



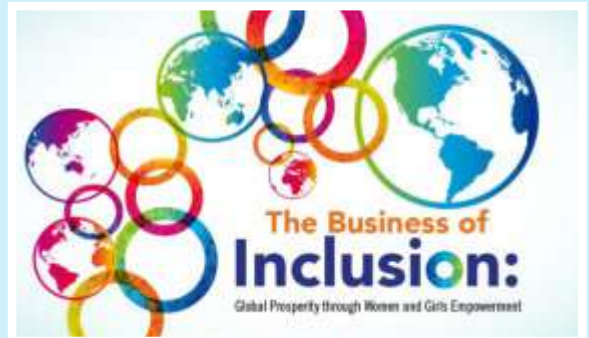
POLICY BRIEF

BARRIERS AND OPPORTUNITIES TO WOMEN PARTICIPATION IN PUBLIC PROCUREMENT IN UGANDA

Introduction

Increasing women's economic opportunities in Uganda's public procurement system, the region and in the world is grounded on a number of premises: 1) It is a human right as provided for in international instruments, 2) Women comprise half of the human resources of many economies and evidences show that economies do better when women are harnessed; 3) it is a moral imperative and is a matter of fairness and equity; 4) Women have the right to (economic) development; 4) procurement of goods, services and works by government is a key policy tool governments use to advance social economic goals; 5) the global and development agenda pronounce in strong terms the gender equity principles and 6); women are now a formidable force in all sectors and vigorously advance the gender issues.

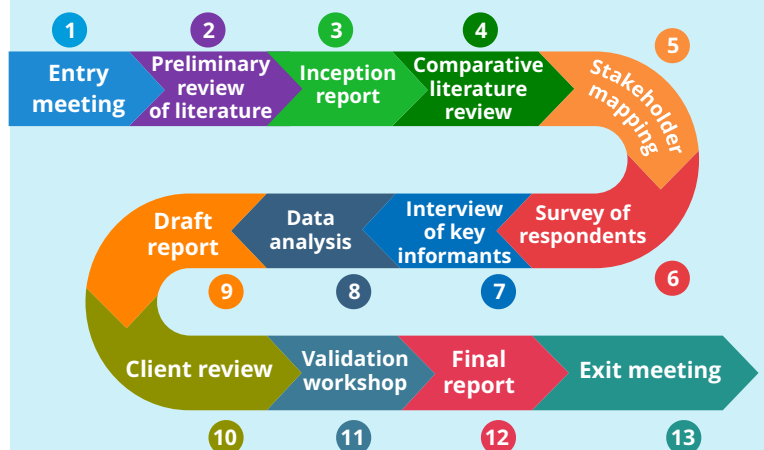
Public procurement (PP) in any country is viewed as a core government function which can be used to positively equalize opportunities of women owned business firms but it can also be used to address the barriers that affect women participation in tendering processes at both the central government and local government levels. While data vary, it has been estimated that public procurement constitutes 10-15% of GDP in developed countries and up to 20% in developing countries (Harvard University, 2012). Worldwide, governments spend approximately US\$11 trillion per annum on procurement (Hetland, 2012). In absolute terms, annual federal procurement in the United States was estimated to be about US\$250 billion previously (Solovic, 2004). In the United Kingdom, annual procurement expenditure has been around £240 billion (US\$367 billion) (Federation of Small Businesses, 2012).



Objectives of the study

The assignment was intended to broadly study the barriers to women's participation in public procurement in Uganda. Specifically, the study was to identify the existing opportunities for women participation in public procurement and coming up with proposals on how to facilitate affirmative action for women's participation in public procurement.

