

**PUBLIC PROCUREMENT MANAGEMENT AND ACCESS TO  
GOVERNMENT PROCUREMENT OPPORTUNITIES(AGPO)  
POLICY**

**BY**

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## DECLARATION

This research project is my original work and has not been submitted for any award at any other institution.

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## **ABSTRACT**

In every business the supply chain function is of major importance. The function ensures that the respective procurement achieves value for money for the organization. Therefore, supply chain function of any organization requires efficient management. Its neglects can lead to a disaster no matter how efficient other basic functions such as production and selling may be come out. Government Ministries and Agencies on the other hand procure goods and services to enhance service delivery to the citizenry. The purpose of this research project was to find out effects of public procurement management policy on AGPO program uptake by women, youth and PWDs enterprises within government ministries in Kenya. The data was collected from all the government ministries. The main data collection instrument was questionnaires. Secondary data was also collected to complete study from the government website ([www.treasury.go.ke](http://www.treasury.go.ke)). Data was collected from all the study units i.e government ministries as defined in the constitution of Kenya (2010). It was presented in form of descriptive statistics on thematic areas. The researcher faced some challenges especially in having the questionnaires filled due to the busy schedule of most government officers who were a target group in the study. The significance of the study was to enable policy makers within the government formulate intervention programmes as regards uptake of AGPO programme among the vulnerable groups.

## **LIST OF ABBREVIATIONS**

AGPO	Access to Government Procurement Opportunities
EU	European Union
GDP	Gross Domestic Product
ILO	International Labour Organization
KIPPRA	Kenya Institute for Public Policy Research and Analysis
KNBS	Kenya National Bureau of Statistics
KPHC	Kenya Population & Housing Census
LPO	Local Purchase Orders
MDG	Millennium Development Goals
NCAPD	National Council for Persons with Disability
NCPD	National Council for Persons with Disability
OECD	Organization for Economic Cooperation and Development
PPP	Public Private Partnership
PPRA	Public Procurement Regulatory Authority
PWDs	People with Disabilities
SDGs	Sustainable Development Goals
SMEs	Small and Medium-Sized Enterprises
UN	United Nations
UNCRPD	United Nations Convention on the Rights of Persons with Disabilities
WEF	Women Enterprise Fund
WHO	World Health Organization
YEDF	Youth Enterprise Development Fund

## TABLE OF CONTENTS

<b>DECLARATION</b> .....	<b>ii</b>
<b>ACKNOWLEDGEMENT</b> .....	<b>iii</b>
<b>ABSTRACT</b> .....	<b>iv</b>
<b>LIST OF ABBREVIATIONS</b> .....	<b>v</b>
<b>LIST OF TABLES</b> .....	<b>xi</b>
<b>LIST OF FIGURES</b> .....	<b>x</b>
<b>CHAPTER ONE: INTRODUCTION</b> .....	<b>1</b>
1.1 Background of the Study.....	1
1.1.1 Public Procurement Management.....	2
1.1.2 Access to Government Procurement Opportunities (AGPO) Policy.....	3
1.1.3 Prequalification for AGPO Program .....	4
1.1.4 Government Ministries .....	7
1.2 Research Problem.....	8
1.3 Objectives of the Study .....	10
1.4 Value of the Study.....	10
<b>CHAPTER TWO: LITERATURE REVIEW</b> .....	<b>12</b>
2.1 Introduction .....	12
2.2 Theoretical Framework .....	12
2.2.1 Empowerment Theory .....	12
2.2.2 The Social-Economic Theory .....	14
2.2.3 Institutional Theory .....	15
2.3 Public Procurement .....	16
2.3.1 Public Procurement and Disadvantaged Groups .....	17
2.3.2 Budgetary/Finance Availability.....	18
2.3.3 Publicity/Awareness about Intervention Programs .....	19
2.3.4 Procurement Process.....	20

2.3.5 Regulatory Requirements .....	21
2.4 Review of Empirical Studies .....	22
2.5 Summary of Literature .....	24
2.6 Conceptual Framework .....	24
<b>CHAPTER THREE: RESEARCH METHODOLOGY .....</b>	<b>26</b>
3.1 Introduction .....	26
3.2 Research Design .....	27
3.3 Population and Sampling .....	27
3.4 Data Collection.....	28
3.5 Data Analysis .....	28
3.5.1 Measurement of Variables .....	29
<b>CHAPTER FOUR: DATA ANALYSIS, RESULTS AND</b>	
<b>DISCUSSION .....</b>	<b>29</b>
4.1 Introduction .....	29
4.2 Response Rate .....	30
4.3 Demographic Information of the Respondents .....	31
4.3.1 Respondents Work Experience.....	31
4.3.2 Commencement of AGPO in Ministry .....	32
4.4 Status of AGPO Program Implementation in Government Ministries .....	34
4.4.1 Gross Ministry Allocations and Annul Procurement Budget .....	35
4.4.2 AnnualProcurement Budgetand AGPO Allocation .....	36
4.4.3 Allocations for Women.....	37
4.4.4 Allocation for the Youth.....	38
4.4.5 Allocation for PWD.....	39
4.5 Factors that Hamper Implementation of AGPO Program .....	40
4.5.1 Financial Compliance .....	42
4.5.2 Procurement Process/Procedures.....	42
4.5.3 Regulatory Requirements .....	43

<b>CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS</b> .....	46
5.1 Introduction .....	46
5.2 Summary of Findings .....	46
5.2.1 Status of AGPO Program Implementation in Government Ministries .....	46
5.2.2 Factors Hamper Implementation of AGPO Program .....	47
5.3 Conclusions .....	48
5.4 Recommendations .....	50
5.5 Areas for Further Studies .....	51
<b>REFERENCES</b> .....	52
<b>APPENDIX I: QUESTIONNAIRE</b> .....	57
<b>QUESTIONNAIRE FOR PUBLIC PROCUREMENT &amp; SUPPLIES OFFICERS</b> .....	57



## LIST OF TABLES

Table 4.1 Response Rate .....	30
Table 4.2 Respondents Work Experience .....	31
Table 4.3 Commencement of AGPO in Ministries .....	33
Table 4.4 Status of AGPO Program Implementation in Government Ministeries.....	34
Table 4.5 Gross Ministerial Budgets and Annual Procurement Budgets(in Ksh.).....	35
Table 4.6 Annual Procurement Budget and AGPO Allocation(Ksh.) .....	36
Table 4.7 Allocation for Women.....	38
Table 4.8 Allocation for the Youth .....	39
Table 4.9 Allocation for the PWDs.....	40
Table 4.10 Factors that Hamper Implementation of AGPO Program.....	41

## **LIST OF FIGURES**

Figure 2.1 Conceptual Frame Work .....	25
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# CHAPTER ONE

## INTRODUCTION

### 1.1 Background of the Study

Studies around the world indicate an established trend in mainstreaming of various disadvantaged groups in the economic policies, especially in entrepreneurship. In developed countries, the youthful populations have a variety of job opportunities that enables to fully participate in economic activities, generating an income and actively contributing to national economic growth and development. Unfortunately in developing countries, the youth are economically vulnerable due to the lack of formal and informal job opportunities and inadequate sources of capital to start business enterprises (World Bank Report, 2010).

Under the Public Procurement and Asset Disposal Act 2015; Age, gender and disability are considered among the main criteria for disadvantaged groups. Women are considered due to cultural and other gender unique challenges that have for a long time hindered their participation in economic development. The youth, persons between the ages of 18-35 benefit since they are hampered by limited entrepreneurial capacity to enable them compete favorably with established business firms. Persons living With Disabilities are beneficiaries under the act due to decades of being left out or confined to the margins of socioeconomic development. PWDs are eligible for the program by virtue of their conditions ranging from visual, speech, hearing, mental and physical impairment as registered by the National Council for Persons with Disability (NCPD) (NCPD & KNBS, 2008; Republic of Kenya, 2015).

### **1.1.1 Public Procurement Management**

Annually, governments around the world incur huge expenditures, with a vast proportion of the budget (up to 70%) allocated towards procurement of goods and services that facilitate the provision of services and a variety of mega infrastructural projects (OECD, 2010). An effective public procurement policy does not only ensure the best value for money through an accountable and transparent process, but can also be a crucial policy intervention tool that guarantees economic inclusion of disadvantaged groups (Baker et al.,2011).

Governments worldwide are the biggest procuring entities accounting for almost US\$ 1.5 trillion worth of goods and services (OECD, 2010).Considering the significant capital outlays, public procurement policy/ies can make a world of difference in the quality and breadth of government services, and also serve as an important tool for policy intervention and influence (KIPPRA, 2017). The AGPO initiative is informed by the universal recognition that entrepreneurship is an indispensable cog for economic and social development(Small Business Service, 2008).

