



International Trade Centre
UNCTAD/WTO

External Evaluation of ITC
ITC Management Response

15 March 2006

LIST OF ACRONYMS

B4D	Business for development
CBI	Centre for the Promotion of Imports from Developing Countries (Netherlands)
DDA	Doha Development Agenda
DED	Deputy Executive Director
ED	Executive Director
EPRP	Export-led Poverty Reduction Programme
GTF	Global Trust Fund
HR	Human resources
IF	Integrated Framework for Trade-related Technical Assistance to Least Developed Countries
IMDIS	Integrated monitoring and documentation information system
IPSCM	International purchasing and supply chain management
ITC	International Trade Centre UNCTAD/WTO
JAG	Joint Advisory Group
JITAP	Joint ITC/UNCTAD/WTO Integrated Technical Assistance Programme in Selected Least-Developed and Other African Countries
LDC	Least Developed Country
LFA	Logical framework analysis
MAS	Market Analysis Section
MDG	Millennium Development Goals
MLS	Modular Learning System
OED	Office of the Executive Director
PAS	Performance Appraisal System
PCM	Project Cycle Management
RBM	Results-based management
SMC	Senior Management Committee
SMEs	Small and medium-sized enterprises
TPO	Trade Promotion Organization
TRTA	Trade-related technical assistance
TSI	Trade Support Institution
UNCTAD	United Nations Conference on Trade and Development
WTN	World Tr@de Net
WTO	World Trade Organization

A comprehensive independent evaluation of the International Trade Centre (ITC) was first proposed by Denmark at the 34th session of the Joint Advisory Group (JAG) in 2001. Subsequently, at the 36th session, in 2003, the Joint Advisory Group endorsed the proposal to establish a core group, composed of a small number of donors and beneficiaries, led by the Government of Denmark, to oversee the evaluation process. ITC contributed extensively to the exercise by providing abundant time and documents but stayed completely outside of the evaluation process as such to give maximum flexibility and independence to the evaluators. At its 38th session in 2005, JAG members noted that the final evaluation report would be available for discussion at the Informal JAG meeting in November 2005. It was further agreed that the core group would take the lead on the follow up to the ITC evaluation. The draft evaluation report was submitted to ITC in October 2005, discussed at the informal JAG in November 2005 and confirmed as being the final report on 6 March 2006.

ITC **notes** that the evaluators have affirmed its strong comparative advantage in providing trade-related technical assistance (TRTA) with a “*clear division of labour between ITC and its parent organisations, UNCTAD and the WTO, in the provision of TRTA with ITC focused on trade development and UNCTAD and WTO focused on trade policy and regulation*”. The evaluation report identifies ITC’s advantages as including its specific mandate for TRTA, its emphasis on practical trade development for business enterprises and on trade promotion strategies, its technical competencies, accumulated knowledge, and experience in trade development, and its convening power with the business and trade development communities.

ITC **appreciates** that its activities are considered directly relevant to the Millennium Development Goals (MDGs) and the Doha Development Agenda (DDA) and that the evaluation is of the view that “*ITC has developed new competencies in specific specialised aspects of trade policy and regulation in areas related to business advocacy and business participation in the trading system, which draw on its long experience with networking of TSIs*”.

ITC **notes** that the evaluation, in addition to making recommendations for improvement, endorses ITC’s overall strategy of intervention. The report states that “*ITC has considerable knowledge of its TSI partners*” and “*responding to client needs is recognised by ITC as an essential element in programming*”. The evaluators also report the view of beneficiary countries that ITC products and interventions are highly relevant and efficient.

The report also makes 34 strategic and operational recommendations (pages xviii – xx). Further to a commitment made at the Informal JAG, ITC Management has summarized its views, actions already taken, and actions still to be taken for each of the 34 recommendations contained in the evaluation report.

These recommendations are listed under two categories:

- Recommendations made to ITC, and
- Recommendations made to its stakeholders.

The management response to each recommendation is divided into three components:

- ITC’s views
- Action already taken, and
- Action to be taken in the future.

ITC's views on the recommendations made to its stakeholders are also provided.

ITC management will continue to implement the recommendations addressed to the organization and stands ready to provide any information requested by stakeholders with regard to recommendations addressed to them.

