

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

The Consultative Committee of the ITC Trust Fund (CCITF) met at ITC headquarters on 4 May 2018 at 10:00 a.m.

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

1. CCITF Report (1 January – 31 December 2017)

The **Executive Director (ED), Arancha González**, opened the meeting and presented the summary and the main outcomes of the 2017 CCITF Report to the Consultative Committee of the ITC Trust Fund (1 January - 30 December 2017).

On financial targets, the ED stated that by the end of 2017, ITC delivered \$84 million – or 96% (RB and XB) of its total planned annual budget. RB delivery stood at \$38 million or 101%, while XB delivery was at \$46 million or 93%. Within the XB, Window 1 (W1) delivery was at \$8 million – or 104%, while Window 2 (W2) delivery was at \$38 million – or 90%. W1 delivery was higher than initially planned as ITC received additional allocations during the course of the year. W2 delivery was lower than targeted due to the relatively longer “time to market” of large projects. With regard to focus areas, ITC’s largest share of delivery was within “Connecting to International Value Chains”, “Promoting and Mainstreaming Inclusive and Green Trade” and “Supporting Regional Integration and South-South Links” accounting for almost 70% of XB delivery.

Regarding ITC’s delivery across geographic regions and priority countries, ITC delivered over 75% of its country and regional projects in the Sub-Saharan Africa and the Asia-Pacific regions. The share of ITC’s delivery in its priority countries (post-conflict and fragile countries, LDCs, LLDCs, SIDS, SSAs) went beyond 86%, while the share of its region-specific delivery in LDCs was 55%.

In terms of W1 funding and its use, ITC investments prioritized production and dissemination of its global public goods, development of tools that are replicable and customized across beneficiary countries, and the creation of synergies between national and regional initiatives. Window II initiatives were predominantly country and region specific.

With regard to financing levels, ITC’s cash position improved during 2017, as evidenced by a growing available XB balance and income. The value of grant agreements signed during 2017 also increased significantly to over \$100 million from \$58 million in 2016.

Concerning ITC development results, ITC’s contribution to the SDGs formed the first layer of its Corporate Scorecard. By the end of 2017, ITC’s largest contribution – approximately 76% of its delivery – was for SDGs 1, 5, 8 and 17.

Regarding the corporate indicators, the ED indicated that at the end of the 2016-2017 biennium, ITC had performed or overperformed on five out of seven outcome targets, with achievements of over 80% of planned results for the two remaining ones. She added that these achievements were a reflection of ITC’s portfolio mix over the last few years. At the output level, ITC met or exceeded all but three out of 14 targets.

At the efficiency and effectiveness level, ITC had excellent results in most areas, including for example - XB funding secured for 2018 and beyond (almost \$140 million), growth in audience and outreach (13%), investment in learning per employee, and number of registered users of ITC Market Analysis tools (700K and growing).

ITC’s flagship events continued to attract the attention of beneficiaries and partners, ranging from WEDF held in Budapest, Hungary, to the T4SD Forum in Geneva, and the SheTrades Global held in Istanbul. ITC continued to increase its footprint and advocacy through events including the WTO Public Forum, the international MSME day, UNCTAD’s e-commerce week, and the WTO Ministerial Conference in Buenos Aires where ITC spearheaded the Declaration on Women and Trade.

With regard to the Operational Plan 2017 milestones, ITC implemented 17 of 22 technical assistance milestones, four are still in progress and one is on hold. In addition, six out of 11 impact, efficiency and effectiveness milestones have been implemented with the remaining five in progress.

Comments from Members and Discussion

The **delegate from Canada**, in her capacity as donor coordinator, delivered a joint statement on behalf of the ITC's donors group. She thanked ITC for the constantly evolving CCITF report. She welcomed ITC's achievements in most areas of its work and encouraged further progress. She notably expressed satisfaction with improvements on results based management (RBM), upgraded reporting through the new projects portal and the work done on systems for measuring cost effectiveness. Funders equally appreciated ITC's efforts to link its activities and delivery to the SDGs. She indicated that it would be valuable if ITC could share the lessons learnt and challenges encountered from this exercise.

The donor coordinator had four sets of questions/comments. First, on the OIOS review, she indicated that the Recommendation 4 – on establishing a threshold for budget variances and for those that go beyond that threshold justification and approvals from SMC is needed - was scored as partly implemented and inquired about what needed to be done to elevate it to “fully implemented” status. In addition, she inquired about the difference between total budget and the level of budget spent at the end of 2017.

Second, the delegate acknowledged the importance of un-earmarked Window 1 funding and that its shrinking ratio vis-à-vis Window 2 remained an element of uncertainty for ITC. She inquired about the steps the organization is taking and if there was a minimum threshold of W1 to W2 ratio below which ITC's capacity for research and innovation would be impeded. ITC's funders equally inquired about the definition of a minimum reserve level for the coming year, as recommended by the OIOS review.

