

International Trade Centre

Inputs into the 2020 High-Level Political Forum

12 March 2020

This document provides input from the International Trade Centre (ITC) to the 2020 High Level Political Forum following the main headings requested by the President of ECOSOC H.E. Mona Juul in her letter dated 3 February 2020.

This input is from the perspective of ITC as the joint development agency of the United Nations and the World Trade Organization (WTO) dedicated to “trade impact for good”. ITC’s mandate combines a focus on expanding trade opportunities with the aim of fostering sustainable and inclusive development.

1. Key policies and measures to ensure “accelerated action and transformative pathways” for realizing the decade of action and delivery for sustainable development

The 2030 Agenda for Sustainable Development states, “International trade is an engine for inclusive economic growth, job creation and poverty reduction and contributes to the promotion of sustainable development.” The 2030 Agenda also recognises the role of the private sector “as a partner in development, and a major driver of productivity, inclusive economic growth and job creation.”

By supporting micro, small, and medium-sized enterprises (MSMEs) in developing countries become internationally competitive, ITC focuses on empowering women, youth and poor communities through trade. Research indicates that MSMEs represent more than 90% of all enterprises and over 70% of jobs. MSMEs tend to employ people in the most vulnerable segments of society, including women and youth. MSMEs integrated into global markets are more productive than those that do not participate in international trade. Lifting MSME competitiveness is a precondition for higher wages and better working conditions in the firms that collectively employ most workers in any economy. Therefore, together, international trade and improved MSME competitiveness are important preconditions for “ensuring that no one is left behind”.

Over 80% of ITC’s country-specific delivery is focused on ITC’s priority countries: least developing countries (LDCs), landlocked developing countries (LLDCs), small-island developing states (SIDS), countries in sub-Saharan Africa, post-conflict and fragile states, and small and vulnerable economies (SVEs). ITC relies on local and regional trade and investment support institutions to deepen and replicate its work in countries.

a. Critical gaps in implementing the 2030 Agenda within ITC’s area of responsibility

Climate Change and disruptive technology

The most important systemic risk is climate change, and the reality is proving to be worse than scientists have foreseen. Technology has a strong potential to reverse the trend. Yet the main digital risks are cyber and data security and unethical uses of artificial intelligence. The business community and civil society are more and more engaged, but a key ingredient, the political will to agree and act is missing in many countries.

The threat of climate change and the increasingly influential role of consumers in how goods and services are produced, has led to a shift towards more sustainable business models. Transparency and traceability in supply chains, supported by certification of ethical and sustainable standards are fast becoming prerequisites for doing business.

Slowing Economic Growth & Inequality

The global economy is forecasted to go through a period of positive albeit slowing GDP growth. The economic risks include trade tensions and their political underpinnings, and instability in financial markets combined with rising debt, limiting the ability to respond to any potential crisis, and the capacity to implement projects necessary for achieving the SDGs.

Globalization has brought improvements, but also an increased inequality, because some people, sectors and regions were left behind. This contributed to reduced confidence in governments, political establishments and international organizations, making it more difficult to realize strategies dealing with global problems. Furthermore, the lack of growth played a role in multiplying conflicts and terrorism, leading to spiralling migration.

Multilateralism Under Stress

Many of the biggest challenges and opportunities facing the world today, such as climate change, irregular migration, technological change, and indeed, international trade, cannot be addressed by single countries on their own. They are trans-frontier issues requiring multilateral responses. However, the current global environment has placed multilateralism, and multilateral institutions under tremendous threat.

Geopolitical and Global Health Risks

The risk of an eventual inability of ITC to fully deliver on contractual commitments in unstable project environments is linked to the global external environment as well as ITC's approach to deliver more than 80% of its country-specific interventions in priority countries that include countries affected by conflict.