ITC will continue to keep its stakeholders informed of the follow-up action it has taken through its Annual Report.

The background to and the full Evaluation Report can be found on

http://www.intracen.org/docman/JAG_7769.pdf

http://www.intracen.org/docman/JAG_7768.pdf

<http://www.itcevaluation.org/pub/>

Recommendations made to ITC

Recommendation 5

ITC should undertake a strengthening of key management processes, together with the development of an appropriate change management process, as a priority over the coming 12 months, and report on initial steps to the Joint Advisory Group.

ITC's view

Change management is part of a continuous process to which ITC has devoted substantial efforts over the years and on which stakeholders have commented positively on many occasions.

This should not be confused with the retirement of ITC's senior management which, indeed, constitutes a form of change management as well. On the latter, ITC has a plan made up of several specific actions.

Actions already taken

- An extensive computer-based document management system has been put in place to safeguard ITC's institutional memory.
- All vacancy notices for the retiring Directors are issued six months before retirement and 12 months in the case of the Executive Director (ED).
- A period of up to one-month overlap between retiring ITC Directors and their successors is implemented to facilitate a smooth transition process.
- A manual for incoming Directors has been issued.
- The staff is kept fully informed of the evolution of the new management recruitment process.
- Minutes of all Senior Management Committee (SMC) meetings have been sent by e-mail to the new ED and Deputy Executive Director (DED) designates starting on 1 January 2006.

Actions to be undertaken in the future

- The ED and DED designate will continue to be informed of and associated with all major decisions.
- The Executive Director designate will attend JAG 2006.

Recommendation 6

The Evaluation also recommends to ITC:

- More systematic needs assessment, combined with management improvements to measure costs and monitor utilization for ITC products, should be undertaken to ensure that those products are relevant and cost-effective and avoid unnecessary product proliferation.
- Development and implementation of more country-specific projects should complement ITC's role in supporting global products and networks. This could best be achieved by increasing the overall scale of ITC activities to allow an adequate minimum level of operations in a selected number of individual countries and overall economies of scale.

ITC's view

All ITC country programmes follow a comprehensive assessment of beneficiaries' needs, based on ITC's extensive experience over the years and carried out in close cooperation with them. In addition, ITC tools and products are developed on the basis of requests from clients analysed by ITC experts. Generic products go through a process of adaptation and customization at country level, in line with ITC's Track 1 approach. Relevance of products, potential distribution channels, and cost-effectiveness are integral parts of the needs assessment exercise. ITC is increasingly using an approach based on selling its technical tools to partner institutions in developing countries (e.g. Market Analysis Section (MAS) tools, its modular learning system-international purchasing and supply chain management (MLS-IPSCM) training pack, others...), rather than offering them free of charge. These institutions then deliver fee-based services to local business communities based on ITC's tools. As both trade support institutions (TSIs) and end-users are paying for them, this approach ensures that the ITC tools respond effectively to customer demand and add value. While ITC is always prepared to enhance its approach, it **does not propose** drastic changes in its approach to needs assessment which is the result of 40 years of experience. With regard to better measurement of development and maintenance costs, ITC **agrees** that additional efforts are needed.

Actions already taken

- Certain sections are keeping track of development and maintenance costs through their own intra-section systems, for example the MAS.
- In late 2005, ITC senior management has embarked upon a comprehensive inventory and costing exercise of ITC tools and products as a direct follow-up to the evaluation report.

Actions to be undertaken in the future

- ITC will put in place a system for tracking development and maintenance costs for all ITC tools and products.
- Steps will be taken to weed out tools and products that are no longer relevant or for which ITC no longer has a comparative advantage.

Recommendation 7

The Evaluation recommends that ITC institute the operational tool of an “MDG lens” in the development and implementation of all of its programmes and projects.

ITC’s view

Measuring the impact of ITC interventions honestly and realistically in the context of the "MDG lens" remains a considerable challenge for which better modalities need to be defined. In fact, work is needed to define precisely what the term "MDG lens" means in the ITC context. Stakeholders are welcome to share their own views.

