

TC Document

I. Basic Information for TC

▪ Country/Region:	HONDURAS
▪ TC Name:	Support for the Promotion of Women in Public Procurement in Honduras
▪ TC Number:	HO-T1350
▪ Team Leader/Members:	Harper, Leslie Elizabeth (IFD/FMM) Team Leader; Ardanaz, Martin Jorge (IFD/FMM) Alternate Team Leader; Calderon Ramirez, Ana Cristina (IFD/FMM); Castillo, Gabriel A. (CID/CHO); Del Puerto Correa, Maria Cecilia (VPC/FMP); Gerardino Gutierrez, Maria Paula (SPD/SDV); Kevish, Maria Lorena (IFD/FMM); Rauschert, Nadia (VPC/FMP); Sanchez Torrico, Daniel Fernando (IFD/CTI); Sanmartin Baez, Alvaro Luis (LEG/SGO) Rauschert, Nadia (VPC/FMP); Sanchez Torrico, Daniel Fernando (IFD/CTI); Sanmartin Baez, Alvaro Luis (LEG/SGO) Rauschert, Nadia (VPC/FMP); Sanchez Torrico, Daniel Fernando (IFD/CTI); Sanmartin Baez, Alvaro Luis (LEG/SGO)
▪ Taxonomy:	Client Support
▪ Operation Supported by the TC:	.
▪ Date of TC Abstract authorization:	.
▪ Beneficiary:	Oficina Normativa de Contratación y Adquisiciones del Estado de Honduras (ONCAE)
▪ Executing Agency and contact name:	Inter-American Development Bank
▪ Donors providing funding:	Women Entrepreneurs Finance Initiative (We-Fi)(WEF)
▪ IDB Funding Requested:	US\$285,000.00
▪ Local counterpart funding, if any:	US\$0
▪ Disbursement period:	36 months
▪ Required start date:	December 15, 2020
▪ Types of consultants:	Individual and firms
▪ Prepared by Unit:	IFD/FMM-Fiscal Management Division
▪ Unit of Disbursement Responsibility:	IFD/FMM-Fiscal Management Division
▪ TC included in Country Strategy:	yes
▪ TC included in CPD:	yes
▪ Alignment to the Update to the Institutional Strategy 2010-2020:	Social inclusion and equality; Institutional capacity and rule of law; Gender equality

II. Objectives and Justification of the TC

2.1 **Background.** On May 13, 2019, the IDB Group was awarded funding through the proposal: Women Entrepreneurs for Latin America and the Caribbean (WeForLac) from the Women Entrepreneurs and Finance Initiative (WeFi).¹ The WeForLac program seeks to promote the growth of WSMEs by developing innovative and catalytic projects and programs, building the entrepreneurial ecosystem in challenging country environments, generating important data to fill knowledge gaps, and promoting intelligent public policy and private sector initiatives. The specific objectives of WeForLAC are to improve: (i) women small medium enterprise (WSMEs) access to finance; (ii) WSMEs access to markets; (iii) women entrepreneurs' access to skills and

1 [The Women Entrepreneurs Finance Initiative \(WeFi\) is a fund that looks to promote the growth of WSMEs globally.](#)

networks; and (iv) strengthen the entrepreneurship ecosystems for WSMEs in the region.

- 2.2 **Objective.** To that regard, the objective of this technical assistance program is to increase in the participation of women-owned businesses in public procurement in Honduras.
- 2.3 **Justification.** Public procurement is an area where governments can relatively quickly and cost-effectively deploy policies to create market opportunities for women-owned businesses.² Increasing the number of women-owned businesses in public procurement has a number of benefits. On the one hand, it enables procuring entities to diversify their supply chains, which leads to more competition resulting in lower prices and higher quality goods and services.³ On the other hand, increasing opportunities for women-owned businesses means more jobs for women. In fact, it is estimated that the 5% average growth achieved in Latin America between 2002 and 2008, was thanks to the insertion of more than 70 million women into the labor market over the last twenty years.⁴ The promotion of women entrepreneurs therefore is an important catalyst for economic growth, generating new jobs and income.⁵ At the same time, women entrepreneurs tend to reinvest up to 90% of their earnings in their families and communities, thereby demonstrating the link between inclusive economic growth and development.⁶
- 2.4 Accounting for approximately 13.5% of GDP in Honduras,⁷ public procurement is an area of economic importance that provides great opportunities for non-traditional economic actors.⁸ However, women have not benefitted from this lucrative marketplace, they represent one third of the small and medium-sized enterprises (SMEs) of developing countries, nevertheless, women-owned businesses account for only 1% of goods and services contracts.⁹ This is due to the fact that women-owned businesses face constraints such as tending to be smaller, are often less experienced, have limited access to human, financial and social capital, are often in sectors that are not as profitable such as services and have family responsibilities that compete with time spent on the business.¹⁰ As women-owned businesses tend to be SMEs, they face many of the same challenges that have been well-documented for those types of businesses as a whole to accessing and successfully participating in the public procurement marketplace. Barriers that are specific to women-owned SMEs include:

² For example, in Chile, support for women owned businesses by ChileCompra, resulted in a 25% increase in women-owned businesses being awarded contracts, which were worth over 300 million dollars in 2017. Comunidad Mujer, 2019. Compras públicas con enfoque de género: un caso de éxito para el desarrollo sostenible.

³ Empowering women through public procurement. International Trade Center, 2014

⁴ Development Bank of Latin America (2017). <https://www.caf.com/es/actualidad/noticias/2017/03/el-determinante-papel-de-las-mujeres-en-el-desarrollo-economico-de-america-latina>

⁵ IDB, 2015. [Empoderamiento económico de las mujeres: Bueno para las mujeres, bueno para los negocios y bueno para el desarrollo.](#)

⁶ [Empowering women through public procurement. International Trade Center, 2014.](#)

⁷ PEFA Honduras, 2015.

⁸ Public Expenditure Reform: Making Difficult Choices. IMF, 2014.

⁹ The Power of procurement, how to source from women-owned businesses. UNWOMEN, 2017.

¹⁰ Kepler and Shane, 2002; National Women's Business Council, 2009; World Bank, 2012)

a lack of awareness and access to information on bidding opportunities, and features of public procurement which are particularly difficult for SMEs cumbersome and complex public procurement procedures, large contract sizes, unreasonable technical and financial qualifications requirements, insufficient time to assemble proposals and a lag in payments.¹¹

- 2.5 Governments have an opportunity therefore to effectively promote women as economic actors in the public procurement market, by developing policies that facilitate better and more fair access and lower transaction costs. Such policies have benefits in the long-term as many women-owned businesses and professionals use the public sector market as an anchor and foundation to become more competitive and viable in the private sector. On the government side, there are also benefits as the promotion of new economic actors in the public procurement market generates more competition.¹²
- 2.6 In the case of Honduras, the country faces several challenges that hinder their capacity to promote women in public procurement. First, the country has limited information regarding the number and characteristics of businesses that are women owned/led. Second, the¹³ electronic government procurement system *HonduCompras*¹⁴ does not have the functionality needed for businesses to be identified as woman-owned/led when registering to participate in a procurement process. Finally, as promoting women in public procurement is a relatively new area, procuring entities in the country lack training in how to take steps needed to ensure that women-owned businesses can effectively participate in the public procurement market.
- 2.7 To that regard, the Normative Office for Public Procurement (ONCAE) (*Oficina Normativa de Contratación y Adquisiciones del Estado*, in Spanish)¹⁵ seeks to develop a program to promote women in public procurement including a diagnostic assessment, updates to the electronic government procurement system and training.¹⁶ This technical assistance will address the gap in women-owned businesses participating in public procurement, by supporting those activities. This will complement other IDB public procurement modernization and reform programs currently underway, including ones that address the legal and regulatory environment, institutional framework, procurement operations and accountability in public procurement at both the regional and national levels.
- 2.8 **Innovation.** The project is innovative as it will take a holistic approach to promoting women in public procurement, addressing the barriers from both the public and private sectors. This is a big advancement from traditional procurement training which only focuses on one sector or the other. Only two other countries (Chile and the Dominican Republic) in the Latin America and the Caribbean region have done this from a gender perspective, so it is quite innovative.¹⁷ Both focused on identifying the gaps for women-

¹¹ Empowering women through public procurement. International Trade Center, 2014

¹² [Gender-smart Procurement Policies for Driving Change. Chathan House, 2017.](#)

¹³ [Gender-smart Procurement Policies for Driving Change. Chathan House, 2017.](#)

¹⁴ [Honducompras.](#)

¹⁵ [ONCAE](#) is a policy and monitoring body that has the responsibility for developing public procurement policies and to develop and improve the technical, operational and economic aspects of public procurement administration.

