

DRAFT

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

The Consultative Committee of the ITC Trust Fund (CCITF) met at ITC headquarters on 26th November 2015 at 15 p.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) – Ms. Arancha González

Please see in Annex I, Ms. Arancha González's presentation and summary of the CCITF report.

Comments from Members and Discussion

The Delegate from Germany, in his capacity as coordinator of the informal donors' group of the ITC, delivered a joint statement on behalf of the group, welcoming progress made since the last formal meeting of the CCITF, particularly in implementing the Strategic Plan and the recommendations of the evaluations, such as the implementation of the programmatic approach and the related steps to make ITC more strategic and results oriented.

The finalization of a catalogue of ITC services, the new project portal, and the transition to UMOJA were only a few important elements of progress in this regard. At this high pace of change and reform, it would be important to ensure that changes were implemented sustainably. The donors' group appreciated the newly introduced informal sessions of the CCITF that allowed for closer dialogue and more frequent consultations between member states and the ITC.

There was also appreciation of the process which ITC had started, to identify its comparative advantages and specific contributions towards implementing the 2030 Agenda for Sustainable Development. A point which required continued attention was ITC's high reliance on client-self-reporting for organizational performance measurement. In this regard, the 2016 Operational Plan would be an important document and the donors' support group would appreciate an opportunity to provide inputs in its development.

Last, recognizing the challenging environment in which ITC is operating and mobilizing resources, especially due to the challenges faced by some of the traditional donors, they would appreciate a progress update on broadening the donor base and mobilizing resources from the private sector.

The Delegate from Finland reiterated her Government's support and appreciation of the progress that ITC was making on implementing its work plan as well as the external evaluations' recommendations. They were looking forward to seeing how UMOJA improved reporting and if there would be issues to be addressed.

With regards to the CCITF report, the Table 1 of the report on the extra budgetary funding showed funds ITC had received during the first three quarters of 2015. Finland had made a new contribution of EUR 2,000,000 for the ITC for 2015. However; there had been some unfortunate delays in its processing, which is why the contribution was only made in Q4. Second, Finland requested to show the implementation status (%) of each project in Annex 1, adding a new column.

The Delegate from Ireland indicated that they were pleased with the quality of documentation provided in advance of the CCITF meeting. Ireland particularly appreciated to see that over 80% of country-specific technical assistance was provided to ITC's priority countries. Ireland was happy to see that ITC had launched a Programme Development Taskforce to facilitate the transition toward a programme-based approach.

They questioned the level of operating expenses reported as 115% in Table 4 on the biennial regular budget and delivery by cost category, and added that their interpretation was that these would be offset with savings elsewhere rather than being an indication of overspent.

Ms. González thanked the Delegates for their feedback and answered some of the questions raised. On the query of broadening the funder base of ITC, she reiterated that this was being taken seriously and implemented through four different ways:

First, ITC was deepening its cooperation with its funders. ITC was now discussing potential partnerships with its donors that were being financed through decentralized financial envelopes allocated by capitals to their representations in countries, e.g. a recent contribution from Sweden in Ukraine.

Second, expansion was sought through tapping into resources existing in the South. This included those from emerging donors such as China, India, Chile, Qatar and UAE, including through cash contributions into ITC budgets, as well as expertise at no cost, and through in-kind contributions (i.e. with Chile).

Third, ITC expanded its funder base through engaging the private sector either through direct cash or in-kind contributions.

Fourth, ITC has engaged actively with other traditional A4T donors, which were not ITF funders at present, but expecting them to come on board in 2016.

ITC also expanded support from its members through receiving young professional officers financed by donors, who were much more diverse than two years ago.

As a result, there were different ways through which ITF members could contribute to ITC. Stable and predictable mode of delivery by ITC required stable and predictable financing and support from its funders, as also per the recommendations made by the independent evaluation of ITC.

2. Planning for 2016:

Ms. Arancha González provided the main features of ITC's proposed Operational Plan 2016 (OP 2016) that was currently in the making. Ms. González asked for the feedback of the members latest by mid-December 2015 for their incorporation. The OP 2016 would detail how ITC would operationalize its commitments set in the Strategic Plan for 2015-2017.

The context of ITC's work in 2016 would be shaped by the UN Global Goals for sustainable development, the outcomes of the FFD conference, the results from COP21 and the roadmap coming from the WTO's 10th Ministerial Conference. ITC would further leverage private sector contributions, mobilize domestic resources and increase South-South and triangular cooperation.

Further details of Ms. González's presentation on the Operational Plan 2016 can be found in Annex I.

The delegate of Canada took the floor and indicated appreciation of the efforts and introspection that ITC was going through to develop its corporate scorecard and with the theory of change workshops organized to advance with the programmatic approach. Canada was looking forward to see how these would be translated within the OP 2016. They were also looking forward to the conclusion of the intermediary outcome definitions as these would reflect the completion of the chain of change.

The delegate from Germany indicated that they appreciated the opportunity to comment more and requested the slides of the presentation made.

The Executive Director informed that the text of her comments and the stack of slides would be shared with the members following the meeting and that comments would be welcome until mid-December in order to finalize the Operational Plan before ITC management could revert back to the members one more time.