Actions already taken

- socio-economic impact of export-led poverty reduction programme (EPRP) pilot projects on the livelihoods of poor communities is being measured but is at an early stage.
- ITC has requested and been granted a new regular budget post to address MDG cross-cutting issues such as poverty and gender for the biennium '06-'07.

Actions to be undertaken in the future

- Understand better what evaluators mean by MDG lens.
- MDGs will figure prominently in the context of the project cycle management (PCM) training.
- A joint ITC/WTO/UNCTAD website on how the three organizations are addressing MDGs will be finalized.
- The office of the Executive Director (OED) and the focal point for cross-cutting issues will participate in inter-divisional project development meetings and facilitate the inclusion of MDG aspects in the project document.

Recommendation 8

The Evaluation also recommends that the “MDG lens” be paralleled by the development by ITC of a structured set of indicators to measure results, including in terms of trade development, poverty reduction and gender equity, at all levels, and by a reporting and monitoring system that includes ITC’s programme delivery partners

ITC’s view

ITC **agrees** with the recommendation but cautions, as do the evaluators themselves, that setting such indicators and standards and measuring them realistically and honestly is not an easy task. ITC had high expectations of receiving specific suggestions from the evaluators on these difficult issues, as discussed with the evaluation team on repeated occasions, but unfortunately these did not materialize. ITC involves its country partners to the extent it can in the measurement of results but this often remains at the level of measuring outputs and outcomes. This notwithstanding, ITC agrees that it would be important to develop an "impact and performance evaluation tool" that

would be implemented by and with TSIs on a recurring basis to seek to understand better the impact at country level of programmes and products delivered to small and medium-sized enterprises (SMEs) either directly or through TSIs.

Actions already taken

- Some actions are already being undertaken in the framework of ITC's Business Plan, Strategic Framework, IMDIS, etc. but more efforts will be needed.

Actions to be undertaken in the future

- ITC will continue its efforts to develop better impact and evaluation tools
- ITC will continue to explore ways of involving its country programme partners in measuring results and ITC's contribution to the MDGs.
- ITC will continue to work at better defining impact indicators for the Strategic Framework '08-'09.

Recommendation 9

The Evaluation also recommends to ITC and the governments supporting ITC that:

- The extent to which the emphasis on country-specific operations can be strengthened should be reassessed in the context of available resources, and further increases in resources, in particular, should be targeted at the country level.
- In a context of unchanged resources, greater emphasis on country-specific activities and follow-up should include a high degree of country selectivity, at least in any given short or medium-term time period.
- If key management and institutional reforms can be implemented, however, then consideration should be given to increasing the scale of ITC operations, with a greater focus on country-specific projects.

ITC's view

1st bullet

The extent to which ITC works at country level is entirely dependent on the volume of earmarked funds it receives from donors for this purpose. ITC **agrees** that country projects (Track 3) have greater potential for sustained impact on the ultimate beneficiaries, namely SME exporters and their support institutions. However, ITC **cautions** that such a recommendation should not be implemented at the expense of Track 1 delivery which has a strong *raison d'être*, as well, and has been commended elsewhere in the evaluation report. Moreover, given constraints on resources, the customization and adaptation of tools delivered under Track 1 is done in a manner that contributes to national capacity building and to increase outreach at country level.

2nd bullet

ITC has **reservations** about this recommendation. ITC responds to demand from countries to the extent that they meet donor targets. In the few cases where ITC has flexibility in selecting countries it works in (for example, under pilot programmes funded by GTF Window II), it undertakes a careful assessment of priorities and applies strict selection criteria. Selection criteria include strategic issues such as providing larger shares of the TRTA to Africa and LDCs where the needs and demand are the greatest, practical issues such as the seriousness and ability of country partners to receive ITC's assistance, and issues of relevance, efficiency and sustainability of ITC's operations in the countries concerned.

3rd bullet

ITC fully **agrees** that a larger organization with increased resources would allow for a greater focus on country-specific projects. However, ITC **does not share** the view, that an increase in the scale of its operations should be conditional to the implementation of additional management and institutional reform. Management reform is a continuous process in ITC and institutional reforms, relating to ITC's governance structure, depend principally on ITC's parents and stakeholders. ITC is of the opinion that it is ready to absorb a gradual increase in its resources, initially through contributions to the GTF, to be followed by an increase in its regular budget resources, thus reinforcing its base to allow for more field level actions. ITC believes that an increase in the scale of operations should not be linked to institutional reforms.

