DRIVER 6 WORKING GROUP PAPER

IMPROVING PUBLIC SECTOR PRACTICES IN EMPLOYMENT AND PROCUREMENT
The United Nations (UN) Secretary-General established the High-Level Panel on Women’s Economic Empowerment in 2016 to bring together leaders from different constituencies—government, civil society, business and international organizations—to launch a shared global agenda that accelerates women’s economic participation and empowerment in support of implementing the 2030 Agenda for Sustainable Development and its promise that no one will be left behind.

The first report of the High-Level Panel (September 2016) examined the case for women’s economic empowerment and identified seven drivers for addressing systemic barriers to women’s economic empowerment. These seven drivers were further explored by working groups, comprising High-Level Panel members and other stakeholders. Each working group prepared a paper with specific recommendations for transformative change.

The second report of the High Level Panel (March 2017) provided a synthesis of the recommendations of each of the seven working groups within the framework of the essential enabling environment to accelerate and deepen the impact of the seven drivers. In addition to the working group papers, each working group prepared a toolkit, focusing on how to take forward the recommendations of the working group, along with case studies and good practices where relevant.

This working group paper has been prepared by the Working Group for Driver 6—Improving public sector practices in employment and procurement.

Its companion toolkit is published as a separate document.

High-Level Panel reports and working group papers and toolkits are all available online.

Members of Working Group on Driver 6—Improving public sector practices in employment and procurement

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While staff of the Bretton Woods institutions reviewed and provided comments on the working papers and toolkits in their respective areas of expertise, they were not members of the working groups.

In regard to the recommendations aimed at international organizations in these documents, the Bretton Woods institutions may endorse or support them to the extent these are consistent with their roles and in accordance with their mandate.
OVERVIEW

Governments are uniquely situated to advance gender equality and empower women economically through their procurement and employment policies and practices. Public procurement is a powerful tool for promoting socioeconomic objectives because it operates at the intersection of the government’s regulatory and buying powers. Each year, governments purchase trillions of dollars worth of goods, works and services to fulfill their public functions. Indeed, public procurement accounts for 10 to 15 percent of the gross domestic product (GDP) in developed countries and averages more than 30 percent in developing countries. Yet women-owned businesses still receive only an estimated 1 percent of the total annual spent. Likewise, women form the majority (52 percent) of employment in the public sector, yet on average they receive less pay than their male counterparts.

Although public procurement is generally directed to formal firms, the practice holds enormous potential for creating gains for women in agriculture and in the informal economy as well. Many agricultural and informal workers—home-based workers and waste pickers in particular—organize into collective enterprises to pool resources and skills, to achieve economies of scale, to secure markets and to increase their visibility, voice and bargaining power. Collective enterprises, which include cooperatives and producer groups, provide a key pathway to formalization and to increased income security for previously isolated workers. They can also play a significant role in fighting stigmatization and allowing informal workers to gain legal and social recognition as legitimate economic agents.

GAP ANALYSIS AND PRIORITIES

CHALLENGES TO PARTICIPATION BY FORMAL WOMEN-OWNED BUSINESSES IN PUBLIC PROCUREMENT

Despite the many contributions women-owned businesses have made to economic growth and development around the world, their full potential has yet to be realized—for many reasons. Globally, women entrepreneurs face a wide range of financial and nonfinancial barriers that prevent them from entering and fully participating in the formal economy as well as the government marketplace. They include:

- Lack of access to financing.
- Lack of access to social capital.
- Lack of access to human capital.
- Sociocultural norms and expectations.

The bottom line is that female and male business owners are not similarly situated. Women must contend with obstacles above and beyond those encountered by men. As a result, women-owned businesses tend to be smaller, less experienced and more concentrated in less-profitable sectors than those owned by men. Understanding this is fundamental to developing inclusive and affirmative procurement programmes that effectively empower women entrepreneurs (box 1).

