

REPORT OF THE 44TH SESSION OF THE ITC JOINT ADVISORY GROUP MEETING

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ITC enables small business export success in developing and transition countries by providing, with partners, sustainable and inclusive trade development solutions to the private sector, trade support institutions and policymakers.

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16–17 December 2010

OPENING SESSION

1. H.E. Ambassador Dennis Francis (Trinidad and Tobago), Chair of the 43rd session of the Joint Advisory Group (JAG), opened the 44th session. He paid tribute to ITC's Executive Director Patricia Francis and her team for their work over the past year. He then invited H.E. Ambassador Darlington Mwape (Zambia), who had kindly agreed to chair the 44th session, to take his place on the podium.

Opening remarks by the Chair of the 44th session, H.E. Darlington Mwape

2. Ambassador Mwape expressed his thanks to his predecessor and welcomed member country representatives and the representatives of ITC's parent bodies, the United Nations Conference on Trade and Development (UNCTAD) Secretary-General Supachai Panitchpakdi, and the World Trade Organization (WTO) Director-General Pascal Lamy. Ambassador Mwape reaffirmed that the objective of the JAG was to review ITC's work programme through its 2009 Annual Report, the Consolidated Programme Document for 2010 and draft Operational Plan. He noted that there would also be an opportunity for members to announce extrabudgetary contributions.

Statement by Dr. Supachai Panitchpakdi, Secretary-General of UNCTAD

3. Dr. Supachai said the past year offered a number of excellent examples of collaboration between UNCTAD and ITC. As members of the UN-CEB Inter-Agency Cluster on Trade and Productive Capacity, they had worked together in all of the One UN Pilot Countries. UNCTAD and ITC were partner agencies within the UN-CEB Inter-Agency Cluster in more than 20 countries across five regions that have already adopted a Delivering as One approach.
4. He mentioned that UNCTAD had just released the latest reporting on creative economies. The figures showed that while global trade had fallen during the economic crisis, trade in creative goods and services had continued to grow, especially in developing countries and South-South trade, accounting for some 43% of the total. He described this sector as crisis and recession resistant.
5. Considering ITC's draft Operational Plan for 2011, he said he believed the two organizations should identify further complementarities in the several areas, including:
 - Improving trade facilitation to enhance trade competitiveness;
 - Improving trade support institutions and the business environment;
 - Trade intelligence;
 - The interface between environmental issues and trade policy, with a particular focus on the natural resource based sectors, including organic food;
 - The improvement of supply chains and the integration of regional and global value chains, with a particular focus on obstacles facing African SMEs in entering global value chains;
 - Support to public-private dialogue on the implications of EPA's, with a particular focus on the trade in services, competition policy and trade and investment.
6. Dr. Supachai noted that the strategic priorities included in ITC's Operational Plan for 2011 incorporated an agenda for delivering 'Aid for Trade' to developing countries, which he said was crucial for the proper functioning of their productive and export capacities and long-term competitiveness. This is particularly so for LDCs, where investment needs in productive and export infrastructure were significant but at present insufficient. In order to sustainably achieve high rates of growth, LDCs needed to raise their rate of fixed capital formation to at least 25% of GDP but, as last year's LDC Report showed, current rates of fixed capital formation are 18% of GDP for African LDCs and 21% of GDP for Asian LDCs.

7. Dr. Supachai welcomed ITC's decision to filter all projects and programmes through an Aid for Trade perspective, and also to focus on the private sector. He hoped the two agencies would work closely together to strengthen the way services were developed.
8. He concluded by saying that he expected ITC to play a key role in next year's Fourth UN Conference on the LDCs, in Istanbul. Priorities included, inter alia, the development of productive capacities, the diversification of exports and markets, enhancement of LDC capacity in trade services, attraction of FDI and the transfer of technology, and South-South cooperation and regional integration. UNCTAD looked forward to close cooperation between the two organizations on these issues, as well as with other partners to make the conference and the future of LDCs a success story.

