



TOOL SUITE 2

UNLOCKING OPPORTUNITIES FOR WOMEN AND BUSINESS
A Toolkit of Actions and Strategies for Oil, Gas, and Mining Companies

WOMEN-OWNED BUSINESSES AND THE SUPPLY CHAIN



**UMBRELLA FACILITY
FOR GENDER EQUALITY**



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A Toolkit of Actions and Strategies for Oil, Gas, and Mining Companies

WOMEN-OWNED BUSINESSES AND THE SUPPLY CHAIN

Tools to help companies identify and develop women-owned suppliers
and suppliers with significant numbers of female employees





TABLE OF CONTENTS

OVERVIEW: OGM Supply Chains, Local Procurement, and Women-Owned Businesses	7
The Business Case for Supplier Diversification in OGM Industries	8
TOOL SUITE 2: Tools to Integrate Women-Owned and Gender-Diverse Businesses into the Supply Chain	16
TOOL 2.1: ASSESS AND PREPARE	18
Tool 2.1: Self-Assessment of Supply Chain Diversity and Inclusion	19
TOOLS 2.2–2.5: ADDRESS	23
Tool 2.2: Developing the Business Case for Increasing Engagement With Women-Owned Businesses	24
Tool 2.3: Developing a Code of Conduct for Increasing Engagement With Women-Owned Businesses	26
Tool 2.4: Developing a Comprehensive Gender Diversity Supply Chain Program	30
Tool 2.5: Support Development of Local Women-Owned Businesses	35
TOOL 2.6: MONITOR AND SUSTAIN	40
Tool 2.6: Indicators to Monitor Progress on Supply Chain Gender Diversity Goals	41
SELECTED RESOURCES FOR FURTHER READING	42

TABLES, BOXES, AND FIGURES

TABLE 2-A Overview of Tool Suite 2	17
TABLE 2-B Gender Equity in Procurement Scorecard: Assessing the Supply Chain, Policies, and Activities	20
TABLE 2-C Business Case Diagnostic: Engaging With Women-Owned Businesses	25
BOX 2-A SheTrades: Bringing Together Supply and Demand	10
BOX 2-B WEConnect: Global Network for Women-Owned Businesses	12
BOX 2-C WEConnect and the Royal Bank of Scotland: Supplier Diversity Code of Conduct	27
BOX 2-D Anglo American Walks the Walk on Local Contracting	31
BOX 2-E Making Training Targeted and Inclusive	33
BOX 2-F Business Women: A Partnership Between ExxonMobil and the Cherie Blair Foundation	36
BOX 2-G Boyner Group Strengthens its Supplier Base Through Capacity Building	37
BOX 2-H ExxonMobil and Other U.S. Corporations Agree to Report on Supply Chain Diversity	40

ABBREVIATIONS AND ACRONYMS

ARPEL Regional Association of Oil, Gas, and Biofuels Sector Companies in Latin America and the Caribbean

ASM Artisanal and Small-Scale Mining

(PNG) BCFW Papua New Guinea Business Coalition for Women

BIAC Business and Industry Advisory Committee to the OECD

CEO Chief Executive Officer

EI Extractive Industries

FIFO Fly-In, Fly-Out

FSV Family and Sexual Violence

GBV Gender-Based Violence

GDP Gross Domestic Product

GRM Grievance Redress Mechanism

HIV Human Immunodeficiency Virus

HR Human Resources

HREOC Australian Human Rights and Equal Opportunity Commission

HQ Headquarters

IFC International Finance Corporation

IPV Intimate Partner Violence

KDP Kecamatan Development Project

KPIs Key Performance Indicators

MOB Men-Owned Business

NGOs Non-Governmental Organizations

OECD Organization for Economic Cooperation and Development

OGM Oil, Gas, and Mining

PNG Papua New Guinea

RFX Summary acronym that includes Request for Information (RFI), Request for Proposal (RFP), Request for Quote (RFQ), and Request for Bid (RFB)

ROI Return on Investment

RTMP Rio Tinto Management Peru

SEC US Securities and Exchange Commission

SH Sexual Harassment

STEM Science Technology Engineering and Mathematics

TOR Terms of Reference

UNGC United Nations Global Compact

WGEA Australia's Workplace Gender Equality Agency

WEP Women's Empowerment Principles

WOB Women-Owned Business

APPLICABLE IFC PERFORMANCE STANDARDS

Performance Standard 1. Environmental and Social Sustainability

Where they can reasonably exercise control, employers are responsible for the risks and impacts associated with their supply chain.

Performance Standard 2. Labor and Working Conditions

This standard addresses (but is not limited to) the obligation of companies to promote fair treatment and non-discrimination of workers, to promote compliance with national employment and labor law, and to promote health and safety of works. These standards include for workers employed by third parties, i.e. in the supply chain.¹

¹ IFC Performance Standards on Environmental and Social Sustainability, January 1, 2012; IFC Guidance Note 2: Labor and Working Conditions, January 1, 2012.

OVERVIEW: OGM Supply Chains, Local Procurement, and Women-Owned Businesses

Oil, gas, and mining companies typically work closely with a range of subcontractors—from small local firms, to larger national or international partners. Many OGM companies already prioritize local contracting in their procurement plans and policies because they recognize the significant benefits that can come from working with local suppliers²—not only does it support local economic development; it also fosters local innovation, entrepreneurship, and competition.

By working with local suppliers, companies can demonstrate their commitment to local growth and partnership. While developing a local supply chain can often be limited by existing local capacity and can require a significant capacity-building investment on the part of firms, a diverse supply chain that includes women-owned businesses can help companies strengthen their supply chain, reduce procurement costs, and lower overall costs.

Reasons for the Lack of Diversity in OGM Supply Chains

Representation of women-owned businesses in the OGM supply chain remains limited. Why is this? In local corporate procurement, several contributing factors are at play. Companies have trouble identifying women-owned businesses that are locally owned and that meet their procurement needs. Companies also do not see a business case for making the extra effort to reach out to women-owned businesses. In addition, companies might not know how to go about incorporating women into supply chains in a meaningful and cost-effective way.

On the supply side, one reason for the lack of engagement with women-owned businesses in the OGM supply chain could be that local women-owned businesses are typically small and often concentrated in just a few industry sectors. In many contexts, particularly where women have more limited access to finance, women-owned businesses struggle to meet procurement requirements for major companies. For example, smaller companies might struggle to provide all the services requested when the larger firm that is issuing bids bundles contracts together. Smaller companies also might not want to accept a job when the contract terms involve delays between completion of work and time of payment. On top of this, local women-owned businesses often lack access to the same business and community networks that male-owned businesses do, meaning that they might

² Jackie VanderBrug, “The Global Rise of Female Entrepreneurs,” *Harvard Business Review*, September 4, 2013, <https://hbr.org/2013/09/global-rise-of-female-entrepreneurs>.

not know about upcoming tender opportunities and they might have a harder time competing against more networked competitors.

This tool suite outlines the benefits that can come with a gender-diverse supply chain and the reasons that a proactive gender-diverse supply chain policy can yield positive results. It offers strategies for companies that want to build stronger connections with women-owned businesses and increase the number of women-owned contractors in their supply chain. It also highlights ways that companies can support the development of local women-led businesses so they are procurement-ready for integration into the supply chain. (For additional information on developing local women-owned businesses through community engagement strategies, please see Tool 3.9 in Tool Suite 3: Gender and Community Engagement.)

“Small- and medium-sized enterprises (SMEs) have a huge potential for employment and wealth generation, but their participation in the capital-intensive O&G sectors has remained insignificant. A significant gap exists in opportunities for SMEs in the O&G sector, and it is even more accentuated for women-owned SMEs that generally have fewer resources.”

Source: AmCham France and BIAAC

THE BUSINESS CASE FOR SUPPLIER DIVERSIFICATION IN OGM INDUSTRIES

Supplier diversification—promoting the use of women-, local-, and minority-owned suppliers in the supply-chain—is becoming an increasingly important trend in procurement, because of the potential for positive bottom-line impact and for local community development. Studies have shown that companies that prioritize supplier diversity have a 133 percent greater return on procurement investments, spend 20 percent less on buying operations, and have considerably smaller procurement teams than those with lower supplier diversity.³ According to the United Nations, supply chain diversity can:

- Increase competition and thus drive down costs between vendors
- Facilitate innovation and collaboration with smaller suppliers on more customized products
- Improve corporate reputation and relationships with the community⁴

Further evidence comes from a recent IFC study, which notes that women-led businesses in the supply chain “result in stronger and larger supplier networks that contribute to higher input quality and more competitive prices over time.”⁵

³ IFC, “Women Entrepreneurs are Essential for Private Sector Development in Emerging Markets,” Washington, DC: IFC, 2015, 1.

