

International Trade Centre

Inputs into the 2023 High-Level Political Forum

1 March 2023

This document provides input from the International Trade Centre (ITC) to the 2023 High Level Political Forum on Sustainable Development (HLPF) following the request by the President of ECOSOC H.E. Lachezara Stoeva in her letter dated 5 December 2022.

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 6, 7, 9, 11 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 through its trade-related technical assistance in the areas of sustainable resilient value chains, inclusive trade, green trade, e-commerce and regional integration 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 a reversal on progress on the SDGs. With regard to the SDGs under review this year, SDG 9 (industry, innovation and infrastructure) is most directly linked to ITC's mandate, and like with other SDGs, progress was disrupted during COVID due to restrictions on international trade and supply chains.

ITC's [SME Competitiveness Outlook 2022](#) assesses the role of what it names “**connected services**” sectors. **Transport and logistics, financial services, information and communication technologies, and business and professional services** contribute directly to economic growth and development with an increasing share of output, trade and jobs. They also contribute indirectly by making all firms more competitive and connecting them to global value chains and digital innovations. Moreover, connected services make our societies more equal by spurring inclusive growth favourable to **small businesses, including those led by women and young people**. This services-led approach to development can help countries leapfrog and transform their economies.

The characteristics that made manufacturing transformational during the industrial revolution, can be found in connected services as well. First, connected services are critical to supply chains, in which services now provide a greater share of value – a process known as ‘servicification.’ Second, they are

frontrunners in using digital technologies, which enable services once viewed as local to be offered across borders.

The increasing output, jobs and exports in connected services directly contribute to economic growth:

- Employment growth in connected services occurs across all levels of economic development, and especially in low-income countries that start from a lower base. Between 2007 and 2019, employment in connected services grew by about 8% a year in low-income countries. In contrast, employment in manufacturing grew less than 4% per year during the same period, while growth in agriculture was only 2%.
- Connected services also export more and are expanding fast. Whereas 26% of connected services firms surveyed by ITC export, the figure was 15% for firms in other services. Between 2005 and 2018, the value added to total exports by connected services grew faster than value added by manufacturing.

(b) Three key areas where transformative actions for accelerated progress have been successful, and three key areas where support is most urgently needed, with regard to the cluster of SDGs under review in July 2023.

Based on the cluster of SDGs under review (6, 7, 9, 11 and 17), ITC would like to highlight transformative actions under SDG 6 on clean water and sanitation; and SDG 9 on Industry Innovation and Infrastructure:

SDG 6: Clean water and sanitation

Water and sanitation are at the core of sustainable development, and underpin poverty reduction, economic growth and environmental sustainability. However, overuse, pollution, and climate change have led to severe water stress in locales across the world. Due to COVID-19, water usage also significantly increased for sanitation and hygiene purposes. To contribute to tackling these challenges, ITC has supported over 300 businesses from agro-processing and light manufacturing sectors in over 15 countries to adopt **Resource Efficient and Circular Production (RECP)** practices.

Accelerated Progress on SDG 6:

Global Textiles and Clothing Programme & Resource Efficient and Circular Production

ITC's [Global Textiles and Clothing Programme](#) in the Middle East and North Africa aims to encourage exports of textiles and clothing from developing countries to promote employment and income generation throughout the value chain, as well as contribute to water and energy savings. Companies invested \$2.7 million USD to implement the recommended RECP measures, and realized savings of 1.67 million USD per year, with an average payback period of the initial investment of 1,7 years. These measures translate into an annual reduction of 58,366 m³ water consumption, as well as significant reductions in carbon dioxide (81,230 tonnes annually) and energy consumption (19,183 MWh annually).

Area where support is urgently needed on SDG 6:

Because water scarcity will jeopardize all the other Sustainable Development Goals, it should solidify our collective determination to limit temperature increases to 1.5° Celsius above pre-industrial levels (as specified in the Paris climate agreement), and to preserve the natural systems that ensure stable rainfall and runoff patterns.

Law and economics must both be reoriented to ensure universal access to clean drinking water, sanitation, and hygiene, and to build more resilient and sustainable food systems. Incentives must change so that the private sector can do its part to provide access to technology and innovation to poor and rich countries alike. This will require long-term finance and novel mechanisms to regulate how the public and private sectors work together. (From *Transforming the Economics and Governance of Water*, an [article](#) by Ngozi Okonjo-Iweala, Mariana Mazzucato, Johan Rockström and Tharman Shanmugaratnam).

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

SDG 9: Industry, Innovation and Infrastructure

Digital connectivity and use of digital channels and tools could be one of the most powerful engines for economic development. However, there is a limit in accessing digital channels and tools based on development level of countries. Digital connectivity is a critical component to MSME competitiveness.

