



GAUTENG
LEGISLATURE

Your View — Our Vision



Exploring the procurement of goods and services targeted for women owned companies, including youth and persons living with disabilities in the 2022/23 FY.

CO-OPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS & HUMAN SETTLEMENT PORTFOLIO COMMITTEE
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PRESENTATION OUTLINE

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INTRODUCTION

- **1st Stage:** The Researcher presents 2 or 3 proposed FIS topics for the Committee to deliberate and decide on specific focus of FIS. The Committee may decide on 1 or 2 topics for FIS.
- **2ND STAGE:** The Committee receives a detailed briefing on the selected FIS topic/s. Researcher presents detailed briefing which include the background information (literature review), problem statement, purpose, objectives and the approach of the FIS.
- **3rd Stage:** FIS Activities commence, and the Committee produces oversight report on the Findings and recommendations.

LITERATURE REVIEW

Procurement of goods and services, on government procurement based **on global/regional, South African and Gauteng perspective.**

GLOBAL PERSPECTIVE

- **Procurement** is an important part of the United Nations' activities and a **major market.**
- Each year, the world spends trillions of dollars acquiring goods and services **yet purchases from women-owned businesses account for one percent (1%) of the total spending.**
- Today, **1.8 billion people between the ages of 10-24**, the largest generation of youth in history.
- Provided with the necessary **skills and opportunities**, young people can be a **driving force for supporting development.**
- **More than 500 million people in the world are disabled** because of mental, physical or sensory impairment.
- **Sharing of financial and material resources** could be significant to disabled persons by resulting in expanded community services and improved economic opportunities.

S.A. PERSPECTIVE

- Many countries including SA are increasingly turning to **gender responsive budgeting (GRB)**.
- Key groups are **inadequately considered** when spending takes place through the national budget.
- Government efforts witnessed an introduction of Black Economic Empowerment policies (which was later expanded to Broad-Based Black Economic Empowerment).
- **Government procurement in SA is big business**, and the government spends close to **R1.5 trillion (US\$94 billion)** a year on goods, services, and construction.
- **Between 1% and 6%** of this spend ends up with women-owned businesses (WOBs),
- Women make up 51.2% of the population and own between 19% to 31% of businesses.
- **Impact on the economic empowerment of women and families.**
- During the **interviews by Opening Contracting Partnership** with stakeholders, both public and private sector participants indicated that **there would be no changes in favour of WOBs in procurement unless they were legislated for.**

GAUTENG PERSPECTIVE

- **GPG has a policy of leveraging Public Procurement.**
- Goods and services are procured from township businesses; women, youth and People with Disabilities (PWD-led) SMMEs and entrepreneurs.
- Gauteng's total government preferential spending on procurement over the past three years was R37 billion.
- Of which R11 billion was spent on designated groups.
- Gender mainstreaming in procurement should be part of a broader approach to gender-responsive public financial management.
- **A 2018 examination of the South African government's monitoring and evaluation framework concluded that gender is not mentioned in any meaningful manner in the policy framework.**

GAUTENG PERSPECTIVE

- (April – September), 2021/22, Gauteng procured a total of **R23.35 billion** worth of items.
- A total of **R2.04 billion** was paid to enterprises with female ownership (Gauteng SOPA, 2022).
- **R5.6 billion** was spent on women-owned enterprises.
- **R5.3 billion** was spent on youth-owned enterprises and;
- **R470 million** was spent on enterprises of people living with disabilities.
- Introduction of supplier development training for **3,198 township suppliers**.
- **2,881 suppliers were trained** on how to tender/access government business opportunities.

BARRIERS AFFECTING WOMEN, YOUTH AND PEOPLE LIVING WITH DISABILITIES-OWNED BUSINESSES

LACK OF TRANSPARENCY

- Youths and persons living with disabilities perceive **lack of capital, skill, support & market opportunities** as the main **obstacles** to entrepreneurial intention.
- The cultural perception propagated by patriarchal thinking that women business owners are of lesser importance, value, and agency than men.