⁴ UN Women, *The Power of Procurement: How to Source from Women-Owned Businesses*, New York: UN Women, 2017, 29, <http://www.unwomen.org/en/digital-library/publications/2017/3/the-power-of-procurement#view>.

⁵ IFC, “Putting Gender Smart Commitments into Practice: SheWorks One Year Progress Report,” Washington, DC: IFC, 2015, 4.

One reason for such convincing data is that globally, women-owned businesses are growing faster than male-led businesses. In fact, the number of women-owned firms in the United States grew twice as fast as all privately owned U.S. firms between 1997 and 2006. A growth in women-owned businesses increases options for companies looking for suppliers, which can help keep bottom-line costs down. Thus, companies that proactively encourage and support women-led businesses to compete for contracts have the opportunity to profit from this entrepreneurship and innovation boom.⁶

Good for Broader Economic Development

In addition to reduced costs in procurement spend, supporting locally-owned (or as close as possible to the host community) women-led businesses produces broader benefits: community stability, growth, and economic development. All of this can yield positive dividends for company-community relationships.

Women are key community actors. Evidence shows that when women control the community's money, the more likely it is that the funds will be reinvested in families and to the benefit of the community. Some research shows that for every additional 1 percent of women's share in household wages, family savings can grow by approximately 25 percent. The conclusion here is that women-led businesses and businesses that benefit women through employment represent an important community development driver.⁷ In fact, a report from Deloitte and BIAC cites Goldman Sachs estimates that closing the financing gap between male-led and female-led businesses in emerging economies would lead to 12 percent growth in per capita income in these countries by 2030.⁸

Challenges in Identifying and Supporting Women-Owned Businesses⁹

Many companies have in place robust local procurement plans. They may go to great lengths to work with local women-owned businesses. Still, many companies face challenges finding and engaging with women-owned business. Some of these issues are detailed below.

Identifying Women-Owned Businesses

Many companies report difficulties in identifying compliance-ready local women-owned businesses. Even in situations where larger, less-local women-owned enterprises exist, it can still be challenging to find competent, locally owned women-led firms.

⁶ Deloitte and BIAC, *Putting All Our Ideas to Work: Women and Entrepreneurship*, Paris: BIAC, 2015, 11; EY, "Scaling Up: Why Women-Owned Businesses Can Recharge the Global Economy," New York: EY, 2009, 4; IFC, "Putting Gender Smart Commitments into Practice," 4.

⁷ IFC, "Putting Gender Smart Commitments into Practice;" EY, "Scaling Up: Why Women-Owned Businesses Can Recharge the Global Economy"; Carmen Niethammer, "Women, Entrepreneurship, and the Opportunity to Promote Development and Business," Washington, DC: Brookings, 2013, 31.

⁸ Deloitte and BIAC, *Putting All Our Ideas to Work: Women and Entrepreneurship*, 11.

⁹ IFC defines women-owned enterprises as having either: (a) ≥ 51.0 percent ownership/stake held by a woman/ women; OR (b) ≥ 20.0 percent ownership/stake held by a woman/women AND ≥ 1 woman as CEO/COO (president/vice-president) as well as a ≥ 30.0 percent female board of directors where a board exists. However, definitions can vary from country to country.

BOX 2-A SheTrades: Bringing Together Supply and Demand

SheTrades is an initiative of the International Trade Center that brings together female entrepreneurs and suppliers, with the aim of connecting one million women entrepreneurs with markets by 2020.

It was created in response to concerns raised by corporations that they were having a hard time identifying suitable suppliers—and that this was getting in the way of increasing gender diversity in their supply chains.

Through the use of the SheTrades app, female entrepreneurs can connect with others, expand their networks, and internationalize their businesses, giving them increased visibility.

The app itself is the result of a global tech challenge, sponsored by SheTrades in partnership with Google and Brazilian tech firm CI&T. Greenbell Communications, a woman-owned Kenyan technology firm won the competition and created the SheTrades platform.

For more information: www.shetrades.com

Research suggests that women-owned firms tend to be smaller and not as capital intensive. They also typically employ fewer people—all of which can make them harder to identify. The size differential compared to male-led firms is due to a variety of reasons, including different attitudes towards debt and risk, fewer business networks, and limited access to finance. Initiatives like SheTrades (see Box 2-A) aim to increase visibility of women-owned businesses.

Companies can improve outreach to local women-owned businesses by identifying the sectors in which women are more likely to own and operate companies. For example, a Canadian mining sector needs assessment aimed at uncovering opportunities for women-owned business in indigenous communities found several product and service areas where small women-owned businesses already existed. The assessment identified potential opportunities to increase companies' engagement with women-owned businesses in the following sectors:

- Translation and interpretation services, including into local dialects
- Training for mining company staff on intercultural communication and traditions
- Catering
- Sewing, particularly repairing uniforms
- Crafts: For instance, on-site craft shops, which would be frequented by fly-in fly-out (FIFO) workers who would purchase souvenirs or gifts

¹⁰ “Opportunities in Mining Procurement,” Pauktuutit Inuit Women in Business Network, <http://pauktuutit.ca/opportunities/needs-assessment/>.

- Logistical support
- Support for off-site events, and or/coordination of potential tourism and local excursions for fly-in/fly-out staff¹⁰

It is important to note here that this list is by no means exhaustive. Do not make the assumption that women-owned firms are limited to such services. Instead, use this as a starting point for your own outreach to potential women-owned business suppliers.

Limited Number of Women-Owned Firms

In some markets, the reason for the difficulty in finding women-own businesses is that there might not be many such businesses, particularly in certain sectors. It is true that women-owned businesses face many of the same challenges as any other business. But there are added difficulties for these firms, particularly in certain countries, where women still face regulatory and legal barriers. In Kuwait, for instance, women are not permitted to work past 8 p.m. Women in Swaziland need the permission of a male relative for a range of tasks, like opening a bank account, getting a passport, or enforcing a contract. And women in Tanzania are sometimes prohibited from using land as collateral.¹¹

Even where these restrictions do not apply, women often have a harder time accessing finance, which can limit entrepreneurship and business growth. Globally, 58 percent of women have bank accounts, compared to 65 percent of men.¹² They typically have lower levels of financial literacy. Women can be more debt-averse than men, which inhibits business start-ups.¹³

Women also face more subtle barriers. For instance, situations requiring social contacts and informal channels to access finance put women at a disadvantage, because in many contexts they may lack such networks.

In addition, women who live in certain places may be less mobile than men and may not have as much access to technology. According to IFC research, women are 25 percent less likely than men to have access to the Internet or own a mobile phone, both of which can create barriers to entrepreneurship in a technology-dependent world.¹⁴

Another limitation for female business owners is that while they may offer quality products, they may not have as much business experience or have the expertise to pursue business opportunities in optimal ways. This inexperience can compound their challenges in securing investors.¹⁵

¹¹ EY, “Scaling Up: Why Women-Owned Businesses Can Recharge the Global Economy,” 10. Also see: World Bank Group, “Women Business and the Law: Getting to Equal,” Washington, DC: World Bank, 2015.

¹² World Bank, “The Global Findex Database 2014,” Washington, DC: World Bank, 2015, 15.

¹³ Niethammer, *Women, Entrepreneurship, and the Opportunity to Promote Development and Business*, 31.

¹⁴ IFC, “Women Entrepreneurs are Essential for Private Sector Development in Emerging Markets,” Washington, DC: IFC, 2017, 1.

¹⁵ IFC, “Women-Owned SMEs: A Business Opportunity for in Financial Institutions,” Washington, DC: IFC, 2014, 1 and 6. Also, Deloitte and BIAC, *Putting All Our Ideas to Work: Women and Entrepreneurship*, 3.