Methodology

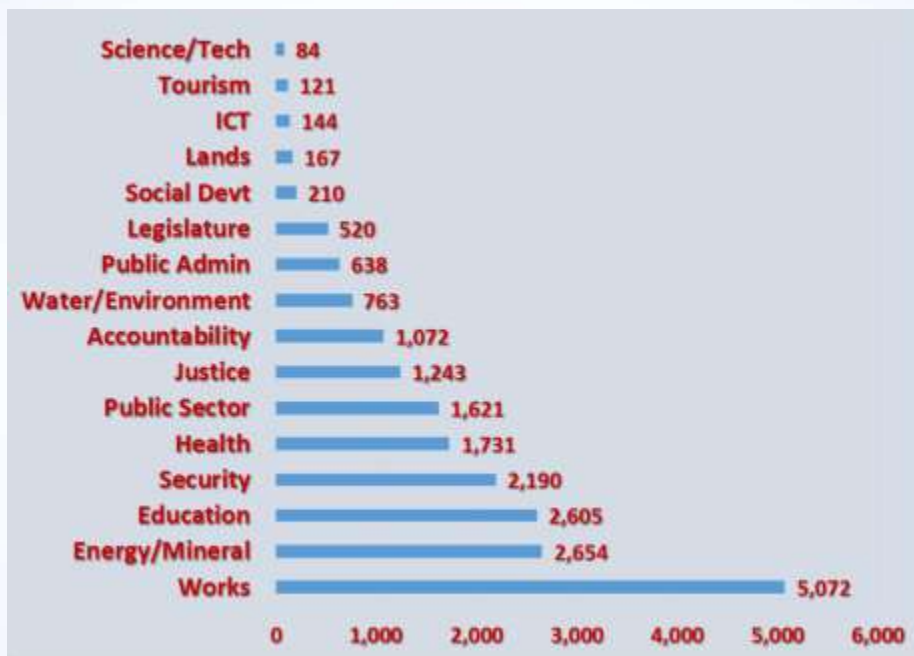


The size of Public Procurement market

A study conducted by the Organisation for Economic Cooperation and Development (OECD) suggested that the weighted average ratio of contestable government procurement to GDP was about 8% in 28 OECD countries and 5% in 106 non-OECD countries between 1990 and 1998 (Mshomba, 2009). The size of public procurement in Africa is thought to be between 9% and 13% of GDP (Mshomba, 2009) and as much as 20% of GDP in other developing economies (Ghana Business News, 2013).

While government procurement spending is sizable, Hetland (2012) estimates that only 1% of the US\$11 trillion spent annually on public procurement globally is awarded to WOBs. This skewed figure exists regardless of the reasonable representation of WOBs in various economies. For example, women are estimated to own about 50% of businesses in the United States (Solovic, 2004), more than 39% of businesses in Latin America (Hetland, 2012) and 38% of businesses in South Africa (Wits Business School, 2011). In the USA, through the development of preferential federal policies the promotion of public procurement from women-owned businesses (WOBs) and minority-owned businesses has been enacted (McCrudden, 2004).

GOU Budget by Sector, UGX Billion: FY 2017/18



Estimated number of men and women-owned SMEs by region: 2003-2010

Region	Number of SMEs	Number of Women-owned SMEs	Number of Men-owned	Percent of SMEs owned by	Percent of SMEs owned	Women population	Number of women owned SMEs
EAP	12,455,846	5,321,144	7,134,702	43%	57	933,050,498	5
ECA	3,056,850	1,291,274	1,765,576	42%	58	215,317,812	6
LAC	3,407,670	1,313,787	2,093,883	39%	61	294,999,760	4
MENA	2,124,144	291,966	1,832,178	14%	86	187,350,564	1
SA	2,385,548	202,169	2,183,379	8%	92	695,155,754	2
SSA	3,895,340	918,838	2,976,502	24%	76	195,847,496	4
Global	27,325,399	9,339,178	17,986,221	34%	66	2,521,721,883	3

Key findings of the study

✓	43% of respondents' businesses were in Services, 29% were in Trade, 6% in manufacturing.
✓	The majority (33%) of respondents' businesses had (10-20) employees, 29% were below 10 employees, 19% were more than 20 employees, and 11% were only owner managed.
✓	Majority 39% of the businesses had been in existence for between 1-5years, 29% (6-10) years, 15% (over 20years) and 1% was just below 1 year.
✓	Those interviewed 44% respondents were from the Middle management level, 35% were from the senior management level, 18% were at the operations level and 3% were all female consultants.
✓	That majority 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.
✓	Majority 38% of respondents had never participated in Public Procurement training, 31% did a few times, 14% regularly participate, while 8% participate very often.
✓	Majority 56% of respondents never succeeded in getting a government contract/bid, 19% did a few times, 14% just once, while 8% regularly, and 3% very often.
✓	That 24% of respondents were given No reason at all for not winning a government tender in which you participated, 4% lacked capacity, 3% experienced very high bid price and 1% had incomplete documentation. On the other hand 61% of the respondents found this question not applicable to them.
✓	Majority 24% of respondents did not participate in Government tenders due to Corruption, 18% due a Very Costly Process, 17% was due to insufficient capacity, 6% was due to technical bid documents involved

