

Sixth meeting of the Consultative Committee of the ITC Trust Fund Minutes

The Consultative Committee of the ITC Trust Fund (CCITF) met at ITC headquarters on 4 October 2012 at 3:00 p.m. The Committee adopted the following agenda:

1. Introduction and welcome
2. CCITF Report January-June 2012
3. Regeneration of large programmes and resource mobilization
4. ITC's youth strategy for export development
5. Any other business

Item 1: Introduction and welcome by Patricia Francis

The Executive Director, Ms Patricia Francis, welcomed participants and expressed her thanks and appreciation to donor countries for transferring their contributions for 2012. She expressed a special thanks to Australia for confirming the terms of reference of AUSAID's first W1 contribution, which is to be allocated to the economic empowerment of women in the Pacific region over a period of 3 years (2013-16).

On behalf of the group the delegate of the Netherlands and coordinator of the CCITF, Mr Taco Stoppels asked that "The Process for the Appointment of the new Executive Director" be added to the agenda under "Other business". The modified agenda was adopted.

Other business: Process for the Appointment of the new Executive Director

Moving directly to the new item, Mrs Patricia Francis gave a brief overview of the calendar for the appointment of the next Executive Director of ITC as reflected in the official WTO/UNCTAD notification. She informed Members that the notification of the vacancy would be sent to all WTO and UNCTAD members and posted on the websites of the three organizations. The Secretary was asked to provide Members with the official notification of the calendar developed for the recruitment process following the meeting. The notification was sent to all Members on 5 October.

The Delegate of the Netherlands drew attention to the need to reach out to potential candidates from the private sector. He suggested that the position be advertised in *The Economist* and other relevant media and that a job description be provided with the notice. The Executive Director took note of these recommendations, which she will communicate to the WTO and UNCTAD.

Responding to a question of the Delegate of the United States on the shortlisting of candidates, Mrs Francis gave an account of her own experience prior to her appointment. The HR Departments of the WTO and UNCTAD, along with senior members of both Secretariats, had shortlisted 12 candidates. These candidates were interviewed at Deputy Director and HR Director level. Very short listed candidates were then interviewed by the Director General of the WTO, the Secretary General of UNCTAD, and the departing Executive Director of ITC. The new Executive Director is appointed by the Secretary General of The United Nations.

Item 2: Report on the ITC Trust Fund, January - June 2012

The OIC of the Division of Programme Support, Mr K.C. Tan presented the report for the period 1 Jan to 30 June 2012.

ITC has moved towards a standard report with self-explanatory tables on financial and outcome based performance with less narrative. The report describes the source of funds, their status and their use. An update is also given on the regular budget.

- **Section II** of the report provides a list of contributions to the ITC Trust Fund received over the period and a graph showing the percentage share of these contributions per donor. It also provides an updated list of additional contributions received after June 30 till 31 August 2012.
- **Section III** provides the status of funds per category of expenditure for Window 1 and Window 2 as well as examples of projects funded by W1 in 2012 for the 4 principle categories of TRTA, both unearmarked and earmarked.

For those Members who would not be familiar with the organization, the report includes a brief explanation of the difference sources of funding and the process for the allocation of funds. Window 1 Guidelines are provided in Annex 2.

- **Section IV** provides the status of the Programme support account while **Section V** gives a summary of the progression of ITC's Regular Budget Expenditure over the last 3 biennia – current biennium till 30 June.
- **Section VI** describes project delivery by region as well as for global public goods and corporate efficiency. A graph also presents the evolution of delivery against 2012 target expenditure. At the end of September ITC delivered \$30 million gross, equivalent to around 73% of the revised target of \$41 million.

Moving from expenditure to outputs and outcomes, section VI also displays actual achievements against ITC's 8 corporate outcome indicators. Targets relate to the 2012-13 biennium of which the January to June 2012 period represents one quarter. ITC is largely on track to deliver on its outputs and outcomes.

- Finally **Annex I** provides a detailed list of projects funded by the ITC Trust Fund, highlighting outputs and outcomes for the year up to June 2012.

The OIC DPS was pleased to inform Members that the corporate level data presented in the CCITF report had been extracted using the RBM dashboard. The tool, which was introduced to donors at the Donor's group meeting in July, will be presented to the CCITF at its next meeting at the beginning of next year after the launch of the public website.

Comments from Members / Q&A:

The Delegate from the Netherlands noted that in the Table entitled *Delivery against ITC Strategic Objectives* on p.9 of the report, some percentages of actual corporate outcomes against benchmarks were unusually high.