Several beneficiary countries will also face changes in government, which might slow down ITC's interactions with the partners and delay consensus and action by partners. In several ITC programme countries, there are ongoing security risks, which might result in threats to the life and health of ITC personnel, and may slow down project implementation. Supported by the United Nations Department for Safety and Security, ITC is closely monitoring the development of security situations and is planning project interventions accordingly. At the time of final editing of this paper, in mid-March 2020, a new risk has emerged – the novel Coronavirus pandemic. This would not only affect ITC's operations but also the global economy and the performance of ITC's client MSMEs.

b. Priority measures to accelerate action, and ensure transformative pathways to realize the decade of action for achieving the 2030 agenda

Women's Economic Empowerment

Women play a major role in the global economy and studies show that advancing women's economic empowerment could add as much as \$28 trillion to global GDP. Women tend to invest more in their families than men do in areas such as education, health and nutrition, creating a secure foundation for the future of their families and communities. Yet only around 15% of exporting companies worldwide are women-owned. So empowering women economically, especially through their involvement in trade, creates opportunities for everyone.

As we celebrate the 25th anniversary of the adoption of the Beijing Declaration and Platform for Action in 2020, ITC has renewed its focus on empowering women and girls as a critical aspect to accelerate progress towards achieving Agenda 2030.

ITC's **SheTrades** initiative seeks to connect three million women entrepreneurs to market by 2021. SheTrades works with governments, corporations and business support organizations to undertake research, shape enabling trade policies and regulations, facilitate financing, and expand access to public tenders and corporate supply chains. With partners, ITC has already connected over 1 million women entrepreneurs to markets under the SheTrades banner.

The SheTrades initiative will accelerate action to contribute to Agenda 2030, including through:

- [SheTrades Outlook digital](#). This is an innovative policy tool that promotes trade and women's economic empowerment, providing quantifiable, measurable, and comparable indicators across countries related to both trade and gender.
- SheTrades-CARE investment fund will provide access to finance for women-owned businesses in Asia with target investments of \$75 million.
- Partnership with VISA to build capacities of women-led businesses to engage in cross-border trade.
- Six UN agencies: ITC, UN Women, UN Global Compact, ILO, UNDP, UN Office for Partnerships and Mary Kay, will jointly work on the Women's Entrepreneurship Accelerator, to offer learning, funding, procurement and advocacy for women entrepreneurs, available in six languages and serving over 190 countries.
- Expanding support for women entrepreneurs in diverse value chains around the world

Gender equality and trade are high on the agendas of governments and multilateral institutions. This opens up prospects for countries across the world to move towards a more gender-responsive approach to trade which strongly contributes to the fulfilment of the Beijing vision and the SDGs and the implementation of the Buenos Aires Declaration on Women and Trade.

[Green Growth and Climate Action](#)

ITC's **Trade for Sustainable Development (T4SD)** programme helps businesses, regardless of their position in the value chain, chart their path to more sustainable trade by better understanding the sustainability initiatives landscape and to connect with business partners to help increase resilience to climate change and mitigate environmental risks.

The T4SD Programme will continue to expand the Sustainability Map, an online portal which allows users to access sustainability initiatives and standards, and helps them address challenges related to implementing voluntary sustainability standards. In 2020, ITC will collaborate with a dedicated group, Everledger, Lenzing Group and TextileGenesis™, to launch a self-service, **public blockchain traceability platform** for businesses to start mapping and tracking their supply chains, which will be hosted within Sustainability Map. It will help businesses across industries respond to consumer demands for ethical and environmentally friendly products.

ITC will also continue rolling out **Trade for Sustainable Development Hubs** in partnership with national institutions to provide support to MSMEs' climate-change adaptation, enhance circular economy principles, and adoption of sustainability standards. T4SD hubs are currently active in Ghana, Kenya, Nepal, Lao PDR, Peru and Vietnam with a series of new hubs set to launch in the Caribbean in 2020. The programme will work expand its work with enterprises and institutions in the textiles and clothing sector on transparency and traceability.

