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WOMEN ECONOMIC EMPOWERMENT IN SOUTH AFRICA

***A Promise Without Commitment: An Overview of State Compliance
with the President's 40% Procurement***

**CGE PRESENTATION BY COMM'R LEIGH-ANN VAN DER MERWE TO NCOP THREE-
SPHERE PLANNING SESSION**

29 March 2023



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CGE Mandate

- ❑ The Commission for Gender Equality (CGE) is an independent statutory body established with other Chapter 9 institutions under Section 181 of the Constitution of South Africa.
- ❑ The mandate of the CGE is provided for in Section 187 of the Constitution and in the CGE Act of 1996 (as amended).
- ❑ The CGE is mandated to promote respect for, protect, develop and attain gender equality, and to make recommendations on any legislation affecting the status of women.
- ❑ As the section states “the Commission for Gender Equality must promote respect for gender equality” which includes but is not limited to politics and the participation of women in leadership.
- ❑ Section 187 (2) grants the CGE “the power, as regulated by national legislation, necessary to perform its functions, including the power to monitor, investigate, research, educate, lobby, advise and report on issues concerning gender equality.”



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INTRODUCTION

- » This is the second study on Women’s Economic Empowerment (2021/2022)
 - The first report was completed entitled: Sink or Swim: The Challenges of Implementing Government’s Women Economic Empowerment Programmes in South Africa (2020/2021)
- » Prompted by August 2020 Presidential Pronouncement: 40% of govt spend should go to women-owned businesses
- » “Investing in women’s economic empowerment sets a direct path towards gender equality, poverty eradication, and inclusive economic growth” – UN Women (2017)



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INTRODUCTION

- » Public procurement is the function whereby the public sector acquires goods and services from local suppliers subject to general principles of fairness, equitability, transparency, competitiveness, and cost-effectiveness
- » “By ignoring the potential role of women-owned businesses in the supply chain, corporations (governments) are missing an opportunity to expand their markets, diversify their supply chains, solidify brand loyalty, and enhance their reputations, while simultaneously improving the lives of women and girls” – UN WOMEN (2017)
- » **Aim:** Determine the proportion of spend that national and provincial government departments undertake in procuring goods and services from black women-owned businesses given the 40% quota allocation



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Current Legislative Frameworks on Procurement Allocations for Women's Economic Empowerment in South Africa

- » **GLOBAL AND REGIONAL:**
- » Optional Protocol to the African Charter on Human and People's Rights on the Rights of Women in Africa
- » Solemn Declaration on Gender Equality
- » AU Agenda 2063
- » SADC Protocol on Gender Equality and Development
- » African Union Strategy on Gender Equality and Women's Empowerment
- » Convention on the Elimination of Discrimination Against Women
- » Beijing Platform for Action (BPA)
- » The Millennium Development Goals (MDGs) and the Social Development Goals (SDGs)



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Current Legislative Frameworks on Procurement Allocations for Women's Economic Empowerment in South Africa

- » Some of the **National Frameworks** providing for gender equality:
- » The Constitution of the Republic of South Africa
- » 1954 Women's Charter
- » Promotion of Equality and Prevention of Unfair Discrimination Act (PEPUDA)
- » National Development Plan (NDP)
- » National Framework for Women's' Empowerment and Gender Equality



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Current Legislative Frameworks on Procurement Allocations for Women's Economic Empowerment in South Africa

- » Public Finance Management Act (No. 1 of 1999) – specifically Part 16.6. (4)
- » Appropriations Bill, also known as the supply/spending bill
- » National Empowerment Fund Act No.105 of 1998.
- » National Small Business (NSB) Amendment Act (No. 29 of 2004), established SEDA
- » Broad-Based Black Economic Empowerment Act (No. 53 of 2003).
- » Preferential Procurement Policy Framework Act (PPPFA) (No. 5 of 2000)
- » **Public Preferential Bill** (under discussion at Nedlac)



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RESEARCH APPROACH & METHODOLOGY

- » Quantitative, Descriptive Data provided by the National Treasury on expenditure patterns relating to the procurement of goods and services of national departments and provinces. National Treasury (NT) collects, collates, and stores such information in its Central Supplier Database (CSD).
- » 15 Government Departments and all 9 Provinces were selected & all their spend data from the 2017/2018 to 2020/2021 financial years was received by the CGE Research Unit.



