

# International Trade Centre

## Inputs into the 2022 High-Level Political Forum

1 March 2022

This document provides input from the International Trade Centre (ITC) to the 2022 High Level Political Forum following the request by the President of ECOSOC H.E. Collen Vixen Kelapile in his letter dated 26 November 2021.

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 serving a world where trade builds inclusive, sustainable and prosperous economies, one where the recovery from the COVID-19 pandemic creates resilience and ensures a green transition.

(a) Progress, experience, lessons learned, challenges and impacts of the COVID-19 pandemic on the implementation of SDGs 4, 5, 14, 15 and 17 from the vantage point of your intergovernmental body, bearing in mind the three dimensions of sustainable development and the interlinkages across the SDGs and targets, including policy implications of their synergies and trade-offs;

ITC supports sustainable and inclusive livelihoods by boosting the competitiveness of MSMEs, placing trade-led growth at the centre of public policy and building supportive business ecosystems in developing countries.

The COVID-19 pandemic has resulted in one of the most devastating health, economic and social crises in recent memory, severely undermining progress in attaining the SDGs and giving rise to new challenges for developing countries. COVID-19 has led to the first rise in extreme poverty in a generation, with an estimated additional 97 million people pushed back into extreme poverty in 2020.

The pandemic has reinforced pre-existing social inequalities and has had a disproportionate impact on women, significantly impacting the global community's ability to meet SDG 5. The sectors that were most badly hit by the crisis tend to be those that hire women more than other sectors, such as hospitality, retail and wholesale. Women-led businesses have also been more affected by the COVID-19 crisis than others. According to ITC's COVID-19 Business Impact Survey, the pandemic has strongly affected 64 per cent of women-led businesses, compared to 52 per cent of men-led counterparts. Integrating gender considerations into the COVID-19 rescue measures is crucial.

The global ITC COVID-19 Business Impact Survey showed that the pandemic affected virtually all companies, yet smaller companies were significantly more exposed than larger ones. This is partly because smaller firms record lower levels of resilience, on average, than larger companies. Beyond the pandemic, resilience is crucial for facing the triple planetary crisis of climate change, biodiversity loss and pollution and, therefore, addressing SDGs 14 and 15.

Small and medium-sized enterprises see climate change, biodiversity loss and pollution as a competitiveness risk. On average, 68% of the companies interviewed for ITC's SME Competitiveness Surveys in sub-Saharan Africa said that environmental risks were significant for their businesses, with the share rising to 93% among firms in the primary sector. Still, while many SMEs are concerned about the consequences of a changing climate, most have not yet invested in measures to adapt to it. Sixty per cent of large firms reported that they had invested in at least one measure to reduce exposure to environmental risks, compared to just 38% of MSMEs. Business support organizations, governments,

lead firms in value chains and international organizations have a role to play to empower small firms to be competitive, sustainable and better contribute to the SDGs.

Source: [SME Competitiveness Outlook 2021](#)

(b) Assessment of the situation regarding the principle of “leaving no one behind” against the background of the COVID-19 pandemic and for the implementation of the 2030 Agenda, within the respective areas addressed by your intergovernmental body; COVID-19 has not only exacerbated existing economic vulnerabilities, it has also revealed the importance of leaving no one behind and building resilience of vulnerable groups to secure the progress made towards the SDGs. Among MSMEs, smaller firms, and those led by women or youth have been more severely impacted. ITC’s COVID Business Impact Survey found that one out of four (26%) micro firms risked shutting down permanently within three months, compared to less than one in ten (9%) large firms. Industries that employ predominantly women, such as hospitality, textiles and apparel have also been most impacted. ITC has helped MSMEs pivot their business models during the COVID-19 crisis by delivering targeted training to small businesses and women entrepreneurs on digitalization, e-commerce, and cybersecurity. ITC also rolled out a COVID-19 crisis management and resilience toolkit for women-owned businesses in Bangladesh and a number of African countries to dampen the impact of the crisis and assist in adapting business practices in response to the new reality.

ITC targets sectors where there is the greatest potential to achieve developmental change, especially for women, youth and people in vulnerable situations. This includes improving income and employment generation, and stimulating positive spillovers to other sectors in the economy. Our work includes a focus on rural MSMEs, for example via the Alliances for Action methodology where private and public actors join forces to promote competitiveness and income-risk diversification for smallholder farmers and MSMEs in the context of enhanced sustainable participation in value chains, and the Refugee Employment and Skills Initiative (RESI) providing innovative, market-based solutions to create jobs and generate income for refugees and their host community to build self-reliance and foster economic resilience.

