



UNITED ARAB EMIRATES
MINISTRY OF ECONOMY



دائرة التنمية الاقتصادية
DEPARTMENT OF ECONOMIC DEVELOPMENT



13th WTO MINISTERIAL
CONFERENCE
ABU DHABI - UAE

2024

Fostering Resilience and Inclusivity: The Role of Strategic Philanthropy in Global Trade

Engaging Strategic Philanthropy
in Global Trade Dialogues



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February 2024



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Foreword

International trade has always been a foundational pillar for global economic prosperity, fostering avenues for development, innovation, and cultural connectivity. Today, however, the landscape of global commerce finds itself at a crossroads. Confronted with deep-seated challenges such as inequity, environmental degradation, and a pronounced lack of inclusivity, the need to identify transformative solutions has never been more pressing. Amidst this backdrop of multifaceted global crises that touch upon every facet of trade, commerce, and environmental sustainability, this white paper makes the case for the deeper engagement of global philanthropy within global trade discussions. Although they have traditionally been viewed as separate spheres, there are several compelling reasons for exploring a closer integration of philanthropy in the context of international trade, especially in the face of the emerging polycrisis that confronts the world. Among other things, this paper examines the potential for philanthropy to boost inclusion by helping to engage the Global South and less developed

economies/Global Majority more meaningfully in trade discussions, streamline trade processes, catalyze the development of trade-related infrastructure, contribute to resilience, and take targeted action to address other challenges in the global economy. As we stand witness to paradigmatic shifts across industries, deepening the role of strategic philanthropy in the trade sector presents an unprecedented opportunity. This white paper therefore calls for a redefined partnership between philanthropy and trade, with the goal of constructing an evolved ecosystem that is not only more representative of diverse interests, but is also geared toward fostering long-term resilience and sustainability. As we navigate the complexities of the contemporary trade landscape, the integration of philanthropic insight and capital into trade discussions is not merely beneficial—it is indispensable. With the path to a more equitable, sustainable, and inclusive global trade environment within reach, despite the many challenges that we face, the time has come for a more collaborative and innovative approach that bridges the gap between these two pivotal sectors.

Badr Jafar

CEO, Crescent Enterprises

COP28 Special Representative
for Business & Philanthropy

Introduction

International trade has long been a cornerstone of global economic growth, offering opportunities for development, innovation, and cultural exchange. However, at the same time as Ministers from across the globe converge in Abu Dhabi in the last week of February 2024 to meet for the World Trade Organization's (WTO)'s 13th Ministerial Conference (WTO MC13), the current international trade landscape is rife with challenges both old and new, systemic and topical, including inequity, governance, environmental concerns, and a lack of inclusivity. This position paper argues the scale and nature of challenges are far too considerable and complex to be a burden borne by WTO member governments (and aspiring WTO accession applicants) alone, and that a greater role for philanthropy is not only warranted, but essential. There are many reasons why it is essential: at a minimum, some of the most important successes of philanthropy, particularly in tackling poverty (an ongoing global effort) and contributing to the United Nations (UN) Sustainable Development Goals (SDGs) achievements may be at risk of reversal, should some of the challenges of international trade remain unresolved or only partly addressed.

Indeed, as world governments meet in the United Arab Emirates (UAE) in 2024 and beyond to tackle these intricately complex challenges, this paper argues that the vital inclusion of the philanthropy sector in the larger conversation on international trade, especially focusing on how philanthropy can contribute to advancing awareness and know-how, streamlining trade processes, addressing trade infrastructure challenges, enhancing impacts and fostering greater inclusivity is a necessary criterion for facilitating an accelerated approach to unbundling these complex challenges. Particularly, in light of the current global polycrises we are facing with their effects on trade, commerce, the environment and, in turn, the effects on the global economy, it is crucial to examine the ways and means in which philanthropy and philanthropic capital can be deployed or better focused so as to contribute to mitigating some of the immediate and more long-term effects of these crises.

Furthermore, with tensions rising amidst serious and persisting geopolitical unrest—most of which has had direct and possibly long-term impacts on international trade, the global economy and exacerbation of pre-existing inequities—there is the larger question of how the Global South and less developed economies/Global Majority may be more meaningfully engaged. Determining the way forward needs to be sufficiently inclusive so as to avert new inequities. Meaningful engagement by all its sectors—public, private and non-profit—is a prerequisite to progress and a hedge to falling backwards from gains previously achieved by the global community.

A future era has already begun, where new regional and global powers are emerging with legitimate interests and valid concerns that cannot be overlooked, where new non-state economic actors are rising (especially in the technology space) with disproportionate global influence that is testing the limits and adequacy of existing governance frameworks both locally and globally, yet that also deserve the space to innovate and continue to improve the human condition.

If the global lessons of past phases of progress in the conduct and management of international trade that led to the WTO are to be built upon, then it is mandatory to augment the work of governments and traditional players with greater inclusion of the voices of the philanthropic sector worldwide and the capabilities they may deploy, certainly more than was the case when the WTO itself was established nearly 30 years ago by a core group of countries from the North. Towards that end, the role of philanthropy in helping to address some of the rising challenges in the global economy and trade system is arguably more critical than it has ever been.

A Call to Action

This white paper calls for the greater engagement of strategic philanthropy in the next phase of global work on international trade policy and governance, across several key topics. The aim of this white paper is to therefore explore the role of strategic philanthropy in streamlining trade processes, enhancing impact, expanding inclusivity and building resilience within the global trade ecosystem, such as through catalyzing investment in trade-related infrastructure, with a focus on more effectively engaging the Global South and less developed economies/Global Majority and leveraging philanthropic capital for progressive developmental advocacy and mitigation of the reversals of previous gains.

Key Questions

When we consider the role strategic philanthropy can play in advocacy and mitigation on a global level when it comes to international trade, it helps to take note of recurring themes (e.g. infrastructure, environment, sustainability, technology, etc.) and to more deeply examine the following questions:

- (1) How should philanthropic organizations and non-profits be involved in affecting policy decisions regarding the global governance of trade?
- (2) What role can philanthropy play in streamlining trade processes?
- (3) How can philanthropy best help address the global challenges affecting trade on the national and local levels, especially to catalyze investment in trade infrastructure and efficient manufacturing—key bottlenecks to international trade competitiveness for many developing economies?
- (4) How do we bring together these two seemingly unrelated sectors (international trade and philanthropy) to design more equitable, more inclusive, and more broadly representative practices, processes and rules as we imagine an evolving ecosystem?
- (5) What topics or sectors or challenges should philanthropic organizations look at first in order to be most impacting and, importantly, can fill a gap in the international trade space?
- (6) What are the experiences of philanthropies that have worked directly in the international trade space, both positive and negative, that may provide guidance for a new and deeper phase of philanthropic engagement and learning?