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RESEARCH APPROACH & METHODOLOGY

SAMPLING: Departments that participated in the study

• Agriculture, Forestry and Fisheries	• Planning, Monitoring and Evaluation
• Civil Secretariat for Police Services	• Public Services and Administration
• Correctional Services	• Science and Technology
• Employment and Labour	• South African Police Service
• Government Communication and Information System	• Sports, Arts, Culture and Recreation
• Home Affairs	• Communications and Digital Technologies
• International Relations and Cooperation	• Traditional Affairs
• Mineral Resources	



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RESEARCH APPROACH & METHODOLOGY

- » The names of government departments were kept as they appeared on the National Treasury's CSD system.
- » The CSD data is in line with the legislation for procurement – one of which is BBEEE legislation. Data provided by NT shows black women-owned businesses. Research Unit looked at majority owned (51%+)
- » The figures in this report pre-date that announcement. Figures prior to the announcement should indicate lesser expenditure on women-owned businesses than after the pronouncement.



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KEY FINDINGS

- Some of the figures between 2019/2020 to 2020/2021
 - **Steady:** Civil Secretariat for Police Services (0.03%)
 - **Increase:** Department of Planning, Monitoring and Evaluation – 2019/2020 (1.17%) 2020/2021 (1.18%) an increase of 0.01% ; Department of Employment and Labour – 2019/2020 (0.79%) and 2020/2021 (1.56%) ; Department of Home Affairs – 2019/2020 (1.67%) and 2020/2021 (3.81%); Department of Public Service & Administration – 2019/2020 (0.66%) and 2020/2021 (2.25%)
 - **Decrease:** Department of Minerals and Energy - 2019/2020 (2.41%) 2020/2021 (2%) ; Department of Science and Technology – 2019/2020 (4.66%) 2020/2021 (4.44%) ; Government Communications & Information Systems – 2019/2020 (3.97%) 2020/2021 (2.45%) ; Department of Correctional Services – 2019/2020 (2.51%) and 2020/2021 (1.48%) ; Department of International Relations & Cooperation – 2019/2020 (1.05%) and 2020/2021 (0.64%) ; Department of Traditional Affairs – 2019/2020 (50.55%) 2020/2021 (26.48%) ; Telecommunications & Postal Services – 2019/2020 (2.31%) and 2020/2021 (1.66%)



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KEY FINDINGS (2)

- » The relationship between pronouncements and policy.
 - 2020 Presidential pronouncement of 40% spending on women-owned business is welcomed. No effort to develop a clear policy or legislative framework to comply with and enforce the pronouncement.
 - Reviewing available data and information on procurement expenditure patterns, no convincing evidence was found of clear efforts to turn his statement into concrete programs of action, policy and legislation
- » Gender is subsumed under race rather than being a primary selection criterion in its own right. As such, data supplied by the National Treasury on departmental and provincial spending is categorised and disaggregated based on the race category, while the data relating to gender is sub-categorized under data relating to race.



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KEY FINDINGS (3)

- » Overall, national and provincial spending on black women-owned businesses is generally low over the period under review.
 - Even without legislation the 40% is nowhere near being achieved in terms of consistent spending on procuring from black women-owned businesses.
 - Not much improvement both prior to and after the pronouncement. Low expenditure figures prevailed.
 - CGE takes this lack of significant improvement in the expenditure figures across the board as an indication of lack of effort by government departments at national and provincial level to meet the 40% target announced by the President.



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KEY FINDINGS (4)

- » Levels of expenditure by departments on black women-owned businesses amounted to only a fraction of the overall procurement expenditure during the period under review.
 - E.g outliers such as Department of Traditional Affairs in 2018/2019 spent 46.20% and 50.55% in the following financial year.
- » Drastic drop and overall low procurement spend on black women-owned businesses in the 2020/2021 across the studied entities illustrates that legislation is necessary.
 - Even then, much preparatory work and planning by the government and individual departmental supply-chain management processes would have to be carried out well in advance of implementation.
 - This will also require much raising of awareness, education, training and capacity building of qualified staff at national and provincial levels.



