

BRAZIL

GENDER AND DIVERSITY DIVISION, SOCIAL SECTOR (SCL/GDI)

FINANCIAL INSTRUMENT TO PROMOTE PRIVATE SECTOR DIVERSITY AND INCLUSION FIRM BEST PRACTICES

TERMS OF REFERENCE

Background

Several recent studies by McKinsey and Deloitte have found a statistically significant correlation between diversity in firm leadership and governance, on the one hand, and financial performance on the other. This relationship is not causal, meaning that the research has not been able to isolate the causal impact of increased diversity on firm profitability. However, preliminary evidence suggests that diversity may improve corporate decision making through what McKinsey has recently quantified as the “diversity dividend.” Other important motivations for pursuing diversity that emerged from a recent survey of 245 companies include improving employee engagement, serving customers more effectively, and increasing organizational innovation and agility. Technology firms have recently targeted diversity as a corporate priority.¹ Intel has invested \$300 million overall in work place diversity. The firm has identified diversity not “as a social cause,” but as “[a] real business.”²

In Brazil, diversity is of particular interest to consumer firms due the significant Afro-Brazilian consumer market, according to the most recent census, self-identified *pardos* and *pretos* make up 50.7% of the total population and are an important emerging sector for the consumer market, representing over 650 billion reais in spending in 2011.³ São Paulo is the central business hub for the country and serves as the corporate headquarters of at least 70% of all Brazilian companies. This city will be an important priority for the technical cooperation because of the important share of Afro-Brazilians in São Paulo’s population (37%)⁴ and the possibility of leveraging networks mobilized from the Public-Private Sector Socio-Economic Development Forum, *São Paulo:Diverso*. Mean incomes are higher in São Paulo than in the nation as a whole, however, the ethno-racial gap in earnings between whites and Afro-Brazilians is high, with whites earning 2.5 times what Afro-Brazilians earn.⁵ Similarly, the municipality of São Paulo has higher levels of educational attainment, but with ethno-racial gaps – 24% of white Brazilians have completed tertiary education compared to 7% of Afro-Brazilians. Despite these gaps, the conditions for identifying Afro-Brazilian candidates for private sector positions have improved. The number of Afro-Brazilian graduates from tertiary education in São Paulo grew from 32,321 in 2000 to 120,530 in 2010, and this number continues to sharply increase as a result of affirmative action programs in higher education.⁶

¹ Importance of diversity to the tech sector published in Fortune Magazine July 2015, <http://fortune.com/2015/07/30/tech-companies-diversity/>. Harvard Business Review, October 2014. <https://hbr.org/2014/10/hacking-techs-diversity-problem>

² An overview of diversity actions by tech firm classified by the name of the firm, <http://money.cnn.com/2015/06/19/technology/tech-diversity-roundup/>, Intel corporate diversity and investment mechanisms <http://fortune.com/2015/01/12/intel-diversity/>, <http://money.cnn.com/2015/06/09/technology/intel-diversity-fund/>

³ From a study in 2010 by Data Popular published by Exame in November 2011,

<http://exame.abril.com.br/marketing/noticias/populacao-negra-do-brasil-movimenta-r-673-bilhoes-por-ano>

⁴ Census, 2010 (IBGE) ; footnotes 6-8 are also available in “Igualdade Racial em São Paulo: Avanços e Desafios,” conference report São Paulo: Diverso, 2014 (www.saopaulodiverso.org.br) IDB-SMPIR.

⁵ RAIS, 2013 (IBGE).

⁶ Census, 2010 (IBGE).

However, just 5.3% of executives in the nation's 500 largest companies are of African descent, and only 13.7% are women of all ethnicities.⁷

The TC will support the design and implementation of targeted diversity programs within firms for Afro-Brazilians and other vulnerable ethnic groups. These programs will be focused on specific small and medium size enterprises ("SMEs") along with Brazilian Multinationals ("BMs"), together called "Target Companies." The Target Companies will be firms that are suppliers for larger multinational firms that prioritize diversity. Target Companies often have limited experience promoting racial and ethnic inclusion through stand-alone programs due to inexperience, smaller budgets for key areas such as recruiting and training, and lack of demand from national shareholders. The diversity programs will be financed through a results-based investment mechanism, which will provide oversight for better targeting of resources and will provide service providers with much needed working capital to implement programs. This structure is expected to align incentives between the investors and service providers to sustain high quality services for the Target Companies.