CORRUPTION

- Corruption **affects the competitiveness** of the procurement system and process.
- **Reduces trust in the system, undermines system integrity, and rewards malfeasance and unethical conduct.**

COMPLEXITY, CAPACITY AND ACCESS TO FINANCE

- The procurement system in SA is **unduly complex and imposes high requirements** on public contractors.
- Bidding for public **contracts is time and resource intensive.**
- Has **high transaction costs**, and can be extremely burdensome, even for large companies.
- Interventions for WOBs, youth and persons living with disabilities **have not been able to bridge the financing gap encountered.**

RATIONALE

- The contestation for economic redress that drives the agenda for economic transformation in SA **provides the leverage for enhancing gender equality and other marginalised groups such as youth and people living with disabilities.**
- Legislation should recognise the need to include previously excluded groups (as all categories of women).
- Offers the opportunity to promote gender inclusiveness through procurement.
- Laws such as the Preferential Procurement Policy Framework Act, 2000 (PPPFA); and the BBEE Act, 2003 with its corresponding Codes of Good Practice (2007).
- Stipulate a preferential point system that encourages the use of women-owned enterprises to benefit from preferential procurement of all state organs.
- Gauteng COGTA's initiative to drive the procurement of goods and services aimed at women-owned businesses is essential.

PROBLEM STATEMENT

- Since women-owned businesses still account for **1% of public procurement, remains a challenge** while **Agenda 2063 of the AU calls for this allocation to be at least 25%**.
- According to the 2014-2015 Global Entrepreneurship Monitor (GEM) report, South African youth entrepreneurship propensity is the lowest in Africa with 23.3%;
- As compared to Malawi and Uganda with 55.2% and 55.4% respectively.
- Exempted Micro-Enterprises (EMEs), Qualifying Small Business Enterprises (QSEs).
- Contractors subcontracting at least 30% of the contract value to an EME or QSE, or an EME or QSE at least 51% owned by black people, including black women.
- There is no flexibility to apply more than 10 or 20 points out of 100 towards these preferential criteria.
- No possibility to grant those points to businesses that do not meet the stipulated criteria.

PROBLEM STATEMENT

- One of the challenges confronting advocacy for more gender-inclusive procurement **is the lack of knowledge about the necessity for it.**
- Widespread view that many stakeholders **at the municipal level did not see the necessity for gender-based procurement;**
- And prefer more regulatory support for local purchasing.
- Another obstacle to advocacy on gender-inclusive procurement is the perceived lack of flexibility in South Africa's current procurement regulatory framework.

AIMS AND OBJECTIVES

- To comprehend the government policy on the procurement of goods and services targeted for women-owned businesses, including youth and persons living with disabilities;
- To explore the role of the Department of COGTA on the procurement of goods and services targeted for women-owned businesses, including youth and persons living with disabilities in 2022/23 FY;
- To recommend ways to enhance the role of women, youth and persons living with disabilities in economic participation.

METHODOLOGY

- The procurement of goods and services by **women-owned companies, including youth and people living with disabilities** is **significant in enhancing the group's social, political and economic circumstances.**
- Portfolio Committee should receive a detailed presentation from the Department.
- **Highlighting the government interventions and processes to ensure that women owned businesses** (youth and people living with disabilities) are prioritised for public procurement.
- Committee should hold a **roundtable discussion with women, youth and people living with disabilities** owned businesses.
- This FIS methodology should also seek to compel the executive authority to reflect on the challenges of the policy implementation.
- **Thus share the experiences of the municipalities in terms of public procurement for women-owned enterprises.**

CONCLUSION

- In 1996, Member of Parliament (MP) Pregs Govender made the following statement:

“If you want to see which way a country is headed, look at the country’s budget and how it allocates resources to women and children.”

- Govender underlined the importance of the distribution of resources to some of the most marginalised people in the country.
- Against this background, the Committee deems it necessary to undertake an FIS to explore the procurement of goods and services to accelerate gender responsive budgeting of the vulnerable groups (women, youth and people living with disabilities) within the society.