CHALLENGES TO PARTICIPATION BY COLLECTIVE ENTERPRISES IN PUBLIC PROCUREMENT

Not all businesses are similarly situated. While collective enterprises of women informal and agricultural workers face similar barriers to those encountered by women-owned businesses in the formal sector, they must also contend with additional unique challenges. The following barriers have hurt their ability to access public procurement opportunities:

- Restrictive procurement regulations that make it almost impossible for cooperatives, producer groups or other collectives to bid for public contracts from municipal governments.
- Lack of access to financing, training and technical support.
- Lack of an enabling legal and regulatory environment that allows cooperatives to meet legal standards necessary for bidding (as more fully described in the Driver 2 working group paper and toolkit).
- Intense market competition and disadvantaged position relative to market competition.
- Internal challenges related to a lack of management capacity and business training.

PUBLIC PROCUREMENT REFORMS

Public procurement systems present their own set of barriers for both women business owners and collective enterprises seeking to enter or further their participation in the government marketplace. In many instances, these barriers are exacerbated by the challenges discussed above—and so demand gender-specific solutions. Purportedly gender-neutral solutions are all too often ineffective or, even worse, result in excluding women-owned businesses. Moreover, for informal and agricultural workers, the ability to pursue government procurement opportunities depends, first, on whether the legal and regulatory environments permit workers to organize into collective enterprises and submit tenders for procurement opportunities.

Procurement reform begins by defining, certifying and registering women-owned businesses for participation in public procurements. This serves several important objectives, including, most notably, reducing the likelihood of tokenism and fraud, both of which undermine the goals of inclusive and diverse sourcing. The private sector offers an international gold standard that governments can review for how to launch and grow a supplier diversity and inclusion strategy—including how to define, register, train and verify women suppliers—through their global network, WEConnect International.
The Government of India has recognized the importance of tailoring financial products and services to meet the specific needs of women business owners and entrepreneurs. To that end, the government has designed and implemented several subsidy programs specifically for women.

**TREAD.** The Trade Related Entrepreneurship Assistance and Development (TREAD) Scheme for Women is a subsidy provided by the Ministry of Micro, Small & Medium Enterprises. Under the scheme, the government subsidizes up to 30 percent of the total project cost as appraised by lending institutions, which provide debt financing for the remaining 70 percent. TREAD is designed to help women entrepreneurs who cannot access conventional financing because they are poor, illiterate or otherwise lack collateral.

**Bharatiya Mahila Bank.** Bharatiya Mahila Bank is a one-of-a-kind Bank in India formed with a vision of economic empowerment for women. The bank started operations in 2013 and now has 103 branches across India. It focuses on women entrepreneurship with special attention to economically neglected, deprived, discriminated and under-banked and unbanked rural and urban women to ensure inclusive and sustainable growth.

**Mahila Coir Yojana.** The Mahila Coir Yojana Subsidy Scheme supports rural women artisans in regions producing coir fibre by subsidizing the cost of motorized spinning wheels (ratts). Converting coir fibre into yarn on motorized ratts in rural households has the potential for large-scale self-employment, improvement in productivity and quality, better working conditions and higher income. Under the scheme, women receive a subsidy equal to 75 percent of the cost (up to a maximum of 7,500 rupees) of the motorized ratt while raising the remaining funds through voluntary organizations, financial institutions and their own resources.

However, certifying and registering women-owned businesses have limited value unless governments also address the structural barriers preventing these firms from accessing and fully participating in public procurement markets. Research has identified a number of common barriers to participation, as noted in the High-Level Panel’s first report (p. 83). To overcome them, governments are encouraged to review and, if necessary, reform their procurement policies and practices in accordance with the following best practices:

- Increase the availability, accessibility and transparency of information on procurement procedures and opportunities, including to nontraditional entities such as collective enterprises.
- Streamline and standardize tender documentation and prequalification procedures within and across procuring entities.
- Tailor the technical, financial and other qualification and prequalification requirements to the size and complexity of the procurement opportunities.
- Avoid bundling multiple requirements into one large contract.
- Allow sufficient time for firms to prepare tenders.
- Encourage the award of contracts based on economically most advantageous or best value criteria, where appropriate, rather than price alone.
- Provide meaningful feedback to unsuccessful bidders on the strengths and weaknesses of their tenders and areas for improvement.
- Implement and enforce rules for prompt payment to women-owned businesses at the prime and subcontractor levels, and hold procurement officials accountable for the same.