Consultancy Objective(s)

The general objective of this consultancy is to identify diversity and inclusion programs that deliver concrete and measureable results for the recruitment, retention and advancement of diverse populations using international best practices. The providers of these diversity programs will have a broad base of relevant expertise and the capacity to deliver results in 18 months or less.

It will also identify the target companies to receive the training; they will likely be suppliers to multinational firms and will have the potential to successfully and quickly adopt diversity measures, including hiring, training, promotion/ advancement, mentoring programs and corporate policies to promote diversity.

Main Activities

The selected firm will:

1. Identify diversity and inclusion programs that deliver concrete and measureable results for the recruitment, retention and advancement of diverse populations using international best practices.
2. Identify the target companies to receive the diversity and inclusion training.

Reports/Deliverables

The selected firm will be responsible for the following products:

1. Report that details international best practices on diversity and inclusion programs for recruitment, retention and advancement of diverse populations, their effects and potential issues.
2. Report containing a list of recommended potential target companies to receive diversity and inclusion training.

Payment Schedule

The payments will be a lump sum paid as follows:

- 50% upon signing the contract.
- 25% upon submission of the first product approved by the Team Leader.
- 25% upon submission of the second product approved by the Team Leader.

⁷ "Perfil Social, Racial e de Gênero das 500 maiores Empresas do Brasil e Suas Ações Afirmativas," Instituto Ethos, 2010.

Qualifications

- Academic Degree/Level & Years of Professional Work Experience: Consulting firm with experience in monitoring and evaluation, labor markets, human resources, diversity, rigorous quantitative and qualitative methodologies. Ten years of experience.
- Languages: Portuguese and English.
- Areas of Expertise: Analysis and evaluation experience.
- Skills: Minimum ten years of experience working on aspects of diversity and inclusion in Latin America

Characteristics of the Consultancy

- Consultancy category and modality: Products and External Services Contractual Firm, Lump Sum.
- Contract duration: 6 months.
- Place(s) of work: External consultancy
- Division Leader or Coordinator: Judith Morrison, (jmorrison@iadb.org), Social Development Senior Advisor at the Gender and Diversity Division, Social Sector (SCL/GDI).

Payment and Conditions: Compensation will be determined in accordance with Bank's policies and procedures. In addition, candidates must be citizens of an IDB member country.

Consanguinity: Pursuant to applicable Bank policy, candidates with relatives (including the fourth degree of consanguinity and the second degree of affinity, including spouse) working for the Bank as staff members or Complementary Workforce contractuels, will not be eligible to provide services for the Bank.

Diversity: The Bank is committed to diversity and inclusion and to providing equal opportunities to all candidates. We embrace diversity on the basis of gender, age, education, national origin, ethnic origin, race, disability, sexual orientation, religion, and HIV/AIDs status. We encourage women, Afro-descendants and persons of indigenous origins to apply.

BRAZIL

GENDER AND DIVERSITY DIVISION, SOCIAL SECTOR (SCL/GDI)

FINANCIAL INSTRUMENT TO PROMOTE PRIVATE SECTOR DIVERSITY AND INCLUSION FEASIBILITY ANALYSIS

TERMS OF REFERENCE

Background

Several recent studies by McKinsey and Deloitte have found a statistically significant correlation between diversity in firm leadership and governance, on the one hand, and financial performance on the other. This relationship is not causal, meaning that the research has not been able to isolate the causal impact of increased diversity on firm profitability. However, preliminary evidence suggests that diversity may improve corporate decision making through what McKinsey has recently quantified as the “diversity dividend.” Other important motivations for pursuing diversity that emerged from a recent survey of 245 companies include improving employee engagement, serving customers more effectively, and increasing organizational innovation and agility. Technology firms have recently targeted diversity as a corporate priority.⁸ Intel has invested \$300 million overall in work place diversity. The firm has identified diversity not “as a social cause,” but as “[a] real business.”⁹

