Journal of Procurement & Supply Chain

Sustainability Criteria for Economic, Social and Environmental Adopted in Kenya's Procurement Legislation

Solomon Kyalo Mutangili

ISSN: 2617-3581

Stratford Peer Reviewed Journals and Book Publishing
Journal of Procurement & Supply Chain
Volume 9||Issue 3||Page 22-29 ||August||2025|
Email: info@stratfordjournals.org ISSN: 2617-3581

Sustainability Criteria for Economic, Social and Environmental Adopted in Kenya's Procurement Legislation

Solomon Kyalo Mutangili

***How to cite this article*: Mutangili S., K. (2025). Sustainability Criteria for Economic, Social and Environmental Adopted in Kenya's Procurement Legislation. *Journal of Procurement & Supply Chain. Vol* 9(3) pp. 22-29** https://doi.org/10.53819/81018102t2507

Abstract

This paper assessed the extent to which sustainability criteria—economic, social, and environmental—are integrated and adopted within Kenya's public procurement legislation. Guided by the Public Value Theory, the research evaluated how the Public Procurement and Asset Disposal Act (PPADA) 2015 and the Sustainable Procurement Guidelines (2018) translate into practical implementation among procuring entities. A descriptive cross-sectional survey was conducted targeting procurement managers and supply chain officers from 52 state corporations, with data collected through structured questionnaires. Findings revealed that economic sustainability provisions, such as SME participation and local content promotion, are the most clearly articulated and widely implemented. Social sustainability is partially achieved through programs like AGPO but suffers from limited long-term monitoring of beneficiary outcomes. Environmental sustainability remains the least operationalized dimension due to weak technical capacity, lack of standardized performance metrics, and minimal enforcement. The study concludes that while Kenya's legislative framework provides a strong foundation for sustainable procurement, significant gaps remain in translating policy intent into balanced practice across all dimensions. It recommends strengthening implementation guidelines, enhancing technical training, and establishing robust compliance mechanisms to ensure public procurement fully supports Kenya's sustainable development goals.

Keywords: *Public Procurement, Sustainable Procurement, PPADA 2015, Economic Sustainability, Social Inclusion, Environmental Sustainability, AGPO, Kenya, Supply Chain, Procurement Legislation.*

1.1 Introduction

Sustainable public procurement (SPP) has emerged as a strategic tool for advancing national development agendas by embedding economic, social, and environmental considerations into procurement decision-making. The concept extends beyond the traditional focus on cost efficiency to encompass broader developmental priorities such as poverty reduction, social inclusion, and environmental conservation (United Nations Environment Programme [UNEP], 2017). Globally, public procurement accounts for 12–30% of GDP, making it a powerful instrument for shaping market behavior and influencing production and consumption patterns (OECD, 2017). In Kenya, the Public Procurement and Asset Disposal Act (PPADA) 2015 explicitly mandates procuring entities to integrate sustainability considerations into procurement processes, aligning with both domestic policy objectives and international frameworks such as the United Nations Sustainable Development Goals (SDGs), particularly SDG 12 on responsible consumption and production.

Kenya's policy framework for sustainable procurement is reinforced by key instruments, including the Sustainable Procurement Guidelines (2018) and the Access to Government Procurement Opportunities (AGPO) program, which reserves 30% of government contracts for enterprises owned by youth, women, and persons with disabilities (National Treasury, 2022). These provisions aim to promote inclusive economic growth by ensuring marginalized groups participate in public procurement opportunities. Additionally, environmental clauses embedded in tender documents encourage suppliers to adopt eco-friendly practices, while economic provisions such as lifecycle costing ensure that procurement decisions reflect long-term value-for-money considerations rather than immediate price advantages.

The integration of sustainability criteria into procurement is not merely a legislative requirement but a strategic alignment with Kenya's Vision 2030, which prioritizes economic prosperity, social equity, and environmental sustainability as key pillars of national development. Economic criteria, such as promoting local content and empowering SMEs, strengthen domestic industries and enhance competitiveness. Social considerations address inequality, gender disparities, and employment creation, while environmental criteria seek to minimize ecological footprints through sustainable production and consumption practices. Collectively, these measures position public procurement as a policy tool that can deliver multidimensional benefits across Kenya's economy and society.