In Kenya for instance, considering the Ksh. 1.77 trillion budget for the financial year 2013/2014 when AGPO was launched, 70% (approximately Ksh.1.24 trillion) of total expenditure went to procurement of goods and services in government (Republic of Kenya, 2013). A 30% reservation translates to about Ksh 372 billion annually and approximately Ksh. 2 trillion over the past five fiscal years (2013/2014-2017/2018) in support of women, the youth and PWDs related businesses annually. A program with such a huge financial

outlay if implemented successfully would no doubt have an impact in spurring business enterprises, alleviating unemployment, improving the standard of living and significantly reducing pervasive inequalities that have trapped generations of disadvantaged groups' families in poverty.

### **1.1.2 Access to Government Procurement Opportunities (AGPO) Policy**

The Kenya government's implementation of the Access to Government Procurement Opportunities (AGPO) program focuses on economically empowering women, youth and persons with disabilities (PWDs) through the reservation of 30% of all government procurement opportunities (Republic of Kenya, 2015). It was first mooted through Legal Notice No. 58 of the Public Procurement and Disposal (Preference and Reservations) Regulations (2011) where 10% of all government procurement was reserved to facilitate entrepreneurship of Kenya's burgeoning yet largely unemployed youthful population (Republic of Kenya, 2011).

A Presidential Directive, effected by the Cabinet Secretary (CS) in charge of the Treasury further up scaled it via Legal Notice number 114 of The Public Procurement and Disposal (Preference and Reservation Amendment) Regulations (2013), to include women and Persons With Disabilities. Later on, it was consolidated in an amendment to the Public Procurement and Asset Disposal Act of 2015 as the government sought to implement the constitutional provisions on affirmative action for disadvantaged groups envisaged under Article 227, section 2 of the constitution of Kenya (Constitution of Kenya, 2010). The section provides that 'An act of parliament shall prescribe a framework within which

policies relating to procurement and asset disposal shall be implemented and may provide for all or any of the following: Firstly, categories of preference in the allocation of contracts and secondly the protection or advancement of persons, categories of persons or groups previously disadvantaged by unfair competition or discrimination' (Constitution of Kenya, 2010).

Under AGPO therefore, enterprise that qualify for the 30% preference and reservation must have at least 70% membership and wholly lead by individuals from the respective disadvantaged groups (women, the youth and PWD) (Republic of Kenya, 2015). These groups represent a large demographic segment that has for long been marginalized from full participation in economic activities and in the case entrepreneurship, are limited in accessing capital for business amongst other unfavorable business environment factors (Baker et al., 2011).

### **1.1.3 Prequalification for AGPO Program**

The legal framework governing the eligibility for consideration under the Access to Government Procurement Opportunity (AGPO) program is anchored within the affirmative Action of the constitution of Kenya 2010 Chapter 27 (8) which obligates the government to put in place legislative measures aimed at addressing the conditions of marginalized or discriminated groups. The subsequent statutory regulation sets forth the main prequalification criteria for women, the youth and PWDs businesses access to the facility (Republic of Kenya, 2010). It is however important to note that except from specific reservation provisions setting aside 30% of opportunities to the special groups, all other

general regulations governing the participation of business entities in public procurement also apply (Republic of Kenya, 2015).

The prequalification for participation in public procurement requires that the procuring individual/entity; must demonstrate adequate capacity in terms of experience, equipment, resources or otherwise facilities for goods/services being tendered for; possess sound legal capacity to enter and execute contracts; should not be declared bankrupt, insolvent, in the process of being wound down or mired in legal proceedings that could hamper effective delivery of procured goods/services (Republic of Kenya, 2013). While such regulations are vital to effective and efficient utilization of public resources, they often pose a significant challenges especially given the low capacity of women/the youth/PWDs operated businesses.

To offset this impediment, the AGPO program identifies thirteen classifications of services, goods and public works that are for disadvantaged groups and another six classes for which they are given preference. This includes special weivers to unbundle procurement quantities to make then easily biddable by disadvantaged groups businesses/entities. Furthermore, disadvantaged businesses benefit from a variety of facilities meant to ease their business operations such as; Local Purchase Orders (LPO), payments on delivery facilities and a weiver on the mandatory tender security applicable in all public procurements (Republic of Kenya, 2013).

Disadvantaged groups are however supposed to formalize (officially register) their business before accessing the AGPO Program. To be eligible, the business entities must

pass a two-tiered registration process consisting of normal business registration with Attorney General Office or relevant County Office and with the AGPO Program at Treasury. The AG's office registers business entities as; sole proprietorship, registered company, or partnership with disadvantaged groups invested capital/share ownership of at least 70%. The following statutory documents should also be acquired and made available for a business to qualify; Business Registration Certificate or Certificate of Incorporation, Partnership Deed -for businesses registered as Partnership, Personal Identification Number (PIN), Value Added Tax and Tax Compliance Certificates, Memorandum of Association for Registered Companies, a letter/certificate from authorized technical/professional/regulatory body such as the National Construction Authority for those tendering for Public Works and Energy Regulatory Commission for those supplying energy/fuel product (Republic of Kenya, 2015).

Registration with the AGPO office at Treasury ensures that the business is among those prequalified to make procurement bids under the AGPO Program. It is vital to appreciate that while these pre-conditions may seem straight forward to most business enterprises, the disadvantaged groups are not particularly endowed with adequate capacity, especially financial and awareness capacity to for instance meet the modest registration fees required to obtain a business/technical registration certificate. Given most of them are based in rural and per-urban areas means they rarely comply with the necessary annual returns with Kenya Revenue Authority or other statutory bodies (Akwalu, 2014).



#### **1.1.4 Government Ministries**

The number of ministries in Kenya is constitutionally set in accordance with Article 152, section 1 of the Constitution of Kenya 2010. The composition of the cabinet which reflects ministries is composed of ; (a) the President ;( b) the Deputy President; (c) the Attorney-General; and (d) not fewer than fourteen and not more than twenty-two Cabinet Secretaries' (Constitution of Kenya, 2010). The ministries that will be subject of this study would thus comprise of; Ministry of Interior and Coordination of National Government; Ministry of Devolution and Planning; Ministry of Finance & National Treasury; Ministry of Foreign Affairs & International Trade ; Ministry of Education; Ministry of Health; Ministry of Transport and Infrastructure; Ministry of Information Communication Technology; Ministry of Environment, and Natural Resources; Ministry of Land, Housing and Urban Development; Ministry of Sports, Culture and the Arts; Ministry of Labor & East Africa Affairs; Ministry of Energy and Petroleum; Ministry of Agriculture, Livestock and Fisheries; Ministry of Industrialization and Enterprise Development; Ministry of Public Service, Youth & Gender Affairs; Ministry of Tourism ; Ministry of Mining; Office of the Attorney General; and Ministry of Water and Irrigation.

This study will therefore be focusing on the above substantive government ministries in Kenya. An exception is made here in the case of the Ministry of Defense due to the sensitivity and nature of procurement materials which disadvantaged groups obviously have no capacity to supply. The study may also be hampered by lack of feasible data from the ministry due to non-disclosure/classified nature of defense budgets.

## **1.2 Research Problem**

The Kenya government from the year 2005 has initiated a number of policies aimed at mainstreaming sections of its citizenry hereto considered marginalized in economic activities. This comprised of programmes receiving direct budgetary allocations such as the Youth Enterprise Development Fund (YEDF), Women Enterprise Fund (WEF), and Uwezo Fund to those that seek to ease the business environment of disadvantaged groups' enterprises through preference and reservations such as AGPO program(Gatare& Shale, 2014).

Such policies are to a great extent, informed by the appreciation of the fact that a chunk of the population that is disadvantaged group can leverage on the entrepreneurial opportunities occasioned by the huge recurrent government procurement expenditure to generate income, provide employment opportunities and significantly contribute to national economic growth and development. The youth are persons between the ages of 18-35 with limited entrepreneurial capacity to enable them compete with established business firms. In Kenya the youth face a myriad of economic challenges despite the fact that they constitute over 70 % of the population. Top on this list of challenges is unemployment which stood at 67% according to the 2009 Kenya Population & Housing Census (KNBS, 2010). This is compounded by low skills capacity, and a lack of access to information and capital to venture into business. A number of youth operate small to medium sized enterprises located in rural and sub-urban areas, most lack formal registration thereby disqualified from any credit advances by financial institutions (Capital Markets Authority, 2014).

The National Coordinating Agency for Persons with Disability (NCAPD) and the Kenya National Bureau of Statistics (KNBS) conducted a National Survey for Persons with Disability (2008) that determined 4.6% disability prevalence among the people in Kenya (NCAPD & KNBS, 2008). Due to prolonged neglect, efforts to comprehensively address the plight of PWDs were severely hindered due to the lack of necessary data such as their population, type and extent of disability, and their specific needs. Formal employment for PWDs is especially a challenge due to the fallacy that they lack requisite skills and/or their impairment is likely to result into high cost of labour. As a result, only a third (33%) of PWDs were employed with, a majority being within the family businesses (NCAPD & KNBS, 2008).

