

Public Procurement and Women's Economic Empowerment in East Africa – Challenges and Opportunities

Women's participation in public (government) procurement, which is the purchase of goods, services, and works by government agencies, is key to advancing women's economic empowerment (WEE). Government contract awards typically involve large sums of money which can be leveraged to advance social and economic development. Public procurement represents 14.9% of GDP in OECD countries and nearly 40% in sub-Saharan Africa (OECD, 2021). Governments are thus increasingly making use of their procurement systems to advance gender equality, and more specifically, women's economic participation. The inclusion of women in public procurement directly benefits women by empowering them economically and by integrating them in economic spheres where they have been systematically excluded. The World Bank (2019) estimates that women earn on average 34% less than men. The Covid-19 pandemic has exacerbated these inequalities (United Nations Population Fund, 2020). Gender responsive procurement can play an important role in bridging this gap and facilitate women's access to income, to benefit from economic gains, and improve their economic well-being.

Fostering WEE through Public Procurement in East Africa

This brief draws on a recent review of evidence and in-depth country studies supported by the Growth and Economic Opportunities for Women – East Africa initiative on the state of gender integration in government procurement programs, policies and practices and its role in WEE in East Africa. It identifies existing initiatives aimed at promoting gender equality in public procurement as well as existing challenges for women in participating and thriving in the procurement process. Focusing on five countries – Kenya, Tanzania, Uganda, Rwanda and Ethiopia – the brief highlights some of the measures that have been taken to promote gender equality in their procurement frameworks, and ultimately, contribute to WEE. The key finding is that public procurement as a tool to advance WEE is not being implemented to its full potential and that many countries struggle to fully integrate women in their procurement schemes. Gender responsive policies and practices can help governments achieve gender equality by addressing the barriers that prevent women from fully integrating the procurement system.

Gender-responsive procurement approaches in East Africa

The adoption and implementation of gender responsive procurement approaches varies widely across East Africa. Some countries have enacted legal mandates to set aside a portion of all public contracts to women-owned businesses (WOBs) while other countries have not yet adopted measures to advance gender equality within their procurement framework. Kenya, Tanzania and Uganda have implemented measures aimed at increasing women's participation in the procurement process, with mixed results. Rwanda and Ethiopia's procurement systems do not have a specific focus on addressing gender inequality through public procurement and prefer prioritizing local bidders.

Kenya

Kenya is one of the first African countries to innovate policies aimed at ensuring women's participation in public procurement opportunities as well as other target groups (i.e., youth, and persons with disabilities). The Access to Government Procurement Opportunities Program (AGPO) launched in 2013 introduced the requirement of 30% set asides for target groups to ensure their access to government contract opportunities. Kenya uses a higher threshold than most countries in defining WOBs (i.e., a qualification of 70% ownership by women). While contract awards to target groups are on the rise, Kenyan women still face many challenges in obtaining public contracts. Between 2013 and 2016, WOBs only accounted for 21.3% of government contracts awarded to AGPO registered businesses (Hivos, 2019). Disadvantaged and uneducated women (mainly from rural areas) struggle in accessing information on procurement opportunities and navigating the complex procurement system. WOBs in Kenya have also avoided bidding for high-value contracts because they are unable to absorb the costs of delayed payments.

Tanzania

Like Kenya, Tanzania's gender responsive procurement scheme includes provisions for WOBs through set asides. Since 2016, procurement officials are required to set aside 30% of all public contracts to women and other "special groups". Tanzania's procurement regulations resemble that of Kenya with a 70% women ownership requirement but differs in that only 100% women-led businesses qualify for set asides. The ownership threshold may be difficult for some WOBs to meet, and *ipso facto* excludes companies that actively promote gender equality. Moreover, under the Guideline for Participation of Special Groups in Public Procurement, only 5% of set asides are reserved specifically for women.

Uganda

Following Uganda's reforms to its public procurement framework in July 2021, the government's gender responsive scheme now mirrors that of Kenya and Tanzania where WOBs are prioritized at the same level as other target groups. Prior to the amendments, only 22% of WOBs participated in the Ugandan procurement process out of which only 30% were awarded public contracts (Basheka, 2018). In fact, the city of Kampala alone has spent over 23 billion Ugandan shillings (approximately USD 6 million) on special procurement schemes across the city's five divisions during the 2020-2021 period. While it is still too early to determine whether the new framework will increase women's participation in procurement, initiatives taken by the Kampala Capital City Authority since 2015 to support low-income women in participating in public procurement opportunities show promising results.