The donor coordinator voiced the appreciation of funders on the ongoing work done by ITC to track the leveraging effect of Window 1, not only in terms of extra Window 2 funding, but also in terms of extra or enhanced activities by other actors, through their own funds. She questioned if ITC equally captured the catalytic effect of Window 2 funding as well.

Third, while acknowledging that ITC had a clear description of its priority countries, the delegate inquired about ITC's methodology in establishing specific targets for priority countries. She further inquired about ITC's perspective in terms of scaling up to ensure sustainable change, as well as increasing field presence of ITC, its nature and ITC' collaboration with local partners.

Fourth, funders appreciated the progress made on the development of ITC's risk management framework. However, they equally wished to understand how ITC categorized elements under one or the other risk categories.

With regard to the UN budget cycle and the re-costing exercise that is conducted in New York, funders asked for clearer expression of their potential engagement to influence decision making process in New York.

Funders expressed the need for more time to review documents in advance of the CCITF meetings, particularly in order to connect with their capitals for further feedback that would allow for substantive exchanges.

The **delegate from Brazil**, in his capacity as representative of GRULAC, expressed his appreciation for the work ITC conducts as the only international agency fully dedicated to the development of MSMEs. He noted the importance of ITC's market intelligence tools for policymakers, companies and entrepreneurs in the region and the need to continue to improve such tools.

The delegate was pleased with ITC's efforts to increase the level of Window 1 funding as well as its investment in global and cross-regional projects. The delegate was pleased to see a marginal increase of funds for the GRULAC region in 2017 as W1 allocation for the region increased by 6% and W2 funding by 7%.

The delegate expressed that countries in the region were well disposed to work with ITC more deeply and to enhance partnership opportunities. In this regard, the GRULAC representative asked about the areas of work ITC was engaged in the countries of the region.

The **delegate from Switzerland** inquired about the key findings of the staff survey conducted by ITC. Second, he inquired about ITC's capacity to tap into country specific pooled funds.

The **delegate from Guatemala** thanked ITC for providing region specific analysis on its delivery and offered support in New York with regard to RB deliberations for the current biennium.

The **delegate from India** applauded ITC's leadership and close attention to gender equity. He praised ITC's thought leadership in trade and development matters, particularly through its flagship publication, *SME Competitiveness Outlook*. The delegate noted that ITC could benefit from an upgraded on-line presentation or publication that covered its work and *raison d'être* to enhance its visibility and recognition. On the SME Trade Academy, the delegate voiced his satisfaction with the use of digital technology that allowed for a wider reach of users. He asked for further information about the composition of the beneficiaries of ITC's global public goods and of the SME Trade Academy. On funding, the delegate inquired about measures taken to increase W1 funding.

The **delegate from Sweden** noted that Sweden accounted for 43% of ITC's W1 income in 2017, and inquired about the measures taken by ITC to increase W1 funding volume.

The **delegate from Germany** asked for a better representation of Window I contributors in Annex I of the CCITF report that contains a list of ITC projects per focus area and region.

The **delegate from the United Kingdom** expressed his satisfaction that ITC's overall funding was maintained during 2017 and inquired about how ITC was investing Window I financing to leverage further Window II resources. Lessons learnt on this front could be helpful within the Geneva community. He indicated that a briefing on ITC's work on the developments of its costing model would be appreciated. He offered the delegates' support for the RB deliberations and re-costing that it may be subject to for the current 2018-19 biennium.

The **delegate from Norway** congratulated ITC for the 2017 CCITF Report. He reiterated that Norway is among ITC's W1 funders and appreciated that the report contained a section detailing W1 contributions to ITC's corporate results. He requested ITC to incorporate more outcome descriptions. He highlighted that Norway was particularly interested to hear more about outcome results for programmes that fell within the "Promoting and Mainstreaming Inclusive and Green Trade" focus area.

The **delegate from the Netherlands** congratulated ITC on the good quality of the report and the added value of ITC's work on the ground. She inquired about ITC's collaboration model with local partners. Second, the delegate informed that the Government of Netherlands had included misconduct and sexual harassment as part of its regular biannual assessments of its partner organisations. In this regard, she asked ED about measures taken in cases of reported misconduct or sexual harassment.

The **Executive Director, Arancha González** thanked the delegates for their feedback, took note of the positive receipt of the CCITF report and confirmed that their recommendations for improvements will be taken into consideration in future reports. She then responded to the inquiries made.

Addressing the W1 funding questions, she stated that 2016-17 represented an anomaly within a steady longer-term trend and was due to developments not related to ITC's performance. She noted that during this period, significant efforts were made to enhance W1 financing. She added that if all discussions with W1 funders would materialize, expected W1 funding would rise to \$16 million in 2018 – a significant increase compared to \$9 million W1 income in 2017..

