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Transforming Public Procurement Law in Supply Chain to Drive Sustainable Economic, Social and Environmental Impact in Kenya

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Abstract

Public procurement has emerged as a pivotal instrument for advancing sustainable development by influencing economic, social, and environmental outcomes through supply chain management. This study examined Kenya's public procurement law to determine its effectiveness in driving sustainable impact across these three dimensions. Guided by four objectives evaluating procurement laws, assessing sustainability criteria in legislation, analyzing procurement professionals' practices, and investigating the relationship between procurement and sustainable economic growth, the research employed a descriptive design targeting procurement officers, supply chain managers, and oversight agencies. Data collection involved structured questionnaires. The findings reveal that while the Public Procurement and Asset Disposal Act (PPADA, 2015) provides a solid legal foundation, sustainability provisions are inconsistently applied, with environmental considerations receiving the least attention. Economic sustainability initiatives such as local sourcing and SME participation are partly embedded, whereas social inclusion measures are often hindered by resource and policy enforcement gaps. Procurement professionals demonstrated varied levels of capability in implementing sustainability principles, shaped by institutional priorities and operational constraints. The study recommends targeted legislative amendments, continuous capacity building for procurement officers, and institutionalized sustainability performance monitoring to position public procurement as a transformative driver of Kenya's sustainable development agenda.

Keywords: *Public Procurement Law, Supply Chain Management, Sustainable Procurement.*

1.1 Introduction

Public procurement is globally recognized as a strategic policy instrument for advancing sustainable development, with governments leveraging their significant purchasing power to stimulate economic growth, promote social equity, and safeguard the environment (McCrudden, 2004; OECD, 2016). In Kenya, public procurement accounts for approximately 30% of GDP, underscoring its pivotal role in influencing market behavior, resource allocation, and development outcomes (PPRA, 2022). The enactment of the Public Procurement and Asset Disposal Act (PPADA) 2015 marked a critical milestone in embedding sustainability principles into the procurement framework, integrating provisions for transparency, inclusivity, and local content development (Kamotho, 2014). By linking procurement decisions to national development priorities, the law positions supply chain management as a driver for the triple

bottom line—economic, social, and environmental impact—aligned with Kenya Vision 2030 and the Sustainable Development Goals (SDGs) (UNDP, 2020).

The economic dimension of sustainable procurement in Kenya has been reinforced through policies promoting SME participation, preferential treatment for marginalized groups, and local manufacturing support (Kinyua & Wanyoike, 2016; Nyeko, 2019). The Access to Government Procurement Opportunities (AGPO) program, for example, mandates that 30% of government contracts be awarded to youth, women, and persons with disabilities, enhancing economic empowerment and reducing income disparities (PPRA, 2022). Public procurement also serves as a catalyst for industrial growth by stimulating demand in strategic sectors such as construction, agriculture, and manufacturing, thereby strengthening domestic value chains (Mwangi & Alogoskoufis, 2019). However, despite these reforms, gaps remain in translating legislative intent into measurable economic transformation, primarily due to inconsistent policy enforcement, corruption, and limited supplier capacity (Transparency International, 2021).

Social sustainability considerations in Kenya's procurement system are evident in legal provisions that address inclusivity, equitable participation, and labor standards (McCrudden, 2004; UNEP, 2017). Procurement laws encourage the use of social criteria such as fair wages, occupational safety, and gender equality in awarding contracts (OECD, 2016). Additionally, affirmative action policies promote the engagement of historically disadvantaged groups in public supply chains, contributing to social cohesion and poverty reduction (Kamotho, 2014). Yet, implementation challenges—ranging from inadequate monitoring mechanisms to insufficient awareness among procurement officers—limit the extent to which these social objectives are realized in practice (PPRA, 2022).

