Connecting Markets, Improving Lives

ITC Impact Stories
The International Trade Centre (ITC) is the joint agency of the World Trade Organization and the United Nations.

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The true test of any organization is the impact it has in the real world. At the International Trade Centre, we succeed only to the extent that we successfully empower micro, small, and medium-sized enterprises in developing countries to connect to international markets, and thus contribute to making growth more inclusive and sustainable.

To ensure that we continue to provide the best possible value for money – to our clients and to our partners – we devote constant attention to measuring the results of our work. It’s why we carefully track the numbers of trade and investment support institutions we equip to more effectively serve their MSME clients. It’s why we develop an estimate of the value of trade and investment created by our market intelligence tools and the business-to-business meetings we facilitate. And it’s why we invest in counting how many women-owned businesses we support to become more competitive and connect to international buyers.

But behind the numbers are people and businesses attempting to use international markets to add value and scale up, as well as policymakers and institutions charged with enabling firms of all sizes to trade. This booklet is about a handful of them, and how – with a bit of support – they overcame the different obstacles they encountered.
The dozen case studies, drawn from our 2017 annual report, illustrate how ITC’s work helps make trade happen. You will read about how businesses from Nepal’s pashmina sector to Colombia’s cocoa industry are adding value to their products and increasing export revenues. You will see how ITC is serving as a bridge for triangular cooperation, from the Costa Rican agency sharing its investment promotion expertise with East African counterparts to the Korean experts who are helping Philippine MSMEs overcome non-tariff barriers in target markets. And you will meet Phyllis Mwangi, a Kenyan entrepreneur whose online platform is helping other women-owned businesses get online.

While these cases cover only a small cross-section of ITC’s portfolio, they are representative of how ITC works to make trade happen, whatever the political headwinds or market conditions. By describing how businesses and policymakers solved problems on the ground, they provide a tangible link between trade policy and concrete progress towards the Sustainable Development Goals.

The stories in this booklet underscore how partnering with governments, trade and investment support institutions, and the private sector within developing and least developed countries is central to how ITC delivers technical assistance. Partnerships not only serve as an essential force multiplier for ITC, they build in-country capacity that endures long after our interventions have ended.

ITC has been a 100% Aid for Trade organization since day one in 1964. In the decade ahead, the most pressing economic and social challenges will be in countries and communities that remain on the margins of the global economy. These are ITC’s priority countries, which in 2017 received over 86% of our country-specific assistance: least-developed countries, landlocked developing countries, small island developing states, and fragile states. Fostering internationally connected
MSME sectors in these countries would put the international community a long way closer to achieving Agenda 2030’s goals of reducing inequality and eradicating extreme poverty. We look forward to working with you to continue to deliver trade impact for good.

Arancha González
The Global Goals are ITC’s goals

ITC contributes to the Global Goals via its support to micro, small and medium-sized enterprise (MSME) international competitiveness for inclusive and sustainable growth through value addition, trade, investment and global partnerships. It has systems in place to monitor results and assists the global community in tracking advances towards achieving the SDGs. A code of conduct guides ITC interventions.
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Providing Trade and Market Intelligence

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Training South African diplomats to help businesses enter new markets

The challenge

Like many developing countries, South Africa is keen to use trade to help meet voter expectations for growth and jobs and to diversify its economy away from reliance on primary commodities. While the country is an active participant in international diplomatic and economic forums such as the Group of 20 leading nations and the World Trade Organization, South African policymakers want to leverage global markets to increase flows of trade and investment, particularly in labour-intensive sectors.

South Africa’s 2011 White Paper on Foreign Policy tasks diplomats with providing guidance to the government and business sector on economic and market developments and markets, as well as enhancing the competitiveness of South African goods and services in regional and global markets. South Africa currently has $31.4 billion in untapped export potential according to ITC estimates, much of it in non-mineral sectors such as manufacturing and agriculture, which would represent a sizable addition to the country’s $74.1 billion in merchandise exports in 2016.

As part of the shift towards more economically oriented diplomacy, the government sought to better equip its diplomats to identify trade opportunities and help South African businesses pursue economic interests in international markets. At the same time, it wanted to create an internal training programme to ensure diplomats and other officials had the tools and understanding of the country’s position in the global economy to formulate appropriate policies.
Funder:
South Africa
The response

South Africa’s Department of International Relations and Cooperation (DIRCO) engaged ITC to lead two training workshops for 36 of its officials in 2017. The first introduced country desk and executive officers to the use of ITC market intelligence tools such as Trade Map, which provides up-to-date statistics and market trend indicators for 220 economies, and Market Access Map, which covers data on tariffs and import regulations. The goal was to equip them to conduct research and respond to requests about export opportunities; develop market entry feasibility studies in high-potential sectors; and contribute to designing effective strategies for South African companies seeking to break into new markets.

The second workshop trained a smaller group of participants to train others to use ITC market intelligence tools. Eight of them were certified to teach other DIRCO officials to perform market analysis and showcase the attractiveness of South Africa’s economy to prospective investors and trading partners.

The results

Participants report that the training, which concluded in June, has enabled them better to analyse markets and make trade-related decisions. In October 2017 DIRCO charged one of the certified trainers, Ogaufi Masibi-Mampane, with training DIRCO colleagues, including future heads of diplomatic missions, to conduct market analysis.

‘The overall reception of the training was very good,’ she said. ‘The heads of mission were very keen to use the ITC tools themselves. They commended both the training and the tools and called for more of this type of training to be carried out.’

Andrew Adams, another official, joined the South African consulate in Milan as trade consul in January 2018.
‘I believe the training I received on the ITC market analysis tools has prepared me to examine opportunities for trade and investment. I will be able to effectively promote South Africa’s exports and encourage sustainable, inclusive and mutually beneficial trade and investment.’

Andrew Adams, South African trade official

‘Diplomacy has changed in the modern era, from a political focus to more of an economic focus,’ he said. ‘If a diplomat is to succeed at selling their country, they need the relevant skills, appropriate training, and importantly, tools.

‘There have been occasions where economic opportunities have been hampered due to a lack of preparation and planning with regards to market analysis – situations that could have been avoided with some sound research and analysis. I believe the training I received on the ITC market analysis tools has prepared me to examine opportunities for trade and investment. I will be able to effectively promote South Africa’s exports and encourage sustainable, inclusive and mutually beneficial trade and investment.’

The future

ITC conducted similar training work in Nepal and Ukraine in 2017, with programmes planned in 2018 for seven Central Asian countries and the Caribbean island of Saint Lucia.

Looking ahead, ITC plans to create a network of certified trainers in market analysis and research. The programme will aim to add as many as 25 trainers in developing countries each year as well as an online network portal offering refresher courses, teaching support and updates on new developments in ITC’s suite of market analysis tools.
The Philippines

Using business surveys to help Philippine MSMEs overcome export obstacles

The challenge

For companies around the world, meeting technical regulations and product standards is an increasingly important part of doing business, whether internationally or at home. Micro, small and medium-sized enterprises (MSMEs) in developing countries often struggle with the fixed costs of complying with complex and changing quality requirements in target markets.

