

Minutes of the 24th Meeting of the Consultative Committee of the ITC Trust Fund

The Consultative Committee of the ITC Trust Fund (CCITF) took place online on 8 December 2021 between 09:30 and 12:00. Executive Director (ED) and Chair of the CCITF, Ms. Pamela Coke-Hamilton, welcomed participants and sought endorsement of the [agenda](#).

1. CCITF Report half year 2021

The ED presented the [mid-year CCITF report](#), which reviews the utilization of the ITC Trust Fund and assesses the progress made in achieving the objectives set forth in ITC's Strategic and Operational plans. As such, the report provides information on ITC's financial and development results for the period 1 January – 30 June 2021.

Ms. Coke-Hamilton reminded that 2021 was the last year in the implementation of the [Strategic Plan 2018-21](#) and announced that a specific summary report on the achievements during this period would be shared shortly.

Ms. Coke Hamilton stated that ITC delivered good quantitative and qualitative results, despite the persistence of the pandemic and its challenges during the year.

Part I: Financial performance on contributions and delivery

The ED stated that during the first half (H1) of 2021, ITC received \$37.9 million in contributions, which was nearly identical to H1 of 2020. By mid-year, ITC had delivered \$77.3 million, which corresponded to 55% of the overall annual target. Regular budget (RB) delivery stood at 47% of the RB annual target and extrabudgetary (XB) delivery stood at 47% of the annual XB target. **ITC expected its total financial delivery to exceed the initial plan at year-end**, which the ED considered a positive development given the prolonged pandemic.

Ms. Coke-Hamilton highlighted that the **largest part of XB delivery** was driven by three focus areas (FA). FA 4 '**Connecting to International Value chains**', FA 5 '**Promoting and mainstreaming inclusive and green trade**', and FA 2 '**Building a conducive business environment**' accounted for 75% of the XB annual delivery target by mid-year. She explained that, compared to last year, the lower delivery for FA 2 was due to the negative impact of the pandemic for ITC's projects in Iran and Iraq.

She also highlighted that for the first half of 2021, there was a shift from technical experts and personnel travel costs towards grants provided to implementing partners. PSC spending was higher compared to H1 2020 due to support staff recruited as a result of increased XB delivery.

Part II: Results against corporate scorecard and milestones

In terms of Tier 1, which tracks ITC's contribution to the [SDGs](#) (narrative reporting at year-end), **ITC estimates that over 74% of its mid-year 2021 delivery focused on Goals 8, 17, 5 and 2**, and 26% on the goals 1, 4, 9, 12, 13 and 16.

Tier 2 aggregates ITC's project results to corporate indicators. While some outcome indicators are not yet available at mid-year, **ITC sees the risk that the C3/C4 indicators, which refer to 'Number of MSMEs having transacted international business as a result of ITC**

support’, and its sub-set of ‘female-owned MSMEs’ would not be achieved by the end of the year due to the cancellation of most major international trade fairs.

In terms of corporate outputs, ITC is on track on all its major obligations and expects to catch up in the category ‘publications’ with more books and technical papers launched in the second half of the year.

The ED stressed that **ITC’s unearmarked core funding (W1 and RB) continues to be of critical importance for ITC’s development assistance, as it allows ITC to respond flexibly to the evolving challenges of its beneficiaries.** She provided examples how Window 1 projects contributed to corporate results including through ITC’s work with Business Support Organizations, the T4SD Hubs, and the SME Competitiveness Outlook 2021.

Many of the **Tier 3** indicators, which capture ITC’s internal operational efficiency, will only be reported at year-end. For those that are in the mid-year report, ED indicated that **ITC received an unqualified audit opinion from the Board of Auditors** and that ITC was continuing to close audit recommendations working with China as its new auditor (48% versus 60% planned). She also explained that ITC would continue to work towards diversity in senior positions (currently 47% women versus 50% planned) and that the average time to recruit fixed-term staff was now shorter than targeted.

In terms of risks, ITC maintained robust controls on internal preventable risks to minimize any opportunity for a hazard such as fraud or harassment of any kind. In terms of external and strategic risks, the ED identified 3 key elements that could affect the ability to reach targets for some corporate indicators: 1) the prolonged effect of the pandemic on MSMEs, BSOs and governments; 2) the emergence of crises in some of ITC’s programme countries; 3) the risk of a decline in W2 funding.

