

DRIVING EQUITY IN TANZANIA: THE ROLE OF DIGITALIZING THE GENDERED PROCUREMENT FRAMEWORK

Background

In Tanzania, public procurement constitutes a significant portion of government spending, providing a substantial opportunity to enhance Women Economic Empowerment (WEE). However, women-owned small and medium enterprises (WOSMEs) face significant barriers in accessing public procurement opportunities, including complex tendering processes, limited access to information, and socio-cultural norms (Idris 2018). Digitalization of the procurement framework presents a unique opportunity to address these barriers and promote equity. Gender-Responsive Procurement (GRP) strategies aim to integrate gender considerations into procurement processes, making them more accessible to WOSMEs. This policy brief outlines the findings of a comprehensive study aimed at understanding these barriers and provides strategic recommendations to enhance the participation of WOSMEs in public procurement through digital solutions.

Literature Review

Public procurement enhances women's economic empowerment by increasing the competitiveness of women-owned businesses. Oluka et al. (2020) found that gender-responsive policies in Uganda improved WOSMEs' ability to compete in public tenders. In Canada, Orser et al. (2020) highlighted the underrepresentation of women-owned SMEs in government contracts due to complex processes.

Internationally, gender-responsive procurement has been effective in promoting gender equality. The Dominican Republic increased contracts to women-owned businesses from 10% to 26% (UN Women and Open Contract Partnership 2020). Similarly, Kenya's AGPO program reserved a percentage of public procurement for women, significantly increasing tenders awarded to them.

Tanzania Context

BOX 2

Key Findings from Literature Review

- **Economic Empowerment:** Public procurement significantly enhances the competitiveness of women-owned businesses (Oluka et al. 2020).
- **Underrepresentation:** Women-owned SMEs are underrepresented as suppliers to the government, especially in sectors like Wholesale and Retail and Other Services (Orser et al. 2020).
- **International Success:** The Dominican Republic increased contracts awarded to women-owned businesses from 10% to 26% through a gender-responsive procurement strategy (UN Women and Open Contract Partnership 2020).
- **Regional Success:** Kenya's AGPO program notably increased tenders awarded to women-owned businesses by reserving a percentage of public procurement for women, youth, and persons with disabilities (Kenya Economic Survey 2020).
- **Tanzania-Specific Barriers:** Challenges include limited awareness of procurement opportunities, complex tendering procedures, financial constraints, and socio-cultural norms.
- **Policy Implementation Gaps:** Inconsistent enforcement and monitoring of policies intended to support women-owned businesses hinder effective participation in public procurement (Government of Tanzania 2020).

POLICY BRIEF

Women-owned businesses in Tanzania face barriers in public procurement, such as limited awareness, complex procedures, financial constraints, and socio-cultural norms. These challenges are compounded by inadequate enforcement of supportive policies. Although the Public Procurement Regulatory Authority mandates that 30% of opportunities be reserved for special groups, including women, implementation has been inconsistent with gaps in monitoring and enforcement.

Rationale

Gender-Responsive Procurement (GRP) is not fully utilized in Tanzania's public sector, limiting Women-Led Businesses' (WLBs) access to procurement opportunities. Research in Tanzania and other African countries shows that complex legal frameworks and lack of business development services hinder WLBs' economic empowerment, including access to public procurement platforms (Idris 2018).

The GrOW Baseline Survey, conducted in June-July 2020, surveyed 3,832 WLBs in Dar es Salaam using policy reviews, doctrinal reports, and stakeholder consultations (GrOW Baseline Survey 2020). Despite government efforts to support WLBs through schemes and legal frameworks like quotas for WOSMEs and the National Financial Inclusion Framework, significant challenges remain.

Key challenges identified include:

- Limited information and awareness of procurement opportunities and bidding processes (Chin 2017).
- Structural and institutional barriers, including complex procurement systems and gender norms that limit women's business engagement (Chin 2017).
- Limited capacity and resources, impacting public procurement processes (Chin 2017).
- Unfair competition due to limited awareness of GRP and higher compliance costs (Chin 2017).
- Insufficient business management, bid preparation, and negotiation skills (GrOW Baseline Survey 2020).

