International Trade Centre

EXPORT IMPACT FOR GOOD

Eighth meeting of the Consultative Committee of the ITC Trust Fund, Minutes

The Consultative Committee of the ITC Trust Fund (CCITF) met at ITC headquarters on 8 October 2013 at 3:00 p.m.

Adoption of the agenda

On behalf of the group the delegate of the Netherlands and coordinator of the CCITF, Mr Taco Stoppels asked that the ITC evaluation be added to the agenda under “Other business”. The modified agenda was adopted as follows:

1. Introduction and welcome
2. The Independent Evaluation of ITC
3. CCITF Report January-June 2013

Item 1 Introduction by Arancha González

Welcome and thanks

The Executive Director, Ms Arancha González welcomed participants to her first CCITF meeting and expressed her thanks and appreciation to donor countries for transferring their contributions for 2013. She also expressed special thanks to those who have recently committed funds for 2014 and beyond, namely:

- **Sweden**, ITC’s largest single bilateral donor this year who has committed substantial unearmarked funding over a period of 4 years;
- **The Netherlands** (CBI) with whom ITC has recently signed an important 4-year agreement for NTFIII;
- **The UK** (DFID) with whom ITC has signed a 3-year agreement that will benefit the Women &Trade and NTM programmes, as well as the Women cross-border traders project;
- and **Germany** with whom ITC has signed a W1 agreement for 2014 on 8 October.

Working with Partners to expand ITC’s outreach and impact

Ms González shared her first impressions with the CCITF after a little over a month in the job. She noted that during her first weeks she had embarked on a listening tour, starting with ITC staff, the external evaluator, donors, beneficiaries and partner-organizations.

The Executive Director views ITC as a solid organisation and feels that the systems are in place. In recent years ITC’s operating model has been revisited, starting with the mainstreaming of results-based management principles across the organization. This has translated into more transparent resource allocation, better decision making and reporting mechanisms, and the embedding of quality assurance in project design.

The challenge for the future is to build on progress to date to scale up ITC’s operations and to develop a strategy which takes into account the emphasis placed by the UN Post-2015 agenda on SMEs as the untapped source of growth potential. The challenge, Ms González said, is therefore about “doing more” and “doing better”.

Doing more means developing ITC's next generation of large programmes for greater impact and investing in areas where ITC can innovate such as trade in services, e-commerce, trade facilitation or value chains, among others. It is about finding the right mix between needs, funding and expertise. This implies better aligning ITC programmes with the growing needs of SMEs and TPOs. It also implies efforts to better integrate fundraising with needs assessment and project development while ensuring that donor priorities are matched to achieve maximum impact and sustained donor engagement.

Doing more also means investing in new partnerships with the private sector to improve business linkages between multinational enterprises and SMEs in the developing world. ITC will be exploring the potentialities of public-private partnerships (PPPs) to better link SMEs to value chains, and will also consider engaging in broader development alliances, which include NGOs and corporate foundations.

Finally, doing more means actively partnering with emerging economies, not just as beneficiaries of ITC services but as key contributors to regional integration and partners in a South-South perspective.

Doing better means building on ITC's achievements in results-based management by moving into impact assessment by measuring job creation, gender inclusiveness, and environmental sustainability. ITC's methodology to measure impact will be in place during the first half of 2014 and the first results will be shared with ITC stakeholders before the end of 2014.

Doing better also means improving the way ITC functions. The focus will be on improving quality assurance processes and internal procedures, with two objectives in mind: reducing transaction costs and improving transparency and accountability.

Finally, doing better, means working smartly with ITC's development partners. Efforts must be made to improve ITC's visibility and strengthen its positioning. As a first step ITC will begin by revamping its website. To ensure that the value the organisation brings to partners in developing countries is widely shared and communicated, ITC will consult and work closely with all its stakeholders and development partners.

