

Insights into ITC's current work with SMEs in international value chains

Presentation at DCED Annual Meeting

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ITC helps businesses do good trade

ITC is dedicated to **support the competitiveness and internationalization of small and medium-sized enterprises (SMEs)** in developing countries – as a vehicle for **broad-based sustainable development**.

ITC works concurrently at different levels:

- SMEs
- Trade and Investment Support Institutions (TISIs) and the institutional ecosystem
- Policy makers & public-private dialogue
- Market partners (e.g., financiers, buyers, aggregators, technology providers, etc.)

Addressing competitiveness from a Connect, Compete and Change angle

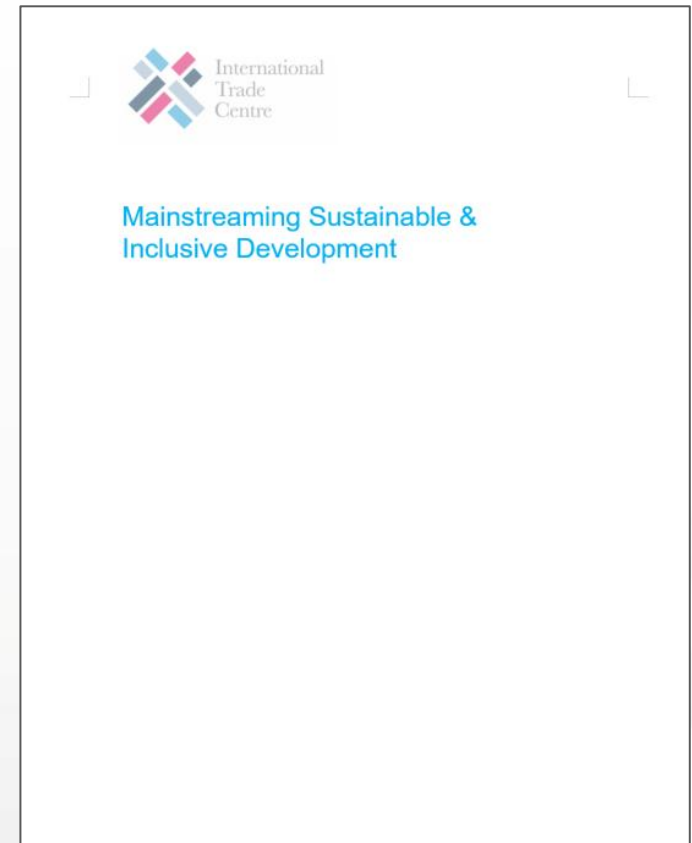


Examples of how ITC works on sustainable & inclusive development with SMEs

- 1 Mainstreaming Sustainable & Inclusive development
- 2 Women empowerment
- 3 Access to Finance: Impact Investing
- 4 T4SD Hubs
- 5 Youth & Entrepreneurship
- 6 Alliances for Action

Mainstreaming Sustainable & Inclusive Development at ITC

- ITC is currently establishing guidelines to support the mainstreaming of **inclusive, green and responsible trade** into all ITC projects
 - Principles & guiding questions for projects in design phase, as well as for implementation and evaluation
 - Training for project managers
 - Processes & indicators to enforce mainstreaming
- Guide to be launched in Q3



Mainstreaming Areas & Objectives

Green growth

- Create mutually supportive relationship between enterprise and natural environment
- Realize economic opportunities

Inclusiveness

Gender

- Address inequalities
- Increase economic opportunities

Youth

- Support creation of decent jobs for youth
- Support youth related entrepreneurship
- Unlock MSME growth

Social responsibility*

- Freedom of association and the effective recognition of the right to collective bargaining;
- Elimination of all forms of forced and compulsory labour;
- Effective abolition of child labour; and
- the elimination of discrimination in respect of employment and occupation.

Overall objective: Promote sustainable development

*Same principles as in the ILO Declaration on Fundamental Principles and Rights at Work, to which the UN Global Compact with more than 10,000 private sector members are also subscribing

2 SHETRADES: Connecting 3m Women to Market by 2021

A PLAN: SEVEN ACTIONS



GLOBAL

- INFLUENCING THE GLOBAL TRADE AGENDA
- GENDER-DISAGGREGATED DATA
- INVESTMENT
- DIGITAL PLATFORM SHETRADES.COM; SKILLS, MARKETS, NETWORKS



PARTNERS: EXPERTISE, SCALE, IMPACT



And more...



