



Gender parity in supply chain & trade

Forward



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Increasing women's participation in trade could add \$28trn (*source ITC/She trade*) to the global economy. Whilst close to 40% of SME's worldwide are women owned businesses, only 15% of exporting firms are led by women (*ITC 2017*). The biases and barriers faced by women owned business exporting, limits the ability of women owned businesses to scale.

This paper therefore aims to bring to the attention of various actors, the issues and opportunity for gender parity in supply chain and trade. The findings presented here are drawn from our own experience of working on various gender mobilisation mandates, over 50 interviews conducted with female SME's in UK, Asia, Africa and Middle East, combined with desk research.

We find that the issues faced by women SME's are driven by an under-developed enabling environment, poor access to finance and opportunity, cultural barriers, solutions that do not meet needs, skills and digital gaps. Lack of quality data is a key issue.

Accelerating and helping women owned businesses connect to local and global value chains could magnify trade related benefits. This paper therefore shares our findings, conclusion and ideas. Areas covered include:

- The case for Gender Parity in Supply Chain and Trade.
- The key factors that hinder female entrepreneurs from participating in global supply chains.
- The key instruments that can advance mainstreaming of gender dimensions in supply chain and trade.
- Concluding observations - progressing mainstreaming.

At a time of new trade horizons, the next generation of trade agreements need to adopt a more gender assertive approach such as seen in the Canada-Chili FTA. The U.K., has the opportunity to lead the way at mainstreaming gender parity in supply chain and trade, as we form new partnerships with the EU and the rest of the world.

As we commence the next stage of research to build a quality data framework rooted in understanding the procurement gap, we would welcome your views, contributions and desire to be involved. For its only through the power of diversity of ideas and collaboration, will we be able to unleash the potential.

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Executive Summary

International trade plays an important role in shaping a country's economic and social performance. Increasing women's participation in trade could add \$28trn to the global economy (source ITC/She Trade). Close to 40% of SME's worldwide are women owned businesses, only 15% of exporting firms are led by women.

6 barriers that hinder many female entrepreneurs from tapping into local and global supply chains are:

regulatory biases restricting women's rights including owning collateral in some countries, procedural obstacles and discriminatory behaviours, cultural biases and trade-offs between family and work, skills and capacity, access to opportunity and finance. These barriers contribute towards women owned SME's being generally smaller than male owned businesses.

8 Key instruments that can advance gender parity in supply chain and trade based on our findings from the most advanced markets of the US and Canada include:

- **Trade agreements** that eliminate barriers and foster economic mobilisation through provisions in areas such as skills enhancement, access to opportunity, technology and innovation.
- **Policies and initiatives** that develop an enabling environment based on an assessment of the needs of women SME's, give better recognition and accessibility, eliminate discriminatory practices.
- **Government procurement accessibility** platforms to connect women SME's to opportunity, give prime suppliers a quota and facilitate connectivity to smaller SME's, offer skills development.
- **Private sector development** of supply chain programmes that require dedicated leadership teams and budgets, buyer development programmes to onboard and help women suppliers access opportunity.
- **Capability for a digital trade future** to assist female SME's enhance know how of existing and future technologies shaping the future of trade.
- **An ecosystem approach to mobilising growth & trade** that leverages the distribution of banks and includes a convergence of non-bank capital providers, non fs providers and curated outreach programmes.
- **Opportunity for non-bank capital** to support trade to include MNO's, fintechs, family offices, PE.
- **Gender disaggregated data reporting** that complies with the principles of responsible banking and shows the impact being made on shaping a country's economic and social performance.