With regard to the OIOS review and recommendation on establishing a minimum reserve of unearmarked funds, the reserve level will be calculated on the basis of four months of W1 related staff salaries and 10% of non-staff costs. On the catalytic impact of W1 funds, \$1 of the business development fund has generated \$21 in W2 financing. More substantive information on the leveraging factor of W1 and ITC's investments in its priority regions and countries will be shared in the 2017 Annual Report that will be discussed at the upcoming Joint Advisory Group (JAG) meeting on 10 July 2018.

ITC's integrated interventions took place at both regional and national levels, with interlinkages as part of project implementation. Equally, ITC has been scaling up its presence on the ground. As ITC's project size was increasing, implementation and management of large projects was undertaken with the support of project offices in beneficiary countries. In addition, ITC's business model involved working with local partners, leveraging technology and innovation in beneficiary institutions. ITC had no intention of opening permanent country offices.

On ITC's risk management framework, ED stressed that risks were not selected by ITC but that they were inherent to trade related technical assistance delivery. ITC classified them according to their likelihood of occurrence and identified the type of mitigation actions required to deal with them. In areas where ITC had zero tolerance, efforts were made to fully avoid the risk events from occurring.

Regarding the GRULAC region, ED noted that ITC implemented country specific and global initiatives. ITC's investments in global public knowledge and tools helped all SMEs and countries. ED committed to provide a breakdown on the users of ITC's tools by region, country and category of user.

On ITC's staff engagement survey, ED indicated that results for 2017 were similar to the previous year. She noted that staff moral had not diminished nor improved, in a context where the 2016-17 biennium had been a financially difficult period, and the UN had announced salary cuts for its employees. On revamping ITC's webpage, ED indicated that it was planned under the new communication strategy, which would be addressed during this meeting.

ITC's engagement in services leaned towards those sectors where there was room for supporting SME's market connections. Information technology, e-commerce, tourism were some examples. With regard to country specific pooled funds, development plans and related UN action, ITC made sure that it was part of the UNDAFs where sustainable economic development and trade were prioritized. In terms of local partnerships, ED highlighted that ITC did not outsource work but it co-created its interventions. ITC's primary partners in beneficiary countries were trade and investment support institutions, local business incubators, business organizations, governments, and academia. ITC's project implementation offices were mostly housed within these partner institutions. These went beyond and above ITC's engagement with the UN organizations and country teams.

2. ITC's Focus Area: 'Building a Conducive Business Environment'

Rajesh Aggarwal, Chief Trade Facilitation and Policy for Business, presented ITC's approach to building a conducive business environment with the example of ITC's assistance to Afghanistan. .

Comments from Members and Discussion

The **delegate from Germany** inquired about ITC's collaboration with other funders and their support in similar sectors in Afghanistan.

The **delegate from Sweden** inquired about ITC's gender mainstreaming in relation to its operations in Afghanistan.

Rajesh Aggarwal explained that EU – the funder of ITC's interventions - is coordinating among various donors through a task force and a coordination committee. In terms of trade facilitation, ITC is coordinating with the World Bank, to assure synergies. ITC's focus is on building the capacity of small producers to comply with the rules and regulations.

In response to gender mainstreaming, he informed that it was integrated in the crafting of the national trade strategy, NES, and the related action plan. ITC collaborated with woman-led businesses to facilitate their access to international markets. ED added that one of the main partners of ITC in the country was the Association of Women in Business, led by the First Lady of Afghanistan. A delegation of 15 women-owned businesses will be representing Afghanistan at "SheTrades Global" in June 2018.

3. ITC's Communication Strategy 2018-21

Melinda Henry, Chief of ITC Communications and Events presented the ITC Communication Strategy 2018-21. She explained that the new communication strategy of ITC would help the

organization to use media, outreach and events to show thought leadership, impact, value for money, and share stories of its beneficiaries.

In terms of strategic goals, the new strategy aimed to make ITC the "go-to" UN source for trade and development engagement with MSMEs, improve the communication of results and impact of ITC's work, while providing a harmonized approach to communication within ITC.

In order to achieve these goals, the new strategy would notably aim to increase ITC's external audience and link ITC's work to the Sustainable Development Goals. To this end, several initiatives would be launched such as the overhaul of ITC's website and the setting up of an audio-visual facility.

Comments from Members and Discussion

The **delegate from the United Kingdom** appreciated ITC's planned initiatives involving the website, reducing printing, and others. He inquired about the way metrics would be used to adjust ITC's communication offerings.

The **delegate from Brazil** reiterated the importance of making the website accessible in French and Spanish as well as key relevant publications of ITC. He highlighted the importance of multilingualism to increase ITC's audience.

The **delegate from Hungary** suggested that ITC should communicate more about the results of its B2B meetings, particularly through the use of social media.