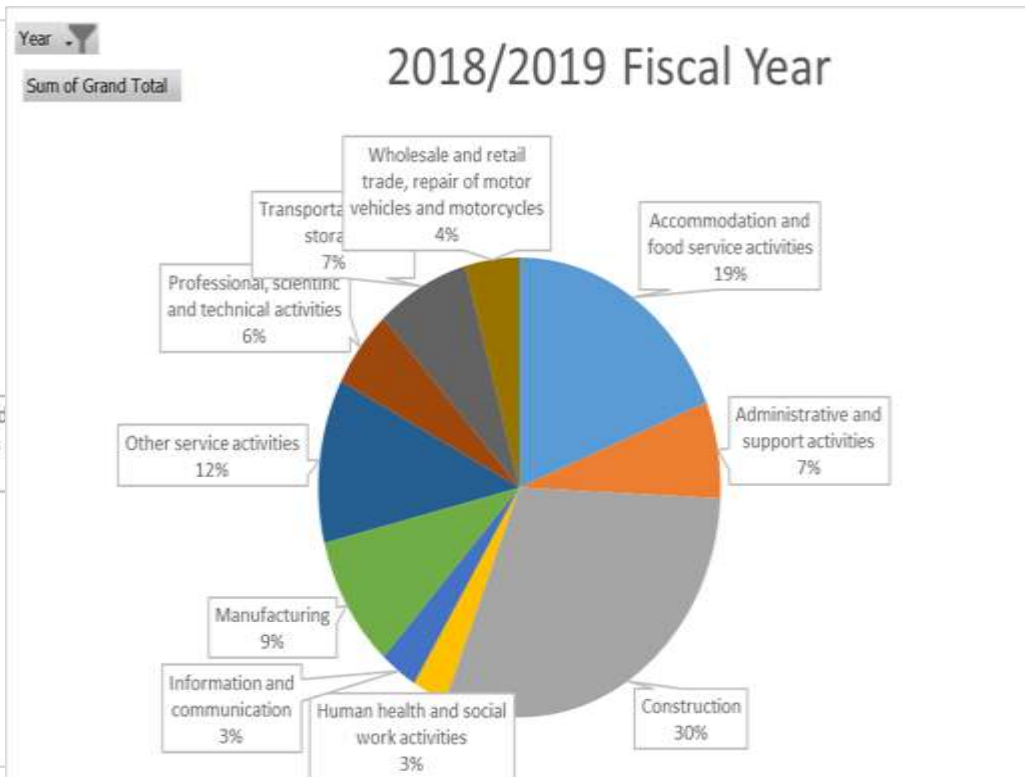
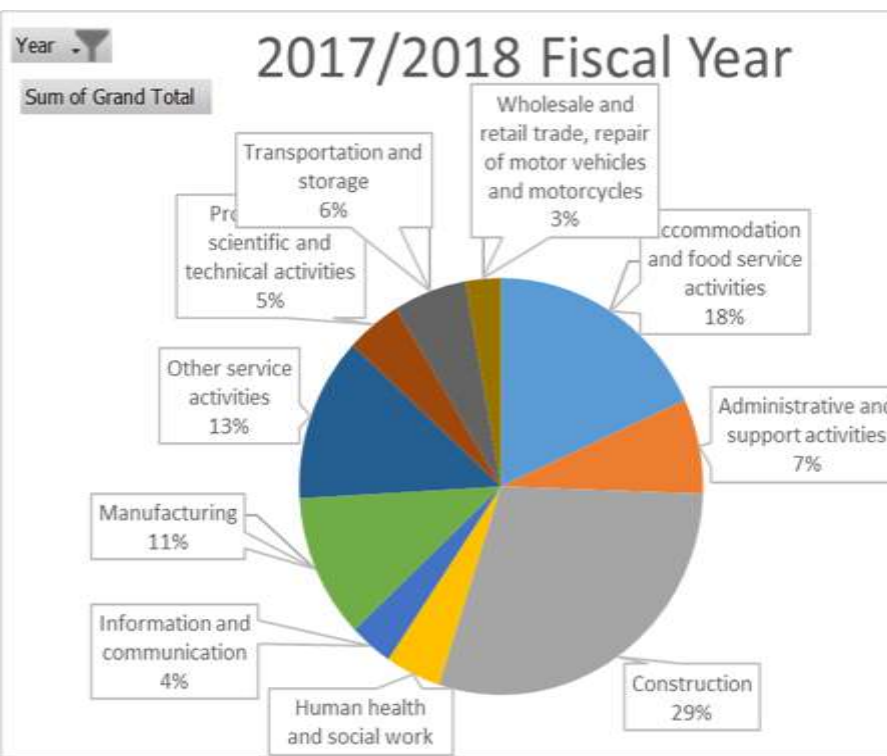
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KEY FINDINGS (5)

- » Across provinces, Departments of Health had the highest spend overall, which did not necessarily translate to higher spending levels on black women-owned businesses. In other words, higher overall spending did not imply higher spending on black women-owned businesses.
- » Sectoral economic activities had highest spent on construction, followed by accommodation and food service sector.

