

THE TIME IS NOW TO ACCELERATE WOMEN'S PUBLIC PROCUREMENT

Case Study: ChileCompra¹

GOVERNMENT COMMITMENT DELIVERS RESULTS

Political commitment at the highest level—the country's President—has opened doors to women-owned businesses. With an action plan in place since 2015, backed by training programmes and proper data, Chile is a global frontrunner in bringing women-owned businesses into public procurement processes.



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Who Regulates Public Procurement?

Public procurement in Chile is governed by Law 19,866 of July 2003 (the Law on Procurement), regulating public supply of goods and services. The Procurement Regulation complements this law, with details of public procurement processes. This led to the establishment of the procurement entity ChileCompra, also known as the *Dirección de Compras y Contratación Pública*. Its internet portal (www.chilecompras.cl) centralizes public procurement, and to a large extent, digitizes it. In the e-marketplace *Mercado Público* (www.mercadopublico.cl), 90 percent of companies selling their products and services are micro or small-sized enterprises. Women-owned businesses can benefit from *Mercado Público* as they are often micro, small and medium enterprises.

¹ Reprinted with permission from ITC's *Making Public Procurement Work for Women*, published on November 11, 2020, and formally launched at Italy's 2021 Kickoff of the Women20 on February 22, 2021. The primary author of this case study was Trinidad Inostroza Castro of ChileCompra, with the support of ITC's SheTrades Programme.

The Time Is Now To Accelerate Women's Public Procurement is a 23-part toolbox and call to action series created by USAID.



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How Are Women-Owned Businesses Involved In Public Procurement?

Roughly a quarter of public procurement involves women-owned businesses, much higher than the average. Research by Comunidad Mujer, a prestigious non-governmental organization championing women's equality, revealed that 26 percent of total procurement transactions involved women-owned businesses between 2007 and 2013.

In 2015, ChileCompra implemented an action plan to enable women to access the same opportunities as men when doing business with the state. It spots and tackles gender-specific difficulties when becoming state suppliers. As a result, the level of women participating in the public procurement system in 2016 reached 36.5 percent. This corresponds to more than 21,345 women quoting, offering or receiving purchase orders.

ChileCompra assumed leadership of the initiative, coordinating public and private actors. The Ministry of Women supported the work with funding from the Inter-American Development Bank/Multilateral Investment Fund. Michelle Bachelet, President of Chile at the time, was committed to gender equality and promoted the incorporation of women-owned businesses in public purchasing. ChileCompra also worked closely with Comunidad Mujer.

In-Depth Women's Public Procurement Case Studies

The ChileCompra case study is one of five case studies demonstrating how five countries have worked on gender-inclusive public procurement—either on their own or in conjunction with international development and financial agencies. Case studies can serve as models of good and best practices, while providing important lessons learned and pointing to challenges to be identified and overcome.

The template used for the ChileCompra, The Gambia, and Nigeria case studies were developed by the International Trade Centre for its recent publication, *Making Public Procurement Work for Women* (November 2020), profiling them as models. These three case studies are presented, with permission of the International Trade Centre. (Case studies can be found in Chapter 3 of *Making Public Procurement Work for Women*: Chile, pp. 28–29; The Gambia, pp. 30–31; Nigeria, pp. 32–34). Introductory statements and/or footnotes have been added for the case studies.

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What Do Laws And Policies Say?

For a long time, Chilean legislation did not have special preferences or quotas in public procurement processes. In 2015, the country amended its regulations so that women-owned businesses could be hired directly for procurement under \$600.

ChileCompra issued Directive no. 20, stating recommendations directed to public agencies to incorporate the gender perspective into public contracts, public tenders, competitive procedures and direct contracting. This provides the guidelines to incorporate positive evaluation criteria for bidders that are women-owned businesses or have gender-equality policies.

ChileCompra has its own certification process, *Sello Mujer* ("Women's Seal"), for women-owned businesses. In the case of individuals, identification is carried out through the supplier's registration system. Accreditation is automatic; for suppliers not previously registered, it suggests that accreditation be carried out directly before the contracting agency, with a copy of their identity card.

It is understood that the company is owned by a woman if, in the constitution of the company (or subsequent modification thereof), company ownership is held by one or more women in 51 percent or more (stet) of the social rights, and that these women hold control and administration of the business. Copies of relevant legal documents need to be shown to be granted the "Women's Seal." According to ChileCompra data from May 2018, *Sello Mujer* had registered 41,000 individuals and 650 companies.

Which Barriers Remain?

PROCURING ENTITIES

Incorporating gender perspectives in public procurement requires hard work. In Chile, they raised awareness by providing information, training and coordination of public and private actors. Key stakeholders, including the Ministry of Finance (on which ChileCompra depends), have been made aware of the advantages of involving more women in the economy and public procurement.

Lack of knowledge of gender inequality issues among government officials remains a barrier. Time and funds are needed to train authorities and system operators on gender issues, and to train public buyers and suppliers.

Women-owned businesses indicate that tender procedures are often too complex and include unreasonable technical and financial eligibility requirements. The evaluation criteria are sometimes too strict, with a heavy focus on the cheapest bid. Women-owned businesses also claim that contracts are excessively large and that payments often are late.



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WOMEN-OWNED BUSINESSES

Making sure women-owned businesses have **proper internet access** remains a key point for attention, especially because *Mercado Público* is an important forum for them. Public offices are available at different locations with free internet access.

ChileCompra has implemented **training programs** in regional offices throughout the country.

Women-owned businesses indicate that they get little, weak or no feedback on submitted bids. Often, they are unable to submit a suitable offer within the timeframe. The size and experience of women-owned businesses may hold them back from submitting public procurement bids when requirements (such as track record) are set high compared with the contract size.

What Steps Are Being Taken?

Chile continues to work in line with its action plan. ChileCompra facilitates online registration of women-owned businesses through its supplier registry, which issues the **“Women’s Seal.”**

ChileCompra’s commitment is expressed in a **management improvement program**, which contains a chapter on gender. It addresses monitoring, quantity and amounts to be supplied by women-owned businesses, and a **commitment to train public bodies to implement Directive no. 20**, with recommendations for participation of women in public procurement.

The TIME IS NOW for Women’s Public Procurement. Read how the stage is set for action!



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