

DRAFT

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

The Consultative Committee of the ITC Trust Fund (CCITF) met at ITC headquarters on 17th June 2016 at 10:30 a.m.

The Executive Director, Ms. Arancha González, welcomed participants and introduced the agenda of the meeting.

1. CCITF Progress Report 2015 (1 January – 30 September 2015)

The Executive Director, Arancha González, presented the summary of the CCITF report for 2015 for the delegates. (Please refer to Ms. González's speech on this website.)

Comments from Members and Discussion

The delegate from Germany, in his capacity as donor coordinator, delivered a joint statement on behalf of the group. He welcomed the quality of the CCITF report and other related documents prepared by ITC, including the Annual Report 2015. He confirmed funders' satisfaction with the results achieved by ITC in 2015, as well as with the format in which these were presented. He stressed that such reporting helped them understand how ITC's Strategic Plan was being put into action to deliver on the organization's mission.

Members of the donors' group welcomed the progress made in implementing the recommendations of the independent evaluations. They expressed appreciation for the alignment of ITC's work with the Sustainable Development Goals, and for ITC's innovative approach and strategies in the thematic areas it addresses. ITC's major new initiatives were acknowledged - notably the SME Competitiveness Outlook and the implementation of UMOJA - as were ITC's continuing leadership on gender equality and empowerment of women, with special reference to the new SheTrades initiative.

With regards to ITC's CCITF report, the delegate from Germany welcomed the report's update on the organization's current financial situation and its information about ITC's Regular Budget. He requested ITC to provide, in the future, information on the percentage of the overall funding that is used for classical management and oversight functions, as these could not be fully attributed to ITC's six focus areas.

The delegate highlighted that it was important to note that ITC spent the majority of the country specific funding in its priority countries, including Sub-Saharan Africa and least developed countries (LDCs). ITC also provided important global public goods for the benefit of the international community. The delegate pointed out that ITC's delivery in 2015 was the highest in comparison to previous years. Good delivery against revised targets demonstrated these were based on a more realistic assessment of ITC's capabilities; the official wanted to learn more about how this would inform ITC's future planning or target revision.

On ITC's new programmatic approach, the delegate expressed appreciation for how ITC had developed corporate and programme-specific theories of change. Additional information was requested on how programme-level outcomes would be captured and how programmatic theories of change would relate to each other.

The delegate acknowledged that ITC faced financial challenges, arising from a sudden and unforeseen reduction in Window 1 funding, and a secular trend towards Window 2. In addition, there was a decrease in operational reserve levels and at times the reserve was depleted. Last, there was slow delivery in some projects. Members expressed interest in knowing how ITC management planned to address these challenges.

With regards to ITC's Operational Plan for 2016, delegates voiced appreciation for the opportunity to provide comments. There was a request to continue dialogue and exchange, especially as ITC moves to develop its next Strategic Plan. There was a request to know more about ITC's organizational realignment. Delegates would also like to know more the developments on monitoring & evaluation, the implementation of the evaluation policy and a timeline for the next evaluations.

The delegate from the United Kingdom praised the quality of the CCITF report and expressed appreciation for the document summarizing progress made on the implementation of the recommendations of the independent evaluation. The delegate enquired about ITC's catalogue of tools and services and on the organization's strategy to present itself as a provider or a broad range of services. He also enquired on developments on impact assessment.

The UK Government commended the work of ITC: positive results were being generated on the ground by UK-sponsored projects, such as SITA and the Women and Trade and NTMs Programmes. As the largest donor to ITC, the UK was interested in its performance indicators and was content to see that these were progressing according to plan. There was a question on ITC's plans and future initiatives on investments to ensure continued efficiency and effectiveness. Finally, the delegate asked about timelines and coordination for future consultations in both Geneva and New York for ITC's next Strategic Plan and biennium planning and reporting.

The delegate from Finland reiterated that ITC was an important partner for the country. Their new trade policy emphasised women's economic empowerment and private sector development. In this regard, ITC's activities are well aligned with Finland's priorities. Finland was also pleased to note that ITC had been able to deliver more than 70% of its 2015 work in the most vulnerable countries.