Statement by Mr. Pascal Lamy, Director-General of WTO

9. Mr. Lamy said that since last year's JAG session, a number of important events had taken place that impacted on the work of the agencies, and had also provided a better sense of the prospects for exiting the global economic and financial crisis that had impacted all countries. Among these key events was the UN Summit on the Millennium Development goals which took place in September in New York. Among the issues that came out very clearly was the fact that for a majority of developing and least developed countries, the gains they had made towards achieving the MDGs had been seriously eroded by the crisis. Furthermore, there was a very clear call by a majority of developing countries that keeping trade open represented their best chance to exit the crisis, and the conclusion of the Doha Round is now more urgent than ever.
10. Mr. Lamy recalled that the discussions at the previous year's session of the JAG were dominated by consideration of the ITC's Change Management report. An aspect of that exercise which he wanted to highlight and congratulate Ms. Francis on was that, as far as the delivery of ITC activities was concerned, they had not been disrupted by the changes brought about by the programme. ITC was able to deliver and meet its client's expectations and those of its partners, including the WTO.
11. Mr. Lamy noted with satisfaction that substantial progress had been made towards operationalizing the joint WTO/ITC/EIF secretariat programme that seeks to provide capacity building support to LDCs in the process of WTO accession. The accession of LDCs to the WTO remained an important political priority for him and the WTO. This was particularly relevant considering that in 2011 the international community would meet in Turkey at the fourth UN conference for LDCs to take stock of what has been done in the last decade to improve the situation of LDCs. It was important to note that ITC has continued to back its expressed commitment to LDCs with concrete interventions. The fact that out of a total of US\$ 34.6 million in extrabudgetary expenditure in 2009, US\$ 15.2 million went towards least developed and small island developing countries is a good example of this commitment.
12. Mr. Lamy said that, as he had noted in past sessions of the JAG, ITC was a key partner in the Aid for Trade initiative. Next July WTO would host the 3rd Global Aid for Trade Review conference. The focus of this upcoming conference would be on demonstrating impact of aid for trade interventions. This was becoming a major issue particularly in this period of tight budgetary constraints. He was happy to see that this was also identified as a priority in ITC's strategy for 2011.
13. WTO was encouraged by the fact that ITC's investment of extrabudgetary resources in Africa had exceeded expectations. He noted that around 60% of programme resources were spent in sub-Saharan Africa. ITC's 2011 Consolidated Programme Document (CPD) highlighted a number of priorities that WTO also considered as important. He was particularly encouraged by the commitment to expand access of beneficiary countries to global supply chains through closer cooperation with regional and multinational players.

Statement by Ms. Patricia R. Francis, Executive Director, ITC

14. Ms. Francis said that the importance of concentrating on export value over volume, as the key means to transforming a crisis into opportunity, was one of the recurring messages coming out of the World Export Development Forum (WEDF) in 2010. While volume could be short-term and profit-focused, value was achieved when:

- Thinking was based on the long term – leading to strategies that would bear fruit in a sustainable way;
- It was equitable – for value to feed sustainable development it needed to be inclusive, considering more than the shareholders and bringing all people to the table, which could only enrich the potential;
- It was innovative – looking for new opportunities through diversification;
- It recognized the potential that still existed for expansion of globalization.

In a time of limited resources, financial, food and natural, it is essential to think value if we are to overcome the challenge of access to these scarce resources and ultimately to address poverty.

