



Using the LPRM to Report on Mining Sector Procurement from Women-Owned Businesses

The following brief describes how the Mining Local Procurement Reporting Mechanism (LPRM) can be used by mine sites to share information on their efforts at procuring goods and services from women-owned businesses. The Mining LPRM is a set of publicly available disclosures to help standardise how mine sites report on their local procurement efforts and results, structured similar to the Global Reporting Initiative (GRI). It was commissioned by GIZ GmbH with the support of Germany's Federal Ministry for Economic Cooperation and Development (BMZ). The full LPRM is available to download in English, French and Spanish at: www.commddev.org/mining-local-procurement-reporting-mechanism.

WOMEN IN THE MINING VALUE CHAIN: A GROWING FOCUS ON PROCUREMENT

The global mining system is facing a growing focus on gendered impacts and opportunities for women in resource-rich host countries. The narrative of women only being affected by mining activity – usually negatively – is gradually becoming more nuanced and increasingly focusing on the potential of women to also be participants as both employees and suppliers. Epitomising this shift, in 2018 the International Finance Corporation released *Unlocking Opportunities for Women and Business: A Toolkit of Actions and Strategies for Oil, Gas, and Mining Companies*, which provides best practices and tools for extractive industry companies to be more inclusive.

Focus is growing on the potential for women to participate upstream of mining activity as owners of businesses who supply mine sites, and as employees within firms that supply goods and services. There is a rising number of organisations such as WEConnect International, that are certifying women-owned businesses and providing a supplier portal for member companies. Such systems allow mining companies to both find women-owned suppliers, and also track how much spending is going to them.

Alongside these developments, there are growing calls for more gender-disaggregated data on the impacts of extractive industry activity. In June 2019 the Extractive Industries Transparency Initiative (EITI) formally adopted its new requirement that extractive industry sites must provide employment data disaggregated by gender going forward.

Two months prior at the Forum on Responsible Mineral Supply Chains, Women Rights and Mining (WMR) and the OECD released a stakeholder statement on *Implementing Gender-Responsive Due Diligence and Ensuring the Human Rights of Women in Mineral Supply Chains*. This statement called for government, private sector and civil society to recognise their role, “in ensuring that gender equality and women’s rights are realized in mineral supply”. This statement also calls for methodologies to be created to ensure gender-disaggregated data is available as a basis for decision-making:

6. GOV [Government], PS [Private Sector], CS [Civil Society]: Develop reporting instruments and methodologies to collect and disclose disaggregated data (according to gender and other social identities) to address the invisibility of women in mining and mineral supply chains, highlight gender inequalities, and monitor change.¹

Figure 1: Recommendation #6 from Women Rights and Mining (WRM) and OECD Secretariat for the Forum on Responsible Mineral Supply Chains Stakeholder Statement, April 2019.

Because mine sites spend more on the procurement of goods and services than they do in their combined spending on tax payments and labour, and generally there are more jobs in the upstream supply chain for mine sites than in direct mining, targeted efforts to procure from women-owned businesses can meaningfully improve the lives of women in host countries. In addition, by including women entrepreneurs in their supply chains, mining companies can better access the benefits of host country economies, potentially lowering procurement costs.

STANDARDISING THE DATA: THE MINING LOCAL PROCUREMENT REPORTING MECHANISM AND ITS GENDER-RELEVANT DISCLOSURES

As efforts progress to understand and measure the gendered impacts of mining and advocate for opportunities for women, it is ideal that mine sites, governments and other stakeholders collect and harness the same kinds of data. This allows easier comparability, better collaboration, and prevents reporting requirements for mine sites that conflict with each other.

The Mining Local Procurement Reporting Mechanism (LPRM) is a set of publicly available disclosures on local procurement that are to be reported by organisations who report on mine sites. The LPRM addresses gaps in other reporting frameworks and sustainability systems, and helps to standardise the way the sector and host countries talk about these issues. It facilitates comprehensive reporting on local procurement spending at the site level, as well as practical details on mining company procurement processes and programmes that support better informed stakeholders. The objectives of increasing and standardising the way in which the mining industry reports on local procurement are to:

1. **Improve internal management in mining companies to create more benefits for host countries and to strengthen their social licence to operate.**
2. **Empower suppliers, host governments, and other stakeholders with practical information that will help them collaborate with mine sites.**
3. **Increase transparency in the procurement process to deter problematic practices, such as corruption.**

There are three disclosures of the LPRM that are directly relevant for mine site procurement from women-owned businesses:

Disclosure 507, **Encouraging Procurement from Specific Groups**, asks reporting organisations to report efforts to proactively seek suppliers from traditionally under-represented groups, such as women. Examples of reported actions could include a mine site registering with a supplier portal such as WEConnect, or providing specific training programmes targeted at local female entrepreneurs. Examples could also include methods a mine site is using to encourage their suppliers to increase women's participation, such as providing additional points in the scoring of bids if a supplier has a 50% female workforce.

Disclosures 301 and 302, **Categorising Suppliers and Breakdown of Procurement Spend**, asks reporting organisations to break down their suppliers by different categories, and provide data on how much of their procurement spending goes to those different categories, as a percentage and in relevant currencies. The Mining LPRM does not dictate how a mine site should define "local" or any other categories of suppliers, but whatever categories are used they must be clearly defined.

