REPORT OF THE 47TH SESSION OF THE ITC JOINT ADVISORY GROUP MEETING

International Trade Centre

EXPORT IMPACT FOR GOOD

ITC mission:
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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Joint Advisory Group Meeting

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Opening session

1. H.E. Ambassador Francisco Pírez Gordillo, Chair of the 46th session of the JAG, opened the 47th session.

2. Ambassador Pírez Gordillo stated that since the last JAG meeting, ITC had continued to execute its responsibilities based on the priorities set out in the 2010–2013 Strategic Plan and the Operational Plans for 2012 and 2013.

3. He informed Members that as Chair of the JAG he has been asked to lead consultations with beneficiary countries to contribute to the Terms of Reference of the ITC-wide evaluation to be carried out in 2013. The Executive Director of ITC has asked him to stay on in this capacity and he has agreed to continue to play a role as focal point for beneficiary countries in the ITC-wide evaluation process.

4. Concluding his introductory remarks, Ambassador Pírez Gordillo paid tribute to Ms. Francis for her leadership at the head of the organization over the past seven years and invited the incoming Chair, Her Excellency Ambassador Karen Pierce of the United Kingdom to take her position as Chair of the 47th JAG meeting.

Opening remarks by H.E. Ms. Karen Pierce of the United Kingdom, Chair of the 47th Session

5. In her opening remarks Ambassador Pierce thanked Dr. Supachai Panitchpakdi, Secretary-General of UNCTAD, for hosting the 47th JAG at the Palais des Nations. She also welcomed Mr. Pascal Lamy, Director-General of WTO to the meeting.

6. Ambassador Pierce hopes that during these times of economic uncertainty, the international community will provide ITC with the support it needs to continue its important work within the global Aid for Trade agenda. While the road to development is fraught with complex challenges, by acting collectively we can respond in an effective way and reach out to those who need it the most. Solidarity, coupled with in-depth understanding of mutual interests, is essential.

7. The persistence of strong donor appetite for private-sector development, increasing interest in public-private partnerships, renewed priority for trade facilitation and regional integration in the multilateral negotiations running-up to the next WTO Ministerial, can translate into opportunities for ITC beneficiaries.

8. Ambassador Pierce stressed that the main objective of the meeting was to take stock of achievements in 2012 as reflected in ITC’s Annual Report and discuss ITC’s strategic orientation for the years to come. She called for renewed support to enable this most dynamic organization to continue to carry out its mandate.

9. ITC has an important role to play in assisting least developed countries (LDCs) in overcoming their challenges in the important areas of trade intelligence and transparency, capacity building for export-ready enterprises and trade support institutions (TSIs) and the enhancement of trade policy. At the same time ITC provides assistance to middle-income countries. None of this work would be possible without the renewed interest of the international community and the voluntary support of countries and multilateral donors who contribute to the ITC Trust Fund.

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

10. In his opening remarks, Dr. Supachai shared his views on to the need to ensure that globalization is more development-centred. While acknowledging the importance of economic growth, the Doha Mandate highlights the imperative to spread development dividends broadly and equitably, and to make development more inclusive and sustainable. This ethos is ingrained in UNCTAD and ITC's work and collaboration.

11. In 2012, ITC worked closely with the UNCTAD Virtual Institute on building capacity in universities and research centres in developing and transition countries. This collaboration has enabled the use of market-analysis tools and methods to assess trade performance and identify export potential. More than 120 beneficiaries from Caribbean countries, China, the Russian Federation and the United Republic of Tanzania, 71% of whom are women, were trained as a result of this partnership.

12. ITC has also played an active role in reinforcing the UNCTAD Empretec Programme, designed to promote the creation of sustainable, innovative and internationally competitive SMEs. There are now seven Empretec centres equipped with ITC's Modular Learning System.

13. ITC was also a partner in the 1st BioTrade Congress, organized by UNCTAD during Rio+20, and provided technical assistance to the Organic Producers and Processors Association of Zambia, which organized the 2nd African Organic Conference in cooperation with the Ministry of Agriculture and Livestock, UNCTAD and Grow Organic.

14. As a leading agency within the Transparency in Trade (TNT) initiative, UNCTAD coordinates the collection of non-tariff measure (NTMs) from Member States' official sources. ITC complements this official data collection with large-scale business surveys. NTM surveys are a good example of ITC's pragmatic approach, as they often identify NTM-related costs that can be reduced by focusing on domestic trade facilitation and on technical and logistical infrastructure. The Secretary-General also congratulated ITC on the new Market Access Map online application. He said that he is confident that the TNT programme will further cement UNCTAD's close collaboration with ITC, as well as with other related international organizations such as the World Bank and WTO.

15. Dr. Supachai underlined the importance of creating a culture of results-based management in UNCTAD, where strategic planning, a logical framework approach, and risk assessment are central to decision-making. He acknowledged ITC's successes in this most important area.

16. Dr. Supachai went on to discuss a number of key issues that will affect the wider context in which ITC works over the next few years. These include significant efforts towards regional economic integration in many parts of the world. The development potential of regional integration and cooperation has created opportunities for countries to benefit from larger markets, economies of scale, and economic diversification. In particular, South–South cooperation has proved instrumental in facilitating broader policy and regulatory coordination to promote trade, as well as in pooling resources and building common regional transport networks and infrastructure for closer market connectivity.

17. The Secretary-General also noted that gains from expanded trade have been spread unevenly, not only across countries but also within them. The beneficial impact on poverty reduction has yet to be seen in many countries, particularly the LDCs. More attention should therefore be placed on the link between trade and employment, and the link between trade and poverty reduction. Export is not the end; it is a means to transformation and poverty reduction.

18. In this context, ITC might consider tailoring its interventions to more actively promote forward and backward linkages between the traded sectors and industries and the rest of the economy, so as to spread the gains of trade more widely and support employment, structural transformation and poverty reduction.

19. Dr. Supachai also highlighted a major transformation in the manner in which trade is conducted. The fragmentation and geographical spread of production within global value chains (GVCs) is allowing countries to specialize in trade in different ‘tasks’ rather than products. However, many poorer countries remain trapped at the lower end of the value chain, and require support to move up. An honest study is needed on the impact of GVCs on the participation of poorer countries in international trade.