AGPO program as an affirmative action initiative is thus meant to bridge the societal inequality through the mainstreaming of disadvantaged segments of the population, specifically women, youth and PWDs in economic growth. In Kenya, an extensive review of literature does not reveal any studies on PWDs and AGPO program while the rest tend to be single dimensional in approach focusing on either the women or the youth (Ayuma et al., 2015; LagatNamusonge&Berut, 2016; Kasulu, 2012). Others are domiciled within a single government ministry, agency or county (LagatNamusonge&Berut, 2016; Ngure&Simba, 2014). Whereas the AGPO program is bound within all levels of government (County and National) as well as other government agencies, this study would only examine the AGPO program as implemented within the twenty government ministries for the benefit of women, the youth and PWDs.

The study aims to address following questions; 1) what is the effect of public procurement management policy on AGPO program uptake by women, youth and PWDs enterprises in government ministries? 2) What factors have enhanced or hampered the uptake of AGPO program in respective line ministries? And, 3) what policy interventions can be effected to enhance uptake of the AGPO program in respective line ministries?

### **1.3 Objectives of the Study**

The general objective of the study was to examine status of public procurement management policy and AGPO uptake in government ministries in Kenya.

The specific objectives were to:

- i) Establish the state of implementation of AGPO program (by women, youth and PWDs enterprises) within government ministries.
- ii) Establish factors that enhance or hamper the uptake of AGPO program among women, youth and PWDs in respective line ministries in Kenya.
- iii) Suggest recommendation(s) for enhancing the AGPO program for the benefit of women, youth and PWDs in respective line ministries.

### **1.4 Value of the Study**

This study serves as a vital resource material for stakeholders in the implementing AGPO program, particularly procurement practitioners in line ministries and resource persons involved the mobilization and sensitization of beneficiaries as it offers some insights (evaluation) into the effectiveness and status of the program. The recommendations the

study makes provide guidance to policy makers with suggestions on measures that need to be put in place to enhance the effective implementation of the program.

Scholars and academicians benefit from this study as they can use its findings as the basis for further research on the subject and other related fields. It is therefore a vital academic reference material for students and researchers undertaking studies on AGPO. The study also adds to the growing academic literature on the implementation of the AGPO program from a unique inter-ministerial perspective.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

Drawing on previous literature and related to this study, the chapter examines published material from various sources relevant to the study of AGPO and procurement management policy in government ministries in Kenya. The chapter begins with an outline of a theoretical review underlying the study and discusses the concept of AGPO as public procurement management intervention policy for inclusive economic growth and sustainable development. It delves into the background of procurement reforms in Kenya, reviews the concept, structure and implementation of the AGPO program and how through economic empowerment, it is meant to cure the entrenched challenges faced by respective disadvantaged groups (women, the youth and PWDs) in Kenya. Finally, the study makes a summary that highlights the key knowledge gap that the research seeks to fill.

#### **2.2 Theoretical Framework**

A theoretical framework in research is meant to lay down the broad and coherent principle in reference to the area of a study. It comprises a logical set of hypotheses, concepts and pragmatic frame/s guiding the research study. The theories employed by this study will be the empowerment and theories that have been advanced in relation to the area of this study include the following.

##### **2.2.1 Empowerment Theory**

Empowerment, according to a study by Robbins, Chatterjee and Canda (1998), is a “process by which individuals and groups gain power, access to resources and control over

their own lives. In doing so, they gain the ability to achieve their highest personal and collective aspirations and goals” (Robbins, Chatterjee, &Canda, 1998). Empowerment facilitates people to gain greater control of their lives by doing away with marginalization, discrimination and social stratification, social impediments that hamper individuals and/or groups of people from accessing resources. On large scale, it involves the formation of collective and organized groups for purposes of lobbying and awareness (publicity) to attain desired outcomes.

Based on an organization point of view, Kluska et al. (2004) argues that empowerment affords members more opportunities for learning and development through enhanced access to resources, psycho-social support and information. In a work related environment, it provides employees with psychological empowerment which comprises feelings of competence, autonomy, job meaningfulness, and an ability to impact the organization (Kluska et al., 2004). In this case, the formation of various disadvantaged groups’ organizations empowers members in accessing information, various capacity building mechanisms (entrepreneurship training and development, psycho-social support) and access to capital and business opportunities through preference and reservations (AGPO Program).

Thomas (2005) holds that the economic empowerment of PWDs for instance, is anchored in the acknowledgement that there is a linkage between poverty and disability. Consequently, it would therefore be difficult to eradicate extreme poverty and hunger as envisaged under the various global strategies (then Millennium Development Goals

(MDGs) and the current Sustainable Development Goals (SDGs), and national economic blue prints (Vision 2030) without deliberate efforts to economically empower PWDs (UN; 2015; Republic of Kenya, 2008).

### **2.2.2 The Social-Economic Theory**

Sutinen and Kuperan (1999) argue that this is most recent theory that amalgamates economic theory with sociological and psychological theories with the aim of evaluating social influence and the moral obligation for individuals' and institutional compliance. Psychological perspectives they argue are the foundation of either failure or success in the extent to which organizations comply with the set standards (Sutinen&Kuperan, 1999). Social-Economic model emphasizes on changing the environment to facilitate and accommodate the needs of individuals/groups.

This research will hold that the environment comprises of physical, biological and social barriers (stereotypes, retrogressive cultures, discriminatory policies among others) that are an impediment to disadvantaged groups' participation in economic growth and development sphere, especially in regard to entrepreneurship. As an enforcement of a right, the government has a responsibility and a moral obligation to enact specific policies, legislations and instruments such as the one envisaged under the AGPO program to reverse the economic misfortunes of disadvantaged groups brought about by a long history of marginalization. The Social-Economic theory is used to assess the moral and psychological factors for individuals (procurement officers) and ultimately institutional (ministries)



compliance with the Public Procurement (Preference and Reservations) Act 2015 (Republic of Kenya, 2015).

### **2.2.3 Institutional Theory**

Najeeb (2014) asserts that the study of institutions cuts across several academic disciplines particularly in organizational theory, sociology, economics and political science. According to Kaufman (2011), the common trait for institutionalism over the various fields mentioned above is that “institutions matter”. He hence concludes "organizational practices are either a direct reflection of, or response to, rules and structures built into their larger environment". Paauwe and Boselie (2003) aver that in evaluating public procurement, different institutions interact in order to meet the needs of each other while abiding to the set rules and regulations established by the government (Paauwe&Boselie 2003).

Scott (2004) identifies three key features of organizations as the cultural cognitive, normative and regulatory features; where sanctions as an enforcement measure ensure compliance with the stipulated standards, laws, and rules are characteristic of the regulatory feature; the cultural cognitive feature emphasizes collective understanding manifested in common symbols, objectives and beliefs; while the normative feature is based on compliance with certain social norms and values s (Scott, 2004).

In relation to this study, public procurement and suppliers entities in Kenya are conducted in accordance with the procurement framework outlined under; The Public Procurement and Disposal Act, 2005; Public Procurement and Disposal Regulations, 2006; The Public Procurement and Disposal (Amendment) Regulations, 2009; The Public Procurement and

Disposal (Public Private Partnerships) Regulations, 2009; The Public Procurement and Disposal (Preference and Reservations) Regulations, 2011; The Public Procurement and Disposal (County Governments) Regulations, 2013; and The Public Procurement and Assets Disposal Act(2015). These statutes have ushered in new procurement regime that guide all public procurement process in Kenya.

### **2.3 Public Procurement**

For many years, public procurement in Kenya was hampered by an opaque, inadequate, scattered and conflicting regulatory framework that was perceived and often susceptible to abuse (PPOA, 2009). Early attempts at policy formalization can be traced back to the 1978 Government Supplies Manual that was augmented from time to time by Ministerial Circulars from Treasury. The 1999 review highlighted major shortcoming which led to the issuance of Exchequer and Audit (Public Procurement) Regulations of 2001. It was however, until 1<sup>st</sup> January of 2007 that the first legislative framework was put in place (gazetted) under the Public Procurement and Disposal Act 2005 (Republic of Kenya, 2007).

The long quest for public procurement reform was finally realized with the enactment of the Public Procurement and Asset Disposal Act 2015 on 7<sup>th</sup> of January 2016 that effectively repealed its precursor, the 2005 Public Procurement and Disposal Act). The act lays down a harmonized framework for public assets procurement and disposal for all government entities except in already existing circumstances stipulated under the Public Private

Partnership Act, 2013 or in case of bilateral/multilateral engagements that involve a foreign government or multilateral entities (Republic of Kenya, 2015).

### **2.3.1 Public Procurement and Disadvantaged Groups**

The women, the youth and persons with disabilities face a number of varied challenges in participating in public procurement despite several efforts undertaken by the government and organization. First the source of information for women, the youth and persons with disabilities on tender notices, secondly financial constraints and government activities, third corruption in awarding of contracts by procurement employees and lastly the documentation required.