01

The Role of Strategic Philanthropy in Streamlining Trade Processes

- | | |
|-----|--|
| 1.1 | Enhancing Impact and Inclusivity |
| 1.2 | Building Resilience Through Investment in Manufacturing and Infrastructure |
| 1.3 | Philanthropic Capital in Advocacy and Mitigation |



Over the past decade, strategic philanthropy has become a significant and impacting contributor to global governance systems and development frameworks. From the UN's SDGs to the Paris Agreement (on climate change mitigation, adaptation and finance), institutionalized philanthropy has brought in a wide range of perspectives, mobilized resources, and leveraged collective civic action for the execution of scalable sustainable socio-economic and environmental solutions.

The growing role of strategic philanthropy in global governance is not only attributed to its global reach and its ability to connect the diverse eco-system players—including government, businesses, social enterprises and academic institutions—to collectively work towards the common good, but also the ambitious commitment to 'zero goals', whether it is the eradication of extreme poverty, disease eradication, or road deaths.¹ Even though overall philanthropic giving is considered

modest compared to official development assistance (ODA), sizable cross-border investments of philanthropy underscore the commitment to the advancement of the global public good. Figure One (below) shows that for the 20 largest philanthropic foundations, most philanthropic funds are actually cross-border investments, with the largest 10 cross border funders investing USD24 billion over 2016-2019. In addition, research has unearthed the 'networked' nature of philanthropy where its interconnectivity with diverse development stakeholders has created a global community of a sort.

¹ Kumar, R. (2019). *The business of changing the world: How billionaires, tech disrupters, and social entrepreneurs are transforming the global aid industry*. Beacon Press.

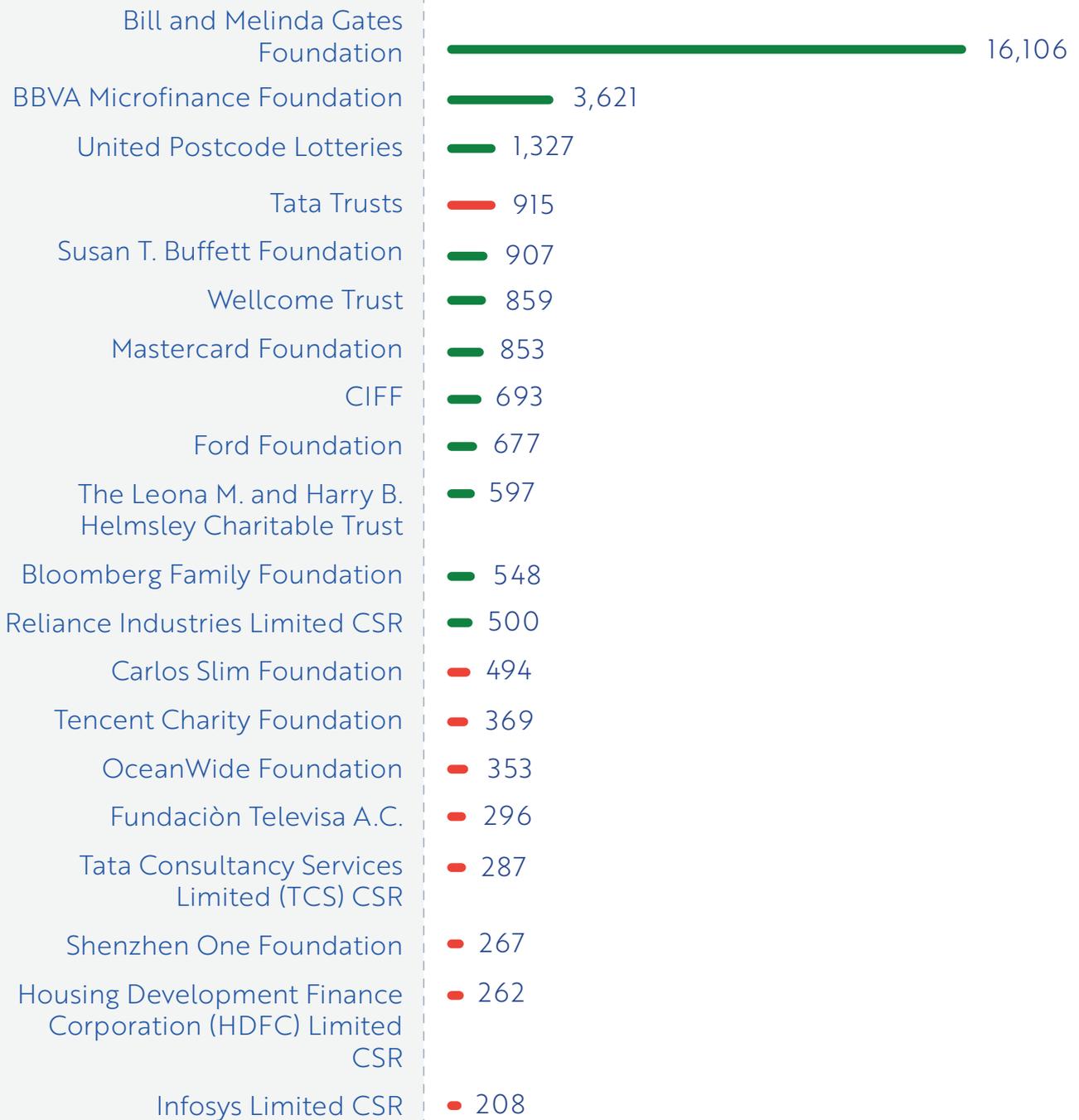
FIGURE

01

Philanthropic Funds for the 20 Largest Foundations (2016- 2019)

FLOW OF FUNDS (TOTAL USD MILLIONS)

● CROSS BORDER ● DOMESTIC



Source: OECD, 2021

The growing debt and inflation crises gripping countries in the Global South and less developed economies and its intersection with a climate crisis has a destabilizing effect on the global economy. Already, although some gains have been made, many economies in the Global South and less developed economies have not reaped very much of the potential scope benefits of global economic integration, resulting in the growing gap between economies and within them. The surge in trade restrictions over the past decade only serves to further dislocate the Global South and less developed economies from global trade and supply chains, and causing them to fall further behind. Confronting these challenges requires more international cooperation, not less; in parallel, it requires more instruments deployed along more pathways, not less. With growing disparities, harnessing the benefits of economic integration can only happen when the rules in the global trading system are more enabling for the equitable participation of the Global South and less developed economies. Philanthropy has already played a measurable and record-breaking role in areas as diverse as global health, access to drinking water, poverty and education—all areas that are the responsibilities of governments, but not always within the realm of their resource capabilities. There is no doubt that philanthropy can play a critical role in contributing to an improved international trade system, whether by helping to streamline trade processes to create a more equitable and inclusive international trading system or by examining better ways to bridge gaps where other actors have not been able to intervene.

