



## **DETAILED SUMMARY OF THE WORKSHOP**

### **Buenos Aires Declaration on Trade and Women's Economic Empowerment Enhancing the Participation of Women Entrepreneurs and Traders in Government Procurement**

Hosted by the Republic of Moldova  
Organized in cooperation with the WTO, ITC and EBRD

*25 June 2018  
Room S2*

[Link to programme, full statements, presentations and podcasts](#)

#### **Opening Session: Government procurement markets and their importance for inclusive economic development: relevance for the Buenos Aires Declaration, Trade and Women's Economic Empowerment**

The opening session of this workshop was centered around government procurement markets and their importance for inclusive economic development, in other words their relevance for the Buenos Aires Declaration on Trade and Women's Economic Empowerment. The moderator for this session, ambassador of Rwanda François Xavier Ngarambe, set the scene by highlighting how government procurement can be an important force for inclusive growth, as it can represent up to 40% of some countries' GDP. He continued by asserting that levelling the economic playing field and a well-designed government procurement system that efficiently redirects towards women-led enterprises would pay great social dividends.

**Roberto Azevêdo, Director General of the WTO**, opened the session and stated that data is lacking to determine if and to what extent women are excluded from government procurement opportunities, but there is definite room for improvement. Improving women's access to government procurement has huge potential and could unlock many opportunities for female entrepreneurs, as it represents around 15% of GDP in most economies. He said that one element is to lower barriers for small businesses. Indeed, women are relatively well represented in Micro Small and Medium Enterprises (MSMEs), which contrasts with the fortune 500 companies, out of which only 5% are women-led. Lowering the barriers to government procurement -as the WTO's Government Procurement Agreement (GPA) tries to do- for all companies will have a disproportionately favorable effect on MSMEs. This agreement promotes good mechanisms in government procurement, and is built around the fundamental principles of non-discrimination, transparency and predictability. It also encourages the use of e-procurement tools, and the efficiency of procurement systems, thus enabling women to access new business opportunities. These are not widely available enough, as for instance only 47 members are part of this agreement, so these issues are different from the point of view of those outside the GPA.



The **ITC Executive Director Arancha González** gave a few remarks on enhancing the participation of women entrepreneurs and traders in government procurement, as well. She explained that public procurement is also about international trade. It is a 15 trillion-dollar market that can offer big opportunities for women to connect with the global market. Enhancing the participation of women in government procurement is about value for money, but it is also about doing good, and using trade to correct the current exclusion of women. The data shows that women-owned companies tend to be on the smaller side, and these are underrepresented in sectors such as the government procurement market, that require large outputs. Ms. González insisted that engaging more women in trade is not an insurmountable task, if we start from the assumption that no one size fits all, and we take each country's legal framework and cultural context into account. Governments willing to act will find appropriate solutions, and many are already doing so. For example, the United States have implemented a quota: 23% of government procurements need to be awarded to SMEs and 5% to those that are at least 51% owned and controlled by American women. In Kenya, 30% of government procurements are set aside for economically disadvantaged groups, including women. Another example she presented was South Africa, where there is a points-based system in favor of historically disadvantaged groups, also including women. Finally, Chile which has one of the most open and transparent public procurement systems in the world, has increased women suppliers to the government by 200 000 women in under two years, through training, certification and an online marketplace, which is especially beneficial to women. She finished by encouraging the participants to continue work to increase women's supply to the government procurement market, from 1% where it stands today.

**Norbert Seiler, Deputy General Counsel at the EBRD**, stated that EBRD has been cooperating with the WTO in the area of public procurement since 2011, striving to promote better government procurement regimes. As did the other speakers, he stated that promoting transparency in this market has a huge effect as public procurement represents a large share of GDP. It therefore makes sense to reform this globally, in accordance with the principles of transparency, competition, and non-discrimination. These same principles are fundamental both in the EBRD and in the WTO. Their cooperation with the GPA secretariat has produced concrete results, as they have helped 11 countries, including the host of this workshop the Republic of Moldova to accede to the GPA. Their work has also had a significant effect in increasing MSMEs' market access: 22,000 small businesses are helped by EBRD, including women-led ones. However, the share of women owned businesses being awarded government procurements is still too small, and the EBRD is leading research to inquire as to which policies are working in which countries to increase women's share in supply to governments.