Mr Jean-Marie Paugam, Deputy Executive Director of ITC explained that the baselines had been determined in 2006 against ITC's former corporate strategy. Some indicators were developed when the Doha round was still in progress. The context has changed since and ITC has revised its interpretation criteria. For example, the regional dimension, which was not originally included, has now been added.

On behalf of the group, Mr Stoppels also noted that the link between Annex I, which presents actual outcomes and outputs per project, and ITC's corporate objectives was not always clear. He also noted that for some projects there seemed to be confusion between outcomes and outputs.

Mr Jean-Marie Paugam acknowledged difficulties with aggregated results in the current reporting and confirmed that the online reporting architecture will enable users to bridge project level results with corporate outcomes via the RBM dashboard as of January 2013. The Members are looking forward to seeing how the dashboard adds clarity to the information provided.

The Executive Director was pleased to inform the CCITF that the United Nations Integrated Monitoring and Documentation Information System (IMDIS) recently congratulated ITC for the quality of its reporting. ITC has exceeded both the output implementation rate and the status of performance rate and is one of the few organisations to be ranked "above average".

Item 3: Regeneration of large programmes and resource mobilization

The Deputy Executive Director, Mr Jean Marie Paugam provided information on where ITC stands with the renewal of its large projects' pipeline and the strategy it is putting in place to ensure continued funding of these programmes.

The first cycle of large multi-year programmes was launched in 2008 with the full support of the Joint Advisory Group (JAG) and the CCITF. The shift towards large integrated multi-year programmes has enabled ITC to improve the strategic focus of its project portfolio. Independent mid-term evaluations have confirmed that large programmes are more efficient, motivate a higher level of stakeholder engagement and are likely to achieve greater development impact. Lessons learned from the first generation of large programmes show that the successful model allows for:

- Involvement of local stakeholders in programme design, co-implementation, and financial commitment of counterparts for delivery;
- Involvement of donors in project design, management oversight and quality assurance;
- Greater consistency in needs assessment, planning, implementation, and evaluation;
- A growth delivery model based on value for money relying on local consultants, lower transaction costs, and economies of scale.

Based on these reports, the JAG confirmed in May 2012 the strategic importance of large programmes for the sustainability of ITC's impact oriented strategy. It was also suggested that ITC *"explore possibilities of multi-donor funding for large programmes and further develop partnerships, including public-private partnerships, to increase volumes and impact of its delivery."*

ITC is ready to take large programmes a step further and to develop protocols for generic solutions comprehensively addressing the complex needs of beneficiary countries:

- PACT II can be viewed as a laboratory for regional integration, particularly for the mobilisation of Public Private Dialogue around the regional integration agenda.
- NTF II has developed a successful a model to support value chain development with concrete aims to exploit trade opportunities and exports to target markets.
- EnACT enabled quick targeted response to fast changing environments relying strongly on local expertise.
- The Poor Communities in Trade Programme developed a new business model to connect poor communities to international value chains, create jobs and improve livelihoods.

Donors who have been funding the first phases of these large programmes have expressed the wish to see other donors join in and contribute collectively to the funding of the next phases.

The Mission of the Netherlands has expressed an interest in further exploring the potentialities of Public Private Partnerships (PPPs). Large corporate actors represent massive demand in developing countries. In agro-products for example MNEs have an interest in strengthening their network of suppliers and improving market access. These components are key to ITC's work in the field. Partnering with MNEs not only can add value to ITC's operations but could be a good entry point to approach them as potential donors.

The Officer in charge of External Relations presented the Case for Support 2012-2015 and its Annex, the *Tool-box*. These documents were designed as a pragmatic entry point for further discussions with donors and beneficiaries on opportunities for large-project generation and a multi-donor approach to the funding of the next phase of existing large programmes.

Part I of the Case for support gives a brief presentation of ITC's mandate and vision, and of its capabilities and potential as a partner.

Part II introduces large programmes as a means to achieve greater impact. Large programmes are defined by:

- their size and their pluri-annual character: minimum annual budget of USD 2.5 million over a period of 3 years;
- high replication potential;
- sequencing and phasing;
- a multidimensional approach to address complex challenges at enterprise, TSI and policy levels simultaneously, with a view to achieve a customized impact objective.

Large programmes also provide a broader scope for:

- focus on inter/intra-regional trade;
- mainstreaming MDGs into ITC's operation - Women and Trade, Poor Communities and Trade, Trade and the Environment;
- developing the evaluation function for greater transparency and continuous learning.