Progressing mainstreaming of gender parity in supply chain and trade requires commitment and will within the public and private sector. Economies are at different stages and can broadly be categorised as:

- **Progressive Mainstreamers** advanced markets such as the US that have a long history of embedding the framework and policies in the DNA, in both the public and private sector.
- **Emerging Mainstreamers** synonymous with emerging markets where awareness is increasing in both the public and private sector about the need to address UN sustainable goals. The next stage includes the development and embedment of policies and frameworks to address obstacles, biases and equality.
- **High potential mainstreamers** developed markets with well developed gender equality policies, yet to seize the gender supply chain and trade opportunity. Our desk research in the UK on 30 of the FTSE 100, showed a lack of developed gender supply chain programmes -v- the US. Based on these findings, we estimate that the **% of MNO's in the UK with gender supply chain policies will have to increase from a very low base to at least 33%** to match Canada a best in class market. The UK has the opportunity to adopt and further evolve gender assertive FTA's as we negotiate new trade agreements.

Ultimately, accelerating and helping women owned businesses connect to local and global value chains can magnify trade related benefits. This is good for the women, their families, the planet and the economy.

The case for Gender Parity in supply chain and trade

International trade plays a vital role in shaping countries economic and social performance.

Increasing women's participation in trade could add \$28 trn* (source ITC/She Trade) to the global economy – this could be particularly effective in tackling both equality and poverty, since poverty also has a feminine face. 380m (source UN) women globally could become exporters by adopting digital.

Awareness is growing that international markets can expand economic opportunities for women SME's. Concentrated efforts are needed. These may start in local markets and then expand globally. World Bank/IFC and UN studies show that prioritising supplier diversity has:

- A 133% greater return on procurement investment spend.
- 20% less spend on buying operations.
- Smaller procurement teams than those without supplier diversity.

Most WTO members of least developed, developing and developed economies, believe that trade can play an important role in empowering women and contribute to achieving UN sustainable development goals on gender equality (source Aid for trade monitoring and evaluating results 2017).

UN'S SUSTAINABLE GOALS:

- Ensure women's full and effective participation in business and trade and equal opportunities
- Support women's equal rights to economic resources
- Enhance use of enabling technology to promote the empowerment of women

Whilst, close to 40% of SME's worldwide are women owned businesses, only 15% of exporting firms are led by women (source: ITC 2017).

“Close to 40% of SME's worldwide are women owned businesses, only 15% of exporting firms are led by women”



6 Key Factors that hinder female entrepreneurs participating in global supply chains

Six of the most significant factors that hinder many female entrepreneurs from tapping into local and global supply chains and higher-value activities are regulatory biases, procedural obstacles, cultural biases, capabilities, accessibility and finance.



1. Regulatory Barriers A World bank survey shows that 90% of 173 countries surveyed have at least one law that explicitly discriminates against women, restricting women's right to work and own assets. Lack of collateral hinders their ability to borrow.



2. Procedural obstacles An ITC SME Competitiveness Outlook finds that more female owned exporting firms report procedural obstacles to trade than do male-owned firms, even when standards are the same. Some of the obstacles faced include: information and transparency issues, informal or higher payments, discriminatory behaviours.



3. Culture biases particularly effects women in developing countries but even in developed countries, female SME's perceive that gender plays a role in the operation and internationalization of their firms. Key issues include: trade-offs between family and job resulting in time constraints, limited access to land (in countries where women cannot own land), limited access to information and networks to identify and seize market opportunities.



4. Skills & capacity particularly effects women in developing countries. Some of the factors that hinder progress include: Lack of resource to research new markets and make their products ready for trade, low levels of exporting skills, access to last mile distribution and solutions that minimise risks.



5. Access to opportunity resources and investment is required to develop new markets. The first challenge faced by any small business is identifying relevant clients, how to minimise travel costs that conversion processes incur. Small businesses both in developing countries and developed countries have limitations on new market development budgets and resources.



6. Access to finance, lack of working capital, lack of growth capital and collateral (in developing markets) hinders progress. This in turn impacts on the ability to win large orders as capital is required to fulfil these orders. Accessibility and limited flexibility in transaction banking services, supply chain finance (SCF) solutions aimed at female SME's curtails their ability to leverage sales receivables and inventories.

Together these biases and barriers contribute towards women owned businesses being generally smaller and less productive than male owned businesses. This in turn results in the businesses disproportionately suffering from higher trade related fixed costs and non-tariff measures.

