

Inputs to the High-level Political Forum on Sustainable Development (HLPF) in 2024

Inputs from functional commissions of ECOSOC, other intergovernmental bodies and forums to the 2024 HLPF

International Trade Centre (ITC)

Impacts of multiple crises on the implementation of SDGs 1, 2, 13, 16 and 17 from the vantage point of your intergovernmental body.

In recent years, the COVID-19 pandemic has dominated nearly all aspects of daily life, including for the micro, small, and medium-sized enterprises (MSMEs) that ITC serves. Throughout 2023 and early 2024, as the impacts of the pandemic continued to be felt around the world, other crises have emerged on the scene to test MSMEs' resilience.

Some were longstanding challenges, particularly the looming threat posed by climate change, with climate-induced natural disasters and shifting weather patterns wreaking havoc across the board. Others were either new issues or previously dormant ones, such as the outbreak and resurgence of conflicts. These have introduced even greater uncertainty and hardship for many MSMEs. The same applies to the global economic upheaval that is disrupting supply chains, increasing costs of living, and setting back hard-won progress on hunger and food security.

The result of these forces combined is that more of the MSMEs that ITC serves are in fragile or conflict-affected situations. Every single one of these situations is unique: what works for a refugee community in Kenya could easily backfire with a rural community in Iraq or for internally displaced persons in Ukraine. They also demand an approach where no one agency can work alone.

Despite each situation's idiosyncrasies, ITC research shows that some common elements are evident across fragile and conflict-affected settings: small businesses are less likely to work in the formal sector, face much higher costs of setting up and doing business, and are less likely to survive overall. The burden can be even greater for those small businesses led by women and youth, and for those operating in the informal sector.

When it comes to the SDGs, ITC research finds that countries experiencing fragility are often struggling to deliver on these goals and their individual targets. This is evident when looking at the SDGs under review at the 2024 HLPF, with ITC research indicating that roughly 80% of countries experiencing fragility are having difficulty in making progress on SDG 1, to give an example. Looking across the 17 SDGs, countries experiencing fragility are behind on 15 of them overall.

While working with MSMEs in fragile or conflict-affected settings is not new for ITC, the fact that this situation is becoming increasingly common means having to develop a customized strategy to respond. The 2023 SME Competitiveness Outlook, ITC's flagship publication, is playing a critical part in informing that strategy, and our work going forward will foreground conflict-sensitivity assessments, collaboration with partners who reflect a broad range of expertise and experience, and

concrete steps to ensure that in ITC's projects, everyone is involved—from small businesses to large private buyers to local governments, development partners, and international agencies.

Three key areas where sustainable, resilient and innovative solutions for achieving the SDGs are being effectively delivered, especially related to the cluster of SDGs under review in 2024, bearing in mind the three dimensions of sustainable development and the interlinkages across the Goals and targets.

All of the SDGs under review at the 2024 HLPF are relevant to ITC's mission and mandate. While Goal 17 has many targets that relate specifically to trade, such as increasing the share of least developed countries' (LDC) exports out of the global total, SDGs 1, 2, and 13 are also areas where ITC is active, while SDG 16 sets critical preconditions for the reforms that must take place to help break the "vicious cycle" of fragility.

We are getting far too close to the precipice when it comes to our climate crisis, which is why for Goal 13 on climate action, ITC has dedicated one of its four moonshots—areas where the agency is undertaking major internal pushes under its current strategic plan—to the green transition.

An example of how ITC is delivering on this moonshot is through its GreenToCompete Hubs, which operate in countries around the world and help MSMEs adopt more environmentally sustainable practices. These Hubs also form a network for sharing ideas, experiences, and best practices. One example of what GreenToCompete Hubs can deliver is the case of Nepal, where the Agro Enterprise Centre serves as the Hub's local host. The Hub's partnership with local financial institutions has already helped many of the country's smallholder farmers obtain the financing they need to compete, sustainably.

Another example involves ITC's extensive outreach and engagement efforts. For instance, ITC regularly brings a delegation of MSMEs and business support organizations (BSOs) to the UN climate conferences, including at the 28th Conference of the Parties (COP28) of the United Nations Framework Convention on Climate Change in Dubai. The objective is to make sure that climate negotiators, as well as the wider climate community, hears firsthand from MSMEs and BSOs about their needs, their circumstances, and the solutions that they are pioneering to tackle the climate challenge.

For Goal 2 on ending hunger, ITC is active on multiple fronts, from helping smallholder farmers move up the value chain in sectors ranging from cassava to cocoa, to helping farmers become more competitive when engaging in international trade.

Alliances are proving to be game-changers for small agribusinesses, and are already helping pave the way for achieving food systems transformation in countries and regions around the world. Putting in place "Alliances for Action" has helped develop the coconut industry in Jamaica, for instance, including by supporting farmers as they adopt climate-smart agricultural methods. This is especially critical in a small island developing state that is not just climate vulnerable, but also faces significant food insecurity and a high food import bill.