Businesses surveyed by ITC regarding non-tariff measures (NTMs) typically report that technical requirements and conformity assessment procedures are important obstacles to export success. This was particularly true for companies in the Philippines, where almost three-quarters of the 1,150 companies interviewed in 2015 and 2016 by ITC in collaboration with the Philippines Department of Trade and Industry (DTI) said burdensome regulations were impeding their ability to trade. Almost 60% of export obstacles reported by Philippine businesses pertain to measures including product certification, testing and labelling requirements. While the regulations that businesses find burdensome typically originate from trading partners, many of the domestic procedures associated with cross-border trade are also unnecessarily complicated.

For Oryspa Spa Solutions, a Philippine health and beauty products company, the effects of high local manufacturing costs on its export competitiveness are compounded by complex documentation requirements for export procedures as well as shipping and logistics.
Funders:
Republic of Korea, United Kingdom
The response

After the business survey, ITC and DTI used the results to formulate concrete recommendations to address the trade obstacles identified, with a focus on speeding up the compliance of Philippine products with foreign regulations. The recommendations, which called for technical assistance and capacity upgrading for MSMEs to comply with testing, certification, fumigation and labelling requirements, fed into the country’s export development plan aimed at rebalancing the economy away from consumption towards investment and exports.

At the same time, ITC worked to help selected Philippine companies put the recommendations into practice. As part of its export quality management consulting initiative, in partnership with the Republic of Korea, experts from the Small & Medium Business Corp. (SBC) of the Republic of Korea were brought to the Philippines in late 2017 to provide in-depth consulting services to five MSMEs. These companies included Oryspa and Herbanext Laboratories, a Philippine producer of herbal extracts looking to break into international markets.

The experts from SBC, a government-funded non-profit that supports the growth and competitiveness of the MSME sector in the Republic of Korea, trained staff from the five companies on how to build and maintain quality management systems in line with ISO 9001, a key international standard for quality management systems. The goal was to equip the companies to improve product quality and manufacturing processes.

The results

Nora K. Terrado, undersecretary of DTI, viewed the recommendations as an exercise in collaborative evidence-based policymaking to lower domestic and external barriers to trade.

‘It is through working together that we can identify concrete projects, remedies and solutions that will enable the formulation of better policies, as well as national and sectoral action plans,’ she said. Her department has sought to respond to recommendations arising from the survey by holding
seminars on fumigation and new international standards and working towards mutual recognition agreements that would allow Philippine certifying agencies to be more widely recognized in international markets.

The Philippine firms that participated in the SBC-led training expressed confidence that the training from the experts of the Republic of Korea would help them overcome export bottlenecks.

Pat De Ramos, a franchise relations officer at Oryspa, said the training would help her company improve quality management systems and corporate culture; it is now refining its key performance indicators.

'It is through working together that we can identify concrete projects, remedies and solutions that will enable the formulation of better policies, as well as national and sectoral action plans.'

Nora K. Terrado, Undersecretary, Department of Trade and Industry, Philippines

Philip S. Cruz, president of Herbanext Laboratories, said the training on improving plant layout and sanitation would help the company get better at meeting international quality requirements. One of the techniques dealt with implementing 5S methodology, a Japanese-pioneered workplace organization method designed to maximize efficiency and safety while minimizing waste.

The future

In addition to the Philippines, ITC’s export quality management consulting initiative is providing training to MSMEs in Peru, similarly informed by the lessons learned from business surveys on NTMs. Continuing the model of triangular cooperation, SBC of the Republic of Korea will continue to provide advisory support, broadening it to new businesses and countries upon request. NTM survey findings will be used to tailor training activities and identify companies likely to benefit from it.
Building a Conducive Business Environment

Global
Including the private sector voice in trade facilitation reforms

Afghanistan
Laying the policy groundwork to advance Afghan trade
Global

Including the private sector voice in trade facilitation reforms

The challenge

Speed and efficiency are of the essence in modern goods production and trade. Cumbersome customs procedures and outdated border infrastructure raise trading costs and times, negatively affecting businesses' ability to plug into international value chains.

Fixed costs arising from border delays and compliance with export and import procedures weigh disproportionately on micro, small and medium-sized enterprises (MSMEs), which by definition have fewer resources and scale economies than their larger competitors. These effects can be particularly strong in developing and least developed countries, where the business environment is often less conducive to cross-border trade in the first place.

Border inefficiencies discourage trade among neighbours even as diplomats pursue regional economic integration, damping the potential for companies to form regional value chains and prosper in new markets.

The World Trade Organization (WTO) Trade Facilitation Agreement (TFA), which entered into force in February 2017, promises to slash border delays and costs by making border procedures simpler and more transparent. The accord includes novel provisions promising developing and least-developed countries technical and financial assistance to implement their future TFA obligations. While necessary, such assistance is an insufficient condition for trade facilitating reforms to have the greatest possible effect. It is the private sector that accounts for the bulk of
Funder: Finland
trade and that consequently encounters border delays in practice. Too frequently, however, it is excluded from the reform process, limiting policymakers’ understanding of the practical burdens traders face in cross-border operations.

The response

ITC works to bridge the gap between traders and border agencies to ensure the inclusion of private-sector views in the design, formulation, implementation and monitoring of reforms. It builds the capacity of exporters, importers, freight forwarders and shipping agents to understand the cost of cross-border inefficiencies; the legal obligations set out in the TFA; and best practices with regard to cross-border trade procedures.

An important component of ITC’s activities has been to support the inclusion of private sector voices in the institutionalized platforms for trade facilitation planning and monitoring that the TFA requires WTO members to establish.

In 2017, ITC held two-day interactive training sessions on the TFA for over 450 businesses in 19 countries including Argentina, Myanmar, Papua New Guinea, Saudi Arabia and the United Republic of Tanzania. A key aim of the short course was to equip the business community to understand the requirements and potential benefits arising from the TFA, as well as to be able to engage constructively with policymakers on the domestic implementation process. Participants, mainly small traders and officials from border agencies, took part in exercises based on real-life examples. Special attention was paid to enabling businesses to understand technical issues and advocate for concrete policy recommendations that reflect the border issues they deal with on the ground.

The results

In Sri Lanka, ITC created an eight-module e-learning course aimed at helping food, spice and garment exporters improve their export management practices. The course gathers in a single
digital platform all of the step-by-step regulations and procedures, as well as institutions, involved in exporting from Sri Lanka to regional and European markets. With a view to enhancing the effectiveness of the course, customs authorities were interviewed to identify the most common mistakes made by traders when exporting. Their technical feedback has been incorporated into the e-learning course material. Trainees report that the course, which will be housed in the National Institute of Exports, provided a clear view of the whole exporting process and equipped them to avoid costly mistakes related to regulatory and procedural requirements when exporting.

As a result of ITC support, the Sri Lankan private sector has been closely involved in the government’s determination of how best to sequence its reforms to implement the TFA.

At an October 2017 workshop where ITC facilitated discussions on how to prioritize TFA measures based on complexity and impact, 14 business representatives shared the sector’s
priorities with officials from the government. This discussion helped inform the content of the Sri Lankan Government’s formal notification to the WTO of its remaining TFA commitments.

ITC’s TFA-related training work for the private sector has had a discernible impact on businesses’ capacity to organize and pursue their interests. For example, during the workshop in Kenya in November 2017, participating businesses submitted suggestions to the national authorities on how to improve the newly established National Trade Facilitation Portal (itself the product of a joint project by ITC and the UN Conference on Trade and Development). The portal, which responds to transparency requirements set out in the TFA, is a digital platform describing the step-by-step procedures to import and export specific commodities, along with costs, waiting times and legal sources for each. The businesses asked for the portal to track additional commodities and add new functionalities to better respond to their needs.