20. Dr. Supachai expressed his hope that the complementarities between the three major Geneva-based trade institutions will continue to be enhanced. Like UNCTAD, ITC has developed a wide range of partnerships to foster collaboration that maximize the delivery of assistance at the global, regional and national level, and also at the subnational level, with individual SMEs. Partnerships are essential today to reach out to a wider range of beneficiaries and to make efficient use of scarce resources.

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

21. The Director-General of WTO opened his statement by paying tribute to Executive Director Patricia Francis for the manner in which she has guided ITC during her seven years at the head of the organization. In times of crisis, she has had the courage to take what may appear to be unpopular decisions but Mr. Lamy is confident that these important changes will deliver dividends in the future. ITC continues to be seen by policymakers and policy users around the globe as an implementer of real world policies and as ‘an organization that has its fingers on the pulse of the needs and priorities of the private sector’.

22. In a world where resources are becoming scarcer and development needs greater, an organization which seeks to minimize costs to maximize impact is an important link in the development chain. In this most challenging context, Ms. Francis and her team have placed great emphasis on developing an effective fundraising platform and raising the profile of the organization.

23. The implementation of an agency-wide results-based management (RBM) system has refocused the delivery of ITC products on results in a manner that builds on an effective monitoring and evaluation construct. ITC has consistently highlighted the importance of demonstrating outcomes and impact while feeding project and programme analysis back into the project cycle to ensure more results focused interventions. RBM must continue to be anchored in the work of the ITC.

24. Over the past seven years ITC has become a partner to WTO on a number of issues. ITC has embraced the Aid for Trade concept and incorporated it into its institutional structure, delivery of services and mission statement. Aid for Trade is about providing the tools – financial and capacity related – to developing countries, specifically LDCs, to allow them to take advantage of market access openings and place trade-led growth at the centre of national and regional development strategies. The impact of effective Aid for Trade is both tangible – such as increased exports and diversification – and intangible – such as better capacity to identify trade-related opportunities and improve dialogue with the private sector. ITC is successful in both these areas and the organization can safely stand behind its slogan: ‘ITC is 100% Aid for Trade’.

25. Mr. Lamy noted that at the 3rd Aid for Trade Global Review in 2011, ITC submitted and facilitated the submission of more than 20 case stories – many with a specific focus on gender issues. For the 4th Aid for Trade Global Review, which will be held 8–10 July this year, ITC has been an important partner in the monitoring exercise of the private sector undertaken by WTO. As of today WTO has received over 700 private-sector responses which will shed further light on how SMEs in developing countries can enter, benefit from and move up regional and global value chains.

26. ITC's role in the Aid for Trade agenda will take on greater importance in the future, Mr. Lamy said. As ODA falls and budgets in traditional development partners continue to feel the impact of the crisis, there will need to be a greater focus on three additional sources of funding: South-South trade-related capacity building; domestic resource mobilization; and private-sector

investment. ITC is well placed to leverage public money and ODA with FDI and private investment. Its existing links with SMEs and with large companies in the field makes it a natural partner in leveraging investments from non-traditional sources.

27. The Director-General also noted that the engagement of ITC with countries in accession to WTO and in their immediate post-accession phase continues to be an important policy input. Accession to WTO is a commitment for Governments for the benefit of the private sector, in particular SMEs which make up the economic tissue of many developing countries.

28. Reflecting on the Report of the Panel on Defining the Future of Trade, which he presented two weeks ago, Mr. Lamy stressed that ITC, because of its proximity to the ground, is potentially ahead of the curve as it can anticipate and incorporate new trends and priorities into its work stream.

29. One of these is the increasing prevalence and impact of non-tariff measures on trade. ITC's work on NTMs, including through its business surveys, has helped to expand the knowledge of existing regulatory barriers that SMEs have to face and sparked a debate on the importance of building the capacity of the private sector in developing countries to address and meet these standards – the large majority of which are private standards.

30. Mr. Lamy supports ITC’s pragmatic approach to innovation. ITC's work on services, specifically in the area of tourism; gender and trade; value chain analysis; and the green economy are areas where the organization remains ahead of the multilateral trade rule book. He welcomed the re-launch of the Trade in Services programme. Services make up more than 50% of global GDP and 50% of worldwide exports when measured in value-added terms. For a vast majority of ITC clients, specifically for small island developing States and small vulnerable economies, services is the tool for enhanced growth and employment generation.

31. The Director-General made specific mention of the work on value chains, which offer an opportunity for SMEs. While many SMEs in the developing world may not have the productive capacity to export directly a wide variety of finished products, they can certainly feed into the supply chains of larger companies domestically while concurrently building up their competence and know-how, and improving the ability to address regulatory barriers. This must continue to be a centrepiece of ITC's work in the future.

32. Efforts to expand South-South trade and help LDCs diversify their exports towards emerging markets should become central to ITC's work. Just 20 years ago, South-South represented barely 10% of world trade. By 2020, a third of global trade is likely to be South-South. ITC has an important role to play in helping SMEs come to grips with the expectations of trading with partners in the South, including through identifying and breaking down barriers that may still restrict trade between these countries.

33. Running up to the Bali ministerial, Mr. Lamy noted that the element that ties these areas together – increased trade and growth through removal of barriers to trade – is trade facilitation. Providing capacity to companies to produce more efficiently and competitively will have little impact unless the appropriate processes are in place at the border to make importing and exporting quicker and less costly. This is what a multilateral Trade Facilitation Agreement aims to do. Effective trade facilitation is a sine qua non for investment both domestic and FDI.

34. In conclusion, Mr. Lamy once again thanked Patricia Francis for her leadership and for laying the groundwork for her successor, whose identity should be known by June.

Statement by Ms. Patricia Francis, Executive Director, ITC

35. Ms. Francis began her statement by reviewing her seven-year term in office as Executive Director. She recalled that in 2006 she had promised to take ITC through a process of evolution, not revolution, to address the challenges identified in the 2005 Danish Evaluation. On reflection she would have to say that depending on where you sat it may have looked like a revolution, but she believes ITC has undergone a comprehensive evolution.

