Small businesses, great opportunities

SENSITISING TRADE FACILITATION REFORM FOR MICRO, SMALL, AND MEDIUM ENTERPRISES:

INSIGHTS FROM THE GLOBAL ALLIANCE FOR TRADE FACILITATION

LESSONS LEARNED SERIES LL-03
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THE GLOBAL ALLIANCE FOR TRADE FACILITATION

The Global Alliance for Trade Facilitation is a public-private partnership for trade-led growth, supporting governments in developing and least-developed countries in implementing the World Trade Organization’s Trade Facilitation Agreement. Alliance projects cut through red tape and end costly delays at borders by bringing together governments and businesses of all sizes as equal partners to deliver targeted trade reforms.

By emphasizing digitisation and delivering other best practices, Alliance projects enable businesses to trade more easily thanks to streamlined and more predictable processes. Governments save time and resources by modernising trade procedures while still safeguarding their borders. Ultimately, Alliance projects boost trade competitiveness and business conditions, which are key drivers of inclusive economic growth and poverty reduction.

The Alliance is led by the Center for International Private Enterprise, the International Chamber of Commerce, and the World Economic Forum, in cooperation with Gesellschaft für Internationale Zusammenarbeit (GIZ). It is funded by the governments of the United States, Canada, Germany, Denmark, and Australia.

LESSEONS LEARNED SERIES

The Global Alliance for Trade Facilitation Lessons Learned Series is a collection of papers documenting the technical and operational insights gained from the Alliance’s experience in the implementation of trade facilitation reforms. Its goal is to share lessons and emerging best practices as a resource for governments, businesses and other organisations and initiatives in the trade facilitation and related fields.

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International trade is frequently discussed as a path to development for lower-income countries, particularly when micro-, small-, and medium-sized enterprises (MSMEs) are enabled to connect to opportunities in global markets. MSMEs play a crucial role in local economies, constituting the majority of firms and providing high rates of employment. Trade that can enable the economic success of MSMEs, therefore, is essential in achieving inclusive and sustainable economic development.

However, the challenges that MSMEs face in trading across borders are not the same as those confronting large firms. Their small size and limited resources make non-tariff barriers a particular obstacle to participating in international trade. At the same time, implementation of the World Trade Organization’s (WTO) Trade Facilitation Agreement (TFA) offers solutions to non-tariff barriers, such as access to information, harmonization of standards, and automation and digitisation of trade processes. Full implementation of the TFA is expected to boost global trade by up to USD 1 trillion per year, with the biggest gains in the poorest countries. Several studies have shown that MSMEs should be the main beneficiaries of TFA implementation.

The impact of trade facilitation on MSMEs has significant implications for the work of the Global Alliance for Trade Facilitation in supporting countries to implement the TFA while ensuring the strong participation of the private sector. The Alliance has recognised the need to systematically sensitize its operations so that it tackles the specific trade facilitation hurdles hampering MSMEs. This paper summarises the lessons learned, shares best practices, and outlines the MSME mainstreaming approach. The Alliance developed its approach after conducting an extensive review of best practices used by other trade development organisations. This review revealed that there are specific actions that should be taken to ensure that projects take into account MSME challenges and are designed with their specific needs in mind. As a result, the Alliance developed MSME Mainstreaming Guidelines that provide a consistent and tailored way to include MSMEs in its activities. The Guidelines outline the following five steps: identify relevant MSMEs to engage in project development, understand the specific trade facilitation challenges of MSMEs and the context in which they operate, analyse and define the project’s impact on MSMEs, design MSME-specific project activities, and measure and monitor project results for MSMEs.

The Alliance has already provided significant examples of MSME-inclusive actions. For instance, the Alliance has leveraged its close relationship with local chambers of commerce to engage MSMEs. This has allowed the Alliance to facilitate MSME participation in public-private dialogues, raising their profile and helping the public sector to understand their specific challenges. In some countries this has led to a stronger working relationship between the MSME representatives and the customs agency. Furthermore, the Alliance has designed project activities, such as training sessions, to ensure that MSMEs benefit from the projects and that include MSME characteristics in measurement plans.