As part of a broader initiative to boost trade within the West African Economic and Monetary Union (WAEMU, also known as UEMOA), ITC supported embedding public-private engagement in a ground-breaking region-wide (as opposed to national) trade facilitation committee.

The future

Looking ahead, ITC remains committed to supporting the TFA implementation. ITC will continue to support national and regional trade facilitation committees to work with the private sector in TFA implementation and monitoring. In the East African Community, ITC will support the improvement of national and region-wide trade facilitation portals. In addition, ITC will assist some West African and Arab states to implement specific TFA requirements such as those for pre-arrival processing and the electronic exchange of certificates of origin. ITC is also developing an e-learning course designed for MSMEs.
Afghanistan

Laying the policy groundwork to advance Afghan trade

The challenge

Like many post-conflict states, Afghanistan views economic growth, job creation and social stability as deeply intertwined. Increased trade in goods and services could make an important contribution to the country’s economy and the livelihoods of its citizens.

Expanding Afghanistan’s trade ties has been a priority for President Ashraf Ghani’s government since it took office in September 2014. The landlocked country acceded to the World Trade Organization (WTO) in 2016, giving it predictable access terms to most of the world’s economies. Kabul has also sought to establish trade routes to its key markets. The government has signed transit agreements with Turkmenistan, Azerbaijan and Georgia as part of a proposed land and sea trade route to Europe, dubbed the Lapis Lazuli Corridor. It has inked trade and transit agreements with neighbouring Uzbekistan and Tajikistan, improving access to China and the Russian Federation. Trade with India has begun to flow via Iran’s Chabahar Port and the Afghanistan-India Air Corridor, which since June 2017 has provided subsidized air transport for cargo departing from Kabul and Kandahar for Delhi and Amritsar.

Yet improved market access and transportation links will not suffice to revive Afghan trade at scale. Decades of conflict have exacted a toll upon the country’s labour force, disrupted its historic trade patterns and left its businesses with limited knowledge of international markets. Would-be exporters must overcome security instability, crumbling infrastructure, a poor business environment and high trading costs.
Funder:
European Union
Even budding success stories, such as the Afghan saffron sector, have had shipments barred from some European markets due to contamination that exceeded regulatory health and safety limits. Afghan dried fruits, particularly raisins, have met a similar fate due to substandard processing and storage.

For the Afghan private sector to compete in international markets, increased firm-level capacity – for instance, to meet market requirements – will need to go hand-in-hand with a more supportive policy and institutional environment. This combination is especially important for the micro, small and medium-sized enterprises (MSMEs) that account for the lion’s share of jobs in Afghanistan.

The response

Building on its support for Afghanistan’s WTO accession process, ITC has been working with the Afghan Ministry of Industry and Commerce, the Afghanistan Chamber of Commerce and Industries (ACCI) and the Afghanistan Women Chamber of Commerce and Industry (AWCCI) to enable Afghan MSMEs to participate in international trade and reap the benefits of regional economic integration.

The primary goal of the Advancing Afghan Trade initiative, launched in November 2016, is to enhance national capacities to design and implement policy reforms and institutional investments to improve the policy environment and support infrastructure for MSMEs to trade.

ITC and its partners first worked to develop two overarching policy reform papers – a National Export Strategy and a National Trade Policy – that would establish the overall policy framework for the country’s efforts to increase output and trade in sectors with high potential to generate exports and jobs.

To shape the content of these documents, the project partners actively sought to include views from Afghanistan’s private sector, which had long felt marginalized in the country’s trade policy process. The ACCI organized consultations with business leaders and investors in Kabul, Mazar-e-Sharif, Herat and Kandahar, ultimately meeting with over 500 Afghan small business owners and industry leaders who collectively shaped the consensus on the main issues impeding Afghanistan’s trade competitiveness.
The National Export Strategy (NES) identifies sectors with high potential for exports and job creation, particularly for women and young people. For each of these sectors – carpets, dried fruits and nuts, fresh fruits and vegetables, saffron, marble and granite, precious stones and jewellery – it proposes measures to overcome weaknesses currently weighing on international competitiveness. For instance, the strategy calls for organizing or strengthening farmers’ associations to overcome fragmentation, foster economies of scale and facilitate the delivery of technical assistance in the saffron sector. The carpet sector, meanwhile, would benefit from better branding, simpler customs procedures, and more support – such as trade attachés – within foreign markets. The strategy also identifies how to remedy key cross-cutting factors impeding Afghan exports. Establishing mechanisms to provide trade- and market-related information, and strengthening trade and investment support institutions would for example help MSMEs better understand demand trends and make connections in unfamiliar markets.
The National Export Strategy was presented to the Afghan Council of Ministers and the country’s Executive Committee of Private Sector Priorities in November 2017. This was an essential last step prior to final endorsement by the country’s High Economic Council, presided over by President Ghani.

Afghanistan’s National Trade Policy was also developed over the course of 2017 and finalized early the following year. The paper examines factors inhibiting Afghan trade and proposes solutions. For instance, to balance revenue generation and industrial development needs, it calls for rationalizing the country’s tariff regime, currently marked by a haphazard and unevenly applied regime of duty exemptions. It also recommends simplifying border procedures and documentation requirements.

For the Afghan private sector, the consultative process that informed the two documents has been almost therapeutic.

‘We were treated as a teammate of the government in this process, not a competitor,’ said ACCI chief executive Atiqullah Nusrat.

Afghan Minister of Industry and Commerce Humayoon Rasaw said the documents would promote ‘a balanced relationship between trade integration and sustainable domestic economic development.’

The future

Following the official endorsement of the NES, ITC and its partners will organize a donor round table to seek coordination and support for implementing the measures in the strategy. ITC will provide technical and advisory support to the Afghan government on issues including trade facilitation and modernizing the country’s health and safety regulations, as well as on building competitiveness in the saffron sector.

Like the NES, the National Trade Policy will first be presented to the Council of Ministers and then go to the High Economic Council for approval.
Strengthening Trade and Investment Support Institutions

**Eastern Africa**

Bringing Costa Rica’s formula for investment promotion to Eastern Africa

**Global**

Understanding how TISIs can help small businesses become more competitive
Eastern Africa

Bringing Costa Rica’s formula for investment promotion to Eastern Africa

The challenge

Most countries have public, semi-public or private agencies dedicated to promoting trade and attracting foreign investment. When they perform well, they are a critical bridge between government and the private sector, helping their business clients overcome information asymmetries, share risks and access government services.

In many developing countries, notably in Africa, investment promotion agencies face daunting challenges. The policy and business environment for investment are often unclear. A country’s brand may not distinguish it from regional competitors. Investment incentives may be inappropriately targeted. In these places investment promotion agencies frequently lack strong connections to local economic players, even though such linkages are essential for foreign direct investment to lift productivity and deliver sustained benefits.

On the operational front, investment promotion agencies with limited resources may struggle to hire, train and retain good personnel and to develop a reputation for reliability. They tend to be marked by fractured, intermittent service to clients, with weak or absent mechanisms for record-keeping, information-sharing and institutional learning. Such institutions can struggle to offer cohesive solutions to prospective investors or provide aftercare to support existing investors. Suboptimal managerial systems can mean such agencies do not measure their performance accurately, making it hard for them to demonstrate and improve results.