Women, the youth and PWDs are categorized as part of vulnerable populations who have for long been over looked by government initiatives and programs and as such benefited or stand to benefit less in terms of skills training which makes them susceptible to unemployment and limited sources of income (Attaran, 2002). This is one of the reasons that the Kenyan government came with the AGPO program. The program is an affirmative action aimed at empowering women, the youth and PDWs' owned enterprises by giving the enterprises the opportunity to do business with government entities (Republic of Kenya, 2013). The presidential directive that 30% of government procurement opportunities be set aside for women, the youth and PWDs – owned enterprises made it possible for the implementation of the program (Gatare& Shale, 2014).

### **2.3.2 Budgetary/Finance Availability**

Perhaps one of the most common intervention programs among disadvantaged groups' enterprises is the facilitation of finance facilities or finance support services. The availability of finance is a critical factor in either boosting or hampering the growth of business entities, especially small and medium sized enterprises (SMEs).

Public procurement has been identified as a key intervention area for SMEs source of business. Despite this official commitment, many small scale entrepreneurs have difficulty in accessing local, national and international public contracts due to their resource limited capacity (Musgrave et.al, 2007). This poses a sustainable development conundrum since rapid national development does not necessarily translate economic benefits in a majority of the local population by way of poverty reduction and improved family incomes. Ramsay, et.al, (2008) argues that there is need deploy specially targeted intervention programs for the benefit of the poverty afflicted rural communities to enhance their livelihoods and check the rampant levels of poverty.

Orodho (2013) observes the government of Kenya has faces a huge task to integrate the youth and women in mainstream public procurement areana. In filling the void, a wide range of institutions have devised variety of financial instruments such as invoice discounting and Local Purchase Order (LPOs). The governement has also initiated financial support instruments to support disadvantaged groups such Uwezo Fund for Women and the Youth (PPOA, 2009).

### **2.3.3 Publicity/Awareness about Intervention Programs**

Publicity and awareness is essential in building of effective market or opportunity dynamics consisting of an amalgamation of commercial as well as situational awareness of opportunities occurring in an environment through time and space. It is also critical to projecting and comprehending of status even when there has been variable change (Ernest & Young, 2014). In this case, creating awareness about an opportunity should equally occur with generating a sufficient interest about it for it to be utilized. This creates the requisite capability for disadvantaged groups' to be knowledgeable and responsive to the opportunities available within the environment at one given time. Awareness thus precedes positive action or exploitation of opportunities presented by a market.

The lack of proper information especially entrepreneurship education and financial literacy from concerned agencies pose significant challenges development among disadvantaged groups in rural areas. This can be in terms of inadequate or limited market opportunities, poor technologies of production, complicated or stringent official regulations among others adversely affect performance of among disadvantaged group enterprises (Akwalu, 2014). The focus of most procurement system seek to improve access and availability of information to the local supply client (Ndolo&Njagi, 2014).It is mainly based on enhancing the level of information techniques among diasavantaged groups via online transaction of goods and services that ensure quality standards as well as improving the the competitiveness of special groups enterprises as opposed to established firms.

According to Ndolo and Njagi (2014), enhancing information access builds the capacity of special groups in the market, both at local, national or international market. In an increasingly ICT driven world, governments are leveraging on online platforms in service delivery such as application and award of tenders for goods and services. Other benefits of leveraging on ICT include cost reduction, competitiveness, and promotion of integrity, accountability and transparency in government processes. Improving information access, availability and use of ICTs goes a long way in reducing incidence of unethical practices such as bribery, nepotism and patronage among others (Kimotho, 2015).

#### **2.3.4 Procurement Process**

Various established organizations and indeed government advertise from time to time opportunities for provision of varied and specific services or goods from other enterprises within specified period of time also referred to as Invitation to Tender (PPOA, 2009). There have been concerted efforts ensure the efficacy of the procurement system and where business firms or organizations aim to reduce the time cycle of procurement and improve standards of information management. According to Lyons and Farrington (2006), efficiency of a procurement system leads to development of a data base for reliable goods and service providers that are compliant with the entire necessary requirement.

They categorize procurement methods into two classifications; e-procurement and the tender box method. Business firms/enterprises are required to show their capacity to execute the task as well as itemized costing. The award of a success bid is mainly based its capacity to provide or supply specified goods and services at the lowest price. It is however,

the award does not always go to the lowest bidder since other circumstance such as the bidder's history to deliver is factored in (Brulhart, and Trinetta 2009).

McCrudden, (2005) argues that an efficient public procurement process does not only facilitate the provision of a wide range of quality goods and services to the government often at very competitive prices but also facilitates in the formulation of effective and efficient opportunities SME sector including those run by special groups to demonstrate their skills and capabilities, including the purchase of goods and services which allows SMEs to develop and demonstrate innovative goods and services (McCrudden 2005). This is unlike in the past, where procurement was considered mainly as an operational activity rather than as a key strategic function in the business planning process.

### **2.3.5 Regulatory Requirements**

Regulatory requirements are vital control mechanisms for all business firms and organizations. According to Kotler (2006), they are mainly composed of legislative controls into which business firms and organizations operate. As far as participation in public procurement opportunities goes, it is imperative to highlight the fact that regulatory requirement in general are considerable less flexible for disadvantaged or special interest groups enterprises as opposed to other established firms. Youth enterprises for instance are constrained by inadequate capacity requisite business operational experience, resources, facilities and equipment to enable them compete fairly with other established or well resourced firms for public procurement opportunities. As MigaiAkech (2005) notes, the

foregoing invariably impacts on their legal capacity in terms of ability to enter into legally binding contracts for purposes of public procurement opportunities.

Consequently, an entity that does not meet legal requirements such as insolvency, receivership, bankruptcy or in the process of being wound up is ineligible to participate in public or indeed any other procurement process. Disadvantaged groups can also immensely benefit from the unbundling procurements to quantities to make them more friendly to the lower demographic of SMEs in which they belong. The government of Kenya for instance has waived the requirements that hamper disadvantaged groups from public procurement processes. This includes; a waiver on mandatory tender security, unconditional award of Local Purchase Orders (LPOs) and a one-stop registration process and application for Public Procurement Processes under AGPO (Republic of Kenya, 2013).

## **2.4 Review of Empirical Studies**

There is an established trend to economically empower various disadvantaged groups especially through entrepreneurship world over. The economic empowerment of disadvantaged groups should also be viewed from the prism of ongoing global sustainable development strategies aimed at ensuring inclusive economic participation and development in the 21<sup>st</sup> century where the principles of sustainability, participation and equity are important factors in measuring economic growth rather than aggregate factors such the Gross Domestic Product (GDP) of a country (World Bank, 2015).



It represents a systematic shift from the previous ‘trickle down’ approach characteristic of most economic development policies of the past century, where big enterprises or corporates enjoyed considerable government incentives with the expectation that their success will benefit individuals, communities and related business at a lower levels leading to increased economic growth (Pacetti,2016).Access to Government Procurement Opportunities and similar measures elsewhere in the world areborneout of the realization of the above in order to reduce the widening inequality in the distribution of wealth within segments of the population considered vulnerable bearing the brunt of unjustifiable incidences of extreme poverty amidst an economic boom (Corrigan & Blake, 2016). Indeed, much of the multilateral and bilateral development assistance programs (such as by the World Bank and European Union) are increasingly geared towards facilitating the business sector/communities of receiving nations, rather than financial aid/grants and loans to the governments concerned (Gall & Borg, 2009).

This is implemented through advances to local commercial finance institutions for onwards transmission to Small and Medium-Sized Enterprises (SMEs), with a bias towards the women, youth and PWDs’ businesses in form of soft loans and enterprise funds. Indeed, currently there is a common refrain in ‘Trade and not aid’, a predominant theme in most international development forums as development experts and practitioners seek to forge strategies for uplifting the poor in developing countries (Sanchez, Laura &Perinet,2015).