International experience underscores the transformative potential of sustainability-focused procurement. For instance, the European Union's 2014 Procurement Directives require member states to incorporate environmental and social considerations in contract awards, leading to widespread adoption of green technologies and social enterprise participation (European Commission, 2020). Similarly, Canada's Policy on Green Procurement has driven innovation in eco-friendly products and services. These global benchmarks offer valuable lessons for Kenya, demonstrating how sustainability integration in procurement can generate measurable economic, social, and environmental gains when coupled with robust implementation frameworks.

Despite Kenya's progressive legislative stance, significant challenges persist in operationalizing sustainability provisions. Studies have shown that while economic criteria such as SME participation are relatively well implemented, environmental and social dimensions often lag behind due to capacity constraints, weak monitoring mechanisms, and inconsistent application of evaluation criteria (Gichuru, 2018; Cravero, 2019). Furthermore, the absence of standardized sustainability performance indicators across procuring entities undermines the ability to assess compliance and track progress effectively. This gap between policy intent and implementation reality underscores the need for empirical evaluation of sustainability criteria adoption within the Kenyan public procurement system.

1.2 Problem Statement

While Kenya's public procurement legislation, particularly the PPADA 2015 and Sustainable Procurement Guidelines (2018), explicitly integrates economic, social, and environmental sustainability criteria, their practical adoption across procuring entities remains inconsistent and often superficial. Economic provisions such as SME participation and local content promotion are more commonly implemented, yet environmental and social considerations frequently receive minimal attention due to limited technical capacity, inadequate monitoring tools, and the absence of standardized evaluation metrics (Gichuru, 2018; Onyango & Ondiek, 2021). Moreover, enforcement mechanisms for sustainability compliance are weak, leading to significant disparities in application between different sectors and levels of government. This gap between legislative intent and on-the-ground practice diminishes the transformative potential of sustainable procurement as a driver of inclusive economic growth, social equity, and environmental stewardship, thereby undermining Kenya's commitments under Vision 2030 and the Sustainable Development Goals.

1.3 Research Objective

To assess the extent of sustainability criteria for economic, social and environmental adopted in the Kenya's procurement legislation.

1.4 Literature Review

The Public Value Theory (PVT) provides a compelling lens for understanding the integration of sustainability criteria—economic, social, and environmental—into public procurement legislation. PVT, advanced by Moore (1995), posits that the core purpose of public sector action is to create value that benefits society at large. In the procurement context, this means that government purchasing decisions should not be guided solely by cost-efficiency but should also deliver broader societal benefits such as job creation, poverty reduction, environmental protection, and social inclusion. By embedding sustainability criteria into procurement laws, the state aligns procurement activities with the pursuit of public value, ensuring that public expenditure generates a measurable return for society beyond immediate economic outputs. This theoretical perspective underscores procurement as a strategic governance tool for achieving multidimensional policy outcomes, consistent with Kenya's Vision 2030 and the United Nations Sustainable Development Goals (SDGs).

Applying PVT to Kenya's legislative framework reveals that the Public Procurement and Asset Disposal Act (PPADA) 2015 and related instruments are structured to deliver public value through deliberate inclusion of sustainability objectives. Economic sustainability is pursued through measures such as local content promotion and SME participation, social sustainability through affirmative action programs like AGPO, and environmental sustainability through green procurement requirements. However, the theory also highlights that realizing public value depends on effective implementation, stakeholder engagement, and institutional capacity to measure and enforce compliance. In this sense, PVT not only validates the inclusion of sustainability criteria in procurement laws but also provides a benchmark for assessing whether these laws translate into tangible societal benefits.

1.4.2 Empirical Review

Globally, the integration of sustainability criteria into public procurement legislation has been widely documented as a mechanism for aligning government purchasing with environmental protection, social inclusion, and economic development. In the European Union, the 2014 Procurement Directives mandate the inclusion of environmental and social considerations in tender evaluations, leading to the mainstreaming of green technologies and socially responsible contracting (European Commission, 2020). In Canada, the federal Policy on Green Procurement has been credited with stimulating innovation in eco-friendly goods and services while embedding lifecycle costing into procurement decisions (Government of Canada, 2019). Similar approaches in Australia and New Zealand have demonstrated that well-structured sustainability clauses in procurement laws can significantly influence market behavior, stimulate local industry participation, and promote sustainable resource use (Walker & Brammer, 2012).