BOX 2-B WEConnect: Global Network for Women-Owned Businesses

WEConnect International is a global network that connects women-owned businesses with supplier opportunities. Through the network, businesses that are majority-owned (minimum 51 percent), or managed and controlled by women are identified, trained, registered, and certified. The platform targets women-led businesses outside the U.S. It connects these businesses with corporate buyers, including major multinational corporations. Corporations can register on the WEConnect website to become corporate members and women-owned businesses can sign up to become certified suppliers.

For more information: weconnectinternational.org

Initiatives to Identify and Foster Women-Owned Businesses

IFC supports a number of initiatives specifically to support growth and capacity-building of local women-owned businesses.¹⁶ Among these efforts are the following:

- **Banking on Women program:** Through this program, IFC works to increase access to finance for women entrepreneurs. IFC uses its capital investment to help financial institutions support women entrepreneurs, works with non-traditional financial access mechanisms, supports women's engagement in value chains, and provides training and advisory services to support women-owned businesses. Banking on Women has \$2.5 billion committed to women-owned small and medium enterprises (SMEs), through financial intermediaries.¹⁷
- **Women Entrepreneurs Opportunity Facility:** IFC partners with Goldman Sachs on this program, which improves female entrepreneurs' access to capital, provides entrepreneurship training, and offers a global forum to promote best practices for women-owned SMEs. The facility also supports investment climate programs that promote partnerships between government and the private sector to make it easier to start and grow small businesses.¹⁸
- **Women's entrepreneurship training:** IFC research has found that many women's entrepreneurship training programs have limited results because they lack programs that build confidence, leadership, and presentation skills in addition to business skills development. The study also found that too few such programs include mentorship, sponsorship, and coaching or post-training support. Many failed to make a connection between training programs and access to financial products. To address these gaps, IFC has developed a customizable women's entrepreneurship training program, which was successfully piloted in Turkey and Palestine.¹⁹

¹⁶ For more information, see the IFC Gender Secretariat website: http://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/gender+at+ifc/priorities/entrepreneurship.

¹⁷ IFC, "Banking on Women: Changing the Face of the Global Economy," <http://www.ifc.org/wps/wcm/connect/9be5a00041346745b077b8df0d0e71af/BOWfactsheet.pdf?MOD=AJPERES>.

¹⁸ Entrepreneurship website, IFC; http://www.ifc.org/wps/wcm/connect/Topics_Ext_Content/IFC_External_Corporate_Site/Gender+at+IFC/Priorities/Entrepreneurship/ (Last updated April 13, 2017).

¹⁹ IFC, "Women Entrepreneurs are Essential for Private Sector Development in Emerging Markets," 3.

- **SME Finance Forum:** IFC manages the Group of 20's SME Finance Forum, an initiative of its Global Partnership for Financial Inclusion. The forum is a platform for knowledge sharing, to help increase access to finance for SMEs.
- **Insurance:** IFC is spearheading an initiative to partner with private insurers and development donors to increase women's access to insurance, as a way to enhance women's financial stability and entrepreneurship.

In addition to IFC, other organizations such as the International Trade Center, with its SheTrades initiative (see Box 2-A), and WEConnect (see Box 2-B) are working to make it easier for companies to identify businesses that are verified as women-owned, and that meet certain capacity and scalability standards. By creating platforms and developing certifications, they are helping women-owned businesses and companies connect.²⁰



²⁰ Kara Valikai, "Why Bringing Women Owned Business into the Supply Chain Makes Business Sense," Devex, 2013, <https://www.devex.com/news/why-bringing-women-owned-business-into-the-supply-chain-makes-business-sense-82015>.

Engaging with Women-Owned Suppliers

Given the benefits of working with women-owned companies, and the challenges outlined above, what additional steps can companies take to identify and/or help develop women-led suppliers?

This tool suite offers a set of effective actions, starting with a self-assessment on supply chain diversity. Additional actions include:

- Developing a gender-inclusive procurement policy to improve identification of and contracting with women-own businesses
- Hosting workshops or collaborating with partners like IFC to train local communities on starting businesses and applying for contracts, which will help cultivate more women-owned businesses
- Creating mentorship and development programs to help women-owned firms scale up to meet corporate needs

Women-Owned Businesses and Employers-of-Choice for Women

It would be inaccurate to suggest that women cannot benefit from businesses owned by men, or that women-owned businesses necessarily benefit communities more than male-owned companies that employ substantial numbers of women. Still, the focus of this tool suite is on maximizing the business benefits of working with women-owned suppliers. The emphasis is on the business benefits of working with women-owned suppliers and on helping companies identify and develop such suppliers. Of note for corporate users of this tool suite, these efforts should be directed at increasing engagement with local women-owned businesses, not merely women-owned businesses that may have little or no connection to host communities.

This tool suite complements Tool Suite 1, which makes a clear case that companies with significant numbers of female employees may be more profitable and efficient, even if women are not the owners. Tool Suite 1 also includes techniques to ensure that companies' suppliers are sufficiently gender-diverse. Combined, the two tool suites provide the full range of guidance to ensure a gender-diverse supply chain, including use of women-owned contractors and suppliers with significant numbers of female employees.

“Women usually reinvest a much higher part of their earnings in their families and communities than men, spreading wealth and creating a positive impact on future development.”

— Otaviano Canuto, Vice President of the World Bank's Poverty Reduction and Economic Management Network



TOOL SUITE 2: Tools to Integrate Women-Owned and Gender-Diverse Businesses into the Supply Chain

Tool Suite 2 features 6 tools to help you identify and develop local women-owned suppliers and local suppliers with significant numbers of female employees. The tools provide detailed guidance for assessing the current state of diversity within your supply chain and ways to address the gaps, with an approach that also supports the development of local women-owned businesses.

It includes tools to:

- **Assess and prepare:** Assess your company’s ability to understand and take action on gender gaps in your supply chain, and put in place staff, structures, and plans to address these gender issues. Tool 2.1 includes a sample self-assessment to help determine the current degree of engagement with women-owned businesses.
- **Address:** Take specific practical actions to increase gender diversity, inclusion, and gender-equitable opportunities in your supply chain. Tools 2.2–2.5 help you design your approach.
- **Monitor and sustain:** Monitor progress and institutionalize mechanisms to ensure continued improvement in your engagement with women-owned businesses. Tool 2.6 proposes indicators that will help you track, monitor, and sustain progress on your supply chain diversity goals.

See Table 2-A for an overview.

TABLE 2-A Overview of Tool Suite 2

TOOL	TARGET UNIT	GOAL
ASSESS and PREPARE		
TOOL 2.1: Self-Assessment of Supply Chain Diversity and Inclusion	Procurement	Assess current degree of engagement with women-owned businesses
ADDRESS		
TOOL 2.2: Developing the Business Case for Increasing Engagement with Women-Owned Businesses	Human Resources, Senior Management	Identify and present business case arguments for engagement with women-owned businesses
TOOL 2.3: Developing a Code of Conduct for Increasing Engagement with Women-Owned Businesses	Procurement	Establish a protocol and clear set of guidelines for increasing engagement with women-owned businesses
TOOL 2.4: Developing a Comprehensive Gender Diversity Supply Chain Program	Procurement	Create a comprehensive program that supports increased supply chain diversity
TOOL 2.5: Support Development of Local Women-Owned Businesses	Procurement, Community Affairs	Cultivate women-owned businesses that can support supply chain needs
MONITOR and SUSTAIN		
TOOL 2.6: Indicators to Monitor Progress on Supply Chain Gender Diversity Goals	Human Resources, Procurement, Senior Management	Track, monitor, and sustain progress on increased gender diversity in the supply chain

TOOL 2.1: Assess and Prepare

Conducting a self-assessment of your company’s current level of engagement with women-owned businesses will help you uncover gaps and identify areas of focus for future actions and initiatives.

Tool 2.1 provides a model self-assessment, in the form of a scorecard that can be used for an initial internal stocktaking and to uncover bottlenecks in identifying and attracting women-owned suppliers. Results also can trigger a review of your supplier criteria, to ensure that they are not unfairly or unnecessarily excluding women-owned businesses. Use of the scorecard assumes the following:

- The company currently has some sort of procurement plan.
- The company collects data on supplier diversity.
- The company has a gender equity champion who can support integration of gender into procurement activities.

If you do not have a local procurement plan or procurement office, IFC’s *A Guide to Getting Started in Local Procurement* offers important fundamentals.²¹ The tools provided here complement this guide, with an approach for integrating the gender dimension into local procurement plans.