The delegate highlighted ITC's efforts to improve its visibility and demonstrated appreciation for the successful SheTrades event held in Helsinki in June 2016. She praised ITC's work on Results Based Management, including the introduction of the programmatic approach and the development of theories of change. These better clarified ITC's objectives. As Finland was under increasing pressure to demonstrate results from its overseas development assistance (ODA), ITC's reporting was much appreciated. Finland commended the progress made in implementing the recommendations of the external evaluations, and requested that the summary document be shared more in advance in the future.

The delegate from the United States appreciated the quality of the CCITF report and acknowledged ITC's continued efforts to improve. The inclusion of information on the Regular Budget was much welcomed. As reflected in the report, ITC's efficiency continued to improve, and exhibit superior results.

The United States Government appreciated that ITC had offered the opportunity to provide comments on its Operational Plan, together with efforts throughout the year to engage stakeholders throughout the year on multiple issues. In particular, the delegate welcomed the offer to participate in the theory of change workshops, which presented a useful opportunity to learn more about the organization. Finally, the delegate congratulated ITC on its leadership in women's economic empowerment praising the innovativeness of the SheTrades application and indicating that the United States looked forward to continued work with ITC in the coming years.

The delegate from Australia welcomed the presentation provided and the quality of the report submitted. The report provided good information and indicated that ITC was moving in the right direction regarding the presentation of results. The delegate thanked ITC's Executive Director for her recent visit to Australia and expressed his appreciation for the fact that accompanying ITC representatives took the time to have working meetings with mid-level officials. These proved useful for raising the profile of ITC, for identifying new ideas, and for incentivising the Australian government and system to regard ITC as partner in delivering development objectives. The delegate expressed hope that ITC would continue to encourage its representatives to engage on that level.

Regarding Australia's relationship with ITC, the delegate highlighted ITC's work in the Pacific. Most notably, Australia called attention to the Papua New Guinea (PNG) project and the promising results it had already delivered. The delegate underlined that buy-in is essential for project success and commended ITC for securing the engagement of the Governments of Papua New Guinea and Vanuatu and also for securing support from other organizations. The delegate pointed to exposure resulting from an article published in Vogue magazine featuring the project's artisans. The delegate announced that the Government of Australia would contribute an additional amount of AUD 670k to

the PNG project. The Australian Government also indicated preparedness to engage in discussions regarding a potential second phase of the project.

The delegate, in addition, addressed ITC's work in the Indian Ocean Rim. The delegate stressed that the Australian Government was excited about the prospects of the project and would await the outcomes of the first mission. He commended ITC's Women and Trade team for their work.

Finally, examining the current Window 1 scenario, the delegate stressed that following the Australian experience, organizing the toolkits, cross-cutting products and distinct outputs under a separate package with clearly defined outcomes, under a RBM framework, could help ITC appeal more to donors.

The delegate from the Netherlands expressed the country's appreciation of ITC's work. The delegate highlighted ITC's alignment to the Netherlands' priorities, namely SMEs, youth, gender, as well as displacement and irregular migration concerns and the SDGs. The delegate mentioned that The Netherlands had been struggling with the issue of informality and requested ITC's insights on this topic. The delegate also expressed the country's gratitude for the close collaboration with CBI.

On the evaluation, the delegate welcomed the report provided and encouraged ITC to continue these efforts. She stated that the Netherlands was pleased with the results produced and demonstrated an interest in knowing more about ITC's efforts to measure and report on impact.

The delegate from the European Union stated that ITC is a valuable implementing partner and expressed hopes of working closer together in the future. The EU is currently in the process of revising its Aid for Trade Strategy and the experience of working with ITC will provide valuable insights to guide the strategy. Finally, the delegate welcomed ITC's efforts in implementing the recommendations of the evaluations. The type of efforts made by ITC is valuable to demonstrate to EU's taxpayers and to the European Parliament the value for money provided by the collaboration. Additional information on ITC's monitoring and evaluation system would be of interest.

The Delegate from Sweden explained that feedback from capital on the CCITF report had not yet been received. He thanked ITC's Executive Director for her visit to Stockholm and highlighted that ITC's inputs regarding the economic resilience of refugees and migrants were much appreciated. The delegate praised ITC's work and stressed that the organization is moving in the right direction.