36. The Senior Management Team decided to tackle the long list of issues and problems identified in the Evaluation in a situation where the majority of the ITC did not recognize the urgent need for major changes. The absence of a strong corporate culture had led ITC to be less than the sum of its parts. The Evaluation had provided little guidance on how to implement change, while recommending expansion of trade-related technical assistance (TRTA) in ITC both in terms of increased expenditure and scope.

37. Despite the daunting challenges, ITC made a strategic shift in the way it conducted business. This required the organization to manage numerous structural, operational, and cultural changes in the best and most sustainable way possible. This was a challenge for an organization which traditionally delivered a significant proportion of its work through small one-off projects with support from non-integrated tools. Today we can see the fruits of the decision to use large multi-year projects as a way to increase the value, impact and volume of ITCs technical assistance to beneficiary countries.

38. The first challenge was to generate, mobilize resources for and manage ITC's biggest ever pipeline consisting of some 12 large projects. The bulk of this pipeline was effectively launched in 2008. In 2009, a Large Projects Management Unit was established. This was an unprecedented initiative by ITC management which culturally helped to give visibility and importance to large projects in the minds of staff and external stakeholders; and operationally, enabled ITC management to grasp important lessons.

39. Over the life cycle (2008–2013) of this first generation of large projects, ITC responded to clients' needs and developed key internal procedures to ensure much-improved project management and delivery. These included:

- Introduction of results-based methodologies and tools to facilitate harmonized project and corporate monitoring and results;
- Project management and training to build internal capacities;
- Introduction of an online customer relationship management tool to, inter alia, better manage country relationships;
- Automation and integration of corporate results reporting tool through the development of an IT architecture linking projects to corporate (IMDIS) reporting;
- Centralized decision-making and introduction of quality assurance review procedures;
- Introduction of corporate strategic planning and regular corporate monitoring practices for project implementation, human resources, finance, support services and IT systems;
- Enhanced financial accountability through upgraded traceability of funds and financial management controls (including the achievement of the first support cost-analysis and the initiation of the first full size, project cost-to-result analysis);
- Increased external transparency through the online Integrated Reporting Architecture to external stakeholders – Beta Version released earlier in 2013; going public by 2014;
- Enhanced evaluation function.

40. The result of all these changes has been to build a greater level of trust and confidence among donors and beneficiaries so that ITC could better deliver on its mandate through new consolidated partnerships.

41. Today as we reflect on 2012 and what is still a fragile global economy, and on 2013 which promises to be no different, ITC is in a better place to provide solutions to countries seeking to expand their economies while ensuring the development process is more inclusive and sustainable.

42. In contrast with developed countries, which are facing large fiscal/debt consolidation, annual consumption in emerging markets will continue to rise in 2013. In this volatile economic climate developing countries will have to search for export growth in the South. The announcement at the summit in South Africa in March of the BRICS countries of an increase in intra-BRICS trade to US$ 500 billion each year by 2015, and the decision to set up an intra-BRICS bank, brings hope for trade expansion. The ITC World Export Development Forum (WEDF) held in Jakarta

last October drew attention to the still unexploited potential of South-South trade between Southeast Asia and sub-Saharan Africa. The Chambers of Commerce from Indonesia and South Africa signed an MoU on cooperation following the event, and stronger economic ties have been forged between Indonesia and Nigeria, highlighting outcomes for the host country.

43. ITC continues to argue for the importance of regional integration in Africa in an effort to decrease the continent's reliance on commodity exports and towards more value-added and processed products. The growth of the African middle class and urbanization are creating export opportunities closer to home. According to the United Nations Economic Commission for Africa, rising private consumption will add 3% to Africa's GDP this year – accounting for more than half of the continent's growth. ITC's research paper on Africa's Trade Potential estimated that cutting the time needed to clear customs by 50% would generate an extra US$ 15 billion annually in GDP for the continent. Reducing the cost and time required to export goods within sub-Saharan Africa by half would boost GDP by another US$ 20 billion annually, mostly through export growth.

44. Turning to results the Executive Director informed the JAG that ITC delivered US$ 40 million in TRTA last year, lower than 2011, which was a record year, but in line with predictions made at the JAG this time last year. Most large programmes either ended in 2012 or will be ending in the first half of 2013, which explains the winding down in delivery. Time was needed to evaluate the first generation of large programmes and it would have been premature to start regenerating the pipeline without taking stock of findings and lessons learned. A full year at least is needed to develop the next generation of large programmes, and it is expected that the 2011 level of delivery will be matched in 2014.

45. ITC has remained committed to the most vulnerable countries in 2012: 69% of country and region specific delivery went to priority countries. While this represents a slight decrease compared to 2011 and 2010, the proportion remains higher than in any of the preceding years. The goal is to maintain or increase this high ratio of delivery to LDCs as the organization ramps up to historic 2011 levels of delivery.

46. Ms. Francis focused on two main accomplishments: the recent impact evaluation of the ITC Ethical Fashion Initiative, and the achievements of ITC's first generation of large programmes, which have changed ITC's mode of delivery by focusing on multiple levels of interventions to maximize impact. She thanked the many donors who contributed to these most successful programmes through Window I and Window II of the ITC Trust Fund.

47. In 2012 ITC carried out its first impact evaluation ever. The mid-term evaluation of Ethical Fashion operations in Kenya demonstrated strong impact of this market-driven approach. The beneficiaries, mostly women from the slums, have used income to improve the living standards of their families and invested in education, housing and health. The evaluation recommends that the programme be scaled up, under the same business model, to other marginalized communities and target markets.

48. The Programme for Building African Capacity for Trade, ITC's largest programme ever, completed most of its operations in 2012. The second phase of the programme, PACT II, has developed an innovative approach across the Common Market for Eastern and Southern Africa (COMESA), the Economic Community of Central African States (ECCAS) and the Economic Community of West African States (ECOWAS), and delivered the 'software' component of regional integration which is indispensable to complement the 'hardware' investments in infrastructure and connectivity: institutional strengthening of regional economic communities (RECs), development of TSIs and business networks, and demand-led creation of sectoral business capacities and regional value chains. The originality and strength of ITC's strategy has been to synchronize interventions in these three areas to stimulate the private sector's lead in the dynamics of regional integration. ITC is currently working with beneficiaries and donors to design a successor programme building on the results of PACT II.

