

Empowering Women Owned Businesses through Public Procurement in Tanzania

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Executive statement/Summary/Aim

Key messages

- Establish clear and quantifiable goals on Women-Owned SMEs (WOSMEs) participation (Indicators showing where we expect WOSMEs will attain). For example, the PPRA's targets and a performance management system to track progress on spending with certified WOBES should be publicly available so that government feel compelled to achieve those goals and helps to get different procuring entities working together towards them.
- Build the capacity of WOSMEs to participate and compete in the public procurement industry. The public procurement process can seem so confusing and opaque that to them is not worthwhile to trying. To address this, regular training where WOSMEs from local government (at the municipal level) can be trained on how to best work with their procurement system, prepare bids, submit complaints, and other important steps for bidders in the public procurement system. WOSMEs may need some more help getting ready to be competitive by accessing financial vehicles and preparing solid business plans. This helps them be able to confidently deliver for governments, and successfully participate in public procurement processes.
- Make small opportunities not only fair and open, but also accessible by starting to publish small and medium lots. Opportunities need to fit the capacity of WOSMEs, for them to be able to bid. Public entities tend to publish competitive opportunities over a certain threshold, because they that are required by law. There are, however, direct contracts lower value threshold that are typically contracted to favorite suppliers. Reliance on direct contracts bear the appearance of a rigged system even worse, and further deter experienced WOSMEs from participating.
- Make the procurement process friendly to small enterprises, by making it easier and more appealing to small businesses to work with the government. This is beyond creating a simpler process that can start by understanding where common barriers are, conducting regular review of challenges facing buyers and bidders would help identify areas of emphasis. Based on this, develop online and in-person sessions to help both buyers and bidders succeed, and improve the WOSMEs business environment.
- Corruption in public procurement takes many of the forms, such as bribery, embezzlement, and abuse of functions. Discussing this area in depth therefore provides concrete examples of how corruption manifests in the public sector, in ways that are relevant to our everyday lives. The government through PCCB should strengthen whistle-blower platforms for anonymity during reporting of such incidences.

This brief summarises the outcome from the Baseline study of the GrOW-EA project No. 109801-001, conducted in 2022.

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Introduction/Problem/Context

Public procurement is an important policy tool for a country's growth, and socio-economic transformation. The United Nations (UN) Sustainable Development Goals (SDGs) have compelled countries to adopt affirmative action (AA) strategies to ensure equal opportunities for women and men. Public procurement comprises up to 40 percent of the GDP for developing countries and up to 15% for developed countries. According to the World Bank data 35% of WOSMEs produce about 20% of GDP (Abraham and Schmukler, 2017), but ironically, they largely excluded from the public procurement world-wide.

Gender-responsive procurement (GRP) has been internationally recognized and evidenced to be a powerful tool to improve Women Economic Empowerment (WEE) and promote gender equality (GE). However, the response to gender mainstreaming into procurement systems across actors remains slow even within agencies that are otherwise lead on the issue¹. For example, in 2016 UN Agencies spent about US\$17.7 billion on procuring services, goods and civil works² yet none has instituted executed GRP policies and practices³. This reflects a missed opportunity for the UN to systematically redress GRP⁴.

The United Nations Sustainable Development Goals (SDGs) geared towards ending poverty and ensuring prosperity for all embodies under SDG Goal 5, the objective to achieve gender equality and empowerment of women and girls. One of the targets under SDG 5(a) entails "*undertake reforms to give women equal rights to economic resources, as well as access to ownership and control over land and other forms of properties, financial services, inheritance, and natural resources, following national laws.*"⁵ Likewise under Goal 12, target 12.7 specifically states "*promote public procurement practices that are sustainable, under national policies and priorities.*" Sustainable procurement necessitates addressing factors that increase fair and equitable procurement opportunities, including gender inclusion, equity policies, equitable resource distribution, fair working conditions, and respect for human rights. It is elucidated under Goal 8 that Women's empowerment is dependent on inclusive and sustainable economic growth, the right to employment, and decent work for all.

It is evident therefore, that investing in and promoting WOSMEs as well as adopting inclusive procurement practices have excellent potential for increasing economic opportunities for women, nationally, and globally. This study contributes significantly towards this end. The positive correlation between gender equity and countries' socio-economic environment, calls for specific initiatives to ensure equal opportunities for female and male entrepreneurs.

About the study/project

According to Social Institution and Gender Index (SIGI) report (2022) Women own over half 54% of the country's micro and small enterprises, whereas youth own about 47% of enterprises in Tanzania. The role of women in sustaining household resilience, improving their families' prosperity and driving economic growth cannot be overstated, however, due to deep rooted challenges to accessing equitable economic opportunities, however, it is difficult for WOSMEs to penetrate the system. This study sought to recommend effective and innovative Government instruments to enhance implementations of GRP to empower women, including women living with disabilities. This baseline research therefore will focus on three key objectives:

- i. Assess how the Government can make public procurement more accessible to women-owned SMEs, and women entrepreneurs by identifying the gender-specific challenges and barriers for them to participate in public procurement and recommend the innovative interventions.
- ii. Review the inclusion of WSMEs as suppliers to public and private agencies through modifications of the Public Procurement Policy and Regulations.
- iii. Provide recommendations to the government and key stakeholders to scale up and sustain appropriate interventions.