- Ms. Francis said that at the previous JAG, members had asked the organization to prioritize LDCs LLDCs, SIDS and SSA, as this was aligned with members' objectives, as was ITC's focus on programmes for gender, environment and poverty. A second message from members was that ITC's work within the Aid for Trade agenda, with the EIF and in partnership with others, was essential to contributing to joint aims and to the efficient working of the multilateral system. In meetings with donors and others, it had been emphasized that ITC should focus on its core competencies and there was recognition that there had been a positive trend in efforts to embed results-based management (RBM), while improved communication was contributing to a better understanding of how ITC was achieving its objectives, even if there was still work to be done.
- Ms. Francis reported that the 2010 ITC Client Survey was held for the fourth year running. Tracking ITC clients' perception of the impact, quality and relevance of services was essential for the organization. It was a strong indicator of effectiveness with regard to applying results-based management principles and achieving 'Export Impact for Good' objectives. This year respondents were asked to assess ITC's delivery over the past three years. The results showed that 72% said there had been a positive trend in the quality of services over the period; there was a view that ITC increasingly provided products and services that had impact; and there was an increased response from the private sector, with the strongest responses from trade support institutions (TSIs).
- She said ITC's priorities were based on incorporating client feedback into the overarching strategic objectives and thus creating the Consolidated Programme Document and Operational Plan which would be considered later. ITC considered that country ownership was critical for sustainable results. The organization would need to escalate the pace and improve the quality of its delivery of programmes, and continue to build a robust RBM system that reflected stakeholder priorities. ITC would continue to work with its partners under the Aid for Trade agenda to ensure the private sector voice was well represented and that trade was mainstreamed as a tool for achieving the Millennium Development Goals. ITC would be working closely with UNCTAD and WTO in the UN-CEB Cluster to this end.
- Ms. Francis described the organization's operational priorities as including:
 - To facilitate access for SMEs in beneficiary countries to global supply chains, by ensuring that sector and enterprise initiatives are linked to market opportunities;
 - To embed the cross-cutting areas of gender, environment, sustainability and global partnerships;
 - To help TSIs understand the value of their services by rolling out the ITC Benchmarking Programme;
 - To enhance the reach and impact of publications and global public goods;
 - To launch the new website and CRM system to better communicate with beneficiaries.
- Ms. Francis described a number of highlights of the organization's activities during 2010, including the WEDF in Chongqing, China and WTPO conference and awards in Mexico City, Mexico, a number of projects and programmes, and progress in the areas of gender and regional integration. For the year ahead she pointed to the importance of the UN LDC IV conference in Istanbul and the 3rd Global Aid for Trade Review.

20. Before concluding, Ms. Francis introduced to the delegates ITC's new Deputy Executive Director designate, Mr. Jean-Marie Paugam, who will join the organization from the French Treasury in March.

Financial Overview by Eva K. Murray, Director, Division of Programme Support

21. Ms. Murray presented the financial position of ITC at 30 November 2010. This showed that total income/appropriation for the 2010–2011 biennium was projected to reach US\$ 157.7 million, which compared to US\$ 149.2 million in the previous biennium, and US\$ 93.7 million on 2002–2003. In 2010, the organization expected to spend some US\$ 72 million, 46% under the regular budget and 54% from extrabudgetary sources.
22. She noted that there was a slight reduction in extrabudgetary income in 2010 due to rates of project implementation and expenditure, fluctuations in the timing of contributions based on agreements, for example funds received in one period for use over several periods, and exchange losses.
23. Ms. Murray clarified that the regular budget provided for management and substantive programme implementation, administration (including personnel administration, contracts, procurement, financial services, information technology and security) and the physical infrastructure of ITC. Approximately 80% of regular budget resources were used to fund staff.
24. She also discussed the operating reserve, whose statutory level is 15% of annual trust funds expenditure. However, the reserve currently stood at US\$ 3.11 million, equivalent to approximately 9%, and efforts were continuing to increase it.
25. Ms. Murray said that in its budget submission to the UN and the WTO for the 2012–2013 biennium, the organization would request, at no real incremental cost, the conversion of the two temporary posts agreed this biennium to ongoing posts. The starting point for the next biennium regular budget would be the same amount as the approved 2010–2011 Swiss francs budget. She also highlighted the need for ITC to receive its regular budget funding from the UN in full and in Swiss francs and on a monthly basis. ITC would be seeking resources to embed results-based management using the new UN-wide Enterprise Resource Planning System (ERP) and through the implementation of International Public Sector Accounting Standards, IPSAS.