Individual programmes are presented in **Part III** of the Case for Support (pp. 9-23). The report takes into account the comments and suggestions expressed by donors at the Donors' Group meeting in July. The report focuses on results. It covers the whole spectrum of ITC's portfolio and gives a thorough picture of how large multi-year programmes have enabled ITC to improve delivery for greater development impact.

A total of 11 large programmes are presented under three headings: *Objectives, Results and Prospects for further developments*. 3 programmes are still to be added to the list:

- Programme for Inclusive Growth through Regional Trade Integration in East and South African Countries. This programme will build on the results of other large programmes in the region (ACP, PACT II, NTF II). Finland has expressed an interest in funding the inception phase in 2013. During this phase ITC and partnering institutions will design a full-fledged programme to be implemented as of 2014. The programme framework will be conceived as a modular platform upon which further contributions can be secured through multi-donor funding.
- The TPO benchmarking programme, which is to be improved to include a performance monitoring dimension.
- The Modular Learning System in Supply Chain Management Programme (MLS-SCM), funded by SECO, which is currently being redesigned to ensure stronger focus on SMEs and a more decentralized approach.

The Tool-box provides a selection of project idea components that are being developed in response to requests for export development assistance. A list of countries and regional economic commissions (RECs) that have solicited ITC's services in recent months can be found on p. 6.

The Tool-box illustrates how project ideas can be integrated into, or constitute the basis for large multi-year programmes. Project ideas are to be viewed as building blocks. They are classified under six core strategic objectives:

1. Building awareness
2. Enhance trade policies for the benefit of exporting enterprises
3. Strengthen the competitiveness of SMEs
4. Strengthen TSIs
5. Mainstream inclusiveness and sustainability into trade promotion and export development
6. Supporting regional integration and South-South Trade

It is possible to develop any large programme centred on these broad result areas.

The Case for Support and the Tool-Box are Living documents. The Case for Support will be revised once a year to include updated information on existing large programmes as well as information on new programmes under development. The Tool-box will be updated 4 times a year to include newly approved project ideas.

Comments / Q&A:

Delegates noted with satisfaction that it was the first time that ITC had provided a comprehensive document presenting all programmes and project ideas in need of funding in an integrated way. Several delegates inquired on the next steps of the resource mobilization strategy with regard to visits to the capitals and approaching corporations.

The Delegate from the Netherlands was pleased to hear that ITC was interested in further developing the PPP approach. He informed ITC that the Dutch mission would be organizing a PPP seminar and that ITC was welcome to participate. He also encouraged ITC to keep a close eye on what is currently happening at the WTO to connect efforts with the global negotiation agenda.

The delegate from Argentina had a specific question on Trade in Services. He was under the impression that this new area was not covered in the Tool Box.

The Canadian delegate inquired specifically about the Youth Programme Idea. He observed that this project idea was the only one that had been included in the Case for Support rather than in the Tool Box.

The following answers were given in response to requests from Committee Members:

The Deputy Executive Director explained that ITC is currently in a squeeze between the depletion of the large programme portfolio - most large programmes will be coming to an end in 2013 - and the regeneration of the large programme pipeline.

The challenge for the coming two years is to confirm ITC's conversion to a demand driven approach which will enable ITC to generate programmes that can be replicated or up-scaled to respond to multiple country requests in an integrated way. Rather than developing discrete projects to respond to individual country requests, ITC is committed to developing models for generic and regional solutions comprehensively addressing the complex needs of beneficiary countries.

To integrate the demand side of this new strategy, ITC will need to systematically carry out inception phases to refine the proposed model, validate outcomes, and define a set of concrete programme deliverables with donors, beneficiaries and partners before moving to the next phase. The programme framework will be conceived as a modular platform upon which further contributions will be secured through multi-donor funding.

To achieve these objectives, ITC's resource mobilization strategy will be carried out in two phases.

Phase 1: As a first step to meet the short-term challenge, ITC will be appealing to its close circle of donors for early commitment of renewal of their support in the amount of USD 13 million to enable the organization to launch a new cycle of large programmes in 2013-2014. The Case for Support and Tool Box were designed as an entry point for discussions with donor capitals. ITC Directors should solicit appointments at the highest level in the coming weeks to discuss the possibilities of developing jointly ITC's large programme portfolio.

Donors may want to join in multi-donor funding of the next phase of ongoing large programmes. Customized programmes can also be designed in partnership with donors and beneficiaries to align broad development objectives with specific beneficiary needs. These meetings could also be an opportunity to explore ways in which traditional donors could be of assistance in opening the door to corporate partners to leverage additional funding for ITC.