The next speaker to take the floor in the opening session of this workshop was **Corina Cojocaru, chargée d'affaires to the WTO Permanent Mission of the Republic of Moldova**. **Dr Cojocaru** stated that the issue of access to government procurement as a tool for women's economic empowerment carries a double significance for the Republic of Moldova, as signatories of the Buenos Aires Declaration and as members of the GPA. For her, the role of women needs to be revitalized, for more balance between men and women, especially in the economic field. The employment rate of women is of 37% in the Republic of Moldova, whereas they represent 52% of the total population. Also, women earn on average 13% less than men. However, in the political field, Moldovan women are represented better, with 5 out of 13 members of the Cabinet for example. She went on to express that it is vital for authorities to improve the government procurement process in order to achieve economic growth. By investing in MSMEs and women-led businesses, the government will automatically invest in creating jobs and economic expansion.



For Ms. Cojocaru, working together at different levels and in the private and public sectors is essential, and she was pleased to see that this workshop included representatives from both sectors. GPA provisions must be fully implemented in the domestic rules, and these should include increased participation by women entrepreneurs, for example by reducing binding thresholds and improving accessibility of information, by leveraging public procurement in favor of women-owned businesses. She concluded by highlighting the importance of the private sector, which can help achieve women's empowerment through employment practices.

**Session 1: Understanding the links between trade, government procurement and women empowerment: What are the economic opportunities? What is the role of the GPA?**

**Anna Caroline Müller, Legal Affairs Officer at the WTO** opened this session with remarks on the importance of government procurement markets, and of the GPA in particular, as a tool for promoting an inclusive global economy. Government procurement markets are important, she said, because of their sheer size. As they represent a significant part of countries' GDP, accessing this market can produce significant opportunities for women. Also, because it is a direct tool that governments can use, with direct outcomes, and benefits with spillover effects in the domestic markets and export opportunities. The GPA is a tool to keep government procurement open, and to level the playing field, improving value for money and economic benefits for the state. Evidence shows that diversifying and including more women leads to higher benefits in procurement. The GPA leads to transparent, fair and competitive procurement markets and provides rules to fight against corruption. This allows for the elimination or reduction of a lot of the barriers faced by women to participate in procurement bids. Making procurement markets accessible on a fair, non-discriminatory and transparent basis ensures that women are kept informed about procurement opportunities. It also gives access to other GPA parties' procurement markets, thus also facilitating women's participation in global markets. The GPA is based on the principle of non-discrimination allowing foreign women businesses to compete at the same level as national women businesses in procurement markets. Unfortunately, most of the support programmers often focus more on national women businesses. We need to make sure that women also participate in international markets and in fact women can scale up through government procurement. The GPA membership is currently increasing, therefore implying a growing market access dimension. Some flexibility for developing countries is provided for in this agreement applying to big contracts, as well as technical assistance. The GPA also encourages e-procurement which provides an easy and inexpensive way of accessing procurement markets. The speaker described how government procurement could help a woman entrepreneur. First, the basic principles of the GPA of transparency, non-discrimination and openness provide a sound environment for women businesses to access procurement markets. Second, designing a procurement system that works for women implies answering questions related to the size of the contracts, how quickly governments pay their suppliers, how efficient is the e-procurement system. The GPA Committee can help in providing solutions as it is a platform where members exchange views and experiences. Third, advocacy, training and establishing networks of female procurement officials are also key. Fourth, preferential programmes are possible in a targeted way under the GPA if they are negotiated. Scaling up is key for women businesses. As a starting point, governments can include women with small domestic contracts maybe through a domestic preference system, but women need to get higher value contracts. For this purpose, good procurement policies are needed, with the aim of accessing global procurement markets; those scale up opportunities are actually created by the GPA and international trade.



