



International Trade Centre
UNCTAD / WTO

years of trade
40 development
1964-2004

ITC/AG(XXXVII)/197
8 March 2004

Annual Report **2003**



FOREWORD

Clients in developing and transition economies are receiving more and better services from ITC than ever before. It's hard to say precisely when this began to happen, but ITC has definitely turned the corner.

Perhaps it was in the late 1990s, when we introduced our product-network approach and involved staff directly in the development of the products. Perhaps it was in 2001, when a major effort was launched to create a team culture and to establish a more targeted approach to technical assistance through the introduction of a rolling three-year Business Plan. Or possibly it was in 2002, when a new emphasis was given to results-based management and to the streamlining of internal procedures and administrative systems.

Whenever it was, whatever the catalyst, by mid-2003 it was obvious. ITC had re-established itself as a key player in trade-related technical assistance.

What were our assets? A vibrant programme, a sound management team, a vigorous and entrepreneurial staff and a network of effective partnerships with both clients and donors.

Not that there isn't room for improvement. There is. Indeed, there is considerable room for improvement, as 2003 confirmed. Organizationally, we still have a number of obstacles to overcome and technically there remain points of weakness. Not the least of these is our continuing difficulty in finding ways to effectively measure the impact of our programmes at field level and to adjust further the way we do business in the light of this assessment.

In 2004, we will be systematically addressing these weaknesses from both short-term and medium-term perspectives. I look forward to reporting to you on the progress made.

For now, I would like to thank all parties involved in our growing contribution to development through trade – our staff, donors, clients and institutional collaborators – and invite all to read this Annual Report to see where we have reached and where we plan to go.

We intend to go further in 2004.



J. Denis Bélisle
Executive Director
International Trade Centre

Contents

Foreword	iii
Abbreviations	v
Overview	1
Progress in 2003	2
Geographic coverage	4
Performance against goals	7
Goal 1: Facilitating the integration of enterprises into the multilateral trading system	7
Goal 2: Supporting the design of trade development strategies	10
Goal 3: Strengthening key trade support services, both public and private	12
Goal 4: Improving sector performance	15
Goal 5: Building enterprise competitiveness	18
The management perspective	22
The future	24
Annex: Emphasis of national programmes developed in 2003	26

Abbreviations

AIF	Agence intergouvernementale de la francophonie
CAEMC	Central African Economic and Monetary Community
CAN	Andean Community of Nations
CBI	Centre for the Promotion of Imports from Developing Countries (Netherlands)
DTIS	Diagnostic Trade Integration Study
EPRP	Export-led Poverty Reduction Programme
GTF	Global Trust Fund
GTZ	German Agency for Technical Cooperation
ICT	Information and communications technology
IF	Integrated Framework for Trade-related Technical Assistance to Least Developed Countries
IMF	International Monetary Fund
IMIS	Integrated Management Information System
ITC	International Trade Centre
JITAP	Joint ITC/UNCTAD/WTO Integrated Technical Assistance Programme in Selected Least-Developed and Other African Countries
LDC	Least developed countries
MLS	Modular Learning Programme in International Procurement and Supply Chain Management
MTS	Multilateral trading system
OECD DAC	Organisation for Economic Co-operation and Development – Development Assistance Committee
PACCIA/PACT	Programme for Building African Capacity for Trade
ProCIP	Programme for Competitiveness Improvement of SMEs
seco	Swiss State Secretariat for Economic Affairs
Sida	Swedish International Development Cooperation Agency
SMEs	Small and medium-sized enterprises
TFOC	Trade Facilitation Office Canada
TIRC	Trade Information Reference Centre
TPO	Trade promotion organization
TSI	Trade support institution
UNCTAD	United Nations Conference on Trade and Development
UNECE	United Nations Economic Commission for Europe
UNDP	United Nations Development Programme
USAID	United States Agency for International Development
WAEMU	West African Economic and Monetary Union
WIPO	World Intellectual Property Organization
WSIS	World Summit on the Information Society
WTO	World Trade Organization