Methodology and Study results

The study used primary data collected by the Economic and Social Research Foundation (ESRF) in 2022, and secondary data from various sources. The use of a mixed-methods approach allowed the research team to reap the benefits of exploring a range of information and generating data that complemented each other. The study used ILO's Women's Entrepreneurship Development (WED) Assessment Framework to identify the gaps and tailor solutions to unleash the potential of WOSMEs to take part in public procurement opportunities.

This study surveyed 3,832 WOSMEs and established that 89.5 % of women interviewed were not satisfied by the public procurement initiatives and only 10.5 were satisfied. 242 of the women applied for public tenders surveyed, out of the 242 women surveyed 95.9% reported to have experienced money corruption, while 5.51% won the contract without applying, and 8.1% experiences sexual corruption. More than 50% of WOSMEs were sole proprietors, falling under the category of small business (below 25 million as investment capital) reflecting the fact that most of them were micro and small enterprises. The study found that although there have been substantial support activities for female entrepreneurs economically; the policy's benefits do not trickle down to some disadvantaged groups (women, youth and People With Disabilities (PWDs)), due to a number of implementation challenges like access to information, training, and financing as well as some incompetent and corrupt procurement officers.

Significant challenges faced by WOSMEs in accessing public procurement tenders were identified in this study. These include:

- (a) Limited capital access to finance the projects, and limited ownership of assets and properties.
- (b) Delays in getting the tender filled and inability to absorb the impact.
- (c) Limited technical skills and capacity in procurement management, bidding process, risk management and social capital compared to male counterparts.
- (d) Minimal access to information about tenders, financial and market exclusions.
- (e) Lack of feedback on tender submissions
- (f) Complex tender procedures
- (g) Digital illiteracy and technical challenges in operating the WOSMEs to access public procurement platforms via (e-procurement)
- (h) Corruption and sextortion
- (i) Limited access to information about the government and corporate' systems opportunities
- (j) Limited ownership of long-term assets (collateral)
- (k) Outdated and unimplemented national procurement policies on WEE and GE.

Conclusion

This survey concludes that, implementation of the *Guidelines for Participation of Special Groups in Public Procurement (2020)* in Access to Government Procurement Opportunities program, which entices legal requirement for women, youth, and persons with disabilities to access 30% of Government Procurement opportunities, was a significant legal gain/achievement for the government of Tanzania and has yielded positive noteworthy results and discourage socio-economic/gender-based exclusion. The key actor of these initiatives is: the alignment of law, procedures, and policies towards promoting women participation in public procurement, to ensure women also benefit from public contracts with MDAs and the state-owned enterprises of goods, services and works. Though not significantly transparent and open, the government's procurement process has strived to create a well-functioning, competitive, and accountable system over the past couple of years. Judging

from literature review and the field survey, that the Tanzanian National e-Procurement System (TANePS) has reduced bureaucracy on tender processes and has also minimized the double standards that existed. However, despite clear efforts of the government to improve processes, critical challenges continue to thwart implementation and reaching targeted beneficiaries.

Recommendations

Findings from this study suggest the following policy recommendations :

1. Form a multisectoral body with key actors from government and non-government, CBOs, and LGs to develop gender-responsive guidelines and modifications to the existing policies and regulations.
2. Provide an inclusive policy intervention to improve capacity building of WMSEs by providing programs dedicated to raising awareness and skills training to become more competitive in accessing public procurement opportunities. This should also entail building their capacity to deliver projects to the expected standards through coaching, peer networks for mentoring, and mutual support where mentee-mentor collaborate to impart hard skills for building capacity for strategic preparedness of WOSMEs competitive bidding.
3. Create awareness about GRP and capacity building to PEs and WOSMEs on the legal processes as well as leveraging collaborative efforts among multisectoral players like PPRA, line ministries, financial institutions CSOs and private sector.
4. Develop a monitoring tool for a special scheme to create awareness among Women and to enforce GPR strategy but also inculcating the spirit of cooperation, leveraging and resources sharing in bids preparation.
5. Support an innovative communication strategy in order to provide inclusive access for public awareness and development of services providers' networks which interact with WOSMEs to deliver their services to clients while empowering them. (These can include private and public sector technical training, advisory, technology transfer, startup/business incubation, innovation hubs, market information and other services to WOSMEs). And it emphasizes the importance of collaborations among various stakeholders.

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