The environmental dimension has gained increasing attention as procurement is recognized as a tool for advancing green growth and mitigating climate change (UNEP, 2017). The PPADA 2015 and related policies encourage environmentally responsible procurement by integrating criteria such as energy efficiency, waste reduction, and the use of eco-friendly materials (OECD, 2016). Sector-specific guidelines in areas such as construction and manufacturing promote sustainable resource use and environmental protection (PPRA, 2022). However, adoption of green procurement practices remains uneven across procuring entities, largely due to capacity constraints, lack of technical expertise, and limited supplier readiness to meet environmental standards (UNEP, 2017).

Integrating economic, social, and environmental objectives into procurement law and practice presents both opportunities and challenges for Kenya. While the legislative framework provides a strong foundation for sustainable procurement, its transformative impact depends on effective implementation, institutional capacity, and the alignment of procurement practices with national development priorities (McCrudden, 2004; UNDP, 2020). This study therefore seeks to assess Kenya's public procurement law in the supply chain context to determine its effectiveness in driving sustainable economic, social, and environmental impact. By examining the legal framework, sustainability criteria, professional practices, and their relationship with economic growth, the research provides a holistic understanding of how procurement can be leveraged as a strategic instrument for sustainable development in Kenya.

1.2 Problem Statement

Despite Kenya's robust public procurement framework under the PPADA 2015, the translation of legal provisions into tangible economic, social, and environmental outcomes remains inconsistent and, in some cases, minimal. While the legislation integrates sustainability-oriented clauses—such as the 30% preferential access for youth, women, and persons with

disabilities, local content promotion, and environmental protection measures—empirical evidence suggests that implementation gaps undermine their intended impact (PPRA, 2022; Nyeko, 2019). Weak enforcement mechanisms, inadequate monitoring systems, and limited technical capacity among procurement professionals often result in non-compliance or tokenistic application of sustainability criteria (Transparency International, 2021). Furthermore, instances of corruption, delayed supplier payments, and insufficient market readiness to meet green procurement requirements further diminish procurement’s potential to act as a catalyst for sustainable development (McCrudden, 2004; UNEP, 2017).

The fragmentation between economic, social, and environmental objectives in procurement practice exacerbates the problem. In many cases, economic considerations dominate procurement decisions, while social and environmental criteria are treated as secondary or optional (OECD, 2016; UNDP, 2020). This imbalance not only reduces the overall sustainability impact but also limits procurement’s ability to address systemic challenges such as inequality, unemployment, and environmental degradation. Given that public procurement accounts for a significant proportion of Kenya’s GDP and directly influences national development outcomes, there is an urgent need to critically evaluate how well the law and its implementation mechanisms align with the integrated vision of sustainable economic, social, and environmental transformation. Without addressing these gaps, Kenya risks falling short of both its Vision 2030 aspirations and its commitments under the Sustainable Development Goals (SDGs).

1.3 Research Objective

The main objective of the study was to assess the public procurement law in supply chain to drive sustainable economic, social and environmental impact in Kenya. The study objectives were;

- i. To determine the public procurement laws under supply chain in Kenya.
- ii. To assess the extent of sustainability criteria for economic, social and environmental adopted in the Kenya’s procurement legislation.
- iii. To determine the practices of procurement professionals on sustainable development in Kenya.
- iv. To examine the relationship between public procurement and sustainable economic growth in Kenya

1.4 Literature Review

1.4.1 Theoretical Review

This study is anchored on Public Value Theory, which provides a comprehensive framework for understanding how public institutions, including procurement systems, create value that extends beyond economic efficiency to encompass social equity and environmental stewardship (Moore, 1995). Public Value Theory emphasizes that public sector decisions should be guided not only by cost-effectiveness but also by the broader societal benefits they generate. In the context of procurement, this means integrating sustainability objectives—economic, social, and environmental—into purchasing decisions to maximize collective welfare. The theory aligns closely with Kenya’s PPADA 2015, which mandates procurement processes that are transparent, inclusive, and environmentally responsible, thus positioning procurement as a strategic tool for delivering long-term societal benefits (OECD, 2016). By focusing on value creation for multiple stakeholders, the theory helps explain why procurement reform in Kenya must go beyond compliance to actively drive national development priorities, such as Vision 2030 and the Sustainable Development Goals (SDGs) (UNDP, 2020).

