

CONFÉRENCE DES NATIONS UNIES SUR
LE COMMERCE ET LE DÉVELOPPEMENT



UNITED NATIONS CONFERENCE
ON TRADE AND DEVELOPMENT

**Contribution to the UNCTAD Draft Call for Action on the
Aid for eTrade Initiative**

Submitted by
the World SME Forum (WSF)

DISCLAIMER: The views presented here are those of the contributors and do not necessarily reflect the views of the United Nations or of the United Nations Conference on Trade and Development.

Thank you for inviting the World SME Forum (WSF) to participate in the consultations on the draft call for action on “Aid for eTrade”.

Our overall comment is that we think this is the right initiative at the right time, and we look forward to seeing it coming to life. This contribution is structured in three parts:

- What is the World SME Forum (we are “newly born”, and it is important for all stakeholders to understand where we come from and what our objectives are)
- What we think of the “Aid for eTrade” initiative - with comments on the call for action
- The role WSF could play going forward in Aid for eTrade

What is the World SME Forum

The World SME Forum (WSF) was established in May 2015, by the International Chamber of Commerce (ICC) and the Turkish Chambers of Commerce and Commodity Exchanges (TOBB). Information can be found at www.worldsmeforum.org.

The mission of WSF is to improve the overall growth and impact of small and medium enterprises (SMEs) globally. WSF aims to provide SMEs with effective representation, ensuring that they can compete fairly. Partnering with international financial institutions (IFIs), development agencies, associations working in the SME space, and chambers, it will advance the recognition of the role of SMEs in the global economy by aiming to be represented in international bodies and standard setters that either directly or indirectly affect SME performance and development. All these will be accomplished while helping SMEs to achieve sustainable efficiency and competitiveness to reinforce their contribution to economic growth, employment and development.

WSF aims to be an open and inclusive global forum to engage a wide and diverse set of stakeholders to help implement its objectives. We have, to date, secured partnerships with three prominent international bodies: the World Bank, the UN’s International Trade Center, and the OECD. And WSF is a Member of the World Trade Board, amongst other initiatives.

In recognition of the importance of WSF’s mandate and our ability to achieve it, the G20 leaders welcomed the creation of WSF during their November 2015 meetings in Antalya, Turkey. Recently, the 2016 China Business 20 (B20) appointed WSF as a Business Network Partner for its SME Development Taskforce (SDTF), and WSF will be taking a leadership role in implementing some of its key recommendations.

WSF’s 2016 work program is designed in full alignment with the recommendations of the China B20 SDTF, and it is arranged around two areas identified as key impediments to SME Development: Access to Finance, and Access to Markets and Global Value Chains.

WSF is tackling these two issue areas through advocacy and research initiatives, advisory and technical assistance activities, and ePlatforms. In particular, WSF is taking a leadership role in country specific pilots aimed at experimenting innovative approaches to tackle these challenges, drawing lessons and then scaling-up. Some details are offered below and in the Box.

- *Access to Finance:* In this area, WSF, in collaboration with partners, is assessing the potential impact and to propose implementable solutions to address unintended consequences of financial regulations on SMEs as relating to both Basel III and AML/KYC. Also, building on the recommendations of the B20, WSF plans to strengthen the knowledge base for SME credit reporting and identify medium-term activities where it would strengthen SME credit reporting systems globally.
- *Access to Global Value Chains:* in this area, WSF has started working on two separate yet interlinked initiatives: (i) the creation of a one-stop-shop digital aggregator for SMEs, e-WSF; and (ii) a technical assistance program for SMEs on certification and standards.
 - ✓ eWSF will be an online platform and aggregator targeted at SMEs to boost their development, productivity and growth by leveraging the opportunities offered by the digital economy. e-WSF will be created in partnership with SME associations and other content providers by aggregating and complementing their current offering to gradually become the primary one-stop-shop for SMEs to increase their access to skills, training, knowledge, innovation, networks, expertise and information; gain better access to markets and GVCs through an online “GVC Matchmaking Service”; and improve their access to finance.
 - ✓ The WSF Certification Program will include a comprehensive, country-delivered one-stop-shop endorsement system that leverages existing national, regional and international standards to accelerate the connectivity of SMEs with GVCs. Underpinning this endorsement guide will be an awareness raising and technical assistance program to help SMEs understand what is needed to accelerate their links to GVCs, that would be embedded into, and delivered through, the eWSF.

Box: China-Turkey Cross Border eCommerce experiment zones country pilot

Cross border ecommerce is a game changer in global trade, in particular for SMEs. It offers SMEs a flattened value creation path, interactive connections with large number of overseas customers, and highly efficient digitalized operation. Ecommerce not only lowers the threshold of cross border trade, it also facilitate low cost and quick flow of products, information and money.