There are different ways in which philanthropy can contribute to facilitating trade integration and helping reform global trade governance from an equity and social justice lens. By providing innovative financing, seed funding and de-risking investment for trade initiatives, philanthropy can stimulate local production and greater efficiency in manufacturing practices, support economic diversification, help unlock trade infrastructure bottlenecks through stimulating investment and leverage these interventions to ultimately advance a more competitive ability for participation of local economies in global trade and supply chains. By funding digital and trade infrastructure, philanthropy can develop more efficient supply chain and logistics solutions that can lead to reduced costs, faster delivery times, and more sustainable practices, ultimately benefiting both consumers and producers. Advocacy, mitigation and research are other equally important ways by which philanthropic organizations can address the distorting effects of trade restrictions and help reform the current trade policies towards sustainable development impact and inclusivity.

1.1.

Enhancing Impact and Inclusivity

Philanthropic organizations are uniquely positioned to identify and address the trade gaps that often leave marginalized communities behind. By investing in local enterprises and trade infrastructure, particularly in the Global South and less developed economies/Global Majority, philanthropy can empower local producers, helping ensure their products are better positioned to reach global markets. Philanthropy has been a long-standing supporter of the economic empowerment of disadvantaged social and demographic groups, such as women, youth and persons with disabilities (or persons of determination) to stimulate local economic activity. Investing in job training is another important contribution by philanthropic organizations to address trade gaps.

By equipping workers with the necessary skill sets that can advance worker mobility across sectors and occupations, philanthropy plays an important role in addressing the growing skills gap and the digital divide exacerbated due to rapid digitalization that has further excluded Global South economies, where the adoption of digital technology has been slow, but of greater concern, where the imbalance between digital consumption and digital production/creation is acute. Philanthropic support to training, capacity building, infrastructure development, digitalization and access to resources are important ways to make trade more inclusive and equitable.

1.2.

Building Resilience Through Investment in Manufacturing and Infrastructure

Strategic philanthropy has already played a pivotal but indirect role in building resilience within the trade ecosystem. By more directly supporting initiatives that promote sustainable practices in a trade-related context, providing social protection to disadvantaged communities, and supporting community resilience to economic and other shocks, philanthropic organizations can help mitigate trade fragmentation, the environmental impacts of trade, and disruptions to supply chains. Providing a safety net for workers and communities continues to be a top priority for philanthropic organizations globally. Mitigating the environmental impact of trade has notably involved the funding of projects focused on renewable energy, sustainable agriculture, and waste reduction, thereby contributing to a more resilient and sustainable trade environment.

With the current situation in global trade and the rise of protectionism, both direct (such as tariffs) and indirect (e.g. new or more stringent environmental regulations in the Global North—Technical Barriers to Trade TBTs) are altering trade patterns in ways that ultimately impact smaller producers who lack the efficiency, know-how or eco-friendly manufacturing processes of competitors in more advanced economies. Against a backdrop of serious geopolitical frictions, trade restrictions have magnified the adverse effects on developing economies, emerging markets, and smaller manufacturers—exposing less resilient actors to exclusion from global export market shares and, in many cases, to falling out of the international trade system altogether.

Despite its large asset base exceeding USD 1.5 trillion, global strategic philanthropy cannot singlehandedly be expected to make the scale of investments required across the globe in affected economies to help level the playing field: philanthropy is not an alternative to governmental investment, venture capital or private equity. It can, however, certainly act as a catalyst, working in partnership with governments and the private sector to help build greater resilience in manufacturing through co-investment in pathways to more competitive and greener manufacturing, especially in smaller export markets, that is compliant with fast-moving environmental requirements in large import markets. Philanthropy can do this through direct investment in raising awareness, know-how and skills development—especially among a sizable youth population in the Global South and less developed economies, co-investment with governments and the private sector in pilot projects (Public-Private-Partnerships) that can demonstrate scalable solutions to more competitive and greener manufacturing systems, identifying and co-investing in areas of trade infrastructure bottlenecks, thus lowering the risk to private investment—making such investments more attractive to consider and co-partner with. For instance, pilot investments in manufacturing that overlap with investments in infrastructure can be very strategically selected, so that a moderate investment can create jobs for women and youth while also adding a trade objective, thus allowing for a win-win-win outcome (see the Spotlight on the UAE’s The Big Heart Foundation).²

Philanthropy can also strengthen and lead advocacy campaigns that level the playing field for smaller economies and actors who, without an amplification of their voices, may not be heard by decision-makers in the North, where various obligations to support the transition in the Global South to comply with changing environmental standards remain unfulfilled.

SPOTLIGHT

The Big Heart Foundation (TBHF), a Sharjah-based global humanitarian organization dedicated to helping people in need worldwide, has made a philanthropic investment to establish the first readymade garment, RMG, factory, in Upper Egypt. The project, implemented by Egypt Network for Integrated Development, under the United Nations Development Programme (UNDP) has created direct jobs for women and youth, thereby enabling their social and workforce integration in Egypt, with the overarching objective of enabling the export of 100 percent Egyptian-made products to other countries. Indirect beneficiaries on the community-level are estimated to be over 2,130 which have benefited from enhanced access to basic services and livelihood opportunities.

² Johnson, P. (2018). Global philanthropy report: Perspectives on the global foundation sector. Cambridge: Harvard Kennedy School.

1.3.

Philanthropic Capital in Advocacy and Mitigation

With foundation assets and expenditures exceeding USD 1.5 trillion and USD 150 billion per annum, respectively,³ and an estimated USD 811 billion in total foundation and individual giving worldwide in 2022,⁴ the opportunity for re-focused investments and outsized impact is vast. Rising wealth levels and the growing voices for the social accountability of the wealthy (matched by the desire of the wealthy to help in effective ways) offers promise to expand the stream of private resources for development (Figures Two and Three) with a global pool of Ultra-High Net Worth (UHNW)⁵ individuals wealth stock amassing USD 41.8 trillion by mid-2022.