To address these issues, the National e-Procurement System (TANePS) and its successor, NeST, have been introduced to streamline procurement processes for WLBs (Guideline for Participation of Special Groups in Tanzania Public Procurement). The GrOW Baseline Study

BOX 3

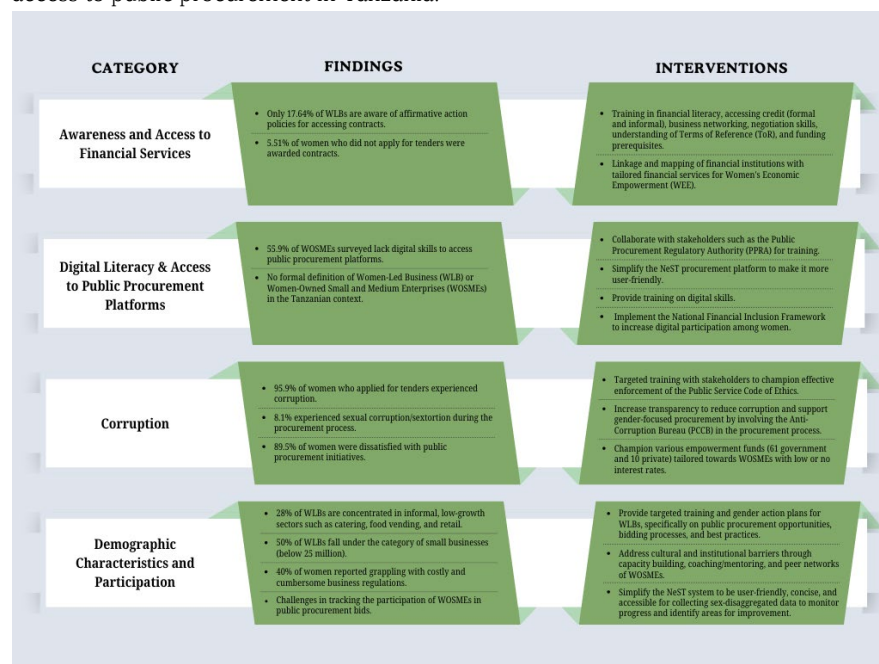
Rational For Policy Brief

Despite existing policies and frameworks intended to support Women-Led Businesses (WLBs), significant barriers such as limited information, complex procurement systems, and socio-cultural norms continue to hinder their participation in public procurement. This policy brief seeks to address these challenges by exploring digitization of the procurement framework as a means to enhance gender-responsive procurement and drive equity in Tanzania, noting that more than 80% of women business owners are between 26 to 40 years old (youth).

Key Findings and Strategic Interventions from the GrOW Baseline Study

The GrOW Baseline Study ensured data quality through training data collectors, pilot testing surveys, and using standardized protocols. It used descriptive and inferential statistics to analyze factors affecting WLBs' participation in public procurement.

The findings as outlined below identify significant barriers for WLBs and propose strategic interventions to improve their access to public procurement in Tanzania.



The GrOW Baseline Study revealed critical barriers for WLBs: only 17.64% are aware of affirmative action policies, 55.9% lack digital skills, 95.9% experienced corruption, and 40% face costly regulations.

Current Digitalization Efforts and Persisting Challenges

Tanzania has advanced in digitalizing its public procurement systems with two key platforms: TANePS and NeST.

- TANEPS: Facilitates e-registration, e-tendering, e-contract management, e-payment, e-catalogue, and e-auction, aiming to streamline processes, reduce corruption, and increase accessibility for WLBs.
- NeST: Enhances TANEPS by providing user-friendly interfaces, improved functionality, and integrated tools to support a broader range of procurement activities, addressing TANEPS's limitations like complexity and accessibility.

Contributions to Bridging the Gap

Digital platforms have significantly bridged the gap in public procurement by:

- Improving Transparency: Making tender information more accessible, reducing corruption, and clarifying opportunities.
- Enhancing Accessibility: Simplifying participation by moving processes online, benefiting businesses including WLBs.
- Streamlining Processes: Automating procurement, reducing time and costs, making it feasible for smaller businesses to participate.