Public Value Theory is particularly relevant for assessing Kenya's procurement framework because it accounts for the dynamic interplay between legal mandates, stakeholder expectations, and institutional capacity. It underscores the need for balancing economic growth imperatives with social justice and environmental protection, recognizing that these goals are interdependent rather than competing (McCrudden, 2004). The theory also highlights the role of procurement professionals as public managers responsible for interpreting and applying laws in ways that maximize public value. This perspective is vital in addressing current challenges in Kenya's procurement system, including limited enforcement of sustainability provisions, insufficient integration of environmental standards, and uneven application of social inclusion measures. By applying Public Value Theory, this study provides a lens for evaluating whether Kenya's procurement laws and practices are effectively delivering the intended triple-bottom-line benefits.

1.4.2 Empirical Review

Globally, empirical studies affirm that public procurement laws can be transformative tools for achieving economic, social, and environmental sustainability when effectively implemented. For instance, Thai (2001) found that procurement reforms in the European Union significantly improved market access for small and medium enterprises (SMEs) while enforcing environmental compliance through green public procurement directives. Similarly, Brammer and Walker (2011) showed that sustainable procurement policies in OECD countries contributed to higher rates of supplier innovation, particularly in eco-friendly products and services. In the Asia-Pacific region, countries like South Korea have institutionalized mandatory green procurement laws, resulting in measurable reductions in carbon emissions and waste generation (UNEP, 2017). These studies underscore that a strong legislative framework, coupled with robust monitoring, can drive comprehensive sustainability outcomes in public supply chains.

In Africa, the integration of sustainability into procurement legislation remains uneven, with several countries adopting reforms inspired by international best practices. Ambe and Badenhorst-Weiss (2012) highlighted South Africa's preferential procurement policy, which has significantly improved participation rates for historically disadvantaged groups while promoting local manufacturing. However, Njiru and Nyaga (2016) observed that such reforms often face resistance from entrenched procurement cultures that prioritize cost minimization over long-term societal benefits. In Nigeria, Adewole (2014) found that while the Public Procurement Act introduced sustainability considerations, weak enforcement mechanisms and corruption impeded their impact. These experiences suggest that African countries must strengthen institutional capacity and accountability frameworks to fully realize the sustainability potential of procurement laws.

Kamotho (2014) documented that the PPADA 2015 marked a substantial step toward embedding economic, social, and environmental objectives into procurement practice, particularly through provisions like the Access to Government Procurement Opportunities (AGPO) program. Nonetheless, studies by Kinyua and Wanyoike (2016) and Nyeko (2019) revealed persistent gaps between policy and practice, noting that many procuring entities either lacked the technical expertise to evaluate sustainability criteria or treated them as peripheral to cost considerations. Transparency International (2021) further identified procurement corruption as a significant barrier to achieving equitable and sustainable outcomes.

Economic sustainability remains a dominant focus within Kenya's procurement reforms. Mugo and Njihia (2018) found that AGPO has improved economic participation among women, youth, and persons with disabilities, though challenges like delayed payments and limited

capacity building reduce its long-term effectiveness. Mwangi and Alogoskoufis (2019) showed that procurement policies promoting local content and SME engagement have strengthened domestic supply chains, contributing to job creation and GDP growth. However, the absence of standardized monitoring tools limits the ability to track these benefits comprehensively.

Social sustainability through procurement has also been widely studied. McCrudden (2004) argued that integrating social criteria—such as labor rights, diversity, and community benefits—into procurement processes enhances social cohesion and equity. In the Kenyan context, Karanja and Kihara (2020) observed that while PPADA provisions support affirmative action, enforcement is inconsistent across government entities. Additionally, the lack of clear guidelines for evaluating social impact leads to varied interpretations and applications of the law, weakening its intended benefits.