Philanthropic commitment to systemic change is increasingly driven by the understanding that complex issues require meaningful policy change. More philanthropic organizations are undertaking frontline advocacy for socio-economic causes powered by the

growing role of knowledge production and learning practices —indeed by looking at the Knowledge Economy dimension of economic analysis, the scope for strategic philanthropic impact on economic development is magnified.

As suggested, philanthropic capital can be a powerful tool for advocacy and mitigation in the international trade space. By leveraging their resources, philanthropic organizations can advocate for policy changes that promote fair and ethical trade practices⁶—thus multiplying the impact value of their giving. This includes lobbying for better labor standards, environmental protections, and more equitable trade agreements. Additionally, philanthropic funds can be used to mitigate the adverse effects of trade, such as environmental degradation and displacement of local industries and small, poorly-represented economic actors.

³ Ibid.

⁴ Desanlis, H. (2002). *Funding trends 2022: Climate change mitigation philanthropy*. The ClimateWorks Foundation. <https://www.climateworks.org/report/funding-trends2023-/>

⁵ Defined by the report as individuals with a net worth of 30\$ million +; Wealth-X. (2022). *World ultra wealth report 2022*. <https://altrata.com/reports/world-ultra-wealth-report-2022>

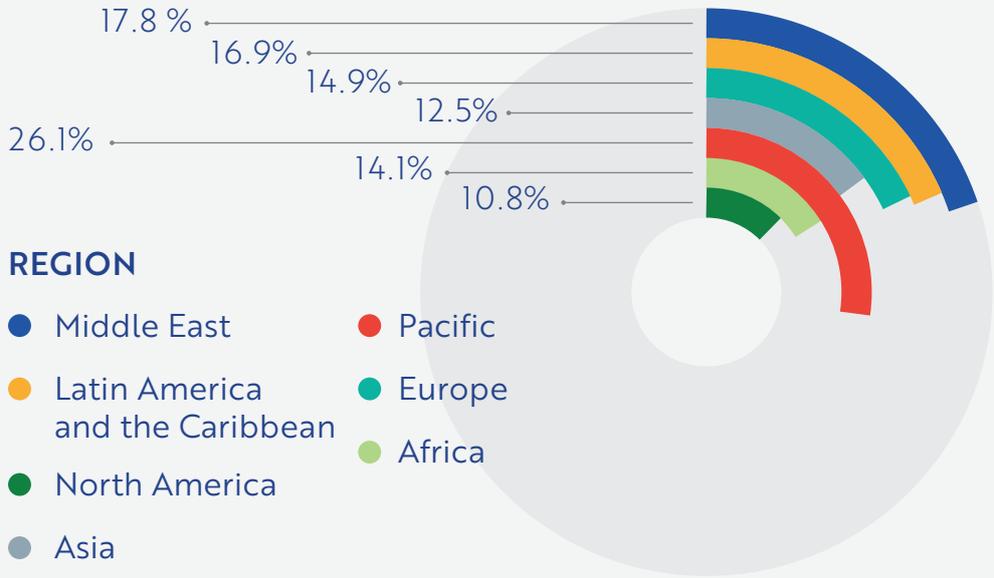
⁶ OECD (2021), *Private philanthropy for development – second edition: data for action, The Development Dimension*, OECD Publishing, Paris, <https://doi.org/10.1787/cdf37f1e-en>.

FIGURE

02

Change in the UHNW by Region

2021 YEAR-ON-YEAR CHANGE

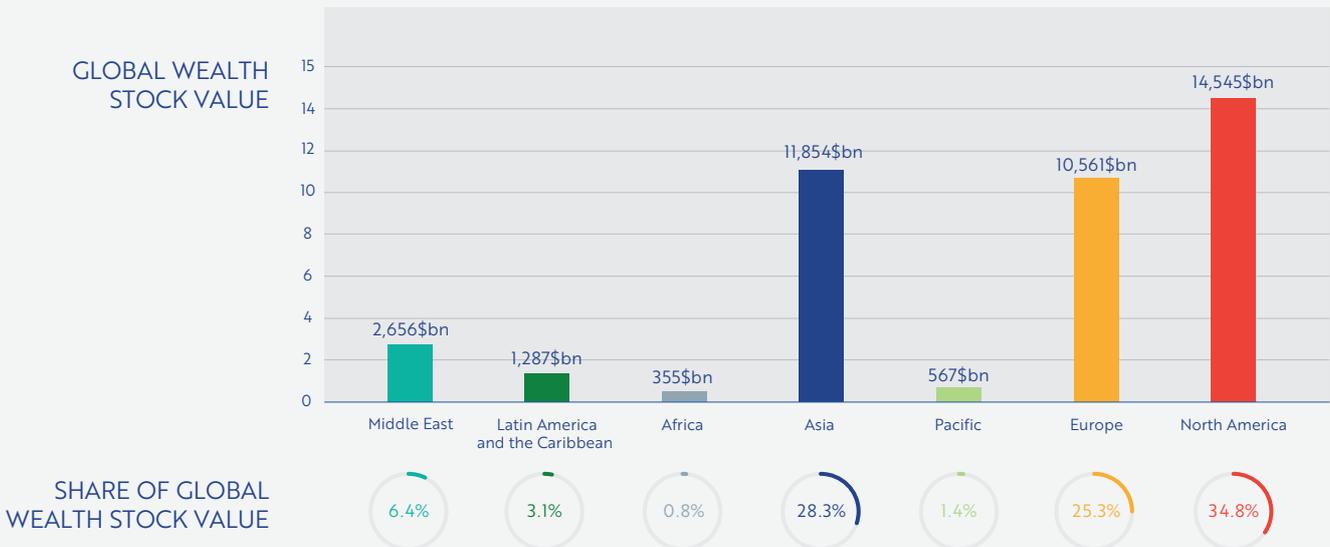


Source: Wealth-X, 2022.

FIGURE

03

Global UHNW by Region in 2022



Source: Wealth-X, 2022.

02

Engagement with the World Trade Organization (WTO)

2.1	Innovative Financing and Risk-Taking
2.2	Pilot Projects and Proof of Concept
2.3	Inclusivity and Equity
2.4	Sustainability and Environmental Impact
2.5	Policy Influence and Advocacy
2.6	Building Resilience and Crisis Response



The potential for engagement between the philanthropy sector and the WTO is significant. Philanthropic organizations can provide valuable insights and resources to the WTO directly, particularly in areas related to sustainable development and inclusivity. This collaboration can lead to more comprehensive trade policies that consider the needs of all stakeholders, including those in the Global South and less developed economies. On the other side, philanthropic organizations can also provide greater awareness of the WTO in the Global South and less developed economies and the opportunities its agreements are meant to provide (to its Members) by organizing workshops and awareness programs on the regional, national and local level that summarize and translate the basic opportunities for engaging in international trade to audiences who may not be sufficiently familiar or aware of how these agreements are meant to work for them.

