



International
Trade
Centre

ADDRESS BY

ITC EXECUTIVE DIRECTOR TO THE 52ND
MEETING OF THE JOINT ADVISORY GROUP

“ACCELERATING FORWARD”

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Welcome to the Joint Advisory Group. I can't promise you the excitement of a World Cup but I hope we can deliver a day of important dialogue around trade and development!

I start by thanking UNCTAD Secretary-General Kituyi and WTO Deputy Director-General Agah for their continued support for ITC. As we have heard, our three organisations continue to work together on multiple fronts, complementing and reinforcing our respective areas of work to ensure that trade remains a driving force for development.

I pay tribute to Ambassador Frances Lisson of Australia for her able leadership of the 51st session of the JAG, and to welcome Ambassador Alvaro Cedeño of Costa Rica as Chair of this 52nd session. On behalf of the entire ITC team, I thank both of you for devoting your time and energy to this process and for being honorary members of the ITC team.

Today's meeting has two purposes. The first is to review ITC's recent work and the Annual Report in front of you describes what ITC delivered in 2017. But also to shape ITC's priorities in the year ahead.

Last year the global economy registered solid growth in terms of GDP. Trade grew faster than it has since its rebound after the financial and economic crisis nearly a decade ago.

In political terms, however, the skies were cloudier, for multilateralism in general and for trade in particular. Instead of being seen as a necessary tool to help countries address complex cross-border challenges in the economy and the environment, multilateral cooperation was depicted as an unwelcome constraint on national sovereignty. Instead of being seen as a mutually beneficial tool to encourage higher productivity and faster growth, trade was depicted as a zero-sum game. Today the situation remains tenuous.

We cannot afford to be passive passengers along for this bumpy ride. We all know what trade and trade-related capacity building has done and can deliver for competitiveness, inclusive growth, poverty reduction and job creation. We know that there are imbalances to be rectified, but the solution is not to abandon multilateral cooperation. Just the opposite. We must instead make multilateralism more transparent, inclusive and efficient.

ITC's work is, above all, pragmatic. It is about providing policy-makers, trade and investment institutions and micro, small and medium sized enterprises (MSMEs) with the support they need to foster "good trade".

Yet at a more fundamental level, our work is tangible proof of the value of cooperation and solidarity on trade. ITC works with a wide range of partners to transform our funders' contributions into market-based economic opportunities for people at the base of the pyramid. The result: improved livelihoods, reduced poverty, and progress towards achieving the Sustainable Development Goals. Our work demonstrates that alliances across borders can advance women's economic empowerment- SheTrades! – and youth entrepreneurship, and create opportunities for refugees and displaced communities.

When Tanzanian coffee growers are able to double their margins by auctioning beans online to foreign buyers - instead of selling them to local middlemen - it's a win for the producers and a win for coffee drinkers in South Africa and the UK. When Tunisian companies can sell carpets and home accessories to home décor boutiques in Tokyo and Paris, it creates jobs for young Tunisians and creates demand in the growth markets of tomorrow. When we help farmers in the Caribbean once again see coconuts and coconut value-added products as viable export goods, we raise incomes, increase environmentally sound production methods and support diversification. When tourism companies in Indonesia, Myanmar and Sri Lanka connect to new customers in Europe and elsewhere in Asia it boosts incomes and employment in rural areas. When we build vocational and entrepreneurial skills of young Gambians and help them to access finance and connect to the job market in agricultural and tourism value chains we not only create livelihoods and incomes but play a critical role in providing alternatives to irregular migration of young Gambians.

These may not all be headline-grabbing stories, but they are changing realities and lives on the ground.

Building the international competitiveness of MSMEs has been our mandate for almost 55 years. These businesses employ the vast majority of the labour force, which is why connecting them to international value chains is a necessary part of ensuring we “leave no one behind”.

We place particular emphasis on empowering women and young people in the economy, because when they are able to shape their destinies, the socioeconomic benefits endure for generations. This is why this year we have invited two young entrepreneurs to share with you their journey: Hala Zarrok, who founded an events management company in Tripoli, Libya, and Mr. Michael

Ocansey, co-founder of AgroCenta, from Ghana. Their own lives are a testament to the power and promise of young entrepreneurs.

I would now like to focus my intervention over the following elements:

First, ITC has shifted gears while maintaining focus

If our informal slogan a few years ago was ‘doing more and doing it better’. I can confidently say we have shifted gears and are now “accelerating forward”. Over the past five years at ITC, we have strengthened our relationship with all of you - partners and funders - to get a better sense of your needs and strategic priorities. We have listened, learned and lived ‘trade impact for good’.

Thanks to this dialogue we have been able to strengthen our focus and our strategy, as reflected in our new Strategic Plan for 2018-21. In addition to the organisation of our interventions into six well-defined focus areas, we have aligned our internal structures to deploy staff and expertise as efficiently as possible, governed by a set of rules of engagement and clear goals to improve our internal procedures.