Environmental sustainability within procurement is gaining traction but remains the least developed dimension in Kenya. UNEP (2017) reported that green procurement practices in developing countries, including Kenya, are hindered by limited supplier readiness and inadequate technical standards. Otieno and Omwenga (2019) found that while certain sectors, such as construction and energy, have incorporated environmental criteria, these are often applied inconsistently and without rigorous verification mechanisms. Comparatively, countries like Japan and Sweden have institutionalized lifecycle costing and environmental performance metrics, demonstrating the feasibility of stronger environmental integration.

The relationship between procurement practices and sustainable economic growth has been empirically validated in multiple studies. For example, Trionfetti (2000) demonstrated that strategic public procurement positively influences industrial competitiveness and innovation. In Kenya, Kihara and Wainaina (2021) found that procurement-driven infrastructure projects significantly boost regional economic development, though inefficiencies in contract management and corruption can erode these gains. These findings suggest that aligning procurement laws with macroeconomic strategies can amplify growth outcomes while promoting sustainability.

Professional capacity among procurement officers is a critical determinant of sustainability success. Gelderman et al. (2006) showed that training in sustainable procurement principles directly correlates with higher adoption rates of environmental and social criteria in tendering. In Kenya, Gachie and Govender (2017) observed that many procurement officers lacked exposure to global sustainability standards, limiting their ability to apply these in evaluations. This reinforces the need for continuous professional development and the integration of sustainability metrics into performance evaluations.

Empirical literature also emphasizes the importance of stakeholder engagement in sustainable procurement. Walker and Brammer (2009) noted that supplier collaboration and community consultation improve compliance with sustainability standards and foster innovation. In Kenya, studies by Mutava and Wainaina (2020) highlight that proactive engagement with suppliers—particularly SMEs—can enhance their capacity to meet economic, social, and environmental requirements, thereby expanding the pool of eligible contractors. However, without deliberate policy support, such engagement remains sporadic.

Finally, cross-cutting research points to governance and accountability as pivotal in determining procurement's sustainability impact. OECD (2016) and Transparency International (2021) stress that transparent reporting, independent audits, and public disclosure of contract performance are essential for holding procuring entities accountable. In Kenya, the PPRA has initiated e-procurement platforms to improve transparency, but adoption remains

inconsistent. Strengthening these governance mechanisms would not only curb malpractice but also ensure that procurement laws deliver on their triple-bottom-line promises.

1.5 Research Methodology

This study adopted a descriptive research design to assess the public procurement law in supply chain management and its capacity to drive sustainable economic, social, and environmental impact in Kenya. The design was selected because it facilitates the systematic collection and analysis of quantitative and qualitative data to describe existing conditions, relationships, and practices without manipulating study variables (Creswell & Creswell, 2018). The target population comprised procurement officers, supply chain managers, and senior officials from key government ministries, state corporations, and county governments, as well as representatives from oversight bodies such as the Public Procurement Regulatory Authority (PPRA). A stratified random sampling technique was employed to ensure proportional representation across the national and county government levels, yielding a sample size that allowed for robust statistical inference. Data was collected using structured questionnaires.

1.6 Results and Findings

1.6.1 Public Procurement Laws under Supply Chain in Kenya

The study established that Kenya's public procurement system is primarily regulated under the Public Procurement and Asset Disposal Act (PPADA) 2015, which provides a comprehensive legal framework to ensure transparency, accountability, competitiveness, and efficiency in the procurement process. Respondents emphasized that the Act offers clear guidelines on procurement planning, bidding, evaluation, contract management, and disposal of assets, aligning with both national development priorities and international best practices. Provisions such as Access to Government Procurement Opportunities (AGPO) were recognized as key enablers for inclusivity, giving preferential treatment to youth, women, and persons with disabilities. Additionally, the Public Procurement Regulatory Authority (PPRA) plays an oversight role, issuing circulars and guidelines to facilitate compliance. However, the findings revealed that although these laws are well-structured, there is often inconsistency in their interpretation and application across public entities, partly due to inadequate training and weak enforcement mechanisms.