- ITC will work closely with its parent institutions, UNCTAD and the WTO as well as with other UN organizations. Discussions are already underway with the UNDP Administrator who visited ITC just last week.
- Consultations with Regional Groups will be systematically carried out in the coming months.
- Mid-November ITC will start a series of consultations with donors to introduce them to ITC's new pipeline initiatives and explore options for multi-donor funding. Ms González apologized for postponing the meeting which had initially been scheduled for 17 October. She explained that ITC needed more time to finalize the relevant documents and fine-tune its fundraising strategy.

Item 2 The independent evaluation of the ITC

Moving to the independent evaluation which has only just begun, Ms González said that transparency and inclusiveness will play a key role in the process and that she has taken a personal commitment in this regard. The evaluation team can count on ITC's full cooperation and on the willingness of ITC staff to share information as needed. The Executive Director trusts that ITC and the independent evaluators can also count on the collaboration of all stakeholders, clients and partners alike.

The final report of the evaluation is due in June 2014. In the meantime the Executive Director will seek strategic guidance from the external evaluators to ensure that the steps she intends to take in the coming months are aligned with the main findings of the evaluation team. The recommendations of the previous evaluation were most useful for her predecessor, she said, and a lot has been achieved since 2006. However, what ITC needs moving forward are not a long list of detailed recommendations but strategic guidance for the future. Ms González expects that the evaluators will provide useful input in the coming months and will help her set new priorities for the organisation. She intends to take the strategic recommendations of the evaluators on board before they are formally communicated in the final report.

The Executive Director concluded her presentation by saying that ITC is in a good place to expand its outreach and impact, enabling the organisation to better serve its partners in developing countries. “My intention, she told the CCITF, is to listen to your views on how we can ensure together that ITC is best placed to grow and improve delivery for its clients”. The spirit of open dialogue that prevails with ITC’s stakeholders should enable a discussion on what has been successful and what should be changed or improved.

Comments from Members and Discussion

On behalf of the group, the Delegate from the Netherlands, Mr Taco Stoppels confirmed that the Members of the CCITF view the independent evaluation as a real opportunity for ITC. Donors and beneficiaries are looking forward to the results of the evaluation and trust that ITC will take the recommendations on board. Mr Stoppels added that this was a time of opportunity for ITC with the upcoming WTO Ministerial Meeting in Bali and discussions on the central role of trade in the post-2015 development agenda. He also welcomed ITC’s endeavour to invest in new partnerships with the private sector. Development alliances with large corporations and NGOs can prove very useful in linking SMEs to global value chains.

Several delegations, including the Netherlands, Canada and the UK welcomed progress in Results-based Management and said that they are looking forward to the publication of ITC’s first impact assessment results in the second half of 2014. ITC is leading the way in RBM and impact assessment; other organisations, such as UNCTAD and the WTO, should benchmark their progress against the tools developed by ITC.

The UK delegate noted that ITC is a healthy organisation and that the challenge for the new Executive Director is to take it to the next level. The UK is very confident in ITC’s ability to deliver, which is why DFID has recently agreed to contribute £7.2 million over the next 3 years towards ITC’s Non-Tariff Measures and Women and Trade programmes and to support trade facilitation activities for women traders through the Women Informal Cross Border Trade programme.

As Chair of the Steering Committee of the ITC Evaluation, the Canadian Delegate, Mr Ralph Osterwoldt extended an invitation to beneficiary countries to join the existing group, which is mostly composed of donor countries at the moment. He highlighted that the evaluation team, which is headed by a Canadian, Mr Bernard Wood is very diverse and comprises experts from the UK, Vietnam, the Dominican Republic, France, Rwanda, and Zambia.

On behalf of the African Group, H.E. Ambassador Minelik Alemu Getahun from Ethiopia expressed strong support for ITC. Many delegations joined him in extending warm congratulations to Ms Arancha González on her appointment. Several beneficiary countries also joined in thanking donors for their continued support to ITC. The Ambassador of Ethiopia informed CCITF Members that the African Group would be meeting with the Executive Director on 17 October to assess existing initiatives and explore new avenues for collaboration. He added that he was looking forward to meeting with the independent evaluators as well.