Kenyan laws that address gender equality in public procurement:

Kenyan Constitution
2010

Access to Government
Procurement
Opportunities Act
2013

Public Procurement
and Asset Disposal Act
2015



Tanzanian laws that address gender equality in public procurement:

2016
Amendments to the 2011
Public Procurement Act

Guidelines for
Participation of
Special Groups in
Public Procurement
2020



Ugandan laws that address gender equality in public procurement:

2021
Amendments to the 2003
Public Procurement and
Disposal Act

Rwanda

Despite being one of the most gender-equal countries in the world, Rwanda's procurement framework does not have an explicit focus on gender equality. The levels of public procurement contracts awarded to WOBs remain very low. In fact, only 13% of public procurement contracts were awarded to WOBs between 2016 and 2019 (UN Women & New Faces, New Voices, 2019). While WOBs indirectly benefit from certain aspects of Rwanda's procurement regulations such as preferences made for locally produced goods, women must compete with other local bidders.

Ethiopia

Ethiopia, like Rwanda, does not have laws pertaining to gender-responsive procurement. The Ethiopian procurement scheme nonetheless provides preferences and exemptions on payments for small and medium-sized enterprises (SME). Other than participating through SMEs, there are no incentives for Ethiopian women to participate in the procurement process. Recent measures encouraging demand aggregation or contract "bundling" have also had a devastating impact on SMEs and WOBs by increasing contract sizes beyond what small firms can manage.



Challenges and barriers to gender-responsive procurement – East Africa

Despite ongoing efforts to increase women's participation in public procurement, there is still a significant gender gap in the number and value of procurement awards made to WOBs. Several barriers are preventing women from fully integrating the procurement system. These barriers are structural and systemic, cultural and societal, legal and policy-related, financial and corruption-related.

1. Structural and systemic barriers

There are structural and systemic barriers that limit women's ability to access procurement opportunities and receive public contract awards. That is not to say that these limitations affect all East African women in the same way. Several factors come into play when women entrepreneurs attempt to enter the male-dominated procurement space – socioeconomic class, education and location are other dimensions of inequality that intersect with gender which explain the unequal process of public contracting. For example, when public procurement opportunities are available to WOBs, information is highly restricted to those who have access to technology. Women with restricted internet access, especially in rural areas, are therefore excluded from the procurement process. The procurement systems are far from being user-friendly with the use of highly technical language. In Kenya, the complexity

and short deadlines associated with public procurement opportunities have limited women's ability to complete tender documents. These platforms are generally difficult to navigate for women with lower-education levels and often include costly financial requirements. Low levels of female educational attainment in Ethiopia explains why many women struggle to navigate the complex procurement system. The lack of gender-disaggregated data in public procurement also prevents key stakeholders from developing gender-responsive policies and practices. Moreover, contract "bundling" often prevents SMEs and WOBs from obtaining public contracts as they are unable to bid for (larger) aggregated contracts.

2. Legal and policy barriers

The absence of a legal framework prioritising WOBs limits the capacity in which public officials can grant public contracts based on gender equality. Both Rwanda and Ethiopia's legal frameworks currently do not include provisions to promote and advance gender equality in public procurement policies and practices. The absence of such provisions maintains the status quo in favour of male-owned businesses. Moreover, the lack of gender integration and policy misalignment continues to limit the efficacy of gender-responsive procurement initiatives. For example, Tanzania recognizes the need to advance WEE in its National Strategy for Gender Development but has not taken any actionable measures to advance WEE through its procurement system.

3. Cultural and social barriers

Overt and covert biases limit women's ability and confidence in their role as entrepreneurs. Women entrepreneurs are often stigmatized and discouraged from participating in male-dominated (and often more lucrative) sectors such as construction and engineering. For example, women in Tanzania reported that they were not confident in engaging in these male-dominated sectors. Discriminatory customary and inheritance practices also limit women's rights to inherit, acquire and freely use property. In Kenya, only 1% of land titles are in the names of women (Federation of Women Lawyers, undated). Household dynamics between partners have also limited women's ability to formalize or upscale their businesses. Research suggests that Kenyan women spend approximately 240 more minutes a day on unpaid work than men (Oxfam, 2021). These numbers are similar in Tanzania and slightly less in Uganda where women spend approximately 150-200 minutes a day on unpaid activities (Nesbitt-Ahmed and Apila, 2015). Recognizing, reducing and redistributing women's unpaid care work would allow women business owners to spend more time on their businesses including competing for procurement opportunities.