Actions already taken

3rd bullet

- Wide-ranging reforms to increase efficiency and relevance of ITC's work are already being implemented. They include:
 - Strengthening core competencies
 - Developing key tools and services
 - Increasing use of its project and donor portals
 - Improving inter-divisional coordination
 - Phasing out programme areas of lesser comparative advantage

Actions to be undertaken in the future

3rd bullet

- ITC will continue to implement reforms that are an integral part of change management.

Recommendation 11

Steps to facilitate a harmonized approach to financing *should be taken by ITC itself* as soon as possible, in particular the movement to a single fiscal year for ITC operations and preparation of an integrated programme and budget covering all of ITC's operations, whether financed from the regular budget or from extra-budgetary resources.

ITC's view

- ITC **agrees** that the early announcement of pledges and subsequent transfer of contributions from donors to ITC early in January would allow for a single fiscal period for ITC operations including the GTF. As for the “*preparation of an integrated programme and budget document*”, ITC **cautions** that while this concept seems sound on paper, a study of the practical implications of this approach should be undertaken before reaching a final conclusion.

Actions already taken

- Programme-based approach involving both the regular budget and the voluntary contributions is already in place, voluntary contributions are used to address the needs identified through the activities performed with regular budget funds.

Actions to be undertaken in the future

- ITC would be prepared to move to a single fiscal year period for GTF on the condition that early pledges and remittances are assured.

Recommendation 14

A carefully designed change management process should be developed in consultation with staff to provide for an effective transition and to renew and develop a common culture and strategy for the organization.

ITC's view

See Recommendation 5.

Recommendation 15

ITC's initial preparations for, and experience with, Results-Based Management (RBM) should be carried forward as a priority, and should include as the next step the development of an appropriate performance management framework at the corporate level based on logical framework analysis, with a structured set of indicators for monitoring and assessing results.

ITC's view

ITC **agrees** with the recommendation.

Actions already taken

- Broad-range actions have already been undertaken by ITC in this respect.
- Implementation of RBM in all aspects of ITC's work is a continuing priority, as reflected in the Annual Reports for 2004 and 2005 and Business Plan 2005-2007.

Actions to be undertaken in the future

- RBM will continue to be the main focus of staff training over the next biennium
- The PCM enhancement initiative will fully integrate RBM issues in its implementation.

Recommendation 16

A parallel step in moving forward with RBM should be the use of a logical framework matrix for all major programs under the Global Trust Fund.

ITC's view

See Recommendation 15.

Actions already taken

- A number of GTF programmes already use a logical framework.

Actions to be undertaken in the future

- Efforts will be made to harmonize the use of LFA for all GTF programmes.
- The PCM enhancement initiative will also look at harmonizing LFA for all GTF programmes.

Recommendation 17

Development of indicators for monitoring results and achievement of objectives should include indicators for use by ITC's partner agencies and measurement of results at the end-user level in beneficiary countries, including outcomes with respect to poverty reduction, gender equity and environmental sustainability.

ITC's view

ITC is continuously on the lookout for practical ways of measuring impact better and had hoped that the evaluation would provide concrete suggestions for developing better indicators for monitoring and measuring results.

Actions already taken

- Substantial efforts have already been made to formulate indicators of achievement as evidenced in project documents, in the Regular Programme budget documents, and in ITC's Business Plan.

Actions to be undertaken in the future

- ITC and its partners will closely pursue best practice in this area and continue to invite individuals/organizations with better tools to do the job to share them with ITC.

Recommendation 18

ITC's evaluation function should be strengthened and made independent from operational functions. Evaluation should be linked to the implementation of RBM.

ITC's view

ITC **agrees** with this recommendation but wishes to emphasize that ITC's evaluation function is in fact fully independent from operations. The Senior Programme Officer, responsible for evaluation, reports to OED, not to the Department of Operations. However, ensuring that the evaluation results feed into the operational functions is particularly important for an organization like ITC where operations need to be continuously refined in line with lessons learned including from evaluation. Evaluation findings are discussed with programme managers with a view to improving operations. As for strengthening the activity, ITC management has no evidence that additional resources should be spent on this activity to the detriment of others.