Melinda Henry responded that at ITC, several metrics and statistical sources were being used, including google analytics, website statistics, as well as anecdotal evidence. ITC had established KPIs such as, publication downloads, video views, etc. In an effort to further improve performance, several actions would be undertaken, e.g. tying the launch of ITC publications to ITC events.

With regard to the comment on multilingualism, she responded that ITC was catching up with its backlog and that so far 500 items had been translated into French and Spanish.

4. Results Based Management: the SME Competitiveness Survey

Marion Jansen, ITC's Chief Economist, summed up the key features of ITC's SME Competitiveness Survey (SMECS). SMECS survey streamlined SME needs assessments and provided the basis for company-level impact assessments. It provided for one harmonized but modular company level survey that fed into one ITC data set that included beneficiary characterisation and results measurement.

Comments from Members and Discussion

The **delegate from Spain** inquired whether ITC observed different results between W1 and W2 projects.

The **delegate from Sweden** inquired if SMECS would be useful to track long-term sustainability of ITC interventions, particularly after conclusion of projects.

Marion Jansen indicated that project success assessments could be derived following the use of SMECS multiple times. Over time, such assessments would be possible. With regard to long-term sustainability, SMECS were to be rolled out preferably with national institutions, who considered it useful for themselves to track such data. Therefore, survey scope went beyond ITC project beneficiaries. SMECS were used by TPOs and chambers who had an interest in better understanding their own clients.

5. HR Presentation: ITC Zero Tolerance Policy on Harassment, Abuse of Authority and Discrimination

Carl Rogerson, Chief, Human Resources Officer presented ITC's Zero Tolerance Policy on Harassment, Abuse of Authority and Discrimination. He reaffirmed ITC's commitment to providing a safe and equal working environment.

ITC's various policies on harassment, abuse of authority and discrimination were presented, as well as training and tools provided to managers, staff, interns, consultants and individual contractors. In addition, he explained the procedures for complaints and grievances.

Comments from Members and Discussion

The **delegate from the United Kingdom** thanked ITC for incorporating a presentation on ITC's policy on harassment, abuse of authority and discrimination. He noted that DFID's main concern when working with organisation was the use of contractors. He stated the importance of providing training to contractors and that DFID had set up a coordination unit that was currently reviewing their own policies and practices and providing training to charity and aid organizations as a first step. TRTA organizations would be addressed in due course. DFID's vision was to set a new standard for the sector, and to roll out enhanced safeguards.

The **delegate from the Switzerland** thanked ITC for the presentation. He noted that Switzerland treated the issue of harassment and discrimination seriously. He informed that the Swiss government had reached out to organisations in Geneva to inquire about reported cases of harassment and the mechanisms put into place to deal with them. He further informed that Switzerland would soon send a note to UN agencies, informing that in cases of reported crimes, the matter should be referred to the Swiss justice system.

The **delegate from Germany** inquired about the mechanisms to encourage staff to come forward. He further inquired about the processes to ensure independence of investigation and decision making.

Carl Rogerson, Chief, Human Resources, responded indicating that in cases of reports against senior management, the human resources office dealt with the matter confidentially. Such cases could go to the ombudsman as well as the UN harassment hotline.

There were several procedures in place allowing staff to report cases of misconduct without revealing their identities. Grievances could be reported within and outside the organisation. Individuals were equally free to report cases to the Swiss authorities.

6. WEDF, September 2018

On 11-12 September 2018, the World Export Development Forum (WEDF) will take place in Lusaka. There will be sessions and B2B meetings on a wide range of topics including jobs for tomorrow, agribusiness and green finance.

In addition, SheTrades Zambia will be launched and investment meetings will take place between China and Zambia.

7. WTPO, October 2018

This event occurs every two years and is a unique opportunity for the senior executives of Trade Promotion Organisations to learn and network together. In 2018, Business France is ITC's co-host and the event is being held on 25 - 26 October in Paris. The conference theme draws attention to new ecosystem models of business support and the implications of digital technologies on the operation and impact of these ecosystems. The conference also provides an additional platform for the profiling of SMECO. Missions are invited to emphasise the unique nature of this event if their TPOs are seeking an endorsement of their travel.

Closing Remarks

The **Executive Director, Arancha González** thanked the delegates for their attendance, support, questions and comments. She reiterated that the next ITC governance meeting would be the Joint Advisory Group (JAG) meeting on 10 July 2018 at the WTO., ITC would come back to the CCITF members with data on the breakdown of the users of ITC's Market Analysis and Research (MAR) tools as well as its SME Trade Academy attendees. The next CCITF meetings will have separate agenda items on the leveraging effect of Window 1 funds, ITC's costing and RBM. We will include a new marker

for projects financed by UN pooled funds. ITC will distribute ITC's policies and guidelines on harassment.