrity, Responsiveness and Transparency) constant at zero, Performance of CDF projects will be 0.563. The data findings analyzed also showed that taking all other
independent variables at zero, a unit increase in Accountability will lead to 0.217 increase in Performance of CDF projects; a unit increase in Integrity will lead to a 0.156 increase in Performance of CDF projects, a unit increase in Responsiveness will lead to 0.067 increase in Performance of CDF projects and a unit increase in Transparency will lead to a 0.03 increase Performance of CDF projects. This infers that accountability followed by integrity affects Performance of CDF projects. At 5% level of significance and 95% level of confidence, accountability had a 0.002 level of significance, accountability showed a 0.004 level of significance, responsiveness showed a 0.002 level of significance, and transparency showed a 0.003 level of significance.

Summary of findings
From the findings, the study found out that majority of the respondents indicated that accountability of management influence procurement process to a very high extent. From the findings, respondents agreed to a great extent that accountability facilitates oversight in the procurement process while they agreed to a moderate extent that accountability is one of the influences of procurement process on performance of Constituency development fund projects; and that accountability provides a good basis to prevention of corruption in the procurement process.

The study also found out that majority of the respondents indicated that integrity influence performance of constituency development fund projects. From the findings, respondents agreed to a large extent that maintaining integrity in public procurement is one of the most important pillars of modern national procurement systems while they agreed to a moderate extent that the procurement process should also uphold integrity by ensuring that there are no malpractices; and that integrity requires public bodies to base decisions on accurate information and ensure that requirements are being met in the procurement process.

Additionally the study found out that responsiveness affect performance of constituency development fund projects. From the findings to investigate respondent’s extent of agreement with responsiveness issues, they agreed to a large extent that the procurement practice should be responsive to aspirations, expectations and needs of the target society and that irrational working

Finally the study found out that majority of the respondents indicated that employee training influence procurement process on performance of constituency development fund projects to a high extent. From the findings, respondents indicated that to a large extent the use of public money must be conducted in a transparent and open manner, allowing stakeholders and the general public access to information on procurement activities by the government as well as a means to control and audit all procurement cases; that national governments increasingly recognize that transparency improves the predictability and hence, the efficiency of policy decisions; and transparency is necessary for the concept of accountability to take hold among the national authorities while they agreed to a moderate extent that there is need for transparency to enhance openness and clarity on procurement policy and its delivery.
Conclusions
The study concludes that accountability of management influence procurement process and that management accountability influence the procurement process to a very high extent; that accountability facilitates oversight in the procurement process; accountability is one of the influences of procurement process on performance of Constituency development fund projects; and that accountability provides a good basis to prevention of corruption in the procurement process.

The study also concludes that integrity influence performance of constituency development fund projects; that maintaining integrity in public procurement is one of the most important pillars of modern national procurement systems; that the procurement process should also uphold integrity by ensuring that there are no malpractices; and that integrity requires public bodies to base decisions on accurate information and ensure that requirements are being met in the procurement process.

Additionally the study concludes that responsiveness affect performance of constituency development fund projects; that procurement practice should be responsive to aspirations, expectations and needs of the target society and that irrational working process is the one of the main reasons of wasting time resource.

Finally the study concludes that employee training influence procurement process on performance of constituency development fund projects; that use of public money must be conducted in a transparent and open manner, allowing stakeholders and the general public access to information on procurement activities by the government as well as a means to control and audit all procurement cases; that national governments increasingly recognize that transparency improves the predictability and hence, the efficiency of policy decisions; and that transparency is necessary for the concept of accountability to take hold among the national authorities.

Recommendations
The study recommends accountability on procurement processes which is the practice of improving overall personal and organizational performance by developing and promoting responsible tools and professional expertise, and by advocating an effective enabling environment for people and organizations to embrace a culture of sustainable development.

The study further recommends that procurement process should uphold integrity by ensuring that there are no malpractices; informed decision-making, which requires public bodies to base decisions on accurate information and ensure that requirements are being met.

Finally the study recommends that procurement practice should be responsive to aspirations, expectations and needs of the target society. Irrational working process is the one of the main reasons of wasting time resource. Therefore, optimization of the procurement process, integration, and the streamline flow are the inevitable requirement that the organization should have the quick-response capacity.
References