Actions already taken

- ITC's evaluations are undertaken by external evaluators under the direction of the Senior Programme Officer located in the Office of the Executive Director, separate from the operational divisions.
- The Senior Programme Officer does not get involved in day-to-day operations.

Actions to be undertaken in the future

None.

Recommendation 19

Consideration should be given to re-instituting the earlier practice of a regular series of independent programme or sub-programme evaluations for review by an expert core body of the governance structure.

ITC's view

ITC believes that the small expert body proposed in the evaluation report might competently undertake such a function.

Actions already taken

Not applicable

Actions to be undertaken in the future

- ITC will bring the recommendation to the attention of the new, small expert body once established by ITC's stakeholders.

Recommendation 20

The purpose and objectives of the human resource management function should be reviewed, including its capabilities for a strategic human resource development role.

ITC's view

ITC **agrees** that a more dynamic human resources policy is needed at ITC. However, the small size and specialized nature of ITC, and the limits arising from the short-term nature of most voluntary contributions, constrain somewhat the scope of what ITC can do when compared to larger organizations that have more predictable levels of resources over a three- to four-year period. It should also be recalled that ITC operates under the rather strict and inflexible human resources framework of the United Nations system, more adapted to Secretariat-type activities than to the operational activities that are the core of ITC's work.

Actions already taken

- Review of training needs is almost completed.
- Personnel policies are being revised in consultation with the Staff Council.
- New training programmes have been developed and welcomed by the staff, including team building, training on effective presentations, the lunchtime learning sessions, etc.
- Arrangements are being made to develop a set of HR management reports.

Actions to be undertaken in the future

- Additional HR reform efforts will be put in place on the basis of recommendations contained in the HR management reports as well as in the HR study of the evaluation report.

Recommendation 21

An agreed set of managerial competences should be developed as a basis for strengthening future recruitment, staff development, promotion and career planning.

ITC's view

In a small and highly specialized technical organization like ITC, section chiefs cannot assume an exclusively managerial role. They need to possess both managerial *and* technical competencies. ITC **does agree**, however, that additional efforts need to be done to increase training of technical staff in management skills.

Actions already taken

- Efforts are under way to build better management competencies among key technical staff to prepare them for managerial positions with courses on project cycle management, effective meetings, effective negotiation skills, etc.
- ITC has ensured that newly recruited staff possess both managerial and technical competencies.

Actions to be undertaken in the future

- Efforts will continue to identify training opportunities particularly in the area of management competency development.

Recommendation 22

The introduction of RBM should be reinforced by introducing performance indicators in the performance appraisal system (PAS) including the new management.

ITC's view

ITC **agrees**. The fuller integration of RBM in ITC activities and business processes also implies that RBM is mainstreamed into the PAS.

Actions already taken

- PAS evaluations are based increasingly on results achieved

Actions to be undertaken in the future

- Closer linkages among PAS, corporate documents such as the Business Plan, and tools such as the Operations Plan are being studied.

Recommendation 23

The roster of consultants should be enhanced by improving the information base.

ITC's view

ITC **agrees**. For a technical organization with limited staff, it is extremely important to have a good roster and network of competent consultants.

Actions already taken

- New automated tools to support recruitment and roster management are being developed.
- Technical staff is associated to the effort to build up the roster.

Actions to be undertaken in the future

- Efforts to improve the roster will increase as part of ITC's continued reform measures.

Recommendation 24

Improved measures of the costs of ITC products and projects should be a priority, and such measures should be monitored and subject to review by one of ITC's supervisory bodies.

ITC's view

See Recommendation 6.

Actions already taken

See Recommendation 6.

Actions to be undertaken in the future

See Recommendation 6.

- ITC will be pleased to review costing of its products with its supervisory bodies if they so desire.

Recommendation 25

ITC should establish a strategic marketing and priority identification function whose role would include a systematic needs assessment for the services and products that ITC can best provide, and advice on launching or discontinuing products. This should be a core part of the continuing effort to maintain relevance and focus in ITC operations and strengthen higher level outcomes and impacts.