Ms. Arancha González thanked the Delegates for their feedback and answered some of the questions raised. The Executive Director (ED) explained that it was important for ITC to take advantage of visits to partnering countries to engage with a broader audience, such as those in ministries and in the business community. She stressed that ITC would continue these efforts and asked the Missions to indicate potential meetings in their capitals. ITC also stood ready to go to more distant places to meet clients, as focussing on priority countries can require traveling to engage stakeholders in the process of change.

The ED highlighted that ITC will invite Member States to a specific session on its programmatic framework. This session is likely to take place in the autumn. Regarding discussions in New York, the ED informed delegates that the UN Committee for Programme and Coordination, CPC, was meeting as the CCITF meeting took place.

On monitoring and evaluation, the ED explained that this was an area of constant learning and improvement. At the moment, ITC was making efforts to combine best practices and ITC's home-grown knowledge to provide ITC, clients and Member States with tools to better evaluate impact. It was stressed that evaluating impact at the bottom of the pyramid to demonstrate transformation was a constant issue for ITC, and that strengthening tools was necessary. The ED also explained that data collection, which lies at the core of impact evaluation, was extremely difficult. In addition, ITC had pioneered impact evaluation for Trade and Investment Support Institutions in the context of its benchmarking work. Addressing the question of how ITC learns and feeds lessons back to methodologies and/or frameworks, the ED highlighted that research into TISI performance was a good example of feeding gained knowledge towards services development.

The ED stressed the importance ITC placed on issue of evaluation, impact, effectiveness and efficiency. As an example, she cited ITC's 2015 request that the UN Evaluation Group/OECD-DAC peer review mechanism be applied to the organization. The ED explained that ITC aims to be clearer

about how it sets and measures results and targets to ensure that the same methodology is applied across ITC for enhanced planning and for comparing results.

Regarding the slow delivery in some projects, the ED explained that ITC had experienced various problems including climatic conditions (e.g. cyclone in Fiji, the earthquake in Nepal), epidemic outbreaks (e.g. ebola in Africa). The ED stressed that all projects included, to the extent possible, measures to manage risk and ensure resilience. But in the context of ITC's work, a degree of risk exposure was inevitable.

Moving forward, the ED explained that ITC made an important investment in innovation last year. She highlighted the SME Competitiveness Outlook, the SheTrades app and ITC's call to action and the transparency of sustainable agricultural value chains initiative. Economic resilience at the bottom of the pyramid, with a special focus on refugees and migrant communities, was singled out as a priority for ITC in 2016. The ED highlighted that the Member States could expect ITC to present innovative solutions in this area.

Regarding the realignment at ITC, the ED stressed that this exercise was being done with internal consultations and its purpose was to improve efficiency in light of the new six focus areas and related programmes.

Finally, a considerable effort was made in the area of finance. ITC worked to leverage all resources by working with private partners and governmental funders. ITC was working on better measuring its leveraging capacity and Members could expect ITC to further develop this approach in the coming year.

The delegate from Japan welcomed the comprehensive report regarding progress made in 2016. With reference to ITC's efforts to demonstrate its leveraging capacity through partnerships, the delegate underlined the particular importance of this issue to the Japanese Government due to the budgetary pressures it was experiencing. Furthermore, she would like to have more information on how ITC is generating change for beneficiaries.

2. Review of Progress in First Half of 2016

Ms. Arancha González provided the review of progress made during the first half of 2016. She apologised for the delay in the publication of the Operational Plan, explaining that the delay was a result of ITC having to review its 2016 work plan: as the CCITF had suggested in the past, and in line with good financial planning, ITC mapped its delivery expectation for 2016 during the previous year. At the beginning of 2016, however, ITC received information from two traditionally important funders that, as a result of a reduction in their trade-related development assistance and reallocation to other priorities, notably refugee issues, they would not be in a position to make contributions to the organization.

This unfortunate news had important financial implications for ITC, requiring adjustments to the Operational Plan portfolio and delivery expectations. However, ITC had commitments towards clients and was pushing its efficiency to the maximum to deliver as much possible with the resources available.

The ED stressed that 2016 would be a year for ITC to consolidate the reforms that the organization carried out in 2015, and to capitalize on the investments made. In 2016, ITC was building a significant pipeline to be delivered during the following three to five years. She highlighted that donors' appetite for larger projects was welcomed by ITC, as it allowed the organization to benefit from stability and predictability and to deliver amplified and superior outcomes.