8 key instruments that can advance mainstreaming of gender dimensions in international trade

Based on our findings from most advanced markets of the US and Canada and our own experience of working with female SME's, we define 8 key instruments for advancing mainstreaming of gender parity in trade and global supply chains.

1. TRADE AGREEMENTS THAT ADOPT A MORE GENDER- ASSERTIVE APPROACH

A new generation of free trade agreements are incorporating trade and gender chapters. Gender related agreements follow different dynamics from aspirational intents to adopting more assertive approaches.

121(source WTO) WTO members gave support to a 2017 declaration on trade and women's economic empowerment which seeks to foster women's economic empowerment and eliminate barriers for women in trade.

The trade and gender chapters of the Chile-Uruguay FTA and the Canada-Chile FTA go a step further and address gender in a separate chapter. These FTA's recognise the importance of gender mainstreaming to achieve inclusive economic growth, as well as the key role that gender equality policies can play in fostering socio-economic development. Both FTA's include almost identical provisions for co-operation activities from which women can benefit in areas such

as skills enhancement, financial inclusion, agency and leadership, entrepreneurship and access to science, technology and innovation. They also call for establishment of trade and gender committees to operationalise the relevant chapters of the agreements. Whilst this generation of FTA's includes positive features more needs to be done in terms of setting specific goals, harmonising legal frameworks and equal pay standards.

2. ENABLING ENVIRONMENT - GOVERNMENTS AND PUBLIC SECTOR

Our research covered the legal framework and policies in the more advanced markets as well as initiatives being implemented in some developed markets. These findings, including feedback from female msme's have informed our conclusions for the summary of the components that governments need to consider to develop enabling environments.

OUTLINE OF POLICIES AND INITIATIVES REQUIRED TO DEVELOP AN ENABLING ENVIRONMENT

POLICIES AND INITIATIVES	WHAT THEY ADDRESS
Women business in supply chain policies	<ul style="list-style-type: none"> · Assess the needs of women and minorities in business. · Give better recognition and additional resource. · Eliminate discriminatory practices.
Finance accessibility	<ul style="list-style-type: none"> · Provide wholesale finance at favourable rates - set quotas for volume to be lent to female sme's. · Develop credit guarantee funds - Government and Development finance institutions.
Centralised data source	<ul style="list-style-type: none"> · Define the extent of the procurement gap. · Build quality banking data – total volume of supply chain finance, % of supply chain finance provided to female owned SME's, ranking of players. · Measurement framework for gender supply chain and trade policies. · Make public reporting for race and gender.
Independent Institute	<ul style="list-style-type: none"> · An independent body that represents the voice for women, lobbying in the relevant corridors to bring about positive change. · Provides an independent analyses of data and research. · Lobbies and addresses issues of importance to women.

3. GOVERNMENT PROCUREMENT ACCESSIBILITY

Often the cumbersome process and the cost of new business development deters small businesses from pursuing government procurement opportunities. Governments need to embed supporting female SME's and minorities at every level. Our research of various procurement programmes from the more advanced markets of the US and Canada and interviews with female SME's define the accessibility needs and initiatives that solve the problem.

AN OUTLINE OF INITIATIVES THAT CAN FACILITATE CONNECTIVITY AND ACCESS TO PUBLIC SECTOR OPPORTUNITY

INITIATIVES	WHAT THEY ADDRESS
Opportunity accessibility – public sector platform	<ul style="list-style-type: none"> · Connects women SME's to government procurement marketplace. · Gives prime suppliers a quota, facilitates connectivity between smaller SME's with the prime supplier. · Provides connectivity to business and funding sources. · Offers skills development -guides, contracting class rooms, training.
Coverage models	<ul style="list-style-type: none"> · Procurement centre reps and assistance centres. · Commercial market reps. · Vendor tool box and government contracting classrooms. · Seminars, networking events, opportunity finders. · Digitally enabled tendering process – cuts red tape.

4.PRIVATE SECTOR DEVELOPMENT OF SUPPLY CHAIN PROGRAMMES

Multi-national organisations can lead the change by committing to global supplier diversity. This involves creating opportunities for women owned business to participate in supply chains both locally and around the world, aligned to customer needs.