Some of these public procurement recommendations are also being adopted by multilateral institutions, such as the United Nations, with a commitment to inclusion and women’s economic empowerment.

**TARGETED ASSISTANCE AND CAPACITY BUILDING STRATEGIES**

By identifying and eliminating structural impediments on the purchasing side, governments make it possible for more women-owned businesses and collective enterprises to access public procurements. But this does not necessarily mean they will. To be successful, gender-responsive procurement programs must do more than simply open the doors to women-owned businesses and collective enterprises. Governments should also consider encouraging participation through “targeted assistance” and capacity-building strategies.

Governments have long used targeted assistance strategies to encourage or promote economic participation by historically underutilized, disadvantaged and other marginalized groups in society. Although few governments have done so to date, these same strategies can promote increased economic participation by women-owned businesses and collective enterprises. They include:

- Setting and tracking government-wide goals or targets for participation (box 2).
- Establishing targets or preferences for women-owned businesses and collective enterprises.
- Reserving procurements for competition among women-owned businesses or collective enterprises (box 3).
- Requiring prime contractors and lower-tier suppliers to develop and implement plans for increasing subcontracting opportunities for women-owned businesses and collective enterprises.

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**BOX 1**

**India: Bridging the gender credit gap with tailored financial products**

The Government of India has recognized the importance of tailoring financial products and services to meet the specific needs of women business owners and entrepreneurs. To that end, the government has designed and implemented several subsidy programs specifically for women.

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• Requiring suppliers to implement gender equity strategies and sexual harassment and social protection policies as a condition of their contracts.

Governments should also consider developing the capacity of women-owned businesses and collective enterprises to compete and succeed as suppliers. Supplier development encompasses a broad range of activities designed to improve the performance and expand the capabilities of suppliers for the benefit of the procuring agencies. These can include outreach programmes, technical assistance, financial assistance, business mentorship and support for and recognition of collective enterprises. The goal is to increase the number of qualified women suppliers, rather than to lower qualification standards.

Likewise, it is incumbent on governments to educate their leadership, procurement professionals, prime suppliers and other stakeholders on inclusive and affirmative procurement policies and practices, including the business case for why they exist.

GOVERNMENT EMPLOYMENT REFORM

While women form the majority of employment in the public sector globally, their share is much lower in certain regions, such as South Asia and the Middle East and North Africa. Women are also paid less than their male counterparts and are significantly underrepresented in public sector leadership positions. This is true in both developed and developing economies.

Like private companies, governments should look into reviewing and modifying their recruitment, training, promotion and pay practices to eliminate implicit biases and stereotypes that disadvantage women and to ensure gender equity or equal pay for equal work (box 4). Governments—including...
BOX 4
Islamic Republic of Pakistan: Identifying barriers to women’s participation in public sector employment

The Government of Punjab Province, Pakistan, established a target of 15 percent for women’s participation in public sector employment. Today, women make up only 0–8 percent of the public sector workforce (depending upon the department) and occupy only 2 percent of leadership positions. To address this glaring disparity, the Punjab Commission on the Status of Women is conducting an in-depth study of public sector employment to more accurately determine the percentage of women employees participating across all government departments and to further identify gaps and bottlenecks preventing the government from reaching the prescribed minimum of 15 percent for women’s participation.

