

Minutes of the Fifteenth Meeting of the Consultative Committee of the ITC Trust Fund

The Consultative Committee of the ITC Trust Fund (CCITF) met at ITC headquarters on 22nd May 2017 at 10:00 a.m.

The Executive Director, Ms. Arancha González, welcomed participants and introduced the agenda of the meeting.

1. CCTIF Report (1 January – 31 December 2016)

The **Executive Director (ED)**, Arancha González, presented the summary and the main outcomes of the 2016 CCITF Report to the Consultative Committee of the ITC Trust Fund (1 January - 31 December 2016).

The ED stated that 2016 had been a year of transition; requiring an alignment to the new global development agenda as commitments shifted from the Millennium Development Goals (MDGs) to the Sustainable Development Goals (SDGs). Second, it was the year when some large projects came to an end and several pipeline projects became operational. Third, 2016 saw a rise in protectionist sentiment and pressures on the development assistance budgets of traditional funders. It was equally the year when at ITC, a more targeted resource mobilization drive began. She equally urged the member representatives to advocate within their governments for preserving development funding, stressing that less funds would translate into less impact, less innovation and lower delivery.

In terms of financial targets, the ED explained that ITC' annual delivery was on track, reaching over \$84.1 million - or 97% (RB and XB) of total planned budget. Within the XB, W1 delivery was at \$10.5 million, or 89%, and Window II delivery was at \$37.2 million, or 96%. She explained that lower delivery on W1 was due to careful use of W1 resources, and payments being made in arrears. With regards to ITC's planned share of delivery in priority countries (LDCs, LLDCs, SIDS, fragile countries and sub-Saharan Africa), ITC was more than on track, passing the 85% mark, well above the Operational Plan target of 70%.

With regards to ITC's annual targets, the ED reminded that they were captured in the form of a Corporate Scorecard with three layers. The first layer - tracking ITC's contribution to the SDGs- was achieved through linking the programme theories of change and project log frames directly to selected SDG targets. ITC's programmes linked most prominently to the SDG 8 (Decent work and economic growth), SDG 17 (partnerships for the goals), SDG 1 (No poverty), and SDG 5 (Gender equality). ITC's contribution to another six goals was more programme specific. At the end of 2016, 70% of ITC's programmatic delivery was focused on the above four, while the six other SDGs accounted for around 30%. For the year 2017, ITC plans to increase its tracking of SDG contributions, and ensure that all projects systematically capture their contribution to SDG targets.

With regards to the second layer of the corporate scorecard – the “development results”, the ED pointed out that ITC delivered well on ITC's corporate outcome and outputs indicators, as approved by the General Assembly for the 2016-2017 biennium. Halfway through the biennium, ITC had outperformed four out of seven outcome targets, with achievements for the three remaining ranging between 60% and 85% of the targets. The lower levels for these outcomes were related to the funding cycles and the fact that WVEF (SheTrades Global) had not taken place in 2016.

With regards to the third layer on ITC's performance indicators – operational KPIs-, ITC had met or exceeded the targets for its technical cooperation output indicators (advisory, trainings and training participants) and servicing of intergovernmental bodies (corporate reporting and JAG/CCITF meetings). However, she indicated that resource constraints affected one part of ITC's publications programme and force majeure delayed one of ITC corporate events – WVEF – into 2017. ITC's customer satisfaction's rate was at 97%, a great proof of the good work done on the ground.

Regarding institutional developments in 2016, ITC had rolled out its fundraising strategy, including the appointment of funder focal points within ITC for each funder and counterparts. ITC established a project development task force that ensures a corporate approach for multidisciplinary and large projects. ITC's pipeline of projects was growing steadily, reaching more than USD 200 million. Equally, as of 2017, W1

had grown, albeit at a slower rate. ITC had raised the bar in gender mainstreaming in its interventions, exceeding the 40% target of women/women owned MSME beneficiaries

Comments from Members and Discussion

The **delegate from the UK**, in his capacity as **donor coordinator**, delivered a joint statement on behalf of the ITC donors' group. He praised the CCITF report, which provided a good sense of how ITC has been using resources to deliver results. ITC had maintained a strong delivery despite a reduced budget in 2016, and had achieved a near 100% client satisfaction. He appreciated ITC's rapid response to new development challenges including women's economic empowerment, the green economy and refugee crisis, while keeping a good geographic and thematic coverage with a particular emphasis on LDCs.