Our research shows that in the US, 60 companies have been honoured for leading the way. The private sector has adopted the federal government template of goal-based programmes and momentum now exceeds the public sector.

In Canada, 35% of MNO's (source: internet research) have a gender supply chain policy. In contrast our desk research on 30 of the FTSE top 100 companies, shows a distinct lack of gender supply chain policies or programmes in the UK. We evaluated the FTSE top 100 companies based on our analysis of components that comprise the supply chain programmes of the 60 companies that have been honoured. We acknowledge the limitation of a desk based approach to research and that programmes may be in the planning process.

Informed both by the research into these markets and interviews with female SME's, we consolidate the ideas for initiatives that can mobilise gender parity in trade and supply chain.

A BEST IN CLASS PRIVATE SECTOR SUPPLY CHAIN PROGRAMME - KEY ACTIONS

<p>1. LEADERSHIP</p> <ul style="list-style-type: none"> · Dedicated leadership team with budgets and mandates from the top · Develop strategy, set goals · Cross functional teams to drive process · Embed in the DNA – processes and culture · Set goals for prime suppliers and ecosystem 	<p>2. BUYER DEVELOPMENT</p> <ul style="list-style-type: none"> · Develop gender lens thinking, solution based advisory and coverage model. · Set goals supported by data. · Provide tools to recruit, onboard and manage the relationship. · Enable buyers to match prime suppliers to sub-contracting opportunities. · Develop outreach programmes e.g. events, seminars, conferences. · Future proof procurement harnessing the power of AI.
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A BEST IN CLASS PRIVATE SECTOR SUPPLY CHAIN PROGRAMME - KEY ACTIONS**3. SUPPLY SIDE DEVELOPMENT**

- Build supplier capacity includes training courses and how to be procurement ready.
- Build supplier visibility – create kitemarks help in building credibility.
- Build accessibility for suppliers – access to procurement opportunities.
- Foster diversity and inclusion amongst suppliers.
- Leverage economies of scale to support suppliers and assist with going digital.

4. IMPACT DEVELOPMENT

- Develop foundations to provide skills development for women MSME's in emerging markets.
- Collaborate with local market banks to provide non-bank financing.
- Enable women owned MSME's to expand reach into global sourcing programmes.

5. CAPABILITY FOR A DIGITAL TRADE FUTURE

With the long anticipated promise of digital trade getting increasingly close, assisting female SME's enhance their know-how of existing and future technologies that are shaping the future of digital trade, could support more female owned businesses become exporters. Such programmes can inspire and equip the female SME's with skills on how digital and data innovations can improve the various phases - from upstreaming supply chain, production, downstreaming supply chain. The programmes can also provide an understanding of the different technologies and the role they can play in improving outputs and minimising costs. Some of the technologies covered include Blockchain, AI and Drone technology.

6. ECOSYSTEM APPROACH TO MOBILISING GROWTH AND TRADE

Figures from the WTO suggest that US\$16trn to 20tn annually depend on some form of trade-related finance. Historically trade finance took a product view of financing and risk mitigation. Unfavourable legal frameworks would have disadvantaged women owned SME's in many countries.

WTO estimate that 60% of trade finance requests are refused by banks. The Asian Development Bank has identified a persistent global 'trade finance gap' of **around US\$1.5tn** a year. Banks are unable to meet this demand because of limits on capital and credit capacity, limiting the ability to service SME's.

The issues in developing markets is the limit on lending facilities for women owned SME's based on cash-flow records or collateral based scoring models.

Some local cultures prevent the women from owning collateral. In developed markets, working capital and investment is a key issue.

The opportunity exists to create connectivity paths between various actors – non bank capital providers and non-financial providers leveraging the distribution of banks. Such an approach moves towards a lifecycle approach rooted in improving production, distribution and market growth. Bank, non-bank and advisory solutions can then be distilled into pre and post shipping. The ecosystems developed leverage the local bank's distribution and include:

- A convergence of non-bank capital providers, private debt, philanthropy foundations, commercial bank and development finance institutional capital to optimise finance capacity.
- Non-financial providers collaborating with commercial banks to provide a range of programmes to enable the female SME customer to grow and manage risks. The range of non fs providers could include trade tech companies, education providers and connectors.
- Access to export markets, creating curated outreach programmes that connect female SME's into the respective supply chain process.

