



FOR IMMEDIATE RELEASE:

NAIROBI: Wednesday, June 20, 2018.

The Competition Authority of Kenya (CAK) and the Public Procurement Regulatory Authority (PPRA) have signed a Memorandum of Understanding (MoU) aimed at promoting a fair, competitive, and sound public procurement environment in Kenya.

The MoU will see the two regulators collaborate when handling anti-competitive behavior in the public procurement sector, including sharing information when conducting inquiries and investigations with a focus on bid rigging/collusive tendering.

Bid rigging is a vice where suppliers, who are meant to vigorously compete for tenders, collude. In some cases, suppliers take turns to win contracts by agreeing that only one will submit a bid for a certain contract, with the party abstaining often getting a kickback.

In other arrangements, suppliers submit unreasonably inflated bids for a contract with the intention of securing disqualification to the prearranged advantage of another supplier.

The net effect of this illegal practice is that purchasers – national and county governments – end up paying much more than is value for money for goods and services whose quality is also not guaranteed. Collusive tendering also stifles innovation.

The MoU between the CAK and the PPRA draws its inspiration from the fact that public procurement of goods and services accounts for approximately 40% of the government's budget and, therefore, efficiency in this sector is key to converting fiscal plans into results.

“Prudent and transparent public procurement is central to ensuring that the socioeconomic goals set out in the Big Four Agenda and Vision 2030 are achieved,” said Wang’ombe Kariuki, CAK’s director-general.

“Strict adherence to procurement rules is not only the moral thing to do, but will also translate into savings from the procurement budget which the national and county governments can employ to support social utility projects.”

The CAK and the PPRA have also committed to work together to identify and address bottlenecks that restrict entry, investment and competition in this critical sector, especially for the youth and other vulnerable societal groups like SMEs.

This inter-agency initiative, which has the support of the National Treasury, will also eradicate duplication of activities by the two regulators when handling competition matters in public procurement.

“In the next 6 months, the CAK and PPRA will form a joint working committee which will operationalize the MoU we have signed today,” said Mr. Kariuki.

“The committee’s first assignment will be poring through all major tender documents stored with government entities to seek out any red flags that may point to collusive tendering and thereafter apply the law accordingly.”

Commenting during the ceremony, Mr. Maurice Juma, PPRA’s Director-General, said the signing of the MOU has come at an opportune time when the Authority is undergoing transformation.

“The Government is backing PPRA’s efforts to ensure the Authority’s mandate is in tandem with emerging issues in procurement, technological changes and embraces best practices,” he said.

“The objective of PPRA’s transformation is delivering quality service delivery to Kenyans and prudent management of public resources. PPRA will continue to be committed in conducting its regulatory responsibilities in the public interest.”

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