Through this process, the Alliance has identified several key success factors to mainstreaming MSMEs into trade facilitation projects. The first is to create and use purpose-built tools that enable project teams to implement an MSME-conscious approach to project scoping and design. The Alliance has also recognised the importance of having strong local and global partnerships to engage MSMEs, such as national committees of the International Chamber of Commerce (ICC) and the supplier networks of global business partners.

In addition, successful engagement is dependent upon methods that add value to MSMEs, such as scheduling meetings at convenient times and places. Finally, it is important to equip staff with a strong understanding of the differences between large and small firms, so that they can design projects that will benefit both. As the Alliance implements this MSME mainstreaming approach, it will continue to collect and share best practices.
As a result, when MSMEs are successful, they play a significant role in producing sustainable and inclusive economic growth in their communities. By expanding MSME growth opportunities, trade allows firms to increase productivity, wages, innovation, and employment. In turn, this can support better access to healthcare and social services, with potential implications for poverty reduction.

Yet MSMEs are underrepresented in direct international trade. This discrepancy exists because MSMEs face unique challenges to trading across borders. Their small size and limited resources make it difficult for MSMEs to comply with the time- and cost-intensive nature of most international trade procedures. In particular, the high fixed costs associated with non-tariff barriers, such as testing and inspection requirements, disproportionately disadvantage MSMEs, which are likely to be trading in small volumes and earning small revenues. These problems are magnified in developing and least-developed countries where a lack of standardisation, automation, and digitisation are most prominent.

Furthermore, there is evidence from OECD countries that SMEs are conducting higher levels of indirect rather than direct trade (see box 1). This has two important implications. First, when the trading environment improves for large firms, there is speculation that they become more likely to establish subsidiaries locally that source from small firms, thereby expanding MSME opportunities and indirect export. Second, global value chains that allow for finer specialisation present strong opportunities for MSMEs to begin internationalising through indirect trade, which can become a route to direct export or import.

Implementation of the World Trade Organization’s (WTO) Trade Facilitation Agreement (TFA) provides a strong opportunity to tackle the trade barriers confronting MSMEs and increase their ability to trade. This paper shows that MSMEs stand to gain the most from trade reform, but for this to occur it is essential that reforms are implemented in an MSME-sensitive manner. In its mission to help developing countries implement the TFA, the Global Alliance for Trade Facilitation (the Alliance) has engaged in a process to better understand how MSMEs will be impacted by trade facilitation and how its projects can ensure that MSMEs benefit from trade facilitation reform. This priority was outlined in the 2020 Lessons Learned Paper on Engaging the Private Sector in Trade Facilitation Reform. It also reflects the needs of Alliance donors and global business partners, both of whom prioritise MSME development and the building of strong supply chains.

This paper draws on the recent experience of the Alliance in prioritising MSME considerations. The Alliance’s approach has focused on identifying best practices in MSME mainstreaming through a combination of desk research and interviews on the tools, guidelines, policies, and experiences of other public, private, and non-profit bodies. This paper begins by analysing the literature around TFA implementation and MSMEs. It then shares an overview of the Alliance’s best practice approach under development, provides examples of best practice implementation, and shares lessons learned. The Alliance hopes that the good practices highlighted in this paper will inform the work of other trade programs and thereby enable MSMEs to reach a level playing field in cross-border trade.

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**Box 1: Distinguishing between direct and indirect trade**

**Direct trade:** Exporting or importing directly to other parties abroad

**Indirect trade:** Domestic sales in components or finished goods to an intermediary, such as a wholesaler or multinational firm, that then conducts direct exports abroad
THE CHALLENGE

HOW TO INCLUDE MSMEs IN TRADE FACILITATION REFORM

MSMEs are trading less frequently and in smaller volumes than large firms. While there is no universally accepted definition of an MSME, several international organisations and governments consider these to be businesses with less than 250 employees (table 1).9

