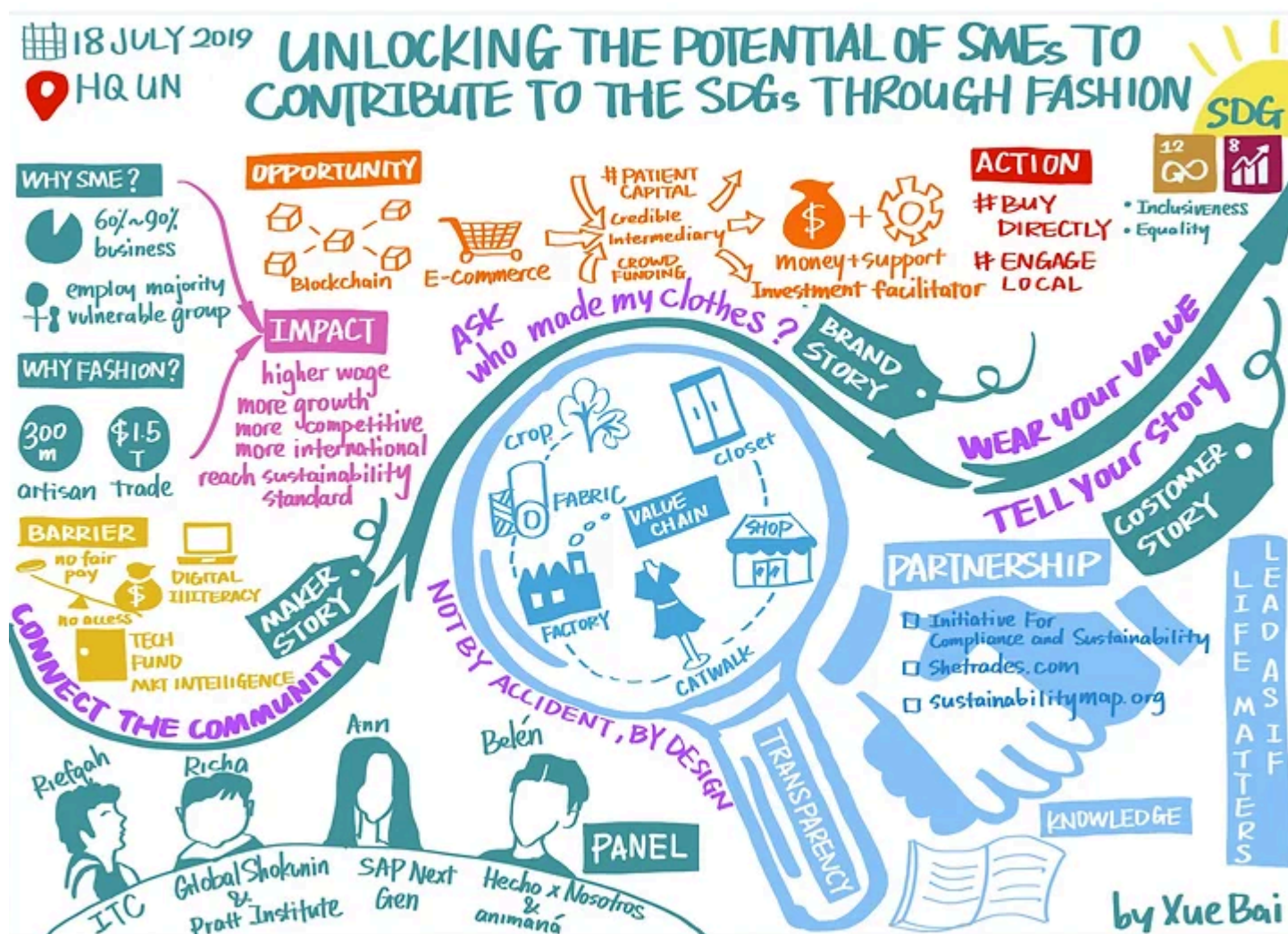


Side event at UN: Unlocking the potential of MSMEs to contribute to the SDGs through fashion



HechoXNosotros (HXN) and its sister social enterprise, animaná, in association with Global Shokunin, an online aggregator of small women owned artisan co-ops promoting market access, co-hosted a roundtable forum to discuss the potential of micro, small, and medium enterprises (MSMEs) and technology in achieving the Sustainable Development Goals 2030 through the fashion industry. The event was organized on the sidelines of the 2019 High Level Political Forum on Sustainable Development (HLPF) and featured guest speakers:

Maria Belen Pappolla, animaná and HXN representative to the UN on behalf of Adriana Marina, Founder of HXN and animaná.

Richa Agarwal, Founder of Global Shokunin and visiting Associate Professor, Pratt Institute

Riefqah Jappie, International Trade Commission (ITC) representative to the UN

Ann Rosenberg, SVP SAP Next-Gen.

Initiating the discussion, Maria Belen spoke about the work of HXN and animaná. She described the technical and institutional challenges that HXN and animaná have identified through their work with artisans across various stages of the camelid fiber supply chain. This introduced the focus of the discussion around unlocking the SDGs through the empowerment of local communities and transparency across supply chains.

“Fashion is crop to catwalk to closet, so let’s take a look at the closet” Riefqah Jappie.

