

# International Trade Centre

## Inputs into the 2021 High-Level Political Forum

15 March 2021

This document provides input from the International Trade Centre (ITC) to the 2021 High Level Political Forum following the main headings requested by the President of ECOSOC H.E. Munir Akram in his letter dated 18 November 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 “good trade”, that is, trade that contributes to sustainable development. ITC’s mandate combines a focus on expanding trade opportunities with the aim of fostering sustainable and inclusive development.

(a) Impacts of the COVID-19 pandemic on the implementation of the SDGs under review in the 2021 HLPF from the vantage point of your intergovernmental body, bearing in mind the interlinkages with other SDGs;

ITC is fully dedicated to supporting micro, small and medium-sized enterprises (MSMEs) improve their competitiveness, and use trade as a lever of growth and job creation.

ITC’s mission is to enhance inclusive and sustainable growth and development in developing countries, especially least developed countries, and countries with economies in transition through improving the international competitiveness of MSMEs. To achieve ITC’s mission the goals are 1) Improved national business and trade environments for MSMEs; 2) Improved performance of trade and investment support institutions to offer high-quality, sustainable business services to MSMEs; 3) Improved international competitiveness of MSMEs.

Through its work with on MSMEs development ITC supports SDGs 1, 2, 8, 10, 12, 13, 16, and 17, amongst others. The pandemic and its effects has a severe impact on the attainment of the SDGs. Pandemic-induced confinements and lockdowns put great stress on businesses and the economy as a whole. ITC’s COVID-19 Business Impact Survey findings have shown that micro and small businesses were more affected by the pandemic and the measures taken to contain it. , Nearly two out of three reported their business operations had been strongly affected, compared to less than half (43%) of large companies. The survey also found that the crisis affected informal, women-led and youth-led firms the most:

- 61% of women-led firms declared their business operations were strongly affected by the crisis, compared with 53% for companies led by men;
- 27% of youth-led firms risked shutting down permanently within 3 months, compared with 18% for non-youth-led firms;
- 30% of informal firms risked shutting down permanently within 3 months, compared with 18% for formal firms.

In some African and Asian countries small informal businesses account for 90% of all companies, and their struggle to cope with the impact of the pandemic is having extensive economic and human repercussions. During shutdowns, informal companies have struggled to pay their employees, many of whom depend on daily wages for basic needs.

With informal businesses providing jobs to some of the most disadvantaged people in developing countries, and more than 60% of jobs around the world, the loss of the income they deliver has exposed many to hunger and precariousness.

The impact of the crisis differs by sector. Companies operating in services have been most affected by COVID-19, with the biggest impact reported by those in accommodation and food services. Next in terms of severity were non-food manufacturing; travel and transport and retail and wholesale. These are sectors in which MSMEs are overrepresented and also in which informal income is generated.

The pandemic slowed down economic growth. Closure of businesses and job cuts directly impacted SDG 8, which also subsequently negatively affected SDG 1 and 10. Given the interconnectedness and interdependency of the SDGs, these effects also spread throughout multiple areas important to society and affected other SDGs.

Source: [ITCSMECO2020.pdf \(intracen.org\)](#)

(b) Actions, policy guidance, progress, challenges and areas requiring urgent attention in relation to the SDGs and to the theme within the area under the purview of your intergovernmental body;

#### Women's Economic Empowerment

The economic devastation wrought by COVID-19 has been catastrophic financially, physically and psychologically for women. In the US alone over 2 million women may be leaving the formal workplace because they are simply incapable of absorbing the physiological and psychological impact of this new reality. Those remaining in work still face huge challenges: women comprise 7 out of every 10 health and social care workers at the frontline of battling the COVID pandemic. In certain sectors like tourism and other services, women lose their jobs at a rate seven times higher than men. Research confirms what most working mothers already know: at home, women face an exponential increase in unpaid care, domestic work and home schooling responsibilities. UN statistics show that women perform three times the amount of work at home compared to pre-pandemic levels. One of the most tragic consequences of COVID-19 has been the shocking rise in domestic violence - in some countries, by as much as 45%. Violence against women is a leading cause of the premature death for women globally.

ITC's research and work in this area shows that there can be no 'build back better' for COVID recovery without a focus on achieving gender equality. 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 by 2030. 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 20% of exporting companies worldwide are women-owned or women-led. So empowering women economically, especially through their involvement in trade, creates opportunities for everyone.

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.

In partnership with the International Chamber of Commerce, UPS and W20, ITC developed a 9 point action plan with steps for governments, corporations and the global community to ensure that "building back better" boosts women's entrepreneurship.

