



International Trade Centre

UNCTAD / WTO

September 2004

Consultative Committee on the Global Trust Fund Final Summary of the twenty eighth meeting

The twenty eighth meeting of the Consultative Committee on the ITC Global Trust Fund took place on Friday, 2 July 2004 at 3.00 p.m.. The provisional agenda (ITC/GTF/(CC5)/51) was adopted by the Committee.

Agenda item 1: Adoption of the minutes of the twenty seventh meeting (held on 2 July 2003)

The minutes of the twenty-seventh meeting were adopted.

Agenda item 2: Partnering with the EU – A third window in the GTF (ITC/GTF/CC5/53)

The Committee had received a short explanatory document proposing the creation of a third Window in the Global Trust Fund to which donors could earmark contributions for co-financing of specific joint ITC/EC programmes. A copy of the EC/ITC Contribution Agreement for the Asia Trust Fund was also made available. Introducing the proposal, the secretariat informed that ITC had for several years been trying to strike a partnership with the EC. Following consultations at the working level between staff of the Commission's EuropeAid Co-operation Office and staff of ITC, a number of opportunities at national and regional levels in Asia had been identified. For these new initiatives to become operational and for them to comply with the new partnership agreement between the EC and UN (entered into in mid-2003), a condition of cost sharing had to be met, ranging from 6-10% of the total budget of each project/programme. The partnership would allow ITC to leverage over 10 times more than what it co-finances, and it appeared that the EC might be willing to consider other joint projects/programmes going beyond the Asian region. It was noted that the Government of Denmark had pledged Euros 200,000 for the period 2004 – 2006 at JAG as a contribution to the co-funding of the Asian Trust Fund. The creation of the third Window would allow ITC to access EC funding and ensure continued transparency in the utilization of the resources of GTF.

The Committee welcomed this new resource mobilization opportunity for ITC. Some members noted that ITC had already fixed a 20% increase in delivery for 2004 and expressed concern that additional delivery related to EC programmes might over-stretch the secretariat. Others, referring to the country coverage, pressed for more focus on LDCs, first within the Asian Trust Fund, and eventually in other future regional initiatives. Noting that the programmes were demand-driven, they proposed that LDCs be encouraged to ask for assistance. Questions were asked on the percentage of the ITC contribution that had been set at 10% and on whether the usual 13% overheads charge would be affected. Finally, information was requested on the sale of ITC's products.

In response to the above, the Secretariat explained that the risks of "over-stretching" were minimal as the programmes, as envisaged, included in their budgets a staff component to finance the participation of dedicated personnel. The request to give priority to LDCs was noted, with the other points made by the Committee members. On the question of ITC contribution (up to 10%) and overheads (7%), the

Secretariat advised that both were sine qua non conditions to access EC funds. Regarding overheads, the amount of 7% was the result of the negotiations between the UN and the EC and it was meant to apply to all UN-EC partnerships. This was not negotiable. The Secretariat also indicated that ITC could charge other direct costs in addition to the 7%. In relation to the sale of ITC's products, it was confirmed that ITC would charge for its "tools" and charge staff time as direct inputs to the programmes as and when applicable.

Agenda item 3. Concept papers for discussion: Proposals for new GTF Window 11 programmes

ServiceExportNet (ITC/GTF(CC5)/54a)

A concept paper for a new GTF Window II programme on "ServiceExportNet" had been prepared as a follow-up to the 2004 Joint Advisory Group's recommendation to ITC to continue to expand its work in the area of trade in services. During the last few years, the Trade in Services Section developed a core, 6-phase TRTA programme, largely with funding from Window I. From this work, other activities have emerged which include efforts to help developing nations participate more fully in the General Agreement on Trade in Services; technical assistance to develop tourism strategies and assist women entrepreneurs. Primarily for the purposes of sustainability, a network of beneficiary countries was established in order to capture both results and future needs. It was proposed that all future activities related to trade in services be organized under ServiceExportNet as a new Window II programme.

Capacity building in Export strategy design and management (ITC/GTF(CC5)54b)

Over the past five years, through its Executive Forum, ITC has endeavoured to generate greater awareness in developing/transition economies of national export strategy management methods and techniques. In partnership with **seco** ITC has invested in an annual cycle of applied research, consultation and publication focusing on "best practice" in strategy definition and implementation. This has resulted in a growing demand from developing/transition countries (with a large number from LDCs and Africa) to participate in Executive Forum activities and increasing requests for field-level support to assist in the design of national export strategy and to develop related capabilities. Notwithstanding the significant commitment of Regular Budget resources to strategy-related activities, and the solid support to date from **seco**, funding constraints have limited ITC's ability to respond to this demand. The Window II proposal seeks to reinforce the existing Executive Forum initiative, through multi donor participation, to include a more concerted programme of capacity and competency development in strategy design and management and in particular, comprehensive field-level support.

The Committee took note of the Secretariat's proposals for the creation of a Third Window and the two programme ideas contained in the concept papers. Members were invited to reflect on the three proposals and to contact the Secretariat for any clarification required. The items will be included in the agenda of the next Consultative Committee meeting in October 2004, hopefully for adoption.

Agenda Item 4: CAPNET/BIS and PROCIP programmes: Evaluation report and management response

The Evaluation report and management response of the CAPNET/BIS and PROCIP programmes had been made available to the Consultative Committee. The Committee's attention was drawn to the management response to the PROCIP evaluation which stated "should there be interest on the part of the GTF Consultative Committee, ITC would be pleased to prepare a proposal on "Tools for Trade" for financing under the GTF's Window 2. The Committee was invited to reflect on this and to contact the secretariat for any additional information.

Agenda item 5: Pledges and resources available as at 31 May 2004

The Committee took note of the information relating to the pledges and resources available to the two Windows of the Global Trust Fund.

Agenda item 6: Window 1: Report on the use of funds for the period 1 June 2003 – 31 May 2004 and proposed earmarking for the period 1 June 2004 – 31 May 2005

The secretariat was reminded of the previous request for a better “results-oriented” reporting on the use of Window 1 funds and will provide this information as concisely as possible.

Agenda item 7: Window 2 financed programmes

The Committee took note of the programme performance reports for 2003 – 2004 and implementation plans for 2004 – 2005. A few comments were made under each programme:

World Trade Net: The Committee was reminded that in addition to the financial requirements of the World Trade Net programme, the secretariat was also seeking contributions under Window 1 to support the “Business for development” initiative.

South-South Trade: A Committee member suggested that this programme might include activities on creating awareness of the launching, at UNCTAD XI, of the third round of negotiations on the GSTP. It was confirmed that the feasibility of doing so, for the business sector, was under consideration.

E-trade bridge: A question was asked on the use of funds under group training.

Export led poverty reduction programme: At the suggestion of a Committee member it was agreed to better emphasize the involvement of women in the activities of the programme.

Agenda item 8: Other business

Joint Evaluation of ITC: The representative of Denmark reported on the status of the joint evaluation of ITC. The draft report will be submitted in December 2003 and finalized before the JAG meeting in 2005.

A meeting of the management group and core group would take place in October.

Composition of the Consultative Committee: In accordance with the Committee’s working procedures, each regional grouping will be contacted to decide whether its representatives should be extended for another year or whether one or all of its representatives should be replaced by new members.