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

<table>
<thead>
<tr>
<th>Green growth</th>
<th>Inclusiveness</th>
<th>Social responsibility*</th>
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<tr>
<td>• Create mutually supportive relationship between enterprise and natural environment</td>
<td>Gender</td>
<td>• Freedom of association and the effective recognition of the right to collective bargaining;</td>
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<td>• Realize economic opportunities</td>
<td>• Address inequalities</td>
<td>• Elimination of all forms of forced and compulsory labour;</td>
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<tr>
<td></td>
<td>• Increase economic opportunities</td>
<td>• Effective abolition of child labour; and</td>
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<td></td>
<td>Youth</td>
<td>• the elimination of discrimination in respect of employment and occupation.</td>
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<td>• Support creation of decent jobs for youth</td>
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<td></td>
<td>• Support youth related entrepreneurship</td>
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<td></td>
<td>• Unlock MSME growth</td>
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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
A PLAN: SEVEN ACTIONS

1. Champion, Quality data
2. Enact, Fair policies
3. Secure, Governance
4. Strike, Business deals
5. Enable, Market access
6. Unlock, Financial services
7. Grant, Ownership rights

#SheTrades

GLOBAL

- Influencing the Global Trade Agenda
- Gender-disaggregated Data
- Investment
- Digital Platform SHETRADES.COM; Skills, Markets, Networks

LOCAL

- Presence in 25 Countries
- One Regional Hub
- Mix of Project and Partnership Implementation Models
### Collaboration model

- ITC supports impact investors in developing an SME investment pipeline
  - Based on ITC’s projects in different counties, 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

- Companies use natural resources
- Some might produce emissions or pollute
- Companies and the environment are in a constant exchange, which can be mutually supportive or detrimental
- Environmental sustainability of SMEs has become a key requirement from international buyers, consumers and other business ecosystem partners
- ITC provides services aiming to increase SME competitiveness through enhanced interaction with the natural environment, such as resource efficiency, circular production or climate change adaptation

- Environment provides natural resources
- Environment can impact enterprises through change or other related impacts
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/](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:
A4A: 5-pillar approach

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
**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.

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