In 2020 ITC released the digital tool "[SheTrades Outlook digital](#)". This tool allows governments and other stakeholders to assess, monitor, and improve the extent to which the institutional ecosystem

supports women's participation in the economy, especially in business and international trade. The tool enables cross-country comparisons based on 83 measurable indicators and sharing of good practices. This tool 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 SDGs and the implementation of the Buenos Aires Declaration on Women and Trade.

To achieve inclusive global development and growth, women's economic empowerment is central. Only with real economic opportunities and the right means will women be able to reach full independency, autonomy and equality.

### Green Growth

Some have called climate change the next disaster waiting around the corner to challenge humanity – the “real” second-wave. Environmental protection has to be at the core across all development and crisis recovery efforts. That is the essence of ITC's good trade agenda – trade that is cleaner, fairer, more inclusive and more resilient to shocks.

ITC's new “**Green2Compete**” strategy aims to enable MSMEs to be more competitive through green production and trade, and recognizes the urgency of transitioning to a green and regenerative economy. The Green2Compete strategy seeks to build policy environments that enable MSMEs to produce and trade green, support MSME competitiveness by going green, transform value chains to support green production and trade, and produces insights to support international policy agreements that advance green production and trade. Three themes drive the Green2Compete strategy: climate change, circular economy and biodiversity.

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.

### MSME recovery and resilience

Companies that responded to the ITC COVID-19 business survey said that tax waivers, temporary tax relief and financial programmes would be the most helpful government measures. This confirms the liquidity crisis accompanying the health crisis. About 20% of MSMEs highlighted the importance of cash transfers, signalling their concern about surviving the pandemic. Yet surveyed companies were also concerned about retaining their workforce for future production: indeed, 36% of medium-sized businesses and 39% of large companies favoured employment programmes to support the income of their workers.

We must ensure MSME recovery today and we must ensure MSME resilience tomorrow. The impact of the pandemic has shown the importance of resilience. MSMEs need to have access to supporting ecosystems that strengthen businesses, sectors and value chains. This is why ITC places immense emphasis on supporting BSOs including the “new generation” organisations, like women's business associations, services associations, and youth incubators. Strong BSOs offer a means of resilience for their clients.

(c) An assessment of the situation regarding the principle of “ensuring that no one is left behind” at the global, regional and national levels against of background of the COVID-19 pandemic in achieving the 2030 Agenda and the SDGs, within the respective area addressed by your intergovernmental bodies;

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.

When supporting MSMEs to become internationally competitive, ITC systematically targets vulnerable segments of the population such as women, youth and poor communities.

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 trade and investment support institutions to deepen and replicate its work in countries.

Sources: [Story: ITC SheTrades and UPS Drive Digital Transformation for Women Entrepreneurs \(intracen.org\)](#)

(d) Cooperation, measures and commitments at all levels in promoting sustainable and resilient recovery from the COVID-19 pandemic;

#### *Multilateralism and regional cooperation*

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.

#### *Example: Medical industries in Africa*

In addition to the direct health impacts of COVID-19, the pandemic also put strain of the supply of certain healthcare products. Africa sources most medical products from EU, China and India. On average, the continent supplies just 8% of such goods to African markets.

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. The African Continental Free Trade Agreement (AfCFTA) has a vital role to play in supporting these value chains.

Source: [Medical Industries in Africa: A Regional Response to Supply Shortages \(intracen.org\)](#)

#### *UN Development System*

Effectiveness and efficiency of the UN System's work is key to achieving the SDGs. It is therefore critical that UN agencies coordinate their work across countries and thematic areas well. ITC is a member of the UN Sustainable Development Group (UNSDG) and has scaled up collaboration with UN Country Teams during the COVID-19 pandemic, including through contributions to COVID socioeconomic response plans. ITC has provided unique expertise on MSME competitiveness and resilience, and trade and investment policies to support national sustainable development priorities.

To recognize the importance of MSMEs in promoting innovation, creativity and decent work for all, the 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.
- *Social investments and philanthropy:* Using financing and in-kind contributions from private sector to co-invest in development projects.
- *Advocacy and policy dialogue:* Using the voice and influence of the private sector to promote socially responsible business.

(e) Various measures and policy recommendations on building an inclusive and effective path for the achievement of the 2030 Agenda in the context of the decade of action and delivery for sustainable development;

#### 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 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 sustainable development plans. 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.

## 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, 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.

## 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 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.

### (f) Key messages for inclusion into the Ministerial Declaration of the 2021 HLPF.

We are at a critical moment in time to ensure that developmental gains are not undone and that we can plot a course of action to maintain momentum. Building resilience - Resilience in the face of COVID, resilience in the face of climate change - into our trade strategies and interventions is of paramount importance as we move forward.

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. 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.

Well-coordinated efforts and a systematic approach to delivery among Member States and within the UN system are critical for success.