

# **EMPOWERING WOMEN** THROUGH PUBLIC PROCUREMENT & ENABLING INCLUSIVE GROWTH





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# TABLE OF CONTENTS

THE OPPORTUNITY: EMPOWERING WOMEN THROUGH PUBLIC PROCUREMENT AND ENABLING INCLUSIVE GROWTH	3
BARRIERS FACED BY WOMEN-OWNED AND WOMEN-LED BUSINESSES	4
Gender biases, norms and gender division of labour	4
Limited access to finance	4
Operating on a smaller scale and in informal sectors	5
Limited participation in networks and awareness of tender opportunities	5
Perceptions of corruption or bias	6
CHALLENGES FACED BY GOVERNMENT REFORMERS	7
Difficulty in identifying and tracking spend on qualified women-owned and women-led businesses	7
Weak feedback loops to engage diverse groups	7
Gender-role perceptions impact bids	7
POLICY OPTIONS & RECOMMENDATIONS	8
Identify and track women-owned and women-led businesses	8
Commit to gender equality	9
Improve transparency	9
Ensure fair procedures and requirements	10
Prompt payment	10
Build an inclusive public procurement ecosystem	11
Building capacities of buyers and suppliers	12
Case studies	13
The Dominican Republic	13
Chile	14
Colombia	15
Kenya	16
South Africa	17
United Arab Emirates	18
CONCLUSION	19

# THE OPPORTUNITY:

EMPOWERING WOMEN THROUGH PUBLIC PROCUREMENT AND ENABLING INCLUSIVE GROWTH

Public procurement represents a huge opportunity to build a more inclusive economy, ensure equitable socio-economic recovery and promote gender equality through increased participation of women-owned (WOBs)<sup>1</sup> and women-led<sup>2</sup> businesses in public procurement. Gender equality has a positive impact on competitiveness, which is critical for a fair and sustainable procurement system; as the supplier base increases, both the supply chain and the type of products and services that governments can offer diversifies. Women bring innovation and diversification to the services and products provided by the government, particularly by ensuring that services and products that will benefit women are also designed by them.<sup>3</sup> This enables women to reinvest in the local economies and increase the sustainability of supply chains,<sup>4</sup> ultimately benefiting economies, families and communities.

While the scope of this brief is focused on empowering women-owned and women-led businesses through public procurement, it is worth highlighting the emerging field of gender-responsive procurement (GRP). In addition to sourcing from women-owned and women-led businesses, gender-responsive procurement is focused on promoting and procuring from organizations that adhere to gender equality in the workplace, marketplace and in communities so women and men can benefit equally from decent business and employment opportunities.<sup>5</sup> Examples for practices implemented by gender-responsive organizations include, for example, ensuring equal pay for equal work, committing to non-discrimination in recruitment, equal promotion, and equal access to educational oportunities for all employees, offering paid parental leave for women and men and subcontracting with women contractors. Through this approach, gender equality can be achieved across all businesses and supply chains and supply chains, as presented in a recent issue paper by UN Women and ILO.<sup>6</sup>

1. Different countries may have their own definitions of WOB. In the UN system, the standard definition of a WOB is as follows. Women-owned businesses means a legal entity, that, at a minimum:

- Is at least 51 per-cent owned by one or more women,
- Is unconditionally controlled by one or more women over both long-term decision-making and the day-to-day management and administration of the business operations, and
- Is independent from non-women-owned businesses;
- 2. For reference, a standard definition of WLB in UN Women is as follows: Women-led businesses means a legal entity in any field that has a minimum of 50 per-cent Women-identified representation in management with senior-level, strategic decision-making abilities.
- International Labor Organization (2020). Empowering Women at Work. www.ilo.org/wcmsp5/groups/public/---ed\_emp/---emp\_ent/---multi/documents/publication/wcms\_756721.pdf
- Interamerican Development Bank (2020). Gender and Commerce. <u>https://publications.iadb.org/publications/spanish/document/Genero-y-comercio-Una-relacion-a-distintas-velocidades.pdf</u>
- International Labor Organization (2020). Empowering Women at Work. www.ilo.org/wcmsp5/groups/public/---ed\_emp/---emp\_ent/---multi/documents/publication/wcms\_756721.pdf
- 6. UN Women/ILO (2021). Rethinking gender-responsive procurement into an ecosystem for women's economic empowerment. www.unwomen.org/en/digital-library/publications/2021/07/rethinking-gender-responsive-procurement

# BARRIERS FACED BY WOMEN-OWNED AND WOMEN-LED BUSINESSES

### **GENDER BIASES, NORMS AND GENDER DIVISION OF LABOUR**



Discriminatory social attitudes and norms are reflected in women's market opportunities and outcomes. The gender division of labour is evident, for example, in the fact that women are concentrated in certain sectors that are valued less, and is deeply intertwined with the unequal division of care work, which is undervalued or unpaid. These gender-based constraints go hand in hand with forms of discrimination such as those based on race, ethnicity, nationality, sexuality, sexual identity and disability. Gender norms and assigned roles (such as bearing the primary responsibility for unpaid care work, including childcare and/or caring for elderly, disabled or sick relatives), constrain the time women are able to dedicate to their businesses. In addition, cultural attitudes and norms often justify gender discrimination,<sup>7</sup> and issues of gender bias affect both women and men as employees informal organizations.