²¹ The guidance used to develop this tool includes: WEConnect International, “Global Supplier Diversity & Inclusion: Reaching the Gold Standard,” 2015; UN Women, *The Power of Procurement: How to Source from Women-Owned Businesses*; and tools from the Royal Bank of Scotland.

TOOL 2.1:**Self-Assessment of Supply Chain Diversity and Inclusion**

- ▶ **GOAL:** Assess current degree of engagement with women-owned businesses
- ▶ **TARGET UNIT:** Procurement

This scorecard tool helps companies assess the extent to which they currently engage with women-owned businesses in their supply chain. It also looks at the state of existing support for increased engagement with women-owned businesses, including what senior management is doing and what types of corporate systems are in place. It draws on guidance from IFC and other organizations.²²

The scorecard lets you rank your current engagement with women-owned companies, your existing procurement policies, and the extent to which you currently support development of local women-owned suppliers.

USING THE SCORECARD

The scorecard looks at several aspects of the current procurement environment.

- **Current engagement with women-owned businesses as contractors and suppliers:** How many women-owned businesses are currently engaged as Tier 1 and Tier 2 suppliers? Are suppliers and subcontractors required to engage with women-owned businesses as subcontractors? Are they held accountable for this?
- **Awareness and outreach to women-owned businesses:** To what extent is the company aware of local women-owned businesses? How could they fit into the supply chain? To what extent is the company working to develop these opportunities?
- **Current procurement practices and criteria:** Does the company facilitate and incentivize working with women-owned businesses? To what extent does the procurement plan prioritize working with women-owned businesses? To what extent does the company monitor and incentivize working with women-owned businesses?
- **Corporate climate for prioritizing engagement with women-owned businesses:** How is management demonstrating leadership on the topic? What building blocks have been put in place to proactively support the strategy?
- **Monitoring and evaluation:** Does the company monitor engagement with women-owned businesses? If so, to what extent?

²² Download the guide here: http://www.ifc.org/wps/wcm/connect/03e40880488553ccb09cf26a6515bb18/IFC_LPPGuide_PDF20110708.pdf?MOD=AJPERES.

Scoring

Score each of the criteria on a scale of 1–8.

- **1–2 points:** From zero activity to little activity
- **3–4 points:** From some work, but primarily in response to crisis, to some work, but not regular
- **5–6 points:** From regularly working on these issues, although not comprehensively, to working on these issues regularly and comprehensively
- **7–8 points:** From excellent implementation to outstanding implementation, including continuous feedback and improvement

Repeat this assessment every year to track progress. Use the results to reflect on progress and identify ways to improve engagement, either by updating procurement criteria, or through outreach to local women-owned businesses.

See tools 2.2–2.5 for specific guidance on how to address bottlenecks identified in the scorecard.

TABLE 2-B Gender Equity in Procurement Scorecard: Assessing the Supply Chain, Policies, and Activities

CURRENT ENGAGEMENT WITH WOMEN-OWNED BUSINESSES AS CONTRACTORS AND SUPPLIERS

▼ **SCORE 1–8 SCALE** (1 is low; 8 is high)

	Assess the current ratio of Tier 1 women-owned suppliers/contractors compared to all Tier 1 suppliers/contractors
	Assess the ratio of company spend with women-owned businesses compared to total company supply/contracting spend

TIPS: For additional assessment and deeper understanding:

- Break down women-owned businesses spend ratio by department
- Identify departments with the highest and lowest ratio of spending with women-owned businesses.
- Identify reasons for departmental disparities

AWARENESS AND OUTREACH TO WOMEN-OWNED BUSINESSES

▼ **SCORE 1–8 SCALE** (1 is low; 8 is high)

	Does the company maintain (or have access to, through a chamber of commerce or other entity) a current database of local, regional, and national women-owned businesses that meet supplier criteria?
	Is the database updated regularly? Would it be updated if supplier criteria get updated?
	Does the database identify key services or sectors where women-owned businesses are clustered?
	In a standard RFX, does the company currently include any language encouraging women-owned businesses to apply?
	In vendor outreach activities, does the company take steps to include women-owned businesses or to target sectors where there is a cluster of women-owned businesses?

Has the company conducted any assessment/inventory/analysis to identify viable local women-owned businesses as suppliers or subcontractors?
Does the company make specific outreach efforts to women-owned businesses, for instance through community workshops, seminars, or trade fairs?
Does the website specifically encourage women-owned businesses to respond to RFX?
Do RFX include gender-inclusive language, and/or specifically encourage women-owned businesses to bid?
Are local partnerships in place to support procurement from women-owned contractors/suppliers?
Does the company support events to inform local women-owned businesses about procurement opportunities?
Does the company hold or support capacity-building activities to develop local women-owned suppliers?
Does the company have in place mentoring or training activities to help develop local women-owned businesses?
Does the training include business fundamentals as well as technical skills?
Does the company support initiatives to build access to finance for local female entrepreneurs, for instance through partnerships with local finance institutions?

CURRENT PROCUREMENT PRACTICES AND CRITERIA

▼ **SCORE 1-8 SCALE** (1 is low; 8 is high)

Is there a local procurement policy or commitment that specifically mentions increasing the number of women-owned businesses in the supply chain?
Does the company have a clear policy that defines what is meant by women-owned business: i.e. female ownership or number/ratio of women employees?
If a policy exists for Tier 1 suppliers on engagement with women-owned subcontractors, does it extend to subcontractors/Tier 2 or 3 suppliers?
Does the company have in place a procurement audit process that specifically assesses the degree of engagement with women-owned businesses?
Do procurement criteria needlessly put women-owned businesses at a disadvantage? (For instance, are vendors required to have been in business for a certain number of years, have a certain amount of income, have a formal bank account or require Internet access?) <i>TIP: Consider whether these criteria are absolutely necessary or if they could be modified so they do not preclude newer, smaller vendors.</i>
Is engagement with women-owned businesses highlighted during orientation and training for procurement staff?
Do procurement staff receive ongoing training and capacity building on ways to engage with and support WOBs?
Are there incentives in place to encourage engagement with women-owned businesses as subcontractors and/or suppliers?
Have local procurement plans, targets, and opportunities been reviewed to identify areas where specific women-owned businesses could be encouraged to engage?
Have local procurement plans and targets been reviewed to identify areas where capacity-building initiatives would enable local women-owned contractors to meet supplier/procurement demand?

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CORPORATE CLIMATE FOR PRIORITIZING ENGAGEMENT WITH WOMEN-OWNED BUSINESSES

▼ SCORE 1-8 SCALE (1 is low; 8 is high)

	Has the gender equity champion (or other) developed a business case for incorporating women-owned businesses in procurement?
	Have the CEO and senior management team communicated their commitment to increasing the number of women-owned businesses in the supply chain?
	Does the company have in place a dedicated local procurement team with a mandate that includes a specific objective to increase engagement with women-owned businesses?
	Has the company allocated a specific line item in the budget to support increased engagement with women-owned businesses in the supply chain? TIP: Examples include engaging with WEConnect, or organizing assessment and training for procurement staff on gender issues.
	Do annual reports include information about engagement with women-owned businesses and progress towards increased gender diversity in the supply chain?

MONITORING AND EVALUATION

▼ SCORE 1-8 SCALE (1 is low; 8 is high)

	Are there clearly stated goals on the number (or percentage) of women-owned businesses in the supply chain the company aspires to?
	Does the monitoring and evaluation system include tracking on the number of women-owned businesses in the supply chain and amount of procurement spend with them? <i>TIP: This includes total spend as well as departmental data.</i>
	Are the above numbers tracked and reported quarterly?
	Does the monitoring and evaluation system include an indicator related to contracts with women-owned businesses?
	Do performance evaluations for purchasing department managers include recruitment targets for increasing the number of women-owned businesses contracts?
	Are improvements in engagement with WOBs included in annual reporting?

TOOLS 2.2–2.5: Address

Following the self-assessment, companies can take action to address key bottlenecks and obstacles to engagement with WOBs. Here is a step-by-step guide.