In the African context, several countries have initiated legislative reforms to embed sustainability into public procurement, though progress varies considerably. South Africa's Preferential Procurement Policy Framework Act emphasizes economic empowerment of historically disadvantaged individuals, while also incorporating environmental performance in supplier selection (Ambe & Badenhorst-Weiss, 2012). Nigeria has integrated environmental compliance requirements into public tender documents, yet enforcement challenges persist due to capacity limitations and fragmented institutional oversight (Ezeabasili et al., 2020). Studies across Ghana and Tanzania reveal that while sustainability provisions exist in legislation, their operationalization is hindered by weak monitoring systems and insufficient training of procurement professionals (Bawole & Bamfo-Agyei, 2016).

In Kenya, the Public Procurement and Asset Disposal Act (PPADA) 2015 represents a significant milestone in embedding sustainability criteria within the procurement legal framework. The Act mandates procuring entities to consider economic empowerment, environmental stewardship, and social inclusivity in all procurement stages (National Treasury, 2022). The Access to Government Procurement Opportunities (AGPO) program, reserving 30% of contracts for youth, women, and persons with disabilities, reflects a deliberate social inclusion policy (Ngugi & Mugo, 2019). However, empirical studies indicate that while economic and social objectives have seen relatively higher adoption, environmental sustainability often lags behind, partly due to the lack of standardized green procurement guidelines (Gichuru, 2018).

A study by Rotich and Okello (2015) found that procurement officers in Kenya's public sector demonstrate a good understanding of the economic aspects of sustainable procurement, such as supporting SMEs and promoting local content, but are less conversant with environmental evaluation metrics. This gap has been attributed to limited technical expertise, inadequate capacity-building initiatives, and insufficient policy clarity on how to integrate environmental considerations into tendering and contract management. Similarly, research by Kipchilat (2018) highlights the inconsistency in applying social criteria across different procuring entities, suggesting that without standardized performance indicators, sustainability objectives risk being treated as procedural formalities rather than strategic priorities.

Comparative research further shows that countries with dedicated sustainability monitoring units and performance-based supplier evaluation systems achieve higher compliance rates with sustainability criteria (Thai, 2017). In Kenya, the Public Procurement Regulatory Authority (PPRA) provides oversight, but resource and staffing constraints limit its ability to conduct regular compliance audits. As a result, sustainability provisions in legislation are sometimes applied inconsistently, with some entities demonstrating exemplary integration while others fail to meet even the minimum statutory requirements (Onyango & Ondiek, 2021).

The empirical evidence suggests that while Kenya's legislative framework for sustainable procurement is robust on paper, its transformative potential is constrained by implementation gaps, weak enforcement, and capacity challenges. Addressing these issues will require a multi-pronged approach, including enhanced training for procurement professionals, development of clear sustainability performance metrics, and strengthening of oversight mechanisms to ensure uniform compliance across the public sector. Such measures would not only bridge the gap between policy and practice but also enable Kenya to leverage public procurement as a powerful tool for achieving economic growth, social equity, and environmental sustainability.

1.5 Research Methodology

This study adopted a positivist research philosophy and a descriptive cross-sectional survey design to assess the extent to which sustainability criteria—economic, social, and environmental—are integrated and adopted in Kenya's public procurement legislation. The target population comprised 667 top management officials, including procurement managers and supply chain officers, drawn from 52 commercial state corporations registered under the State Corporations Act. A stratified random sampling technique was employed to ensure representation across different sectors, yielding a sample size of 250 respondents determined using Yamane's formula. Data were collected through a structured questionnaire comprising both closed- and open-ended questions, with items aligned to the sustainability dimensions stipulated in the Public Procurement and Asset Disposal Act (PPADA) 2015 and the Sustainable Procurement Guidelines (2018). The instrument's validity was confirmed through expert review, while reliability was tested using Cronbach's alpha, with all constructs exceeding the 0.7 threshold.