ITC's view

ITC **does not believe** that it is useful to develop a specific function for “strategic marketing and priority identification”. As explained earlier, the priority identification function is fully “mainstreamed” in all of ITC’s operations. Development of new tools and refinement of existing ones are based on specific requests by users and on systematic needs assessment. These are once again reaffirmed at strategic level through discussions at senior management level.

Actions already taken

- Services and products are developed in response to client’s requests.
- Systematic needs assessment for project development is done routinely.
- Tools refinement is based on requests and feedback from users.

Actions to be undertaken in the future

More of the same will be done.

Recommendation 26

As part of the use of an “MDG lens”, ITC should explore innovative programmes that could improve the export readiness of enterprises from the informal sector, with special benefits for lower income groups and women entrepreneurs.

ITC's view

ITC **cautions** about the recommendation to work more closely with the informal sector. Producers in the informal sector are, usually, very small, weakly structured and not ready for exports. ITC’s field experience shows that export-oriented enterprises need to have a minimum size to succeed on foreign markets. ITC believes that the best way to implement this recommendation is to work with SMEs that have strong backward linkages with the informal sector and are prepared to help them integrate progressively into the mainstream of export development.

Actions already taken

- ITC already works with export enterprises that have backward linkages with the informal sector, principally through its EPRP programme, which was created for this very purpose.

Actions to be undertaken in the future

- ITC will focus more attentively on sectors where possibilities for backward linkages are more pronounced.

Recommendation 27

ITC should also work with its TSI partners in the development of an overall ITC performance management framework centered on the identification of intended results and specification of objectively verifiable indicators, together with a system to allow its TSI partners to monitor and report on results

ITC's view

ITC **agrees** with the intent of this recommendation but emphasises, once again, that this can only be done to the extent that ITC itself is clear on how to properly measure the impact of the work done. Specific suggestions were expected from evaluators on a related subject, that of the evaluation of trade promotion organizations (TPOs), ITC has produced tools to help TPOs to do it themselves.

Actions already taken

- ITC has developed some basic tools to allow TPOs to compare themselves to other TPOs. To go beyond, and realistically measure the impact of their work, remains a challenge for both TPOs and ITC and the donor community.

Actions to be undertaken in the future

- ITC will continue its efforts to develop realistic and practical indicators of achievement and continue to invite any party that claims to know how to do it to share its knowledge with ITC.

Recommendation 28

ITC should set performance standards for partnering organizations as a condition of their certification to partner with ITC. Particular proposals to this end are made in the Report.

ITC's view

ITC **agrees** with the need to select TSI partners carefully and to ensure that partnering TSIs have the interest and capacity to disseminate ITC's tools and services to end-user SMEs. This is what is done typically. However, ITC **does not agree** that it should become a "standards body" and certify that its partners meet performance standards. ITC would need substantial staff and financial resources to implement such an idea. Moreover, ITC works with partner institutions that are, themselves, ready to invest resources in the implementation of joint programmes (including

through paying for the ITC tools that they use). This itself demonstrates their commitment to the success of these programmes and serves as a criterion for selection. Furthermore, and perhaps more importantly, the notion that ITC should work only with strong TSIs is difficult to accept. One of ITC's core objectives is to strengthen national support services and this implies working closely with under-performing TSIs to help them build their capabilities.

Actions already taken

- At operational level, ITC does apply selection criteria and benchmarks for working with TSI partners.

Actions to be undertaken in the future

- Continuation of the same measures.

Recommendation 29

ITC should build on the current activities of the Executive Forum to develop analysis of TPO/TSI performance indicators.

ITC's view

ITC **does not agree**. The EF debate is intended to focus on the design and management of export strategies and not on the performance of TPO/TSIs.

Actions already taken

None.

Actions to be undertaken in the future

None.

Recommendation 30

ITC should work with partners in trade support networks to develop indicators to monitor results for poverty reduction, gender equity and environmental sustainability

ITC's view

See Recommendation 27.

Actions already taken

See Recommendation 27.

Actions to be undertaken in the future

- Include MDGs in the list of subjects for which effective performance indicators are sought.