RECOMMENDATIONS FOR IMPROVING PUBLIC SECTOR PRACTICES IN EMPLOYMENT AND PROCUREMENT

While governments are encouraged to consider the procurement reforms, capacity building programs and public sector employment measures discussed above, the following actions are believed to be essential in the near term:

• Promote gender equality in public sector employment by establishing gender targets or quotas for hiring and top-level positions within the public sector, and measure progress towards those targets or quotas.

• Promote women-owned enterprises and women’s collectives by considering establishing and tracking government-wide targets for their participation in

BOX 5
EBRD and public sector partnership: Supporting women’s employment in the passenger transport sector in Kazakhstan

In 2013–15, the European Bank for Reconstruction and Development provided US$160 million to one of its clients—Almatyelectrotrans (AET), the public transport operator for the City of Almaty, Kazakhstan—to strengthen its capacity to ensure equal opportunity for its workers and to introduce women drivers into its bus operations. The first woman bus driver was recruited in 2015, and there have been plans to recruit more female drivers. The company has also seen an increase in the proportion of women in management (from 19 percent to 28 percent) and the recruitment of women into previously all-male teams, such as technical maintenance.

Examples of good practice in promoting equal opportunity include:

Proactive recruitment and outreach to women. AET changed its advertising to make it clear that “women are welcome to apply” and held its first Open Day for job seekers at the company’s headquarters so potential applicants could have face-to-face contact with AET managers and staff.

New company policies and procedures. AET has allocated management responsibility for ensuring equal opportunities and has introduced a new company policy on equal opportunity that includes a zero-tolerance approach to sexual harassment, collection of sex-disaggregated workforce data and a new grievance mechanism for workers to raise issues of concern.

Improved facilities for women and men. AET conducted an audit of toilets, common areas and other facilities on all of its routes and upgraded facilities in need of refurbishment.

Capacity building and training. As part of the EBRD project, consultants provided training and workshops on different aspects of equal opportunity to AET’s senior management and human resources department and to senior managers at the Almaty Vocational Training College for Passenger Transport, the training provider for new AET drivers.

procurements and encourage suppliers to do the same. To that end, governments should assess current levels of participation by women-owned businesses and women’s collectives in their supply chains. They should consider encouraging procuring entities to develop plans for achieving established targets. They should also require government prime contractors and subcontractors to develop and submit plans for increasing participation by women-owned businesses and women’s collectives in their value chains. And they should establish or sponsor programs to educate and train women business owners and women’s collectives on how to do business with the government.

• Provide support for informal and agricultural workers by reforming procurement laws and regulations to allow collective enterprises to bid on public procurements (boxes 6 and 7).

PROGRESS AND COMMITMENTS

Progress is being made towards the empowerment of women through public procurement and government employment:

• The UK Department for International Development is working with WEConnect International on inclusivity in sourcing to develop a good practice model for global organizations.

• H. E. Vice President Samia Suluhu Hassan (a High-Level Panel member) of Tanzania committed to establishing a 30 percent quota of all government procurements for women, youth and persons with disabilities by September 2016. In November 2016, Tanzania published implementing regulations for the quota, joining a small but growing number of countries that have set either quotas or targets for women’s participation (box 8).

• In 2015, building on a prior commitment setting aside 30 percent of government contracts for women, youth and persons with disabilities, H. E. President Uhuru

BOX 6
Cooperatives of informal workers: Increasing recognition, voice and economic gains for waste pickers

Cooperatives serve as a valuable platform for organizing and empowering workers in agriculture and in the informal economy. This is true particularly for waste pickers—individuals who make a living collecting, sorting, recycling and selling materials that others have thrown away.

The informal waste sector consists of women, men and children who collect materials that they use themselves or sell to value chains—including agricultural, industrial or recycling value chains. Waste pickers are at the base of the value chains, often face barriers to accessing waste and are often stigmatized by policymakers and the general public despite the environmental service they provide.