Annual Report 2009

26. The Annual Report for 2009 was introduced by Ms. Francis. She told delegates the report completed ITC's planning cycle. From the high-level strategic objectives, through the more detailed work proposal and work plan of the Consolidated Programme Document and the Operational Plan, the Annual Report was the means to assess the organization's effectiveness. The results then fed into the high-level strategy and operations so that activities were adjusted and improved based on experience.
27. She said that of note in 2009 was a greater understanding of the role ITC could play in trade-related technical assistance (TRTA) by its partners. ITC had actively participated in the regional and global Aid for Trade reviews, and was leading an ITC designed One UN project in Viet Nam that had been selected for Spanish MDG funding. The strength of ITC's role within both WTO and UN systems had resulted in an increase in extrabudgetary delivery and the securing of eight new regular budget posts, she noted.
28. Ms. Francis said that in 2009 the organization concluded the change management process and began mainstreaming and implementing the recommendations. At the same time project design was improved and the organization embarked on larger, multi-year, multi-country and multi-stakeholder projects enabling more comprehensive and coordinated solutions. Along with this increased delivery, the tools available to plan and measure its impact were being improved.

General discussion

29. A total of 36 countries contributed to the general discussion that followed Ms. Francis's presentation. These included 23 beneficiary countries as well as representatives of all major donor countries. Further statements were made on behalf of the Francophonie as well as the ACP Secretariat. Without exception they welcomed improvements in the presentation and content of the Annual Report and the quality of documentation prepared for the JAG meeting. Delegates agreed that support for export development was even more important in the light of the global economic crisis.
30. There was general satisfaction expressed at progress made in embedding results-based management (RBM) in the organization, though important progress still needed to be put in place, and several delegates stressed its importance for ensuring and measuring the impact of ITC's projects and programmes. General satisfaction was expressed with the establishment of the Project Quality Assurance Group and the creation of related project templates as a main component of an RBM system. Despite progress made, several delegates emphasized the need for further work on RBM.
31. Delegates endorsed the proposal to move the JAG meeting from December each year to the second quarter, making it possible to present the Annual Report for the previous year in a more timely way.
32. Many delegates expressed satisfaction at progress made in mainstreaming gender in ITC's work, though some felt more could be done to make this explicit in corporate documentation. Several delegates suggested that youth should be given the same sort of attention, along with continued emphasis on poverty reduction, the environment and global partnerships. Many delegations expressed satisfaction with the focus on the Millennium Development Goals (MDGs) in ITC's work and the shift towards larger, multi-year programmes.
33. Delegates welcomed ITC's decision to filter all its activities through the Aid for Trade agenda, and stressed the role of ITC in demonstrating its impact. This would be particularly relevant at the 3rd Global Aid for Trade Review in 2011 and ITC was encouraged to place importance on this in its 2011 Operational Plan. They also emphasized the importance of multi-agency work, through the Enhanced Integrated Framework (EIF) and with other UN partners.
34. Some delegations, while appreciating the work of the JAG, felt there was room for greater strategic input by members, perhaps through a mechanism such as the Consultative Committee for the ITC Trust Fund (CCITF). Some delegates felt this could help ITC focus on its core competences and comparative advantages, prioritizing requests for assistance so as to avoid spreading itself too thin.
35. Regarding ITC's work in the field, delegates applauded the growing emphasis on regionally structured solutions, while stressing the importance of country ownership of projects. ITC was encouraged to ensure that multi-country programmes would contribute to regional integration. There was agreement with the emphasis on the poorest groups of countries, the LDCs, LLDCs, SIDS and SSA, although delegates also noted that it was important not to ignore other developing regions. Many delegations referred to the importance of the UN LDC IV meeting in Istanbul in May 2011 as an opportunity for ITC expertise to contribute to real impact for LDCs.
36. Delegations also expressed support for the call in Ms. Murray's financial presentation for ITC to receive its regular budget funding from the United Nations in Swiss francs on a monthly basis, and that the agreements on the administrative arrangements between the WTO and the United Nations on the handling of ITC's budget, endorsed by the United Nations General Assembly, should be honoured. Support was given to ITC's investments in the Enterprise Resource Planning project and implementation of the International Public Sector Accounting Standards (IPSAS) as contributing to further embedding RBM at ITC.

