



THE REPUBLIC OF UGANDA



BMAU G&E BRIEFING PAPER (2/19) October, 2019

Scaling up Gender Responsiveness in Public Procurement: A tool to enabling inclusive growth

Overview

Gender Responsive Procurement is the sustainable selection of services, goods and civil works that considers their impact on gender equality and women’s empowerment (UN Women). Public procurement on the other hand, refers to the purchase by Government and state-owned enterprises of goods, services and works (OECD, 2016). Public procurement is one of the significant contributors of Gross Domestic Product (GDP). According to the International Trade Center, Public procurement accounts for over 30% of GDP in developing countries. Despite 44% of women owning businesses in Uganda, most of which are informal and SMEs (ILO, 2014), unequal procurement opportunities between women and men continue to hamper women’s abilities to lift themselves out of poverty (Amandal, 2006). It is estimated that women entrepreneurs supply only 1% of the market due to limited access to relevant information, stringent financial requirements such as bid security and performance guarantee requirements and lack of awareness among others.

With limited disaggregated data available on Public Procurement from PPDA, policy makers are likely not to know the extent to which women are being excluded from inclusive economic growth. This policy brief therefore, highlights the barriers to women owned businesses in accessing public procurement deals in Uganda and provides recommendations that can help address the barriers; and the importance of integrating gender considerations in public procurement and recommendations.

Key Issues

- i) Challenges in meeting tender financial requirements such as bid security and performance guarantee requirements by women.
- ii) Most women enterprises are informal SMEs and the size of the contracts are too big for the SMEs.
- iii) Limited skills by the women which makes tender procedures seem very complex.
- iv) Limited information about upcoming tenders.
- v) Limited disaggregated data from PPDA on Public Procurement to inform evidence based decision making.

INTRODUCTION

The mandate of the Public Procurement and Disposal of Public Assets Authority (PPDA) is to ensure the application of fair, competitive, transparent, non-discriminatory, value for money, procurement and disposal standards and practices. These basic principles of procurement and disposal of assets are clearly outlined in Section 43 and 44 of the PPDA Act (2003 as amended).

Section 97 of the PPDA Act (2003) and Section 94 of the Local Government Act (1997) further outlines the reservation scheme of at least 30% of the local firms to promote local content in public procurement which is in tandem with the equity responsive laws and policies that have provided a framework for advancing equity as well as mechanisms for holding institutions accountable.

Despite the administrative and operational improvements being done by PPDA, challenges to attain gender equality still persist in public procurement. Apart from section 11(4) of the PPDA (2003) which proposes gender composition on the board, the rest of the Act is gender-neutral.

According to Agaba & Shipman (2008), it is estimated that 70% of Government spending in Uganda goes to procurement. However, it is estimated that women entrepreneurs supply only 1% of this market. This is due to limited access to relevant information, stringent financial requirements such as bid security and performance guarantee requirements among others. A survey on the status of women's participation in Public Procurement bidding in Uganda by Basheka (2018) showed that (56%) of respondents never succeeded in getting a government contract/bid, (38%) of respondents had never participated in Public Procurement bidding, 31% had done so just a few times, 14% regularly participated, while 8% participated very often.

A recent World Bank study, suggests that the country could gain as much as 2% points of GDP growth a year if gender inequality is eliminated especially in public procurement. It is therefore, important for Uganda to unleash the full productive potential of female actors if it is to achieve high and sustained rates of pro-poor growth as well as improve welfare of women through public procurement.

Barriers to women owned businesses in accessing public procurement deals in Uganda

These barriers are spread across the entire Public Procurement cycle. These include;

i) **Low financial literacy and capability due to large informal sector** where most women owned businesses operate, characterized by exclusion from formal financial services.

According to Finscope (2013) study, 31% of women are financially excluded as compared to 28% of men in the formal sector. The World Bank (2005) in The Gender and Growth Assessment study also found that access to business development services and training, particularly in relation to financial management, were constraints to female entrepreneurial development.