The Delegate of Guatemala joined his colleague from Mexico in expressing gratitude for the work ITC is carrying out in Latin America. Guatemala has been consulting with other Latin American Countries on how to make better use of ITC’s services.

Ms González replied that ITC’s new Needs Assessment and Project Design initiative (NAPD) was also being rolled out in Latin America and the Caribbean and that she is looking forward to having extensive discussions with GRULAC and with all regional groups.

The Chinese Delegate also joined in congratulating Ms González on her appointment and reiterated China’s support to ITC. Cooperation remains very focused on regional projects aimed at developing exports from South-East Asian LDCs to China but China could be interested in further investing in a larger-scale multiyear programme aimed at better integrating LDC and low income country needs. China formally requested to join the Donor’s Group.

Item 3 Report on the ITC Trust Fund, January to June 2013

The Acting Deputy Executive Director, Mr Ashish Shah, presented the Report to the Consultative Committee of the ITC Trust Fund for the period 1 Jan to 30 June 2013. His presentation focused on extra-budgetary resources and the more detailed information provided on the use of Window I funds when compared to previous editions of the report.

Referring to the table on p. 2 which provides details on contributions for W1 and W2 as at 30 June 2013, Mr Shah noted that half way through the year, very few donors had transferred their contributions although many contributions had arrived since then. A number of important agreements were still being negotiated late into the summer and this has somewhat affected the overall progress of ITC's delivery in 2013.

Mr Shah referred CCITF Members to **Appendix 1, p. 11 and 12 of the Report.** The tables and donut chart provide additional information on contributions received up to 30 September and confirmed pledges for 2013. Mr Shah seized the opportunity to thank Switzerland for an additional contribution received in October. This brings SECO's total contribution for 2013 to USD 4.46 million and places Switzerland as the lead-donor for 2013, at par with Sweden. Mr Shah also noted that the Netherlands have confirmed a contribution of Euro 7.5 million for the next 4 years. The first instalment of USD 400,000 will be arriving in the last quarter of 2014 to enable the launch of the NTF III programme.

Turning to the Window I budget, Mr Shah noted that out of the USD 22.9 million allocated to W1 projects and programmes in the Operational Plan for 2013, 61% came from unearmarked sources, while 39% have been soft-earmarked to specific areas. He observed that the ratio was the same as in 2012.

Referring to the list of projects funded from W1 on p. 5 of the report he explained that the purpose of Window I is to fund innovative TRTA services and project generation in the broad sense. As reflected in the bar chart on p.6, W1 projects are divided into 4 categories. The first three categories relate to innovations in the area of Global Public Goods, bringing about corporate efficiencies and product development and improvement. These are mainly funded from unearmarked sources. The fourth category relates to innovative ITC services and projects, in particular programmes related to crosscutting themes such as gender, poor communities or environmental sustainability. These are largely funded from soft-earmarked funds.

In May 2013, the JAG emphasized once again the importance of developing large programmes to achieve greater impact. While there was a wide call by JAG Members to replenish ITC's large programme pipeline, several donors had requested additional information on the way W1 funds contribute to large programmes. **Referring to pp. 5-7 of the Report, Mr Shah explained that W1 contributes to large programmes in 3 different ways:**

1. **First, through investments in needs assessments and project development:** In 2011-2012, ITC invested USD 600,000 from W1 into development initiatives that have translated into 9 confirmed projects with close to USD 20 million committed by donors. This leveraging ratio is likely to be maintained in 2013 and will contribute to the replenishment of ITC's large project pipeline in 2014 and beyond.

   W1 funds have been utilized this year to develop a solid needs assessment methodology resulting in 6-8 large programmes which are currently in the process of being finalized. In addition, W1 funds have been utilized to develop large programmes in innovative areas such as trade in services and competitive intelligence. .