## 2.5 Summary of Literature

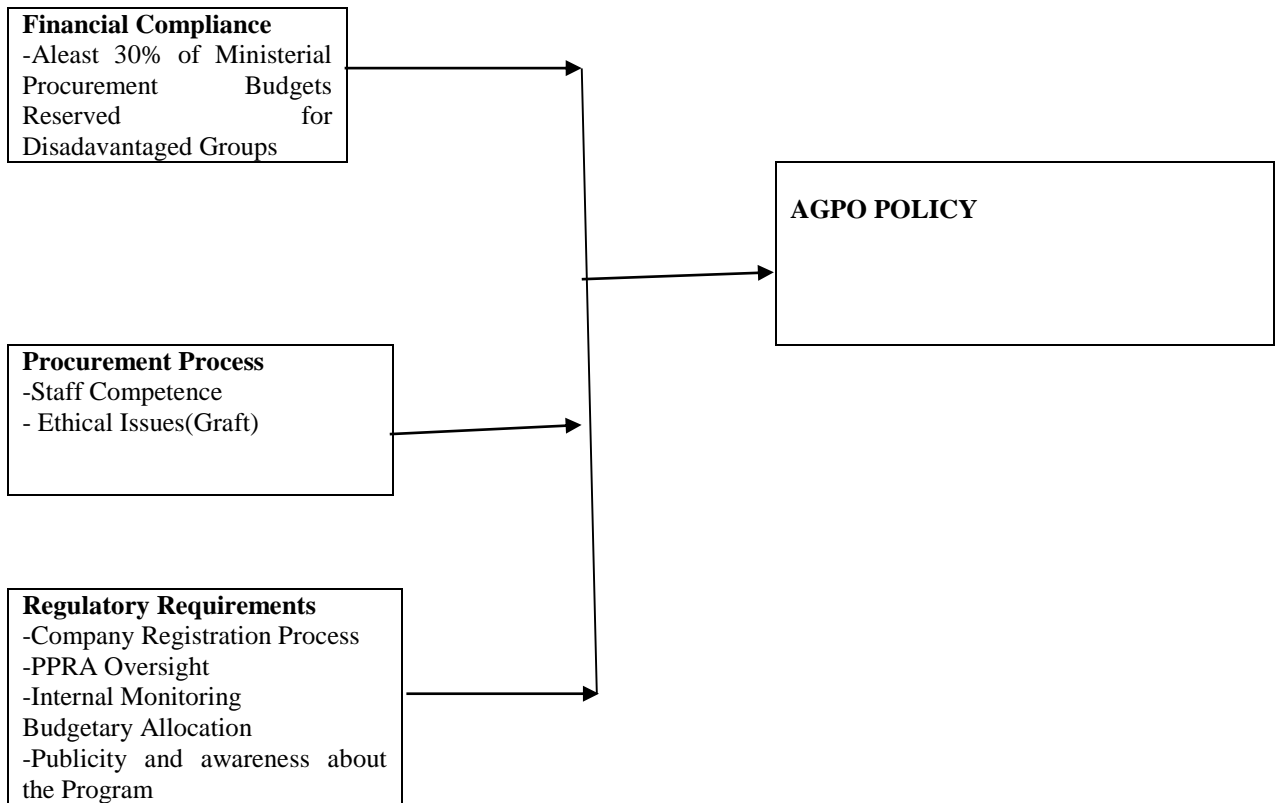
The government of Kenya has been undertaking reforms aimed at enhancing its public procurement for last 30 years. These reforms have mostly been based on the need to make the procurement process more efficient by sealing avenues for wastage, corruption and ensuring fairness (inclusiveness/public participation) in the procurement process. The government has come up with an initiative to support the youth, women and persons with disabilities through AGPO to assist them get 30% of procurement opportunities in the public entities. The government came up with regulations and amendments to govern its implementation. It has also been able to solve some challenges that the youth, women and persons with disabilities normally go through while applying for the contracts.

There has been reduction of documentation and financing through the Youth Enterprise Fund, Women Enterprise Fund and Uwezo Fund and the introduction of Huduma Centers to facilitate business registration and provide other statutory documents that are required for ease of business. These efforts remain valid and justified especially considering the general legislative and regulatory weakness that had characterized procurement in Kenya's public sector over the last four or so decades and the current levels of unemployment among the youth, women and PWDS. This study examines the AGPO program as implemented within the twenty government ministries for the benefit of women, the youth and PWDs.

## 2.6 Conceptual Framework

**Independent Variable (IV)**  
(DV)

**Dependent Variable**



**Figure 2.1 Conceptual Frame Work**

Source; Author

The ultimate goal of the AGPO program is to economically empower the youth, women and PWDs through 30% procurement opportunities reservations in the public procurement processes. As initially discussed, this can significantly contribute to uplifting their standards of through expansion of employment opportunities, personal incomes and wealth creation for the nation. However, for this objective to be attainmened, there should be an institutional capacity reflected in regulatory regime; a working procurement process that rides on availability of requisite staff compence, and perhaps more importantly the necessary budgetary support.

The study posits for the AGPO program to successfully attainment of its primary object of empowering disadvantaged groups (women, the youth and PwDs), the underlaying institutional, regulatory and human capacity indicators must be operationally effective. As Figure 2.1 shows, evaluating the performance of the said elements therefore gives a vital snapshot into the effectiveness and extent of implementation of the AGPO policy.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This section illustrates a description of the methodology adopted in the study to achieve the research objective. The chapter starts with a description and justification of the research study design chosen. It is then followed by a brief description of the target population, the sampling frame and their respective justifications. It subsequently sets out the data

collection tools, the procedures and methods employed in data analysis and lastly, an elaboration of the techniques that will be undertaken to ensure validity and reliability of the data collected.

### **3.2 Research Design**

The study adopted a descriptive survey as it facilitates the enumeration of all data from the total population of the study which will be the 22 government of Kenya ministries as contemplated under Article 152 (1) of the constitution of Kenya. It is also preferred because it enables the collection of by use of a questionnaire and is also useful in establishing and explaining the relationship between variables. The design was most preferable to the study due to its effectiveness in bringing out trends of the subjects being studied.

It does not allow manipulation of the various variables, it at the same time enabled the researcher to do a follow-up on the subjects of the study over time through sustained periodic collection of data. In this case, effective procedure of data collection, tabulation and data analysis on the interaction between public procurement and AGPO program in government ministries in Kenya over three year financial period of 2014/15, 2015/16 and 2016/17. It facilitated the collection of data across the population of the study which was all the substantive government ministries in the republic of Kenya.

### **3.3 Population and Sampling**

This is the totality of individuals, events or objects with shared or similar observable traits (Mugenda & Mugenda, 2003). The population consisted of all the 20 substantive ministries

as constituted under Article 152, section 1 of the Constitution of Kenya 2010. A census survey was be done since the population is relatively small.

### **3.4 Data Collection**

The data to be collected for the study was mainly primary data collected by means of a questionnaire. However, secondary data from the Ministry of Finance online reports was used to ascertain the authenticity informations collected especially annual ministerial appropriations. The questionnaire comprised of closed and open ended questions to address the specific objectives of the study. The open ended questions gave the respondent freedom to express offer policy recommendations arising from factors that hamper the program. The questionnaires were administered to concerned ministerial Procurement and Supply Chain Management Officers (SCMOs) in charge of the AGPO program. Given the detailed nature of the information sought and often the busy schedules of government officers, the researcher will adopted a drop and pick method in order to afford the respondent the necessary time and space to give accurate information. The researcher also utilized on line ministry of finance reporting public database to access more information and verify the data collected.

### **3.5 Data Analysis**

The study employedquantitavedescriptive statistics in terms frequency distributions, percentages, mean and standard deviation for data analysis figures. Qualitative based on thematic areas-women, the youth and PWDs and discerned patterns (annual) and presented along the objectives of the research mong women, youth and PWDs in respective line

ministries in Kenya. The study supposed that optimal AGPO Program facility uptake for disadvantaged groups should constitute 30% of the procurement budget with 10% each for respective group categories of women, the youth and PWDs

### **3.5.1 Measurement of Variables**

The measurement of effects of public procurement management policy on AGPO program uptake is to assess possible increase in public procurement opportunities allocated to disadvantaged groups' enterprises.

## **CHAPTER FOUR**

### **DATA ANALYSIS, RESULTS AND DISCUSSION**

#### **4.1 Introduction**

The aim of the study was to determine the implementation of Access to Government Opportunities in government ministries in Kenya. The section descriptively illustrates and inferentially analyses the findings of the study along its objectives as set out in chapter one.

## 4.2 Response Rate

The study targeted 20 substantive ministries of the government of Kenya as constituted in 2017. The table below is an highlight of the response rate.

**Table 4.1 Response Rate**

Category	Frequency	Percentage (%)
Responded	18	90%
Did not Respond	2	10%
Total	20	100%

The researcher deliberately excluded the ministry of Defense due to the sensitivity and nature of security materials/services that are often restricted or highly classified. Furthermore, the youth, women and person with disabilities obviously lack the capacity to supply have no capacity to supply security related materials/services and hence collection of data from the ministry was not therefore considered feasible. A total of 20 questionnaires were administered to remaining 20 procurement and supply departments of the respective ministries; of which 18 were filled and returned, while 2 questionnaires was not returned. This represented a 90% response rate which according to Curtin et al (2000) hold that; while a minimum response rate of over 30% is deemed sufficient in most surveys, a 60% and over response rate confers greater credibility as it addresses concerns about non-response bias that can be brought about by low interest of respondents and poor data collection techniques. The positive response in this case is attributable to correct research design of the study as well as the ability of the researcher to engage respondents, affording them the time to fill in the questionnaire at their convenience (drop and pick) and persistent in follow-ups for the few cases that were less engaged.



## 4.3 Demographic Information of the Respondents

### 4.3.1 Respondents Work Experience

The researcher sought to assess the responding officer's work experience within the respective ministries as it is vital to determining not only the veracity of the data collected, but also providing specific insights into the challenges and recommendations that can only be discerned by officers implementing the AGPO Program for the three financial years under review.

From the results presented in the table below, it is clear that a majority, 16 (90%) of respondents had substantial experience; 3 years and above in the implementation of the AGPO program for the respective ministries. This is important as it covers the three financial year period (2014/2015, 2015/2016 and 2016/16-2017) under the study. Only 2 (10%) of the respondents targeted reported working for less than three years and none (0%) for less than a year.

