



## **Opening remarks by Amb. Nelson Ndirangu, Chairman Competition Authority of Kenya during the Authority's 6<sup>th</sup> Annual Symposium September 20<sup>th</sup>, 2019.**

1. Good morning and a warm welcome to the Competition Authority of Kenya's 6th Annual Symposium. The main objective of this event is to interact with stakeholders and use your views to inform our regulatory approach in regard to emerging issues especially the ones affecting SMEs.
2. A country's economy, including Kenya's, is like a complex machine. All parts of the machine's cogwheels must work optimally in order for it to be efficient and productive. If even one cog chips off, the machine malfunctions.
3. Small and Medium Sized Enterprises (SMEs) are the cogs of this machine. We know they exist, understand they have value but, often times, we pay more attention to the complete unit, at the expense of the building blocks.
4. SMEs contribute over 20% of the country's GDP and generate an estimated 15 million jobs in Kenya, according to the Kenya National Bureau of Statistics. SMEs aid industrial development, contribute to the local demand for services and goods, innovate and support large firms with inputs and services, and stimulate demand.

5. Unfortunately, these businesses face a multitude of challenges such as limited access to funding, restricted access to markets and anticompetitive pushback by large firms. Approximately 400,000 SMEs fold up before their second anniversary.
6. It is critical and timely that we, as regulators and Government at large, continue to reflect on the contribution that SMEs make to the country's economy and interrogate and suggest interventions to remove the roadblocks impeding their growth.
7. Financial inclusion is an enabler of development, aiding individuals and businesses, including SMEs, gaining access to financial products and services that are competitively priced.
8. Ladies and Gentlemen, over the past three years, the country has run a social experiment whose outcome is open for debate. The available data shows that the interest rates capping law, has slowed down SMEs access to credit from financial institutions, triggering a push to amend this legislation.
9. As we await the outcome of this debate, which we welcome as an Authority, we should be exploring if there exists other viable avenues through which these businesses can access financing to expand.
10. Ladies and Gentlemen, this is the objective of this year's Symposium.
11. For instance, can open banking revolutionize the financial services sector? At the end of today's discussion we expect to

have concrete takeaways to inform our policy makers in order to develop policies towards this initiative.

12. Ladies and Gentlemen, small businesses are disenfranchised when it comes accessing leasing contracts in the country. Big ticket jobs are typically awarded to established corporates.

13. A study by the Authority into the leasing sub-sector determined that one major factor hindering equitable access to opportunities is the lack of a clear framework to further develop and sustain this industry.

14. Indeed, the Government has identified leasing as a programme that will help in realization of Vision 2030. A leasing framework will also aid in achieving the targets set out in the Big 4 Plan, especially growing manufacturing and universal healthcare.

15. Government purchases goods and services worth about 7% of the GPD annually. Given this large outlay, ineffective competition in public procurement exposes government to overpriced goods.

16. As I have indicated earlier the above emerging issues led the Authority to settle on the theme for its 6<sup>th</sup> Annual Competition Symposium as *“Financial Inclusion and SMEs Growth through Competition Regulation.”* We have a full and enticing agenda on our hands.

17. Ladies and Gentlemen, irrespective of the above challenges fortunately all is not lost.

18. At this juncture, allow me to highlight some interventions that the Authority has undertaken to support growth of SMEs.
19. One, we have developed 9 Rules & Guidelines to boost transparency, accountability & predictability of our enforcement procedures.
20. These regulations, which we thank you for informing them, are in the final stages of approval by relevant Government agencies, will benefit businesses, including SMEs, by saving them time and money spent to get approvals from the Authority.
21. Secondly, during the last FY, the Authority formed a new Department called Buyer Power. This Department is addressing concerns about market players abusing their superior bargaining positions in the value chain to disenfranchise suppliers.
22. In the retail sub-sector, for instance, it was noted that businesses supplying products to established retailers were closing shop due to dishonored invoices, arbitrary change of contract terms, among other exploitative practices.
23. These are a few that among the many interventions the Authority has undertaken to support the growth of SMEs.
24. To conclude, Ladies and Gentlemen, this is the Authority's 6<sup>th</sup> Annual Symposium. This is one of the most important events on the Authority's calendar. We place immense value on collaborative enforcement.

25. The deliberations we shall have today will inform our regulatory approach which, going by my earlier analogy, is synonymous with selection of the suitable and high quality oil needed to keep the cogwheel & machine (**economy**) running efficiently.

**26. The Authority is honored to have you here today. Asanteni and Karibuni.**