4. Financial barriers

Unequal access to land property has adverse impact on WOB's access to loans in African countries as land is often used as collateral. In fact, the International Finance Corporation (2014) estimates that women entrepreneurs face a USD \$287 billion funding gap for formal women-owned SMEs globally. Public procurement also introduces specific challenges for WOBs whose limited financial resources are under greater constraint by the high proposal and compliance costs associated with public contracting. Delayed and late payments also act as deterrents for WOBs who may not have the liquidity to absorb these costs. Fees associated to the public procurement process have discouraged WOBs in Kenya from competing for contract awards.

5. Corruption

Corruption in public procurement not only reduces the competitiveness of the process and trust in the system, but also acts as a barrier to women's economic participation. In Tanzania, many WOBs in male-dominated sectors in Tanzania (e.g. construction) do not participate in the procurement process as a result of perceived inequality in the system. Identity theft and fraudulent collusion in Kenya have also limited women's participation in procurement opportunities. Other forms of corruption such as sexual extortion or "sextortion" also acts as deterrent for WOBs who fear that public contract awards may induce stigma related to perceptions of being sexually compromised or corrupt.

What can be done?

There are many ways in which governments can tackle barriers to women's participation in public procurement. Five key recommendations can address these barriers and support an environment that is conducive to gender-responsive procurement.

Key recommendations:



Address structural and systemic barriers



Address financial barriers



Address absence of a legal framework and policy misalignment



Mitigate public procurement corruption



Tackle cultural and societal biases



Create an environment for gender-responsive procurement to succeed



1. Address structural and systemic barriers

Recommendations for **contracting authorities** and **procurement regulators**:

- Simplify the procurement process
- Use diverse platforms for disseminating and publicizing procurement information in local languages
- Collect gender-disaggregated data on public procurement
- Implement measures to limit the use of contract “bundling”

2. Address absence of a legal framework and policy misalignment

Recommendations for **national legislatures**:

- Legislate on gender-responsive procurement in Rwanda and Ethiopia
- Integrate and coordinate existing laws on gender equality, WEE and gender-responsive procurement

3. Tackle cultural and societal biases

Recommendations for **national legislatures** and **Ministries of education**:

- Legislate anti-discrimination laws
- Reinforce laws prohibiting discriminatory inheritance practices
- Educate and raise awareness on gender-based discrimination
- Reduce unpaid care work through the provision of low-cost childcare

4. Address financial barriers

Recommendations for **procurement regulators** and the **financial services sector**:

- Remove bid guarantee requirements
- Provide advance and prompt payments on public contracts for WOBs
- Provide government guarantees for credit offered to WOBs
- Develop financial products that address the particular challenges faced by women entrepreneurs

5. Mitigate public procurement corruption

Recommendations for **governments**, the **justice system**, **procurement regulators** and **supreme audit institutions**:

- Provide ethical training and incentives for public officials
- Improve accountability

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Recommendations to increase women's participation in public procurement

Barriers				
Systemic barriers	Legal and policy barriers	Cultural and societal barriers	Financial barriers	Corruption
Solutions				
<ul style="list-style-type: none"> • Simplify the procurement process • Use various kinds of platforms to disseminate and publicize procurement information in local languages • Implement measures to limit the use of contract "bundling" 	<ul style="list-style-type: none"> • Legislate on gender responsive procurement • Integrate existing laws on gender equality, WEE and gender responsive procurement 	<ul style="list-style-type: none"> • Legislate anti-discrimination laws • Reinforce laws prohibiting discriminatory inheritance practices • Educate and raise awareness on gender-based discrimination 	<ul style="list-style-type: none"> • Remove bid guarantee requirements for WOBs • Advance and prompt payment on public contracts • Provide government guarantees for WOBs • Develop financial products suited to women entrepreneurs 	<ul style="list-style-type: none"> • Provide training and create ethical incentives for public officials • Improve accountability



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