**Table 4.2 Respondents Work Experience**

<b>Category</b>	<b>Frequency</b>	<b>Percentage (%)</b>
Less than 1 Year	0	0%
1-2 years	2	10%
3-4 Years	8	40%
Over 5 Years	8	50%
<b>Total</b>	<b>18</b>	<b>100%</b>

The findings attest to both the authority of respondents and the credibility of the study since being key implementation officers, the respondents were expected to provide significant policy and regulatory insights (challenges and recommendations) that is considered significant to improving the effectiveness of the AGPO Program due to their direct and continuous interaction with the beneficiaries (disadvantaged groups) across government ministries in Kenya.

#### **4.3.2 Commencement of AGPO in Ministry**

Being a relatively new program, the study sought to understand the exact time/period for the actual commencement of the AGPO Program in various government ministries in Kenya.

**Table 4.3 Commencement of AGPO in Ministries**

<b>Category</b>	<b>Frequency</b>	<b>Percentage (%)</b>
2014/2015	18	100%
2015/2016	18	100%
2016/2017	18	100%
<b>Total</b>	<b>18</b>	<b>100%</b>

From the table above, all ministries, 18 (100%) reported implementing the program as of the financial year 2014/2015. This was considered significant in not only establishing the base year for the study, but also in determining the institutional capacity of the ministries in effectively implementing the program. It was noted that most ministries reported no difficulty in commencement of the program as of government financial year 2014/2015 since it had been on-going albeit, focusing Small and Medium Enterprises (SMEs) or local firms and enterprises. The directive to implement AGPO was therefore seen as an expansion of the procurement reservation program—through inclusion of the youth, women and PWDs that rode on an already existing procurement implementation infrastructure. This represents a response rate of 79% which according to Borg, Gall and Gall (2004) and Creswell (2009) a response rate of 50% is adequate to give the correct view for a survey study.

#### 4.4 Status of AGPO Program Implementation in Government Ministries

The study sought to establish the status for the implementation of the AGPO program by establishing the value of each disadvantaged group's uptake of procurement opportunities in government ministries over a three financial year period of 2014/15, 2015/16 and 2016/17. The findings are illustrated in the table 4.4 next diagram.

**Table 4.4 Status of AGPO Program Implementation in Government Ministeries**

Uptake per Disadvantaged Group Category	Financial Year				
	2014/2015 (billion Ksh.)	2015/2016 (billion Ksh.)	2016/2017 (billion Ksh.)	Total (billion Ksh.)	Deficit/Unutilized (%)
Women	8.8	5.2	5.3	19.3	0%
Youth	4.5	5.2	6.1	15.8	0%
PWDs	0.3	1.4	1.2	2.9	0%
<b>Total</b>	<b>13.6</b>	<b>11.8</b>	<b>12.6</b>	<b>38.8</b>	0%
<b>Procurement Budget</b>	45.3	39.3	42.0	<b>126.6</b>	0%
<b>Gross Ministry Allocations</b>	859.6	934.9	1.032	<b>2826.8</b>	

Data for the three financial year period indicates that the 18 ministries received a total of Ksh.2826.8 billion in gross budgetary appropriations allocated annually as; Ksh.859.6 billion for 2014/15, Ksh.934.9billion for 2015/2016 and 1032.3 billion for the financial year 2016/17. This represents a steady rise of approximately Ksh.100 billion in gross budgetary allocations for ministries over the period under the study.

#### **4.4.1 Gross Ministry Allocations and Annul Procurement Budget**

The study also sought to determine the value of ministerial procurement budget compared to the gross budgetary allocation for three financial years 2014/15, 2015/16 and 2016/17.

**Table 4.5 Gross Ministerial Budgets and Annual Procurement Budgets(in Ksh.)**

<b>Financial Year</b>	<b>Gross Allocation</b>	<b>Proc. Budget</b>	<b>Percentage (%)</b>
2014/2015	859.6 billion	45.3 billion	5.3%
2015/2016	934.9 billion	39.3 billion	4.2%
2016/2017	1032.3 billion	42 billion	4%
<b>Total</b>	<b>2826.8 billion</b>	<b>126.6 billion</b>	<b>13.5%</b>
<b>Mean</b>	<b>942.2 billion</b>	<b>42.2 billion</b>	<b>4.5%</b>

The total gross budgetary allocation of Ksh. 2826.8 billion was evaluated against the total procurement budget was valued at Ksh.126.6 billion over the period of the study. The results in the table 4.5 above shows that procurement budget accounted for 5.3% valued at Ksh. 45.3 billion of gross ministeries' allocations for 2014/15, 4.2% valued at Ksh. 39.3

billion for 2015/16, and 4% worth Ksh.42 billion of gross ministerial budgets for the financial year 2016/17.

Table 4.5 above shows that over the three year period, gross ministry allocations averaged 942.2 against annual ministerial procurement budgets averaged Ksh. 42.2 billion. The procurement budget therefore translates into a mean average of 4.5% of the gross budgetary allocations in government ministries over the three year period. It indicates that unlike the gross ministerial budgetary allocations which have steadily risen at approximately Ksh 100 billion, the average ministerial procurement budgets have been declining from a high of 5.3% in 2014/15, 4.2% in 2015/16 to only 4% in the financial year 2016/17.

#### **4.4.2 Annual Procurement Budget and AGPO Allocation**

The study sought to determine the extent of AGPO allocations against the annual ministerial procurement budgets as set in annual procurement plans.

**Table 4.6 Annual Procurement Budget and AGPO Allocation(Ksh.)**

<b>Financial Year</b>	<b>Proc. Budget</b>	<b>AGPO Budget</b>	<b>Percentage (%)</b>
2014/2015	45.3 billion	13.6 billion	30%
2015/2016	39.3 billion	11.8 billion	30%
2016/2017	42 billion	12.6 billion	30%
<b>Total</b>	<b>126.6 billion</b>	<b>38.8 billion</b>	<b>30%</b>
<b>Mean</b>	<b>42.2 billion</b>	<b>12.9 billion</b>	<b>30%</b>

It was found that against a total procurement budget of Ksh.126.6 billion, the total AGPO budget was valued at Ksh.38.8 billion in all government ministries for the period

under review. As results in table 4.6 above shows, AGPO allocations accounted for approximately 30% of opportunities worth Ksh.13.6 billion in 2014/15, 30% worth Ksh.11.8 billion in 2015/16, and 30% valued at Ksh.12.6 billion of procurement budget in government ministries. Over a three year period, AGPO allocations accounted for a mean average of approximately 30% or Ksh.42.2 billion worth of ministerial procurement budget. This trend shows that AGPO allocations has maintained an unsteady trajectory reflective of a similar uneven trend of annual procurement budget over the same period (2014/15-2016/17). This indicates that the at least 30% of procurement opportunities in government ministries went to the disadvantaged groups as laid down in Public Procurement and Assets Disposal Act of 2015. This trajectory shows that despite fluctuations in gross budget allocations and annual procurement budgets, the amount allocated to the AGPO Program has remained relatively steady at least 30% of ministerial procurement budgets.

#### **4.4.3 Allocations for Women**

The study also sought to determine the value of women allocation under the AGPO program relative to other disadvantaged groups over the period of the study.

**Table 4.7 Allocation for Women**

<b>Financial Year</b>	<b>AGPO Budget(Ksh)</b>	<b>Women Allocation</b>	<b>Percentage (%)</b>
2014/2015	13.6 billion	8.8 billion	64.7%
2015/2016	11.8 billion	5.2 billion	44%
2016/2017	12.6 billion	5.3 billion	42%
<b>Total</b>	<b>38.8 billion</b>	<b>19.3 billion</b>	<b>150%</b>
<b>Mean</b>	<b>12.9 billion</b>	<b>6.4 billion</b>	<b>50.2%</b>

As the data in table 4.7 indicates-over the three year period of the study; women received approximately half (50%) of the opportunities valued at Ksh. 19.3 billion of the total ministerial procurement budget under the AGPO program. Women received the greatest share of AGPO allocation 64.7% worth Ksh. 8.8 billion in the first financial year of the study (2014/15) before it dipping slightly to less than half 44% worthy Ksh.5.2billion in 2015/16 before slipping further to 42% of the opportunities worth Ksh.5.3 billion in the last year 2016/17. The decreasing trend is attributed to the rising involvement of the youth who are the populations majority in the program.

#### **4.4.4 Allocation for the Youth**

The study sought to establish the value of procurement opportunities allocated for the youth over the period of the study under the AGPO program. The findings are tabulated in the next diagram.