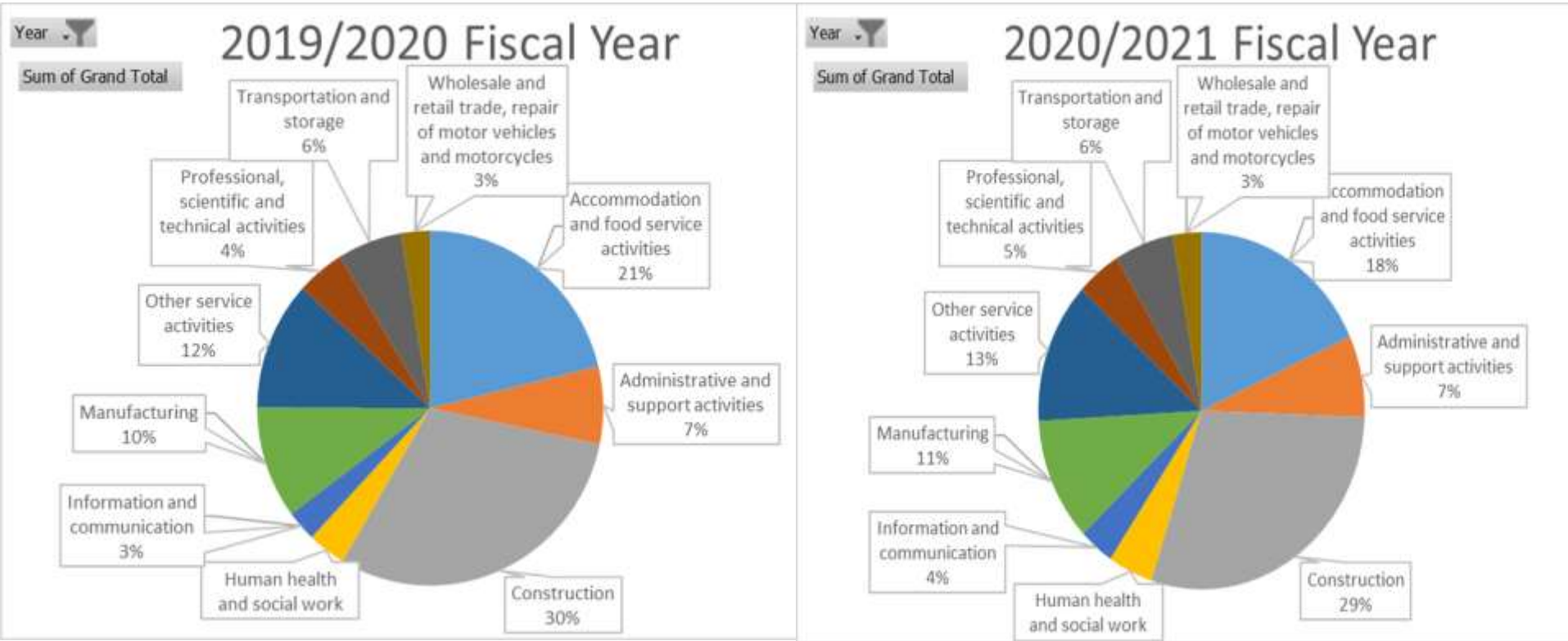


KEY FINDINGS (6)





KEY FINDINGS (7)





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KEY FINDINGS (8)

- » Not many studies of this nature exist in South Africa. This subject matter (systematic allocation of state resources through procurement processes to support women-owned businesses) has not been covered extensively.
 - This is largely based on quantitative and descriptive data supplied by NT on expenditure patterns. Limitations of qualitative insights of those directly involved in the formulation of policy and managing implementation of state procurement policies and practices are not covered in this report/study.



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CONCLUSIONS

- » According to the information and the evidence contained in this report, there is strong reason to conclude that procurement practices by the South African government are **not designed or geared towards promoting sustainable women's economic empowerment** through support for women-owned businesses as part of the country's overall policy of gender equality and transformation.
- » This report revealed the **lack of the necessary policy and enabling legislation to underpin the President's pronouncement of a 40% procurement** target for women-owned businesses. Currently, state procurement processes do not seem equitably disposed towards this pronounced target.
- » The CGE concludes that there is no policy and legislative framework to earmark funds for women-owned businesses as per the President's pronouncement. In general, the **government is spending far less on women-owned businesses than as promised by the President**. The provincial spending range on women-owned businesses is largely between 0% and 5% (with few exceptions) of the total spend, and therefore the government is failing dismally at promoting economic opportunities for women-owned businesses through procurement processes.



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RECOMMENDATIONS

- » The current public procurement legislation does not sufficiently advance gender as a primary selection criterion for state procurement processes. It is a factor taken into account with the BBBEE legislation covering, especially under the race category. Therefore, the government's CSD make provision only for data on black women and thus black-women-owned businesses. Therefore, the CGE recommends that race and gender be separated and weighted equally as primary criteria for consideration and as the bases for selection of businesses in the allocation of state procurement resources.
- » In order to put concrete measures in place to realise the President's policy pronouncement on the 40% target allocation of state procurement resources towards women-owned businesses, the CGE also recommends that current state procurement processes, including existing policies and legislation, be thoroughly reviewed, and where appropriate, amendments should be made to strengthen support for promoting women-owned businesses through state procurement processes. Such amendments should clearly state that 40% of all public procurement resources should be allocated towards supporting women-owned businesses as part of the government's overall policy of promoting gender equality and transformation of the country's economy.



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RECOMMENDATIONS

- » The CGE also recommends that an effective monitoring and evaluation system be put in place to ensure proper implementation and compliance with the 40% public procurement target as stated by the President.



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END

HAVE A GENDER RELATED COMPLAINT ????
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