Cooperatives of waste pickers serve several functions. In Latin America, through the formation of associations and cooperatives, waste pickers have engaged in collective bargaining with municipal governments and have influenced local and national regulations, legislation and policies.

Since the 1990s, the Asociación de Recicladores de Bogotá (ARB) has been defending waste picking as a profession, encouraging upward mobility of waste pickers within the recycling value chain and working towards the integration and remuneration of their activities as a public service. The core strategy of ARB (an organization with 1,800 members, 58 percent of them women) has been legal advocacy leading to a series of Constitutional Court rulings upholding the rights of waste pickers, including the right to be recognized as public service providers and be compensated for their work, which benefits the city.

In response to a 2012 ruling mandating that the cooperatives of waste pickers had a right to compete for city tenders, ARB formed a recycling pact with other organizations. In March 2012, in alliance with the pact and with support from the Women in Informal Employment: Globalizing and Organizing (WIEGO) network, ARB presented a proposal to include waste pickers in the waste management system of Bogotá. Though some differences remain, the city adopted many key elements of this proposal in its waste management plan, including a scheme to replace horse-drawn vehicles with trucks and to issue ID cards to waste pickers.

Most important, the Bogotá municipality began to pay waste pickers in March 2013. To participate in the payment scheme, waste pickers have to be included in the census of waste pickers, have an ID card and have a bank account. Waste pickers included in the payment scheme receive 87,000 Colombian pesos (about US$46) for each ton of reclaimed materials weighed at authorized weighing centres. They are also entitled to sell the materials that they reclaim, through ARB or individually.

In India, waste pickers have also successfully bid for and secured municipal contracts to collect, sort, transport and dispose of waste. For example, the SWaCH cooperative in Pune, India, negotiated and secured a contract from the Pune Municipal Corporation to provide waste collection, transport, recycling and disposal services.

Kenyatta of Kenya announced the establishment of the Commonwealth Centre of Excellence for Women in Procurement in Nairobi. The centre brings together key partners—including commonwealth governments, the Commonwealth Business women’s Network, the Commonwealth Enterprise and Investment Council, the Chartered Institute of Procurement & Supply (CIPS) and UN Development Business—to deliver capacity-building, access to tenders and sharing of best practices.

The International Trade Centre’s (ITC) public procurement strategy launched in 2014 is a core pillar of the SheTrades initiative to connect 1 million women to market by 2020. The three key elements of the public procurement strategy include keeping the issue on the radar of trade stakeholders and regulators, guiding public officials on developing and implementing actions to reach more women entrepreneurs and providing capacity development, information and many other supports from government, development agencies and sponsorships from local service providers (such as mobile phone companies) for its members, including scholarships, credit, farm inputs and development project resources.

Embedding an equal opportunity approach in Kuapa Kokoo’s democratic systems and services was a major objective. Enforced quotas now exist for female representation at every level, from village to district to national bodies. As early as 1998, Kuapa Kokoo had established a Gender Programme to address women’s unequal access in the cocoa sector. Between 2000–2008, Kuapa Kokoo’s Gender Programme supported 800 women in 35 communities to develop viable income-generating activities.


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- In 2015, the ILO adopted Recommendation Concerning the Transition from the Informal to the Formal Economy, 2015 (No. 204). This international standard states that member states should promote access to public procurement for informal economic units, which include cooperatives.18

The government has encountered challenges to increasing women’s participation in public procurement:

- Lack of coordination with women-owned businesses.
- Lack of business knowledge and skills among women entrepreneurs and business owners, particularly in the rural areas.
- Lack of access to capital.

Tanzania: Designing and implementing a preferential procurement scheme for women

In early 2016, H. E. Vice President Samia Suluhu Hassan of the Government of Tanzania (a High-Level Panel member) committed to a 30 percent quota of all government procurement for women, youth and persons with disabilities under the Public Procurement Act (2011). The Act was amended to that effect, and in November 2016, this commitment was realized when H. E. President John Magufuli approved a regulation directing all cities, municipalities and councils to ensure that 30 percent of all public procurements are reserved for women, youth and persons with disabilities.