49. The Enhancing Arab Capacity for Trade programme (EnACT) also came to an end in 2012. ITC designed this innovative regional export development programme focusing directly on social inclusion through business success of SMEs. The goal was to identify sectors with high export potential and connect them to international markets. SMEs specializing in handicrafts in Jordan, in engineering goods and processed food in Algeria, Egypt, Morocco and Tunisia, broke into

new markets thanks to EnACT. A large proportion of income generated and jobs created benefited women entrepreneurs, particularly the young.

50. The NTF II programme, funded by the Netherlands, also completed its final year of implementation in 2012. NTF II met the objective of enhancing the export competitiveness of a range of sectors with high export potential in Kenya, Senegal, Uganda, South Africa and Bangladesh.

51. In recent years, ITC has become a champion of women's economic empowerment. As part of the Women and Trade programme, financed by the United Kingdom and several donors under W1, ITC has designed projects that provide women entrepreneurs with access to trade support services. ITC has also mainstreamed a gender-sensitive approach to project design and implementation. Providing equal opportunities to women is good development policy. When women are in control of their income, a number of positive outcomes follow which contribute to breaking the cycle of poverty.

52. A major outcome of the programme is the establishment of the Global Platform for Action on Sourcing from Women Vendors, to increase the share of corporate, government and institutional contracts awarded to women-owned businesses. In just two years, the Platform facilitated the export of more than US$ 20 million worth of goods by 200 women-owned SMEs from the developing world.

53. Turning to 2013, Ms. Francis informed Members that ITC is facing budget cuts. All United Nations agencies have been asked to adapt to difficult economic times. ITC is likely to see its regular budget for the next biennium reduced by approximately SwF 1.9 million out of a total budget of SwF 76.1 million in 2012–2013. ITC is working out how to manage the cuts, while trying to minimize effects on beneficiary countries.

54. The Executive Director noted that while data from the Organisation for Economic Co-operation and Development (OECD) indicate that Aid for Trade declined in 2011, funding for private-sector capacity building and value-chain promotion actually increased. She is hopeful that ITC will be able to raise the extrabudgetary funding required to return to 2011 delivery levels.

55. In closing, Ms. Francis paid tribute to Dr. Supachai, Mr. Lamy and their teams who have supported the evolution of ITC. She also thanked the dedicated management and staff of ITC, and, importantly, the Member States for their trust and confidence which allowed ITC to achieve so much.

Presentation of financial update

By Ms. Eva K. Murray, Director, Division of Programme Support, ITC

56. The Director of the Programme Support Division illustrated the evolution of ITC's financial income over four biennia, from 2006–2007 to present. During this period, total resources increased from US$ 131.8 million to US$ 169.4 million at the end of 2011. It is projected that they will reach US$ 161 million by December 2013.

57. During the four biennia, the regular budget grew from US$ 55.9 million to US$ 80.8 million, while extrabudgetary funding grew from US$ 75.9 million to a projected amount of US$ 80.2 million. For the 2012–2013 biennium, approximately half (47%) of ITC's expenditure comes from the regular budget and half (53%) from extrabudgetary contributions. Projected expenditure for 2012–2013 was US$ 163.5 million, of which US$ 76.8 million was regular budget and US$ 86.7 million extra-budget.

58. Ms. Murray explained that the regular budget provides for management and substantive programme implementation, administration, and the physical infrastructure of ITC. Approximately 79% of regular budget resources are used to fund staff. To the end of March, ITC has spent US$ 11.1 million of the US$ 15.2 million available.

59. Turning to extrabudgetary funds, Ms. Murray noted that of US$ 12.5 million available in Window I, US$ 4.1 million have been spent as of 31 March 2013. Window II holds funds that are covered by bilateral agreements, multi-donor trust funds such as the Enhanced Integrated Framework (EIF), or the MDG Fund (MDGF) revolving funds, as well as funds for associate experts. Use of these funds is defined by signed agreements for specific projects that normally cover several years. Of the US$ 26 million available, US$ 6.2 million has been spent as of 31 March 2013. The remainder has been planned for expenditure to year end and beyond.

60. A significant number of ITC's large programmes were completed in 2012 or are coming to an end in 2013. New projects outlined in the Operational Plan will contribute to the 2013 target. ITC expects to deliver approximately US$ 46 million gross in technical assistance this year.

61. Moving on to the Operating Reserve, Ms. Murray said that ITC continues to strive to meet the required statutory level. She noted the progress since 2008 of annual Trust Fund expenditure towards the statutory target of 15%. Data for 2012 show that the level of the operating reserve has reached 13.7% (US$ 4.78 million).

62. Ms. Murray said that ITC is committed to implementing the International Public Sector Accounting Standards (IPSAS) as of January 2014. IPSAS will provide improved reporting on the costs of projects and supports RBM. External auditors have emphasized the need for intense preparation, which ITC has been implementing, and continued support is appreciated.

63. For the Regular Budget 2014–2015 biennium, Ms. Murray informed Members that the General Assembly and the Secretary-General of the United Nations have requested reductions. ITC will contribute approximately SwF 1.9 million in budget reductions. ITC is assessing ways to minimize the impact of regular budget cuts on beneficiaries. To that aim ITC will:

- Preserve its ability to deliver at least 50% of its budget in LDCs, LLDCs, SIDs and sub-Saharan Africa;
- Prioritize innovation and strategies to respond to changing beneficiary needs;
- Strengthen the organization's RBM capacity.

64. Ms. Murray went on to explain that to achieve these aims ITC intends to combine productivity gains, capitalizing on recent and future efficiency measures, improved internal processes and systems, with the optimization of the budget through a combination of post and non-post reductions. Discussion on the regular budget for the next biennium will be pursued within United Nations and WTO statutory bodies, that is at the Advisory Committee on Administrative and Budgetary Questions (ACABQ), Fifth Committee and General Assembly at the United Nations, and the WTO Committee on Budget Finance and Administration (CBFA) and General Council.

65. In closing, Ms. Murray thanked Members for their continued support and said that she looks forward to similar support in the next biennium.