Further analysis indicated that gaps still exist in integrating sustainability principles into the broader procurement law framework. While the PPADA 2015 contains clauses that indirectly support sustainability, such as those on local sourcing and environmental safeguards, there is a lack of detailed operational guidelines for embedding these provisions in procurement decisions. Respondents noted that many practitioners focus primarily on compliance with procedural aspects rather than leveraging procurement as a tool for achieving long-term socio-economic and environmental objectives. This limits the potential of the law to drive systemic change in supply chain management. It was therefore recommended that future legal reforms include explicit sustainability standards and corresponding enforcement provisions to ensure that procurement decisions contribute meaningfully to Kenya's sustainable development goals.

1.6.2 Extent of Sustainability Criteria for Economic, Social, and Environmental Outcomes

Findings from the analysis showed that economic sustainability criteria are the most emphasized in procurement legislation, with strong provisions promoting local content, SME participation, and fair competition. Respondents reported that the PPADA's affirmative action measures—such as reserving 30% of government tenders for disadvantaged groups—have had positive effects on economic empowerment. Social sustainability elements, including

adherence to labor standards, promoting gender equity, and supporting community development, were present in legislation but less consistently enforced. Environmental considerations were found to be the least embedded, with the absence of a standardized green procurement framework and minimal adoption of lifecycle costing approaches.

The gap between legislative provisions and operational practice was also evident. While procurement policies highlight sustainability goals, in practice, these are often overridden by cost minimization priorities during tender evaluations. Some procuring entities incorporate sustainability clauses into tender documents, but these are either vaguely defined or not tied to performance metrics, making enforcement difficult. Respondents suggested that without explicit weighting for sustainability criteria in bid evaluations, and without clear monitoring indicators, the legislative intent will remain underutilized. The study concluded that to fully realize sustainability in procurement, Kenya requires stronger regulatory mandates, targeted training, and structured monitoring frameworks that measure both economic and non-economic procurement impacts.

1.6.3 Practices of Procurement Professionals on Sustainable Development

The research indicated that procurement professionals serve as the key drivers of sustainability integration within public procurement, but their practices vary significantly across institutions. Professionals with access to continuous professional development and organizational support demonstrated a higher tendency to incorporate economic, social, and environmental considerations into procurement decisions. These practitioners often engaged in supplier development programs, applied lifecycle costing, and promoted inclusive sourcing practices. Conversely, in organizations with limited training opportunities or weak leadership commitment, procurement officers tended to adopt a compliance-only approach, focusing narrowly on legal requirements without pursuing sustainability goals.

Organizational culture emerged as a critical determinant of professional practice. In institutions where leadership prioritized sustainability, procurement staff were empowered to innovate, collaborate with diverse suppliers, and apply evaluation criteria beyond price. However, in entities where leadership viewed sustainability as secondary, officers lacked both the incentive and resources to implement sustainable practices effectively. The findings underscore the importance of capacity-building programs tailored to procurement professionals, the need for leadership engagement, and the inclusion of sustainability performance in individual and departmental appraisals.

1.6.4 Relationship Between Public Procurement and Sustainable Economic Growth in Kenya

The results highlighted that effective public procurement practices directly contribute to Kenya's economic growth through job creation, market expansion, and enhanced industrial capacity. Respondents noted that procurement-led infrastructure development projects—particularly in transport, energy, and health—have stimulated local economies by enabling greater participation of domestic firms. Policies such as AGPO were credited with increasing income levels among marginalized groups and reducing barriers to market entry for SMEs. Furthermore, well-managed procurement processes have fostered technology transfer, improved service delivery, and strengthened sectoral competitiveness.