OVERVIEW

1. The year 2003 was the second in a three-year plan to consolidate ITC in its position as a key provider of capacity-building technical assistance in the areas of export development and international competitiveness.
2. Specific and ambitious objectives were set for the year. These, by and large, were achieved. Delivery grew by 19% over the 2002 level; a solid foundation for further growth was prepared through project development at the national level in all geographic regions; and a significant expansion in global activities resulted in both an intensification of field-level support and the development of new 'deliverables' (i.e. technical assistance products).
3. This increase in delivery was particularly notable as it came at a time when a number of ITC's programmes in Africa and least developed countries (LDCs) were either entering into a new phase or undergoing review and evaluation. Field-level activities under these programmes were largely limited to project design and, as a consequence, growth in the African programme was modest and the size of ITC's overall programme in LDCs actually declined. Both are expected to expand in 2004.
4. New procedures to improve efficiency were introduced in conjunction with the introduction of the *Integrated Management Information System (IMIS)*. Project management improved.
5. Support increased to the United Nations areas of common concern, including poverty alleviation (through ITC's *Export-led Poverty Reduction Programme*), technical and economic cooperation among developing countries (through the *South-South Export Promotion Programme* and the *Executive Forum*), women in development (through a variety of project-specific initiatives) and the 'digital divide' (through ITC's *E-Trade Bridge Programme* and technical assistance activities organized by ITC's new E-Trade Unit).
6. Client outreach was extended through an upgrade of ITC's web-supported services and a series of *Competitiveness Tools Fairs*. Most of ITC's 'product-networks' were expanded.
7. An active programme of needs assessment and project design, combined with broad-based consultation with prospective donors, created a sizeable *portfolio of projects* and project ideas suitable for implementation over the medium term. Technical and other collaborative partnerships were strengthened and important new alliances were established to deliver field-level support.
8. South-South buyers-sellers meetings were organized in all major regions and the level of commercial spin-off was unprecedented.
9. Through a combination of programmes, ITC continued to facilitate the integration of developing and transition economies into the multilateral trading system (MTS). A series of regional consultations entitled *Business for Cancún* highlighted the need to increase the effectiveness of business advocacy in trade-related issues. Following the WTO Ministerial Conference plans were made to maintain this series under the title *Business for Development*.
10. Widespread support was provided in the design of national and sector-level export strategies. Work continued on the refining and reinforcement of ITC's existing approach to strategy formulation. The preliminary version of a new 'product' – *the Strategy Template for the Tourism Sector* – was developed.
11. To ensure effective implementation of export strategies, a range of support was extended to members of national *service delivery networks*. This took the form of field-level advice and the preparation and dissemination of technical and operational guides and 'best practice' case studies. Extensive capacity-development assistance was provided to members of ITC's growing networks of training and counselling hubs concerned with competency development in export management, purchasing and supply management, and e-trade.
12. Extensive market research and industry consultation were also undertaken in product sectors of greatest common interest to developing countries. Attention was focused on those subsectors with prospects for high value-addition. ITC intensified its assistance to the export of services (primarily on a South-South axis). Industry-specific competitiveness support tools were developed, and ITC upgraded its capacity to provide information and advisory services online to specific sectors.
13. ITC's programme of direct assistance to export-oriented enterprises involved a combination of activities ranging from awareness building and advice on market development opportunities, to direct training of enterprise personnel and the development of benchmarking tools for use by the export-oriented entrepreneur.
14. This across-the-board increase in activity was not achieved without difficulty. The increased workload led to overheating in certain units. To ensure smoother delivery in 2004, internal resource allocations, individual staff assignments and programme coordination will be reassessed within the context of preparing ITC's *2004–2006 Business Plan* and *2004 Annual Operational Plan*.
15. Based on 2003 performance, and the reinforced portfolio of projects, a further increase of 20% in delivery has been set for 2004. This

target will not be achieved at the expense of ITC's niche position in trade-related technical assistance. Rather, it will be achieved by expanding activities *within* this niche.

16. The increase in delivery will be accomplished principally through more efficient

project definition, more effective internal coordination and management, and the expansion of operational and technical partnerships, both with counterparts in the field and with other technical assistance agencies. Systematic analysis of project impact will accompany the continuing emphasis on increased delivery.

PROGRESS IN 2003

17. ITC's corporate preoccupations in 2003 were in three general categories:

- Positioning;
- Performance; and
- Partnership.

18. During the year, progress was made in each category and a solid foundation was established for the continuation of progress over the medium term.¹

Positioning

19. ITC's size and mandate dictate that it remains a *niche player* in trade-related technical assistance. All its programmes are directed to providing *practical* support (in the form of information, advice and training) to improve the international competitiveness and export performance of the business sector, and more particularly, small and medium-sized enterprises (SMEs) in developing and transition economies.