Strategic update: Achievements and challenges

By Mr. Jean-Marie Paugam, Deputy Executive Director, ITC

66. Referring to ITC's Strategic Plan 2012–2015 and the new corporate logical framework (logframe) 2014–2015, which were approved by the JAG in May 2012, Mr. Paugam summarized ongoing modernization efforts and their current results:

- Improved organizational performance with over 50% of output and outcome targets for the 2012–2013 biennium achieved by mid-biennium
- Overall delivery to LDCs, LLDCs, SIDS and sub-Saharan Africa has risen by 10% compared to 2009;
- A quality control architecture that has been recognised by United Nations auditors as most efficient;

- Impact measurement methodologies that are under development and should be ready for the start of the next biennium;
- Improved accountability: financial management control mechanisms have been continuously upgraded; planning and performance monitoring enhanced; cost to result analysis is ongoing.
- Improved transparency with the launch of the ITC's Development Results Webpages, which will be accessible to external stakeholders in 2013.

67. Turning to challenges ahead, Mr. Paugam noted that the first challenge is project generation to maintain and increase ITC's volume of delivery. The level of funding needed to sustain ITC's current level of performance is US$ 40 million–45 million. ITC must become more agile in transforming project ideas into bankable projects and programmes and more proactive in leveraging multi-donor funding. To tackle this ITC is investing on three fronts:

68. First, ITC is taking necessary steps to improve project design and large programme management practices. New processes are being put in place to improve the planning cycle, better assess beneficiary needs, better integrate products and services across the organization to deliver customized solutions, develop a robust understanding of project costs, and ITC's capacity to measure and learn from results. In 2013 ITC is rolling out a new methodology for country needs assessment and trade competitiveness analysis to better steer project design towards demand-led integrated solutions.

69. Second, ITC is investing in project generation. Unearmarked contributions allow for seed-funding that feeds the regeneration of the project pipeline. In 2011–2012, ITC sponsored 13 project development initiatives that have translated into nine project plans with close to US$ 20 million committed by donors. Six other project proposals are expected to attract an additional US$ 12 million. This leveraging ratio will be maintained in 2013. In line with its operational plan for 2013, ITC has additionally dedicated US$ 500,000 towards country needs assessments and project generation. The organization expects to produce six to eight new large country programmes by the end of the year. This concerted effort will operate on top of ITC's existing needs assessment and project development.

70. Third, ITC is engaging in a more proactive resource mobilization strategy, which mirrors needs assessment to ensure that both donors and beneficiaries are consulted early in the project development process. ITC's resource mobilization plan targets traditional donors and new prospects, both public and private. The new fundraising strategy aims at:

- A new Case for Support has replaced the Consolidated Programme Document (CPD);
- Improving internal processes;
- Increasing efforts to reach out to emerging donors;
- Concerted action to develop partnership with the private sector;
- Engaging in multi-donor funding of needs assessment and tools for large programme development and implementation.

71. The second great challenge for ITC is to continue to adapt to an ever-changing environment through innovative methodologies, products and services. ITC is exploring new market angles which will increase the value that developing countries can capture and ultimately help SMEs climb the ladder of regional and global value chains:

- Intellectual property strategies such as branding and/or geographical indications can play a key role in adding value to exports;
- Private standards such as ethical and environmental requirements are essential to comply with buyer specifications in the North.

72. ITC intends to focus on South-South market dynamics and in particular on regional integration. ITC is taking up this discussion with the African Union and various regional organizations. Regional value chains are the main stepping stones for entering global value chains.

73. ITC is also exploring project schemes that combine the export interest of developing countries, market demand generated by a buyer or an investor, and a donor funding priorities. The topic of food security is potentially favourable to developing such an approach.

74. On the front of inclusiveness ITC has included the measurement of jobs supported through export-generating activities in its strategic framework as from 2015–2016. Echoing what has been successfully implemented by the Women and Trade and Poor Communities in Trade programmes, ITC will further invest in inclusiveness by targeting the obstacles that hinder the activity of young entrepreneurs in developing countries.

75. ITC's parent organizations have invested in better understanding the role of global value chains: WTO and OECD have cast new light on the dynamics of value-added trade; UNCTAD has connected value-added trade analysis with investment. ITC is well-positioned to operationally assist SMEs in developing countries to integrate inclusive value chains:

- By promoting awareness in LDCs. Mirroring the forthcoming Aid for Trade Global Review, the next WEDF will be centred on this very topic;
- By mobilizing capacities for NTM survey analysis to facilitate public-private dialogue. ITC can contribute to addressing the broader challenge of trade facilitation;
- Through its newly designed Trade in Services Programme, ITC will work increasingly with coalitions in the services industry to better understand the business environment and respond to regulatory challenges.

76. ITC's overall planned investment in project development and innovation will represent 4%–5% of its total delivery in 2013.

77. Mr. Paugam concluded that these efforts will have to be sustained in coming years to enable ITC to deliver decisive contributions to the forthcoming World Trade and Development Agenda to be shaped at the Bali WTO Ministerial, and to the broader post-2015 MDG framework.

Presentation of selected achievements in ITC's programme regions and outlook for 2013

By Mr. Friedrich von Kirchbach, Director of Country Programmes Division, ITC

78. The Director of Country Programmes Division highlighted the geographical balance of ITC's programme, focusing on the one hand on the needs of 101 priority countries (LDCs, LLDCs, SIDS and sub-Saharan Africa), and delivering, at the same time, targeted services and projects in other programme countries around the world.

79. His presentation featured among others the following achievements:

- Sub-Saharan Africa: In West Africa, ECOWAS made a significant step towards establishing a sustainable regional capacity for trade development and promotion. The Export Promotion and Enterprise Competitiveness for Trade Initiative (EXPECT), which was launched under PACT II, constitutes the technical and operation tool for carrying out this initiative and sectoral value chains with high potential for the region;
- Arab States: the Enhancing Arab Capacity for Trade (EnACT) Programme converted export potential into actual transactions and allowed the five programme countries, Algeria, Egypt, Jordan, Morocco and Tunisia to develop new markets for processed food exports including Halal;
- Eastern Europe and Central Asia: ITC supported Tajikistan in the WTO accession process and enhanced competitiveness of key sectors of the Tajik economy such as agro-processing and textile and clothing;
- Asia and the Pacific: In Bangladesh, the NTF II programme built export marketing capacities and provided matchmaking for IT and ITES companies. By branding

Bangladesh as a global IT sourcing destination, the industry was enabled to tap into a fast-growing market in Europe;

- Latin America and the Caribbean: Exporters of agricultural products in Peru's northern Amazonian corridor diversified their product offering and conquered new markets abroad thanks to a strengthened trade support network.