Role of the Global South and Less Developed Economies/Global Majority

The Global South and less developed economies, or Global Majority, have a crucial role to play in leveraging philanthropic engagement to mitigate broader global shifts in trade. By actively seeking partnerships with philanthropic organizations, countries in the Global South and less developed economies can access resources and expertise that support their trade objectives. This includes developing specific infrastructure especially where trade-related bottlenecks stand in the way of unlocking considerable long-term

export potential, enhancing local industries, building human resource capacities, and promoting sustainable practices that align with global trade standards. Incorporating the philanthropy sector into trade policy discussions can only serve to offer expanded pathways and access to larger resource pools towards more streamlined, impactful, and inclusive trade practices. Philanthropic organizations bring unique perspectives, capabilities and expertise that can address many of the challenges currently facing global trade. Strategic collaboration between the philanthropy sector, trade bodies like the WTO and the Global South and less developed economies is essential for creating a more equitable and sustainable trade ecosystem. As the world continues to grapple with global shifts, the role of philanthropy in trade becomes increasingly important, providing a bridge between profit-driven objectives and social and environmental responsibility, which is increasingly becoming not just a key consideration among global partners, but, if left unaddressed, an obstacle to international trade.

The catalytic nature of philanthropic capital can profoundly influence the trade sector in several ways. Philanthropic capital, known for its flexibility and risk tolerance, can act as a catalyst for **change, innovation, and sustainable development** within the trade industry. Here are some ways how this can be achieved:

2.1.

Innovative Financing and Risk-Taking

Seed Funding for Innovation:

Philanthropic organizations can provide essential seed and co-seed funding for innovative trade initiatives where the social impact is measurable, particularly those that might be too risky or not immediately profitable for traditional investors. This can include investments in sustainable supply chain technologies, fair trade practices, or new models of the circular economy. A sizable industry in the Global North, but also gaining traction in the Global South and less developed economies, impact investing—using market-based tools to solve development problems—can unlock substantial resources towards trade impacting initiatives.

De-Risking Investments:

By investing in early-stage projects, philanthropic capital can de-risk ventures, attracting further investment from the private sector or government funding. This leverage effect can multiply the impact of the initial philanthropic investment. The scale-up and de-risking of trade-related interventions by philanthropies is enabled by the propensity of the sector to make results-oriented investments driven by research and an iterative programmatic design and execution. Focused pilot investments and co-investments (with government and the private sector) in specific areas of export-oriented manufacturing and trade-related infrastructure are very clear opportunities for de-risking the larger pools of private capital that may be hesitant to make the first move due to their overall approaches to calculating an overall investment risk.

SPOTLIGHT

The Tony Elumelu Foundation (TEF) is an African foundation, based in Africa, and focused on improving Africa's economic development potential. Considered a leader in the impact investing space in Africa, the foundation has geared its portfolio of investments towards early-stage business initiatives that have the potential to catalyze change and transfer innovation across Africa. By leveraging debt capital, equity, grant money, or a combination, the foundation has focused on supporting initiatives that will create jobs and provide services for people at the base of the economic pyramid—often a marginalized segment in traditional economic growth.⁷ Piloted in five African countries,⁸ BeGreen Africa is an initiative of the TEF that supports youth entrepreneurship in high-impact green sectors—through finance, training and mentoring—and builds evidence on the contribution of young African entrepreneurs to circular economies.

⁷ Global Impact Investing Network. (2011). Investor Spotlight: The Tony Elumelu Foundation. <https://thegiin.org/research/spotlight/investor-spotlight-the-tony-elumelu-foundation/>; Tony Elumelu Foundation website: <https://www.tonyelumelufoundation.org>

⁸ Kenya, Morocco, Nigeria, Senegal, and South Africa.

2.2.

Pilot Projects and Proof of Concept

Testing Grounds for New Ideas:

Philanthropy can fund pilot projects that test new ideas in trade, such as blockchain technology for transparent (and traceable) supply chains or eco-friendly shipping methods. Successful pilot projects can then be scaled up with the help of larger, more risk-averse funding sources. New technologies, like blockchain, Artificial Intelligence (AI) and Internet-of-Things (IoT) are already making headway as focus areas in the philanthropic sector. Philanthropies around the world are already innovatively applying these new technologies to address long-standing development challenges (See the Cardano Spotlight below). Some of the socially responsible applications of blockchain technology include cryptocurrency-giving, crisis relief, delivery of humanitarian assistance to refugees, transparent supply chains and other social causes.⁹ There are deep explorations into new applications of technology to philanthropic causes as well as reflection on their potential benefits and risks.¹⁰

⁹ Giving Compass. (2019). *Five examples of blockchain in charitable giving*. <https://givingcompass.org/article/blockchain-charitable-giving-examples>

¹⁰ Vogel, P. and Kurak, M. (2019, April). *Could blockchain revolutionize philanthropy?* IMD. <https://www.imd.org/research-knowledge/digital/articles/could-blockchain-revolutionize-philanthropy/>

Evidence-Based Practices:

By supporting research and data collection, philanthropic capital can help establish evidence-based practices in trade, influencing policy and industry standards. Foundations from the Global North and Global South and less developed economies alike are investing heavily in research and evidence-informed solutions to address diverse issues related to inclusive economic growth, such as environmental sustainability, socially responsible businesses, labor rights, and climate action. A growing body of research by affiliated researchers to the Abdul Latif Jameel Poverty Action Lab (J-Pal)¹¹ suggests that supply chains can play a critical role in global poverty reduction. As such, J-Pal has supported collaboratives and organizations that generate evidence on policies that facilitate access to markets and global value chains, effective policy levers for firm expansion, enhancing workers' well-being and the importance of large firms in generating employment.

SPOTLIGHT

Switzerland's Cardano Foundation's mission is to advance the public digital infrastructure for financial and social systems through the innovative applications of cryptocurrency and blockchain. With the United Nations High Commissioner for Refugees (UNHCR) identifying 14 protracted crises with chronic underfunding, the foundation is tackling the long-standing challenge of the cyclical humanitarian relief support. In response, the foundation created a charity stake pool "[With Refugees](#)" ([WRFGS](#)) with the UNHCR, which is a mechanism for providing ongoing support through ADA crypto coins to philanthropic organizations even when media coverage or public attention dims. In January 2024, INATBA, the International Association for Trusted Blockchain Applications, presented the Cardano Foundation, in partnership with Switzerland for UNHCR, with the award for Most Exciting Project in Sustainable Innovation. Most recently, [Cardano Foundation](#) is spearheading the application of cryptocurrency in the energy sector by partnering with Petrobras,¹² Brazil's state-owned oil company.