Recommendation 31

ITC should seek to provide increased support for strengthening the sustainability of its TSI partners.

ITC's view

This lies at the heart of ITC's mandate. Whereas ITC **agrees** with the recommendation, it should be noted that increased support calls for enhanced resources for more intensive country-level activities.

Actions already taken

- ITC's training of trainer programmes are oriented towards providing greater sustainability.
- All of ITC's capacity building work aims at building sustainability, including ITC's training of trainer programmes which are oriented towards providing greater sustainability.

Actions to be undertaken in the future

- ITC will undertake a closer review of critical factors which affect the sustainability of its TSIs partners and address them in a more systematic manner, subject to availability of sufficient resources.

Recommendation 32

Sustaining and building on co-operation between ITC, WTO and UNCTAD should be a continuing priority, particularly in establishing relationships among the new leadership of all three organizations and in maintaining coordination at the operational level.

ITC's view

ITC **agrees** with this recommendation. The evaluation states that "*ITC's operational co-operation with UNCTAD and WTO is comprehensive*" and acknowledges the clear division of labour between the three organizations. All efforts are made to continue this strong tradition of collaboration under the new management in all three agencies.

Actions already taken

- Close linkages are already in place in the case of the IF, JITAP, World Tr@de Net, the joint MDG site, B4D, Investment Maps, and the Bio-Trade Facilitation Programme.
- Executive heads of the three organizations meet regularly to discuss issues of common concern.
- Ad hoc contacts exist at senior management level to discuss policy issues
- There is wide ranging cooperation at the operational level on programmes and projects.

Actions to be undertaken in the future

- The new management of the three organizations has to ensure that cooperation is sustained and possibly further developed at all levels.

Recommendation 33

As a small *niche* provider of TRTA, ITC should build and sustain new partnerships in the future, especially to develop new programming related to poverty reduction and gender equity.

ITC's view

ITC **agrees** with this recommendation. The evaluation acknowledges that “ITC has a good track record in co-operation with development partners”. Recent examples have been the new partnerships with the European Commission, the CBI (Netherlands) as well as partnerships with the private sector (Hewlett Packard and Microsoft). There is, however, more scope for forging new partnerships, particularly in poverty reduction and on gender issues.

Actions already taken

- ITC is considering the creation of an Export Poverty Reduction Alliance that would aim at building new partnerships with institutions and NGOs involved in this field.
- A special session of the Executive Forum 2005 on gender issues brought together a range of potential partners in this area. This has been further enhanced through recent meetings in Geneva.

Actions to be undertaken in the future

- The new focal point for MDG issues will prepare a blueprint for enhanced partnerships in the areas of poverty reduction and gender.

Recommendation 34

ITC should find appropriate means to strengthen its field presence at the country level to better interact with development partners and provide greater continuity in country level operations. Options should be costed and discussed with ITC's governance bodies and funding partner

ITC's view

ITC **questions** the need for strengthening its field presence. The nature of ITC's operations does not warrant a heavy and costly field presence and high field visibility. In fact, ITC prides itself on having a light presence in the field, using local experts and deploying project personnel when required, thereby also keeping tight control on costs. Moreover, ITC's assistance is directed to a very select group of beneficiaries, namely TSIs and SME exporters. It may be true that donor embassies at field level do not always know ITC, but the same cannot be said for beneficiaries. Moreover, ITC **argues** that a further application of the product network approach (i.e. ITC trained field personnel acting on behalf of ITC, e.g. E-Trade Bridge, MLS network) automatically leads to a stronger field visibility without increasing ITC staff in the field.

Actions already taken

- ITC makes extensive use of national expertise and new technologies to maximize its field outreach.

Actions to be undertaken in the future

- Continuation of the same measures.

Recommendations Made to ITC's Stakeholders

Actions to be undertaken in the future will be determined by stakeholders.