- 1. Develop a business case:** If corporate buy-in is low, a well-developed business case provides the basis for strengthening senior-level leadership and cultivating a supportive corporate culture. The business case should include quantitative and qualitative assessments of how more engagement with women-owned businesses will increase profitability and/or improve relations with the community. The gender equity champion can lead this effort, which should target senior management as well as all departments with purchasing and/or subcontracting needs. Use the business case to secure senior management buy-in and identify operational champions within departmental purchasing teams. (For more, see Tool 2.2)
- 2. Update the local procurement policy to support increased engagement with women-owned businesses:** Based on results of the assessment, amend your local procurement policy to lower barriers to entry for women-owned businesses and—ultimately—to increase engagement with them. This includes altering policies and procurement criteria that needlessly disadvantage women-owned contractors and updating advertising and community engagement strategies for better outreach. (For more, see Tools 2.3 and 2.4.)
- 3. Develop programs to support implementation of the updated policy:** This includes revising communications, arranging for procurement staff training, setting up local partnerships, and identifying accountabilities and incentives. (For more, see Tool 2.4.)
- 4. Identify and secure additional resources and tools needed to implement these plans:** Implementation of the updated plan may require additional staff, consultants, and training budget.
- 5. Support development of local suppliers to meet supply chain needs:** Based on the findings of the assessment, companies may need to update training programs, and/or develop new community partnerships to support the development of women-owned businesses that could qualify as local suppliers.

TOOL 2.2:**Developing the Business Case for Increasing Engagement With Women-Owned Businesses**

- ▶ **GOAL:** Identify and present business case arguments for engagement with women-owned businesses
- ▶ **TARGET UNITS:** Human Resources, Senior Management

STRONG BUSINESS CASE DEMONSTRATES VALUE

A strong business case is an important first step towards increasing gender diversity in the supply chain. It validates and rationalizes the effort and investment put forth by showing the benefits that can accrue. It includes non-financial benefits in addition to the financial value. Among the non-financial benefits: Improved community relations, potential leveraging with community engagement programs, and reputational gains.

A sound business case will help secure senior management buy-in for revising the local procurement plan and creating incentives and accountability for increasing engagement with women-owned vendors. Operational champions in each departmental purchasing team can be useful contact points for implementing these updated policies, and monitoring success stories, bottlenecks, and challenges.

The company's gender equity champion and gender equity task force can take the lead on building the business case, which should highlight both the potential benefits of a gender-diverse supply chain and steps the company could take to address any gaps. It complements the assessment of the local women-owned business environment as detailed in Tool 2.1.

In building the business case for investing in women-owned business suppliers, remember to incorporate the non-financial benefits such as those noted above—as well as a longer-term perspective—in making the case. This information is critical, since in some instances, the costs of supplier diversification might not be offset immediately. For example, in situations where a smaller women-owned business does not have the scale to meet the needs of major international companies, an upfront capacity-building or training investment might be required before the business is able to meet these needs. Thorough detail on the short- and long-term financial and non-financial benefits from supporting women-owned businesses will provide a clear indication of the value such efforts bring—both for the company and the broader community.

Use the diagnostic provided in Table 2-C to help you develop and frame a business case for increasing gender diversity in the supply chain.

TABLE 2-C Business Case Diagnostic: Engaging With Women-Owned Businesses**1. COST SAVINGS: Identify potential cost savings from working with women-owned businesses**

- ▶ Identify potential “conventional” and women-owned vendors: To what extent can these suppliers provide equivalent services? For example, are there reasons that women-owned businesses would not be able to meet procurement needs equally? What are the specific barriers to entry for women-owned vendors, based on market status—such as recent entry to the market or scale of current contracts and/or your procurement criteria?
- ▶ Compare pricing between conventional suppliers and women-owned vendors that provide equivalent products and services: Are prices competitive? Are there potential cost savings from women-owned vendors? If the women-owned businesses are not the lower-cost vendors, what other benefits might come from contracting with them, such as better quality or value?
- ▶ Compare product quality between conventional suppliers and women-owned vendors that provide equivalent services: Would working with women-owned vendors lead to improved product quality?
- ▶ Identify opportunities to build the capacity of women-owned vendors that cannot supply comparable products/services: Could they reach the point where they could provide comparable goods through a moderate degree of training?
- ▶ Identify aggregate cost savings from contracting with women-owned vendors.

2. ADDITIONAL COSTS: Identify potential costs that may result from contracting with women-owned vendors

- ▶ Are the local women-owned businesses currently operating at required standards or would additional training be needed to scale them up to meet quality and volume needs?
- ▶ Identify the type, scope, and length of training needed so these vendors could become viable suppliers: How many trainings? Over what period of time? How often would the training need to be repeated? Develop cost estimates for these trainings, and compare to the anticipated financial benefits from working with that particular vendor.
- ▶ Conduct overall cost-benefit analysis for training: First, calculate the number of new vendors that could become qualified through training. Next, compare the value of qualifying these newly registered suppliers with the training costs—does the value offset the cost?

3. BUDGET: Consider ways to fund training and outreach by leveraging community engagement activities

- ▶ Connect with the corporate social responsibility/community engagement teams: Identify opportunities to cross-subsidize women-owned vendor training and outreach through programs run by these departments.

4. NON-FINANCIAL BENEFITS: Itemize the broader benefits of working with local women-owned vendors

- ▶ Examine and evaluate non-financial benefits: These include improving community relations, enhancing local economic development by empowering women, meeting community investment and local sourcing requirements, and complying with government requirements for gender diversity in supply chains.
- ▶ Detail the community engagement dividends from cultivating and contracting with women-owned vendors.
- ▶ Quantify or otherwise demonstrate ways in which these dividends would help to offset—and perhaps more than make up for—financial costs.

TOOL 2.3:**Developing a Code of Conduct for Increasing Engagement With Women-Owned Businesses**

- ▶ **GOAL:** Develop a protocol and clear set of guidelines for increasing engagement with women-owned businesses
- ▶ **TARGET UNIT:** Procurement

THE ROLE OF CODES OF CONDUCT

Even before your company has fully developed its gender equity policy, a formal code of conduct can help outline a commitment to gender diversity in the supply chain. Also known as a code of ethics, the code of conduct is a corporate policy that guides employees on behaviors extending well beyond processes and procedures. It details the company values that underpin all activities, goals, and objectives. Having in place a supplier diversity code of conduct sends a signal to all staff that this is a core company value and prioritized business principle. It also offers guidance on integrating this value into procurement operations.

Be sure to collaborate with the various relevant units in developing such a code, including the gender equity task force, procurement, legal, business services, and compliance. Representation from senior management is equally important.

You may decide to sign on to an existing code of conduct, such as the one developed by WEConnect International and the Royal Bank of Scotland (See Box 2-C). Or, you might want to develop your own code as a start towards a more comprehensive gender diversity program.

DEVELOPING A SUPPLIER DIVERSITY CODE OF CONDUCT IN 5 STEPS

Follow these five steps to create a supplier diversity code of conduct.

Code development step 1: Establish objectives for supply chain gender diversification.

These might include:

- Creating a more innovative and competitive marketplace for suppliers
- Creating more economic opportunities for diverse suppliers within the surrounding community
- Creating procurement opportunities that reflect the diversity of the local community
- Developing a procurement plan that aligns with the values of the company and with the general procurement policy

BOX 2-C WEConnect and the Royal Bank of Scotland: Supplier Diversity Code of Conduct

WEConnect International and the Royal Bank of Scotland have developed a template for a supplier diversity code of conduct. Companies can sign on to the code, which serves as a strong signal to internal and external stakeholders about intent to update procurement policies, community engagement, and monitoring and evaluation metrics in support of more engagement with local women-owned businesses. The code's objective is to define company commitments and lay the groundwork for a more specific and detailed plan of action to increase gender diversity in the supply chain.

For more information: weconnectinternational.org

Code development step 2: Define key terms.

- What does a gender-diverse supply chain mean for your company? For instance, how will your company define women-owned businesses? Of note, companies that are at least 51 percent owned, operated, and controlled by women are typically considered women-owned.
- What percentage of women-owned suppliers is your company's target?

Code development step 3: Identify the code's scope.

- Will it apply to all employees with procurement responsibilities?
- What about Tier 1 and 2 suppliers? Are they expected to abide by the code in their own dealings with suppliers and contractors?

Code development step 4: Outline key principles.