The donor coordinator had four sets of questions. First, on ITC's preparations for the Strategic Plan 2018-21, he thanked ITC for the opportunity to contribute via the online survey. He suggested that it might be preferable to solicit feedback in an informal discussion and to organize a meeting on the progress made. He also proposed that given that most country representatives do not have SME development experience, it could be beneficial to invite an ITC TPO beneficiary, who could enrich the discussion.

Second, it was good to see that ITC had kept the same level of XB funding compared with the previous year, given earlier worries of financing shortfalls. However, there had been a decline in Window 1 resources, which he acknowledged to hamper ITC's capabilities to invest in global public goods, in business development and innovation. He inquired about ITC's mitigation plan in case Window 1 funding would become harder to secure. On Window 2, he noted that ITC had made considerable efforts to break up project management silos and create a 'one-ITC' way of working. He inquired if this created room for competition between ITC sections for a finite pool of W2 funding. On engaging with new funders, ITC's funder group welcomed the fact that ITC had been able to engage more deeply with new institutions like the Islamic Development Bank and the Qatar Development Bank. With regards to 2017 budget, he asked how confident ITC was in continuing to meet resource mobilization targets.

Third, on programme development, acknowledging ITC efforts to develop the approach and the underlying theories of change, he inquired if these helped facilitate fundraising or cross-project coherence.

Fourth, on impact and monitoring/evaluation, the donor community was pleased to see that the CCITF report closely linked ITC's programmes, projects with the SDG targets. He requested more narrative in the SDG reporting section with linkages to project spending and outcomes in future reports.

Regarding ITC corporate scorecard, it would be useful to have details as to why fluctuations vis-à-vis set targets occurred, and the corrective measures or adjustments ITC would be taking. Particularly, on the less-than-expected number of enterprises that reached overseas markets, he inquired if there was a way to unpack the effect that many SMEs transact through intermediaries. On evaluation, donors thanked ITC for the frankness and depth of project-specific evaluations and the good progress made on RBM over the last couple of years.

The **delegate from the Netherlands** congratulated ITC for the good work done on SDG mapping and for setting a good example for other IOs to follow. She concurred on the improvement of the evaluation function and requested further improvements at the outcome level reporting. She was happy that ITC was going to use IATI standards. She confirmed Netherlands continued support for ITC and the ongoing discussions on the new NTF IV grant.

The **delegate from Norway** appreciated ITC's programmatic approach and having logframes with concrete targets and results. Norway was particularly happy about ITC's inclusive and sustainable trade related programmes.

The **delegate from Japan** inquired about the ITC cash position by the end of 2016, and if the balance included funds transferred to ITC for multiyear projects.

The **delegate from Australia** inquired about integration of innovation in the working culture of ITC across the organization.

Through a written statement, **the delegate from the United States** noted that the CCITF report for 2016 responded to a number of previous CCITF requests, including the importance of ITC's Independent Evaluation and ITC's risk management framework. The US appreciates the informal consultations throughout the year and the opportunity to engage in aspects of ITC's planning, from review of the 2017 Operational Plan to various discussions on technical topics, to the opportunity to feed into ITC's next Strategic Plan (2018-2021).

The United States Government, through USAID is pleased to expand collaboration with ITC. In September 2016 a new grant agreement was signed that provides a broad base for technical assistance and support to USAID operating units, as well as financing for new activities that could include non-tariff measures, e-solutions, value added to trade, and ITC's Sustainability Marketplace.

The USAID Asia Bureau, through ITC's Sustainability Marketplace, will create long-term partnerships between upstream farmers and downstream multinational buyers in value chains. In Nepal, USAID will finance a second tranche of training to Nepal's Trade and Export Promotion Centre. In partnership with the U.S. Department of State, USAID plans to add additional funding into the new grant to support SMEs in Central American countries. This new activity will try to identify export opportunities and address non-tariff barriers to trade. In parallel, USAID will continue to support a regional approach to overcoming trade obstacles related to NTMs across cooperating Arab countries and USAID looks forward to continued cooperation with ITC in several areas of common interest.

The Executive Director, Arancha González thanked the Delegates for their feedback, took note of the positive receipt of the CCITF report and answered questions raised. On the Strategic Plan preparatory process, ED explained that discussions included ITC's client network; consultations with TPOs were held during the WTPO in December 2016 in Morocco as well as with the Trade and Investment Support Institutions (TISI) Advisory Board that meets twice a year to provide strategic guidance to support ITC in continuously improving the quality, relevance, and effectiveness of the TISI strengthening programme and networking activities. They are indeed a good sounding board for ITC's work as they are its replicators in the field. In addition, ITC has solicited feedback from companies, and the survey was open on the ITC website for all stakeholders that want to contribute.