While it is possible for investment agencies to learn from top performers elsewhere, they typically lack the resources and access to role models needed to emulate best practices.
Funders:
Canada, China, Finland, Germany, India, Ireland, Norway, Sweden, United Kingdom
As part of a broader project to foster greater trade and investment between China and Africa, ITC is working to support investment promotion agencies in Ethiopia, Kenya, Mozambique and Zambia to improve their capacity to attract and sustain foreign direct investment. ITC decided to connect the African organizations to a role model – a top-performing agency from Costa Rica.

Coalición Costarricense de Iniciativas de Desarrollo (CINDE), the Costa Rican investment promotion agency, has won several awards for its services, results and corporate culture. Its excellence was confirmed by an ITC benchmarking assessment specially adapted to gauge the capabilities of investment promotion agencies. The August 2017 assessment took stock of CINDE’s managerial, governance and service delivery capacities and provided focused recommendations for improvement. Despite its boutique size, limited resources and large regional competitors, CINDE delivers exceptional results with a focus on customer service; interagency cooperation; and a determined approach to results measurement and continuous improvement. CINDE’s ‘magic formula’ relies on smart use of online platforms, social media and existing information sources. Innovation is core to its culture: ideas, rather than money, generate results. This approach has strong relevance for African agencies.

With input from CINDE, ITC created a new tool to assess the four African investment promotion agencies across the full investment promotion lifecycle, taking into account their limited resources and the complex political environments in which they operate. Each assessment provided a baseline of current practices and identified areas for improvement.

‘This collaboration is very exciting for us because it builds on that growth process. In teaching and sharing we are learning about new perspectives, new cultures and creative ways to face challenges.’

Jorge Sequeira, Managing Director, CINDE

In light of the array of technical skills and knowledge needed to conduct the assessments, ITC asked CINDE – whose leadership team was interested in supporting institutional capacity building
in Africa – to be its partner. Through this triangular cooperation, CINDE officials helped ITC design and deliver training workshops; provided peer-to-peer mentoring and coaching; and worked with their African counterparts to prepare performance improvement plans. ITC used the Dubai conference of the World Association of Investment Promotion Agencies (WAIPA) in November to arrange a problem-solving workshop for African CEOs and CINDE’s managing director, Jorge Sequeira.

‘Continuous improvement is an element which we work hard to make part of our corporate DNA and which helps us to aim for excellence,’ Sequeira said. ‘This collaboration is very exciting for us because it builds on that growth process. In teaching and sharing we are learning about new perspectives, new cultures and creative ways to face challenges.’
The results

This initiative, while still in its early stages, has already produced new tools and modes of collaboration, contributing to ITC’s continuous efforts to innovate and refine its service delivery to clients.

The process of benchmarking CINDE served as a pilot to refine good practice indicators for investment rather than trade promotion, such as institutional ability to foster links to local suppliers or simplify inward investment processes. This in turn yielded dividends when carrying out assessments of the African agencies and will inform monitoring throughout their reform processes.

Roadmaps for improvement have been put in place for the four African agencies, drawing on practices tried and tested in Costa Rica. Common themes include implementing processes and behaviours to develop a strong customer focus; improving presentation to potential investors; and learning how to respond to specific needs of investors in the target market, including understanding its business culture. Developing a better basis for measurement will be a continuing underlying theme.

Involving counterparts from other countries to share practices has been shown to be an effective way of bringing knowledge, empathy and credibility to the conversation within African investment promotion agencies. For ITC, working with one TISI to deliver impact for another tested new models of procurement and engagement with partner institutions.

The future

ITC’s engagement with CINDE will continue in 2018, with targeted workshops and advisory services addressing areas for improvement identified in each of the African agencies.

ITC plans to replicate this partnership model in other countries working to attract investment to promote sustainable growth.
Global

Understanding how TISIs can help small businesses become more competitive

The challenge

Micro, small, and medium-sized enterprises (MSMEs) are the backbone of any economy; they make up the vast majority of enterprises and account for large shares of output and employment. They tend to employ the most vulnerable segments of the workforce, including low-skilled workers, women and young people.

Productive MSMEs are critical to economic growth and inclusive development. Trade can help businesses become more competitive through learning by doing and exposure to superior technology, quality and competition. However, MSMEs, particularly in developing countries, often encounter barriers when trying to trade across borders.

Trade and investment support institutions (TISIs) play a crucial role in enabling MSMEs to compete abroad. Effective TISIs provide services such as market intelligence, advocacy and training. They also connect export-ready MSMEs with potential buyers and investors.

In advanced economies, TISIs typically maintain MSME databases with descriptions and contact details. Knowing their clients helps them offer services MSMEs need. In many developing and least developed countries, however, TISIs do not have such information, limiting their ability to broker connections with international buyers and investors.
Funders:
Australia, Canada, China, European Union, Finland, Germany, India, Ireland, Norway, Saint Lucia, Sweden
The response

ITC has developed an SME Competitiveness Benchmarking tool to help TISIs better understand their clients’ needs, making it possible to tailor services for maximum return on investment.

As part of this process, ITC equips TISIs with the hardware and software necessary to maintain an active MSME database. More specifically, ITC assists TISI staff with using the survey software, selecting a sample of firms to survey and training the team of interviewers.

Specially designed e-learning courses help interviewers become familiar with the survey questionnaire, which enables ITC to score MSMEs across several dimensions of competitiveness (for example, the ability to meet quality requirements) and to measure the effectiveness of the support they receive from TISIs. By comparing gaps in TISI service delivery with areas where enterprises are weak, the survey identifies the TISI services that would yield the greatest dividends in terms of increased business competitiveness.

SME Competitiveness Benchmarking is designed to combine information at the macro (national business climate), meso (local support ecosystem for businesses) and micro (firm capacity) levels to provide a nuanced picture of the capacity of a country’s private sector to compete in international markets. Policymakers and TISIs can use the findings to identify and address bottlenecks to competitiveness; to compare the competitiveness of firms based on size, sectors and location; and to better match firms with potential investors and buyers.

ITC is currently conducting benchmarking exercises in Argentina, the Gambia, Ghana, Morocco, Nigeria, Rwanda, Saint Lucia, Senegal and Zambia, in some cases building on recent collaborative data collection with national institutions.

The results

The benchmarking exercises have already generated insights that TISIs can use to define priorities and better target their services.
In Hungary, where ITC partnered with the Hungarian National Trading House to survey domestic enterprises, the results showed that firms operating within value chains paid less in transportation costs than similar businesses operating outside of value chains. Attracting value chains and helping MSMEs plug into these chains thus lowers the trade costs smaller companies face.

In Kenya, ITC is collecting SME competitiveness data in partnership with the Kenya National Chamber of Commerce and Industry (KNCCI). The collaborative initiative has already led to the establishment of a coalition of public and private sector institutions. These include the trade ministry, a small business authority and the Export Promotion Council, which have pooled their members’ lists into a shared database. KNCCI has said the exercise contributed to updating its own database, enabling it better to reach out to the firms that would benefit most from its support.