These improvements allowed us to deliver technical assistance, capacity support and market intelligence worth \$85.6 million last year, in line with our performance in 2016, both years shaped by funding challenges, while meeting our targets in terms of results. But more importantly, it allowed us to build a very healthy pipeline for the next five years, with which to respond to the growing demand for our services.

Last year you made the largest annual extra budgetary contribution ever to ITC with over \$100 mn in new agreements, with an additional \$60 mn by June

this year. I can confidently say that past funding challenges are behind us. We take this as a signal of trust and a vote of confidence in ITC. And we thank you for that.

We estimate that ITC support in 2017 resulted in close to \$650 million of additional export and investments. That is about \$14 of exports and investments for each dollar we received in extra-budgetary funding.

In 2017 we reached our target of connecting 1 million women entrepreneurs to international markets originally scheduled for 2020. This is why we have now raised our target to 3 million women by 2021. But to be clear, while we are in this instance moving the goal posts, I do not recommend doing so in the World Cup!

Last year, we continued to focus on countries and communities with the most urgent development needs: 86% of our country-specific interventions focused on our priority countries, that is, LDCs, sub-Saharan Africa, landlocked developing countries, Small Island developing states, small vulnerable economies, and post-conflict states.

At the same time, regional initiatives are a growing part of our portfolio, from West Africa to the East African Community and COMESA, ACPs and the Indian Ocean Rim Association as well as the Regional Arab Aid for Trade Initiative. And we have enhanced our footprint in all regions across the world from Latin America to Asia, including through our global programmes and global public goods.

Second, ITC is moving to larger and longer initiatives and new kinds of partnerships

Thanks to the new contributions we have received, we intend to increase our delivery by close to 20% in 2018. Our June figures show that we are at 47% delivery against this year's target, so we are fully on track.

I am particularly pleased to report that ITC has both diversified its funder base and increased the number and share of larger multi-year projects within our portfolio. Although our 'traditional' partners still represent, in financial terms, the largest source of our funding, especially for large, multi-year funding, two thirds of the grant agreements signed in 2017 were with non-traditional funders, including developing country governments, partner agencies, and the private sector. As we move towards larger and longer term projects, the average size of our grant agreements has increased from around 450k in 2015 to nearly 1.5mn in 2017, and 85% of the funds committed to ITC were for multi-year agreements, compared with 40% in 2015. And I am very pleased to report that the number of funders of un-earmarked support with multi-year agreements in place doubled from 3 in 2014 to 6 in 2018.

This matters because these longer-term projects give our teams and our partners the scope to ensure a longer-term sustainability and pace to develop innovative approaches to delivery. Even more importantly, they afford us the time to build institutions and capacity within countries that ensure that the gains resulting from our interventions endure long after projects end and create tangible impact on the ground.

Focus on the bottom billion and expanding our footprint means that we – you - have to be ready to accept certain levels of "risk", which we are integrating in our risk management strategy which will be completed by the end of the year.

But it also means that success will yield largest socio economic impact.

ITC is committed to working in fragile environments giving true meaning to our “base of the pyramid” focus. Our interventions in Afghanistan, Syria, Gaza or in post conflict in Colombia or the border between Guatemala and El Salvador are a testament to this. Our work in the refugee camp in Dadaab, Kenya is an example of how ITC remains in the forefront of enhancing the humanitarian-development nexus in a very concrete and tangible manner providing transferable skills and a future to young Somali refugees.

To implement larger-scale country or regional initiatives, ITC is investing more in enhancing local capacity of institutions, including opening project offices on the ground where ITC staff and locally recruited staff work closely together. This allows us to more effectively deliver our technical expertise with a greater presence on the ground. At the same time, we are increasing the contribution provided by developing and least developed countries’ consultants in projects, in line with our commitment to use more local expertise. The exact details are available in Appendix VI.

Another development I want to highlight is agility. ITC is simultaneously pursuing different modes of cooperation with a growing range of partners from government, the private sector, and international agencies. These allow us to bring together the appropriate array of skills and resources to tackle the diverse challenges at hand.

As you may have noticed in the Annual Report, triangular cooperation is an increasingly important part of our portfolio. ITC serves as a bridge to bring expertise and investment from one developing country to another. In one such initiative, experts from Korea’s Small and Medium Business Corporation trained

Philippine MSMEs on how to overcome trade barriers identified in an ITC survey of non-tariff measures. Another brought Costa Rican investment promotion expertise to counterpart agencies in Africa. Two ongoing projects have already yielded \$27 million in confirmed investment deals and \$117 million in prospective leads from India and China to seven countries in eastern and southern Africa, in sectors from food processing to shoe manufacturing.