[Partnerships](#)

[Multilateralism and regional cooperation](#)

Global challenges are so complex and interrelated that no government or intergovernmental organization will be able to solve them alone. Multilateralism has time and again been an effective response to pressing issues in periods of crisis, and it can raise to the current challenges again.

ITC's forthcoming flagship report, the **SME Competitiveness Outlook 2020**, will analyze how global trends are affecting the risks SMEs face and how multilateral initiatives can help address risks or help

businesses adapt to the consequences. The report focuses in particular on how climate change, trade tensions, financial volatility and emerging technologies are remaking SME competitiveness landscape around the world. The report also illuminates the channels through which SMEs can bring their voice into multilateral frameworks and institutions.

In 2018-2021, ITC intends to expand its work on regional integration, in Africa and beyond, in partnership with Regional Economic Commissions. ITC is working with the African Union Commission in establishing the **African Trade Observatory** to support the operationalization of the African Continental Free Trade Agreement (AfCFTA), which aims to support sound evidence-based-policy by collecting, processing, and analysing trade and trade-related qualitative and quantitative data in a timely manner. This system will facilitate the effective implementation and monitoring of the AfCFTA and the boosting of intra-African trade.

UN Development System

ITC is a proud member of the UN Sustainable Development Group (UNSDG) and a keen supporter of the repositioning of the UN development system to support countries in implementing Agenda 2030. ITC will engage more in UN Country Teams, intensifying collaboration with the resident coordinators to provide its unique expertise in MSME competitiveness, trade and investment for sustainable development in support of national development priorities.

To recognize the importance of MSMEs in promoting innovation, creativity and decent work for all – and achieving the goals of the 2030 Agenda for Sustainable Development – the United Nations General Assembly declared 27 June to be MSME Day by adopting resolution 71/279 in 2017. ITC is the lead UN agency that commemorates **MSME Day** and the vital contributions MSMEs make to sustainable development. ITC will continue to use the platform of MSME Day to advocate for the necessary change to harness MSMEs to accelerate implementation of the SDGs.

Private Sector Partnerships

Working in partnership with the private sector is vital to addressing the pressing issues that hinder productive economic activity in the developing world. Together with its business partners, ITC creates investment and market opportunities for MSMEs. ITC works with the private sector in three main ways:

- *Core business operations and value chains:* Combining private sector strengths with ITC's expertise to promote inclusive and sustainable value chains. Examples: Chocolats Halba provide expertise on the role of agro-forestry in climate smart agriculture; ITC and Bosch implement joint training on lean manufacturing methodologies.
- *Social investments and philanthropy:* Using financing and in-kind contributions from private sector to co-invest in development projects. Example: Joint development of SheTrades Platform by ITC, Google, and CI&T Consulting
- *Advocacy and policy dialogue:* Using the voice and influence of the private sector to promote socially responsible business. Example: 'Alliances for Action' business network to support women's empowerment and 'climate-smart' agriculture

2. Contribution of ITC to accelerated action and transformative pathways and realizing the decade of action and delivery for achieving the 2030 Agenda within its area of responsibility (including its cooperation with ECOSOC and other intergovernmental bodies):

Goal 1: No Poverty

To reduce the proportion of people living in poverty, ITC works with women, men and youth living in poverty, and helps them to increase their income through economic activities (1.2). ITC works in regions with a high proportion of the population living in extreme poverty, such as in sub-Saharan

Africa, LDCs and post-conflict economies, where it creates conditions for entrepreneurship and employment opportunities connected to international value chains, and thus growth in incomes. Moreover, ITC engages in the development of trade-related policies and strategies that are grounded in considerations of inclusiveness and sustainability **(1.b)**.