¹⁶ [Toolkit Promoting women in Public procurement.](#) IDB, 2018.

¹⁷ Case studies with data on the two countries are currently being developed.

owned businesses and then conducting extensive outreach and training based on that assessment, which was a critical element of their success.¹⁸ With support from the program, Honduras will draw on the lessons learned from those two country examples. The training will include classes for public sector entities on the particular challenges of including women-owned businesses and for the private sector on how to participate in the public procurement process (for example how to find out about opportunities, how to prepare a bid, etc).

- 2.9 **Sustainability.** The involvement of women in public procurement will be sustainable as it will involve changes to the electronic government procurement system that will facilitate the identification of women-owned/led businesses. This will enable ONCAE to have continued data on imbalances that will help guide policy decisions on an ongoing basis that will allow the program to continue to provide benefits long after its conclusion.¹⁹ This will build on the modernization efforts that ONCAE has carried out with regards to procurement operations, including the development of an electronic catalogue, framework agreements and reverse auctions. These improvements will facilitate the activities envisaged in this technical assistance program.
- 2.10 **Beneficiaries.** The technical assistance program will benefit ONCAE as it will provide the entity with the tools needed to promote women in public procurement. It will also benefit at least 50 women-owned businesses in Honduras.²⁰
- 2.11 **Alignment.** This technical assistance program supports objectives of the Gender Action Plan (2020-2021), specifically the gender line of action related to institutional capacity to address gender equality and supporting women's participation in the public procurement market. Furthermore, it is aligned with the Update to IDB's Institutional Strategy, Development Solutions that Reignite Growth and Improve Lives (UIS) 2010-2020 (AB-3190-2), which maintains gender equality and diversity as one of the institutions' three cross-cutting themes. Finally, the TC is also aligned with the objectives of the Women Entrepreneurs Finance Initiative (We-Fi) fund which seeks to address financial and non-financial constraints faced by women-owned/led small and medium enterprises in developing countries.

III. Description of activities/components

- 3.1 **Component I. Diagnostic assessment (\$60,000).** The objective of this component is to support the Government of Honduras in the mapping out and prioritizing of activities that will support the development of an effective gender inclusive public procurement program in the country. This will include a diagnostic study²¹ to understand the capacities and constraints of women-owned enterprises in Honduras to successfully compete for public contracts (including the specific barriers that indigenous and afro-descendent women face); assess the gains of an increased engagement of women-owned enterprises in public procurement tenders and an

¹⁸ [Toolkit Promoting Women in Public Procurement](#). IDB. 2018

¹⁹ Both Chile and the Dominican Republic have this feature, which has contributed to the on-going success of those countries in promoting women in public procurement. See: <https://publications.iadb.org/en/toolkit-promocion-de-la-mujer-en-las-compras-publicas>

²⁰ Eligible women-led MSME are those led by women that comply with requirements of the operational guidelines and, in alignment with criteria established by the donor, have at least five employees.

²¹ It will focus on the challenges faced by women-owned businesses in participating in the public procurement market specifically, complementing other technical assistance programs under the WeFI umbrella which will focus on the private sector.

analysis of the demand side (issues related to the hiring of women-owned enterprises encountered by government agencies in the procurement process); the preparation of a market study with regards to women-owned businesses to understand how the supply market works, the direction in which the market is going, the competitiveness and the key suppliers within the market; and the development of indicators to provide a baseline for better understanding of the main issues and address gaps. The component will include the following activities: (i) an assessment that includes data analysis, market study of the current situation of women's participation in the public procurement market and a survey of stakeholders; (ii) a study regarding the legal and regulatory framework to determine the legal and regulatory implications and feasibility of implementing a program to promote women in public procurement and any needed work to update the regulations and manuals; and (iii) action plan to establish a roadmap for the establishment of a program to promote women in public procurement in Honduras. It will include specific actions to promote indigenous and afro-descendant women in public procurement.