This lack of a uniform definition makes it difficult to compare statistics across jurisdictions. Despite this, the International Finance Corporation’s (IFC) MSME Country Indicators suggests that 85% of micro firms and 72% of SMEs operate in the trade and services sectors, versus only 11% and 20% of micro and SME firms, respectively, in manufacturing, and 5% and 8% in agriculture/other.6 The WTO further estimates that “SME’s direct exports represent on average just 7.6% of total manufacturing sales, compared to 14.1% for large manufacturing firms.”11

This section will summarise the challenge at hand: how to ensure that trade facilitation reform benefits and considers MSMEs’ unique needs. MSMEs face many challenges to trading, often owing to their small size and resources. While the situation of MSMEs is quite heterogeneous and depends on the specific country context, several surveys across countries have made efforts to identify their main trading challenges. Such surveys rarely focus specifically on trade facilitation barriers, instead including them among a variety of other challenges such as access to finance, market access, or competitiveness. Triangulating survey results reported by the International Trade Centre (ITC), WTO, and OECD reveals the SME trade facilitation challenges listed in box 2.12 Note that these may not account for all challenges or accurately represent all jurisdictions.

Table 1: How the OECD and European Union define an MSME

<table>
<thead>
<tr>
<th>SIZE</th>
<th>DEFINITION BY TOTAL EMPLOYEES</th>
<th>DEFINITION BY TURNOVER</th>
</tr>
</thead>
<tbody>
<tr>
<td>MICRO</td>
<td>Less than 10 employees</td>
<td>Less than EUR 2 million</td>
</tr>
<tr>
<td>SMALL</td>
<td>Between 10 to 49 employees</td>
<td>Less than EUR 10 million</td>
</tr>
<tr>
<td>MEDIUM</td>
<td>Between 50 to 249 employees</td>
<td>Less than EUR 50 million</td>
</tr>
<tr>
<td>LARGE</td>
<td>250 or more employees</td>
<td>EUR 50 million or more</td>
</tr>
</tbody>
</table>

Box 2: Survey results reveal SME trade facilitation challenges

- unfamiliar and burdensome customs and bureaucratic procedures
- high transportation costs
- lack of access to and knowledge of foreign regulations
- lack of harmonization of standards
- lack of information
- inadequate mechanisms to seek redress for trade-related disputes or problems
- lack of input into rulemaking and process design

Sources: Author’s analysis based on survey results in ITC, 2015; Lopez-Gonzalez & Sorescu, 2019; WTO, 2016.
THE CHALLENGE

From MSME to end user
Smaller businesses must navigate the same hurdles and fixed costs as larger firms to get products across borders, but their lower trade volumes and lack of resources make these barriers tougher to surmount.

Source: Lopez-Gonzalez & Sorescu, 2019

Figure 1: Fixed and variable trade costs

AT THE BORDER
The TFA aims to break down barriers and reduce costs, but reforms can be better designed to level the playing field for smaller businesses.

Multiple cost challenges

FIXED COSTS
- Information availability
- Appeal procedures
- Consultations with traders

VARIABLE COSTS
- Fees and charges
- Advance rulings
- Documents and procedures
- Automation
- Border agency cooperation

BEYOND THE BORDER

Source: Lopez-Gonzalez & Sorescu, 2019
Trade facilitation reforms can and should tackle these challenges. Specifically, studies have found that implementation of the TFA should benefit small firms as much as large firms, if not more. One study by Han and Piermartini found that trade facilitation measures that reduced export time for all firms at the median regional level may boost the share of SME exports by nearly 20% and that of large firms by 15%. Another by Hoekman and Shepherd found that an “average 10% decrease in the time taken to export directly is associated with a 1.8% increase in total direct exports, with the growth mostly attributed to being driven by SMEs.” Further, Li and Wilson found that perceived improvements in policy predictability impact SMEs more than large firms: a 1 unit change in policy certainty increases the probability of SME export by 66% and the propensity (here defined as share of export in total sales) by 53% for SMEs, versus 62% and 42%, respectively, for all firms. Thus, some trade facilitation measures may be more beneficial to small firms than large firms, and most should at least benefit small and large firms equally.