Goal 2: Zero Hunger

To increase the agricultural productivity and incomes of small-scale food producers, ITC works with agri-businesses, farmers and cooperatives to improve their market knowledge, production practices and value addition. These efforts are complemented by work with partners along whole agricultural value chains, helping to create demand, and eliminating obstacles to local value addition, competitiveness, trade and investment. Through its global public goods, ITC enables users from developing countries to identify new market and business opportunities, as well as to obtain information and increase compliance on voluntary environmental and social sustainability standards. This can increase export opportunities and the value of their produce **(2.3)**. Working along agricultural value chains, ITC also helps to build resilient agricultural practices and sustainable food production systems **(2.4)**. ITC identifies existing tariff and non-tariff measures in agriculture and thus helps to identify and correct trade restrictions **(2.b)**.

Goal 4: Quality Education

To increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship, ITC works in sectors that offer particular opportunities. ITC provides face-to-face and online training to youth and adults to increase their knowledge and skills for better employability, and works with technical and vocational education and training (TVET) institutions to enhance their capacities and offering. ITC is a strong advocate for TVETs in the context of MSME competitiveness and engages in national and international conversations on this topic **(4.4)**.

Goal 5: Gender Equality

ITC supports women-owned and women-managed enterprises to become more competitive and to grow their business. By advocating for and supporting women business enterprises (WBEs), ITC supports more opportunities and promotes increased participation and decision-making of women in the economy **(5.5)**. To accelerate this progress, ITC works with business organizations to improve their support to WBEs and female entrepreneurs.

Moreover, ITC helps to develop policies that are gender-sensitive and ensure equal conditions for women's participation in economic activities **(5.a)**. ITC also enhances the use of enabling technology to promote the empowerment of women, for example through the SheTrades platform **(5.b)**. ITC contributes to sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all, through increasing the international competitiveness of MSMEs.

Goal 8: Decent Work and Economic Growth

ITC works with enterprises, and supports trade, investment and other business support organizations to improve their operations and services to MSMEs, to increase productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labor-intensive sectors **(8.2)**. MSMEs and domestic financial institutions are supported to facilitate MSMEs' access to financial services **(8.10)**. ITC also supports policymakers to conceptualize and implement development-oriented trade and investment strategies and policies in dialogue with the private sector **(8.3)**. ITC's work helps companies to grow and consequently to employ more people **(8.5)**. Youth are a key client and ITC implements projects that are targeting youth employment **(8.6)**. In this context, ITC also contributes to the development of strategies that promote youth employment and the global Decent Jobs for Youth initiative in its design and implementation **(8.b)**. ITC helps to develop policies that promote sustainable tourism and local culture and products **(8.9)**.

All of ITC's support is Aid for Trade. ITC actively advocates for additional support and makes a case for Aid for Trade in developing countries, in particular LDCs. ITC is an implementing partner agency of the Enhanced Integrated Framework (EIF) **(8.a)**.

Goal 9: Industry, Innovation, and Infrastructure

ITC connects small-scale industrial enterprises from developing countries to international markets and global value chains, for example, by supporting product and service innovation and quality improvement to meet international market demand. It supports those MSMEs to get access to finance by helping them to identify opportunities and connecting them to investors and buyers **(9.3)**. ITC helps to create a conducive business environment and conditions that enable diversification and value addition through technology and innovation **(9.b)**.

Goal 10: Reducing Inequality

To achieve and sustain income growth of the bottom 40%, ITC works on economic growth and empowerment of the base of the pyramid **(10.1)**. ITC's mission is to make trade inclusive and it therefore empowers women, youth and marginalized groups, and thus contributes to the SDG target **10.2**. To implement the principle of special and differential treatment for developing countries, ITC provides data and information on trade and tariffs, which makes trade information transparent and provides the conditions for addressing tariff lines **(10.a)**. Moreover, ITC is a custodian agency for target 10.a and tracks progress of its attainment.

