

Access to funding programmes for women owned enterprises in the built environment

Abstract

Women owned enterprises in the South African built sector are held back by multidimensional barriers which include limited access to start-up capital, payment delays, limited access to infrastructure projects which result in the lack of cash flow in their businesses, restricted access to the market and limited access to business training, networks and mentorship. The data shows that only between 1% to 6% of public expenditure ends up with women owned businesses, despite women representing more than half of the South African population & despite poverty and unemployment affecting them more. The aim of the study is to investigate access to funding programmes for women owned enterprises in the built environment. The study is qualitative in nature and samples government departments, government agencies, a bank, microcredit company and 12 women-owned businesses in the built environment. The study unearthed that while South Africa is anchored by very progressive legislation, women-owned businesses are still negatively affected by factors such as limited access to funding, minimal market access, delayed or non-payment of supplier invoices by government, miniscule procurement opportunities as well as gender biases. The study thus recommends that the CBE in partnership with NDPWI, Department of Women, Youth and People with Disabilities advocate for the expansion of gender inclusive financial instruments and foster partnerships with banks and micro lenders to expand accessible funding products for women led businesses

Introduction

The Council of the Built Environment (CBE) is a statutory body established in terms of the Council for Built Environment Act (No. 43 of 2000) and an entity of the Department of Public Works and Infrastructure (DPWI). The CBE is a schedule 3 (a) public entity and is subject to compliance with the Public Finance Management Act (PFMA) Act No. 29 of 1999 and Treasury regulations. Sections 3(c) and (d) of the CBE Act mandate it to promote ongoing human resource development in the built environment, and to facilitate participation by

the built environment professions in integrated development in the context of achieving national goals. It is an overarching body that lead, regulate, coordinate, and advise the six Professional Councils namely: Architectural Profession, Landscape Architectural Profession, Engineering Profession, Property Valuers Profession, Project and Construction Management Professions, and Quantity Surveying Profession. The CBE also entered into strategic relationships with the following professional bodies: South African Council for Planners, Environmental Assessment

Practitioners Association of South Africa, and South African Geomatics Council Programme.

Research Objectives

- To examine obstacles that inhibit women owned enterprises from accessing funds to expand their businesses
- To assess the accessibility of information regarding funding programmes for women-owned enterprises
- Provide an overview of legal and policy frameworks impacting access to finance for women owned enterprises.
- To conduct an assessment of available sources of business financing, structures, and systems of Institutions in the areas of business financing (loans - banks, microcredit companies, entities of government)
- To document good practices of funding programmes for women owned enterprises

Methodology

The study employed a qualitative research approach as it allows for the collection of in-depth data of people's lived experiences from their perspectives and insights. The study further used purposive and snowball sampling in its selection of participants. Data was collected using semi-structured interview guides with open ended questions that were arranged according to key thematic areas but still provided room for further probing. The study targeted programme managers (running programmes that fund women-owned

enterprises), beneficiaries of funding programmes, women who have tried and failed to access funding for their businesses, subject experts in the field as well as officials from banks, microcredit companies, government departments such as department of small business development, the DTIC as well as government agencies such as Small Enterprise Development and Finance Agency (SEDFA), National Empowerment Fund (NEF), the Development Bank of Southern Africa (DBSA) and Industrial Development Corporation (IDC). Once the data was collected, thematic analysis was used as a method to analyse the data. Thematic analysis entails the analysis of qualitative data through identifying recurring themes and patterns as well as differences in terms of what participants share. The following steps will be followed in applying the thematic analysis method:

- Familiarisation with data
- Generating initial codes
- Searching for themes
- Reviewing themes
- Defining and naming themes
- Producing and reporting

Research Findings

Globally (out of 65 countries), South Africa ranks at number 55 for knowledge and financial access for women-owned businesses.

Funding programmes assessed in the study do not illustrate deliberate gender biases in that women were also funded in male dominated sectors such as construction and engineering. However, the funding programmes in the entities accessed are mostly generic, not gendered or built environment specific. While

gender inclusivity is welcome, gender blindness runs the risk of overlooking gender-specific challenges, inequalities and needs when designing relevant programmes. While business funding is important, findings reveal that it must be paired with non-financial support such as (structured business coaching & mentorship, financial literacy, credit readiness programmes, tendering and compliance capacity building programmes) for the best outcomes.

- Currently, the public procurement spend on goods and services from women-owned businesses is extremely low in South Africa. Government has responded to this, with the President signing the Public Procurement Act 28 of 2024 into law on the 23rd of July 2024. SA now awaits the regulations that will determine the applicable thresholds. Procurement reform is envisioned to allow women-owned businesses to sustain and grow.

