

THE TIME IS NOW TO ACCELERATE  
WOMEN'S PUBLIC PROCUREMENT

# Snapshot: International Finance Corporation, Women-Owned Businesses And The Supply Chain

## SUPPLIER DEVELOPMENT

While this International Finance Corporation (IFC) publication is targeted to oil, gas and mining companies, it has a strong focus on supply chains, and is thus relevant to local public procurement and to supplier development. It also looks at what motivates corporate buyers in these sectors.



#WOCINTECH CHAT

This snapshot provides tools to help companies identify and develop women-owned suppliers and suppliers with significant numbers of female employees.

According to research conducted in 2016, companies that prioritize supplier diversity by increasing the number of women-owned and women-operated businesses in their supply chain have a 133 percent greater return on procurement investments. These businesses also spend 20 percent less on their buying operations.<sup>1</sup> The Organisation for Economic Co-operation and Development (OECD) has pointed out that diversity in the contracting pool fosters innovation, reduces supply chain costs, and lowers the

1. Patrick Connaughton and Laura Gibbons, "Beyond Compliance: Top Supplier Diversity Programs Aim to Broaden Value Proposition," (Atlanta: The Hackett Group, 2016). From section of IFC's *Women-Owned Businesses and The Supply Chain*, titled "The Business Case for Supplier Diversification in OGM Industries."

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



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risk of disruptions in the supply chain. Supporting women-led businesses not only increases corporate profitability, but also contributes to community stability and growth, since compared with men, women reinvest more of their wages into their families and communities.<sup>2</sup> Companies in the oil, gas and mining (OGM) sectors are trying to identify better and more responsible business practices that will contribute to a healthier bottom line. Gender equity with regard to both their employees and supply chains appear to be two ways of helping OGM corporations to achieve these goals.

The IFC, a sister organization of the World Bank and a member of the World Bank Group, developed [A Toolkit of Actions and Strategies for Oil, Gas, and Mining Companies](#) to help large corporations achieve these goals. This case study is generated from the report builder technology used for the toolkit; it includes multiple distinct sections that can be individualized by each user.<sup>3</sup> While this case study—in essence, a sub-publication—focuses primarily on local procurement in the OGM sectors and is intended for corporate procurement, it contains a great deal of rich research and numerous findings that would be equally relevant for public procurement at the local, state and national levels. It also provides strategies for capacity building for women suppliers, selected resources for further reading, and suggested partner resources.

## Challenges That OGM Companies Face In Diversifying Their Supply Chains

Oil, gas, and mining companies typically work closely with numerous subcontractors, ranging 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 suppliers—not only does it support local economic development; it also fosters local innovation, entrepreneurship, and competition.”<sup>4</sup>**

2. OECD, “Investing in Women and Girls,” 2018, <http://www.oecd.org/dac/genderdevelopment/investinginwomenandgirls.htm>.

3. Because there are no permanent page numbers for the customized report, footnotes to this source are referenced by the title of the section and subsection.

4. International Finance Corporation, “Overview: OGM Supply Chains, Local Procurement, and Women-Owned Businesses,” *A Toolkit of Actions and Strategies for Oil, Gas, and Mining Companies*, n.d., [https://www.ifc.org/wps/wcm/connect/topics\\_ext\\_content/ifc\\_external\\_corporate\\_site/gender+at+ifc/resources/unlocking-opportunities-for-women-and-business](https://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/gender+at+ifc/resources/unlocking-opportunities-for-women-and-business).

## Reasons For The Lack Of Diversity In OGM Supply Chains

Representation of local women-owned businesses in the OGM supply chain remains limited. There appear to be several contributing factors. Companies report having difficulties identifying women-owned firms that are locally owned and that meet their corporate procurement needs. Many corporates also do not see the business case for making the extra effort to reach out to women-owned firms. Also, large corporations often say that they do not know how to incorporate women into their supply chains in a way that is cost-effective, and even more fundamentally, do not know how to find these firms.<sup>5</sup>

## Challenges In Identifying And Supporting Women-Owned Businesses

**“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.”<sup>6</sup>**

Companies can improve their success rate in reaching out to and finding local women-owned businesses if they focus on identifying the specific sectors in which women are more likely to own and operate companies. For example, a needs assessment conducted in the Canadian mining sector aimed to uncover opportunities for women-owned business in indigenous communities. Corporations discovered several product and service areas in which there were a number of small women-owned firms.