#### LIMITED ACCESS TO FINANCE



Gender inequality in society has a material impact on women's ability to generate income through entrepreneurship and business ownership. There are numerous constraints on women's equality in the financial system stemming from discriminatory laws (customary and statutory), regulations and institutions that limit women's access to physical property and other productive resources that can serve as collateral to obtain credit.

Women's enterprises are concentrated in sectors with low barriers to entry and limited growth potential because of persistent gender asset gaps and unequal access to collateral and credit. Only about 14-19 per cent of International Finance Corporation (IFC) loans are issued to women-owned small and medium-sized enterprises (SMEs),

7. UN Women (2019). Are you ready for change? Gender equality attitudes study.

https://data.unwomen.org/resources/are-you-ready-change-gender-equality-attitudes-study-2019

despite evidence that they perform as well as those owned by men.<sup>8</sup> It is essential for financial institutions to offer products and services that respond to the specific financial needs of women.

Women entrepreneurs' limited access to finance complicates their ability to acquire the working capital needed to apply for government contracts. Additionally, issues with payment delays in public procurement also mean that businesses need access to finance to compete for public contracting.

### **OPERATING ON A SMALLER SCALE AND IN INFORMAL SECTORS**



The majority of workers in developing countries are self-employed, either as own-account workers or employers. Women typically have smaller businesses that do not grow or employ people at the same rate as men. Patterns of women's business ownership and self-employment reflect gender labour market segmentation. Women are more likely to engage in necessity entrepreneurship and be in informal enterprises compared to men. The smaller scale and informal nature of women's entrepreneurship, caused by structural gender inequalities, hinders their capacity to meet the often stiff requirements of large government contracts and other types of contracts, which require suppliers to be formally registered.

In Latin America, sub-Saharan Africa, and East Asia, women lead, on average, 23 per cent of small businesses compared to 11 per cent of large businesses.<sup>9</sup>

### LIMITED PARTICIPATION IN NETWORKS AND AWARENESS OF TENDER OPPORTUNITIES



Interviewees from countries implementing GRP reforms,<sup>10</sup> both from women-owned businesses and governments, mentioned that women entrepreneurs usually did not have timely information about procurement opportunities and procedures. Women often experience challenges related to access to, and inclusion in, business and information networks. This is compounded by the gender digital skills and access gap, requiring more support for women to build ICT skills<sup>11</sup> that will allow them to navigate digital platforms like e-procurement systems to identify opportunities and understand how to bid.

8. IFC (2014). Women-Owned SMEs: A Business Opportunity for Financial Institutions. www.ifc.org/wps/wcm/connect/44b004b2-ed46-48fc-8ade-aa0f485069a1/WomenOwnedSMes+Report-Final.pdf?MOD=AJPERES&CVID=kiiZZDZ

9. World Bank. World Bank Enterprise Survey Database. <u>www.enterprisesurveys.org</u>

10. Value for Women and Open Contracting Partnership (2020). Towards a gender balance in public procurement. <u>www.open-contracting.org/resources/towards-gender-balance-in-public-procurement</u> Public procurement officials, implementation practitioners and entrepreneurial ecosystem actors from governments implementing gender responsive policies in Chile, Buenos Aires, the Dominican Republic and Colombia were interviewed through semi-structured interviews for this report.

 SDG Knowledge Hub (2017). What is the gender digital divide, and why should it matter for the SDGs? <u>http://sdg.iisd.org/commentary/guest-articles/what-is-the-gender-digital-divide-and-why-should-it-matter-for-the-sdgs</u> In addition, women's exclusion from business networks prevents them from accessing relevant information. This limits their access and exposure to investors and opportunities.<sup>12</sup> Large buyers find it difficult to identify and support women-owned and women-led businesses that could supply them. The same is true when identifying gender-responsive suppliers.

### PERCEPTIONS OF CORRUPTION OR BIAS



Evidence from interviews with women-owned and women-led businesses in countries implementing GRP reforms<sup>13</sup> shows that the limited knowledge of available procurement platforms and how to participate in public tenders led women entrepreneurs to believe that public procurement is linked to corruption. Women perceived the contract award process to be biased and questioned the fairness of public procurement processes. There is a general impression that large infrastructure contracts in particular are typically awarded to members of the 'boys club'. Some studies have suggested that the participation of women in business leads to lower overall levels of corruption.<sup>14</sup>



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