DISCLOSURE 507: ENCOURAGING PROCUREMENT FROM PARTICULAR GROUPS

The reporting organisation should describe efforts that proactively encourage suppliers to include and support particular groups, such as women, visible minorities, youth, and Indigenous communities.

Figure 2: Disclosure 507 of the Mining LPRM

DISCLOSURE 301: CATEGORISING SUPPLIERS

The reporting organisation shall report how the mine site categorises suppliers based on:

- Geographic location, such as proximity to the site.
- Level of participation, including level of ownership and/or employment by local individuals or particular groups (Indigenous people, vulnerable groups, etc.).
- Level of value addition.

DISCLOSURE 302: BREAKDOWN OF PROCUREMENT SPEND

The reporting organisation shall report the breakdown of procurement spend for each category of supplier provided in *Disclosure 301: Categorising suppliers*, including international suppliers. Reporting shall provide a breakdown by amount (in relevant currency) and by percentage of total spend (see Note 1). In addition, if possible, reporting shall provide a breakdown of spending by major spend families (see Note 2).

Figure 3: Disclosures 301 and 302 of the Mining LPRM

If a reporting organisation for a given mine site desires to communicate how much of its procurement spending is going to women-owned suppliers, it can use LPRM Disclosures 301 and 302 to create a category for women-owned suppliers, or for example, for suppliers with at least 50% female employees, and then provide that information.

Importantly, a reporting organisation may decide to collect this information on their spending on women-owned suppliers, but choose to not report it publicly, keeping it instead for internal purposes or for directly engaging with particular stakeholders.² Publicly reporting on how much procurement spending goes to women-owned businesses is an option for companies using the Mining LPRM, but not a requirement to report in accordance with it.

It is also important to note that there are many other disclosures in the LPRM which may not be explicitly related to gender, but have huge implications for the ability of women-owned businesses to supply a mine site. For example, all of the 200 level disclosures of the LPRM focus on providing suppliers and other stakeholders with practical information on how to supply a mine site, such as contact information, and what types of standards suppliers must meet. This kind of information being public supports traditionally underrepresented supplier groups who may have less knowledge about becoming suppliers.

DISCLOSURE 204: PROCUREMENT PROCESS

- **Disclosure 204 A**
The reporting organisation shall provide contact information (address or phone number) for the publicly available supplier contact persons or point of contact for suppliers, such as information offices.
- **Disclosure 204 B**
The reporting organisation shall provide information on any internal or external supplier procurement portals, databases, or registries (if applicable, provide URLs).
- **Disclosure 204 C**
The reporting organisation shall provide information on requirements and support for prequalification (if applicable, provide phone numbers, emails, or URLs).
- **Disclosure 204 D**
The reporting organisation shall provide information about local supplier development programmes or supplier capacity support (if applicable, provide URLs and phone numbers).

Figure 4: Disclosure 204 of the Mining LPRM

For example, in some cases procurement opportunities are provided by mine sites via established organisations and networks, such as a local chamber of commerce. If such a chamber however is dominated by men and/or its leadership only distributes tender opportunities to male-owned businesses in its membership, a mine site may be inadvertently disadvantaging women-owned suppliers. As such, reporting in accordance with the LPRM on the whole has the potential to help ensure inclusivity in the procurement process for all groups, including women.

2. To report in accordance with the LPRM, the requirement is only that a mine site provides at least one category of “local” suppliers, and clearly defines the criteria for suppliers in that category. For example, a mine site may define local as any business registered in the host country. Mine sites are encouraged to breakdown spending into further categories (e.g. national, provincial, and local), including potentially women-owned businesses - but it is not a requirement to report spending for all of them publicly.



LPRM INTEGRATION INTO EXISTING FRAMEWORKS

The Mining LPRM is designed so that it can be used as part of existing reporting frameworks and requirements. For example, a Chamber of Mines could require use of the LPRM as a condition of company membership, and the Chamber could then use the data provided by companies to create industry-wide reports on local procurement.

In terms of the EITI, as of March 2018, 24 countries in the EITI collected some kind of information on local content, and in some cases they are including information specifically on local procurement.³ If an EITI Multistakeholder Group (MSG) and its national secretariat decide to collect information on local procurement as part of its processes, the Mining LPRM provides a common template that can be used to avoid each EITI country creating its own system. As EITI countries increasingly consider including gender-disaggregated data in their reporting, disclosures 301, 302 and 507 of the LPRM provide language that can be used to collect information on the topic of procurement from women-owned businesses.

As such, the LPRM is a publicly available reporting tool through which important elements of the gendered impact of mining can be addressed. Inclusion of women in the supply chain upstream of mining activity presents an opportunity to leverage the large procurement spend of each mine site to improve economic outcomes for women in host countries.

For more information about the Mining LPRM and how you can use it in your work, please contact Jeff Geipel (jeffgeipel@ewb.ca). The development of the LPRM was supported by the German Government, through GIZ. For more information please contact Sun Min Kim (sunmin.kim@giz.de).

³ EITI. (2018). EITI and Opportunities for Increasing Local Content Transparency. Extractive Industries Transparency Initiative (EITI). Retrieved from https://eiti.org/sites/default/files/documents/brief_on_eiti_and_local_content_transparency_-_formatted.pdf

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