Out of the strategic milestones set out in the Operational Plan for 2021, **nine milestones were completed, one was postponed to 2022, and 36 of the 46 technical assistance milestones remain in progress.** As an example of a milestone completed, the ED mentioned the T4SD hub in the Caribbean. As examples of technical assistance milestones in progress, she mentioned the expansion of partnerships with 5 international coffee buyers and 54,700 new course enrolments registered on the SME Trade academy, among others.

The ED explained that the Independent Evaluation Unit had worked on evaluations of ITC’s performance in providing Trade and Market Intelligence, the SheTrades Initiative and the NTF IV Programme. The unit also selected 3 projects (South Sudan, Eswatini and Iraq) for a new pilot approach to accompany the inception phases to set up a solid performance monitoring system from the outset which then allows for deeper developmental evaluations at the end.

The Annual Evaluation Synthesis Report (AESR) for 2021 assessed ITC’s performance in relation to its Strategic Plan 2018-2021. It found ITC’s projects to be overall well aligned with the organization’s Results Framework. An opportunity for improvement could be more detailed theories of change (ToCs) for projects. The AESR concluded that ITC was a good investment as viewed through the lens of evaluation.

2. Statements from CCITF Members and Discussion

On behalf of the donor group, the delegate from the Netherlands, Ms. Tess Van der Zee, thanked ITC for the comprehensive CCITF mid-year report and for the final draft of the Strategic Plan. She congratulated ITC for a successful JAG and welcomed that ITC agreed to share a dedicated summary report on the achievements against the Strategic Plan 2018-21

in Q1 2022. She voiced the donor group's disappointment over the postponement of the WTO 12th Ministerial Conference due to COVID-19. **Donors were satisfied with the implementation and achievements and praised ITC for its continuous creativity and flexibility to deliver in this difficult context.**

Referring to results shown in the CCITF report, donors congratulated ITC on meeting the **target of a delivery of 46% to LDCs and commended the work on key initiatives such as the Global Trade Helpdesk, the SMECO report, SheTrades, and market intelligence tools.** Donors expressed concern that ITC would not reach its indicator C3 target of international business transactions and asked for additional clarification how ITC would adjust to increase delivery. Donors recognize that online trade fairs do not provide the same results as in person buyer-seller meetings and asked whether ITC **would aim for lower results in 2022 or find ways to achieve similar results as through in person activities.**

Donors would like to understand **how ITC will handle the increased risk of inability to deliver in unstable project countries (R2) given its increased focus on conflict affected countries** and recent experiences from Myanmar and Afghanistan. Regarding the **increased risk related to a decline in funding of Window 2 projects (R10), the donor group would like clarification** on whether W2 funding is considered inherently less predictable than W1 funding or whether it is driven by enhanced budgetary pressures arising from the pandemic.

The ED thanked ITC's funders for their continued support and the relevant questions. She explained that as the crisis evolves, so do the needs of MSMEs, in particular towards access to markets and to finance. ITC will need to adapt its support and does not intend to lower its targets for 2022. In order to achieve these, ITC will continue to adapt the support it provides to MSMEs; for example by preparing them to make the best out of virtual fairs. Support will also be provided to face the key priorities that ITC has identified such as women empowerment, greening the recovery, and digital connectivity of MSMEs.

Regarding the identified risk related to W2 funding, the ED elaborated that ITC does not foresee a decline per se but rather acknowledges a more difficult funding environment and has lowered its expectations. She added that most W1 funders have made multiyear commitments making W1 funding more predictable than W2 funding. She reassured that ITC was working on broadening its funding base through its resource mobilization strategy. ITC is seeking to work more closely with other UN agencies, pooled funds and foundations and will work closely with private sector partners to leverage their platforms for wider scale.

On the risk related to ITC's work in conflict affected areas, ITC recognizes and anticipates that its work will continue in these countries. ITC will to the extent possible mitigate and carefully monitor the risks in order to protect its staff, donor commitments and their expectations.

Finally, on the C3 indicator of international business transacted, the ED expressed optimism that ITC would reach the planned targets despite the lower half-year numbers and saw this as an opportunity to adapt ITC's support to prepare beneficiaries for virtual fairs.