MSMEs stand to gain more from an improvement in the overall trade facilitation environment due to the reduced costs to trade. Several studies have shown that SME trade increased on both the intensive and extensive margins (box 3) after the introduction of trade facilitation initiatives. On the extensive margin, when fixed costs to export decrease, less productive firms, which are often MSMEs, start to export. Large firms, on the other hand, are more productive and more likely to already be trading. Thus, while large firms may benefit along the intensive margin (increased trade volume), MSMEs benefit along both.

Studies confirm that MSMEs should be primary beneficiaries of trade facilitation reform; therefore, there are clear implications for the Alliance’s work. The Alliance needs to ensure that it is designing and implementing projects in an MSME-sensitive way. The challenges facing MSMEs can be different to those for large firms. As such, it is essential that MSME concerns are heard and considered in public-private dialogues and other fora. To this end, the Alliance has committed to mainstreaming MSME considerations into its project lifecycle. The following section will expand on this approach and highlight best practices being used in the trade facilitation community.

Box 3: Extensive and intensive margins of trade

**Extensive margin:** The extensive margin of trade refers to trade growth through entry into new trading relationships. In the context of SMEs this means the number of new firms that start exporting. It is sometimes also defined as the number of new products that firms begin to export (“product extensive margin”) or the number of new export destinations.

**Intensive margin:** The intensive margin of trade refers to trade growth through existing trading relationships. In the context of SMEs, this means the number of exports per exporting firm.

Sources: These definitions were informed by Amurgo-Pacheco & Pierola, 2008; Fontagne, Orefice & Piermartini, 2017; Li, & Wilson, 2009.
THE ALLIANCE APPROACH

Recognising that MSMEs should benefit from its work supporting countries in implementing the TFA, the Alliance has crafted a vision for how best to collaborate with MSMEs. The Alliance seeks to ensure that its work positively benefits these smaller businesses, allowing them to grow their trade participation and contribute to sustainable economic growth in their communities.

To deliver on this approach, the Alliance strategy is to undertake MSME-sensitive project design and implementation. The Alliance undertook a review of best practices conducted by other trade and development organisations to inform its own approach. The result is a guidance document for Alliance staff outlining specific actions to take at each step in the project lifecycle, outlined in figure 2.

The approach outlined in the MSME Mainstreaming Guidelines follows a five-step process. First, we identify MSMEs to engage and consult with, and do so early and often. Alliance projects provide a platform for the public and private sector stakeholders to co-create or participate in projects on an equal footing. As such, the Alliance is uniquely positioned to ensure the representation of MSMEs in public-private dialogues (PPDs). Alliance projects are already championed by large multinational corporations and going forward the Alliance will also seek to build a local MSME advisory group.

Second, the Alliance uses this engagement with MSMEs to understand their situation in the country and industries of relevance: who is trading, what they are trading, and how they are trading. Project teams focus on identifying MSMEs’ specific international trade challenges during project scoping so that projects can be designed to address these challenges. Third, the Alliance uses the information gathered during meetings, dialogues, and workshops to analyse and identify the project’s impact on MSMEs. Specifically, the project team determines whether MSMEs can benefit from the project to the same extent as large firms.

Fourth, the assessment completed in step three allows the project to be designed with MSME-specific activities in the project plan and logical frameworks, and to include indicators that measure the expected impact. Finally, the team seeks to implement the MSME project activities while also monitoring and measuring the outputs and outcomes. Where possible, any quantitative savings in time and cost measured by the Total Transit and Logistics Cost (TTLC) methodology are disaggregated by enterprise size to directly measure the benefit for small firms.

Throughout the implementation of this approach, best practice suggests that three targeted actions must be taken across all projects. First, project teams should consistently engage with the local MSME advisory group and MSME associations across all project stages. Second, the teams should build awareness-raising campaigns for MSMEs to communicate to them the trade reforms taking place. Thirdly, any end-user systems should be built with MSME needs in mind. For example, the systems should use non-technical explanations, be available in local languages, and incorporate user-friendly assistance or help features.