**Table 4.8 Allocation for the Youth**

<b>Financial Year</b>	<b>AGPO Budget(Ksh)</b>	<b>Allocation for Youth(Ksh)</b>	<b>Percentage (%)</b>
2014/2015	13.6 billion	4.5 billion	33%
2015/2016	11.8 billion	5.2 billion	44%
2016/2017	12.6 billion	6.1 billion	48.4%
<b>Total</b>	<b>38.8 billion</b>	<b>15.8 billion</b>	<b>125.4%</b>
<b>Mean</b>	<b>12.9 billion</b>	<b>5.2 billion</b>	<b>41.8%</b>

As table 4.8 shows, on average that the youth accounted for 41.8% of the opportunities worthy Ksh.15.8 billion over the three financial years under review. The youth won 33% of reserved opportunities worth Ksh. 4.5 billion in 2014/15 rising to equal the share of opportunities as women 44%, valued at Ksh. 5.2 billion in 2015/16, before topping the rest of the disadvantaged groups in 2016/17 with 48.4% worth Ksh.6.1billion of procurement opportunities in government ministries. The results show the a steady up-ward trajectory in the share of youth for reserved opportunities due to their relative numerical population numbers.

#### **4.4.5 Allocation for PWD**

Lastly, the study sought to establish the value of procurement opportunities for PWDs over the three relative to value of AGPO opportunities over the three year period.

**Table 4.9 Allocation for the PWDs**

<b>Financial Year</b>	<b>AGPO Budget(Ksh)</b>	<b>Allocation for PWDs(Ksh)</b>	<b>Percentage (%)</b>
2014/2015	13.6 billion	0.3 billion	2.2%
2015/2016	11.8 billion	1.4 billion	11.8%
2016/2017	12.6 billion	1.2 billion	9.5%
<b>Total</b>	<b>38.8 billion</b>	<b>2.9 billion</b>	<b>23.5%</b>
<b>Mean</b>	<b>12.9 billion</b>	<b>0.9 billion</b>	<b>7.8%</b>

The data illustrated in table 4.9 above shows that that PWDs accounted for the least share of opportunities reserved for disadvantaged groups. PWDs received Ksh.0.3 billion translating into 2.2% of reserved opportunities for financial year 2014/15; Ksh.1.4 billion or 11.8% for the financial year 2015/16; and Ksh.1.2 billion representing 9.5% in 2016/17. This over the three financial years (2014/15-2016/17) PWDs received the least share of reserved procurement opportunities for disadvantaged groups averaging 7.8% and worth Ksh.2.9 billion of opportunities set aside under the AGPO program.

#### **4.5 Factors that Hamper Implementation of AGPO Program**

The second objective of the study sought to evaluate the ministries' capacity to implement the Access to Government Procurement Opportunities Program (AGPO) in the face of various challenges. The study used a five-point Likert scale ((Strongly Agree (SA), Agree (A), Neutral (N), Disagree (D), or Strongly Disagree (SD))to evaluate the extent to which Financial, Regulatory and Process based factors hamper the uptake of AGPO

Program opportunities for disadvantaged groups across government ministries in Kenya. The 18 ministerial responses are illustrated in the table 4.10 below

**Table 4.10 Factors that Hamper Implementation of AGPO Program**

	SA	A	N	D	SD	Mean	StdDev
<b>Financial Compliance</b>							
Low Budget	5.5%	11.1%	22.2%	33.3%	27.9%	3.6	1.854
Low Publicity/awareness	0%	0%	22.2%	44.4%	33.3%	3.6	2.765
<b>Procurement Process</b>							
Low Staff Competence	0%	0%	0%	44.4%	55.5%	3.6	4.445
Poor Ethical Practices (Patronage/Corruption)	0%	0%	11.1%	27.8%	61.1%	3.6	4.127
<b>Regulatory Compliance</b>							
Complicated Registration Process	11.1%	27.9%	44.4%	5.5%	11.1%	3.6	2.734
Poor PPRA Oversight	0%	0%	22.2%	44.4%	33.3%	3.6	3.274
Inadequate Internal Controls	0%	5.5	16.6%	33.3%	44.4%	3.6	3.006

### **4.5.1 Financial Compliance**

The financial compliance section was meant to gauge whether respective ministries are sufficiently capacitated in terms of budget allocations from treasury as well as ability to undertake requisite publicity/sensitization of the targeted groups in implementation of the AGPO Program. As the findings illustrated in Table 4.10, over half (60%) of the respondents disagreed (33.3% disagree; 27.9% strongly disagree) that low budgetary allocation hampers the uptake or implementation of the AGPO Program, while 22.2% expressed a neutral opinion. Only a small percentage 16% (11.1% agree; 5.5% strongly disagree) concurred that the budget allocated for the implementation of the program is not adequate.

The same is reflected when asked how low publicity or awareness of the program hampers the government procurement reservations policy for the youth, women and PWDs. Most respondents indicated that low publicity did not affect the implementation of the program (33.3% disagree; 44.4% strongly disagree) while almost a quarter (22.2%) of the respondents expressed a neutral opinion. None (0% strongly disagree; 0% disagree) felt low publicity of the AGPO program influenced its implementation across ministries.

### **4.5.2 Procurement Process/Procedures**

The main goal of evaluating the procurement process was to determine the respondent's capacity specifically in reference to how staff competence and ethical issues impact the implementation of the AGPO program. On the influence of negative ethical practices (corruption, bribery, patronage); the findings in Table 4.10 show that a majority, 88.9% (27.8% disagree; 61.1% strongly disagree) of the respondents indicated that it did not hamper

the delivery of the program, 11.1 % expressed neutral opinion, while 0% respondents (0% agree; 0% strongly agree) rejected the idea that negative ethical issues were a factor that hampered implementation of the procurement reservation program in government ministries.

As far as staff competence is concerned; all respondents (44.44% disagree; 55.55% strongly disagree) were categorical that low staff competence had no impact on the implementation of the program. No respondent expressed either a neutral opinion (0%) nor agreed (0% agree; 0% strongly agree).

The findings concurred with Zadawa, Hussin and Osmadi (2015) who revealed that selection procurement guidelines Influence procurement performance in public organizations in Nigeria. They also agree with the study carried out by Nancy and Muturi (2015) in public sector organizations who observed that there is significant relationships between institutional capacity, particularly staff competence, ethical practices and effective procurement process. Banaitiene and Banaitis (2006) for instance agree with the foregoing pointing out that the pervasive nature of negative ethical practices (bribery, corruption and patronage) are a stumbling block to the implementation of AGPO the public sector entities.

### **4.5.3 Regulatory Requirements**

The study also sought to shed light on the various pieces of the program's regulatory regime influences affects the implementation of the program. Specifically, respondents were asked whether a complex registration process/procedures, inadequate internal controls and oversight by the Public Procurement Regulatory Agency (PPRA) affected the implementation of the procurement reservations for women, youth and PWDs. The study

indicated mixed reactions from respondents; 39% concurred (11.1% strongly agree; 27.9% agree) a majority 44.4% expressed a neutral opinion while only 16.6% (5.5% disagree; 11.1% strongly disagree) disagreed that regulatory requirements hamper the implementation of the AGPO program.

It was noted from the other section of the questionnaire that most respondents attributed this to beneficiaries failing to correctly fill in their applications or failing to adhere to laid down procedures such as period/time for submission of their bids. The findings of the study therefore confirm observations by Monczka, Trent and Handfield (2005) that elaborated procurement procedures positively contribute to level of compliance with public procurement regulations.

On whether poor external oversight contributed to the optimal implementation of AGPO program, a vast majority 77.9% (44.4% disagree; 33.3% strongly disagree) did not view poor oversight by the Public Procurement Regulatory Agency (PPRA) while 27.7% reported a neutral position. None (0%) of the respondents cited poor PPRA oversight as a hindrance to delivery of services under the program. Lastly, the researcher inquired into the effect of internal control within ministries on the implementation of the AGPO program. A vast majority 77.7% (44.4% disagree; 33.3% strongly disagree) disputed the idea of inadequate internal controls, 16.6% had no opinion either way (neutral) while none (0%) agreed.

This finding concurred with those of Ongoya (2005) who notes that there is a relationship between separation of powers reflected in strong internal and external controls, and

compliance with procurement regulatory requirements in the public sector. Towards this end, Manasseh (2007) underscores the indispensability of compliance auditing particularly of crucial accountability documents and procurement processes in determining the effectiveness of relevant statutory requirements (Manasseh, 2007).

## **CHAPTER FIVE**

### **SUMMARY, CONCLUSIONS AND RECOMMENDATIONS**

#### **5.1 Introduction**

The general objective of the study was to examine status of public procurement management policy and AGPO uptake in government ministries in Kenya. It was guided by the following objectives to determine the implementation of AGPO program in government ministries.

#### **5.2 Summary of Findings**

The general objective of this study was to establish the implementation of Access to Government Opportunities Program (AGPO) in government ministries in Kenya. The population of the study was composed of 18 substantive ministries as constituted under Article 152 of the Constitution of Kenya. For purposes of collecting primary data, the researcher developed and administered a questionnaire and the results obtained were analyzed using descriptive statistics.