A concept for an ecosystem approach to mobilising growth and trade



Banks, DFI's and non bank partners collaborate. Non bank partners invest and become shareholders in the business, Banks provide credit.

Foundation and NGO's provide training and resources to boost productivity and finance. The Foundation can be set up by a MNO.

Insurance providers offer a suite of risk management solutions including climate related.



Banana trees are planted with a mix of other tree species. Agri-tech and soil management solutions help boost productivity and distribution. Insurance solutions protect.



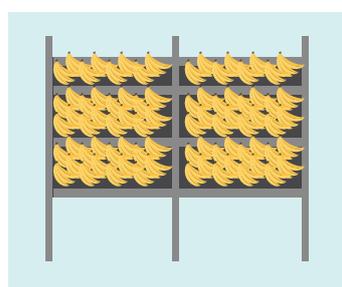
Local communities can grow more bananas on less land. DFI's and alternative providers offer supply chain solutions.



Last mile distribution solutions get bananas to the shipping ports. Bananas generate sustainable income for the women sme's.



Digital solutions offer prudent risk management.



Partnerships with MNO's provide market access. Bananas generate income for the community. MNO's can also be a finance source.



The surrounding rainforest is protected.

7. OPPORTUNITY FOR DISRUPTORS AND NON-BANK CAPITAL

Research suggests a significant level of unmet demand for trade finance. Banks are challenged to meet this demand due to credit and capital constraints particularly in developing economies. This is relevant for micro-businesses and SME's that have limited collateral and records.

This lays the field open for the initial foray of fintech firms to evolve, providing new techniques that compliment banks. Reg-tech firms can enhance the robustness of the regulatory and compliance, leveraging data and analytics to drive effective outcome.

There is a need for new capital to support trade. MNO's, family offices and private equity all offer options provided challenges of not knowing what is in the portfolio can be addressed.

8. GENDER DISAGGREGATED DATA REPORTING

In compliance with the principles of responsible banking, banks need to take into account elements of their current activity, scale of the social, economic and environmental impacts, identified milestones and progress reporting.

This leads to a requirement for a framework that identifies the impact that the organisation is making on shaping countries economic and social performance by addressing gender parity in trade. The framework also includes a governance and oversight structure, responsible for monitoring target implementation and if required, remedial action.

A similar requirement is also needed at country level.

CONCLUDING OBSERVATIONS – PROGRESSING MAINSTREAMING

Given the economic and social good obtained from gender parity in trade, organisations and economies need to accelerate their effort, to magnifying trade and in turn sustainable development for people, planet and communities.

In developed markets, our findings show that some well advanced markets such as the USA and Canada, have frameworks and policies embedded in the DNA – described as **progressive mainstreamers**.