80. Mr. von Kirchbach outlined the main focus areas in 2013 with respect to the different regions.

- In sub-Saharan Africa, ITC will continue to roll out its support to regional economic integration and value chain development;
- Trade-related assistance to Arab States will focus on value-added sector development to create jobs for women and youth;
- SME export competitiveness through sectoral development and integration into global value chains combined with pre- and post-WTO accession support will shape ITC's work in Eastern Europe and Central Asia;
- South-South trade and the promotion of trade in services stand out as important priorities in the Asia and Pacific region;
- In Latin America and the Caribbean, the organization will continue to increase access to trade intelligence and strengthening the trade support infrastructure.

General discussion

81. A total of 42 countries, one international organization and one NGO contributed to the general discussion sessions.

82. Delegates welcomed the 2012 Annual Report, praising its quality and expressing appreciation for the inclusion of several case studies. They expressed strong consensus on the quality of ITC's performance and effectiveness of programme delivery in 2012 and commended the organization for the quality of preparation and documentation for the JAG meeting. Members confirmed the importance of ITC's publications as vehicle for effective communication.

83. Delegates commended Ms. Patricia Francis, ITC management and staff, for their commitment and the high quality of their work. In particular they expressed appreciation for the considerable advances made by ITC under Ms. Francis's stewardship over the past seven years and her leadership role in the change process. One describing ITC as now one of the best managed international organizations, and another as one of the most efficient organizations in the United Nations system.

84. The JAG commended the organization for its sustained efforts to improve transparency and accountability. Delegations expressed appreciation for ITC's progress in implementing RBM throughout the organization, focusing on impact and outcomes, through an integrated and automated reporting architecture. They recognised ITC as a model of good practice in the implementation of RBM, welcomed the launch of ITC's Development Results Webpages and took note of ITC's commitment to go public in 2013.

85. Delegations commended ITC for the new quality control architecture that has been put in place since 2010 and expressed support for the new internal processes that are being developed to improve needs assessment and better integrate products and services across the organization. Delegations took note of ITC's endeavour to progress on impact measurement methodologies for the next biennium.

86. Several delegations emphasized support for the upcoming ITC evaluation and its capacity to provide an independent assessment of the progress made by the organization over the past seven years and insights on ensuring maximum value and developmental gains. Delegates urged ITC and partners to use the evaluation as an opportunity to learn lessons from past initiatives and guide future work.

87. The JAG discussion confirmed the strategic importance of large multiyear programmes for the sustainability of ITC’s impact-oriented strategy. Delegations encouraged ITC’s investment in the regeneration of its pipeline and in innovation. Several beneficiary countries expressed appreciation for donor support to programmes that had benefited their countries, and urged the donor community to continue supporting ITC to enable it to implement its strategic plan. A number emphasized the need for projects to be designed in close partnership with beneficiary countries.

88. Delegates encouraged ITC to continue building the export capacity of the private sector, including national and regional business organizations, with a view to integrating SMEs in global and regional value chains. They supported the organization’s primary focus on LDCs, LLDCs, SIDS, sub-Saharan Africa and the more vulnerable economies, while ITC was also asked not to forget the needs and challenges faced by middle income countries that have the potential to contribute significantly to South-South Trade.

89. Many delegates encouraged ITC to continue its support of market-led agricultural export development, including sector development initiatives and export quality management support. The Clothing and Textile sector was also identified as a key source of job creation and value addition in some regions.

90. Delegations welcomed the re-launch of the Trade in Services programme and recognised the importance of the services sector for LDC export development. One delegate raised the issue of the benefits of e-commerce for MSME development and emphasized the importance of incorporating information technologies into capacity building initiatives, especially for the poorest countries. The delegate also stressed the importance of government in promoting the role of technology and innovation for development through policy initiatives.

91. Delegates expressed strong support for ITC’s leading role in identifying non-tariff measures as obstacles to trade and the strong focus on developing trade intelligence for LDCs. Increasing transparency is a first step to overcoming trade barriers. Several delegations are using the results of the NTM partnership with ITC to develop solutions to improve the business environment in their countries.

92. Delegations expressed widespread support for ITC`s Women and Trade focus, emphasizing the importance of gender mainstreaming and the empowerment of women. They welcomed ITC’s efforts to further expand mainstreaming activities to include the promotion of an inclusive and sustainable model of development, focusing on poor communities, trade and the environment and the empowerment of youth.

93. Many delegations emphasized the serious issue of unemployment among women and young people and welcomed ITC’s efforts to expand programmes that provide sustainable opportunities for job creation for women and youth through trade, including established programmes such as the Ethical Fashion initiative.

94. Delegations welcomed the Case for Support, which replaces the Consolidated Programme Document (CPD) and took note of ITC’s intention to integrate fundraising with needs assessment to better respond to beneficiary needs. Delegations welcomed ITC’s efforts to develop new synergies to engage in multi-donor funding of large programmes to increase volumes and impact of delivery. They acknowledged the organization’s endeavour to engage in partnerships with the private and public sectors.

95. Several donor delegations said they were working to improve synergies between their bilateral aid programmes and multilateral efforts, recognizing the close alignment between their own development assistance strategies and ITC’s strategic objectives. They recognised the importance of ITC’s role in private sector development which is at the heart of their Aid for Trade strategies. They also urged ITC to identify areas of greatest need according to the development plans of beneficiary countries.

96. Many beneficiary countries expressed their thanks to the donor community for their continuing support to ITC in these difficult economic times. A number of delegations requested more support for Eastern Europe and Central Asia and expressed readiness to support further ITC initiatives in the region; two requested continuing and increased support for small island nations in the Pacific region and two delegations requested increased support to small and vulnerable

economies in Latin America and the Caribbean, including SIDS and LLDCs and small Central American countries. Four delegations urged ITC and donors to continue to invest in economic development in countries undergoing democratic change in the Arab region, such as through the EnACT programme.