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, conflict-affected countries, and small and vulnerable economies (SVEs). ITC relies on local and regional business support organizations to deepen and replicate its work in countries.

(c) Actions and policy recommendations in areas requiring urgent attention in relation to the SDGs under review;

#### Women’s Economic Empowerment (SDG 5)

More women participating in international trade opens new economic opportunities for other women and translates into greater productivity and competitiveness for businesses, overall economic growth, and improved livelihoods for all. Empowering women economically can help the global community meet its collective commitment (from SDG beyond and interlinking with all other SDGs).

ITC’s **SheTrades** initiative seeks to connect women entrepreneurs to market. SheTrades works with governments, corporations and business support organizations to undertake research, shape enabling trade policies and regulations, facilitate investment and financing, expand access to public tenders and corporate supply chains, and transform sector-based value chains. At the end of 2021, ITC achieved its objective of connecting 3 million women entrepreneurs to markets.

ITC SheTrades is physically present in over 25 countries and works with diverse partners to support women-led MSMEs.

### SheTrades.com

- Global Network of 100,000 registered women entrepreneurs
- Platform for women-led MSMEs to **sell** their products and services and **source from women-owned businesses**
- **Virtual learning space** with +100 free webinars and UN certified e-learning courses
- Opportunities to participate in trade fairs, workshops and other business events

### SheTrades Invest

Access to finance remains one of the key challenges women entrepreneurs face. Launched in 2018, SheTrades Invest is dedicated to unlocking finance for women in developing and least developed markets through:

- Facilitating the connection of capital providers with women-led businesses,
- Promoting the mainstreaming of gender-lens investment
- Building capacity of women entrepreneurs to become investment and due diligence ready.

SheTrades has a detailed database of nearly 3,000 women-owned businesses (and growing) and their financial needs/fundraising targets; a network of 35 investors that signed up to the programme and shared their investment criteria; >4M USD unlocked in finance for women per year.

### SheTrades Outlook

- Digital policy tool providing governments with data and resources to assess, monitor and **improve the policy ecosystem for women's economic empowerment**
- 83 indicators across six pillars: trade policy, business environment, legal and regulatory framework, access to skills, access to finance and work and society.
- 80 best practice resources
- Supporting evidence-based policy for women's economic empowerment
- Data currently available for 40 countries – and growing

Website: [www.shetrades.com](http://www.shetrades.com)

### Green Growth (SDG 14 and 15)

Addressing the triple planetary crisis of climate change, biodiversity loss and pollution must be at the core across all efforts to accelerate attainment of the SDGs.

Liberalizing trade in environmental goods and services will enable the faster deployment of technologies that reduce carbon intensity of manufacturing, allow more efficient use of water in agriculture, and support accessing adaptation services.

MSMEs in developing countries face the most severe impacts of climate change yet climate adaptation support measures do not necessarily target MSMEs. New climate policies, regulations, laws and taxes, while necessary, may pose market access risks for exporting SMEs. Among African firms interviewed for the ITC SME Competitiveness Survey, 28% said that environmental regulations were an obstacle to their operations. Therefore, it is crucial to put small firms at the centre of a green transition, as investing in them generates a 'double-dividend' of private and social gains.

ITC's GreenToCompete initiative supports developing countries seize the economic opportunities of the green transition. The initiative focuses on three key areas: circular economy, climate resilience and biodiversity. Pillars of the GreenToCompete initiative:

- Green competitiveness: supporting micro, small and medium-sized enterprises (MSMEs) to compete through environmentally friendly business practices and access to green finance.
- Ecopreneurship: supporting innovative entrepreneurs to build and grow their solutions to environmental challenges.
- Sustainable value chains: Working with market partners to connect MSMEs to international value chains, generate more local value add, and generate green business opportunities.
- Business environment: Working with key stakeholders in the supportive ecosystem to unlock the relevant services that MSMEs require to succeed.
- Green policies: Supporting policy making at the domestic, regional and multilateral levels to transform trade and investment in a manner conducive to developing countries.

In the area of resource efficiency and circular production, ITC has supported more than 400 companies to improve their environmental footprint over the past 3 years.

Website: <https://greentocompete.org/>

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 mitigate environmental risks. ITC has established **T4SD Hubs** in partnership with national and regional 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, Vietnam and the Caribbean. The programme also works with enterprises and institutions in the textiles and clothing sector on transparency and traceability.