On behalf of Germany, Ms. Dorothee Schwill, Counsellor, thanked ITC for a very good report, highlighted the close cooperation with ITC and pointed out that a new multiyear W1 grant agreement as of 2022 is being prepared. She stated that Germany highly valued the work of ITC and looked forward to continuing the excellent collaboration.

On behalf of Korea, Mr. Sunghwan Lee, Counsellor, pointed out that Korea saw ITC as preferred partner and announced that Korea had just approved two ITC multiyear W2 agreements. ITC can expect contributions valued at \$3 million per annum as of 2022.

On behalf of the EU, Mr. Remco Vahl, Minister Counsellor, praised Ms. Coke-Hamilton for her leadership of ITC and for the partnership that ITC reaffirmed with the WTO and UNCTAD. The delegate highlighted the strong collaboration between ITC and the EU on gender and recognized ITC's important work in other areas of cooperation like regional integration, climate adaptation, digitalization, and youth.

On behalf of Nepal, Mr. Buddhi Upadhyaya, Counsellor, showed his appreciation for a very good mid-year CCITF report and draft Strategic Plan. He took good note of ITC's continuous support in enhancing developing countries, especially LDCs. He agreed that digital trade has emerged as a priority during the pandemic but also that LDCs and LLDCs have not been able to fully participate due to connectivity issues and that support was needed to bridge the gap.

On behalf of Switzerland, Ms. Christina Pfenniger, Counsellor, referenced the recent W1 agreement signed between Switzerland and ITC with a commitment of 8mn CHF over the next 4 years through which Switzerland aims to provide ITC with flexibility for its work. She commended ITC for adapting to the pandemic and stressed that ITC's work was now more necessary and critical than ever before.

On behalf of Norway, Mr. Jo Hovik, Counsellor, appreciated the work of ITC in particular in the important area of women's economic empowerment and highlighted the partnership between ITC and the Norwegian Refugee Council.

On behalf of the UK, Ms. Kathleen Divers, Trade for Development Advisor, thanked ITC for a very good mid-year report and stressed that digitalization goes in pair with green recovery. She appreciated ITC's inclusion of these key areas as well as empowerment of women in its new Strategic Plan and congratulated the ED for ITC's involvement at COP26 in Glasgow.

The ED thanked the delegates of Germany, Korea, the EU, Nepal, Switzerland, Norway, and the UK and all donors for their trust, funding, and cooperation with ITC on its key priority areas.

On digitalization and in particular virtual trade fairs, while recognizing the importance of these and the results obtained by the MSMEs who participated, Ms. Coke-Hamilton reiterated that ITC would seek to put better mechanisms in place to accompany the MSMEs.

The ED thanked the delegate of Nepal for the kind words and agreed that the digital divide has been exacerbated by the COVID-19 crisis. She stressed that this issue was identified as a priority in ITC's new Strategic Plan and that ITC remained committed to supporting LDCs.

3. Discussion of ITC's final draft for the Strategic Plan 2022-2025

Iris Hauswirth, Chief, Strategic Planning, Performance and Governance presented the [final draft of ITC's Strategic Plan 2022-2025](#), which is organised in 5 parts. Part 1 presents the strategic context and key trends that influence ITC's work. Part 2 introduces ITC's vision, mission and values, and the framework for MSME competitiveness. Part 3 describes what ITC aims to achieve across **4 core domains and 5 impact areas**. Part 4 outlines how ITC will be managed. Lastly, the annex details the results framework and corporate indicators.

Ms. Hauswirth highlighted the overarching impact objective as ITC's contribution to **prosperity, inclusiveness and sustainability**, the outcome of **MSME trade competitiveness**, and the intermediate outcomes through ITC's four core services areas. Through the identified five impact areas, ITC will sharpen its focus on **inclusion, sustainability, e-commerce, green trade and regional trade**. ITC will concentrate on those beneficiaries in danger of being left behind by ensuring trade supports the economic empowerment of people in vulnerable situations, especially **women and youth**, in developing countries and economies in transition, **mainly LDCs**.