97. Delegates highlighted the importance of South-South trade for export development and urged ITC to further explore its potential. They also expressed support for ITC's efforts to promote regional integration as well as intra- and interregional trade. WEDF 2012 was recognised as an important platform for expanding trade relations between Africa and Asia. The forum could have a long-term role in promoting South-South cooperation in trade.

98. Delegations also congratulated ITC for supporting LDCs in WTO accession and for building LDC capacity for trade development through the EIF. One delegation highlighted the need for middle income countries to benefit from ITC's technical assistance to facilitate WTO accession and assist in post-accession capacity building.

99. Delegates supported strengthening the synergies between ITC, WTO and UNCTAD in the run-up to the 4th Aid for Trade Global Review in July, and encouraged agencies to ensure duplication is avoided.

100. Several delegations expressed their support for ITC's request to be provided with the operational flexibility to implement the SwF 1.9 million reduction in the organization's regular budget for the next biennium and urged ITC to employ a results-approach when implementing the necessary cuts.

ITC management responses

101. Following the presentation by Mr. von Kirchbach, one Latin American delegation asked whether other countries in the region, and specifically in Central America, would be included in ITC's programme this year. There are several countries in the region with small and vulnerable economies, needing help in areas such as developing the capacity of women, green markets, and eco-tourism.

102. Mr. von Kirchbach replied that ITC is aware of the vulnerability of Central American economies and has been reflecting on how to enhance and build up its programme in the region. ITC's presence remains limited at the moment, but the regional office in Mexico is exploring avenues for collaboration with several government representatives. ITC is also discussing with a donor that has expressed interest in funding activities in the region, but no decision has been reached so far.

103. One African delegation asked how ITC plans to intervene with ECOWAS countries at sub-regional level. Was it individually or through the EIF; also, how did ITC work with ECOWAS at the regional level. A second question related to the conditions to be met by a country in need of ITC's assistance to develop a National Export Strategy.

104. In reply, Mr. von Kirchbach said that first under EIF, ITC stands ready to support the policies and priorities of LDCs at national level. Second, country programmes could be developed provided there is a bankable proposition and donor interest. Finally, ITC is working on finding regional solutions and developing successor programmes to PACT II and NTF II.

105. Mr. von Kirchbach added that he was encouraged by the interest in national export strategies (NES). ITC believes this is an excellent approach for programming and implementing priorities for export development. The first condition is that governments and country stakeholders be convinced of the added value of an NES and request ITC's support. Secondly, financial resources must be available. Donors have contributed regularly to the NES programme but ITC would certainly welcome more support in this area. Such strategies are an important way of ensuring that Aid for Trade is coherent and in line with stakeholder needs.

106. Responding to the general discussion, Ms. Francis thanked delegates for the many interventions and the many appreciative comments from beneficiary countries. She said:

107. We thank you for your recognition of our work in 2012 and for your positive feedback on the quality of the Annual Report. It is clear to us that members see ITC’s mandate as relevant, and support the importance of growing SME exports with wider development impact, particularly in the current, fragile economic environment.

108. We are grateful for your comments commending some of our important programmes, including EnACT, NTMs, Women and Trade, Trade for Sustainable Development, WTO accession, sector development programmes, national export strategies and Ethical Fashion.

109. We acknowledge your ongoing, shared interest for the development of inclusive projects and programmes and the recognition you have given us for our work on women’s economic empowerment, green economy and poverty reduction through trade. We will continue our efforts in these areas and are adding a youth focus, where we are looking for funding to set up a Young Exporters’ Programme.

110. We thank you for your support of multi-year large programmes. We are very interested in working with donors in pursuing the idea of multi-donor funding of these programmes and will be exploring this approach in coming months as part of our efforts to regenerate our large project portfolio.

111. We acknowledge the emphasis most delegations put on LDCs and other vulnerable economies.

112. We hear the requests from several LDCs for more support. We are willing to provide more support within our mandate, in the framework of Aid for Trade, and subject to funding. We do appreciate being perceived as a relevant, important and effective organization.

113. Your remarks on the importance of emerging economies as markets echoes our own belief in the need for a strategic shift towards higher levels of South-South trade. This element has been integrated into many of our programmes and will be the focus of ITC’s intervention at the upcoming Aid for Trade Global Review in July. As we design new programmes and projects we will continue to build on this important trend.

114. We take note of the offers by emerging economies, such as China, Turkey, Mexico and the Russian Federation, to intensify their engagements both as donors and as partners in delivering services in their respective regions.

115. We appreciate the supportive comments expressed for the role of WEDF in delivering concrete outcomes both at the political and business levels and contributing to South-South trade, as well as furthering ITC’s strategic objectives by providing a platform for dialogue within the global Aid for Trade agenda, including with private sector representatives.

116. We are pleased to be recognized as an important player in the facilitation of SMEs’ participation in regional and global value chains, including within a South-South context. Our focus remains not just on the integration of SMEs, but also on enabling them to move up the value chain, thereby ensuring higher development impact. This will be the theme of this year’s WEDF.

117. We are also pleased by your enthusiasm for our Trade in Services programme. We are currently conducting needs assessment in this area and we encourage you to get in touch and discuss your particular needs in this important and emerging area.

118. Finally, we thank members for their trust and support for ITC’s request to be provided with the operational flexibility to implement the SwF 1.9 million reduction in the organization’s regular budget for the next biennium.

119. Deputy Executive Director Jean-Marie Paugam answered some specific questions:

Q: How do W1 donors contribute to large programmes?

A: W1 donors make a very significant contribution to ITC's work, both soft-earmarked and unearmarked, for which we are thankful. In terms of large programmes, we use W1 contributions in several ways:

- To finance programmes either fully (e.g. Trade and Environment) or as part of multi-donor financing (e.g. Women and Trade, T4SD and the Poor Communities and Trade Programme). In this way, W1 funding also plays a major role in mainstreaming inclusiveness and sustainability across our work.
- W1 funding also enables ITC to invest in innovation and project development, which in turn feeds into large programme generation, and allows ITC to leverage additional funds through multi-donor funding. In 2011 and 2012, ITC invested seed money of US$ 600,000 in 13 project development initiatives that, up to date, have translated into nine project plans with close to US$ 20 million committed by donors. Six other project proposals are still under review and are expected to attract an additional US$ 12 million. This year we have dedicated US$ 500,000 towards country needs assessments and project generation. The organization expects to produce six to eight new large country programmes by the end of the year.
- Another way in which W1 funding contributes to our large programmes is by ensuring the availability of expertise at ITC – expertise that can be called on and utilized in various large projects and programmes.

