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When replying please quote:

PPOA CIRCULAR NO. 5/2010

12th May, 2010

To: All Accounting Officers
All CEO's, State Corporations
All Vice Chancellors, Public Universities
All Managers, Co-operative Societies
All Clerks, Local Authorities
All Principals, Public Colleges/Schools
All CDF Account Managers

RE: MARKET PRICE INDEX

Your attention is drawn to Section 30(3) of the Public Procurement and Disposal Act, 2005 which provides that procurement of standard goods, services and works with known market prices shall be procured at the prevailing market price. Further, Section 30(4) of the aforesaid Act outlaws all transactions in which standard goods, works and services are procured at unreasonably inflated prices.

PPOA recognizes the challenges faced by Accounting Officers and Heads of Procuring Entities in their endeavour to achieve value for money. As a result, we decided to update the Market Price Index in January 2010 and posted the results in our website www.ppoa.go.ke. Heads of Procuring Entities are encouraged to visit this website as we are in the process of developing a web-based Market Price Index on the prevailing prices in real time. This will enable them make informed procurement decisions.

However, it is recognized that the prices contained in the Market Price Index are indicative and that the real prices may contain slight variations. Any

deviation from the reference prices may be based on the prevailing consumer Price Index obtained from Kenya National Bureau of Statistics or the monthly inflation rate issued by the Central Bank of Kenya.

Procuring Entities are encouraged to refer to the price reference guide when preparing procurement plans, evaluating bids, awarding of tenders and shopping for low value procurements.

Finally procuring entities are requested to submit to PPOA lists of items which are commonly procured that are missing out in the Index.

Attached are copies of the current Market Price Index for your reference



M. J. O. JUMA
Ag. INTERIM DIRECTOR GENERAL

Encls.

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