This limits their capacity to grow and expand their businesses.

ii) The **absence of a policy stance** that explicitly promotes equality for Women Owned Businesses and drives their promotion in public procurement.

iii) Women find **tender procedures too complex**. The processes require a lot of documentation which most women or their enterprises may not be able to afford because of low financial base. Evidence further suggests that women perceive the regulatory burden as great compared to men and that women enterprises are more likely to be subject to harassment and bribes than businesses headed by men. It was further reported that some women indicated the first 'criteria' for winning tenders in some agencies was acceptance of sexual favours to males who managed the tendering processes. Women are seen as "soft targets" (Amanda et al. 2006).

iv) **Corruption** is one of the major issues that affect the effective participation of women in public procurement. According to the PPDA's 2010 procurement integrity survey, it was reported that suppliers spent about 10% to 20% of the contract amount in corrupt payments (Bariira, 2012). Basheka (2008) also indicates that out of the 322 contracts audited by PPDA at the end of 2005, only seven (7) or 2% were found to be clean. Despite government declaration of zero tolerance policy on corruption, it is still pervasive and most women owned businesses may not afford to offer the required "kick-backs", so they miss out on some tenders

Gender responsive interventions that can address barriers to women owned businesses

Adoption of an affirmative action specifically favoring women's enterprises:

Use of preferential policies in public procurement targeting enterprises owned by women will most directly facilitate women's access to public procurement. Uganda can potentially be informed by successful procurement reforms in other countries. In Kenya for example, a set-aside programme has been adopted. Every procuring entity is required to earmark at least 30 per cent of its procurement value to youth, women and Persons with Disabilities. Performance securities are not required and every six months, procuring entities at national and county levels have to report to the national public procurement authority with data on the value of goods and services procured from enterprises owned by women. The authority consolidates these data and reports to Parliament.

Obligation to take the gender perspective into account during the procurement process:

Gender equality should be a must incorporated in the subject of public procurement contracts in order to optimize women's economic contributions and enhance economic growth. This may involve the incorporation of gender equality clauses requiring gender technical competence, more specifically in the selection criteria, in the evaluation criteria when assessing the quality of the offer and the contract performance conditions, as well as the contract award criteria.

Enhance financial literacy for women entrepreneurs:

Financial Institutions can make significant efforts to reach out to the women entrepreneurs and demonstrate a gendered approach in the design of financial products/ services in an attempt to gender-sensitize their operations.

This will enhance their knowledge on existing financial products and increase access to financial support.

The importance of integrating gender considerations in public procurement

Women own and operate over 40% of the small sized enterprises (SMEs), though, mostly at the informal and micro enterprise level. Even so, their absolute numbers mean they already make a substantial contribution to job creation, family sustainability, and poverty reduction. The minority of women-owned enterprises that have grown to small and medium-sized enterprises (SMEs) also impact positively on employment and trade. Enabling more women to pursue enterprise growth through a more favorable support environment will generate both social and economic benefits to the economy, including improved health of families and communities, improved literacy and education achievements, enhanced empowerment for women, and wider economic development (ILO, 2003).

Conclusion

In order to unleash the full potential of women-owned enterprises in Uganda, Government needs to rethink the public procurement policy and use it as a strategic lever to accelerate gender inclusive economic growth through the application of state spending power. This will necessitate reforms that foster more favorable attitudes towards women's entrepreneurial activity.

The gender-based opportunities must offer entrepreneurship capacity-building programmes like empowering women in the use of technology, bidding processes, tender procedures, establishment of business and financial management. These reforms could create diversity dividend through increased job creation hence inclusive growth.

Recommendations

- 1) More proactive policies to include women businesses' access to procurement are recommended. Policies must go beyond women-focused initiatives such as increasing small and medium enterprises (SMEs) and microfinance in order for enterprises for women to move to the next level.
- 2) Develop an initiative of training to create awareness and skills through regular workshops to women entrepreneurs covering such fundamentals as; book-keeping, entrepreneurship skills, time-management, and general business management and basic financial management skills.
- 3) There can be reservation schemes for women owned enterprises that deal in supplies like stationary and other office equipment as well as in services like catering services, cleaning services, hotel services, and consultancy services among other areas.
- 4) There is need for a profiling of women business and their strengths for purposes of advocacy and support..

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