In the Gambia, the SME Competitiveness Survey was deployed in tandem with the country’s National Export Strategy, a policy roadmap for increasing exports and job creation. The survey included a specially designed module to analyse skills gaps for young people in the agriculture, tourism and information-technology sectors. Would-be employers in the tourism sector said unsuitable qualifications were their top obstacle, while in the information technology and agriculture sectors, labour costs posed the greatest challenges. These findings have informed the Gambia Investment and Export Promotion Agency’s Youth and Trade Development Roadmap (2017-2021). Suwaibou Cham, a senior manager at the agency, said the benchmarking results ‘have allowed us to better assess the skill gaps along the value chain and ultimately identify youth employment opportunities.’

The survey’s gender-related questions have filled gaps in the data on the bottlenecks faced by women entrepreneurs in the services sector in Kenya and Indonesia. For example, it emerged that women-owned companies in Kenya have a poor understanding of national intellectual property processes, with the result that fewer than 15% of them have a domestically registered patent. Meanwhile, women exporters in Indonesia are 10 percentage points more likely than non-exporters to have a business website, underscoring the importance of being connected to sell globally. TISI programmes in the two countries can now work to remedy these shortcomings.
The future

The SME Competitiveness Benchmarking tool is currently being deployed or finalized through ITC projects in several countries. Jerson Badal, from the Saint Lucia Trade Export Promotion Agency (TEPA), which recently completed the data collection phase of the exercise, has expressed confidence that the ability to better target support programmes for MSMEs would help his agency attract donor funding.

By strengthening the capacity of local institutions and associations to assess and address MSME needs, the tool offers a lasting solution for countries seeking to boost the competitiveness of their MSMEs.

A planned extension of the tool will make it possible for MSMEs to assess their own competitiveness and understand what they need to do in order to become export-ready.
Connecting to International Value Chains

North Africa
Connecting MSMEs to international markets to create jobs in North Africa

Nepal
Supporting value addition and export growth in Nepal’s pashmina sector
North Africa

Connecting MSMEs to international markets to create jobs in North Africa

The challenge

Young people in North Africa are confronted with high rates of unemployment as their countries struggle to generate the economic growth needed to employ a demographic bulge of labour-market entrants. Improving business competitiveness in labour-intensive sectors and connecting micro-, small, and medium-sized enterprises (MSMEs) to export opportunities would support job creation and inclusive growth. At the same time it would reduce incentives for irregular migration.

North African countries have large and established diaspora populations living and working in lucrative potential markets, notably Europe. While the development policy community has tended to focus on financial remittances, there is also scope – albeit underexploited – for diaspora communities to share skills and help build transnational business networks.

Linking up with potential cross-border customers and suppliers is not straightforward for MSMEs, for reasons ranging from poor access to finance to limited management expertise. For handicraft artisans in North Africa, even operating in domestic markets can be difficult. They frequently do not know how to price their products appropriately and, because they typically lack access to markets, are vulnerable to intermediaries who capture the bulk of the gains from their work.
Funder:
Japan
**The response**

ITC is working with MSMEs in the handicrafts sector in Egypt, Morocco and Tunisia to help them enhance business skills and connect to foreign buyers. Artisans and entrepreneurs were trained to price products, standardize quality, improve packaging and meet market trends for the colours and materials that buyers would be seeking.

In Tunisia, 30 prospective exporters worked with ITC to prepare for major European trade fairs. In Morocco, 20 companies sought to learn more about export markets, with special emphasis on Spain. In Egypt, ITC supported 20 young designers and artisans, 80% of them women, to collaborate on home décor concepts and develop homeware products to offer to prospective buyers.

The training activities involved entrepreneurs from the North African diaspora in Paris. The purpose of doing so was two-fold: to leverage their market knowledge and skills for participants’ benefit and to lay the groundwork for cross-border business networks.

ITC supported the training work by facilitating the participation of 44 MSMEs – 17 from Morocco, 20 from Tunisia and seven from Egypt – at the Maison et Objet Trade Fair, a major furniture industry trade fair in Paris, and the Ambiente Trade Fair in Frankfurt. At both, ITC arranged business-to-business (B2B) sessions for the MSMEs with prospective buyers.

**The results**

The project has resulted in €373,000 worth of total sales for the Moroccan and Tunisian MSMEs – already 50% more than the project’s total funding – with promising leads for future transactions. The bulk of these sales occurred through the B2Bs organized during the trade fairs in Paris in September 2017 and Frankfurt in February 2018.

Tomorrowland, a Japanese retailer of high-end clothes, accessories and home décor, placed a test order of 11 carpets from Centre 3T after meeting personnel from the Tunisian MSME at the Paris trade fair.
‘We love their handmade product with natural colours,’ said Akiko Ono, Tomorrowland’s Paris representative. The company, which plans to sell the carpets in their shops, was ‘delighted to discover that artisans are receiving new know-how through ITC,’ she said.

Other buyers at the Paris B2B meetings, including Le Club 55, Minelli, Salt and Lemon, and Caravane, also expressed interest in the products sold by the MSMEs in the ITC-supported delegation. Minelli, a French shoe and accessory brand, ordered 500 baskets from a Moroccan company. Salt and Lemon, a home-décor and accessory shop based in the French territory of Reunion, placed an order for 2,000 foutas, a type of thin, patterned towel, from a Tunisian company. Tunisian firms also met and initiated deals with buyers from Lebanon, Luxembourg and the United States.

At Ambiente, Tunisian MSMEs confirmed sales of €43,000, with additional transactions worth €150,000 under negotiation. Interested buyers included Nature & Découverte, a French retailer, and Kusiner, a Danish carpet maker, for products including foutas, olive-wood table sets and interior decorative items.

The training activities have bolstered participants’ business and marketing skills while introducing them to new markets – and to each other.

‘Thanks to the training provided by ITC, artisans can now price their products appropriately,’ said Sonia Latrous, director of marketing at the National Office of Tunisian Handicraft, who supported the workshop and shared insights on using e-commerce to reach markets. ‘They also learned about packaging and labelling, and meeting market trends and quality requirements.’
Many Egyptian participants have banded together under the label ‘Artisans from Egypt’ and are working to market their joint catalogue of home-décor and home-textile products to international buyers. The catalogue was presented to buyers in Spain, France and Germany through B2Bs organized by the ITC project team. The artisans’ work has attracted the attention and support of the Bank of Alexandria, or Alexbank, a major Egyptian bank, that has sponsored the travel of seven artisans to meet prospective buyers in Europe.

‘Alexbank is proud to have started supporting a group of young promising Egyptian designers in the ambit of a plan aiming at enhancing the Egyptian handicrafts sector by widening their chances to access the export markets,’ said Laila Hosny, who heads the bank’s corporate social responsibility and sustainable development office. She indicated that the bank looked forward to offering its trade finance expertise to the designers.

The future

ITC is finalizing a Handicrafts Export Guide to provide artisans with practical information about exporting their products.

ITC is developing follow-up projects in Algeria, Egypt, Morocco and Tunisia that will also use B2B meetings and capacity building to stimulate trade deals and job creation.
Nepal

Supporting value addition and export growth in Nepal’s pashmina sector

The challenge

Even when they produce raw materials for products that command high prices in global markets, agricultural communities in developing countries frequently capture only a small share of the gains.

Pashmina, a particularly fine type of cashmere wool that is prized in global fashion for its softness and warmth, comes from four related breeds of goats in the Himalayas. Nepal is renowned in the luxury market for its high-quality pashmina wool. The fine fibres that come from its chyangra mountain goat are particularly well regarded.