2. **Second, W1 funds directly finance large programmes** such as the Women and Trade, the Poor Communities and Trade, the Trade and the Environment and the Trade for Sustainable Development (T4SD) programmes. This W1 funding enables ITC to leverage W2 resources. For example, Finland's soft-earmarked W1 contribution for regional integration in East Africa will result in leveraging additional resources for ITC's Pan-African Programme to boost intra-regional trade.

3. **Finally, W1 also funds core expertise** directly or indirectly across ITC's large programmes. **The last column of the table on p. 7** shows how this expertise contributes to many of ITC's large programmes.

Before concluding his presentation, Mr Shah provided information on where ITC stands on performance against targets. In 2012-2013 ITC made substantial progress in embedding the RBM framework that links project results to corporate outcome and output indicators. **The table on p. 10 of the Report presents performance up to the second quarter of the biennium 2012-2013 against ITC's 8 corporate outcome indicators**. Mr Shah was pleased to report that based on current RBM analysis, ITC forecasts that most of its output and outcome targets will be met by the end of the biennium.

Comments / Q&A:

While delegates feel that ITC is to continue with the current format of the CCITF Report which presents results in the form of self-explanatory tables, they also agreed to the Acting Deputy Executive Director's proposal to include more narrative on the concrete results achieved with W1 funds and to bring these results to life by highlighting success stories in future reports.

Sweden and Denmark noted with satisfaction that it was the first time that ITC had provided comprehensive reporting on W1 and that the information provided on the use of unearmarked and soft-earmarked funds was most useful. The Swedish Delegate stressed that Sida's long-term relationship with ITC and its commitment to contribute unearmarked funds for the next 4 years are the expression of Sweden's trust in ITC's ability to deliver on its core objectives.

The Delegate of the Netherlands thanked ITC for the quality report. He welcomed the Executive Director's intention to better monitor transaction costs and requested more insight regarding travel costs in the next CCITF report. He also recommended that the next report provide more insight on staff costs and detailed information on the funding of P3 and P4 positions, whether core-posts or project related.

He observed that the UNDP's contribution to ITC has consistently diminished over the years and inquired if this was likely to change as a result of Ms González' recent meeting with Helen Clark.

Lastly, he echoed concerns expressed in the context of the 5th Committee about proposed regular budget cuts that would impact after-service health insurance liabilities. This could potentially have a huge impact on ITC he said.

The Finnish Delegate suggested that evidence of impact be included in future reports to complement the figures on performance against targets provided in the tables on p.10. She also inquired on the life cycle of W1 projects and the renewal of soft-earmarked allocations.

In response to the Netherland's question on the UNDP, the Executive Director replied that in the 80s the UNDP accounted for close to 50% of ITC's budget. With the creation of in-country offices, the organization has changed its business model and, although there is scope to do more together, it is unlikely that the UNDP's contribution will be of similar proportion. ITC and UNDP will look closely at UNDAF priorities in selected countries to identify areas where ITC can provide expertise in support of UNDP's action on the ground.

Regarding travel costs, Ms González informed the CCITF that ITC had recently taken action to implement the Revised UN Travel Policy as per the UN General Assembly's instructions recently received from New York. ITC's revised travel policy should translate into savings as of 2014.

In response to Finland's question on the life cycle of W1 projects, the Executive Director explained that ITC generally agrees with donors on objectives for a 3-year period. While projects may initially reflect the soft-earmarking priorities of a specific donor, ITC seeks to leverage additional funding from multiple sources (W1 and W2). She confirmed that multi-donor support has become crucial to launch and fund the next generation of ITC's large programmes.

Final Remarks

Upon closing the Executive Director thanked the CCITF Members for their input. She apologized once again for rescheduling the Donor's meeting at short notice. She is looking forward to an in-depth discussion with donors and beneficiaries in the coming months.