Regarding the decrease in W1 funding, ITC's coping strategy includes reducing expenditures and reallocating funds where opportunities exist. Reducing core contributions comes with consequences; it translates into less innovation, less investments in our work with institutions, a reduced capacity to leverage ITC's work, less scope to invest where there are priority needs and to respond rapidly to demands from the field. The ED added that currently ITC is having positive discussions with its main funders on W1 contributions for 2017 and beyond.

Competition for funding among ITC operational units is limited by separating business management from project development and project implementation.

With regards to capturing results data, in particular on impact on livelihoods, work was ongoing. ITC was striving to account for all concerned beneficiaries – including for example all individual farmers in the supply chain. On ITC's cash position, the ED informed that this indeed included funds for multiannual projects' implementation. The ED confirmed that the cultural change in ITC and uptake of innovation in ITC's work processes advanced well. On fund raising targets for 2017, ED confirmed that ITC was - in May - already 2/3rd on the way in terms of volume of signed grant agreements. She explained that the project pipeline was tracked by categories set on levels of funding certainty and that she was confident the remaining 1/3rd would be signed by the end of the year.

2. Update on ITC's management response to external and OIOS evaluations

The **Executive Director** explained that as per the update provided to the CCITF on the implementation of actions as per the ITC's management response to its external and OIOS evaluations; by end of 2016 the overall implementation rate stood at 85%.

There are still four areas that are in progress: improvements to the CRM will remain an open item; full costing of ITC's services will be completed by the end of 2017: the risk management framework will see

the risk register and ITC's risk universe completed by the end of the 3rd quarter of 2017; evaluation guidelines and the e-learning course on evaluation for ITC staff will be completed by the end of the first half of 2017.

The full report on the implementation of the ITC Management Response actions was provided at the CCITF meeting and distributed electronically to the membership.

3. ITC's new Strategic Plan 2018 – 2021

John Gillies, Senior Advisor, presented the key elements and the preparatory process for ITC's new Strategic Plan 2018 - 2021. It is moving in parallel with the UN Secretary General's review of the UN System. The results of this UN Secretariat led assessment will be concluded before the UN Agencies complete their new strategic plans.

In terms of process, ITC had launched its client survey as well as the consultations both internally and externally with the Geneva trade and development community, the UN family, ITC beneficiaries and the field network. In terms of the structure, the plan would keep close to its current form and would aim to better reflect partnerships and beneficiary country geographies. A presentation would be given during the JAG, outlining the main direction and feedback provided.

It would be important to hear from the members, particularly as it related to trends and developments that affect their Governments' interactions with ITC, their views on ITC's strengths, as well as any other comments, questions and recommendations.

Comments from Members and Discussion

The **delegate from the UK** informed that he would revert back on the questions posed by ITC and the on-line survey that was launched, especially following feedback and inputs from the related teams in the capital.

The **delegate from India** thanked the ED and ITC for this briefing during the CCITF. Given the diversity of definitions used for SMEs and as they are central to ITC's mandate and strategic plan, he considered it important to address the definition in the Strategic Plan. He acknowledged the central role ITC places on reaching the bottom of the pyramid and how this required identifying and maximizing resources available. He suggested referring to complementarities and overlaps, if any, with other international organizations operating in the same space as ITC, including its parent institutions UNCTAD and WTO. Looking at the SDGs, and particularly the one on global partnerships for development, working with others including ITC's engagement with the private sector and civil society organizations were key elements to highlight.

The **EU delegate** asked whether, even if the deadline for responses to the online survey had passed, if it was still possible to solicit feedback from relevant colleagues and parties who would be well placed to provide substantive inputs.

It was confirmed that further survey responses were welcome and the link to the survey would be shared again.

4. Update on ITC's cash flow

Iris Hauswirth, Chief of Strategic Planning Performance and Governance presented a brief update on the state of ITC's cash flow. She explained that there was a trade-off between the ability of dealing with unforeseen cash-flow issues and funding cuts, and keeping the operating reserve and carry-over balance low.

With regards to the status of Window 1 funding, she informed of expected contributions for 2017 and repeated that for operational efficiency, it was important to receive funds as early as possible, or at least on a planned date. She thanked funders who had already provided multi-year funding to the ITC through Window 1.

5. Any other business

The Executive Director thanked the delegates for their feedback and constructive comments during the meeting. She concluded the 15th session of the CCITF meeting reminding the members of the upcoming events and dates including 27 June the UN MSME day, 10 July ITC's 51st session of the JAG to be followed by the WTO's Aid for Trade review, during which ITC would partner with members to cover topics such as women's economic empowerment, refugees access to markets, SME competitiveness, e-commerce and others.