However, the sector has been volatile. After peaking at $82 million in 2001, Nepal’s pashmina exports fell to $30 million in 2010, in part due to competition from lower-quality imitation products. As competitive pressures on the sector mounted, the country’s longstanding reputation as a trusted source for high-quality pashmina products suffered.

The Government of Nepal and the Nepal Pashmina Industries Association (NPIA) recognized that concerted action was needed to regain market share and restore export revenues and the sector’s reputation. This required Nepal to re-position itself in the market, targeting high-value luxury segments. Thriving in these niche markets has the potential to be lucrative for Nepalese pashmina producers but requires them to be able to provide high-quality, unique products together with exceptional service to buyers.
Funder:
Enhanced Integrated Framework
The response

ITC has since 2013 been working with the Nepal Ministry of Commerce, Industry and Supplies, the NPIA, selected pashmina producers and other stakeholders in the sector to design and deliver interventions across the value chain to stimulate both export revenues and product and market diversification.

To remedy one important competitiveness gap for Nepal’s pashmina industry, ITC supported the development of branding and a trademark for Chyangra Pashmina to distinguish the product on international markets from lower-quality competitors. The Chyangra Pashmina brand was backed by marketing materials, a website, a promotional film and a social media promotion campaign in Japan and the United States.

ITC supported the NPIA to develop its business and service portfolio to better respond to the needs of its clients. It brought experts in fashion design, marketing and trademark protection to train Nepalese companies to develop high-quality product collections that meet demand trends and technical regulations in the international luxury market. ITC support also enabled 42 Nepalese pashmina producers to participate in trade fairs in France, Hong Kong SAR, Japan and the United States.

To bolster product development capabilities in Nepal, ITC connected the Namuna College of Fashion Technology to the NPIA and the broader pashmina industry to develop a specialized course on pashmina design.

During the project planning process, ITC identified a gap in backward linkages between the pashmina industry and primary producers. As a result, ITC brought farmers into the process with the NPIA and relevant ministries, enabling direct market connections and a better response to their needs. ITC also helped set up the Mustang Chyangra and Pashmina Farmers’ Association to serve as a vehicle for farmers to articulate their priorities.
The results

The Pashmina Enhancement and Trade Support project has demonstrated that Nepal can regain market share provided sector stakeholders have a clear, shared vision for how to do so. The project has contributed to the growth and diversification of Nepal’s cashmere sector. Use of the rebranded and standardized Chyangra Pashmina trademark has more than quadrupled; the sector has evolved from a cash-and-carry model of ad hoc sales of pashmina products to any willing buyer towards a more structured customer-focused approach with a collective commitment to promote the sector under a ‘Made in Nepal’ banner.

The country’s exports of knitted – as opposed to woven – cashmere products, such as pullovers, cardigans and jerseys increased from under $2 million in 2012 to over $5 million in 2016/17 despite the fall-off in trade that occurred around the devastating earthquake that struck the country in 2015. Twenty-six of the companies ITC supported to participate in international trade fairs reported additional exports of $918,000. Overall, the 42 companies involved with the project increased exports by 16% in 2017, creating 214 additional jobs. Through the links established between NPIA members and Chyangra Pashmina producers, farmers have received prices as much as 80% higher.

The Namuna fashion college has trained 35 students in Chyangra Pashmina product development, the majority of whom have secured employment or internships in the industry.

The future

ITC is planning to build on the success of the project by expanding the reach and extent of capacity-building activities. For Chyangra Pashmina farmers this would involve more backward linkages, marketing and support to add value to fibres by washing, de-hairing and baling. Not only would this allow farmers to charge more for their products, it would allow Nepal’s pashmina industry to respond to global consumer demands for traceability from fibre to product. For the broader business environment, it would mean improving testing facilities for international quality certification and developing an export strategy for the sector.
Promoting and mainstreaming inclusive and green trade

Indian Ocean region
Empowering women entrepreneurs across the Indian Ocean region

Colombia
Colombian cocoa producers use sustainability guidelines to earn price premiums
Indian Ocean region

Empowering women entrepreneurs across the Indian Ocean region

The challenge

Over the past century, women around the world have taken dramatic strides forward in voting rights, in social status and as economic actors. And yet they remain less likely than men to have a paid job and when they do, they earn less than men in similar occupations. Gender-based legal impediments and job restrictions too often confine women to low-paying work in the informal sector. Women are 20% less likely than men to have a bank account and less likely than men to belong to formal business networks.

In addition to the consequences for individual girls, women and families, these inequalities have an immense economic cost: by some estimates, achieving gender equality in the economy would add as much as one-quarter to global GDP. The Sustainable Development Goals rightly recognize that eradicating extreme poverty is impossible without substantial progress towards gender equality in the home, school and workplace.

The response

ITC has since mid-2016 been working with the Indian Ocean Rim Association (IORA) to tackle the specific barriers experienced by women entrepreneurs. The project focuses on three IORA countries – Indonesia, Kenya and Sri Lanka – with the aim of improving the competitiveness of women-owned businesses and connecting them to markets and investors in the services sector, in
Funder: Australia
particular tourism and information technology. As part of ITC’s global SheTrades initiative to promote women’s economic empowerment, the project has been able to use the SheTrades brand and network to build bridges among women entrepreneurs, international buyers, public institutions and other enablers, such as Facebook.

One key pillar of the project has been to collect gender-disaggregated data by working closely with trade and investment support institutions in the three focus countries to report on the competitiveness of 300 women. This sort of granular data makes it possible to identify bottlenecks specific to women-owned businesses and to design context-specific policy recommendations and technical assistance to boost their competitiveness.

Business-to-business (B2B) meetings are another important component of the project, to compensate for the difficulties women entrepreneurs in the region have when attempting to connect to prospective international buyers. In addition to identifying promising partners and organizing B2Bs at trade fairs, ITC helps women-owned companies lay the groundwork for success, assisting them with preparing comprehensive company profiles and providing them with tailored capacity support to approach and impress buyers.

The results

The project’s B2B activities generated confirmed sales worth over $1.1 million in 2017, with further deals in the pipeline, as 103 MSMEs owned or led by women connected to 328 international buyers from 66 countries. For example, ORA Dive, an Indonesian company that organizes diving tours around the Komodo National Park, secured close to $150,000 in sales to buyers from Australia, the Philippines, the Republic of Korea and the United States after receiving ITC training in marketing and negotiation and participating in B2B meetings at major tourism trade fairs in Berlin and Macao. Representatives from Saraii Village, a hotel in southern Sri Lanka, struck $60,000 worth of sales to European buyers.

Tailored capacity-building activities have drawn in a wide range of partners and contributed to strengthening partnerships with the private sector and amplifying the project’s results. Digital
We Power Ecommerce Websites Across Africa

We are a premier eCommerce services provider with extensive experience in Africa eCommerce space. Founded in 2012, we are experts at managing all aspects of our clients’ online businesses. We leverage our technology and expertise in partnership with our clients to dominate this complex channel at a fraction of what it would cost to make an attempt on their own, and leverage our experience to ensure success.