This involves defining the guiding principles to which the code's signatories are committing, such as:

- Reviewing supplier criteria to ensure that they are not creating an unnecessary and undue burden on new or smaller companies.
- Communicating more effectively with potential suppliers to ensure that RFX reach a wider range of potential suppliers: There are several ways to do so, such as hosting/participating in supplier conferences and making procurement policies more accessible and easier to understand.
- Exploring options to reduce contract size: For instance, de-coupling multiple activities so they are not bundled as part of a larger contract. This will ensure that smaller, women-owned businesses are not excluded from eligibility.
- Simplifying and streamlining the application and contracting processes, to reduce the time burden on smaller suppliers.

- Reviewing contract award criteria to focus on value for money, rather than simply lowest cost options.
- Reviewing payment procedures, to ensure that payments are made promptly and within short timeframes to reduce pressure on smaller firms.
- Providing feedback to firms on unsuccessful bids as part of supplier development programs.
- Ensuring that small business development initiatives support businesses of all sizes: This includes exploring opportunities to work with microenterprises and ensuring that small business development programs have a connection to funding mechanisms, to create more meaningful opportunities.
- Partner with suppliers to explore options for low-cost innovation.²³

“Female entrepreneurship is an increasingly salient part of the economic makeup of many countries and is a key contributor to economic growth in low- and middle-income countries.”

—Erkko Autio

Source: *Global Entrepreneurship Monitor Report 2007*.

Code development step 5: Monitor and evaluate.

Commit to effective and ongoing monitoring and evaluation, with indicators for:

- Number and type of suppliers
- Effectiveness of training activities
- Cost effectiveness of suppliers.²⁴

ADOPTING A SUPPLIER DIVERSITY CODE OF CONDUCT IN 4 STEPS²⁵

Developing the code is only the first phase. The next phase involves rolling out the code company-wide and ensuring adoption and uptake. Here are the steps to take in helping your company adopt the newly developed code of conduct.

²³ The information in Step 4 draws on: UN Women, *The Power of Procurement: How to Source from Women-Owned Businesses*; and Connaughton and Gibbons, “Beyond Compliance: Top Supplier Diversity Programs Aim to Broaden Value Proposition,” Atlanta: The Hackett Group, 2016.

²⁴ WEConnect International and Royal Bank of Scotland, *Supplier Diversity & Inclusion Code of Conduct*, <http://www.weconnecteurope.org/sites/default/files/documents/SDICCAadopters.pdf>.

²⁵ This is based loosely on Royal Bank of Scotland, *Supplier Diversity & Inclusion Code of Conduct: Adopting the Code*, <https://weconnectinternational.org/images/supplier-inclusion/supplier-inclusion-code-of-conduct-adopting-the-code.pdf>.

Code adoption step 1: Share details of the code with key managers and gain buy-in by involving them.

- Engage with department heads of key departments, including procurement, legal, compliance, sustainability, and business services, as well as senior management, to review, amend, and finalize the code. Remember that endorsement from the highest levels is critical to successful implementation.

Code adoption step 2: Set a timeline for development of a more comprehensive gender-inclusive local procurement policy.

This should include updated procurement criteria and procedures, and updated communication and training plans.

Code adoption step 3: Design a communication plan for the roll-out.

- How, when, and where will the new code be unveiled?
- Identify specific strategies and approaches for communicating with staff, corporate stakeholders, other companies, and the community.

Code adoption step 4: Develop a monitoring and evaluation plan.²⁶

How will successful implementation of the plan be monitored? Potential indicators might include:

- Percentage of spend with diverse suppliers
- Number or percentage of suppliers classified as “diverse”
- Percentage of suppliers meeting or exceeding expectations
- Number or percentage of “diverse” suppliers that are strategic partners

²⁶ Based on Connaughton and Gibbons, “Beyond Compliance: Top Supplier Diversity Programs Aim to Broaden Value Proposition,” 3.

TOOL 2.4:**Developing a Comprehensive Gender Diversity Supply Chain Program**

- ▶ **GOAL:** Develop a comprehensive program for increased supply chain diversity
- ▶ **TARGET UNIT:** Procurement

After signaling intent to improve supply chain gender diversity with a code of conduct, it is time to focus on creating a comprehensive gender diversity supply chain program. This process is based on the supply chain assessment and is detailed here.

Action item 1. Review and update local procurement policy.

Review the policy with an eye toward making it easier for women-owned businesses to qualify and register as vendors and addressing bottlenecks as identified in the assessment.

- Define women-owned businesses, and clarify criteria for qualifying as such, in accordance with the code of conduct.²⁷
- In addition to ownership and control structure, identify qualifying criteria and the ways in which these criteria will be assessed: For instance, will the active involvement in business operations on the part of the female owner be a consideration?
- Highlight areas of the local procurement policy or current procurement guidelines that contribute to the bottlenecks and challenges that were identified in the assessment:
 - » How are tenders advertised? Is circulation of opportunities typically reliant on word of mouth, business networks, or other types of communication that may disadvantage smaller, newer firms, or those without access to more established business networks?
 - » Review criteria for authorized vendors to determine whether financial or legal requirements are unnecessarily precluding or overly hindering local women-owned firms. Do these requirements—such as duration of company’s existence, minimum amount of income in preceding year—prevent women-owned vendors that otherwise have the qualifications and capacity from bidding on the job?
 - » Are contracts typically bundled together—including multiple types of tasks—in a way that excludes women-owned businesses? These businesses tend to be smaller and may have difficulty responding to larger, more complex, or multi-task bids.

²⁷ UN Women’s *Corporate Guide to Gender Responsive Procurement* suggests the following minimum criteria for qualifying as a women-owned business: “(1) at least 51 percent unconditional ownership by one or more women; (2) unconditional control by one or more women over both the long-term decision-making and the day-to-day management and administration of the business operations; and (3) independence from non-women-owned businesses.” UN Women, *Corporate Guide to Gender Responsive Procurement* New York: UN Women, 2017, xiii.

BOX 2-D Anglo American Walks the Walk on Local Contracting

Anglo American's procurement policy acknowledges that small and medium enterprises face unique challenges in accessing supply chain opportunities, for instance, in situations where procurement requirements or procedures are highly complex, or where requirements and standards may exclude smaller providers. Here is how the policy addresses these issues.

"We will strive therefore to minimize the barriers to participation by simplifying our processes and clearly and transparently communicating our requirements and standards. We will draw on a range of preferential sourcing methods suited to particular local market and SME characteristics..."

"...Our payment terms will accommodate the needs of SMEs..."

"...We will support the development of commercially viable local businesses that meet Anglo American requirements."

Source: Anglo American

- » What is the typical payment structure for contracts? Are companies expected to invest significant time in planning or early-stage work before the first payment? Such expectations could pose an undue hardship on smaller firms.
- Identify ways to modify the current standards without altering essential qualifications: This extends to all bidders, not just women-owned vendors. There are several options here, including the possibility of substituting alternate evaluation criteria or the potential for providing more support to bidders so they can meet the standards.

Action item 2. Develop accountability and implementation incentives.

Hold departments accountable for achieving targets on engaging with women-owned firms. They should justify reasons they have—or have not—succeeded in reaching these targets. This feedback will help to increase support for supplier diversification.

- Create incentives: This will encourage departments to reach targets for engaging with women-owned businesses. The incentives should extend to managers as well, by way of incorporating progress towards meeting women-owned business engagement targets into managerial performance evaluations. Performance should be measured in part by quantitative indicators, such as the number of women-owned businesses engaged as well as qualitative indicators, such as the level of effort to identify, include, and engage.
- Create voluntary or compensated mentorship programs: In particular, such programs should involve opportunities to connect female staff with local female entrepreneurs. If the programs are voluntary, consider other types of recognition, such as awards programs to honor teams that contribute the most toward community mentorship.

Action item 3. Provide training and support to help develop local women-owned businesses.

In addition to establishing policies requiring local inputs, many OGM companies are investing in the development of local suppliers in their host communities. (For more on support for local women-owned businesses through community engagement activities, see Tool Suite 3.)

- Ensure that programs address the specific needs of women-owned businesses: Remember that these businesses often lack equal access to networks, capital, and finance.
- Consider support for microenterprises: Typically, women-owned firms are smaller than those headed by men, in part because of unequal access to capital. If provided the appropriate support, some of these microenterprises could become strong and capable suppliers.
- Work with financial institutions to provide financing for training participants: Encourage financial institutions to provide such funding on their own, or partner with them in support of these new businesses. According to Deloitte, some companies work with funders to offer “women-bonds” specifically to support women-owned businesses; other business accelerators and incubators provide equity funding to women-owned SMEs, to promote growth.²⁸
- Make use of local content programs to support mentorship and networking for women-owned businesses: These firms do not have the same networks as male-run businesses, so programs that help them build new networks can lead to longer-term benefits.
- Review training curricula to ensure that programs are targeted and inclusive. (See Box 2-E for more.)