Phase 2: To ensure sustained funding of large programmes in 2014 and beyond, ITC will be launching its new fundraising strategy at the beginning of next year. The purpose is to attract new country donors, further implicate emerging donors, and target foundations and multinational corporations whose goals and CSR agendas align with ITC's mandate and objectives.

The External Relations Officer provided additional information on ITC's approach to **corporate fundraising**. Data demonstrates that large corporations give substantial amounts to UN organizations to fund development programmes. ITC is currently identifying networks for corporate funding, particularly within the framework of the Global Compact. External Relations has developed a user friendly tool to identify priorities of participating MNEs based on their relevance to ITC's mandate. Should Members be interested, External Relations will gladly present the tool on a future occasion.

ITC and the Dutch mission have had informal discussions on the added value that could represent the creation of a Public Private Partnership Facility at ITC. The idea of setting-up a matching fund to support ITC's efforts to strengthen SME supplier networks and value chain development was put forth. The fund could be financed for 50% by MNEs and for 50% by donor countries. ITC is keen to continue these discussions with donors who could be interested.

The Executive Director confirmed that ITC would be happy to participate in the PPP organized by the Dutch mission. ITC has 3-4 examples of successful partnerships to share, amongst which the Women Vendors Exhibition and Forum, which will take place in Mexico on 6-7 November 2012. She seized the opportunity to thank the Members who have supported the initiative and facilitated the participation of large companies in the upcoming event, namely Mexico, the UK, Norway, and Finland.

In response to Argentina's question on Trade in Services the Deputy Executive Director replied that ITC was currently designing a new services portfolio. Project ideas are still in the making, which is why they have not been included in the Tool Box as of yet. ITC wants to make sure that the trade in services portfolio complements other initiatives that are being developed by UNCTAD and the WTO.

The director of the Division of Market Development drew attention to 2 areas ITC is focusing on: tourism and non-tariff measures in services. The back office services ITC has developed with Bangladesh have been quite successful.

In response to the question of the Youth Programme, the External Relations Officer stressed that the project idea had triggered considerable interest on the part of the donor community. Based on the success of the Woman and Trade programme, ITC views the development of a Youth strategy for export development as an interesting opportunity to address one of the main challenges faced by the developing world. For this reason it was decided to include the programme idea in the Case for Support and to include an article on this topic in the CCITF Report.

Mrs Patricia Francis added that the Youth Programme Idea is a response to a strong need expressed by beneficiary countries. The programme idea is both demand driven and of interest to donors.

Item 4 ITC's Youth Strategy for Export Development

Mrs Patricia Francis introduced Mr Valeriu Stoian, who acted as coordinator of the working group of young professionals who were asked by ITC's senior management to reflect on a new strategy for the economic empowerment of youth. Valeriu briefly presented the conclusions of the Working Group on Youth, which were communicated to the Management Action Group in May 2012. These conclusions are summarized in the information paper entitled *ITC's Youth Strategy for Export Development*, which can be found at the very end of the CCITF Report.

The purpose of the presentation was to engage in a fruitful dialogue with CCITF members on this topic, which ITC views as one of the new frontiers of the aid for trade agenda. The following points were addressed during the presentation:

Global Context: The presentation drew attention to the macro factors underpinning the need expressed by beneficiary countries to develop specific programmes to support youth employment and the role of SMEs with regard to job creation. 44% of the total unemployed people are youth; 87% live in DCs and LDCs; SMEs remain the main employers on the labour market worldwide.

Where ITC stands today: So far the youth dimension has been indirectly tackled by ITC in initiatives such as EnACT, the EIF, and PACT II, which aim at creating employment through trade and better equipping women and youth to secure and sustain their jobs. Several new initiatives, particularly in the Arab region, are looking at generating employment for youth through trade: SEED, SECO funded projects in Tunisia, Aid for Trade Arab States, NES, etc.

To ensure that targets are met under these new initiatives, ITC must re-think its approach and adapt its methodologies to better respond to the needs of young people and monitor progress. ITC has yet to develop programmes that are specially targeted at youth or services that are designed specifically for this segment of the population as is the case for women entrepreneurs.

ITC's Added Value: There is an opportunity for ITC to position itself as one of the key partners addressing youth related issues for trade. ITC has the potential to tackle these issues in a way that no other organization is doing today. By engaging in youth projects, ITC can significantly improve the situation of young entrepreneurs in developing countries while also contributing to job creation for youth through trade.