The government is taking other important steps as well. For example, the National Economic Empowerment Council, in collaboration with the Public Procurement Regulatory Authority, is finalizing baseline data on women’s participation in public procurement and designing a program to both increase awareness of this goal and monitor progress towards it.

| BOX 7 |
| Ghana: Women cocoa farmers |

The Kuapa Kokoo cooperative of cocoa farmers in Ghana, formed in 1993, demonstrates how cooperatives can empower women in the agricultural sector. Many farmers had previously been cheated at the hands of government agents, who fixed the scales and delayed payments. Forming their own cocoa trading company was their response to end exploitation.

As a successful cocoa trading company, Kuapa Kokoo has joined other traders to form a representative body to lobby the government, and its voice is particularly powerful because it is the only farmer-owned trading company in Ghana. Farmers now expect to receive around 70 percent of the export price. Because it is well organized at the village level, Kuapa Kokoo has been able to leverage many other supports from government, development agencies and sponsorships from local service providers (such as mobile phone companies) for its members, including scholarships, credit, farm inputs and development project resources.

| BOX 8 |
| Tanzania: Designing and implementing a preferential procurement scheme for women |

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NOTES


6. One of the major factors limiting the size and growth of women-owned businesses and preventing them from reaching their full potential is the lack of financing. Firms that start with higher levels of capital show better performance in assets, revenue, profitability and survival. Women, however, typically start their businesses with less capital and have less access to financing than men, which limits their ability to start and grow their businesses. They also tend to enter less-profitable sectors, such as retail sales and services, where barriers to entry are lower—but so is growth potential.

7. Women business owners also have limited access to social capital. In particular, women tend to have difficulties establishing robust business networks and connections with individuals and organizations that can actually generate business. They tend to rely more heavily on family connections and informal networks for business. To be sure, women business owners have overcome many historical barriers by building professional networks of businesswomen. Many have not, however, extended their networks beyond this group of like-minded individuals. As a result, many women miss out on potential business opportunities that are needed to grow their businesses, including opportunities within the public sector.

8. Women business owners tend to have limited access to human capital. While women have made tremendous gains over the past few decades on the education front, they still lag behind men in business and managerial experience. Because of this, women often lack the business skills and financial literacy necessary to operate and grow their businesses in a profitable manner. Indeed, a recent study found that a key difference between male and female entrepreneurs that helped explain the relatively lower revenue generated by women-owned businesses was lack of managerial experience.

9. Women business owners must contend with sociocultural expectations and norms that are disadvantageous to business growth. In most countries, women bear a disproportionate responsibility for housework and family care and, as a consequence, typically work more hours than men. Moreover, these expectations do not change when a woman enters the workforce or starts a business. Women are also less confident than men about whether they have the knowledge, skills and experience required to start and run a new business. And when they do start a business, they have lower expectations for it. While there are many reasons for these attitudes, the result is lower growth and revenue.


13. In Peru, for example, women were provided employment opportunities in road maintenance by modifying the job requirements to include women’s experience in agriculture and household management, while excluding the requirements for literacy. IFC (International Finance Corporation). 2012. Gender Impact of Public Private Partnerships: Literature Review Synthesis Report. Washington, DC: IFC.

14. A common technique for helping marginalized or disadvantaged groups compete with large businesses or other firms is to grant those groups a price preference or other preferential treatment during the source selection process. For example, the procuring entity might grant a price preference to women-owned businesses by increasing the bid prices of non-preferred firms by 10% for evaluation purposes. This helps ensure women-owned businesses are better able to compete with non-women-owned businesses even though they may not be able to match the prices of their competitors.


17. See ILO Recommendation Concerning Equal Remuneration, 1951 (No. 90).

18. See also, ILO Recommendation Concerning Promotion of Cooperatives, 2002 (No. 193).