STRATEGIES TO INCREASE ACCESS TO MARKETS FOR WOMEN ENTREPRENEURS IN INDIA

KEY FACTS

Over 3 million women-owned enterprises make up 10% of all micro, small and medium enterprises (MSMEs) in India.\(^i\)

Over 8 million people employed by women-owned SMEs contribute over 3% of industrial output.\(^ii\)

26% of WEConnect International Member Buyers are committed to sourcing from women-owned SMEs in India.\(^iii\)

$20 Billion unmet financing demand for women entrepreneurs.\(^iv\)

International Finance Corporation (IFC) and WEConnect International have partnered to boost market access for women entrepreneurs by i) raising awareness on the business case for gender-inclusive sourcing, and ii) encouraging firms to adopt best practices to increase sourcing from women-owned SMEs.

A roundtable was held in December 2019 in Mumbai, India, convening corporate buyers and financial institutions seeking to start or expand their gender-inclusive sourcing efforts and address the access to finance challenges faced by women-owned SMEs. This brief highlights learnings from the roundtable.

GENDER-INCLUSIVE SOURCING: A WINNING PROPOSITION

Achieving gender equality in India would increase the country’s GDP by $700 billion USD by 2025\(^v\). Gender-inclusive sourcing is a proactive supplier diversity strategy that addresses gender gaps in corporate value chains to increase access to markets for women-owned SMEs. It also impacts business performance in the following ways:

- **Increases access** to a wider variety of high-quality suppliers that contribute to higher input quality and more competitive prices over time.\(^vi\)
- **Increases opportunity** to hear new ideas, apply different approaches, and gain access to additional solutions that respond to customers’ needs.\(^vii\)
- **Enhances a company’s reputation** among internal and external stakeholders, including employees, business clients, shareholders and the community.\(^viii\)

KEY CHALLENGES FACED BY SUPPLIERS AND BUYERS

<table>
<thead>
<tr>
<th>WOMEN-OWNED SUPPLIERS</th>
<th>CORPORATE BUYERS</th>
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<tr>
<td>Limited information on... what and how corporate buyers purchase</td>
<td>eligible women-owned suppliers (limited access to database of women-owned SMEs that meet procurement requirements)</td>
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<td>Limited understanding of... corporate procurement requirements</td>
<td>how to make supplier onboarding processes more friendly toward women-owned SMEs</td>
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<td>Limited access to... financing to bid on larger procurement contracts</td>
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WEConnect INTERNATIONAL

IFC International Finance Corporation

Creating Markets, Creating Opportunities
PROMISING ACTIONS

ACCESS TO MARKETS

Actions for corporate buyers to engage women-owned SMEs as suppliers:

• Establish gender-inclusive sourcing champions across the corporation.
• Make procurement processes and requirements more transparent.
• Partner with industry groups (e.g. WEConnect International, All India Association of Industries) to find women-owned SMEs that meet requirements and advance targets.
• Conduct and participate in targeted outreach to women-owned SMEs (e.g. meet the buyer events).
• Review government regulations for strategic advantages (e.g. Mandated childcare for Indian companies is an opportunity to procure from women-owned childcare providers).
• Share supplier data and encourage other corporate buyers to purchase from vetted women-owned suppliers.

ACCESS TO FINANCE

Actions for corporate buyers and financial institutions to bridge the financial gap for women-owned SMEs:

Expand sex-disaggregated data and increase data sources:

• Banks could gather alternate data from corporate buyers to inform and improve women-owned SME risk assessments.
• Banks could use alternate payment data from phone bills, utility bills, and other sources to assess the creditworthiness of prospective women-owned suppliers and design appropriate financing programs.

Increase collaboration between corporate buyers and financial institutions:

• Banks can identify vendors, design a supply chain finance program using data from corporate buyers and support the supplier onboarding process.
• Collaborate on data sharing as feasible. With the right level of data granularity (e.g. cash flows of women-owned suppliers), more refined credit models can be created that support increased financing for women.

PRACTICES IN ACTION: MEASUREMENT AT A LEADING HOSPITALITY COMPANY

A multinational hospitality company with 7,000 properties in 130 countries currently spends 3.7 million USD with 300 women-owned suppliers in India. Even if this only represents 2% of the total procurement spend, it is above the global benchmark of 1%.x The company is following global best practices to further increase the representation of women-owned SMEs in their value chain in India, such as:

1. Requesting all hotels in India to identify women-owned SMEs already in their value chain by using certifications as a flag in the supplier system and partnering with WEConnect International to conduct the certifications.

2. Rolling out a key performance indicator (e.g. spend on women-owned SMEs) to incentivize procurement and purchasing managers to increase spend with women-owned SMEs.

3. Appointing champions, department heads in each division, to talk about supplier diversity, what’s working and what’s not.

4. Conducting market outreach activities to identify additional women-owned suppliers through WEConnect International and women’s business associations, such as the Federation of Indian Women Entrepreneurs and the Confederation of Women Entrepreneurs.

5. Hosting and facilitating annual procurement match-making between hotel buyers and prospective suppliers.

SOURCES:

i IFC, 2014
ii IFC, 2014
iii WEConnect International research, 2019
iv SME Finance Forum, 2018 and IFC analytics
v McKinsey, 2018
vi IFC, 2015
vii UN Women, 2017
viii UN Women, 2017
ix WEConnect International, 2017