

Minutes of the Twentieth Meeting of the Consultative Committee of the ITC Trust Fund

The Consultative Committee of the ITC Trust Fund (CCITF) met at ITC headquarters on 14 October 2019 at 10 a.m.

The Executive Director (ED), Ms. Arancha González, welcomed the participants and presented the agenda of the meeting.

1. CCITF Report (1 January – 30 June 2019)

The Executive Director (ED), Arancha González, opened the meeting and introduced the results of the 2019 mid-year report to the Consultative Committee of the ITC Trust Fund (1 January – 30 June).

In the first half of 2019, ITC saw an almost 70% increase in the extrabudgetary funding received, compared to the period 1 January – 30 June 2018, and a 100% increase compared to the same period in 2017. ITC's financial delivery is on track to reach the total 2019 target budget of \$112 million by the end of 2019. By mid-year, ITC had delivered \$59 million, representing 53% of the target budget. Regular budget delivery stood at 50%, and XB delivery stood at 54%. This constitutes a 25% growth in XB delivery, compared to mid-year 2018.

70% of XB was delivered under three of ITC's six focus areas at mid-year: 'Promoting and Mainstreaming Inclusive and Green Trade' delivered \$12.7 million, in particular under the SheTrades and T4SD programmes. 'Connecting to International Value Chains' saw a \$10.1 million delivery, mainly with W2 funds, with some W1 investment in the development of tools and methodologies, e.g. for e-solutions. The focus area 'Supporting Regional Integration and South-South Trade and Investment' showed a \$5.8 million delivery of mainly W2 funds.

In terms of delivery across geographic regions, the ED noted that 80% of ITC's delivery went towards country and region specific projects and 20% to global projects. W2 funds were predominantly (almost 90%) country and region specific, whereas 75% W1 delivery was through global projects, such as T4SD, Market Analysis Tools and global components of the SheTrades or the Trade and Investment Support Institutions Strengthening programmes. Sub-Saharan Africa and the Asia-Pacific region, together, accounted for almost 65% of ITC's country and regional delivery. 88% of country-specific technical assistance was provided to ITC's priority countries (LDCs, LLDCs, SIDs, SSA, SVEs, post-conflict and fragile countries), and the share of LDCs in country and region specific delivery was 54%.

Moving on to ITC's performance against its corporate scorecard, the ED noted that ITC would report its SDG contributions at year-end. Given a large portion of results information is collected through the annual user surveys and outcome assessments, the actuals for many outcome indicators are not available mid-year. Judging by current projections, there is a high degree of certainty that by year-end, ITC will meet targets for all corporate outcome indicators.

At the output level, ITC delivery is well on track for the categories: 'Servicing of Intergovernmental and Export Bodies', and 'Technical Cooperation Outputs'. The technical papers and books are expected to catch up, spearheaded by the flagship SME Competitiveness Outlook launched in the first half of the year.

Regarding the efficiency and effectiveness KPIs in Tier 3 of the corporate scorecard, ITC received an unqualified audit opinion on its financial statements for 2018, the XB funding secured for 2019 and beyond has already exceeded the target (\$279 million vs \$150 million), and ITC has moved to carbon neutrality. Yet there are two KPIs below target – the area of 'compliance with advance travel arrangement rules' (40% vs. 50%), and 'percentage of women in professional and senior level positions' (45% vs. 48%). The 'value of projects under

development and in discussion with funders' is also below target, but this is the case because ITC finalized the signature of grant agreements earlier than expected, hence the higher than projected value of funding secured.

Regarding progress on reaching the milestones that ITC has promised for 2019, all but two technical assistance milestones are in progress, and two milestones were fully implemented by mid-year – new learning space for SME Trade Academy and the launch of SMECO 2019.

ITC has developed its partnership network with various partners, and many of them are publicized and promoted through stories in ITC publications and website, for example, VISA and Mary Kay. ITC delivery through partners is important for ITC's growth, local ownership, sustainability and multiplier effects, and ITC has developed a solid policy on working with implementing partners.

In the area of operationalization of risk management, ITC has provided staff training to reinforce application of zero-tolerance policies, and is continuously promoting activities within its Talent Development Framework.

Comments from members and discussion

Hikaru Ouchi, the delegate from Japan in her capacity as **the donor coordinator**, presented a joint statement on behalf of ITC's donor group. She commenced by indicating that the report captures well the progress made from January up to June 2019, and hoped that ITC would achieve the initial target of \$75 million XB delivery by year-end. She acknowledged the 50% increase in the XB delivery, and that 88% of delivery was given to priority countries.

On corporate scorecard performance, the delegate appreciated that ITC reported good developments at mid-year. Those good developments include increasing women beneficiaries in target C4, share of women-owned enterprises that transacted international business, and share of women participants in training. ITC excelled its Tier 3 outputs, including audit recommendations closed by the Board of Auditors, achievements on CO2 neutrality, and resource mobilisation of \$279 million, and capacity building for staff, including field staff.