The ED explained that ITC was able to compensate some of the shortfalls resulting from the general budget (W1) reductions with resources received through project specific funding (W2). Under the new scenario, ITC needed to rethink its business model and explore ways to transfer W1 activities to W2. The ED stressed that an additional CCITF meeting could address this topic and the necessity to ensure that the organization has the financial means to deliver on expectations.

In 2016, ITC improved its presentation of targets and indicators to enhance performance measurement. To the corporate indicators presented to General Assembly in New York, ITC had added additional layers of indicators, expressed by what the organization defined as Tier 1, Tier 2 and Tier 3. This represented a small innovation from ITC's side to address Member States' request for

greater precision in defining objectives. In addition, new indicators were presented in areas such as Gender and Diversity, Innovation, and Staff Engagement.

As there were no further comments from delegates, Ms Arancha González requested Ms. Dorothy Tembo, ITC's Deputy Executive Director, to continue with the presentation of ITC's management response to the organization's external evaluations.

3. Update on ITC's Management Response to External and OIOS Evaluations:

The Deputy Executive Director, Ms. Dorothy Tembo presented the progress made in the implementation of the recommendations resulting from ITC's external independent evaluations carried out in 2014 and 2015. She noted that it had become clear from the day's discussion that the issue of monitoring and evaluation was very important to partners. ITC assured Member States that it would continue to prioritize the implementation of recommendations derived from evaluations. She stressed that ITC was going above and beyond what was required to ensure that lessons learned were integrated into ITC's monitoring and evaluation framework.

The DED stressed that, of the combined 48 activities supporting the implementation of the strategic recommendations, 38 had been completed, representing 79% of the total planned activities. The remaining 10 action points were in progress. In the year before, ITC had reported a total of 35% completed and 65% in progress.

Following the endorsement of ITC's new evaluation policy, efforts during the past year had focussed on operationalizing the new model. The ITC evaluation function started to receive regular budget resources in a predictable manner, with a work programme approved by Senior Management. Additionally, extra budgetary funds were provided in the context of project evaluations.

The DED highlighted furthermore that ITC's Evaluation Unit intended to use a combination of independent evaluations, self-evaluations and project completion reports. ITC was in the process of approving the guidelines for self-evaluation, and a template for project completion reports was made available. Both had been developed in consultation with partners and in line with best practices.

In addition to these, ITC had requested a peer review from the UN Evaluation Group and OECD-DAC. This exercise was about to be completed and the results would be presented during the upcoming JAG meeting. The DED highlighted that ITC had sought this evaluation on its own initiative, as a self-learning exercise.

Moving to another topic, in November 2015, ITC reported that it had finalized the corporate intervention logic as well as defined the goals and scope of its 15 programmes. Since then, a considerable amount of work had been undertaken. ITC had completed the theories of change of all programmes. The DED thanked delegates for the comments and inputs provided and informed that draft programme documents had been developed and were in the process of being validated. To ensure a common understanding of all programmes amongst all staff, ITC had awareness sessions with the Management Advisory Group and for all professional staff.

Some of the next steps include the production of communication materials on the programmes, to be circulated within the following months.

A third point highlighted concerned ITC's catalogue of services, which had been finalized and made available on the ITC website.

A fourth issue concerned the planning and reporting cycle. The Annual Report 2015 presented the results against the targets set in the Operational Plan. This interlinked planning and reporting had been institutionalized and would be maintained. The DED stressed that both documents, together with the CCITF reports, contained more detailed analytical and narrative information.

The DED informed that the statistics gathered by the Project Appraisal Committee showed that the project quality had improved. Over 80% of projects had received ratings 1 or 2, compared with 66% in 2014. This demonstrated that ITC continued to be committed to the quality of its projects.

The DED also briefly highlighted that ITC programmes needed to be aligned to the SDGs. Programme links to the SDGs had been developed and a standardized approach to reporting

contributions to the goals was being developed. Regarding transparency and reporting, the DED informed delegates that the new project portal was operational and that ITC was working on enhancing its functionality. All ongoing projects had been migrated and all new projects coming on stream were being directly registered in the new portal.