Implementing this approach will not only enable the Alliance to make an impact for MSMEs and their communities, but it will also allow the Alliance to collect additional data and best practices on MSMEs and trade facilitation. In areas where there is a lack of data on the trade barriers confronting MSMEs, the Alliance will seek to fill that data gap and share its findings with the trade community. It is the Alliance’s goal that by sharing its data, best practices, and lessons learned, other trade practitioners will similarly be able to prioritise MSME mainstreaming.

Figure 2: Overview of the Alliance’s MSME Mainstreaming Guidelines

<table>
<thead>
<tr>
<th>CONCEPT NOTE PHASE</th>
<th>PROJECT PROPOSAL PHASE</th>
<th>PROJECT IMPLEMENTATION PHASE</th>
<th>PROJECT COMPLETION PHASE</th>
</tr>
</thead>
<tbody>
<tr>
<td>STAKEHOLDER MAPPING IS INCLUSIVE OF MSMEs</td>
<td>ENGAGE AND CONSULT WITH MSMEs</td>
<td>DEFINE IMPACT OF THE PROJECTS ON MSMEs</td>
<td>IMPLEMENTATION OF MSME COMPONENTS, IF APPLICABLE</td>
</tr>
<tr>
<td>ANALYSE MSME SITUATION AND RANK PROJECT CONCEPTS</td>
<td></td>
<td>DEVELOP PROJECT MSME ACTIVITIES, AS APPROPRIATE</td>
<td>COLLECTION OF BASELINE MSME DATA IN TTLC OR ENTERPRISE SURVEY, AS APPROPRIATE</td>
</tr>
<tr>
<td></td>
<td></td>
<td>DEVELOP MSME INDICATORS, AS APPROPRIATE</td>
<td>IMPLEMENTATION OF MSME COMPONENTS, IF APPLICABLE</td>
</tr>
<tr>
<td></td>
<td></td>
<td>COLLECTION OF BASELINE MSME DATA IN TTLC OR ENTERPRISE SURVEY, AS APPROPRIATE</td>
<td>MONITORING OF MSME INDICATORS AND RESULTS REPORTING</td>
</tr>
</tbody>
</table>

GLOBAL ALLIANCE FOR TRADE FACILITATION

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While the Alliance only began to systematically MSME sensitise its operations last year, there are early signs of progress that can be highlighted and shared. These good practices have informed the MSME mainstreaming guidelines and present an opportunity for more systematic replication across Alliance projects.

Alliance project teams play a key role in facilitating co-creation through PPDs, thereby enabling the public and private sectors to have an equal voice in project design and implementation. To date, several Alliance projects have ensured that MSMEs are also given an equal opportunity to contribute to PPDs and project design. For example, the Centre for Excellence project in Colombia is focused on implementing advanced rulings for automobile industry imports, facilitating adoption of best practices, and serving as a link between the public and private sectors. SMEs represent an important source of suppliers and auto part manufacturers for the industry, but before the project they were not highly engaged with the Colombian customs agency (DIAN). The Alliance invited SMEs to join the project working group to help shape the project. This has led to the creation of a stronger working relationship between DIAN and the SMEs, ensuring that they can and will benefit from the implementation of the Centre and other trade facilitation initiatives.

The Alliance also has provided a platform for clearing agents in Malawi and Zambia, most of them MSMEs, to establish dialogue and a path to reform with the government. Inviting MSMEs to the table has led to the creation of a new clearing agent licensing framework that works for MSMEs who use clearing agents and those who are established to provide clearing agent services. In Zambia it has also led to discussion of creating an apex association to represent the clearing agents under one banner, thereby unifying the voice of clearing-agent MSMEs for future public-private dialogues.

Moreover, the Alliance has seen success in engaging with MSMEs through associations and chambers of commerce. Almost half of the working days the Alliance recorded as in-kind contributions from the private sector between the first quarter of 2018 and the final quarter of 2019 were from associations, and most of these represented MSMEs. For example, 99% of the membership of ICC Colombia, the Colombian national committee of the International Chamber of Commerce (ICC), are MSMEs. The strong relationship between the ICC headquarters in Paris, an Alliance host organisation, and its national committees in each country, has enabled the Alliance to successfully ensure not only private sector but small business representation in project design and implementation.