- 3.2 **Component II. Digital Tools for gender (\$95,000).** This component will support the creation of digital and innovative tools to facilitate the promotion of women owned businesses in the public procurement market. Specifically, it will support the development of a certification program, commonly known as "*Sello Mujer*"²² whereby a government uses a nationally established definition of a woman-owned business to certify that a business is indeed owned by a woman. This will enable ONCAE to establish a baseline for monitoring the participation of women in public procurement and better target policy measures to level the playing field. Once businesses are identified as woman-owned, it will be easier to include them in outreach and capacity building programs as well as survey them and to customize programs to address the specific hurdles they face. It will also include a means for *HonduCompras* to register the participation of women owned businesses through the inclusion of a new module in the Electronic Government (eGP) system that will register that a business is woman-owned. The component will include the following activities: (i) the development of a sello mujer which is included in the eGP system; and (ii) consultancies to upgrade the eGP system and enable the identification and registry of women owned businesses.
- 3.3 **Component III. Capacity building (\$80,000).** The objective of this component is to support the government in building capacity to successfully implement a program to promote women in public procurement. The component will provide training to ensure that women-owned businesses are ready to provide to the state and take advantage of the new tools and policies that were implemented. At the same time, it will also provide training to procurement officers so that they can more effectively include women-owned businesses in the public procurement market. The training will take into account the problems faced by women-owned SMEs identified in the activities that will be developed under Component I. This component will include the following activities: (i) training for the private sector that includes accessing the public procurement market and online tools. This will include an all-day workshop for at least 50 businesses; and

²² Program most commonly known as *Sello Mujer* refer to certification that utilize the nationally accepted definition of women owned businesses, being the most widely accepted parameter a minimum of 51% ownership. Once certified as a woman-owned business that supplies to the government, this sector of the economy can access different programs and leverage this certification for their marketing purposes, in turn government agencies will have a more comprehensive data that can be used public policies and monitor results.

(ii) training for public purchasers that includes gender in public procurement awareness and online tools.²³

3.4 Component IV. Knowledge and Dissemination (\$40,000). The objective of this component is to develop knowledge products that will provide the foundation of information for the program and for future reforms. The component will also provide resources to disseminate the products generated from the program so that they reach as large an audience as possible. This component will include: (i) development and implementation of a communication plan; (ii) knowledge and dissemination activities; and (iii) study on the lessons learned and results from the implementation of the program on promoting women in public procurement in Honduras.

3.5 The activities of each of the four components will contribute to the objectives of the program as they will take a holistic approach, that will provide woman-owned businesses not only with the policies that will favor their participation but also the tools that will level the playing field in order for them to more effectively provide to the state (training, simplified procedures, digitalization).

IV. Indicative Budget

4.1 The program will undertake activities in four main areas: (i) Diagnostic assessment; (ii) Digital tools for gender; (iii) capacity building and (iv) knowledge and dissemination. These areas will be key for ONCAE to have a better understanding of the barriers faced by woman owned businesses to accessing the public procurement market, the gaps that need to be closed and the tools to address those challenges. The TC budget will be US\$285,000, of which \$285,000 will come from the Women Entrepreneurs Finance Initiative (We-FI).

Table 1. Indicative Budget (US\$ dollars)

Activity/Component	IDB/Fund Funding	Counterpart Funding	Total Funding
Diagnostic Assessment	60,000	0	60,000
Digital Tools	95,000	0	95,000
Capacity building	80,000	0	80,000
Knowledge and Dissemination	40,000	0	40,000
Final evaluation	10,000	0	10,000
Total Budget	285,000	0	285,000

4.2 Expected results. After the program's outputs are successfully implemented, the country will have a more gender inclusive procurement ecosystem, including tools for the legal and regulatory framework, a road map for electronic government procurement and training. In order to measure this result, the program will use the following indicators: total number of woman-owned SMEs benefitting from the program and number of government agencies implementing procurement initiatives to increase sourcing from WSMEs.