Major constraints for women participation in public procurement in Uganda

A. Women's capacity

92% of respondents agreed that women lacked training about public procurement

83% agreed that most women lacked information on tendering opportunities

79% agreed that most women enterprises lack capacity in preparing competitive bids.

Women are Key Drivers of Economic Growth



"Investing in women is not only the right thing to do, but also the smart thing to do."
-Hillary Clinton

- 76% of the respondents agreed that most women entrepreneurs lack capacity to bid in joint ventures because of documents involved

- 69% said most women businesses are too small yet most government contracts are too big

- 61% thought that quality requirements are too high and most women entrepreneurs cannot comply.

- 57% of the respondents agreed that most women entrepreneurs lack capacity to bid in joint ventures because of documents involved

- 69% of respondents thought that most women entrepreneurs had limited skills and lacked entrepreneur skills respectively

B. Financial constraints

89% of the respondents agreed that most women entrepreneur used small amounts of money where they cannot wait for delayed payment of the supplies to government

85% agreed that Government departments take long to pay for goods/services supplied which affects women business enterprises

83% agreed that interest rates on loans are too high which discourages women to borrow to participate in public procurement and women businesses are financially constrained to raise funds from banks for participating in public procurement respectively.

80% of respondents agreed that most government contracts required kickbacks (bribes) that most women entrepreneurs cannot afford

79% agreed that Bidding costs including bid security and bid document preparation were too high for women owned enterprises in Uganda

78% agreed that most women entrepreneurs did not have necessary finances to use in the bidding processes

69% agreed that most Contractors who subcontracted to women owned businesses received big commissions at the expense of the women enterprises

C. Information accessibility constraints

78%	of the respondents agreed that Websites and newspapers in which tenders are published were not easily accessible to most women entrepreneurs
75%	agreed that most of the information in public contracts was as well technical for women owned enterprises to understand
72%	agreed that the information for most public procurements was in English yet most women entrepreneurs especially for small entrepreneurs know very little English and could easily bid for some contracts.
72% & 66%	of the respondents agreed that Information on public procurement was not widely publicized to women owned enterprises and that most women entrepreneurs were not members of key government networks for key information which makes it difficult to compete fairly respectively

D. Regulatory and legal constraints

82%	of respondents agreed that most women entrepreneurs are not aware of procurement policies
79%	agreed that most bidding documents in Uganda had no provision for special protection of small contracts for women owned enterprises
78%	agreed that most women entrepreneurs were in fact reluctant to participate in public procurement for fear of legal implications
58%	agreed that Procurement policies had no special consideration for women entrepreneurs.
53%	of respondents agreed that the Established public procurement processes were male dominated and naturally/ unconsciously bias women
47%	agreed that most procurement evaluation criteria did in fact not have regard for women owned enterprises.
40%	of the respondents agreed that Procurement policies favored participation

Conclusions

The following conclusions are drawn from the study findings:-

1. Knowledge on volume of procurements. There is lack of the exact volume and value of public procurement contracts awarded to women or their enterprises in the public procurement system of the country.

2. Skewed women participation in PP. Women owned enterprise's participation in public procurement in Uganda remains low and is skewed toward the micro and small enterprises.

3. Scope of barriers to women participation. Barriers to women participation in public procurement are spread across the entire public procurement cycle.

4. Perception on role of corruption. Corruption is still perceived to be a major issue that affects the effective participation of WOBs in the public procurement system.

5. Systemic issues. There are number system-wide issues that militate against effective involvement of women owned businesses in the public procurement system.

6. Lack of preference schemes. The public procurement regime in Uganda has no specific affirmative action schemes targeting women and their enterprises. There are however some positive initiatives like gender-based budgeting, the equal opportunities commission report and the establishment of a gender committee in PPDA

7. Absence of a conducive environment. Women owned enterprises generally lack a conducive environment for increased participation in public procurement. Not only do they lack access to financing but the support systems for their participation are weak.