Women-owned businesses interviewed in the study also complained of 'red tape' when applying for funding. Officials interviewed in the study articulated this 'red tape' as relating to the overwhelming paperwork that applicants have to read, understand and sign when applying for funding, applicants sometimes having to apply more than once due to rejection or administrative issues, the turnaround time between applying, getting a response and the funds being disbursed is often long. Collateral, lack of access to markets, unexpected cancellation of projects and the delayed or non-payment of supplier invoices by government also served as red tape to applicants who are in need of funding as well as those who simply wanted to effectively operate and grow their businesses.

- Women-owned enterprises serviced by the National Empowerment Fund and the Small Enterprise Foundation were pleased with their experiences with the entities. However, an unfortunate finding was that the National Empowerment fund was capitalized only once by the DTI at inception with a capitalization of 2.4 million. The government has not capitalized the NEF in over 20 years even though the NEF continues to call for an effective and sustained capitalisation of its balance sheet to allow far reaching investments that create new industrial capacity and can sustain the call for localisation, reindustrialisation and transformation.

Recommendations

The CBE to foster collaboration with the National Treasury and infrastructure government departments and advocate for stricter enforcement of gender inclusive legislative frameworks and the institutionalization of prescribed procurement thresholds to advance women-owned enterprises.

- The CBE to foster collaboration with the NDPWI, Department of Women, Youth and People with Disabilities and National Treasury and advocate for the strengthening of the National Treasury's Central Supplier Database system in monitoring gender-based procurement reporting from government departments and its entities.

- The CBE in partnership with NDPWI, Department of Women, Youth and People with Disabilities to advocate for the expansion of gender inclusive financial instruments and foster partnerships with banks and micro lenders to expand accessible funding products for women led businesses.
- CBE in partnership with government departments and entities responsible for business development, CETA/PSETA and advocate for the expansion of sector specific business support programmes (structured business coaching & mentorship, financial literacy, credit readiness programmes, tendering and compliance capacity building programmes) for women led businesses.
- CBE to create collaborative forums to foster cross-sector collaboration, sharing of best practices, innovations and networking support to promote women's economic participation in the built environment.

Conclusion

- Globally, South Africa's performance in the 2021 Mastercard index of women entrepreneurs is not outstanding. The

index measures the performance of 65 countries according to 3 outcomes i.e., 1) women's advancement outcomes which includes indicators such as women business leaders, women professionals and technical workers, entrepreneurial activity rate and women's labour force participation, 2) knowledge assets & financial access that considers general access to finance, the financial inclusion of women, government SMME support, women's tertiary enrolment and education as well as 3) the country's entrepreneurial supporting conditions which uses indicators such as sound policies, entrepreneurial attitudes and perceptions, the quality of governance, public services, infrastructure and property rights. Out of the 65 countries assessed, South Africa ranked at number 21 for women advancement outcomes and number 37 for having entrepreneurial supporting conditions. This performance can be described as average at best while the assumption of position 55 in terms of knowledge assets and financial access is undoubtedly poor.

- Women-owned businesses who participated in the study complained of exclusion in procurement opportunities. The MTSF 2019-2024, ERAP (October 2019-March 2020) detailed a target of 40% procurement spend on goods and services from women-owned businesses. The President then pronouncement the

same target on women's day of 2020. However, the spend on goods and services from women-owned businesses largely tallied between 0-5% in 2017/19- 2020/21, a far cry from the envisioned 40% pronounced by the President. This was attributed to a lack of legislation to enable the setting aside of 40% for women-owned businesses. Positively though, government responded, and the President signed the Public Procurement Act 28 of 2024 into law on the 23rd of July 2024. Currently, the government is in the process of developing the regulations that will determine the thresholds.

- Funding programmes assessed in the study do not illustrate gender biases in that women were also funded in male dominated sectors such as construction, engineering and property development. However, the funding programmes in the entities accessed are mostly generic, not gendered or built environment specific. While gender inclusivity is welcome, gender blindness runs the risk of overlooking gender-specific challenges, inequalities and needs when designing relevant programmes. Nevertheless, highlights in the study came from the Women Empowerment Fund within the DTIC's National Empowerment fund, the Small Enterprise Foundation servicing 99% women, FNB having a dedicated women in business unit, the department of small business having a sector specific support directorate

focusing on SME's in construction and a gendered but non-financial programme 'SheTradesZA' as well as the DTIC offering a built environment specific programme called the Critical Infrastructure Programme (although it is not gendered).

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Areas of Future Research

- Development for a women's entrepreneurship development framework in the built environment.
- An analysis of business support programmes in the built environment.
- An examination of the effectiveness of business support networks in the built environment

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This research brief draws its origins from the 2025/2026 CBE Research Report : Access to funding programmes for women owned enterprises in the built environment:. Available at the CBE Knowledge Hub.