##### **5.2.1 Status of AGPO Program Implementation in Government**

###### **Ministries**

The findings indicate that there is steady compliance across government ministries with the relevant constitutional and statutory provisions regarding the reservations of at least 30% of all government procurement opportunities to disadvantaged groups. Throughout the three financial years under the study, all ministries reported that at least 30% worth of



all procurement opportunities went to the youth, women and PDWs. The results indicate that the uptake (implementation) of AGPO program in government ministries is very high as evidenced by the complete utilization of ministerial procurement budget allocated each year under the program. All the 18 substantive ministries indicated the level of utilized funds for the AGPO program to be 100%. It can therefore be the level of government ministries compliance with the relevant constitutional and legislative provisions regarding the mainstreaming of disadvantaged groups into the public procurement processes as an economic empowerment measure is on track. Equally, the study's findings are in agreement with that of McCrudden (2007) who argued that in the United States of America, the Public Works Act 1977 provided that at least 10% of each grant for local works project is expended for minority business enterprise as a way of mainstreaming into economic activities.

### **5.2.2 Factors Hamper Implementation of AGPO Program**

The study found that institutional capacities of government ministries assessed in terms of Financial Compliance, Procurement Procedures and Regulatory Requirement does hamper the implementation of the AGPO program in government ministries. On Ministerial Procurement Processes, most respondents 99.9% indicated the competence of staff posed no hinderance to implementation of the program. Likewise, the majority (88.8%) of respondents rejected the idea that corruption, patronage or bribery adversely affect the program. An assessment on how financial compliance (atleast 30% of procurement budget) affectsthe program, overhalf (60%) disagreed that of budgetary allocation hampred the implementation of the AGPO program.

The 70% of the respondents did however note (in the any other section) that a delay in disbursement of funds by treasury negatively affected prompt award and payments to the disadvantaged groups. On the effect of publicity and awareness of the program among disadvantaged groups a majority, 77.7% of the respondents indicated it did not hamper the implementation of the program as all the allocated opportunities under program were applied for and utilized by disadvantaged groups.

Findings on the effect of regulatory regime (complicated registration requirement, poor PPRA oversight and inadequate internal controls) on the AGPO program show a mixed reaction. On poor oversight by PPRA most respondents, 44% could not express opinions neither (neutral) while 39% agreed. It was noted that from the 'other section' of the questionnaire that almost a half of respondents attributed poor uptake to beneficiaries failing to correctly fill in their applications or failing to adhere to laid down procedures such as period/time for submission of their bids.

On whether inadequate internal controls within the ministries hampered the implementation of the program a majority 77.7% disputed the idea of inadequate internal controls while none concurred.

### **5.3 Conclusions**

Following the results of the study it is evident to conclude that the AGPO program within government ministries has been a success as required under the relevant constitutional, statutory and regulatory requirement. The study concludes that government ministries have complied with the constitutional requirement with regard to affirmative action for

disadvantaged groups and procurement reservation provisions as envisaged under the Public Procurement and Assets Disposal Act 2015. Under the Constitution of Kenya 2010, the government is expected under Article 56 (b) to take deliberate remedial measures to address marginalization of disadvantaged groups (Women, the Youth and PWDs) particularly with regard to special opportunities in educational and economic fields. This rhymes well with the empowerment theory.

As far as complying with with specific legislative and regulatory requirements, the study concludes that by ensuring that atleast 30% of annual ministerial procurement budget is allocated to disadvantaged groups, and that all the monies are utilized; the ministries are in compliance with the Public Procurement and Assets Disposal Act 2015 and Legal Notice number 114 of The Public Procurement and Disposal (Preference and Reservation Amendment) Regulations (2013). This is because the study found that for the three year period under the study, the ministries reported an allocation of atleast 30% procurement opportunities for disadvantaged groups and that there was sufficient publicity and awareness created for the program granted the indicated uptake oportunities.

On the influence of procurement process, the study concludes that tendering processes for disadvantaged groups have ensured there was value for money since all the procurement opportunities allocated annually in all ministries were utilized. The study also concludes that procurement procedures are responsive to aspirations, expectations and needs of women, the youth and PWDs. Exemption from paying tender securities has seen as many beneficiaries particularly the youthful demographic take up government tenders. The study additionally concludes that the government has put in place adequate controls to ensure

tendering processes are helpful to targeted groups. Moreover, level playing field for disadvantaged groups in ministerial procurement processes has been uplifted greatly since the tendering processes have been simplified and are anchored on sound regulatory frameworks to enhance women, the youth and PWDs participation. This is the social economic aspect that the government facilitates amongst the marginalized groups in the society.

On the influence of adequate funding of the program, the study concludes that the steady increase in gross budgetary allocations has not been matched by a corresponding increase in the value of procurement opportunities set aside for the disadvantaged groups which has fluctuated over the years despite compliance hence the huge participation and award women groups. The study also concludes that there is sufficient regulatory regime for the preference and reservations considering the ease with which many disadvantaged groups have applied and completely utilized the opportunities set aside under the program. The regulations provide an effective framework for the implementation of the AGPO program which can be a pivotal catalyst for employment creation, poverty reduction and economic growth.

#### **5.4 Recommendations**

The study recommends that the following institutional challenges to be addressed. Prompt disbursement of funds meant for the AGPO program by the ministry of Finance. Furthermore, disadvantaged groups need more training particularly on financial literacy as it was cited as one of the major hindrance to the implementation of the AGPO program

across ministries. Beneficiaries also need continuous training on ICT given that most AGPO applications and indeed government services are online based. This will also meet the needs of beneficiaries particularly occasioned by the high transition youths (adolescent) into adults.

It is recommended that the regulation on communication of awards for special groups such as the youth should be amended and other innovative ways of communication adopted. For instance, social media such as face book and twitter should be used to communicate such information to the youth and other stakeholders.

## **5.5 Areas for Further Studies**

While the studies adds to a growing body of scientific knowledge on AGPO particularly from a unique government ministries perspective, it is by no means exhaustive. This study is exclusive to government ministries as constituted, hence the findings are not applicable to the entire or other levels of government (County) and state agencies/corporations. It is recommended that a study be done to include the remaining state (County) levels and organs to determine the extent of entire government compliance with the the AGPO program. The study does not include other stakeholders such as the beneficiaries and the factors hampering utilization or either views about the extent factors influencing the implimention of the AGPO program.

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## **APPENDIX I: QUESTIONNAIRE**

### **QUESTIONNAIRE FOR PUBLIC PROCUREMENT & SUPPLIES OFFICERS**

The arranged questionnaire form to be presented is virtuously for data gathering to establish the effects of public procurement management policy on AGPO program uptake by women, youth and PWDs enterprises within government ministries. The information that you will give will be treated with utmost confidentiality and will only be used for academic purposes. Fill in your responses in the spaces provided in each of the questionnaire items.

#### **SECTION A: BACKGROUND INFORMATION**

**(Please write the answers in the spaces provided)**

1. Name of Respondent Designation

.....

2. Name of Ministry?

.....

3. How long have you worked in the Ministry? .....

4. Which year did the Ministry Start Implementing AGPO?

.....

5. Does your Ministry reserve tenders for the disadvantaged groups?.....

6. Did disadvantaged groups utilize AGPO program in full over the past 3 financial years?

Yes.....

NO.....

#### **SECTION B: STATUS OF IMPLIMENTATION OF THE AGPO PROGRAM IN GOVERNMENT MINISTRIES**

	Financial Year( in Ksh)				
	2014/2015	2015/2016	2016/2017	Utilized (%)	Deficit/Unutilized (%)
<b>Uptake per Disadvantaged Group Category</b>					
Women					
Youth					
PWDs					
Total					
Annual procurement budget					
<b>Total Ministry Recurrent Allocation</b>					

## SECTION C: FACTORS THAT HAMPER UPTAKE OF AGPO PROGRAM IN GOVERNMENT MINISTRIES

7. Rate the extent to which you are in agreement with the following factors as having affected the level of AGPO program uptake in the ministry. (Strongly Agree (SA), Agree (A), Neutral (N), Disagree (D), or Strongly Disagree (SD))

Statements	SA	A	N	D	SD
<b>I. Financial Compliance</b>					
a) Low Budgetary Allocation					
b) Low Publicity and Awareness about the AGPO Program					
<b>II. Procurement Process</b>					
c) Low Staff Competence					

<b>d)</b> Poor Ethical Practices(Patronage/Corruption incidences)					
<b>III. Regulatory Requirement</b> <b>e)</b> Complicated Registration Process					
<b>f)</b> Poor PPRA Oversight <b>g)</b> Inadequate Internal Controls					
<b>h)</b> Other (specify).....					

**SECTION C: POLICY RECOMMENDATIONS FOR ENHANCING THE AGPO PROGRAM IN GOVERNMENT MINISTRIES**

Kindly suggest what you would like to see done and in what specific area to enhance the level of AGPO Program uptake within the ministry.

**I. Financial Compliance**

a)  
 .....  
 .....

b)  
 .....  
 .....  
 .....

c)  
 .....  
 .....

**II. Procurement Process**

a)

.....  
.....

b)

.....  
.....

c)

.....  
.....

**III. Regulatory Requirements**

a)

.....  
.....

b)

.....  
.....

c)

.....  
.....