8. Lack of mentorship framework. The public procurement and gender sector lack a clear framework for mentorship of successful businesses which is required for ensuring sustainability of WOB participation in public procurement.

9. Definition of WOB. There is lack of a clearly definition of WOB in the context of Uganda which is understood by different stakeholders and can be used as a basis for measuring the performance of women groups in public procurement system

10. Lack of special training curriculum. There is lack of a robust training curriculum designed for scaling up the participation of women and their enterprises in public procurement. There is lack of systematic curriculum upon which the training is based and neither are there formally accredited institutions to advance this specialized knowledge transfer.

11. Service sector concentration of WOBs. There has been a noticeable concentration of WOBs in services and supplies which offer small economic benefits compared to huge consultancies and construction works.

12. Applicability of findings. The findings in Uganda do not contradict those found elsewhere as far as women participation in public procurement and affirmative action initiatives are concerned. The barriers in Uganda revolve around the women capacity, the accessibility to information, financial challenges and those related to regulatory and legal framework.

Recommendations

The following recommendations are proposed for addressing the barriers to women participation in public procurement in Uganda.

Recommendations for Government

1. Establishment of a women's fund. There is a need for a Government Women Special Fund to leverage their financial base to participate in public procurement.

2. Government Support Systems. There is need for other visible government support systems for women's economic empowerment at the highest levels through high profile statements by senior officials and public acknowledgment of successful initiatives women who are already involved in the public procurement domain.

3. Public sector policy reforms. Proactive policies to engage women businesses should be initiated alongside wider policy reforms to address inequalities within nations: There is a need for more

proactive policies to include women businesses access to procurement. As has been shown in the case of India, these policies must go beyond women focused initiatives such as increasing small and medium enterprise and microfinance in order for enterprises for women to transcend to the next level. Policies should take into account what prohibits access to public procurement and international trade such as education, class and rural locations so that new procedures developed are not only for the elite but can benefit all society.

4. Special Supporting systems. There is a need to develop a framework for engaging financial institutions and other government bodies like Uganda registration services bureau, URA, UIA to design requirements that support women's entrepreneurship and increased participation in public procurement.

5. Transparency Procurement systems. A move towards more transparent procurement policies needs to be emphasized and existing policies that support this principle need to be fully implemented. The process must recognize the need for more gender responsive open policies and special awareness campaigns including the writing of tenders in forms and avenues that can be reached by the WOBs. While there is a need for more transparent procurement policies, the rules and regulations put in place to ensure value for money must also take into account how they can inadvertently restrict small and medium sized women owned businesses which may not have the capacity to implement the necessary policies and procedures required.

Recommendations for Ministry of Finance - Procurement Policy Unit

1. Procurement Policy and legal frameworks: To be effective, legislators and government officials must establish an appropriate legal and regulatory framework as a pre-requisite for any affirmative action initiatives. Uganda needs to start from this stage. There is a need to have appropriate legal and policy procurement affirmative action framework supported by top level commitment. The ongoing PPDA amendments should be used as a perfect opportunity for crafting an appropriate legal and policy framework that integrates gender and youth issues at the heart of the public procurement laws.

2. Preferential policies. There is need for clear policy position on affirmative action initiatives. The exact percentage should be agreed upon at policy level

taking into account the comparative ranges and the specific type of preference scheme appropriate for Uganda. Adoption of a standard public procurement procedure that includes an affirmative action component specifically favoring women's enterprises will most directly facilitate women's access to public procurement. There will be need to foster an equitable participation of rural and indigenous women, and social enterprises, increasing their access to opportunities.

Recommendations for UN Women

1. Capacity Development: There is need for increased capacity building and technical assistance for women's business to access national and international trading opportunities on a level playing field. It is essential for policies to be developed in support of education, training and business development for women's businesses which are unable to compete due to an apparent lack of technical and managerial skills. Capacity development needs to move beyond the individual to institutional and societal capacity building dimensions. It needs to move beyond trainings in basic procurement tendering procedures to more strategic procurement, managerial and consulting skills. The capacity building envired needs to move beyond workshops and seminars to systematic mentorship initiatives for WOBs.