Action item 4. Review and update communication strategies.

Keeping women-owned vendors informed about upcoming contracting opportunities is an important piece of the puzzle. Use what you learned about local women-owned businesses during your assessment to guide this outreach. Here are some guidelines to assist you in revising and updating communications strategies to ensure a more gender-diverse contracting pool:

- Take a look at the way opportunities are communicated: Is language gender-inclusive—for example, using terms like “foreman” and “forewoman” instead of just foreman or “foreperson”? Are women-owned businesses and businesses that include a significant number of female employees specifically encouraged to apply?
- Designate male and female staff to represent the company at local trade fairs: This will send a strong message the company is interested in contracting with both male- and female-owned companies. Conduct local workshops to teach women how to respond to RFX. Topics should include registering as a vendor and understanding qualifications and requirements.

²⁸ Deloitte and BIAC, “Putting All Our Ideas to Work: Women and Entrepreneurship,” 4.

BOX 2-E Making Training Targeted and Inclusive

Here are some ways for companies to get the most out of their investment in training for potential women-owned suppliers.

- Ensure that training for local suppliers on how to qualify and register as local suppliers is gender-inclusive.
- Make training equally accessible to male and females by providing child care and offering events at different times of the day.
- Provide female mentors and coaching specifically geared toward women-owned businesses.
- Create specific mentorship, training, and incubator programs for women-owned businesses.
- Provide targeted training.
- Provide non-cognitive skills training to build women's self-confidence, with a focus on personal development and leadership.
- Identify key sectors where women-owned businesses could flourish and build programs geared toward these industries.
- Partner with local players to develop women owned businesses: For example, work with local banks to train women on financial fundamentals and open up business accounts; encourage banks to consider offering credit or advances against corporate contracts.
- Partner with training institutions to provide targeted training with specific outreach to women: Programs should provide childcare and lead to specific supply chain opportunities.
- Develop a knowledge-sharing and feedback mechanism for minority applicants and suppliers: This enables suppliers and potential suppliers to learn from each other.

- Set up a local enterprise center or kiosk and provide training on how to register online: This will assist potential vendors that have limited Internet access. (See Tool 2.5 for more on capacity building)
- Encourage businesses to register online as suppliers and urge them to spread the word to colleagues at other businesses.
- Communicate to Tier 1 and 2 suppliers and contractors that they are responsible for implementing the code of conduct and diversity and inclusion targets in their contracting.
- Review and revise the company's internal communications on the updated local procurement plan:
 - » Consider adding incentives and accountability for implementing the updated plan
 - » Ensure that all staff are familiar with the plan
 - » Identify communication strategies to inform staff of changes and additional updates
 - » Provide training on the updated policy for all staff with procurement responsibilities
- Review and revise the ways in which the company communicates to the public about RFX.

Action item 5. Identify and secure additional resources needed to implement the plans.

Update the budget to include expenditures associated with to gender diversification. Additional costs may include:

- **Staff:** Will additional staff or consultants be required for the training or mentorship activities?
- **Compensation:** Will staff who offer mentorship services be compensated, and or/or will there be a monetary reward for the staff member that provides the most voluntary mentoring?²⁹
- **Services:** How many trainings or mentorship activities will be developed and at what cost per event?
- **Contracts:** If the company plans to provide loans to SMEs to support development and/or as advances on contracts, determine source of funding, loan structure, and interest rate schedule.
- **Communication:** Determine the additional costs associated with targeted communications designed to connect with the community and women-owned businesses. Here it might be possible to share costs with other departments, such as community engagement or with external partners, like the local chamber of commerce. Be sure to identify the potential savings that might come of this cost-sharing approach.



²⁹ IFC, *Guide to Getting Started in Local Procurement*, Washington, DC: IFC, 2011, 53.

TOOL 2.5:

Support Development of Local Women-Owned Businesses

▶ **GOAL:** Cultivate women-owned businesses so they can support supply chain needs

▶ **TARGET UNITS:** Procurement, Community Engagement

If you are operating in communities where few women-owned businesses have sufficient skill and capacity to support supply chain needs, you might want to provide support so that they ultimately can become a part of the corporate supply chain. Sharing the workload, so the effort becomes a joint procurement/community engagement activity, can yield broader dividends: expanding the local procurement base, increasing local economic development and building positive community relationships.

This tool provides guidance on how to develop women-owned businesses, following a process that includes:

- Assessing and identifying constraints to women’s entrepreneurship
- Identifying existing potential partners such as business incubators and local financial institutions
- Creating activities to build the capacity of local women-owned businesses, in a collaboration between procurement and community engagement teams
- Monitoring impact on local procurement, local economic development, and women’s economic empowerment

Detail on each is provided below.

NEEDS ASSESSMENT

To effectively address barriers and support development of women-owned businesses, companies need to understand what is getting in the way. An assessment of barriers and opportunities for women’s entrepreneurship in a given community will help. A gender consultant hired as part of your company’s community engagement strategy would be well suited to conducting such a review.

Common Constraints for Women-Owned Businesses

Women face a range of constraints to entrepreneurship, including:

- **Barriers to accessing finance:** Female entrepreneurs often have a harder time accessing financing than men do. Women can face greater challenges getting loans: interest rates may be set higher, or loan values may be smaller. In addition, women are more likely to use informal funding sources, such as family or church. Although microfinance institutions have proven a popular source of credit for women, these institutions also impose limitations on the size of the organization, creating a challenge for women who want to expand their businesses to meet corporate contracting requirements.

BOX 2-F Business Women: A Partnership Between ExxonMobil and the Cherie Blair Foundation

The Business Women mobile app provides tips on starting and running businesses, specifically targeting women entrepreneurs. It is the result of an innovative partnership to support women entrepreneurs between ExxonMobil and the Cherie Blair Foundation.

Based on research showing the prevalence of mobile phones in emerging markets around the world, the app was designed to enable easy access for female business owners.

Launched in Nigeria, Tanzania and Indonesia, the app reached over 100,000 women in just one year, 2012-2013. In a survey, 90 percent of subscribers affirmed that the app helped them to become better businesswomen.

Source: ExxonMobil, "Women's Economic Opportunity: An Award-Winning Mobile Service for Women Entrepreneurs."

- **Limited control of finances:** In some countries, women face legal and cultural restrictions on controlling their own finances. They might not be permitted to have their own bank accounts. They might not have any decision-making authority over how to spend or invest family finances. For aspiring female entrepreneurs, this could create serious challenges to starting a business. If women need to rely on a male relative to access to their accounts, their savings could be at risk.
- **Legal constraints on other aspects of entrepreneurship:** Beyond limited access and control over finances, women may face other obstacles, such as limited ability to own property, or to list property in their name. They could be prevented from having their own passports or other forms of identification, which can be critical to starting a business.
- **Cultural norms limiting women's time, mobility, and independence:** Family and cultural obligations can get in the way of running a business. Other challenges include restrictions on speaking or meeting with strangers, limited mobility, and primary childcare responsibilities—all of which make it more difficult to pursue an entrepreneurial dream.
- **Lack of key skills:** In many communities, women may have less exposure to business education, including financial and management training.
- **Lower risk tolerance:** Studies indicate that women may approach risk and investment differently than men, with lower risk tolerance.
- **Limited infrastructure:** Better roads and transportation infrastructure can facilitate women's access to finance and markets, with a strong positive impact on women's economic engagement and entrepreneurship.

IDENTIFICATION OF POTENTIAL PARTNERS

The addition of partners that can collaborate with you and support the development, financing, and sustainability of local women-owned businesses will enable a broader reach for your efforts. Here are some partnerships to explore:

- **Existing business development resources:** Such as business incubators, local entrepreneurship competitions or resources, and the local chamber of commerce
- **Financial institutions:** Commercial and microfinance banks, grant-making organizations, or non-governmental organizations and non-profits aimed at promoting financial literacy and inclusion
- **Mentorship organizations:** To support or facilitate mentorship for local women entrepreneurs
- **Business development incubators or capacity building/training centers**

Partnering on Training

Training developed with local partners should specifically target businesses that can directly contribute to the company's supply chain. Companies also should consider training that supports the development of a wider range of businesses, as part of a community engagement plan.