In addition, several Alliance projects have incorporated project actions that directly target MSMEs. For example, the Authorized Economic Operator (AEO) project in Latin America and the Caribbean recognised that the majority of AEO-certified companies are large businesses. As a result, the project includes specific dissemination activities to reach MSMEs in the region and explain the benefits, costs, and requirements to obtain AEO certification, as well as available resources and tools. In December 2019, the Alliance held a workshop with 259 MSMEs, women-owned businesses, and AEO Customs officials from 11 different countries to foster dialogue and share this information. This is an important measure to provide equal opportunity for MSMEs to benefit from the project.

The Alliance team in Senegal has also successfully designed an MSME-sensitive project. The project seeks to automate and digitise the import process for agro-industrial products, a sector with a high proportion of MSMEs. Upon operationalising the new digital tools, the project will train MSMEs to use the new automated procedures in a manner specifically aligned to their needs.

Another area where the Alliance has taken MSME-sensitive action is through measurement. The Alliance’s TTLC methodology, which collects data on direct and indirect time and costs of trade, is MSME sensitive. It recognises that large and small companies face particular challenges in the supply chain and seeks to capture these disparities by ensuring that “at least one-third of importing/exporting companies included in the sample are large, one-third are small and medium, and the remaining one-third is determined by the structure of the economy in line with the share of GDP (gross domestic product) by company size.” Other tools such as the Alliance in-kind and PPD trackers also collect information on engagement with MSMEs allowing the Alliance to track its progress over time.
To appropriately mainstream MSME considerations into the cycles of project design, implementation, and closure requires a certain structure and resources. The Alliance has analysed the approaches used by other trade development organisations and the findings have led to the building of new processes and resources that allow the Alliance to effectively implement MSME-sensitive operations.

**Customised tools:** Following the best practices of other organisations, the Alliance has developed built-for-purpose tools for project teams to implement an MSME-conscious approach. The primary tool, the MSME Mainstreaming Guidelines, includes key guidance at each project stage. A secondary tool looking at the TFA through an MSME lens dives deeper into specific project actions that can be taken when implementing the TFA.

**Growing the knowledge base:** When staff have a strong understanding of MSME challenges and the relevance to their work, they are better able to address those needs. Many Alliance staff have previously worked on MSME-targeted projects where these smaller businesses are the primary beneficiaries. Continuous knowledge sharing of new research, data, and best practices and regular knowledge exchange sessions allow staff to hone their knowledge.

**Leveraging partnerships:** It can be challenging for development actors to build relationships with MSMEs who often have little available time and may not have a strong understanding of the value of trade facilitation reform work. The Alliance has been successful in leveraging its network to locate and attract MSMEs to join PPDs. The primary avenue has been through ICC national committees and its network of chambers of commerce, which are regarded as trusted liaisons with the local MSME community. In addition, the Alliance leverages the network of its global business partners to reach their local suppliers and clients. It has also built strong relationships with local chapters of associations such as the Organization of Women in International Trade (OWIT), whose members are mainly from MSMEs. Furthermore, research revealed that organisations can identify MSMEs for engagement by consulting the list of AEOs or “Trusted Traders” operating in the country or leveraging export promotion agencies focused on servicing MSME needs.

**Making it easy to engage:** In addition to having limited time and resources to dedicate to consultations, MSMEs are often located outside major cities, making it difficult to include them in person consultations. It is important that organisations like the Alliance engage in the most straightforward and flexible way possible, using technology to connect with MSMEs or scheduling engagements at convenient times and places. The Alliance’s MSME mainstreaming guidelines consider that there is not a one-size-fits-all solution and that MSMEs engagement should be determined by each country context. It is also beneficial to provide incentives to the MSMEs to join by offering, for example, networking or training opportunities. MSMEs are also more likely to use customs brokers or other service providers to handle their cross-border trade. In such cases, MSMEs may not have the same understanding of trade facilitation challenges as large firms, and it may be necessary to provide training to bring them to a level where they are able to meaningfully contribute to public-private dialogues.
Implementing, and Deepening Our Understanding

This paper has reviewed the MSME mainstreaming approach of the Alliance that will allow it to deliver on the Alliance’s MSME vision, which sees them benefitting from trade reform and thereby contributing to inclusive, sustainable economic growth.