2. Women entrepreneur mapping and skills analysis. There is need for a profiling of WOBs and their strengths for purposes of advocacy. There is need for further evidence-based analysis by women organizations to influence policy makers. The system should identify women who are already involved in the public procurement business and presents them as role models for other women who may want to get involved in that sector.

3. Cultural shift and perspective change. There is a need for a robust system of ensuring procuring entities are sensitized through training to implement the agreed upon affirmative action initiatives efficiently. Procuring entities need to further develop, operationalize and implement preferential procurement policies, procedures and programmes. Procuring officials must be sensitized to the unique barriers and challenges faced by women entrepreneurs. They require training to understand and comply with preferential procurement policies, procedures and programmes, and account for their implementation.



4. Networks for information sharing. Information sharing is an important mechanism for scaling up the opportunities for women participation. It is recommended that government-wide information networks be created for sharing bid opportunities to women owned enterprises. A desk office of an IT person could also be established in each women-business oriented network organizations to scan daily opportunities for sharing to WOBs. Existing network women groups should be linked to key local and international tender portals that offer opportunities for WOBs. There will be a need to simply the information for the targeted groups since women organizations are assumed to know the needs and capacity of their members

5. Establishment of data base. Women organizations and UN-Women should systematically collect data on women's ownership of businesses at all levels of the economy, including ownership levels within these businesses, how profits are utilized within the family unit, and growth in businesses over time to monitor progress and to judge the effectiveness of programs to support women owned businesses

6. WOB definition. There is a need to develop a definition of women-owned business in Uganda and establish a firm knowledge base of gender disaggregated data for SMEs. This will require understanding women-owned SMEs as a sub-segment of greater SME finance, and therefore develop a specific value proposition to serve them profitably and sustainably.

7. Policy-oriented Research: There is need for supporting policy oriented research that aims at identifying existing gaps and one that measures how positively impact on women- owned businesses at all levels can be attained.

8. Champion leadership. Transformation requires high level advocacy and the women groups need to agree on sector leadership to champion the advocacy for increased participation of women in public procurement in Uganda. The leadership should adopt a consultative approach supported by regular feedback to members.

9. Monitoring and evaluation system. For effectively allowing lesson learning and best practice development, a comprehensive system for monitoring, evaluating and

review should be developed and implemented. This could be the primary country responsibility of UN-women.

Recommendations for PPDA

1. Procurement spend reporting. PPDA should report on procurement spend per entity indicating the type and volume of procurement being allocated to WBOs in a financial year. A specific chapter in its annual report could as well be created for this purpose.

2. Production of success stories by PDEs: PPDA should annually publish reports from PDEs on Stories of successful women suppliers who were involved in public procurement in selected entities. The nature of contracts won, the sectors, and the amounts involved should be key performance metrics. Women organisations and the UN-Women alongside the relevant government departments should also produce such success stories and annual awards could be given in different categories to encourage competition

3. Affirmative action oriented reporting. There will be a need for affirmative action reporting. The ministry of finance needs to generate disaggregated data that indicate the contracts won by WOBs and in the sectors. A trend reporting approach should be adopted. PPDA needs to produce an annual status report on the implementation of affirmative action. If this information is to be integrated in the PPDA annual report, a special chapter devoted to this cause is recommended. PDEs also need to provide quarterly report upon which PPDA generates its annual report.

4. Rewards for commitment. Procurement mechanisms should reward commitments made to gender. The criteria for fulfilling a tender should have a clear gender component that the applicant can respond to. Incentivizing the private sector to invest in the empowerment of women throughout their business operations, supply chains, senior management and decision making roles, and corporate social responsibility programs can also be supported.



5. Research and needs assessment. There is need for regular research and needs assessment to identify where technical assistance is required and the adoption of more inclusive public procurement training programmes could help build the specific capacity of small and medium women enterprises to gain greater access as identified by the needs assessment.

6. Frameworks for assessment and solution mapping. There is need to develop appropriate comprehensive frameworks at government level, regulatory level and PDE level to assess country gaps in supporting gender equality, including women's participation. This will require applying an ecosystem approach to encourage collaboration and enable women's entrepreneurship.





United Nations Entity for Gender Equality
and the Empowerment of Women



Public Procurement & Disposal
of Public Assets Authority