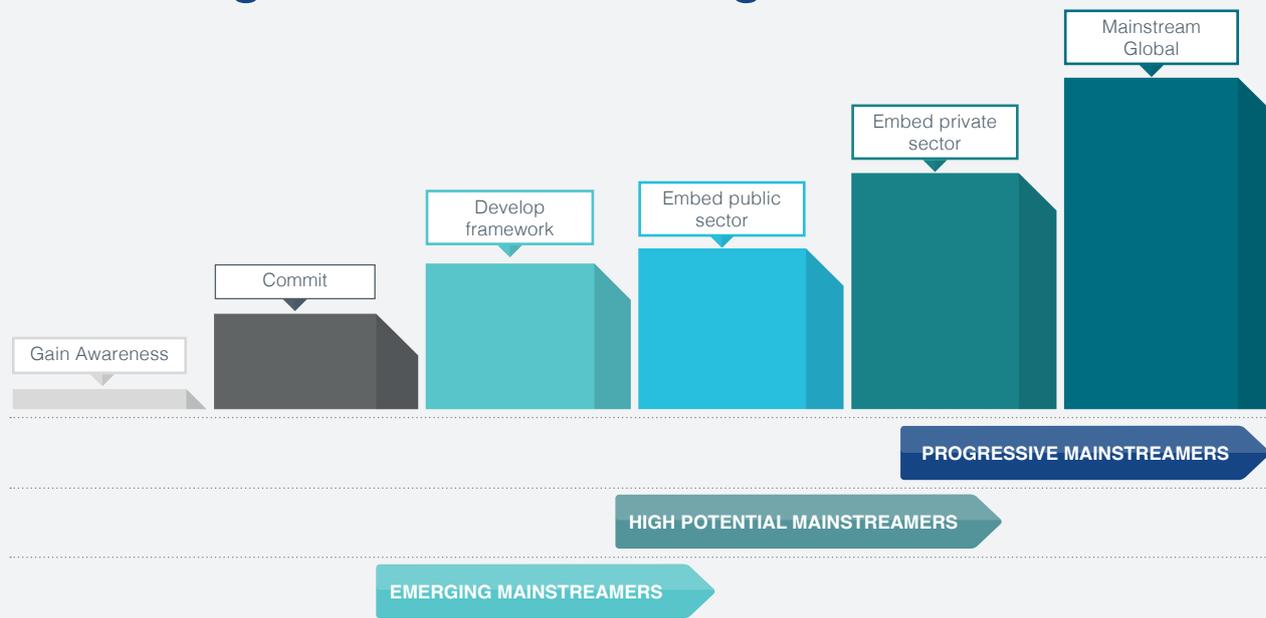
Conversely some developed markets have the legal system in place but are yet to develop the frameworks, described as **high potential mainstreamers**.

- **Progressive mainstreamers** where gender parity in supply chain and trade is integrated in the day to day working. An example of one market is the US. The feedback we have received from several executives can be summed up as “we have a long track record, so our issues are not so much of embedding in day to day life, but more one of pipeline capacity to meet the allocations.”
- **High Potential mainstreamers** - defined as markets that have a well developed legal system and framework to address gender parity, but as yet have to seize the supply chain and trade opportunity. As an example, in the UK momentum amongst institutions on mainstreaming gender parity in supply chain and trade needs galvanising. This is substantiated by our findings that 30 of the FTSE top 100 companies do not have any programmes mentioned on their websites. There is a well developed legal framework for gender equality and the ambition by the Government, to make the UK the best place for females to start and grow business – surpassing the best performing markets in gender parity by 2030 (source: Alison report). To achieve this the % of MNO's with gender supply chain policies will have to increase from **a low base to at least 33% to match Canada**.

IN MANY EMERGING MARKETS, WHICH WE DEFINE AS 'EMERGING MAINSTREAMERS' OUR FINDINGS SHOW THAT:

- Governments have begun to recognise the requirement of investors to address UN goal No 5.
- Many of the top 3 local banks have signed up to the UN responsible banking policies. With assistance from development finance institutions, commercial banks are developing programmes to mobilise financial inclusion and MSME growth.
- Governments and central banks recognise the change whilst the awareness is increasing, commitment and framework development needs to escalate.

The 6 stages of mainstreaming



Whilst there is no single way of creating and progressing mainstreaming of gender parity in trade and supply chain as each environment -corporate and country is different, the framework outlined provides the starting point.

The first blockage to mainstreaming is a lack of awareness. A comprehensive diagnostic with outputs mapped to best in class findings, enables countries and organisations to define where they sit, the competitive gap and where they can get to.

Commitment and will is required at the top both within the public and private sector to bring about the change, viewed through a gender lens. No one country can act alone as trade is global, so there needs to be a consensus amongst trading partners too.

It is essential that frameworks and policies are designed taking into account the female msme needs, issues and barriers – in order to create an optimal environment for mobilising the opportunity.