**Eliza Niewiadomska, Senior Counsel, Public Procurement at EBRD** explained that there is a high share of SMEs in domestic and regional markets. This should logically result in a substantial share in public procurement and transactions. But this is not the case. All over the world public contracts are principally awarded to large companies. SMEs share in public procurement is well below half of the value of their general market standing. Globally, the level of participation of women-owned SMEs in public procurement markets across the world is unknown. In the GPA Parties and the EU Member States, women participation is estimated at between 2 to 5 per cent. Ms. Niewiadomska went on to explain the different trade barriers that exist for government procurement: regulatory barriers, or legal barriers, and non-regulatory barriers, which include complexity barriers, access barriers, and capacity barriers. These are intended to affect foreign bidders, but they also affect women. The average life span of an SME is five years, so they do not have time to learn about the disproportionate levels of requirements, because of insufficient access to information, lack of knowledge regarding the procedures, excessive bureaucracy or limited experience. Also, their size itself is an issue, as contracts are often very large, and standards and certification requirements are expensive. So, what are governments doing to help SMEs? There are three streams: dedicated assistance for SMEs participating in public tenders, without disrupting competition on the market, price preferences to SMEs, and exclusive quotas. She gave the example of Italy, where SMEs win government procurements most frequently when they are below 50,000 euros and constitute 89% of suppliers active on the online market space. She also referred to Cyprus, where online procurements also played a big part, as the number of SME suppliers doubled. Another example she gave was Ukraine, where they reduced or eliminated barriers to entry, and where about 72% of SMEs who place a bid won a government procurement contract. The government has saved more on contracts won by SMEs than by large enterprises. Ms. Niewiadomska concluded by discussing which policies bring most value to improving women-owned SMEs, which include dedicated assistance for SMEs, price preferences and exclusive quotas for women, and prequalification and online marketplaces for small value contracts. The EBRD is publishing a report this year on the impact of entry barriers on access of women-owned SMEs. They have already published a more general one on the impact of liberalization on SMEs in general in 2017, as well as one on the impact of protectionism in public procurement markets, in particular SMEs and women-owned SMEs which will be published in 2019.

The next speaker to take the floor was **Viorica Pricop, the state secretary at the Ministry of Finance of the Republic of Moldova**, who focused her remarks on women empowerment in government procurement in Moldova. She began by presenting the reforms undertaken to implement the GPA and other international instruments. Moldova has ratified the GPA, which has a plethora of positive effects, such as increased competition ensuring the quality of goods, services and works purchased, a higher degree of transparency, and a robust system in place to prevent corruption. The Republic has committed itself, in particular through its Association Agreement with the EU, to enhance gender equality and ensuring equal opportunities between women and men, and to combatting discrimination. The Republic of Moldova has a variety of legal instruments and a national policy framework for the implementation of this principle. They have also implemented three programs to enhance opportunities for women in business. The first of these is 'Women in Business', where women are given financial and non-financial support by providing grants and practical business services. The following project is 'Business Women academy', which promotes rural women's social and economic empowerment, by increasing their access to resources, services and opportunities. The third project is the 'National Platform of Women from Moldova', which aims to increase awareness among women about entrepreneurial opportunities and to develop the necessary skills to take advantage of them. There are no specific rules or preferences for women, but there are no formal limits to their participation either.



She went on to describe the different laws Moldova has adopted domestically to implement the GPA. The State Secretary concluded her remarks by reviewing the major objectives that are to be achieved by implementing the reform: an efficient, transparent system, without corruption and that integrates life cycle cost analysis. All of this should be with a fair balance between women and men.

**Paola Subacci, a senior research fellow at Chatham House** gave an overview of Chatham House research and analysis into the link between gender, trade and public procurement. She sees government procurement as a tool for change. An important aspect is that no one size fits all, it is important to look at different methodologies and experiences and find one that fits the national context. For instance, the United States has implemented voluntary quotas, where 5% of government procurement contracts are reserved for women-led enterprises. Australia has soft incentives on the other hand, they nudge business with peer pressure, with good results. In Chile, technology played an important role with e-certification of women led enterprises. For Paola Subbacchi, policy action can bring change and it is important for accelerating change, and there is a need to make gender equality faster. In this case, government procurement can change the dynamics of the labour market. For example, the percentage of women in finance or in construction is very low, and she asks if this is due to culture or market failure. Construction represents a large part of government procurement contracts. A method of dealing with the lack of participation of women would be to gender audit the companies that participate in government procurements, in other words to obtain the composition, gender balance, and pay gap of these enterprises, both in the leadership and the staff, as well as throughout the supply chain. The link between domestic policies and the international context was also touched on, with the need for a legal framework that authorizes positive discrimination in public procurement without generating market distortions and unfair competition. She concluded by highlighting the importance of capacity building, which she believes is how we can make a difference for women in government procurement, as well as through making the public sector more gender conscious.