Gaps Despite Evolutions

Despite advancements, gaps remain:

- Digital Skills Deficiency: 55.9% of WOSMEs lack the necessary digital skills, limiting their access to procurement opportunities.
- User Interface Complexity: NeST improvements are insufficient for all, especially those with limited tech literacy.
- Limited Awareness: Only 17.64% of WLBs know about affirmative action policies for procurement.
- Corruption: 95.9% of women experience corruption despite increased transparency.
- Socio-Cultural Barriers: Norms limit women's business engagement time.

While TANEPS and NeST have advanced digital public procurement in Tanzania, more work is needed to fully support WLBs. Addressing digital skills gaps, simplifying user interfaces, increasing awareness, combating corruption, and overcoming socio-cultural barriers are critical. Targeted interventions in these areas will bridge gaps and enhance equity in Tanzania's procurement system.

BOX 4

PROCUREMENT DIGITAL PLATFORMS

TANEPS:

Facilitates e-registration, e-tendering, e-contract management, e-payment, e-catalogue, and e-auction, aimed at streamlining processes, reducing corruption, and increasing accessibility for Women-Led Businesses (WLBs).

NeST:

Enhances TANEPS with user-friendly interfaces and improved functionality, addressing previous limitations.

CONTRIBUTIONS OF THESE PLATFORMS TO INCREASING ACCESS TO WLB'S

Transparency: Increased access to tender information, reduced corruption.

Accessibility: Online processes simplify participation for WLBs.

Efficiency: Automation reduces time and costs, making tendering more feasible for WLBs.

PERSISTING GAPS

Digital Skills: 55.9% of WOSMEs lack necessary digital skills.

User Interface: NeST still challenging for some users.

Awareness: Only 17.64% of WLBs aware of affirmative action policies.

Corruption: 95.9% of women applying for tenders experience corruption.

Socio-Cultural Barriers: Norms limit women's business engagement.

Policy Recommendations to Enhance Digitalization and Promote Equity

To promote equity in Tanzania's public procurement system, it is essential to implement targeted interventions that address current digitalization efforts and challenges:

Enhance Digital Literacy and Skills

- **Training Programs:** Implement comprehensive training programs for WLBs, including workshops, online courses, and mentoring, in collaboration with educational institutions, NGOs, and private sector partners. Online resources and toolkits can also help WLBs improve digital skills at their own pace.
- **Impact:** Enhancing digital literacy will enable WLBs to effectively engage with e-procurement platforms, increasing their participation and economic empowerment.

Simplify and Improve User Interfaces

- **Platform Enhancements:** Simplify the NeST platform with intuitive design, clearer instructions, and better customer support. Engage UX designers and conduct usability testing with WLBs to identify and address pain points.
- **Impact:** A more user-friendly platform will lower barriers to entry, facilitating greater inclusion and participation of WLBs in public procurement.

Increased Awareness and Outreach

- **Awareness Campaigns:** Launch targeted campaigns to inform WLBs about affirmative action policies, procurement opportunities, and the benefits of digital platforms. Utilize social media, radio, TV, and community outreach, collaborating with women's business associations and local leaders.
- **Impact:** Increasing awareness will help more women utilize available resources, promoting greater participation and inclusivity in public procurement.

Additional Measures for Long-Term Equity

- **Strengthen Anti-Corruption Measures:** Enhance the enforcement of ethical standards and involve the Anti-Corruption Bureau in monitoring processes. Establish clear reporting mechanisms and protect whistleblowers.
- **Address Socio-Cultural Barriers:** Develop capacity-building initiatives, including coaching, mentoring, and peer networking for WLBs. Promote gender action plans within procurement entities and work with community leaders to change perceptions.
- **Collect and Utilize Gender-Disaggregated Data:** Implement a system to collect and analyze gender-disaggregated data on procurement participation. Use this data to monitor progress, identify gaps, and inform policy decisions. This data-driven approach will help tailor initiatives to support WLBs effectively.

Conclusion

To answer the question, "Can Digitalization of the Gendered Procurement Framework Be a Driver of Equity in Tanzania?" the evidence suggests it can, provided targeted interventions address existing gaps. By enhancing digital literacy, simplifying user interfaces, and increasing awareness, Tanzania can leverage digitalization to create a more inclusive public procurement system, empowering Women-Led Businesses. Additionally, anti-corruption efforts, addressing socio-cultural barriers, and collecting gender-disaggregated data will support long-term sustainability and equity.

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