It has further summarized the knowledge and best practices that were gathered while conducting research on MSME mainstreaming and shared some early results of Alliance efforts to sensitise its operations to MSME needs.

The next frontier of the Alliance’s MSME work will focus on full implementation of the MSME mainstreaming approach, measuring impact on these smaller businesses and collecting knowledge that will allow the Alliance to better ensure that they benefit from its projects.

The aim now should be to bring MSMEs deeper into the process of trade facilitation reform and find ways to give them a voice in multilateral forums. The Alliance can be a pioneer in not only inviting greater MSME participation in our working groups for the design and implementation of our projects, but we could also strive to ensure they are better represented in our own governance structures.

WHAT’S NEXT?

Implementing, and Deepening Our Understanding

In 2021 the Alliance will formally implement the MSME Mainstreaming Guidelines and roll out additional tools such as the MSME analysis of the TFA. It will conduct training on the key tools with staff and review the need for additional resources to successfully implement the approach.

An important element of implementation is measuring the Alliance’s impact on MSMEs. As additional projects close in 2021, the Alliance will measure how project benefits, such as time and cost reduction, accrue separately to small and large firms. The Alliance will also seek to measure the indirect impact of projects on MSMEs by determining whether, for example, there is any change in the intention of MSMEs to trade internationally, to expand operations, or to grow employment.

Through its mainstreaming and targeted MSME activities, the Alliance will continue to gather data on the nexus between MSMEs and trade facilitation. Its project mainstreaming activities will provide opportunities for data collection on MSME challenges and priorities for trade reform. Furthermore, the Alliance will also implement some targeted data collection activities that will help improve its understanding of MSMEs in areas such as e-commerce. The Alliance looks forward to sharing additional knowledge and best practices with the trade community as it becomes available.
ENDNOTES

1. WTO, 2015.
2. Organisation for Economic Co-operation and Development.
4. Ibid.
5. Ibid.
7. Ibid.
15. Li, & Wilson, 2009.
18. These definitions were informed by Amurgo-Pacheco & Pierola, 2008; Fontagne, Orefice & Piermartini, 2017; Li, & Wilson, 2009.
19. Logical frameworks, or logframes, are a project management tool to define a project’s goal, activities, and anticipated results.
20. The Total Transport and Logistics Costs (TTLC) methodology measures the total cost of transport and logistics involved in cross-border trade. It is the only methodology for measuring supply chain performance that combines direct costs of trade with all the indirect costs (e.g., inventory, storage, theft, demurrage) that traders bear due to delays and unpredictability at borders. By estimating the time and costs incurred in completing each step of the import and export supply chains, the TTLC can be used as a baseline tool to identify bottlenecks, estimate the potential returns of trade facilitation reforms, and assess the true impact of trade facilitation reforms on business. See Global Alliance for Trade Facilitation (2020). Total Transport and Logistics Cost (TTLC). Methodological Note, Version 1.0, January.
21. This is generally the case if the TTLC is deployed as a diagnostic tool. In the case of impact assessment targeted at a particular sector, the share of companies of different sizes may be different, as the selection of respondents will be primarily dependent on the profile of companies that constitute the analysed sector. See Global Alliance for Trade Facilitation (2020). Total Transport and Logistics Cost (TTLC). Methodological Note, Version 1.0, January.
22. The Alliance PPD tracker records the number of public-private dialogues and certain otherwise unidentifiable information about the attendees. The Alliance in-kind tracker records the contributions provided in-kind by the private sector to support Alliance activities, such as working hours or contribution of methodologies.
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Han, H., & Piermartini, R. (2016). Trade facilitation does benefit SMEs. WTO staff working paper.