3. Implementation of the Independent Evaluation recommendations:

ITC had two corporate evaluations in the past two years – one, the ‘Independent Evaluation of ITC’ was sponsored by some of ITC’s member governments and carried out by an independent consulting firm. Its recommendations were issued in 2014. The other was carried out by OIOS – the Internal Oversight Office of the UN Secretariat, who complemented the Independent Evaluation and issued their report in 2015.

Apart from providing management responses with action plans for all recommendations, the evaluations had also influenced ITC’s Strategic Plan 2015-17, and the targets set in the Operational Plan 2015. Progress on the OP 2015 targets was reported in the CCITF report.

Iris Hauswirth, Officer in Charge of the Strategic Planning, Performance and Governance Section provided an update on the progress in implementing the actions that were promised by ITC in the management response to the evaluation recommendations. Please see attached the report on the implementation of the ITC management response actions as Annex II.

The delegate from Finland thanked ITC for its constructive approach to the external evaluation and the implementation of its recommendations. She was happy to see that there were no “not started” action items. She stressed that it was equally important to acknowledge that implementation of the recommendations would continue for a long time. She noted the good progress made particularly on increasing ITC’s visibility in 2015. Particularly, ITC’s Flagship report on SME Competitiveness was an excellent way to publish ITC’s special knowledge on SMEs. Second success on visibility came on gender through ITC’s Call for Action to bring one million women entrepreneurs to market by 2020, and then the upcoming Women in Business event that was being organized around the WTO 10th Ministerial Conference that would be held in Nairobi, Kenya mid-December 2015. Finland was looking forward to collaborating with ITC in other events as they did during the 5th Global Review of Aid for Trade in June 2015.

The delegate from the United Kingdom thanked ITC management for the reform efforts undertaken as it demonstrated well how a relatively small organization could absorb such comprehensive change efforts. He thanked the invitation extended to the members to take part in the “theory of change” workshops that were being undertaken. Due to the time pressures, participation was difficult; however they would request the results to be shared with the members. They were indeed very pleased that concrete efforts were being put to move ITC towards a programmatic approach, as well as the catalogue of ITC’s services as it certainly helped to improve ITC’s programming efforts. For the programme log frames it was important to take quality assurance into consideration and in this context, United Kingdom was happy with the direction that ITC has taken.

The delegate from Germany took the opportunity to thank ITC’s management for leading successfully all the work undertaken to implement the evaluation recommendations. He highlighted that some of the actions were long term efforts. He was happy to see progress made on all fronts. He equally appreciated the invitation extended to the “theory of change” workshops even if attendance from the members was not high. He appreciated feedback from those who attended. He was interested to hear from the Executive Director if she saw challenges in implementing the management response and if there were any expected delays. He equally appreciated the launch of ITC’s Flagship report.

Ms. González thanked for the feedback received. ITC’s Flagship Report had indeed become very popular; ITC was happy to be able to anchor SME competitiveness as a priority issue to focus on within the trade community. So much so that the next WTO Annual Report would be dedicated to SMEs. For ITC, it was the beginning of an annual publication series.

She concurred that reforms were continuous processes; it was important to constantly be on the lookout for adjustments to be introduced at how ITC ran its operations. Reforms would not stop when a recommended action was going to be accomplished. There was always scope to look if ITC could do better.

In terms of challenges, in ITC it was important to nurture a culture of the organization and not a culture of projects. The biggest challenge was to move from “my project” to “my organization.” It needed to be fed everyday with incentives, and it could not be achieved overnight.

4. Cash Flow Management:

The last CCITF meeting had discussed ITC's cash flow issues. ITC's cash flow was determined by the time when it received funds, in relation to the time when it started to spend. To ensure it could operate efficiently, secure the staff and resources required to increase its TRTA delivery, ITC management asked its donors to advance payment of W1 contributions as much as possible towards the start of the year. Thanks to the positive response to this request, ITC operations were not adversely affected throughout 2015.

Gerry Lynch, Director of Programme Support presented the current status of extra budgetary sources of income, stressing that it was important for W1 contributions to come in at the beginning of the year and for W2 contributions to come in when the funds would be spent and not after. During 2015 there had been good progress on upfront payments for W1 funds and it would be good if that practice continued in 2016 and beyond.

The Operating Reserve (OR) provided a cash flow between the time a grant was signed and the actual funding was received by ITC. The OR was established at \$5.8M. The increase in the size and number of projects had increased the pressure on the OR. Advance funding from the OR, particularly to support large projects, had exceeded the OR and ITC had to tap into the Programme Support Cost (PSC) reserve. This situation led to a cash flow problem and generated additional transaction overheads. The problem could be mitigated if all donors would provide a portion of W2 project funding in advance as opposed to paying in arrears.

5. Any Other Business:

Ms. González mentioned that earlier in November WTO had approved ITC's budget for the biennium 2016-17. Similarly UN approval at the General Assembly budget meeting in New York looked positive. She asked the members' representatives to support ITC's request for its biennium budget in New York. Later on 14 December, in conjunction with the MC10, ITC with the Government of Kenya would organize in Nairobi an event on Women in Business, where a virtual market place for women entrepreneurs would be unveiled. On 15 December, ITC would launch the SME Competitiveness Report on ICTSD Trade and Development Symposium forum. On 16 December, ITC would organize a breakfast meeting for its funders. In 2016, the Women Vendors' Export Forum (WVEF) would be held in Turkey and the World Export Development Forum (WEDF) would be held in Sri Lanka.

Ms. González thanked the delegates for their feedback and constructive comments during the meeting.