¹¹ Gao, Y. Hou, M. and Nasir, Rania. (2023, April 18). *J-PAL partners with the IFC and IGC to discuss global supply chains, sustainability, and research collaboration.* <https://www.povertyactionlab.org/blog/23-18-4/j-pal-partners-ifc-and-igc-discuss-global-supply-chains-sustainability-and-research>

¹² A Fortune 500 company and the largest corporation in Brazil and South America, recording revenues of 124.7\$ billion in 2022

2.3.

Inclusivity and Equity

Supporting Underrepresented Groups:

Dismantling structural inequalities and barriers that block the access of disadvantaged and marginalized communities to economic opportunities is a main undertaking of the philanthropic sector. Philanthropic funds can be directed towards supporting trade initiatives from under-represented groups, including small-scale farmers, women entrepreneurs, and indigenous communities, ensuring a more equitable trade landscape.

Global South/Global Majority Empowerment:

By investing in the trade capacities of countries in the Global South and less developed economies, philanthropy can help contribute towards balancing the disparities in global trade, fostering more equitable international relationships.

SPOTLIGHT

IKEA Retail and IKEA Foundation are committed to supporting the economic integration of refugees through its value chain and creating sustainable livelihood opportunities. Through on-the-job training and language skills initiatives in 300 stores and units in 30 countries, the initiative is helping refugees and their hosting communities improve their incomes and become more self-reliant. IKEA's partnership with the Jordan River Foundation aims to create sustainable livelihood opportunities for 400 refugee women, through co-creating and developing IKEA textile products produced by refugee and local women in Jordan to be sold by IKEA chain globally.

2.4.

Promoting Sustainable Practices

Promoting Sustainable Practices

With a growing emphasis on environmental sustainability, philanthropic capital can fund eco-friendly trade practices, helping to transition the industry towards a greener future. While philanthropic investment in climate action still remains modest, the consistent growth in climate change mitigation funding between 2019-2021 and its collaborative approach (see the Alliance of Socio-Environmental Funds of the Global South spotlight below) is promising—with the lion’s share of philanthropic investments going to clean electricity and sizable funding increases to reducing emissions from pollutants, as well as de-carbonizing transportation and industry. Philanthropic support to neglected sectors in climate action is another manner by which the sector can advance eco-friendly trade practices. One example is the increased funder interest to reduce the shipping sector’s growing emissions, with foundation giving to the sector more than tripling from 2018 reaching \$16 million in 2022.¹³

Advocacy for Environmental Standards

Philanthropic organizations can also advocate for and fund the development of environmental standards and certifications in trade, especially from an equity and justice lens, thus influencing global norms and practices. By reducing the costs of compliance and leveling the playing field for developing and low-income countries, philanthropy can ensure access to markets and opportunities are evenly distributed.

¹³ ClimateWorks Foundation. (2023). *In Sharp Reversal: Climate Giving Flat in 2022*. <https://www.climateworks.org/press-release/report-in-sharp-reversal-climate-giving-flat-in-2022>

SPOTLIGHT

Alliance of Socio-Environmental Funds of the Global South (Alianza Socioambiental Fondos del Sur) is an alliance of nine independent socio-environmental foundations from across the Global South that seeks to direct resources to local grassroots organizations that have legitimacy and representation in local communities and are working on the frontlines of the climate crisis. Inspired by an activist philanthropy model which has been growing, the alliance addresses socio-environmental issues in Latin America and Southeast Asia, and most recently in Africa. Each Alianza member is a nationally or regionally based entity dedicated to providing grants and other forms of support to local grassroots organizations proposing just and sustainable alternatives to unsustainable or harmful environmental practices. Their work focuses on effecting change with indigenous people and communities for the protection of communities' rights and ecosystems in different countries and regions of the Global South and less developed economies. By acting as connector and convenor, it acts as a bridge between large donors and local grassroots organizations making timely resources readily available to face the worst impacts of environmental devastation and support the most vulnerable populations in places where traditional philanthropic support does not usually reach.¹⁴

¹⁴ WINGS. (2024). *Lessons from climate funders on locally-led development assistance: Policy paper*. <https://wings.issuelab.org/resources/41903/41903.pdf>

2.5.

Policy Influence and Advocacy

Shaping Trade Policies

Philanthropy can play a role in shaping trade policies by funding research, advocacy groups and think-tanks that influence trade legislation and agreements. Advocacy to influence social systems and policy design is a growing area of focus in the philanthropic space. An Organisation for Economic Co-operation and Development (OECD) survey of philanthropic foundations¹⁵ shows that almost three quarters (74 percent) of philanthropic foundations engage in advocacy that aims to influence the public policy agenda and/or inform policy design.

Public-Private-Partnerships (PPPs)

By fostering partnerships between the public and private sectors, philanthropy can help align trade objectives with social and environmental goals. Trade-related infrastructure is another crucial area for PPPs with philanthropy.

SPOTLIGHT

Established in 2012, the Hinrich Foundation is an Asia-based philanthropic foundation dedicated to the advancement of a balanced and sustainable global trading system. It does this through two overlapping ways. First, it informs trade policy discussions and practices through the production and publication of original research and analysis that benefits policy-makers, media, business, and industry globally. Second, it helps contribute to a balanced and sustainable global trading system through the execution of education programs that build understanding and leadership in global trade. By partnering with universities and corporations across global value chains, the foundation is building a network of next-generation trade leaders that can advance sustainable global trade.

¹⁵ The survey was conducted on 205 philanthropic organizations in 32 countries.

2.6.

