



Value Added to Trade

IN BRIEF

The ITC Value Added to Trade Programme (VA2T) focuses on making small and medium-sized (SMEs) more competitive through improving sector value chains and enhancing the ability of firms to meet market requirements and operate sustainably. It aligns strategic direction and cooperation; develops managerial and organizational capabilities; and assists in building reputations for exporters and linking them to markets. All initiatives aim to achieve value addition.

THE PROBLEM AND ITC SOLUTION

Commodities and low-cost assembly tasks within value chains offer limited contributions to economic development, and buyers can easily find alternative sources. Furthermore, little of the value created is retained in the country of origin. Only unique, distinctively better quality products and services with a reputation can sustain higher value.

SMEs in developing countries often face limitations to address these challenges. Companies and governments may not work together at the sector level, support services are weak or non-existent and business networks insufficiently mature. Companies may suffer from inadequate managerial skills, poor production capabilities, absence of marketing expertise and innovative potential, as well as weak sector linkages.

ITC's VA2T programme builds competitiveness at the sector level and helps SMEs develop and market differentiated value-added offerings with strong sector/industry links to international value chains. It equips trade and investment support institutions (TISIs) with up-to-date services to support clients and advocate for improvements on issues of value addition for SMEs. The programme comprises:

Building strategic alignment at sector level: ITC develops sector strategies, builds platforms such as industry and cluster associations at sector level and aligns actors in 'alliances for action', uniting buyers, producers, exporters, logistics providers and others.

Optimizing value chains and improving SME performance: To develop export management advisory capacity, ITC focuses on improving the availability, quality and sustainability of national export advisory services to SMEs to speed export readiness, including enterprise diagnostics, formulating competitive strategies and access to finance.

Meeting supply chain and logistics challenges in export markets: ITC studies how to meet customer product or service requirements, ensuring effective and efficient production management, operations, procurement, sourcing, inventory management and logistics.

Meeting technical/quality requirements: ITC supports SMEs in complying with standards, technical regulations, and sanitary and phytosanitary (SPS) measures, in organizing after-sales services and achieving internationally recognized certifications.

Maximizing export performance through marketing, branding and packaging: ITC helps create differentiated offerings through better marketing strategies, branding and innovation.

Activating market linkages: ITC links SMEs to regional and international value chains. Around these links VA2T

helps SMEs communicate with current and potential customers and identify adequate distribution channels and modes of entry into foreign markets. Emphasis is put on e-commerce, i.e. digital tools and channels to link to supply chains and sell online.

IMPACT

Examples of ITC's interventions include:

Bangladeshi outsourcing exports

ITC has worked with the information technology (IT) sector to improve positioning in markets, create sector coordination through the Bangladesh Association of Software and Information Services (BASIS) and connect exporting SMEs to markets in Europe. From the programme's launch in 2010 to 2013, this integrated approach resulted in companies selling 20% more to Europe.

Integrated sector development drives rapid increases in Senegalese mango exports

ITC has helped increase the profile of Senegal mangos in key markets, has strengthened performance of a cluster of support services and linked SMEs to markets in Europe. Through 2015, exports have doubled and the project has leveraged millions in new investment.

Colombia: Certification increases exports by 35%

Joint work between the trade promotion body PROEXPORT Colombia and the national standards body ICONTEC resulted in technical assistance that helped some 550 SMEs meet the ISO 9001 certificate. Certified enterprises increased exports by 35%.

Zambia Honey Branding

Local honey producers were coached through the development of attractive branding communications, and a pool of international designers proposed improved designs for their labels. These upgraded bottle designs are now allowing small producers to compete with larger international firms in Botswana, Zambia and beyond.

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