Presentation of the Consolidated Programme Document by Mr. Friedrich von Kirchbach, Director, Division of Country Programmes

37. Mr. von Kirchbach explained the role of the CPD in ITC's strategic planning cycle. He said the CPD was a roadmap to 2011, enabling the organization to identify areas where its impact could be higher. It was intended to be less an aspirational document than a practical work programme.
38. The CPD was structured around ITC's five programme delivery responses as laid out in the strategic plan – the focus on LDCs, LLDCs, SIDS and SSA; export capacity building with a country focus; export capacity building with a regional focus; expanding the numbers of users of ITC's global public goods; and targeting the MDGs. It also described ITC's approach to each region for 2011, to the delivery of global public goods, and to the continuous development of its technical expertise.
39. Mr. von Kirchbach said the CPD identified a number of key impact areas for each of the five regions:
 - For Africa: regional integration, agribusinesses, women and youth;
 - For Arab states: a strategic view of export development, trade and market analysis, and sector development through the value chain;
 - For Asia and the Pacific: poverty reduction, Asia-Africa trade linkages, and sector-specific export diversification;
 - For Eastern Europe and Central Asia: enhanced competitiveness in key economic sectors, and increased benefits from customizing ITC's global programmes and services;
 - For Latin America and the Caribbean: strengthened capacities of export development providers, and enhanced SME capacity to define and implement strategies for new and innovative sectors.

Presentation of ITC Operational Plan 2011 by Mr. Anders Aeroe, Acting Deputy Executive Director

40. Mr. Aeroe said the Operational Plan was an internal annual planning tool, setting priorities for ITC staff and management. It defined the actual work programme for the year and the expected delivery both by ITC section and by programme delivery response.
41. He demonstrated how the application of ITC's resources was broken down by geography and by priority country focus, and also summarized expected delivery in 2011 by region and funding sources. He listed 12 priority programmes which, he said, accounted for about half of all extrabudgetary delivery.
42. Mr. Aeroe said the aim was to build an effective organization, which would be done by:
 - Completing projects within agreed timescales and securing the outcomes with ITC's partners;
 - Escalating the pace and improving the quality of delivery;
 - Continuing to set in place a firm RBM structure;
 - Clarifying the reporting of cross-cutting issues of gender, environment, sustainability and global partnerships;
 - Launching a new website and developing the Client Relationship Management system to improve delivery to beneficiaries;
 - Continuing to work in closer partnership with WTO and UNCTAD.
43. Concluding, Mr. Aeroe said ITC was in a stronger position to deliver since systems and procedures were in place, stability was being achieved through multi-year programmes, regular programme and extrabudgetary resources were increasing, the third strategic plan was in place, there was an enabling environment, ITC benefited from and contributed to strong strategic alliances, and it was operationalizing the MDGs.

General discussion

44. Nine delegations commented on the two presentations, broadly welcoming the information contained in the two documents. The points made by delegates included a suggestion that the Strategic Plan should be used to say **what** ITC was going to do while the Operational Plan should detail **how** it intended to do it, including indicators to measure progress in implementation.
45. There was support expressed for efforts to mainstream RBM in order to be able to demonstrate outcomes and impact more effectively. Implementation of RBM was undoubtedly a challenge but there was confidence it would be successfully done.
46. Some delegates questioned the projected 10% increase in delivery in 2011. The issue of the capacity of developing countries to manage increased TRTA was also raised.
47. There was further support for the shift towards more and larger multi-year programmes and appreciation of TSI capacity building, in particular the development and implementation of the TSI-specific benchmarking approach, which will enable TSIs to assess and then develop their skills and services for their clients. This would make it possible to monitor and compare the performance of TSIs, which was important for sustainability and local ownership and ITC's support in this area, with adequate resources being the key. There was support for the proposal to convert an essential temporary post in this area into a permanent position.
48. There was satisfaction expressed over enhanced work with cross-cutting issues and gender issues, while more in-depth gender analysis was sought in the regional overview of the CPD.