Building Resilience and Crisis Response

Emergency Funding

In times of crisis, such as natural disasters or economic downturns, philanthropic capital can provide emergency funding to stabilize trade sectors, particularly in vulnerable economies. A vivid example of this stabilizing role is philanthropic capital in response to the COVID pandemic. The loss of income and the disruption to livelihoods due to the COVID pandemic galvanized philanthropic organizations to ramp-up their giving through emergency funding and flexible support to local enterprises. In the Arab region, evidence is that the flexible funding practices of philanthropy during COVID crisis played a critical role in supporting civil society responsiveness to communities in need.¹⁶

Long-Term Resilience

Investments in infrastructure and community development can build long-term resilience in trade-dependent communities, making them more robust in the face of future challenges. The growing practice of trust-based philanthropy is at its core the long investments in the institutional capabilities of organizations to build and strengthen their resilience. It is the reimagination of the relationship of funders with the organizations they support and the communities through unrestricted grantmaking that meets the needs of communities through a bottom-up approach.¹⁷

¹⁶ Abou Shnief, H. (2022). *An enabling Arab civic space for resilience, growth and sustainability*. Arab Foundations Forum. <https://arabfoundationsforum.org/wp-content/uploads/03/2023/Enabling-Arab-civic-Space-T12C05.pdf>

¹⁷ Rush, A. (2022, March 16). *Trust-based philanthropy: a primer for donors*. National Philanthropic Trust. <https://www.nptrust.org/philanthropic-resources/philanthropist/trust-based-philanthropy-a-primer-for-donors/>

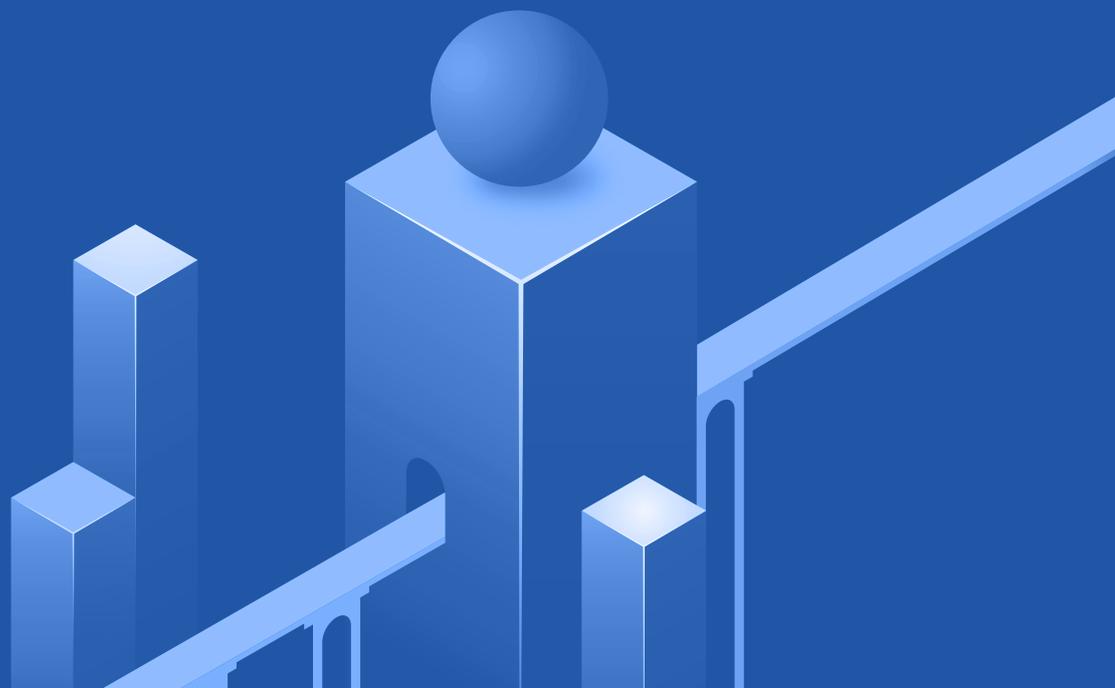
SPOTLIGHT

The Near East Foundation (NEF), is a US-based philanthropic organization operating across the Middle East, Africa and the Caucasus in order to realize more prosperous, inclusive and resilient communities. The foundation supports peacebuilding in communities affected by conflict by advancing economic sector development, economic reintegration and inclusion, and collaborative Natural Resource Management. In the West Bank, Israel, and Jordan where olive farming is a cornerstone of the local rural economy, NEF executed its Olive Oil Without Borders (OOWB) program that has promoted cross-border shared solutions to trade and export organic and premium olive oil. Evaluations from the West Bank and Israel showed enhanced trust-building between conflict-divided communities. In Lebanon, NEF has responded to the Beirut Port explosion in 2020 through a dedicated program to help individuals and businesses that have lost income due to the blast. Based on a mapping needs assessment, the program has supported small businesses to reopen, while supporting skilled home-based workers whose material and tools have been comprised by the blast. The intervention has helped bridge the funding gap between relief and recovery, when emergency relief funding falls sharply after a crisis.

03

The Role of Governments in Bridging Trade and Philanthropy

3.1	Facilitators of Dialogue
3.2	Policy Advocacy and Influence
3.3	Investment and Funding
3.4	Promoting Innovation and Technology
3.5	Capacity Building and Knowledge Sharing
3.6	Advocating for Inclusivity and Equity
3.7	Advancing Digital Transformation and Digital Infrastructure for Global South
3.8	Climate Adaptation for More Resilient Economies and Greater Access to Markets



The catalytic nature of philanthropic capital offers a unique and potent tool for driving meaningful and sustainable change in the trade sector. By leveraging its risk-tolerance, flexibility, and commitment to social good, philanthropic capital can not only stimulate innovation and inclusivity in trade but also ensure that trade practices contribute positively to global challenges such as sustainability and equity. As such, the strategic application of philanthropic funds in the trade sector has the potential to shape a more balanced and resilient global trade ecosystem.

Many philanthropies in the UAE have sought to make a difference across all areas of philanthropy including those with a socio-economic dimension, both within and outside of the UAE. In some cases, UAE philanthropies' own awareness of potential areas for intervention both topically and globally have been stimulated by the UAE government's own international support efforts and open communication with UAE-based philanthropies.

Governments around the world can therefore play a significant role to encourage the constructive engagement of strategic philanthropy and philanthropic organizations at WTO meetings where non-profits are considered partners in the trade policy discussions. Such discussions can further bridge the divide between the trade sector and philanthropy. This is particularly relevant, given the current global geopolitical realities and the roles that many concerned governments, including the UAE's government, have continuously played to both de-escalate various global tensions as well as to support solutions to challenges to international trade. Here are some of the key roles that governments can assume:

3.1.

Facilitators of Dialogue

Convening Powers

Governments can leverage their local and international standing in different regions and on different key topics to bring together leaders from the trade sector, philanthropic organizations, and policymakers to facilitate dialogue. This can be done through hosting conferences, roundtables, and high-level meetings that show policy support.

3.2.

Policy Advocacy and Public Relations Influence

Influencing Trade Policies

Governments can use their public relations powers to stimulate and channel the engagement of strategic philanthropy in international trade through various events and co-sponsorships. Member governments can also use their voices in the WTO to advocate for rules and policies that integrate philanthropic goals with trade objectives, such as sustainable development, equitable trade practices, and support for underdeveloped economies.