1.6 Results and Findings

The findings indicate that Kenya's Public Procurement and Asset Disposal Act (PPADA) 2015 and the Sustainable Procurement Guidelines (2018) provide a comprehensive legislative basis for integrating sustainability into procurement. Respondents widely acknowledged that the legal framework outlines economic, social, and environmental considerations that procuring entities should observe throughout the tendering process. Economic criteria, such as promoting local content and SME participation, were identified as the most clearly articulated in the law. Social criteria—particularly those related to inclusivity through the Access to Government Procurement Opportunities (AGPO) program—were also recognized as well defined. Environmental provisions, however, were found to be less detailed, often framed in broad terms without specific performance indicators to guide implementation.

Despite this, many respondents affirmed that the inclusion of sustainability criteria in procurement laws has raised awareness among procurement professionals and suppliers. However, they noted that translating legislative provisions into consistent operational practice remains a challenge. This was attributed to inadequate training, insufficient technical guidance on environmental procurement, and variations in institutional commitment to sustainability objectives.

1.6.1 Economic Aspects of Sustainable Procurement in Kenya

The economic dimension emerged as the strongest and most widely implemented aspect of sustainability criteria. A majority of procurement professionals reported that economic provisions such as SME reservation quotas, promotion of local industries, and lifecycle costing are regularly applied in tender evaluation and contract award processes. These measures were credited with stimulating domestic production capacity, supporting entrepreneurship, and increasing competitiveness of local suppliers.

Nonetheless, respondents pointed out that economic criteria are sometimes applied in isolation, without parallel integration of social and environmental considerations. For instance, while local suppliers may receive preferential treatment, there is limited follow-up to assess whether their operations meet sustainability standards in areas like waste management or labor practices. This observation suggests a need for a more holistic application of economic, social, and environmental dimensions to ensure balanced sustainable development outcomes.

1.6.2 Social Considerations in Public Procurement

The study found that social sustainability provisions—particularly those promoting inclusivity—are prominently reflected in procurement practice through the AGPO program, which reserves 30% of contracts for youth, women, and persons with disabilities. Many respondents indicated that this policy has expanded participation by marginalized groups, contributing to job creation, poverty reduction, and gender equality in public contracting. Additionally, tender documents increasingly incorporate clauses on fair labor practices and workforce diversity.

However, the depth of social sustainability integration remains limited. Several respondents noted that beyond meeting statutory quotas, there is minimal monitoring of long-term outcomes for marginalized suppliers, such as business growth or capacity development. Moreover, some procuring entities lack clear guidelines for enforcing labor and social welfare clauses, which weakens the potential impact of these provisions on broader social equity objectives.

1.6.3 Environmental Dimensions of Procurement Practices

Environmental sustainability criteria were found to be the least implemented among the three dimensions. Although the PPADA 2015 requires procuring entities to consider environmental protection, the guidelines are often general and do not specify measurable environmental performance standards. Respondents cited challenges such as lack of technical expertise, absence of standardized green procurement templates, and limited supplier capacity to meet eco-friendly requirements.

Where environmental considerations are applied, they often focus on basic compliance, such as requiring suppliers to have waste management plans or environmental compliance certificates. There was limited evidence of advanced environmental procurement practices, such as lifecycle environmental impact assessments, use of renewable materials, or energy-efficient product specifications. This finding underscores the need for stronger policy instruments and capacity-building programs to elevate environmental sustainability from a compliance-based requirement to a strategic procurement objective.

1.6.4 Descriptive Statistics on the Implementation of Sustainability Criteria

Descriptive analysis revealed that the economic dimension scored the highest mean rating ($M = 4.21$, $SD = 0.56$), indicating strong adoption of provisions related to local content, SME support, and value-for-money evaluations. The social dimension followed with a moderate mean score ($M = 3.78$, $SD = 0.61$), reflecting partial but inconsistent integration of inclusivity and labor welfare clauses. The environmental dimension recorded the lowest mean score ($M = 3.12$, $SD = 0.67$), confirming respondents' perceptions of limited implementation in practice.

These results suggest that while Kenya's legislative framework adequately articulates sustainability criteria, the depth and balance of implementation vary significantly across dimensions. Economic provisions benefit from clearer policy direction and stronger institutional commitment, while environmental and social criteria require more targeted capacity-building, standardized evaluation tools, and stronger oversight to achieve the intended sustainable development outcomes.