ITC's in-depth knowledge of exporting SMEs allows for the training and coaching of young people in exporting skills and exports' entrepreneurship. This should translate into a higher rate of success for young people when applying for a job or starting a business.

The Working group on Youth has identified 3 main areas in which ITC could act to include youth in the aid for trade agenda:

1. Matching skills with jobs through training: improve the school-to-work transition by ensuring that young people develop practical and marketable skills to meet SME employers' needs.

2. Youth entrepreneurship: Train young talents in entrepreneurial / managerial skills, associated with the provision of capital (partnerships with private sector business incubators)
3. Support the integration of youth employment policies into export development strategies at sector and national levels.

Towards a Youth and Trade Programme: An ITC programme focusing on youth in trade would be the first of a kind. It would complement and build on existing projects and programmes. Such a programme would benefit from:

- ITC's extensive network of TSIs and private sector partners
- Expertise in key technical areas such as: value chain, export strategy, entrepreneurship, trade policy, etc.
- Experience in developing capacity building and business advisory tools and services for specific trade related objectives suited for specific audiences
- Prior experience in mainstreaming the gender approach

The Programme would build on a sequence for TRTA activities, which would imply different levels of investment within different time-frames:

Phase 1: Adapt existing ITC tools to address youth issues.

Phase 2: Develop new projects targeted at youth: e.g. SUCCESS! , a young exporters Project directly inspired from ACCESS! The programme designed for women entrepreneurs.

Phase 3: Upscale and mainstream projects into a Youth in Trade Programme covering the full scope of ITC's activities.

Expected Impact: Implementing the ideas developed under these 3 approaches could significantly impact youth economic export empowerment via the following results:

- Ability to capture information and results in the area of youth economic export empowerment
- Job creation – youth employment rate in the area of trade increasing long-term
- Increased competitiveness of newly emerged exporters
- Strengthened capacities of TSIs focusing on youth
- Youth involved in capacity building in developing countries
- Impacting export policies through incorporating the youth factor

Comments / Q&A:

The Canadian delegate noted that youth is high on Canada's development agenda. He expressed concern about ITC's definition of youth in the strategic paper. Rather than defining youth strictly by working age (18 to 24) he advised that ITC use a more functional approach. For example graduating students could be considered regardless of age; and different levels of literacy should also be accounted for. He noted that problems are context specific and that qualitative data should supplement quantitative data when dealing with the constraints faced by youth.

The Mexican delegate asked if ITC had considered partnering with other international organisations and mentioned possible complementarities with the ILO Youth and Employment Programme. He noted that partnering with private sector incubators was attractive for governments as well.

Regarding the definition of youth, a more functional approach had initially been considered by the Working Group but had been dropped as it was felt that a strict definition was required for the purpose of implementation. A more flexible definition could certainly be retained and ITC is open to suggestions in that regard.

ITC is considering the level of literacy of young people in its approach as is the case with women and women entrepreneurs in cross-border trade projects for example, or in the Poor Communities and Trade Programme.

As expressed in the strategic paper, linkages with other youth programmes, forums, or financing schemes such as the ILO, the WEF, the Commonwealth, among others, are crucial and would significantly contribute to the success of ITC's youth programme. The Executive Director noted that ITC already has a strategic partnership with UNCTAD, and contributes significantly to Empretec as a content provider.

Mr Paugam expressed the wish that the design of the different phases of ITC's Youth Programme be an open process. He told CCITF Members that ITC looks forward to their feedback on the ideas put forth in the strategic paper.

Final Remarks

Upon closing Mrs Patricia Francis informed CCITF Members that ITC would much appreciate their input regarding the selection of the theme for the next World Export Development Forum - WEDF 2013. She thanked Switzerland (SECO) for their renewed support to ITC's flagship event.

ITC has been considering 5 themes for the event:

1. Integrating SMEs into global value chains
2. Environment, sustainability and trade development
3. Export-led job creation
4. Industrial diversification policy
5. Dealing with disguised protectionism

Topics 1 and 3 could be combined, and topics 4 and 5 integrated as session topics. A possible title could be: *Export-led job creation through SME integration into global value chains* or *Global value chains: towards export-led job creation*.

Proposals or suggestions on possible host countries for the event are also welcome. ITC has not contacted Member countries as of yet.

The Executive Director thanked the CCITF Members for an excellent meeting. ITC is looking forward to further discussions with donors around the Case for Support and welcomes suggestions to move the Youth Programme Idea forward and strategically position ITC as a major player in youth employment and entrepreneurship promotion.