For Goal 17 on partnerships towards the goals, ITC is active on many fronts, including in helping increase developing countries' and least developed countries' share in global exports. One example is ITC's work to support graduating LDCs as they prepare for a new chapter in their histories. This is evident, for instance, in ITC's work in the Lao People's Democratic Republic, given its upcoming LDC graduation date of late 2026, with efforts focused on areas ranging from greater economic integration with regional trading partners to building resilience to external shocks.

Three examples of specific actions, policies and measures that are most urgently needed to effectively deliver sustainable, resilient and innovative solutions to eradicate poverty and reinforce the 2030 Agenda, building on interlinkages and transformative pathways for achieving the SDGs.

First, trade-related environmental measures are critical for addressing the triple crises of climate change, biodiversity loss, and pollution. However, these can have wide-ranging implications, especially for MSMEs that may have to comply with multiple trade-related environmental regulations and standards at once. Ensuring these measures yield the environmental benefits that the world needs, while not cutting MSMEs off from markets and global supply chains, will therefore be key, both in their design and in their implementation.

Second, gender-responsive public procurement is still the exception, rather than the rule, with just 1% of public contracts going to women-led businesses. Not only will moving towards gender-responsive public procurement be critical for ensuring that the goods and services that governments purchase actually reflect the needs and perspectives of all of society, but it will also put more women-led businesses in a position to compete for public tenders both at home and abroad. That, in turn, is critical for creating jobs, boosting incomes, and achieving greater economic empowerment for women.

Third, regional integration efforts, such as the African Continental Free Trade Area, have the potential to boost trade flows, both within regional blocs and with other partners, and transform economies. How much these initiatives actually deliver, however, depends on several factors, such as the quality and availability of transport, logistics, and digital infrastructure. Major investments are needed in these and other areas, and policymakers must also work with associations and other local actors to make sure these same integration efforts create opportunities for businesses led by women, youth, and vulnerable communities.

Follow-up actions and measures being undertaken by your intergovernmental body or forum to support implementation of the Political Declaration of the SDG Summit.

The Political Declaration of the SDG Summit gives a clear overview, at the midway point of the 2030 Agenda for Sustainable Development, of what we have learned since UN member states first adopted this agenda nearly nine years ago. It also sets out the stakes involved, and what must be prioritized to deliver this agenda on time.

For example, the declaration's language on gender equality aligns strongly with ITC's own actions and measures to support women traders, particularly under SheTrades, its flagship programme on women and trade. The WTO-ITC High-Level Event on Women and Trade in February 2024, which included the SheTrades Summit and the launch of a new fund to support women exporters in the digital economy, is an example of ITC's efforts to address the interlinkages between the SDGs, from SDG 5 on gender equality to SDG 17 on partnerships for the goals and beyond.

ITC is also active across several other areas of the Political Declaration of the SDG Summit, from climate action to ending hunger, as described in other inputs to this submission. Also critical are ITC's efforts to support the rules-based multilateral trading system, as underpinned by the World Trade Organization, and as outlined under Goal 17 and in the declaration. Along with providing capacity-building support to WTO negotiators on areas such as investment facilitation and electronic commerce, ITC is also providing assistance to governments like Timor-Leste, Comoros, Iraq, Uzbekistan, and others as they undertake their WTO accession journeys.

With the fourth International Conference on Small Island Developing States (SIDS4) and the third UN Conference on Landlocked Developing Countries (LLDC3) both slated for 2024, ITC will be playing active roles in engaging with these processes and related side events, foregrounding the needs and priorities of MSMEs in these economies. ITC also plays an active role in informing other critical conversations for the 2030 Agenda for Sustainable Development, including those involving financing for development.

Recommendations and key messages for inclusion into the Ministerial Declaration of the 2024 HLPF.

Crisis mode is becoming increasingly entrenched in the world we live in, and the resulting fragility is putting more MSMEs at risk, along with countries' progress towards achieving the Sustainable Development Goals. Breaking the vicious cycle of fragility is paramount for bringing the Sustainable Development Goals back on track, as is the need for a two-pronged approach that builds MSME competitiveness while also foregrounding the role of government and other actors in creating a supportive business and policy ecosystem.

From climate change to conflict, MSMEs face particular challenges that threaten their survival. Their role in providing—and pioneering—solutions must be recognized. Not only are these MSMEs responsible for the goods and services that society relies on, but they also generate many of the new ideas that can help move the SDGs from ambition to lasting change. These small businesses must be consulted in any decisions that affect them, and the same applies for the business support organizations that can be a lifeline for many MSMEs.

At a time where public budgets are increasingly under strain, governments must also look at how to work together more closely, including under donor coordination structures. International agencies, for their part, should pool their collective expertise, experience, and networks to develop cohesive responses to the challenges we face.