Investment and Funding through Regulatory Policies

Strategic Investments

Governments can leverage regulatory tools to stimulate private sector funds to allocate more towards projects that exemplify the integration of trade and philanthropy. This could include funding sustainable trade practices, supporting small and medium enterprises (SMEs) in developing countries, and investing in green technologies.

Public-Private-Partnerships

Encouraging public-private-partnerships that align trade goals with philanthropic objectives can be a key strategy. Some governments, including the UAE, have already taken meaningful steps towards playing a pivotal role in facilitating these partnerships, leveraging their robust private sectors, and while these partnership efforts should continue, more governments around the world should examine this approach.

Promoting Innovation and Technology

Technology as an Enabler

Governments can advocate for and invest in technological solutions that make trade more efficient, transparent, and sustainable. This includes blockchain for supply chains, AI for logistics, and green tech for sustainable practices.

Supporting Startups and Innovators

By providing a platform for startups and innovators, especially those focused on trade-related technologies, governments can foster a culture of innovation in the trade sector, especially when coordinated with philanthropic organizations.

Capacity Building and Knowledge Sharing

Capacity Building and Knowledge Sharing

Governments can support educational programs and capacity-building initiatives in developing countries to improve trade skills and knowledge.

Sharing Expertise

Focusing on leveraging the concept of the Knowledge Economy and the dissemination of know-how, governments worldwide can partner with philanthropic organizations to identify and share know-how on best practices in international trade that helped innovate solutions to complex financing challenges for trade-related infrastructure, risk mitigation for attracting export-oriented investment and novel regulatory practices which can accelerate learning curves for challenged economies.

Advocating for Inclusivity and Equity

Championing the Global South and Less Developed Economies

Governments can partner with philanthropic organizations to ensure that the interests of the Global South and less developed economies are represented in WTO discussions, helping to offer a platform for advocating for trade policies that are equitable and inclusive—a critical criterion for sustainable long-term global economic progress where even smaller voices are recognized.

Support for Marginalized Communities

Through jointly-sponsored philanthropic initiatives, governments can support trade-related projects that specifically aim to uplift marginalized communities, ensuring that the benefits of trade are more widely distributed and alleviating the burdens already shouldered by governments in smaller economies with budgetary constraints.

3.7.

Advancing Digital Transformation and Digital Infrastructure for Global South and Less Developed Economies

- The accelerated pace of digitalization and the dynamic growth of tech and data-driven ecosystems in the Global South and less developed economies is already underway. Technologies like AI and machine learning, and internet-based business models of delivering services and products increasingly offer vast opportunities for the Global South and less developed economies to capitalize on the opportunities in the global service trading system to achieve growth and inclusion and tackle the chronic challenge of unemployment among a sizable youth demographic.
- The global service trading system also offers viable pathways for inclusion that overcome long-standing challenges of market access, cross-border movements and limitations in export diversification in the Global South and less developed economies. In this context, philanthropic sector support to the transfer of tech know-how, investment in digital infrastructure, STEM¹⁸ education, and the up-skilling and re-skilling of youth for the future of work can enable a quantum leap in the contribution of Global South and less developed economies to global supply chains. While not a traditional partner in a multilateral trading system, the philanthropic sector's targeted investments, influence and strong communal ties can play an important catalytic role in advancing the shift towards data-driven and digital economies, and the integration of the Global South and less developed economies in global supply chains.

¹⁸ Science, Technology, Engineering and Math

3.8.

Climate Adaptation for More Resilient Economies and Greater Access to Markets

- The nexus of climate adaptation, global financing, and building resilience in local economies has deep and far-reaching implications for the participation of the Global South and less developed economies in the global trading system.
- With contributions to the Adaptation and Loss and Damage Fund still falling far short of the trillions needed to support adaptation efforts in the Global South and less developed economies, the scale of the challenge cannot be overstated.
- Added to this is the growing complexity of the environmental regulations and standards affecting trade which heightens the risk of foreclosure of Global South and less developed economies from global export markets. For instance, the EU's Carbon Border Adjustment Mechanism (CBAM) if left unaddressed will impose a significant risk on the export base of African countries (and many others) that will lag further behind due to the large economic cost of compliance.
- The same holds true for economies in the Arab region. The longer-term effect will likely be more pronounced in terms of their loss of market share to economies that are much further ahead in adapting their manufacturing and agri-businesses to climate change.

Building the resilience of local economies is a long-standing objective of the global philanthropic sector. This intentionality is visible with the rising number of global and regional collaboratives and pledges to combat climate change (Figure Four), which serves to signal this commitment to the just and equitable transitions of Global South and less developed economies in the Paris Agreement. The philanthropic sector is best positioned to shed light on the challenges of climate adaptation in smaller economies and disadvantaged communities in the Global South and less developed economies. Convening a dialogue on the climate adaptation, finance, and local resilience nexus is a timely one.

FIGURE

Global Philanthropic Climate Collaboratives and Pledges

04



The UAE's leadership role as host of the WTO's MC13 in Abu Dhabi is one step forward in aligning the objectives of the trade sector with the philanthropic goals of social welfare, environmental sustainability, and equitable development through its support for the convening of a roundtable to explore how philanthropy can better contribute to improving international trade. Future WTO Ministerial Meetings should continue this trend of convening special meetings on the sidelines that examine how to better integrate the work of strategic philanthropy with the work of WTO Members in advancing a more inclusive and equitable international system of trade.

04

Conclusion and The Way Forward



The world's international trade system has its challenges and its flaws, but it remains a remarkable reflection of global success in bringing nations, territories, peoples and cultures together to exchange goods and services for economic gain and mutual advancement. Philanthropy, both locally and globally has long worked across sectors, topics and geographies to advance the quality of human life, the sustainability of our environments and the ability to contribute to solutions and progress where governments are overstretched or constrained.

The time is now to more robustly explore and engage the synergy of strategic philanthropy and international trade, so as to harness the benefits of trade and re-focus philanthropic resources in coordination with the public and private sectors to prevent backtracking on many gains, and pave the way forward for continued progress in the global economy at every level, from job creation to improving and strengthening efficient manufacturing and addressing the critical bottlenecks of international trade infrastructure.

There are, to be sure, a number of philanthropies that have focused on trade-related subjects, and a handful that have solely focused on international trade. As Abu Dhabi hosts the MCI3 WTO Ministerial, we find the world at a juncture that is extremely challenging for the international trade system and its direction, as well as challenging for philanthropy and its ability to maintain the momentum of its direction in successfully but gradually addressing poverty and other inequities.



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