Accelerated Progress on SDG 9: ITC's Switch ON Initiative

Last year, as part of our new 4-year strategic programme, ITC set a new level of ambition to do more on the issue of digital connectivity. This led to the creation of the [Switch ON](#) initiative which aims to increase MSMEs participation in digital trade and entrepreneurialism, with a pilot in Zambia. Working through a holistic lens, ITC's work under Switch ON in Zambia is structured around: (1) The policy level - working with the Ministry of Trade to review the impacts of the digital trade protocol in the AfCFTA. (2) The Business Support Organisation level - where we advised local institutions on how they could best advocate for connectivity on behalf of MSMEs and (3) The firm level - where we partnered with a local social enterprise to pilot off grid connectivity devices in rural shops. These devised equipped potential traders with the "know-how" to begin trading digitally.

Area where support is urgently needed on SDG 9:

We must close the digital divide, which can be seen as a digital skills gap issue: 44% of people surveyed in LDCs cite "a lack of digital and literacy skills" as a constraint to digital adoption, more than affordability (at 33%), or a lack of awareness and locally relevant content (28%) (GSMA study)

(c) Examples of specific actions taken to recover from the COVID-19 pandemic that also accelerate progress towards multiple SDG targets, including actions identified by your intergovernmental body, building on interlinkages and transformative pathways for achieving SDGs.

ITC pivoted during the Covid-19 crisis, by launching or renewing close to 20 strategic partnerships to expand outreach to beneficiaries; delivered 93% of the 2020 operational target and continued to innovate. ITC adapted its market analysis tools to provide real-time data, including the [Trade Measures Dashboard](#) and created tailor-made solutions for firms, policymakers and business support institution. ITC also placed renewed emphasis on capacity building during the pandemic, and increased its digital offerings, leading to 80% increase in online training delivery. As a result the [SME Trade Academy](#) benefitted almost 13,000 participants, of which 50% were women.

Source: [Covid-19 response | ITC \(intracen.org\)](#)

Women & Trade

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 and is physically present in over 25 countries and works with diverse partners to support women-led MSMEs. Supporting women to trade is synergistic and contributes to multiple SDGs, including 1. Eliminating poverty, 3. Supporting health and well-being, 5. Achieving gender equality, 12. Sustainable Consumption and Production, and 13. Tackling climate change

[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

(d) Assessment of the situation in the mid-point of the implementation of the 2030 Agenda and the SDGs, against the background of the COVID-19 pandemic and within the respective areas addressed by your intergovernmental body, and 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.

At the mid-point of the implementation of the 2030 Agenda, the world is far off track toward achieving the SDGs. Trade is a concrete tool to tackle the root causes of obstacles holding back development. It is critical invest in the “silent majority” driving trade-led development in LDCs: small businesses.

In 2022, the International Trade Center did its own internal revamp. We launched 4 strategic “moonshots” to raise our ambition and commitment for inclusive trade. Our strategic priorities around youth, gender, green and digital connectivity will help accelerate contributions to the SDGs. Under these moonshots, we have proposed promising innovations and new partnerships to address structural barriers and strengthen means of implementation, including: Gender Responsive Public Procurement and Improving Access to the Digital Economy.

(e) Key messages for inclusion into the Political Declaration of the September 2023 SDG Summit.

Member States make a major commitment to building capacities for inclusive participation in the digital economy.

The goal is that individuals everywhere have the skills, access and supporting services necessary to pursue economic activities online – whether that be in the form of working online or trading – with a particular priority given to Least Developed Countries and communities that are underserved or lagging in their adoption of digital connectivity.

- *Connectivity*: extending network coverage to all populations, increasing competition and subsidies to ensure affordable access
- *Skills*: This will require investments in digital skills – in some cases and in particular in Least Developed Countries from basic digital literacy to advanced skills taught in TVET and Tertiary institutions
- *Devices*: affordability of smart devices and other appropriate tools
- *Supporting ecosystem* of service providers
- *Policy and legislation* designed to support inclusive access and the development of good jobs and opportunities
- *Innovative tax and financing mechanisms*: to recoup investments made in networks, devices and the supporting ecosystem

Member States improve connected services for SME competitiveness (from 2022 SMECO):

- **Promote fair and inclusive networks**: Regulate platforms to safeguard fair competition and promote equitable treatment of SMEs. Ensure data regulations are not too cumbersome for small businesses.
- **Create an environment for ideas to flourish**: Align technical regulations and standards with those used by trading partners to support the free flow of technologies, ideas and innovations.



- **Increase access to technical skills:** Provide financial support to domestic connected services companies to build capacity, fund scholarships in these sectors and facilitate the short-term movement of connected services providers across borders.
- **Facilitate investment and online finance:** Create regulatory frameworks for electronic transactions, data protection and privacy, taxation of digital services, competition and digital intellectual property protection.