The following sectors looked particularly promising:

- » 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” workers who wanted to purchase souvenirs or gifts
- » Logistical support
- » Support for off-site events and/or coordination of potential tourism and local excursions for “fly-in/fly-out” staff<sup>7</sup>

5. International Finance Corporation, “Reasons for the Lack of Diversity in OGM Supply Chains,” *A Toolkit of Actions and Strategies for Oil, Gas, and Mining Companies*, n.d., [https://www.ifc.org/wps/wcm/connect/topics\\_ext\\_content/ifc\\_external\\_corporate\\_site/gender+at+ifc/resources/unlocking-opportunities-for-women-and-business](https://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/gender+at+ifc/resources/unlocking-opportunities-for-women-and-business).

6. International Finance Corporation, “Overview: OGM Supply Chains, Local Procurement, and Women-Owned Businesses,” *A Toolkit of Actions and Strategies for Oil, Gas, and Mining Companies*, n.d., [https://www.ifc.org/wps/wcm/connect/topics\\_ext\\_content/ifc\\_external\\_corporate\\_site/gender+at+ifc/resources/unlocking-opportunities-for-women-and-business](https://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/gender+at+ifc/resources/unlocking-opportunities-for-women-and-business).

7. “Opportunities in Mining Procurement,” Pauktuutit Inuit Women in Business Network, n.d., <https://www.pauktuutit.ca/social-and-economic-development/economic-independence/opportunities-in-mining-procurement/>.

This list of sectors is not definitive, of course; it merely indicates services represented in one local OGM community in Canada. It can be used as a starting point for a large corporation to use in beginning outreach for women-owned businesses with the potential to become local suppliers in the OGM sector; or as subcontractors in public procurement.

IFC's OGM toolkit was created to provide companies with a step-by-step way to develop a women's procurement program. It provides four suites of tools to enable a corporation to improve its business through gender diversity, in four areas:

- » Tool Suite 1 is designed to increase gender diversity, from the workplace to the boardroom.
- » Tool Suite 2 is focused on women-owned businesses and the supply chain. (This Tool Suite is our primary focus in this case study, with some content equally relevant for the public sector.)
- » Tool Suite 3 is focused on women and community engagement, including engagement with women's business associations.
- » Tool Suite 4 addresses gender-based violence in the OGM workforce, which has traditionally tended to be heavily male-dominated.

This case study focuses on six tools in Tool Suite 2: Tools 2.1, 2.2, 2.3, 2.4, 2.5 and 2.6. Also, see Tool Suite 3 with regard to women's business associations.

## Tool Suite 2: Women-Owned Businesses And The Supply Chain

Tool Suite 2 in Table 1 presents a detailed business case for increasing the gender diversity of businesses that are part of an OGM company's supply chain. It identifies gender gaps in a company's supply chain, and provides tools to help companies overcome these gaps by taking the following steps:

- » **“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.

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- » **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.”<sup>8</sup>

**TABLE 1. OVERVIEW OF TOOL SUITE 2**

| Tool                                                                                                | Target Corporate Unit                           | Goal                                                                                    |
|-----------------------------------------------------------------------------------------------------|-------------------------------------------------|-----------------------------------------------------------------------------------------|
| <b>Assess and Prepare</b>                                                                           |                                                 |                                                                                         |
| <b>TOOL 2.1:</b> Self-Assessment of Supply Chain Diversity and Inclusion                            | Procurement                                     | Assess current degree of engagement with women-owned businesses                         |
| <b>Address</b>                                                                                      |                                                 |                                                                                         |
| <b>TOOL 2.2:</b> 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 |
| <b>TOOL 2.4:</b> Developing a Comprehensive Gender Diversity Supply Chain Program                   | Procurement                                     | Create a comprehensive program that supports increased supply chain diversity           |
| <b>TOOL 2.5:</b> Support Development of Local Women-Owned Businesses                                | Procurement, Community Affairs                  | Cultivate women-owned businesses that can support supply chain needs                    |
| <b>Monitor and Sustain</b>                                                                          |                                                 |                                                                                         |
| <b>TOOL 2.6:</b> 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  |

Source: *Tool Suite 2. Tools to Integrate Women-Owned and Gender-Diverse Businesses into the Supply Chain.*

8. “Tool Suite 2: Tools to Integrate Women-Owned and Gender-Diverse Businesses.”

For details of each of these Tool Suites, please download [Unlocking Opportunities for Women and Business: A Toolkit of Actions and Strategies for Oil, Gas, and Mining Companies](#).

The IFC's Report Builder allows you to create a customized report, tailored to a specific industry, interests and job responsibilities. The first module, "Unlocking Opportunities for Women and Business," includes the Executive Summary.

The third module, "Women-Owned Businesses and the Supply Chain," includes all components relating to this section, and specifically items relating to Tools 2.1 to 2.6. Note that there is also a section on "Selected Resources for Further Reading." (Because the Report Builder produces customized reports, pages will not be numbered when you print them.)

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