Mainstreaming sets out to effect both cultural and systematic changes in an organisation so mobilising gender contribution to supply chain and trade is integrated in the day to day working. In the long term, the approach sits at the heart of the institutions culture and operational ability. Change is both institutional and individual. Given the complexity of cultural impact on individual belief systems, education that grows minds and outlooks is essential.

A good starting point to implementing the framework, is an approach that is open to adapting learnings to respective cultures, adopts multi-actor collaboration and evolves iteratively and intuitively.

The benefits of optimising gender parity in local and global supply chains can:

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

Ultimately, accelerating and helping women owned businesses connect to local and global value chains can magnify trade related benefits. This is good for the women and their families, the planet and the economy.

ABOUT DIN CONSULTANTS

Din Consultants is a growth innovation company driven to create growth and betterment through innovation.

We work with clients to transform and stimulate their growth in line with society's needs and expectations, building better businesses for a world in transition. We believe in innovation for a more inclusive world and we are passionate about creating positive socio-economic impact.

The financial services sector and its supporting ecosystem is a prime focus. The key players that we work with are: Private and commercial banks, FinTech's, Alternative Asset players and Development finance Institutions . We also work with the property sector, economic development boards, entrepreneurs and family offices. We are based in London, UK, but our work travels far beyond our shores to Europe, Asia, ME and Africa.

There are many facets to growth and we develop solutions that are relevant to our clients, to the times and to sustainability. We create ideas and importantly commercialise them, embedding them in the DNA. We are also committed to mobilising the untapped female economic opportunity and developing market capacity.

We work across all stages of business growth, (start-up, scale-up, transformation, new market expansion) providing tailor made solutions to build revenue, market share and brands.

For further details please visit our website
www.dinconsultants.com

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In compiling this report, we have done extensive desk research.

We would like to thank Noreen Cesareo, Principal Market Accents and Dawisa Hoontrakool a London School of Economics graduate who was on an internship programme with Market Accents for the support and commitment they have provided, compiling the sources for the desk research.

We also thank the many female MSME's who were most generous with their time, candidly describing the barriers they face. We salute their resilience at pursuing their goals.

For a more detailed discussion about our findings and how your organisation or country can mainstream gender parity in supply chain and trade, please contact

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Sources

The sources below provide a sense of the information we analysed to enable us to draw the conclusions outlined in the report. A more details spreadsheet is available.

- Various US acts to include: The Women's Business Ownership Act, The Dodd Frank Act, The Federal Level Government, US Small Administration.
- National Women's Council -the US government's only independent voice for women entrepreneurs.
- 20 NGO's/private sector initiatives e.g. The Canada -US Council for Advancement of Women, Minority Business Development, Unlocking Export Opportunity for Women Owned Business undertaken by the Obama Administration, Million Women Mentor Project, Awesome – Women's Excellence in Supply Chain operation.
- 50 State level programmes -understanding the role of the office of minority and women's business enterprise e.g. Alabama, New York, Georgia, California, South Carolina, Texas to New Jersey.
- Over 60 Programmes offered by MNO's to include Walmart, Exxon, CS health, AT&T, Ford, Chevron, Verizon, J.P. Morgan Chase, Microsoft, Pepsi-Co, Wells Fargo, Disney, Intel, IBM, FedEx, Johnson, Procter and Gamble.
- A study of the FTSE top 30 companies.
- The Alison Rose Report – review of female entrepreneurship UK.
- International Trade Centre, She Trade initiative – various reports.
- The UN framework for responsible banking.
- Global Supply chain and trade – World Bank.
- Global Value chain development report 2019 – World bank.
- The future of trade – Dubai Multi Commodities Centre.
- Banking on Change – London Institute of Banking and Finance.

In addition to the desk research, we have drawn knowledge from various qualitative studies that we have conducted in South East Asia, East and North Africa, Developed Europe – Western and Southern Europe, Developing Europe, Middle East. This knowledge is also drawn from female entrepreneurs we have mentored and various connectivity programmes that we have run.

We have evaluated the Central Bank and Government policies in various African and ME countries, to mobilise access to finance for female MSME's by the commercial banking sector.

The next stage of the research is to undertake a comprehensive quantitative and qualitative programme.