Recommendation 1

The Evaluation recommends to donor governments that increased harmonization of donor support for ITC be undertaken as a priority, if possible in the form of a program based approach (PBA), with the objective of reducing transaction costs and improving overall programme coherence and effectiveness

ITC's view

ITC **endorses** fully current efforts to harmonize donors' support and to move towards a multi-year financing approach. ITC thanks the donors that have come forward and made multi-year pledges. The implementation of this recommendation lies entirely within the control of donor governments and agencies. In the ITC context, the "alignment agenda" would imply the alignment and harmonization of funding practices, monitoring, evaluation and reporting requirements of all of ITC's donors. As per the implementation of a full program based approach, ITC wishes to recall the importance to have clients state their own need, which change rapidly in the fast moving trade world, as well as the importance to be able to respond to them rapidly, in a customized manner and in a flexible way using an adequate level of resources. The rigidity of a program-based approach has to be studied before it is adopted.

Recommendation 2

The Evaluation also recommends to the governments supporting ITC and concerned with its future direction that the governance and accountability structures for ITC be reexamined, with a view to providing a smaller and more effective mechanism for overall programme review, assessment and policy guidance as a core element of the governance structure. Such a mechanism should complement and support the existing Joint Advisory Group and the parent governance organs.

ITC's view

The closer review of ITC's governance structure would need to be initiated by ITC's stakeholders in conjunction with its parents and would need to use, as its point of departure, the existing reviews of ITC's governance undertaken by the United Nations. As for the suggestion that a smaller group of representatives of ITC beneficiaries and donors, competent and experienced in TRTA, ITC management **agrees** fully that it could be of great assistance to ITC management and to the stakeholders at large, on the condition that the group devote the time needed to understand ITC's business enough to make a real and constructive contribution. Cost implications would also need to be established. ITC wishes to stress the importance of ensuring that a new governance structure does not result merely in adding an additional bureaucratic layer, but adds true new value. Any new governance structure should lead to more effective governance in a cost-effective way.

Recommendation 3

As a first step towards implementation of these recommendations, *the Evaluation recommends that interested governments* should establish a process for initial review of the governance structure of ITC and the design of further steps for greater harmonization, and report on their consideration to the next meeting of the Joint Advisory Group. This catalytic mechanism would best reflect the present realities of inter-governmental support for ITC

ITC's view

ITC **welcomes** the suggestion made to interested Governments and recognizes that, indeed, its status as a joint body of the United Nations and WTO makes its governance structure more complex. Nevertheless, ITC considers that it has been relatively successful in responding to this complexity by working out practical governance arrangements with both parent bodies and stakeholders that are acceptable to all parties concerned. All practical suggestions for improvement are welcome.

Recommendation 4

The current overload of technical oversight mechanisms appropriate to UN secretariat bodies *should be reviewed by ITC, the JAG and the UN and WTO Secretariats* with a view to releasing some of ITC's available staff resources for performance-oriented programme management, an objective that ITC and its supporting bodies share as a priority.

ITC's view

ITC **concurs** with the evaluators that the current oversight arrangements are not adapted and are too heavy for a small, action- and results-oriented organization like ITC. Adequate oversight is essential and the stakeholders should consider also what the appropriate level of oversight would be in a revised governance structure.

Recommendation 10

In undertaking steps to increase harmonization of extra-budgetary financing, *donor agencies should consider* greater use of multi-year advance commitment authority and reduction of the adverse effects of late availability of funding for the year or years for which it is to apply.

ITC's view

ITC **agrees** that greater harmonization of donor support, increased multi-year contributions and rapid transfer of funds would contribute substantially to its overall efficiency.

Recommendation 12

In developing a new, smaller and more expert mechanism as part of the governance structure, *governments should consider* this as a replacement for some of the existing mechanisms, such as the Informal JAG and the Consultative Committee of the GTF, so as to minimize the administrative costs of governance and accountability.

ITC's view

ITC **agrees** that such an expert mechanism could, subject to the concurrence of ITC's stakeholders, replace existing governance mechanisms, such as the GTF Consultative Committee and the informal JAG. This should be part of the overall review of governance and possibly lead to streamlined technical and budgetary oversight as well.

Recommendation 13

The new arrangement should include designated responsibility for the members of such a mechanism, which should be relatively small, but representative of both donor governments and the various geographical groupings of beneficiary governments on a rotational basis.

ITC's view

ITC **agrees** that terms of reference for the expert group would need to be well-focused, and its relationship to the JAG would need to be clearly defined and agreed by all concerned.