To have a better understanding of ITC's work and deepen exchanges between donors and ITC, the delegate put forward several questions. First, the donors would like to know how ITC aligns and coordinates various forms of funding, in particular with the WTO budget, and seeks efficiencies to leverage and best utilize resources. Second, the donors would like ITC to share information on risks and challenges. Third, the donors requested a briefing on ITC's work in contributing to lift and upgrade an entire industry, e.g. agribusiness, IT, to a level of sustainable international competitiveness. They were curious about what obstacles ITC faced and how ITC made a long-term impact on industry. Fourth, the donors would like to have ITC report more on long-term contributions, outcomes and impact, instead of on results strictly attributable to ITC. Fifth, the donors suggested ITC to include gender disaggregated data on all indicators where applicable. The donors would like to hear about ITC's prospects for achieving targets for 2019, especially those that were below target in the mid-year report: (1) advanced travel arrangements, and (2) share of women in professional and senior levels. Lastly, the delegate inquired about ITC's schedule for MC12 in June 2020.

On behalf of Japan, the delegate acknowledged that ITC's focus on women and youth was in line with Japan's development priorities. She would like to know how ITC seeks synergies and efficiency with the activities of the WTO and other international organizations.

The delegate from Australia appreciated ITC's achievements. He was keen to know more about how ITC achieved carbon neutrality.

The delegate from Ireland expressed his appreciation of ITC's achievements. ITC has a high number of operational projects in priority countries and LDCs, which is in alignment with Irish development priorities. As a W1 donor, Ireland was interested in trade for sustainable development in countries like Kenya, Ghana and Viet Nam. He acknowledged that ITC's corporate website was being upgraded and inquired about the planned completion date. He inquired if ITC's risk management framework could be more comprehensively presented at one the next CCITF meetings.

The delegate from the UK congratulated ITC, especially on its internal trainings such as on sexual harassment. He was interested to know more about how ITC managed and monitored risk, and addressed the liquidity crisis of the UN. Last, the delegate inquired if ITC could provide more granularity as to how it captured results reported against its corporate outcome indicators.

The delegate from the US wanted to follow up on staff trainings and human resource management at ITC.

The Executive Director, Arancha González thanked the delegates for their feedback, took note of the positive receipt on the CCITF report and responded to comments and questions.

The work of ITC is facilitated by regular budget (RB) and extrabudgetary (XB) funding, which includes programme support cost. Regarding how ITC coordinates the various sources of funding, particularly in relation to the WTO and UN budget decisions, ITC has been working continuously with the UN on the RB budget calculations and related adjustments. The RB resources have been diminishing over the last years due to reduction of UN budget allocations. In addition, during the 2018-2019 biennium, the benefits of implementing Umoja (ERP) were realised translating into a reduction in non-post resources of CHF 780,000 in regular budget.

The RB resources of ITC are funded in equal parts by the UN and WTO, which reflects the joint ownership of the two parent organizations. The RB expenditures have two main components – 80% staff costs and 20% running costs. ITC has preserved staff costs and has benefited from efficiencies within the 20% of running costs.

Second, ITC gives funders value for the money they invest in ITC. For example during 2015-16 biennium, for every RB dollar ITC delivered 1.4 times the value in XB resources. Today, ITC has doubled the ratio of XB resources to RB.

Third, ITC ensures coherence and synergies with WTO and UNCTAD within mainly four areas of work. (1) Global Public Goods, some key examples are the Global Trade Helpdesk, or the collection of non-tariff measures data; (2) Trade Facilitation: WTO ensures that governments ratify the trade facilitation agreement, ITC works with UNCTAD to help governments implement their commitments. There is a consultative mechanism between ITC and UNCTAD to carry out the work in a complementary way. (3) Accession to WTO: WTO leads accession discussion and ITC complements by reaching out to private sector to help them better understand the benefits and prepare them for the accession. Currently, ITC is operating in Ethiopia, South Sudan. (4) Cotton sector: WTO formulates trade policy and coordinates the wider trade community efforts in cotton assistance programmes. ITC translates these policies into action on the ground, and improves value addition in a strategized way, e.g. decontamination of cotton.

Concerning challenges and risk management, ITC's senior management is proactively profiling and managing risks. The ED highlighted two factors; the deterioration of the global trade outlook, and liquidity concerns at the UN. Within the growing economic uncertainty, geopolitical tensions and diminished prospects for international economic cooperation, there is not much ITC can do, other than establish dialogue and improve cooperation. With regard to the UN related cash flow issue, ITC is managing its RB through safeguarding staff costs and managing more effectively. ED confirmed that ITC will organise a dedicated CCITF briefing on risk management in response to CCITF members' interest in the topic.

With regard to ITC's contribution to lifting a whole industry to a level of sustainable international competitiveness, the ED responded indicating that ITC will be presenting its work in the textile and garment and IT value chains as a dedicated agenda item in an upcoming CCITF meeting. Taking a closer look at the transformation of these two sectors helps to see how ITC's work contributes to long-term results and impact. Second, the ED committed to include in the next CCITF agenda a presentation on unpacking results reported against ITC's corporate indicators, i.e. changes in policies, institutions and enterprises that manage to transact business.