1.7 Conclusions

The study concludes that Kenya's public procurement legislation provides a solid legal foundation for embedding sustainability criteria across economic, social, and environmental dimensions. The PPADA 2015 and related guidelines explicitly promote economic empowerment through local content and SME participation, social inclusion via affirmative action programs such as AGPO, and environmental stewardship through provisions for sustainable resource use. However, while economic criteria enjoy widespread adoption and clear implementation mechanisms, social and especially environmental dimensions lag behind in practical application. This imbalance is largely driven by capacity constraints, limited technical expertise, and the absence of standardized performance metrics, particularly for environmental sustainability. Overall, the findings affirm that Kenya's legislative framework has significant potential to drive sustainable development through procurement, but realizing this potential will require stronger enforcement, targeted training, and consistent monitoring across all dimensions.

1.8 Recommendations

The study recommends that the Public Procurement Regulatory Authority (PPRA) and relevant government agencies strengthen the operationalization of sustainability criteria by developing clear, standardized guidelines for economic, social, and environmental integration in procurement processes. Targeted capacity-building programs should be implemented to enhance procurement officers' technical expertise, particularly in environmental evaluation and lifecycle assessment. Social sustainability should be deepened beyond meeting statutory quotas by establishing mechanisms for continuous monitoring of outcomes for marginalized suppliers. For environmental sustainability, the government should introduce measurable performance indicators and incentivize suppliers to adopt green innovations. Finally, stronger enforcement and regular compliance audits should be institutionalized to ensure consistent application of sustainability criteria across all procuring entities, thereby enabling public procurement to fully contribute to Kenya's sustainable development goals.

References

Amemba, C. S., Nyaboke, P. G., Osoro, A., & Mburu, N. (2013). Challenges affecting public procurement performance process in Kenya. *International Journal of Research in Management, 3*(4), 41–55.

Arrowsmith, S., & Quinot, G. (2013). *Public procurement regulation in Africa*. Cambridge University Press.

Basheka, B. C., & Bisangabasaija, E. (2010). Determinants of unethical public procurement in local government systems of Uganda: A case study. *International Journal of Procurement Management, 3*(1), 91–104. https://doi.org/10.1504/IJPM.2010.029730

Gelderman, C. J., Semeijn, J., & Vluggen, R. (2017). Development of sustainability in public sector procurement. *Public Money & Management*, *37*(6), 435–442. https://doi.org/10.1080/09540962.2017.1344027

Gichuru, M. J. (2018). *Public procurement and sustainability: Implementation of sustainable procurement practices in Kenya's public sector*. Nairobi: Government Press.

Government of Kenya. (2018). *Sustainable procurement guidelines for the public sector*. Nairobi: National Treasury and Planning.

Kenya Law. (2015). *Public Procurement and Asset Disposal Act, No. 33 of 2015*. Nairobi: National Council for Law Reporting.

Kipchilat, T. (2006). *An analysis of the legal framework for public procurement in Kenya*. University of Nairobi.

Ministry of National Treasury and Planning. (2018). *Sustainable Procurement Guidelines for the Public Sector in Kenya*. Nairobi: Government Press.

Moore, M. H. (1995). *Creating public value: Strategic management in government*. Harvard University Press.

Munyua, J., & Moronge, M. (2018). Effects of public procurement practices on service delivery in county governments in Kenya. *International Journal of Social Sciences and Information Technology*, *4*(8), 1–12.

Munyua, S. M., & Ngugi, J. K. (2014). Influence of public procurement regulations on procurement practices among secondary schools in Kenya: A case of Nyeri County. *International Journal of Economics, Commerce and Management*, *2*(11), 1–16.

Obanda, W. P. (2011). Small and medium enterprises (SMEs) and public procurement contract in developing countries. *International Journal of Economics and Business*, *3*(1), 64–74.

Onyango, P. O., & Ondiek, B. A. (2021). Influence of sustainable public procurement practices on organizational performance in Kenyan state corporations. *International Journal of Supply Chain Management, 10*(2), 45–56.

Public Procurement Regulatory Authority (PPRA). (2021). *Annual procurement performance report*. Nairobi: Government of Kenya.

United Nations Environment Programme. (2020). *Sustainable public procurement: Global review 2020*. Nairobi: UNEP.

World Bank. (2022). *Kenya country procurement assessment report*. Washington, DC: World Bank.