## **Session 2: Enhancing the Participation of Women Owned and Women Led Businesses in Government Procurement: Practical Lessons and Country Experience**

**Trinidad Inostroza, Director of ChileCompra** began the second session by presenting Mercado Público, Chile's public procurement system which is an e-marketplace for SMEs and women. Broadly, it is a tool that helps Chile make trade more inclusive for SMEs and businesswomen, as well as a support for women entrepreneurs to strengthen their participation as suppliers in the government procurement market. For example, there are specialized training programs for women. Furthermore, it modifies the regulations and guidelines to help officials include gender considerations in their decisions, with in addition the incorporation of gender specific evaluation criteria. This online marketplace is very efficient and focuses on competitiveness and transparency. It has been very useful in combatting corruption. There are no quotas, but because of this simplified system, SMEs win more contracts, as they are in fact oftentimes more competitive than large ones. Indeed, 95% of companies acquiring government procurements are SMEs. Since this system has been in operation, in the last 15 years, Chile has saved more than 6' 353 billion USD, and it only cost them 168 billion to run. Women represent 36% of this government procurement market, and this figure is increasing. Many of the women who have participated are from rural areas and 64% are the main breadwinner for their family. The main problem with increasing women's participation in this market is identifying which companies are truly women-led or women-owned, and that certification and identification can be a barrier to entry as it can be expensive. Chile remedied this problem by introducing an electronic registry which certifies women's enterprises and is linked up to the civil registry.



If more than 50% of the shares are owned by women, and the legal representative or head of the company is a woman the legal entity is counted as women-owned. She finished her remarks with a video presenting key aspects of the system, such as the fact that having a gender sensitive criterion in the government procurement system, such as a quota for women owned businesses or favoring companies that respect parity or equal pay or using this criterion as a tiebreaker when selecting the recipient of a government procurement contract, is important. This is because *major participation equates to major development*. She concluded by affirming that this had been extremely beneficial for Chile, and that they had seen a significant increase in women's participation in the government procurement market.

**Lee Sanghoon, Head of Research Department, Senior Research Fellow, Korea Institute of Procurement** then presented the achievements and challenges of a proactive preference purchase program for women led enterprises in Korea's public procurement system. He started by explaining that there is preferential purchase for women led enterprises additionally to those set aside more generally for SMEs. SMEs play an important role in South Korea as they represent about 92% of employment contributions, and 48% of the GDP is generated by these enterprises. Women represent a relatively high proportion of these enterprises at around 39%. There is a slightly lower rate of participation of women in public procurement as they represent around 35% of the SMEs that are registered for this sector. Women's general economic participation is one of the lowest among OECD countries, so it is important to encourage participation, and public procurement is an effective means of support. The key policies put in place are preferential purchases for SMEs, for certified women's companies, and a law enforced ratio of purchase goals, and they have been implemented by the Ministry of SMEs and Startups and the Public Procurement Service. More precisely, 5% of the total purchase amount of goods and services, and 3% or more of the total purchase amount of construction goods and services must be from women-led enterprises. Similar quotas exist for SMEs more generally and for products from enterprises led by persons with disabilities. There are also competition systems, whereby SMEs are prohibited from competing with large enterprises, or priority given to these enterprises for smaller contracts (if they are smaller than 190,000 USD). More specifically for women, there are single source contracts with women-led enterprises if the contract is smaller than 45,000 USD. Between 2010 and 2017, the preferential purchases in favor of women-certified companies increased by about 320%. Also, during the same period, the ratio of these companies in relation to other companies increased by 250%, so it can be said that this Women's Company Preferential Purchase program is quite effective. Women-certified companies' growth rate is 3.2% higher than SMEs in general. The speaker concluded by presenting the pros and cons of this policy. It was effective in remedying gender related economic imbalances, but as the number of women led companies increases, the resources remain constant, so the effect of the support is decreasing in time.