(d) Policy recommendations, commitments and cooperation measures for promoting a sustainable, resilient and inclusive recovery from the pandemic while advancing the full implementation of the 2030 Agenda;

#### *Multilateralism and regional cooperation*

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, public health crises, 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, rejects zealous nationalism and addresses the needs of the most vulnerable, including women, youth and poor communities.

Cooperation on local, national, regional and global level is critical for speedy and healthy recovery from the crisis and for development as a whole. Multilateralism is key when it comes to trade. ITC is continuing to expand its work on regional integration, in Africa and beyond, in partnership with Regional Economic Commissions and other partners. ITC is working with the African Union Commission and the UN Economic Commission for Africa 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. This initiative is part of ITC's [One Trade Africa programme](#), working with multilateral partners to better integrate MSMEs in the Continental Free Trade Area.

Opening markets, diversifying supply and reinforcing regional value chains to combat COVID-19 would build resilience to future pandemics and help Africa become a competitive supplier of certain health-related goods, including vaccines. The African Continental Free Trade Agreement (AfCFTA) has a vital role to play in supporting these value chains.

#### *Supporting small business*

Working in partnership with the private sector is vital to addressing the pressing issues that hinder productive economic activity in the developing world.

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 jobs and contribute to more stable and peaceful societies. At the same time, MSMEs have disproportionately been negatively affected by the COVID-19 pandemic and faced a higher risk of job losses and closure.

Member States should support policies and actions that place strengthening the competitiveness and resilience of MSMEs, including women-owned enterprises and young entrepreneurs, at the centre of their COVID-19 recovery and plans to accelerate SDG implementation. Effective measures include: increasing access to finance targeted at MSMEs, supporting their integration into inclusive and sustainable value chains, supporting MSMEs to engage in green production and trade, and facilitating digital transformation through access to technologies and digital skills to accelerate progress toward sustainable development.

Governments should 'think small first' in the design of regulations for sustainability. This entails assessing how the proposed regulation will affect smaller firms. Furthermore, it can include the adoption of mechanisms, such as longer transition periods, that secure benefits and mitigate losses for small and medium-sized enterprises to ensure their inclusion in economic transition.

#### *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 SDGs Member States should commit to policies and actions that support and foster 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.

#### *Digital transformation*

According to McKinsey research, the pandemic accelerated the digitization of customer and supply chain interactions by four years and the share of digital products in firms' portfolios by seven years. Digital transformation can be harnessed as an opportunity to accelerate sustainable development, however, it can also exacerbate existing gaps and inequalities, including the gender digital divide.

ITC's [Digital Transformation for Good](#) approach work with partners to leverage digital technology for inclusive growth and apply expertise in trade-related digital innovation. We do this through:

1. Empowering MSMEs to trade online internationally
2. Growing digital entrepreneurship
3. Providing access to e-networks for: skills, strategies, online platforms

[ecomConnect](#) is an online platform **empowering micro, small and medium-sized enterprises (MSMEs) to do business online internationally.**

It aims to build the **world's largest community of e-commerce entrepreneurs** and is the first e-commerce community platform with a special focus on users from developing and least-developed countries. ecomConnect brings together MSMEs, start-ups, organizations and business experts in e-commerce to:

- Grow connections with e-commerce businesses and experts.
- Acquire digital expertise and learn new skills through free resources, such as online courses, tools, guidelines, success stories, tutorials, live webinars and Q&A sessions.
- Discuss e-commerce and stay up to date with the latest tech news, activities and publications

Through the ecomConnect initiative, ITC and partners also work to improve business ecosystems and the policy and regulatory environment to support MSMEs in the digital economy.

#### (e) Key messages for inclusion into the Ministerial Declaration of the 2022 HLPF.

Building resilience - Resilience in the face of COVID, resilience in the face of the triple planetary crisis - into national development plans, trade strategies and interventions is of paramount importance.

MSMEs, especially women-led and youth-led firms, require supportive measures, including financial support to **adapt to climate change** and contribute to environmental solutions.

ITC supports and advocates for the promotion of a universal, rules-based, open, non-discriminatory and equitable multilateral trading system. **Commitment to multilateralism**, especially during times of global crisis, is critical to achieving a just, sustainable and resilient future as envisioned in the 2030 Agenda and the SDGs.

To achieve inclusive and sustainable growth development and resilience in the post-COVID era, national development plans and international cooperation initiatives must have **micro, small and medium-sized enterprises at their centre, as they are the backbone of the global economy.** The COVID-19 crisis has demonstrated the vulnerability of MSMEs, in particular women and youth-owned enterprises, and the importance of supporting these groups.

We have to build back boldly after the pandemic and put gender equality, social responsibility, and environmental protection at the heart of the recovery.