LOCAL

- PRESENCE IN 25 COUNTRIES
- ONE REGIONAL HUB
- MIX OF PROJECT AND PARTNERSHIP IMPLEMENTATION MODELS

TRADE IMPACT FOR GOOD

Access to Finance:

ITC's work with impact investors

Collaboration model

- ITC supports impact investors in developing an SME investment pipeline
 - Based on ITC's projects in different countries, ITC identifies and pre-screens SMEs that are seeking to access finance
- Impact investors screen anonymized profiles
- ITC matches company and impact investors in case of interest from both sides and provides further support to SME, if possible

Other related offerings

- Live investment pitches of SMEs in front of investors
- Technical assistance to SMEs to enhance company operations, prepare suitable materials, etc. to access finance
- Marco investment research, such as NES with focus on investment promotion,
- Trainings for staff of Investment Promotion Agencies
- Impact assessment, such as the RISE system

SheTrades Invest

Example of match-making activity with TA

Goal:

- creation of an alliance of impact investors and Development Finance Institutions to commit funding to women led businesses

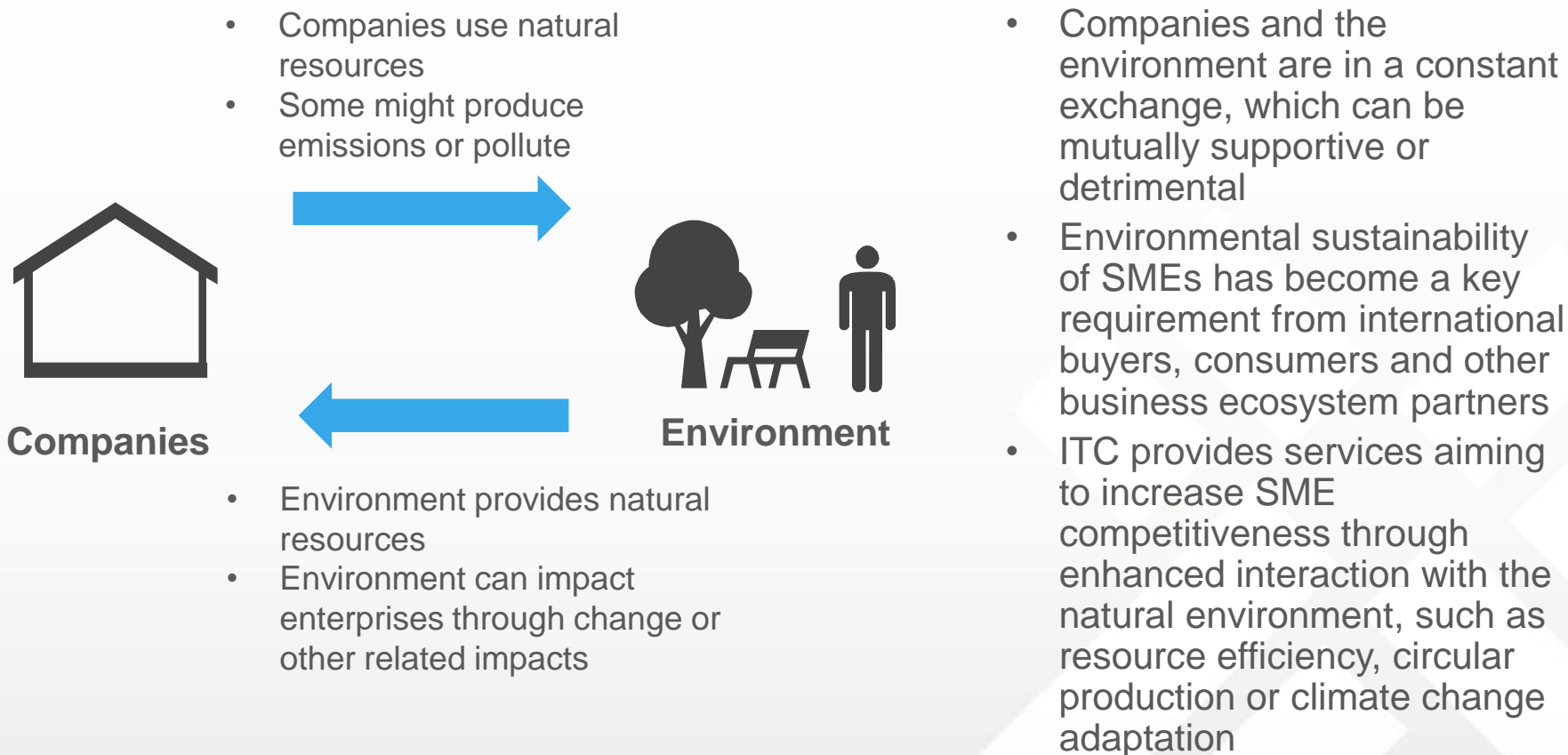
Current status:

- Investment commitment by one impact investor of EUR 10m, in discussion with further investors
- ITC invited SMEs in 14 countries to submit their profiles:
 - 571 SMEs identified
 - 80 SMEs meet investor's criteria
 - 40 SMEs currently in closer discussion with investor



SMEs and the environment

Mutually positive relationships can enhance enterprise competitiveness



ITC's support to SMEs on resource efficiency, circular production or climate change adaptation



Company self-assessment

- Companies to complete an initial survey about their current practices related to energy, water, chemicals and waste management / or climate change impacts



Personalized face-to-face coaching for SMEs

- Expert coach to work directly with respective companies on resource efficiency
- Preparation of business cases to access finance



Collaboration with business ecosystem

- Active integration of ecosystem partners including international buyers, financiers, technology providers in order to implement improvement measures



Online training for SMEs

- Two trainings for SMEs on resource efficiency and on climate change adaptation
- To be hosted on ITC's SME Trade Academy: <https://learning.intracen.org/>

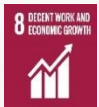
ITC's Youth Programme

Enhancing youth employability and promoting entrepreneurship

- A **market-led** approach to improve the employability of youth and promote entrepreneurship
- Supports **young women and men and youth-owned MSMEs** in collaboration with TISIs, TVET institutions, incubators, private and public sector partners
- Two track approach :



Track 1: Skills development and trade; *Ensuring that local MSMEs gain competitiveness through access to skilled people*



Track 2: Youth entrepreneurship and trade; *entrepreneurial self-employment - and in turn creation of additional jobs for other youth*

ITC's Toolkit for Youth Empowerment

Economic opportunities for youth in value chains



- **Skills gap analysis** in priority economic sectors
- **Youth and Trade Roadmap** for policymakers to pursue twin goals: youth economic empowerment and trade competitiveness

Skills for employability



- **Market-relevant skills training** in the ICTs, Agribusiness, Tourism and Textile sectors
- Building **capacity of TVET** institutions to **meet industry needs**
- Institutional **assessment and benchmarking** tools

Promoting entrepreneurship



- **Trade Accelerator** for gazelle entrepreneurs
- **E-commerce** platforms to unlock opportunities in the digital economy
- **Mentoring and coaching** to guide young entrepreneurs
- **Access to finance** support: Mini-grants and Mini-loans schemes
- **Pitching competitions** to facilitate links to **impact investors**

Implementation of Alliances for Action (A4A)

A4A is an approach that seeks to complement **technical support** and **investment** with sustainable linkages and **partnerships** along the value chain, leading to more value capture and higher incomes for smallholder farmers and MSME processors.

Project focus areas:

- Inclusive & Sustainable trade through market linkages
- Private sector partnerships for investment
- Climate smart agriculture & Productive capacity strengthening
- MSME Competitiveness & Value addition

Partners & Funders:





Crosscutting Principles

Better participation in global, regional and local value chains

Systemic, inclusive and sustainable

Market-led and producer-oriented

Value addition and risk diversification

Scalability, additionality and impact

6 Results 2018-2019

Ghana: Alliances for sustainable cocoa industry

ITC is promoting living incomes and competitiveness through climate-smart production and multi-market multi-channel commercialization approaches in cocoa, yam and associated crops. The Alliances include value addition and investment and participation of lead firms, MSMEs, farmer cooperatives & growers.

Outcome/Outputs	Results 2018-2019*
Contribute to inclusive growth in the cocoa, yam and associated crops sector through multi-stakeholder alliances for farmers and SMEs by 2020	<p>700 farmers reached & implementing demo plots (250 women)</p> <p>5,156 farmers receiving additional incomes</p> <p>7.5 Million USD in sales & 980K USD Fairtrade premium</p>
Farmers adopting dynamic agroforestry; improved practices and diversification of production and commercialization	700 farmers establishing climate smart plots (2018-2019)
Farmers that transacted international and local business	<p>5,000 Kuapa Kokoo Farmers Union (KKFU) farmers selling Cocoa to Coop/ Chocolats Halba</p> <p>156 farmers selling yam to exporters / 120 women</p>
Investment in Alliances by partners	<p>65,000 USD by KKFU</p> <p>250,000 USD by Chocolats Halba</p> <p>1.35 Million USD by COOP</p> <p>1 Million USD by SECO</p>



Way forward

- Mainstreaming principles of inclusive, green and responsible trade into all ITC projects
- Increase support for SMEs on environmental sustainability (e.g., circular production & climate change)
- Use “digital” and e-commerce as an enabler to enhance competitive and reach markets – and addressing related divides
- Work in partnerships and alliances for development, including public-private partnerships, collaboration with financiers, and other players in the SME ecosystems



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Thank you!