We have also expanded our partnerships with the private sector, who are contributing to ITC both in kind but also financially. In 2017 we nearly doubled the number of grant agreements signed with the private sector compared to previous years with the average agreement increasing by around 30% between 2015 and 2017. Just to give you an example, Max Havelaar Switzerland, Chocolats Halba and COOP have partnered and invested with ITC since 2016 to reach thousands of cocoa farmers in Ghana to offset carbon emissions while improving incomes and climate change adaptation. In 2019, we have plans to scale up reaching up to 33,000 farmers with substantial investments from farmer unions, COOP and investors.

One collective initiative of which I am especially proud was ITC's support and advocacy with the International Gender Champions which culminated in the WTO Buenos Aires Declaration on Women and Trade, now signed by 122 governments. ITC will be there to support the real challenge – moving from declaration to action.

We have also strengthened our partnership within the UN community by being, for the first time, a member of the United Nations Development Group which is a collective of United Nations agencies, created by the Secretary-General in 1997 to improve transparency and effectiveness of UN development activities on the ground.

A final word on partnerships. They have been central to developing global public goods in the form of new market intelligence that we have unveiled over the past year. The Global Trade Helpdesk, a one-stop-shop for MSMEs seeking information about tariff, non-tariff, and documentation requirements in target markets, is a joint initiative of ITC, the WTO, and UNTAD. ITC and the World Customs Organization have just unveiled a new on-line Rules of Origin Facilitator, which helps businesses quickly figure out how to take advantage of preferential access for the products they want to export or import.

Third, ITC continues to improve its effectiveness and efficiency

As I said last year, the SDGs start at home. And within ITC, we have been doing our homework. On the innovation front, we have refined our Export Potential Map, which helps countries identify promising export products and markets. We have developed a new global public good, the Market Price Information tool, which will provide free access to real-time price and market information for more than 100 agricultural products and which we will showcase in the afternoon.

Our SME Competitiveness and Benchmarking work is giving trade and investment support institutions and policy makers the information they need to better target their resources to help businesses connect to international markets. And our Innovation Lab team is working tirelessly to identify better ways to deliver present and future projects. I want to stress the indispensable role that un-earmarked funding plays in helping ITC devote talent and time to develop new tools and approaches.

In terms of human resources, ITC's gender parity initiatives have won recognition from across the UN system. We have progressed towards our goal of achieving gender balance across professional levels by 2023. ITC's greatest asset remains our staff, which today is more diverse. My 300 co-workers come from 83 different countries – the World Cup has been fun, despite Spain's early elimination. We have invested in identifying and training staff with leadership potential. ITC's policy on zero tolerance on sexual harassment and abuse of authority has meant that, we have not hesitated to take action when presented with allegations and evidence of harassment, including sexual harassment.

ITC is working to keep our communications cutting-edge. Over the next year, we will be revamping our website and introduce new systems to support a greater engagement with our many constituencies.

Finally, we have taken additional steps to improve the evaluation of performance of our work. We have revised ITC Evaluation Guidelines and embarked on making ITC compliant with the standards of the International Aid Transparency Initiative (IATI), a further step in ensuring “we do better” but we also do it “more transparently”.

2018: Off to a good start but concerns with trade tensions

Despite some early uncertainty, 2017 was a good year for ITC. Another year in which we were able to translate the support our funders provided into meaningful improvements in the lives of people. And one in which we laid the groundwork for future impact. 2018 has started well for ITC with a successful SheTrades Global held in Liverpool last month as well ITC's second year piloting the global messaging on United Nations International day for MSMEs.

However, 2018 has started less well for the international trading system, as protectionist rhetoric has started to turn into action.

ITC will continue to make the case for open markets and work to enable businesses in developing countries to take advantage of opportunities where they exist.

This September's World Economic Development Forum in Lusaka, Zambia, will look at youth, agribusinesses, and maximizing the development impact of the African Continental Free Trade Area (CFTA), especially for young entrepreneurs. ITC is pleased to partner with the African Union Commission to support the CFTA including collaborating on a session at WEDF on youth and trade.

The following month, the World Trade Promotion Organizations Conference in Paris will look at how TPOs can best accelerate small business development.

Our fourth annual flagship report - the SME Competitiveness Outlook - will provide an in-depth look at how to build the business ecosystems that MSMEs need to compete in the Fourth Industrial Revolution.

In closing, I want to thank you for your confidence in ITC, and request your continued support and partnership in the future. The best case we can make for your confidence is the evidence in front of you: ITC provides value for money. This is why I am asking for your support to resolve the current tension between the budgetary procedures of the UN and the WTO to provide us the clarity, consistency and certainty we need to honour our commitments.

I also want to thank the entire ITC staff for their hard work and dedication, while extending special appreciation to the senior management team led by Deputy Executive Director Dorothy Tembo. ITC couldn't deliver trade impact for good without them.

In closing and as part of the communications efforts I referred to, we have drawn on in-house talent to develop an ITC app - ITC At Hand. Those of you with iPhones can already download to get up to date news about ITC projects and events. Now you can take ITC with you wherever you go

Thank you for your attention.