The next speaker was **Patric Aeberhard, Equal Pay Expert, Federal Office for Gender Equality, Switzerland**, who presented the tools on offer by the Swiss Government to assess companies' equal pay performance. Switzerland is slightly above the OECD wage gap when it comes to the gender wage gap. The right of equal pay for work of equal value is enshrined in Switzerland's legal instruments, such as the Constitution. Practical tools that are accessible to companies to evaluate the gender imbalances that might exist are essential to increasing women's participation in the economy. The Government has developed a free tool to check for gender-based discrimination. This tool, called Logib, is also easy to use as it requires data that all companies have: the salaries and the gender of their employees. Government procurement represents 10% of Switzerland's GDP, and ¼ of government expenditure. The government gives contracts to companies only if they respect equal pay.



Suppliers have to provide the government with a detailed declaration using Logib to assess equal pay. This rule only applies to suppliers with 50 employees or more, and the data provided should not be older than 36 months. The declaration can therefore be verified against evidence. There is also an independent review, by the Federal Office of Gender Equality (FOGE), to check the compliance of these companies with the rules, and if wage discrimination is identified in a company, the tender can be revoked, or a penalty can be issued. Out of 104 controls, 45 have no systematic discrimination, 44 have problems observed but not above the 5% limit, whereas 13 are in violation of the conditions to participate in Federal public procurement. The government then gives enterprises the opportunity to remedy this problem. It is interesting to note that by using this tool, 50% of businesses which checked their pay practice made corrections and mostly raised women's wages. This work has won the UN prize for public service.

**Gloria Ndekei, Trustee and In Charge, Women Programmes, Kenya Private Sector Alliance (KEPSA)** explained that the access to government procurement opportunities (AGPO) program sets a quota of 30% for women, youth, and persons with disabilities. In Kenya, 51% of these special tenders were awarded to women, for a value of 302 million USD since the program began in 2013. The important aspects for more inclusive trade in government procurement are: the implementation of affirmative action, prompt payment, the creation of linkages between women owned MSMEs and large enterprises, capacity building programs, access to finance, transparency, information, as well as supporting women owned enterprises in the formalization of their business. She concluded on a positive note, with the idea that this scheme means that younger women today are emulating the role models that have benefited from the program, and even more women are participating.

The final speaker of the second session of this workshop was **Mariana Rufa, Director of the European Business Association, Moldova**. She reviewed the international instruments Moldova had committed to related to women's rights, such as the Sustainable Development Goals, or the Convention on the Elimination of all forms of Discrimination against Women (CEDAW). She then gave some key figures to represent the situation of women in business in Moldova: they are employed at 36.2%, and represent 27.5% of business, and 27.1% of business management structures. They are present mainly in services (social assistance, health care, education), at a higher proportion than men are, and in agriculture, with a growing trend in IT, the public sector, and the automotive industry. The issues faced by women in business generally, are problems with access to financing, regulatory constraints, access to information, and having the relevant education to start up a business or work in the management of one. There are also problems with the social services infrastructure that can act as a barrier to women entering the business world, such as not enough accessible child care centers, poor range of state services that support women as single parents, under representation in STEM, stereotypes, or the lack of enterprises that are socially conscious. Mariana Rufa concluded with solutions to promote women in leadership positions, to address child care services, open pathways to good jobs (by promoting STEM subjects for example), promote leadership positions for women in management structures, and set up professional business associations that can be a voice for women in business.

## Conclusion and Closing Session

John Newman, the Government Procurement Committee Chair and Deputy Permanent Representative of Ireland to the WTO, gave some closing remarks. He reiterated the importance of global government procurement markets for economic growth and well-being, and its link with women's economic empowerment. The Chair of the Government



Procurement Committee added that he would report back to the Committee on workshop discussions and the social role of procurement.

He quoted the Treaty of Versailles, which says “universal peace can only be established if it is based on social justice” and remarked that the sentiments of justice and humanity were indeed very important in generating change. Social injustice is a strong motive for change, and the next step in moving towards inclusive trade is about doing good. John Newman finished by stating that the certification of women-led SMEs through public procurement reforms is central, and that implementing the reviewed GPA is a step in this direction, in order to ensure fairness of procedures.