4.3 Supervision. Technical and basic responsibility for the implementation of the TC rests in the project team including the project team leader (Leslie Elizabeth Harper IFD/FMM) who will be responsible for the execution of the project in collaboration with

²³ Given the COVID-19 context, the training will be adapted to a virtual format.

the designated focal point in the Honduras COF. The cost of supervision will include the time required to process the contracts needed for the activities of the program.

- 4.4 **Monitoring.** The monitoring of the program will be carried out by taking into account the indicators that are provided in the Result Matrix for the technical cooperation program, which include means of verification.
- 4.5 **Evaluation.** The program will include a process evaluation²⁴, which will measure the activities of the program, program quality and who it reached. It will answer the following questions: (i) has the project reached the target group?; (ii) are all the project activities reaching all parts of the target group?; and (iii) were all the activities implemented as intended? If not, why not. The evaluation of the program will consider the indicators that are provided in the Result Matrix for the technical cooperation program, which include means of verification and the source of the data (ONCAE project files).

V. Executing agency and execution structure

- 5.1 **Executing Agency.** The Bank will execute this project. Bank execution is justified given that ONCAE does not have the technical and institutional capacity to manage the program: (i) the public procurement unit lacks the staff and capacity to manage a project of this nature, particularly given the specialized expertise related to procurement reform that will be required; and (ii) the Bank, on the other hand, has a long track record of executing similar projects as well as highly technical knowledge of public procurement modernization.
- 5.2 The Ministry of Finance requested that the IDB execute the program in a signed letter dated November 8th, 2019.

- VI. **Procurement.** All activities to be executed under this TC have been included in the Procurement Plan (see Annex IV) and will be contracted in accordance with Bank policies as follows: (a) AM-650 for Individual consultants; (b) GN-2765-4 and Guidelines OP-1155-4 for Consulting Firms for services of an intellectual nature and; (c) GN-2303-28 for logistics and other related services

VII. Major issues

- 6.1 The main risk to the TC achieving its objective is that the country would not have the technical and institutional capacity to carry out the activities given the challenges being faced and competing priorities of COVID-19.
- 6.2 This risk will be mitigated by the support that will be given the country by its extensive partnerships with other countries and organizations. Specifically, the program will benefit from partnership with the Inter-American Network on Government Procurement (INGP)²⁵ working group on women in public procurement, which will be a key channel for leveraging the work on public procurement associated with this proposal, including

²⁴ The evaluation will be carried out by an independent consultant with resources from the technical assistance program.

²⁵ The INGP is comprised of heads of procurement from 33 countries in Latin America and the Caribbean. It was created in 2003 and is one of the largest and most active regional networks on public procurement. It supports the member countries by generating and disseminating knowledge and sharing experiences and good practices through south-south collaboration. For more information see: www.ricg.org

data gathering and feedback on products developed. In addition, as the INGP receives financing from multiple organizations (including the IDB and Canada's International Development Research Center or IDRC), this partnership will enable the country to maximize limited resources. To that regard, the Dominican Republic through the National Directorate of Public Procurement is already providing support through south-south workshops, so that Honduras can learn from their experience in this key topic. Other key partners that are supporting Honduras in the area of women in public procurement that will be leveraged for this program are the European Union and the Central American Integration System (SICA). They have been providing funding for workshops and training.

- 6.3 The project will be carried out in partnership with MIPYME Honduras, a Center for the Development of Small and Medium Sized Enterprises working to promote SMEs in the country through technical assistance, access to finance and development of technological skills. It will also be coordinated with private organizations such as the Honduran Council of Private Enterprise (COHEP), chambers of commerce, Fedecamara and others to ensure a strong bridge to women-owned SMEs. It will also be coordinated closely with other WeFI initiatives through periodic coordination meetings in order to achieve synergies and increase the benefits that women-owned SMEs will obtain from this program.

VII. Exceptions to Bank policy

- 7.1 This TC does not foresee any exceptions to Bank policy.

VIII. Environmental and Social Strategy

- 8.1 There are no environmental or social risks associated with the activities outlined in this operation; therefore, its environmental classification is "C", according to the Environment and Safeguard Compliance Policy (OP-703).

Required Annexes:

[Request from the Client - HO-T1350](#)

[Results Matrix - HO-T1350](#)

[Terms of Reference - HO-T1350](#)

[Procurement Plan - HO-T1350](#)