In Brazil, diversity is of particular interest to consumer firms due the significant Afro-Brazilian consumer market, according to the most recent census, self-identified *pardos* and *pretos* make up 50.7% of the total population and are an important emerging sector for the consumer market, representing over 650 billion reais in spending in 2011.¹⁰ São Paulo is the central business hub for the country and serves as the corporate headquarters of at least 70% of all Brazilian companies. This city will be an important priority for the technical cooperation because of the important share of Afro-Brazilians in São Paulo’s population (37%)¹¹ and the possibility of leveraging networks mobilized from the Public-Private Sector Socio-Economic Development Forum, *São Paulo:Diverso*. Mean incomes are higher in São Paulo than in the nation as a whole, however, the ethno-racial gap in earnings between whites and Afro-Brazilians is high, with whites earning 2.5 times what Afro-Brazilians earn.¹² Similarly, the municipality of São Paulo has higher levels of educational attainment, but with ethno-racial gaps – 24% of white Brazilians have completed tertiary education compared to 7% of Afro-Brazilians. Despite these gaps, the conditions for identifying Afro-Brazilian candidates for private sector positions have improved. The number of Afro-Brazilian graduates from tertiary education in São Paulo grew from 32,321 in 2000 to 120,530 in 2010, and this number continues to sharply increase as a result of affirmative action programs in higher education.¹³

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Consultancy Objective(s)

The general objective of this consultancy is to determine the feasibility of an outcome-based financial mechanism to support small-scale diversity and inclusion programs. The feasibility study will assess whether there is value for potential stakeholders and analyze the best design for the financial mechanism. The study should present a targeted strategy that includes securing financial returns for potential outcome funders and implementers, performance accountability and other non-monetary considerations.

Main Activities

The selected firm will:

1. Determine the feasibility of an outcome-based financial mechanism to support small-scale diversity and inclusion programs in Brazil.
2. Assess whether there is value for potential stakeholders of the program and analyze the best design for the financial mechanism.
3. Present a targeted strategy that includes securing financial returns for potential outcome funders and implementers, performance accountability and other non-monetary considerations.

Reports/Deliverables

The selected firm will be responsible for the following products:

1. Financial feasibility study of an outcome-based mechanism to support small-scale diversity and inclusion programs in Brazil.

Payment Schedule

The payments will be a Lump sum paid as follows:

1. 50% upon signing the contract.
2. 50% upon submission of the product approved by the Team Leader.

¹⁴ "Perfil Social, Racial e de Gênero das 500 maiores Empresas do Brasil e Suas Ações Afirmativas," Instituto Ethos, 2010.

Qualifications

- Academic Degree/Level & Years of Professional Work Experience: Team with experience in monitoring and evaluation with experience in labor markets, human resources, diversity, rigorous quantitative and qualitative methodologies.
- Languages: Portuguese and English.
- Areas of Expertise: Analysis and evaluation experience.
- Skills: Minimum ten years of experience working on aspects of diversity and inclusion in Latin America.

Characteristics of the Consultancy

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GENDER AND DIVERSITY DIVISION, SOCIAL SECTOR (SCL/GDI)

FINANCIAL INSTRUMENT TO PROMOTE PRIVATE SECTOR DIVERSITY AND INCLUSION

CONTRACTING, PROCUREMENT AND FUND RAISING

TERMS OF REFERENCE

Background

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Consultancy Objective(s)

This project will scale up and strengthen diversity and inclusion programs in Target Companies through an innovative financial mechanism. It is based on leveraging private sector networks, with participation from donors (including multinational firms with supplier diversity programs) and external investors (private foundations, institutes, and interested individuals).

The general objective of this consultancy is to engage an intermediary for contracting, procurement and fundraising for the program. The scope of the services will likely include contract development, fundraising, due diligence, performance management, service commissioning and capacity building.

Main Activities

The selected firm/consultant will:

1. Negotiate payment terms for this pay for success mechanism.
2. Support private investors.
3. Develop operating procedures.
4. Execute contracts.
5. Establish a plan for making decisions about scaling-up and expansion.

Reports/Deliverables

The selected firm will be responsible for the following products:

1. Fund raising and contracting plan (with details for scaling-up and expansion).
2. Operating procedures.

Payment Schedule

The payments will be a Lump sum paid as follows:

1. 50% upon signing the contract.
2. 50% upon submission of the product approved by the Team Leader.

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Qualifications

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November 6, 2015