Goal 12: Responsible Consumption and Production

To achieve sustainable production and an efficient use of natural resources, ITC's global public goods provide information on related sustainability standards and enable users to improve their compliance with these standards and to adopt sustainable practices **(12.2)**. Additionally, ITC supports the establishment of quality standards and practices, and helps the trade community and consumers to make better-informed decisions vis-à-vis voluntary sustainability standards **(12.6)**.

Goal 13: Climate Action

ITC emphasizes the green economy and works with its beneficiaries on building it. ITC raises awareness and builds capacity of institutions and MSMEs on climate change mitigation and adaptation **(13.3)**. ITC works with policymakers and trade, investment and other business support organizations to help MSMEs transitioning to the green economy. ITC also works directly with MSMEs to adopt green business strategies and to introduce climate resilient and green practices.

Goal 16: Peace, Justice, and Strong Institutions

ITC works with business support organizations and institutions that support trade, investment, entrepreneurship, innovation and vocational training. Effective institutions are the voice of the private sector, and multipliers for our intervention. By improving their performance, we indirectly impact their beneficiaries **(16.6)**. ITC teams plan and implement projects with a variety of partners and stakeholders and put emphasis on local ownership and participation, to ensure responsive, inclusive, participatory and representative decision-making at all levels **(16.7)**.

Goal 17: Partnerships for the Goals

ITC promotes and enhances private-public dialogues through its interventions. As a joint organization of the WTO and the UN, ITC supports and advocates for the promotion of a universal, rules-based, open, non-discriminatory and equitable multilateral trading system by mandate. It works with governments on trade-related policies and assists with WTO-related matters **(17.10)**. ITC brings identified non-tariff measures to the attention of the policymakers and thereby helps to realize timely implementation of duty-free and quota-free market access on a lasting basis for all LDCs, including by ensuring that preferential rules of origin applicable to imports from least developed countries are transparent and simple, and contribute to facilitating market access **(17.12)**.

ITC makes information on rules of origin and trade agreements available and transparent through its global public goods. By mandate, ITC works on increasing exports from developing countries and

LDCs (17.11). ITC is a custodian agency for targets 17.10, 17.11 and 17.12, and tracks progress of their attainment. To mobilize additional financial resources for developing countries from multiple sources, ITC works directly with investors to create foreign direct investment (FDI) flows into developing countries (17.3), brings public and private actors together in the countries where it operates and works directly with multi-stakeholder platforms (17.17). ITC promotes South-South and triangular regional and international cooperation on technology, innovation and knowledge-sharing (17.6).

3. Selected recommendations for accelerating progress and moving on transformative pathways for realizing the decade of action, for possible use in drafting the HLPF declaration

1. Support MSMEs to contribute to the SDGs

MSMEs are a key conduit for sustainable economic growth and development, making up more than 90% of all enterprises and providing more than 70% of total jobs. A thriving business community of MSMEs will create decent work and jobs and contribute to more stable and peaceful societies.

Member States should support policies and actions that strengthen the competitiveness of MSMEs, including women-owned enterprises and young entrepreneurs, by increasing access to finance, supporting their integration into inclusive and sustainable value chains, and facilitating their access to international trade opportunities to accelerate progress toward sustainable development.

2. Recommit to multilateralism that supports the base of the pyramid

The multilateral system, including the United Nations, the WTO, and other multilateral, bilateral and non-state development actors, are critical to providing solutions to global challenges including climate change, migration, and international trade. Multilateralism can provide solutions that individual states or actors cannot provide alone.

Member States and other stakeholders should renew their commitment to a multilateralism that enables collaboration in the face of global challenges and addresses the needs of the most vulnerable, including women, youth and poor communities.

3. Women's economic empowerment

Gender equality and the empowerment of women and girls, particularly the economic empowerment of women, is a key accelerator for inclusive and sustainable development.

To advance achievement of the Sustainable Development Goals Member States should commit to policies and actions that support the participation of women in the economy, including public procurement commitments, capacity-building, providing social protection, access to finance, access to business networks and ownership rights.