In 2015, ITC carried out an impact survey, as was reported in the November 2015 CCITF meeting. In conducting the survey, ITC observed some shortcomings in the methodology. A decision was taken to pursue stronger impact assessment through various methodological adjustments at the programme level, accompanied by standardization of results and indicators at the corporate level. ITC aimed to develop a better methodology to give partners a better understanding of the organization's achievements.

Finally, regarding the staff development, ITC had continued to engage and train staff in the technical areas identified as priorities. ITC had also institutionalized an annual staff engagement survey, which would be tracked according to the corporate KPIs.

The DED closed her remarks by stating that ITC was very appreciative of all the comments it continued to receive from partners. ITC considered this an informative and valuable exercise.

Ms. Arancha González clarified that Member States would have the chance to address the evaluation report again during the upcoming JAG meeting on 4 July 2016.

The delegate from Germany welcomed the comprehensive presentation. ITC seemed to be making good progress in the implementation of the recommendations of the evaluations. Regarding the 2015 impact survey, it was understood that the exercise came to a halt because it did not deliver the information needed and that a new exercise would be started. The delegate stressed that it would be interesting to have a timeline for the development of the new methodology, the survey itself, and the publication of its results.

In reference to the DED's mention of innovative new evaluation instruments developed by ITC, the delegate said it would be interesting to know how these related to the overall organization-wide framework for monitoring and evaluation. The Committee would also appreciate an update on the implementation of ITC's revised evaluation policy and how it would help improve ITC's performance. It would also like to have a timeline of ITC's planned evaluations.

Ms. Dorothy Tembo thanked the delegate for the comment and clarified that, indeed, ITC found that the applied methodology was not allowing the organization have a complete understanding of impact on the ground. ITC was redefining the parameters of the survey to be able to present a solid assessment to Member States. This exercise was on-going and ITC expected to make the results available by the end of 2016.

4. Update on ITC's Cash Flow Management:

Gerry Lynch, Director of Programme Support, presented the current status of extra budgetary sources of income and provided an update on ITC's Operational Reserve and cash flow situation. The year before, ITC had highlighted that it experienced budgetary pressure due to delays in the arrival of W1 contributions. This also affected planning of activities, impacting ITC's efficiency and effectiveness. Member States were asked to provide their contributions as early in the year as possible. Again this year (2016), ITC had received few W1 contributions by Q2. This, combined with the reduction of ITC's W1 budget, was again putting ITC under some strain.

Mr. Lynch stressed that it was important for W1 contributions to come as soon as possible. Thankfully, ITC's OR had increased to above \$6 million. He thanked donors for allowing ITC to keep residual funds and interest revenues, which had permitted the organization to increase its operational reserve levels.

He highlighted that the willingness of donors to advance payment in the context of specific projects also aided ITC considerably.

Finally, Mr. Lynch explained that with UMOJA, ITC was faced with stricter cash flow controls. This resulted in high transaction costs in the context of W2 projects where ITC had to advance payments. ITC was being more vigilant regarding the operational reserve and its cash flow, with monthly reports

on the status of projects pending contributions to ensure that the reserves were being efficiently and effectively replaced.

Finland's delegate took the floor to highlight that it would continue to be a reliable partner for ITC and that the country was in the process of transferring its contribution to ITC, with a value of 3.175 million euros. Unfortunately, funds would likely still take some time to be transferred, but the Mission would contact the capital to request that the payment be made as soon as possible.

Ms. González stressed once again the pressure on ITC's cash flow and the constraints of UMOJA and asked delegates to sensitise their capitals about the need to make W1 and W2 payments as early as possible.

Finally, addressing a comment made by the German delegate on the accounting of PSC in the Annual Report, the ED explained that the difference between the US\$ 96.3 million implementation figure and the US\$ 102 million total expenditure figure was due to different ways of counting the PSC.

5. Any Other Business:

Ms. González thanked the delegates for their feedback and constructive comments during the meeting and expressed the desire to see them again at the occasion of the JAG meeting on 4 July, where ITC would promote an e-Com Caravan in partnership with DHL, EBay and FNEM, showcasing selected products developed in the context of some of ITC's projects.