- Your Brand
- Your Look
- Your Way

Tandao Commerce platform has been systematically developed to power all aspects of high-performing eCommerce sites for Africa’s brands and retailers.
An e-commerce platform built on flowers

After founding a successful online florist (www.sendflowers.co.ke), Phyllis Mwangi decided to set up a platform for other online businesses in Africa. The result: Tandao Commerce, a platform offering web hosting; domain names; payment processing; catalogue and inventory management software; and easy linking to social media.

Through the support of SheTrades, Tandao Commerce attended CeBIT Hannover in March 2017. At the fair, the company was able to secure a $60,000 grant from Salesforce, the San Francisco-based cloud computing company, and Vito Ventures, a German venture capital firm, to fund its social programme to get 100 women-owned businesses online and train them to run sustainable enterprises.

Tandao Commerce was also able to identify new technologies and solutions to improve its own offering of services.
marketing and e-commerce training in Sri Lanka, for example, was delivered in partnership with Google. Participants report having broadened their knowledge of e-commerce and upgraded their websites, leading to greater contact with potential buyers.

The SheTrades SME competitiveness studies developed by the project have unveiled country-specific findings about how women-owned businesses operate, paving the way for targeted solutions to help them thrive. For instance, in Indonesia small women-owned firms were found to be twice as likely to use social media as compared to traditional advertising to promote their products. As a result, the project teamed up with the Facebook Asia Pacific #SheMeansBusiness initiative to develop materials on digital marketing and e-commerce for women entrepreneurs. The project has so far supported 411 MSMEs in the three countries to enhance their skills and capacity to connect to international markets.

**The future**

Technical assistance activities and trade fair participation will continue through the project’s June 2018 conclusion. Women entrepreneurs in the region can continue to use the SheTrades app to find potential buyers, access information on market events and participate in online learning. This allows SheTrades to sustain its positive impact for women entrepreneurs in the region long after the project closes.

ITC will replicate its work in the region through other projects under the SheTrades umbrella as well as through partnerships with the private sector and trade and investment support institutions. The IORA Secretariat has invited ITC to present its work to the group’s member states at its workshop in May 2018.
Colombia

Colombian cocoa producers use sustainability guidelines to earn price premiums

The challenge

Consumers around the world increasingly want to know where the food they eat and the products they use come from and how they were made. One consequence has been a proliferation of public and private standards, codes of conduct and other sustainability initiatives seeking to assure consumers their purchases respond to priorities ranging from organic production to rainforest protection or decent wages.

While producers can obtain lucrative price premiums by meeting these sustainability standards, doing so is not straightforward. Beyond the expenses related to complying with the often-exacting demands of a given initiative, there are costs associated with audits to prove compliance as well as receiving the formal certification that opens the door to niche markets. Even finding out which standards matter in a given market can be complicated.

In Colombia, demand for sustainably produced cocoa presents opportunities for farmers. However, producers have had mixed experiences with sustainability certification. The requirements of some certification schemes are difficult to implement, creating confusion for producers. In other cases, farmers' cooperatives did not obtain the financial returns they expected on their investments, in part because they started the certification process without lining up prospective buyers.
Funder: Switzerland
The response

ITC, together with the Colombia office of Swisscontact, a Swiss non-profit foundation that promotes private sector development, developed a customized online tool to help cocoa producers understand and comply with international sustainability standards, as well as to connect to potential buyers. The tool, called Basic Guidelines for Sustainable Cocoa (LBCS, for the Spanish acronym), is based on ITC’s Sustainability Map, which aggregates information on hundreds of sustainability standards and codes of conduct for users to access.

The LBCS guidelines enable producers and their cooperatives to understand the various criteria sought by international sustainability certifications and conduct self-assessments that provide an initial diagnostic on practices they need to upgrade before seeking formal certification.

Because connections to buyers willing to pay a premium for sustainable cocoa are crucial for producers to realize a return on their investments in being certified, users of the LBCS tool are able to connect to prospective international buyers via the ITC Sustainability Map platform. In addition, the project supported cocoa producers to participate in key international trade fairs, such as the Salon du Chocolat 2017 in Paris.

This work sprang from an early-2017 agreement by ITC, Swisscontact Colombia and the Red Cacaotera, a Colombian network of cocoa producers, to promote the LBCS guidelines among organizations of cocoa producers with the aim to implement sustainable production practices while improving access to international markets. This built on earlier work with other farmers’ groups in the country.

The results

Technicians from three cocoa organizations developed diagnostic reports for 600 farmers, a third of them women, whose work supports the livelihoods of around 1,600 people. Users say the LBCS system has helped them make better use of resources by enabling them to make a realistic assessment of their capabilities.
‘It also shows us what we can really achieve,’ said Luis Martinez of the cooperative Corpoteva. ‘What sense would it have to engage in an organic certification if we see we are far from obtaining it? After self-assessment, we saw it was more realistic to look for a fair trade certification.’

The Salon du Chocolat in Paris and other networking opportunities led to $175,000 worth of sales for producers affiliated with the Red Cacaotera to buyers in Belgium, the Netherlands, Switzerland and the United Kingdom. An additional $200,000 of deals are expected to mature. Several chocolate companies in Europe, the United States and Colombia are now aware of the LBCS tool and are interested in buying from cooperatives that have been using the system. Similar work in the past has paved the way for international recognition and sharp increases in prices received by producers. Producers affiliated with the Alianza Exportadora de Tumaco in the country’s southwest have more than doubled their sale prices since winning an award for cocoa quality at the Salon du Chocolat in 2015. The LBCS diagnostics helped them regain organic and fair trade certifications they had lost due to inconsistent implementation of sustainability requirements.

The future

In 2018 ITC, Swisscontact Colombia and Red Cacaotera plan work with organizations representing around 1,600 farmers and their families in the departments of Bolivar, Cesar and Magdalena to implement the LBCS guidelines and improve cocoa quality and productivity. The goal is for at least 25 of the network’s 54 organizations to use the LBCS tool to help their members comply with basic sustainability guidelines and gain access to international markets.
Supporting Regional Economic Integration and South-South Links

**West Africa**
In West Africa, a multi-pronged approach to boost regional trade

**Eastern Africa**
Building digital skills in Eastern Africa
West Africa

In West Africa, a multi-pronged approach to boost regional trade

The challenge

In Africa, perhaps even more than other continents, regional economic integration offers the potential to raise living standards, create better jobs and encourage value addition and diversification away from primary commodities. Lowering barriers to cross-border trade and investment makes it possible for Africa’s 54 economies, most of them relatively small, to achieve productivity gains that come with increased specialization and scale. In addition, the goods African countries trade with each other tend to be more sophisticated than those they export to the rest of the world: while medium- and high-technology products account for 25% of intra-African trade, they make up only 14% of the continent’s exports to developed countries.

African governments are pursuing trade and investment integration at multiple levels, notably through regional blocs such as the Economic Community of West African States (ECOWAS) and the East African Community, and more recently through a Continental Free Trade Area. Cognizant that market opening on paper does not translate to actual cross-border business activity they have worked to complement diplomatic initiatives with efforts to bolster the hard and soft infrastructure that are essential for trade. This means road and rail connections, but also modernized border procedures and access to trade finance and market intelligence.