The overarching theme was the responsibility that we all share for the current state of the fashion industry; our own choices and behavior can have a huge impact on its future. It is important to evaluate our own choices in fashion, be curious about where our clothes are coming from, and demand more transparency from brands.

The passionate and insightful contribution from speakers and participants led the conversation to the following takeaways centered around MSME’s and technology’s potential in unlocking the SDGs through the fashion industry.

1. About MSMEs

“When was the last time that I bought from a MSME and do I know where this [clothing item] came from?” Ann Rosenberg

“Small businesses are not driven by shareholder value and share value, they are driven by creating value and developing their communities.” Riefqah Jappie

Riefqah Jappie powerfully stated that 60 to 90% of all businesses across countries are MSMEs and they employ mainly vulnerable populations, including women. Therefore, if poverty is to be eradicated, we need to make sure that small companies are growing and they can compete internationally which will lead to better wages, better livelihoods and local community development.

- Through its work, HxN has identified challenges and barriers to artisan’s sustainable model such as geographical isolation, a lack of connectivity and the absence of requisite institutional or social financial support in a high entry cost and low margin environment which gives way to and skill enhancement opportunity. This is where HxN and animaná have made an impact through working directly with the Andean community of weavers and artisans and enriching their potential by giving local artisans training and therefore bridging the gap to global markets.
- MSMEs are a lot more adaptable and have a higher incentive and potential to innovate. For larger corporations, it’s difficult to go in and change their huge supply chain, MSMEs can do this quickly.
- Buy directly from producers where available but when in doubt: #whomademyclothes?; thegoodtrade; She Trades Initiative and Initiative for Compliance and Sustainability are just a few platforms that arm responsible consumers with information on the story behind a product.
- Partnering with local co-ops that engage directly with the community is an effective way to reach MSMEs in foreign countries. animaná is a successful example of a medium enterprise which connected to other micro enterprises to create a sustainable and fair supply chain by empowering the artisans, helping maintain their sustainable traditions while at the same time giving consumers access to traceability of their clothing. Multilateral organizations like ITC have also nurtured avenues of resources like the “SME competitive outlook” and sustainabilitymap.org that provide voluntary sustainability measures for firms of any size and industry to participate in and also to connect with other business partners.

- There is a need for industry and region-specific investment facilitating bodies that can work with financial institutions and venture capitalists in channeling the allocation of funds to the appropriate SMEs which mushroom in isolation.

2. About Technology

“Four years ago, we had a breaking point in the world where we can do anything with technology, there is no restriction the only restriction is your imagination and identifying what you want to do.” Ann Rosenberg

“The number of women trading by ecommerce doubles versus traditional trading. Technology has a huge potential to unlock the SDGs” Riefqah Jappie

Technology has immense potential to lead the way by helping to strengthen the value chain of fashion industry. Blockchain technology, a repository of value additions along the product creation path, can ensure traceability of value chains to generate inclusive growth and improve customers’ choice of ethical fashion. Likewise, technology has the potential to democratize international trade and markets for MSMEs.

- Richa Agarwal elaborated on the established profit models in the artisan supply chain with 90% of profits is concentrated at the retail end, leaving an inequitable share for the local artisans and craftsmen mostly concentrated in the global south. These regional communities and groups possess a legacy of indigenous and organic artwork that needs to be treasured and cared for. Community projects should address the lack of education and connectivity that hinders the implementation of technological solutions and in doing so should respect the community's time- honored way of life and society.
- A focus on community projects is needed, Belen Pappolla described the efforts that Adriana Marina has led through HXN and animaná, and talked about its current attempt to use technology to give access to training to more artisans through a digital platform through which they can access micro-accreditations. The platform would join content expertise, market networking and access to coaching. This has a huge potential to lead to a higher access to global standards and markets and promote the development of these local communities.
- Leveraging the use of Information Technology has increasingly proven to be an effective tool in cutting through biases of gender and race discrimination in the allotment of venture capital funds. Richa Argawal shared that only 1% of venture capital funds go to enterprises owned by people of color in general and only 0.0006% to women of color. Leveraging technology can leapfrog these issues, sources of alternative finance such as crowdfunding can give access to funds to marginalized sections of society and platforms can help a MSME create a direct relationship with potential customers without the need to depend on international supply chains.
- Using blockchain, manufacturers and designers can protect their brands against counterfeiting. For each fashion item, its origin and ownership could potentially be tracked all the way up to its source.
- The fashion and textile ecosystem including brands and vendors have harnessed the connectivity and support infrastructure of SAP which has synergized the collaborative spirit of corporations, startups, academics and research into helping each other innovate solutions for a 2030 sustainable world. This symbiotic environment in which start ups and social enterprises operate have a significant role to play in terms of reach and impact needs endorsement of fashion icons, investment of capital and intellect and a guided roadmap from its infancy stage to accelerated maturity, which hasn't happened yet.

We thank the panelists and audience for their encouraging and thought-provoking discussions and participation. The event was an opportune moment when we pause and reflect on our achievements and failures in meeting the sustainable development goals and beseech the international community to seek out constructive measures that allow us to set course for in the remaining time. We need to recognize that for a

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