In reply to remarks from several donors, ITC agreed to report on W1 results in more detail to better illustrate its specific contribution to large programme development and implementation.

120. *Q: ITC needs to continue its efforts to increase transparency and impact measurement.*

A: We thank you for the many comments and your ongoing support for our efforts to roll out results-based management across all ITC projects and activities. We appreciate the need, from both donor and beneficiary countries, for even greater transparency and for impact measurement on top of the reporting we currently provide at outcome level.

- As a first step towards greater transparency, we will take the development results pages of the ITC website public later this year.
- In the meantime, we continue to take steps towards measuring the impact of our work. As mentioned by Ms. Francis yesterday, we have carried out the first project-level impact evaluation for our Ethical Fashion Initiative.
- In the meantime we continue our work on introducing impact measurement at the corporate level as of 2016–2017, by including socio-economic indicators in the ITC corporate logframe. We will report back to you on our progress on this initiative at next year's meeting.

121. *Q: Could you provide an update on the status of the ITC Evaluation?*

A: Following extensive consultations with donors and beneficiaries last year, in March we launched a tendering process to identify the company that will conduct the evaluation. We are currently evaluating several submissions and we expect the evaluation to start in September.

A number of countries have expressed their intention to support and/or have already supported the evaluation process through donations or contributions in-kind. These countries include Canada, Denmark, Finland, Germany, Sweden, Switzerland, the United Kingdom and the United States of America. We thank the United States for their kind offer to provide peer support and Ambassador Pírez Gordillo of Uruguay for representing beneficiary countries on the steering committee overseeing the evaluation process.

122. Mr. von Kirchbach replied to further questions:

Q: Could ITC do more work in middle income countries?

A: We thank you for the high level of interest in ITC's work in all regions. ITC works in 154 programme countries in all developing regions. We acknowledge the need of middle income countries for ongoing trade support. We also acknowledge the comments made yesterday that assistance to middle income countries brings wider, regional benefits in terms of regional integration and South-South trade.

In line with ITC's mandate from the JAG and its parent organizations, we pay special emphasis to the need of the most vulnerable countries: LDCs, LLDCs, SIDS and sub-Saharan Africa. ITC's ongoing efforts on needs assessment based project design will provide opportunities for further engagement with all 154 programme countries, including in South-South cooperation.

123. *Q: A concern has been raised regarding the delivery of desired outcomes in volatile regions, particularly in the Arab countries.*

A: ITC's recent work in the Arab region has shown that results can be achieved even under changing political conditions. In the interest of its beneficiaries, ITC has chosen to stay the course and adapt to the changing environment following the Arab Spring. The development results of our EnACT programme have demonstrated the viability of our approach. We are very thankful for the support of our donors, such as Canada and Switzerland, for standing by their commitment to ITC and the region over the last few years.

124. Mr. Anders Aeroe gave one further response:

Q: There is a need for more e-based services, including capacity building.

A: ITC is taking advantage of the opportunities offered by ICTs in various ways:

- We recognize the importance of e-commerce as an opportunity for SMEs both in the business to business and business to consumer space. At the same time, we note that offline, logistical bottlenecks related to parcel delivery and customs procedures, for instance, also need to be addressed in order to exploit the potential of e-commerce for SMEs.
- We also make use of ICTs in ITC's own delivery by offering a growing number of online courses as part of ITC's eLearning strategy. We are developing further our portfolio of online courses, the eLearning part of our website, webinars and mobile solutions to beneficiaries. In the current economic environment it is particularly important to use cost-efficient means to deliver services.

Voluntary contributions

125. Several donor countries announced or confirmed their voluntary contributions for 2013:

Australia	Empowerment of Women in the Pacific Region / W2: $A 3 million for the period 2013–2016
Canada	Export Development for Employment Creation in Morocco / W2: Can$ 5 million for the period 2013–2017 of which Can$ 1.5 million for 2013 Can$ 300.000 for PACT II ITC Trust Fund, W1: Can$ 950,000 unearmarked for 2013, Can$ 100,000 for ITC evaluation Negotiations for the funding of large programmes are ongoing
China	US$ 150,000 for capacity building on international trade for developing countries

Denmark	ITC Trust Fund, W1: DKr 13,5 million confirmed DKr 500,000 for the ITC evaluation
Finland	ITC Trust Fund, W1: EUR 5 million for 2012–2013 Soft-earmarking areas are the following: • Support to ITC's innovation efforts focusing on concrete application of needs assessment methodology in support of regional integration, including export strategy • Mainstreaming MDGs, with special focus on inclusive growth, women and the green economy • Complementing other trade development initiatives, including leveraging of EIF projects • Targeting LDCs with special focus on Finland's country priorities • EUR 100,000 for the ITC evaluation In addition Finland provides two Associate Experts
Germany	ITC Trust Fund, W1: EUR 2 million for 2013 Development of national export strategies in Kyrgyzstan and Myanmar / W2: US$ 500,000 Soft earmarking areas are the following: • T4SD • Poor Communities and Trade Programme • Regional Integration and EPAs • Enhancing TSI strengthening through public-private dialogue The 2014 contribution will at least equal the 2013 amount. Germany is considering doubling its contribution to EUR 4 million.
Norway	ITC Trust Fund, W1: NKr 15 million for 2013 Soft-earmarking to be confirmed
Sweden	ITC Trust Fund, W1: SKr 120 million unearmarked for the period 2013–2016
Switzerland	US$ 4.5 million for W2 in 2013 10 ongoing projects with renewed support foreseen for Central Asia and Tunisia

126. ITC's Executive Director expressed her deepest gratitude to donor countries for their announced contributions. In addition, she thanked the other donors that contributed in 2012 and will be announcing contributions for 2013 at a later date, in alphabetical order: the Flemish Government, France, the European Union, Ireland, Japan, Kuwait, the Netherlands, the Organisation internationale de la Francophonie (OIF), the United Kingdom and the United States of America.

The International Trade Centre (ITC) is the joint agency of the World Trade Organization and the United Nations.

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