WSF has recently started working on a cross-border e-commerce experimental zone project based on a Memorandum of Understanding signed by the Ministry of Transport, Maritime and Communications of Turkey and National Development and Reform Commission (NDRC) of China on November 14, 2015 in Antalya at the margins of the G20 Summit. This project is highly symbolic as it represents continuity in the SME development agenda across two consecutive G20 Presidencies. **WSF has been appointed as one of the implementing partners of this initiative.**

This project allows WSF to pilot at country level a set of initiatives which is fully consistent with the Aid for eTrade policy framework, and with current B20 discussions on boosting eTrade and digital commerce as one of the most effective channels for SMEs development. WSF will provide technical assistance and coordinate activities ranging from certification / standards programs, ecommerce strategies, capacity building, market and GVC access through digital platforms, trade logistics, and legal requirements. Given the growing interest in this type of intervention amongst WSF prospective affiliates, WSF plans to capture the main lessons emerging from this pilot, disseminate them, and then roll-out implementation depending on demand.

What we think of the “Aid for eTrade” initiative

From consultations with our partners, members and affiliates which are engaged in the SME space, we can say that eTrade represents probably the biggest opportunity SMEs have had in decades: it lowers entry barriers, it dramatically increases market reach, it somehow levels the playing field. We are seeing what some scholars are defining as the birth of “Micro-MNCs”: SMEs and start-ups which, thanks to the online channel, are heavily engaged in cross-border trade and benefit from it in terms of profitability and skills. If well leveraged and “guided”, eTrade could forge a path towards inclusive growth.

This is where we see the usefulness on this coordinated initiative: something needs to be done so that SMEs benefit from eTrade as much as MNCs; and so that developing countries firms benefit as much as developed countries (latest data from digital flows and digital readiness – e.g. in the latest McKinsey Global Institute report – show that developing countries have not been increasing their share of the pie, and they are not positioning themselves to improve that situation). Specific enabling conditions need to be set in place so that value gets captured by all firms, and all countries.

These are some comments on where we see a particular value from the initiative, coming from the very concrete experience we are developing through our China-Turkey cross-border ecommerce pilot described in the Box above:

1. Knowledge sharing: there is a strong need for countries to have access to best practices, lessons learnt, templates when it comes to these initiatives. Theory is fine and, as you mention, is already available piecemeal from various sources and international organizations, but what is needed is real life examples describing in detail how to go through the needed changes in regulations, trade agreements, specific features and functionalities of the eplatforms and so on.
2. M&E / results: we want to highlight how data and results could be very powerful to build a case for action / sense of urgency amongst policy makers. Sometimes implementation is slow not because of lack of awareness, but because policy makers need to be persuaded that this makes sense and it is worth the effort, and having tangible numbers would help a lot – so that efforts would go in getting things done in practice, rather than in debottlenecking political economy.
3. Expertise / skills: this is maybe a bit far-fetched, but it would be highly impactful if, through this initiative, countries could have at their disposal a Community of Practice with experts coming from all of the various partner agencies, governments and private sector stakeholders who put their expertise on the table while designing and then implementing the projects. Ideally this would not mean creating overly complex joint multi-institutions projects, rather a sort of SWAT team of experts who could maybe be “seconded” to the “Aid for eTrade” secretariat for specific periods of time, and allocated on a project by project basis depending on the public good.
4. Resources: sometimes knowledge capture or M&E take a back seat on project resource allocation, because those are not immediately part of the desired outcome, and hence they don’t get done properly. It would be excellent to have a pool of resources available to make sure that those efforts are included in every initiative, so that a library could be created as a public good. The same applies in terms of taking advantage of the pool of experts mentioned in the point above, who could be funded “off-the-top” on selected projects.

The role WSF could play going forward

We are very excited to be part of this initiative. Given our focus on SMEs, and our growing involvement in eplatforms and cross-border ecommerce, we see ourselves both as potential heavy users of this initiative, and as contributors.

As an immediate example, our China-Turkey pilot would benefit from additional expertise from agencies and companies – being it on the M&E side, the ecommerce readiness survey, or implementation support; and of course it would benefit from additional resources, which could breathe life into the project’s knowledge codification efforts. At the same time, this could become one of the first pilots to test the overall framework for engagements on Aid for eTrade, and could provide valuable hands-on lessons for other countries going forward.

Additionally, we could play an active role in liaising Aid for eTrade with other coordinating bodies such as the B20, where we play an official role in its taskforces: as an example, the B20 SME Development Taskforce is currently discussing how to create a “eWTP” (World eTrade Platform), a platform which would gather eTrade experts and formulate policy guidance to governments to foster eTrade development. It would be important to make sure that there is an open channel of communication and coordination between the two initiatives, so that synergies are leveraged and overlaps are reduced to the minimum, and we could facilitate that.

In terms of our specific “organizational role”, WSF has different angles to play. We would appreciate to be part of the Board of the initiative, so that we fulfill our mandate of representing the voice of SMEs in such bodies. At the same time, we will be implementing agents in several of these initiatives at country level in collaboration with our affiliates, and we might become users of both knowledge and resources from Aid for eTrade, so we want to make sure those two things are not in conflict. If we have to choose, and you have such a potential role in mind, we could rather be “Implementing Partners” and provide specific support services on a project by project basis. Finally, if you deem it useful, we could bring our expertise to bear in the Private Sector Advisory Council (as we are a private sector entity), although from what we understand that is a more appropriate role for pure private sector companies rather than agencies like ours.

In conclusion, we look forward to engaging in this important endeavor and we will be in Geneva on April 21st to continue the discussions.