Nevertheless, the study also identified systemic constraints that limit procurement's full economic impact. Delayed payments to suppliers emerged as a significant challenge, especially for SMEs, undermining their financial stability and capacity to execute contracts. Corruption, contract mismanagement, and weak post-award monitoring were also cited as factors

diminishing procurement's developmental value. The findings suggest that aligning procurement policy with national economic planning, improving contract enforcement, and ensuring timely supplier payments would significantly enhance procurement's role as a driver of sustainable economic growth.

1.7 Conclusions

Regarding the first objective, which was to assess the public procurement laws under the supply chain in Kenya, the study concludes that while the country's legal framework—anchored in the Public Procurement and Asset Disposal Act (2015)—is comprehensive and well-structured, it requires modernization to fully support sustainable development objectives. The framework has made notable strides in promoting transparency and fair competition and includes progressive initiatives such as AGPO. However, enforcement remains weak, and systemic challenges including limited capacity and instances of non-compliance hinder the strategic use of procurement in advancing sustainability.

In relation to the second objective, which focused on the extent to which sustainability criteria (economic, social, and environmental) have been adopted in Kenya's procurement legislation, the study concludes that these criteria have been increasingly integrated, reflecting a commitment to sustainable procurement. Nonetheless, the study observes a significant gap between policy and practice. While economic and social dimensions are relatively well addressed, environmental considerations are underdeveloped. Implementation challenges—including low awareness, insufficient institutional capacity, and inadequate monitoring—limit the full realization of sustainability objectives in procurement legislation.

With respect to the third objective, which examined the practices of procurement professionals on sustainable development, the study concludes that there is growing awareness and willingness among professionals to apply sustainability principles. However, implementation remains constrained by a lack of structured capacity-building programs, limited access to tools, and inadequate institutional support. The study finds that while practices are evolving positively, a more coordinated and well-supported professional framework is necessary to embed sustainability into procurement routines effectively.

Concerning the fourth objective, which investigated the relationship between public procurement and sustainable economic growth in Kenya, the study concludes that public procurement has a strong and multidimensional impact on economic development. Effective procurement practices contribute positively to economic, social, and environmental outcomes. However, the full potential of procurement as a development catalyst is yet to be realized due to fragmented policy execution, weak enforcement, and limited inter-agency coordination. The study emphasizes the need for integrated reforms, enhanced institutional support, and stronger alignment between procurement activities and national development priorities.

1.8 Recommendations

The study recommends that Kenya's public procurement framework be strengthened through targeted legal and policy reforms that explicitly integrate sustainability as a core procurement objective. This should include the development of clear guidelines and standardized tools for implementing economic, social, and environmental criteria in all stages of the procurement cycle, from planning to contract management. In particular, the Public Procurement and Asset Disposal Act (PPADA) should be amended to provide specific, measurable sustainability requirements—such as defined percentages for green procurement, mandatory social inclusion metrics, and binding supplier capacity-building obligations—accompanied by effective enforcement mechanisms. Additionally, the Public Procurement Regulatory Authority (PPRA)

should institutionalize regular audits on sustainability compliance, ensuring that all procuring entities embed these principles in a consistent and measurable manner.

Capacity building for procurement professionals is critical to bridging the gap between legislative intent and practice. This requires continuous professional development programs focused on sustainability concepts, lifecycle costing, inclusive sourcing, and supplier engagement strategies. Leadership within public entities should champion sustainability by allocating dedicated budgets, establishing sustainability units, and incorporating sustainable procurement targets into performance appraisal systems. Moreover, prompt supplier payments, transparent contract management, and enhanced stakeholder collaboration will help foster trust and enable procurement to deliver on its role as a driver of sustainable economic growth. By adopting these measures, Kenya can transform its public procurement system into a strategic instrument for achieving long-term national development goals, aligned with Vision 2030 and the Sustainable Development Goals (SDGs).

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