Donor contributions

- Canada: 950,000 Canadian dollars for 2011, not earmarked.
- China: US\$ 100,000 in 2011, a 10% increase from 2010.
- Denmark: 26 million Danish kroner (about US\$ 5 million), half to be disbursed in 2010, the other half in 2011.
- Finland: 3.4 million euros in 2010 and 2011, with 1.6 million euros to be disbursed in 2010 and 1.8 million euros in 2011. Also contributing in kind the services of two junior professional officers in 2011.
- Germany: 3.3 million euros in 2011–2012, not earmarked.
- Norway: 30 million Norwegian kroner for 2010–2011 according to the cooperation agreement – 15 million Norwegian kroner in 2010 and the other 15 million Norwegian kroner in 2011, soft earmarking 50% divided between women and ethical fashion programmes.
- Switzerland: not in a position to give details, but intends to contribute substantially during 2011 including one or more sizeable new projects.

Management response

49. In responding to the general discussion, Ms. Francis clarified a number of points raised by delegates. Regarding ITC's performance as measured against the indicators from the Strategic Plan, she pointed out that many projects concerned were designed before the introduction of RBM, and therefore the initial targets had been set on activities rather than on outputs. The indicators had been created without a baseline, but the results of 2009 would be the baseline for 2010. In future, with the new kind of planning instruments available, it should be possible to improve the monitoring and reporting on outcomes and impact.
50. She also responded to a question about the low number of programmes that were in the design phase. She responded that there is a focus on implementation of the programmes that we currently have and that the shift to larger projects also explained why the overall number of projects had fallen and was likely to continue falling, as well as why there was less to report on in 2009.
51. Regarding gender mainstreaming, Ms. Francis said the organization had completed a baseline survey within ITC and that its gender mainstreaming policy had been tabled and should be agreed in the second quarter of 2011. The baseline would be set in 2011, so that in 2012 reporting would be clearer.
52. On progress with RBM, she accepted that there remained work to be done, in particular concerning the operationalization of the Strategic Plan and its follow-up through RBM. ITC was working assiduously with donors and beneficiary countries.
53. Ms. Francis welcomed proposals for enhancing the role of the CCITF. She said she believed that this would enable members to have greater levels of engagement in the governance of ITC.
54. Mr. Aeroe answered other points and gave an assurance that ITC hoped to be able to continue free delivery of market analysis tools to developing countries in 2012 and is looking at new financing mechanisms for this service.
55. He said countries that are not receiving assistance from ITC should contact ITC's Division of Country Programmes in Geneva. Indirect assistance might be available in the shorter term and it might be possible to link countries into existing programmes. However, it was not possible to promise customized projects for all.
56. ITC appreciates the support for efforts to harmonize budgetary processes.
57. Through the ENACT programme, ITC was exploring ways of targeting youth in its programmes.
58. ITC could commit to the projected 10% increase in extrabudgetary delivery in 2011 in the light of several signed bilateral agreements that secure the funding, in addition to its traditional Window 1 funding. ITC agrees that needs assessments are required to ensure that the absorption capacity of recipient countries is realistic.
59. ITC agreed that the focus for the UN LDCV IV meeting would be to create concrete outcomes.
60. Funding has been secured to ensure the Latin Pharma project will be continuing in 2011, linked with ITC's Trade, Climate Change and Environment programme.
61. On the question of criteria for setting up regional offices, Mr. Aeroe said the Regional office in Mexico was a pilot for the region – this was the only field office. Field staff were related to projects.
62. Clarifying apparent disparities between amounts dedicated to delivery responses, he noted that many projects were linked to more than one delivery response.
63. In response to calls for greater use of the French language, he noted that in preparing for the relaunch of the ITC website, the new components of this were currently being translated. However, it was not possible to promise to have the full site in all three languages at launch.

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