To remain effective, ITC will address country needs through structured needs assessments, continue to support the goals of its parent organizations, reinforce partnerships with the public and private actors, strengthen its position as the MSME and trade specialised agency and enhance its organizational performance while updating its resource mobilization strategy.

On behalf of the donor group, Ms. Tess Van der Zee, thanked ITC for the clear draft Strategic Plan. She commended ITC especially for incorporating the group's comments and for elaborating on ITC's collaboration with WTO, UNCTAD and other organizations. She stated that donors saw an **increased risk of inability to deliver on commitments in unstable project countries and saw concerns on the utilisation of resources in countries with regimes linked to human rights abuses**. Donors would like to understand what additional measures ITC will put in place to minimize these risks. Donors would also like to know better understand **ITC's future collaboration with the WTO in the areas of trade and gender and the implementation of the MSME package**.

In closing, the delegate from the Netherlands thanked ITC for the excellent collaboration and indicated that Mr. Sunghwan Lee, the delegate from Korea, would take over the role as CCITF donor coordinator.

The delegate from Korea, Mr. Sunghwan Lee, thanked the delegate from the Netherlands and welcomed his role as donor coordinator. He stressed the fact that the WTO MSME package should be highlighted in ITC's new Strategic Plan.

The delegate from Switzerland, Ms. Christina Pfenniger, welcomed ITC's inclusion of green recovery in its SME Competitiveness Outlook 2021 and its new Strategic Plan. Switzerland values particularly ITC's work through the GreenToCompete strategy and in the textiles sector. She stressed the importance of circular economy and resource efficiency considerations and encouraged ITC to play an active role in this area to shape the green recovery.

The delegate from Germany, Ms Dorothee Schwill, agreed with the main key areas chosen by ITC in its new Strategic Plan and raised the question how ITC would use its diagnostic tools in a more systematic way in the future.

The delegate from the USA, Ms. Zoe Sophos, Attachée, announced that the US would join the WTO joint declaration on gender in the coming future and expressed her appreciation for the work of the ITC.

The ED thanked the delegates for their valuable remarks. On the WTO MSME package, she explained that ITC supports and promotes on its own website the WTO trade for MSME platform. While reassuring the CCITF members that there is no duplication of work between WTO and ITC, she encouraged them to be advocates for more collaboration with ITC.

On the SMECO Report on Green Competitiveness, the ED welcomed the input of Switzerland. She underlined that circular economy was a personal priority for her and was a central part of the GreenToCompete Strategy.

Regarding conflict affected areas, she stated that ITC's risk framework assessed the risks at project level and provided solutions, including the set-up of a crisis management group to monitor the evolving situation in Myanmar and Afghanistan. ITC works in line with UNDSS recommendations and in close cooperation with UN officials on the ground.

On the more systematic use of diagnostic tools, Iris Hauswirth explained that ITC disposes of a large series of tools, for example the Export Potential Map and BSO benchmarking tools and develops these tools and methodologies according to the needs of specific projects, client or sector in a bottom-up manner. ITC's aim is therefore to establish these tools in an internal

platform such that they are more visible for all project managers across ITC with a view to reducing possible duplications.

On the collaboration with WTO on women and trade, the ED reminded CCITF members that ITC has developed a solid expertise on women and trade, fully supported and championed by many donors. She stressed that especially since the start of the pandemic, ITC has received numerous requests to upscale its SheTrades initiative. Group discussions have taken place between WTO and ITC that will lead to a new Declaration on the Advancement of Gender Equality and Women's Economic Empowerment in Trade. ITC would appreciate guidance by its donors on the best methodology for ITC and WTO to better serve women.

The delegate of Germany, Mr. Roland Guttack, Senior Policy Officer and Deputy Head of the Trade Division, asked for additional clarification on the status of the creation of a joint fund for women with WTO. Ms. Coke-Hamilton replied that it was still at an early stage but that she would anticipate the fund to be housed at ITC. She explained that it would involve an upscaling of ITC's ongoing work on this topic. She stressed ITC's intention to avoid duplications and expressed hope to have further clarity on this in 2022.

4. Closing

The ED thanked Ms. Tess Van der Zee from the Netherlands for her support and engagement throughout the last year as donor coordinator and welcomed the delegate from Korea, Mr. Sunghwan Lee, to his new role.