Despite rapid growth since the early 1990s, intra-African exports still account for less than 20% of the continent’s total exports while the figures for Asia and Europe are closer to 60% and 70% respectively. Considerable progress remains to be made, both to increase intraregional trade and to ensure that it translates to inclusive growth. In business surveys conducted by ITC, African MSMEs report multiple challenges associated with exporting to neighbouring countries, notably problems obtaining certification that goods are eligible for tariff-free treatment.
Funder:
European Union
The response

ITC is engaged in a comprehensive effort to strengthen the soft infrastructure that supports intraregional trade within the eight-member West African Economic and Monetary Union (known as UEMOA), a subset of the ECOWAS regional community comprised of Benin, Burkina Faso, Côte d’Ivoire, Guinea Bissau, Mali, Nigeria, Senegal and Togo. Specifically, ITC is working to ensure that MSMEs are able to take advantage of commercial opportunities within the sub-region and beyond it.

On the policy front, ITC has supported UEMOA-wide implementation of the WTO Trade Facilitation Agreement (TFA), as well the development of a digitized certificate of origin, the document required for merchandise to circulate tariff-free within the bloc.

To improve the business environment within which MSMEs operate, ITC worked to encourage cooperation among trade and investment support institutions across UEMOA. These institutions, such as trade promotion agencies, play an important role in helping smaller businesses connect to foreign markets.

In addition, ITC supported the creation of online platforms on non-tariff measures and market intelligence, since MSMEs are disproportionately affected, compared to their larger competitors, by costs associated with both. ITC also organized trade fairs and B2B meetings within the region. A key focus of this work was packaging – an important but often overlooked need for traded merchandise.

The results

With ITC support, UEMOA members have worked to implement the TFA in a regionally coordinated manner so customs and border reforms promote more trade within the bloc as well as outside it. In 2017, UEMOA approved the governance structure and mandate for what will be the world’s first regional, as opposed to national, committee to oversee the implementation of the agreement. ITC helped the bloc plan lay the groundwork for introducing a digital certificate of origin in 2017. ITC also contributed to the bloc’s regional trade policy report for 2017, and trained representatives from member states with a view to harmonizing the bloc’s methodology for conducting trade policy review analysis.
At the institutional level, ITC supported the establishment of Africa’s first official regional network of trade promotion organizations. The network, launched in Dakar, Senegal, in May 2017, will foster cooperative initiatives to encourage intraregional trade. ITC facilitated partnerships between the nascent UEMOA network and its Latin American equivalent, REDIBERO.

Through two online platforms, ITC worked to ease MSMEs’ path to markets within the UEMOA bloc and beyond. ITC trained officials from trade and investment support institutions across the region to operate an information portal called ConnectUEMOA (www.connectUEMOA.com), which provides up-to-date market information and news together with a database of regional companies and an online store for businesses from the region. In addition, a trade obstacles alert mechanism allowing businesses to notify government authorities in real time when they encounter problems importing or exporting merchandise, was extended from Côte d’Ivoire to the entire region.

Finally, B2B meetings at a packaging trade fair in Ouagadougou, Burkina Faso, in October 2017 enabled businesses to develop leads and conclude deals to import and export materials such as corrugated cardboard, packing crates and plastic bags. For instance, a business from Benin struck agreements to import and export corrugated cardboard worth over $11,000, with additional sales in the pipeline. One Senegalese firm struck a tentative agreement to supply mesh bags for fruits and vegetables worth approximately $20,000 to a West African counterpart. A Malian firm is in talks to import over $280,000 worth of a wide range of packing materials from elsewhere in the region.

The future

The project will next turn to bolstering value addition and business competitiveness in key sectors such as cotton, mango, cocoa, pineapple, and information technology.

ITC will work to extend the results achieved in UEMOA to the broader ECOWAS region as part of facilitating the implementation of the Continental Free Trade Area in collaboration with the African Union. A continental trade fair is scheduled to take place in Cairo in the last quarter of 2018.
Building digital skills in Eastern Africa

The challenge

Think of trade-led development and the first image that comes to mind may be some sort of manufacturing facility employing large numbers of former farmworkers. The fact is, however, that value addition in agriculture and services also offers considerable potential for developing countries in Africa and elsewhere to drive growth and job creation. Making the most of this potential is critical, especially for the large and fast-growing youth demographic, in light of signs that increasing automation means manufacturing industry will employ fewer workers than it used to.

Technological advances have rendered tradable a wide range of higher-value services that previously could only be provided locally, from accounting to software programming. Tapping into international markets for such services is not straightforward for developing countries. One key constraint is skills: educated, experienced personnel are essential for services companies. Such skills are also important for business competitiveness in other sectors, as services are an increasingly important factor in the production of physical merchandise. In Kenya’s information technology (IT) sector, the skills gap is exacerbated by a gender gap: fewer than one in five workers in the industry are female.

The response

ITC, as part of its Supporting Indian Trade and Investment for Africa (SITA) project, has been working with partners in Kenya and India to equip young people from across East Africa with the skills and experience they need to thrive in the region’s fast-growing digital economy. The objective is to leverage the expertise of India’s thriving tech sector to catalyse employment and entrepreneurship in the East African countries.
The training and job placement pilot programmes operate on two separate tracks. One, dubbed #SheGoesDigital, provides Kenyan women from financially disadvantaged backgrounds with a 40-day training programme in social media and digital marketing, followed by internships with companies seeking such skills. The programme was implemented by Kuza Biashara, a Nairobi-based social enterprise, and Iridium Interactive, an Indian software and education company.

The second track, the Indo-Africa Internship Programme, identifies promising East African information technology graduates through a competitive selection process that prioritizes young women and places them with Indian companies for three- to six-month internships. The goal is for young IT professionals to take their skills and experience back to East Africa to contribute to the growth of vibrant tech sectors in the region.

ITC started the programmes after a survey of 185 Kenyan companies revealed that over half of the respondent companies were struggling to find appropriately skilled workers. In addition to software programming, data analytics and cloud computing skills, companies across all sectors reported a pressing shortfall in social media and digital marketing expertise.

**The results**

The two initiatives demonstrated that by working closely with prospective employers, skills-building initiatives can equip young people with marketable skills and lead to new job opportunities while helping companies fill gaps.

After a rigorous selection process that chose them from among 370 applicants, close to 50 young Kenyan women have graduated from #SheGoesDigital’s 45-day training programme in social and digital marketing. Of those, 32 were placed in three-month paid internships with 27 companies ranging from security to human resources and steel manufacturing, where they supported their employers’ implementation of social media and digital marketing strategies. Others opted to start their own businesses. As of late 2017, 55% of the programme’s graduates had confirmed full-time employment, a figure that is expected to rise. Employers report satisfaction with the interns, and have expressed interest in hiring future graduates.
Meanwhile, the Indo-Africa Internship Programme has placed 11 East African students – seven of them women – with Indian companies.

‘My internship experience has been nothing but top notch,’ said Doreen Aradi, a Kenyan graduate who interned at India’s largest telecom company. ‘Working with the software engineering team has helped me gain hands-on experience on different programming languages which has helped me sharpen my programming skills. I have always wanted to own a start-up company in the software engineering field and this internship will help me take the initial step.’

After a four-month internship working on digital supply chain development, an Indian company offered Cedrick Manirafasha, a Rwandan national, a full-time position.

‘This internship had a very big impact on me and it has changed my perspective on how things are done,’ he said. ‘I am very confident that I can manage any project anywhere now.’

The future

Following the successful implementation of the pilot programmes, ITC is now developing a proposal for a regional programme, in partnership with businesses, to build digital skills for women and young people.
Funders at a glance

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