Further, on long-term outcome and impact, the ED emphasized that ITC treats RBM as a matter of continuous improvement. The first layer of ITC's corporate scorecard aims to track its contributions to the SDGs that are reported at the end of each year. In addition, ITC's Independent Evaluation Unit will start next year with a systematic follow-up on projects that ended a few years ago, by collecting information and findings on ITC's longer-term and ex-post impact. One handicap is that W2 project budgets do not allow for evaluation expenses after project closures, thus ITC will have to fund such evaluation activities from W1.

In terms of gender-disaggregated data on all indicators where possible, all outcome indicators are gender-disaggregated, including A1.

On the two KPIs that are below the target in the mid-year report, the ED noted that ITC will keep working on improving its performance. She also pointed out that the performance indicator on travel on advance travel arrangements was not fully aligned with the objective of the indicator – to ensure that travel costs are low. In certain cases, later travel arrangements were more economical. In terms of gender parity in the professional category, ITC is monitoring it and working to ensure that there is a pool of candidates to make the right recruitment decisions.

As for MC 12, ITC so far has been approached to contribute to the business forum and women and trade.

2. Mainstreaming of sustainable and inclusive development

Anders Aeroe, Director, Division of Enterprises and Institutions, presented ITC's mainstreaming strategy of sustainable and inclusive development. ITC considers mainstreaming as crucial to contribute to the SDGs, deliver on ITC's vision of good trade, and enable ITC to better respond to beneficiary and funder priorities. ITC approaches mainstreaming of sustainable and inclusive trade by integrating inclusiveness, green growth, and social responsibility objectives into project cycle and related processes. Through inclusiveness measures, ITC addresses gender and youth-related inequalities and increases economic opportunities for women and youth. Through green growth, ITC aims to create mutually supportive relationships between MSMEs and the natural environment, and to realise

green economic opportunities. Through social responsibility measures, ITC respects and promotes the principles of the ILO Declaration on Fundamental Principles and Rights at Work.

Annegret Brauss, Junior Professional Officer identified four key elements of mainstreaming at ITC, including a guidebook for project managers, related staff trainings, adjustments to ITC's development markers, as well as monitoring. ITC provides practical guidelines for project managers on how to integrate ITC's mainstreaming objectives into projects. ITC has updated its development marker system providing details on mainstreaming level by area, and further granularity of the level of mainstreaming. In terms of monitoring, the mainstreaming process is in line with the project development process to match requirements. Mainstreaming focal points are in place to support project managers. ITC also provides training to project managers to get familiar with the mainstreaming process and to increase knowledge in each mainstreaming area.

The delegate from Germany inquired about the timeframe of implementation of the mainstreaming process.

Anders Aero pointed out that the guidelines were launched in the previous week and trainings for project managers started recently. ITC will work on adjusting the development marker system in its project portal with an estimated completion date in Q1 2020.

3. New commercial diplomacy guide and blended learning approach

Saskia Marx, Business Development Adviser, and Sebastian Rodas, Trade Promotion Officer, Trade and Investment Support Institutions, Division of Enterprises and Institutions, presented ITC's new Commercial Diplomacy Guide. They highlighted the importance of the evolving nature of commercial diplomacy. Country representatives serve as eyes and ears of a particular country in foreign markets and remain critical for internationalizing national businesses. Given the current trend that 'all diplomacy is commercial', ambassadors have defined commercial outcomes in terms of exports, investments and tourism. Commercial representatives' tasks are changing away from basic desk research to customised solutions and trouble shooting. The opportunities lie in partnering with digital platforms to improve efficiency and outreach, e.g. ITC Global Trade Helpdesk.

ITC developed the Commercial Diplomacy Guide, adopting a blended learning approach, to provide practical advice, checklists and success stories. ITC also offers interactive workshops including practical exercises and case studies. This project is implemented in collaboration with ITC's Market Intelligence team and SME Trade Academy. To date, the publication has reached a high number of downloads, and workshops on Commercial Diplomacy have taken place in Nepal, Madagascar, and Cambodia. Workshops in Iran, Zimbabwe, Ecuador, Guinea, Barbados, and Guatemala are coming up in the near future. The guide, workshops, and e-learning courses all are available in English, French and Spanish.

The delegate from the U.K agreed that diplomacy skills were needed for trade negotiations. He inquired if ITC had gathered insights from the Geneva country representations to WTO to understand better their needs.

Sebastian Rodas pointed out that most of the clients were dealing with trade promotion in their assigned countries and they were not trained for such trade negotiations as within the WTO. He also expressed his interest in hearing other delegates' feedback on the guide.

The Executive Director, Arancha González thanked the participants for their valuable comments and observations and reiterated ITC's commitments to include three new items in

the upcoming CCITF agenda: 1) the risk management framework, 2) a full value chain presentation on textiles and tech entrepreneurship, and 3) a deep dive into ITC's corporate indicators at policy, institution and enterprise levels.