A business development curriculum should include modules on business skills, registration and licensing, financing, business, and financial management. Consider using incubators or training centers as a venue for trainings developed in collaboration with financial institutions (see below) on banking and credit.

BOX 2-G Boyner Group Strengthens its Supplier Base Through Capacity Building

The Boyner Group is Turkey's the largest publicly traded non-electronics retailer. Female-owned suppliers make up 17 percent of its vendor base—double the Turkish average. Still, the company has recognized that women-owned businesses face unique obstacles in becoming suppliers to major buyers.

Working in partnership with IFC, the company designed a 12-week program to build the capacity of women-led small companies that have the potential to become part of a corporate supply chain. The "Good for Business" program trains female entrepreneurs and connects them with mentors, financial institutions, and brands that could help advance their businesses.

In addition to building skills and providing mentoring and financial support for these small businesses, the program yielded dividends for the Boyner Group as well, in the form of a stronger and more diversified supplier base.

Source: Boyner Group and IFC, "Case Study: Boyner Group's Supply Chain Strengthens Women in Business."

In addition to building skills, training programs should include on-going support during the first few years after business startup. This is particularly important for women-owned businesses, given that a disproportionate number of women's businesses fail.³⁰

Evidence has shown that such training partnerships can yield results. For example, a South African business development center associated with Rio Tinto's Richard's Bay Minerals project has helped develop over 60 local businesses. The center has created linkages with banks and partnered with Monash University on a program to certify local entrepreneurs in business management. Most of the program participants have been women and young people.³¹

Customized Support Programs

To build up the capacity of women-owned businesses and support increased engagement, activities should be customized to address unique local circumstances and community-specific constraints. Here are some suggestions:

- **Think creatively to design novel programs and support innovation:** Launch local innovation challenges for women-owned businesses and provide support (for instance, through a local training center) for scaling and growth. The ExxonMobil Business Women app (Box 2-F) is an example of innovative support to women entrepreneurs. The Good for Business program, developed by the Boyner Group in partnership with IFC (Box 2-G) is another example. This novel training program helps develop women entrepreneurs while diversifying and strengthening the company's own supply chain.
- **Review internal procurement policies:** Ensure that they are supportive of smaller, women-owned businesses. Look at the ways in which contracts are bundled. Also take a look at supplier financing terms to make sure that the current approaches are not creating unfair disadvantages for smaller businesses.
- **Finance businesses:** Work with local finance institutions to lobby for women's access to finance. Efforts here include:
 - » Training local financial institutions on the benefits of women's financial engagement. In many communities, cultural norms may mean that the financial institutions themselves are biased against women-owned businesses. Working with the banks to address these biases as part of a comprehensive program to support increased access to finance for women-owned companies can be an important first step.³²

³⁰ IFC and GPFI, *Strengthening Access to Finance for Women-Owned SMEs in Developing Countries*, Washington, DC: IFC, 2011, 17.

³¹ "Strong Links in the Chain," Rio Tinto, http://www.riotinto.com/ourcommitment/spotlight-18130_20288.aspx.

³² IFC and GPFI, *Strengthening Access to Finance for Women-Owned SMEs in Developing Countries*, 6.

- » Supporting efforts by local financial institutions to educate female entrepreneurs on the fundamentals of banking and credit, including how to secure credit and grow their businesses.
- » Collaborating with local financial institutions to provide low-interest loans for women, including participants in the business incubator, and to facilitate loan collateralization for women-owned businesses.
- Set up mentorships: Connect successful women-owned businesses with female-owned start-ups and company executives with local female entrepreneurs.
- Consider complementary approaches to increase sustainability: Evidence indicates that isolated approaches—such as offering financing without business management training—are less likely to result in long-term business sustainability.³³

Monitoring Progress

In tracking and evaluating the various business development activities, be sure to look at effectiveness in building a more gender-diverse local procurement base. The tracking also should measure broader contributions to local economic development and women's economic empowerment.



³³ Urban Institute, “Six Lessons on What Works in Supporting Women-Owned Businesses,” Washington, DC: Urban Institute, 2016.

TOOL 2.6: Monitor and Sustain

The only way to know for sure that you have made headway on supply chain gender diversity goals is to track progress. Globally, there is a push for companies across the range of sectors to disclose more information about their engagement with women-owned companies—part of a broader drive to encourage more reporting on non-financial aspects of company operations. Box 2-H highlights one such initiative for U.S. companies.

BOX 2-H ExxonMobil and Other U.S. Corporations Agree to Report on Supply Chain Diversity

In March 2017, ExxonMobil joined with eight other American corporations in a coalition committed to tracking and reporting their sourcing from women-owned businesses. Other companies in the coalition include Walmart, Campbell Soup Company, The Coca-Cola Company, General Mills, Johnson & Johnson, Mondelēz International, PepsiCo and Procter & Gamble.

According to Doug McMillon, CEO of Walmart, “Our customers care where products are sourced, and we believe supporting women-owned businesses helps us put innovative products on our shelves while helping these businesses thrive and grow.”

Pamela Prince-Eason, president and CEO of the Women’s Business Enterprise National Council (WBENC), echoed this: “By participating in this initiative, these companies will help fuel innovation and growth for women-owned businesses across the U.S. With women-owned businesses currently supporting the creation or maintenance of 23 million American jobs, investing in their growth means investing in more opportunities for the workforce overall.”

Source: Walmart, “Top WBENC Consumer Companies Join Together for the First Time in Collective Initiative to Source from Women-Owned Businesses.”

TOOL 2.6:**Indicators to Monitor Progress on Supply Chain Gender Diversity Goals**

- ▶ **GOAL:** Track and support progress on building a more gender-diverse supply chain
- ▶ **TARGET UNITS:** Community Engagement, Human Resources, Procurement

Here are some key indicators for monitoring and evaluating progress on increasing engagement with women-owned businesses in your supply chain.

PERFORMANCE METRICS

Measure performance as a result of supplier diversification, based on:

- Percentage of spend with women-owned business suppliers
- Percentage of all suppliers who qualify as women-owned businesses
- Percentage of suppliers meeting or exceeding expectations³⁴
- Change in procurement spend compared with pre-supplier diversification initiatives
- Change in average contract size
- Average contract size for women-owned businesses

IMPACT ON SUPPLIERS

Measure progress for participants in supplier diversification programs, based on:

- Number of participating women-owned businesses that report changes or improvements in business processes as a result of the program, such as new management practices, better working conditions, improved products, increased distribution channels, new markets
- Number/percent of women-owned supplier participants who indicated that they were satisfied or very satisfied with the program
- Number of women-owned businesses trained
- Change in the number of women employed by SMEs/suppliers
- Change in the number of workers employed by women-owned suppliers/vendors/contractors

³⁴ Connaughton and Gibbons, “Beyond Compliance: Top Supplier Diversity Programs Aim to Broaden Value Proposition,” 2.

Selected Resources for Further Reading

Identifying and Sourcing from Women-Owned Businesses

- SheTrades, an initiative of the International Trade Center, www.shetrades.com.
- UN Women, *The Power of Procurement: How to Source from Women-Owned Businesses*, New York: UN Women, 2017.

Improving Supplier Diversity

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Local Procurement Reporting

- Geipel, Jeff and Lempa, Kristian, “Mining Local Procurement Reporting Mechanism,” Mining Shared Value and GIZ, 2017.

Supplier Diversity Code of Conduct

- Royal Bank of Scotland, *Supplier Diversity & Inclusion Code of Conduct: Adopting the Code*. <https://weconnectinternational.org/images/supplier-inclusion/supplier-inclusion-code-of-conduct-adopting-the-code.pdf>.
- WEConnect International and Royal Bank of Scotland, *Supplier Diversity & Inclusion Code of Conduct*. <http://www.weconnecteurope.org/sites/default/files/documents/SDICCAadopters.pdf>.
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- ExxonMobil. “Women’s Economic Opportunity: An Award-Winning Mobile Service for Women Entrepreneurs.” 2018. <http://corporate.exxonmobil.com/en/community/womens-economic-opportunity/award-winning-mobile-service/overview>.
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