20. In 2003, ITC consolidated this niche position by:

- Fostering and contributing *specialized and business-oriented* inputs to inter-agency consortiums that provide comprehensive trade-related technical assistance, including JITAP,² the IF³ and PACCIA/PACT;⁴
- Building field-level interventions around an expanding collection of *competitiveness enhancement tools*; and

- Advocating the international competitiveness of the SME sector in global initiatives that have a major influence on the future direction of technical assistance, such as the *World Summit on the Information Society (WSIS)*.

21. ITC's growing *Competitiveness Tool Kit* was packaged into *customized bundles* relevant to the specific needs of particular client groups (e.g. national trade promotion organizations) and SMEs in priority product sectors (e.g. clothing). The Kit was actively promoted through the organization of a series of *Competitiveness Tools Fairs* – an initiative that ITC intends to maintain over the medium term.

ITC Competitiveness Tools Fairs 2003	
Associated meeting	Location and date
2003 JAG Meeting	Geneva – April
South American Regional Executive Forum	Santa Cruz, Bolivia – June
African Union Ministerial Meeting	Grand Bay, Mauritius – June
Global Executive Forum	Cancún, Mexico – September
Telecom	Geneva – November
WSIS	Geneva – December

22. Concurrently, ITC reinforced its position as a provider of specialized trade support services by extending *online outreach*. Specialized Internet subsites were created⁵ and existing sites regularly updated.

¹ Specific 2003 targets, defined in terms of (i) delivery of technical assistance at the global, regional and national levels, and (ii) the development of ITC's own technical support and delivery capabilities, were elaborated in ITC's *2003–2005 Business Plan*. The extent to which these 2003 targets were achieved is summarized in the initial section of the accompanying document *Summary Review of Technical Cooperation in 2003*.

² The Joint ITC/UNCTAD/WTO Integrated Technical Assistance Programme in Selected Least Developed and Other African Countries.

³ The Integrated Framework for Trade-related Technical Assistance to Least Developed Countries; involves the World Bank, IMF, WTO, UNDP, UNCTAD and ITC.

⁴ Building African Capacity for Trade, ITC's joint venture programme with the Trade Facilitation Office Canada (TFOC).

⁵ In the run-up to the *WTO Ministerial Conference* in Cancún and the *World Summit on the Information Society* in Geneva, ITC set up two innovative subsites. The *Business for Cancún* portal (www.intracen.org/cancun) provided access to ITC-wide programmes, tools and publications relevant to the ongoing trade talks and links to a number of related external sites. The *WSIS* portal (www.intracen.org/wsis) addressed e-trade competence building and support activities.

Performance

23. ITC's 2003 target was to increase the value of its overall technical cooperation programme by 20% over that of 2002.⁶ In the event, delivery increased by 19%.

ITC delivery (US\$ million)		
2001	2002	2003
14.0	16.9	20.1

24. This significant rise in annual delivery was achieved as a consequence of increased donor support, streamlined administrative systems and better internal planning and inter-divisional consultation.

25. Project management was enhanced through full introduction of the computer-based *Integrated Management Information System (IMIS)*, the creation of a new project review facility (the *Projects Portal*), tighter monitoring (through *Quarterly Monitoring Reports*) and increased guidance to staff on needs assessment and project design (via the internal *Project Management Cycle* site).

26. On the qualitative side, work continued in the area of results-based management. Revised *indicators of achievement* were specified for all ITC technical programmes in the 2003–2005 Business Plan. Preliminary steps were taken to introduce relevant measurement and verification systems at the level of each programme. It was recognized, however, that this action is only the beginning of what is to become a significantly more proactive effort to assess the impact of ITC assistance.

27. The participation of specialists from developing and transition economies in ITC's overall programme remained high. Over 50% of consultancy contracts issued were to experts from developing and transition economies. One-third of ITC short-term consultants in 2003 were women.

28. From the geographical perspective, there was an encouraging expansion in the Latin America and Caribbean programme and modest growth (5.5%) in the African programme, despite the focus in that region being placed on project development rather than implementation. There was also a considerable increase in the level of 'cyber-collaboration' between ITC and its clients.

⁶ ITC's medium-term target, beginning 2001, was to increase annual delivery by 20%. Delivery rose by slightly more than 20% in 2001 and 2002.

29. On the negative side, the size of ITC's overall programme of cooperation with LDCs fell during the year (from US\$ 7.5 million in 2002 to US\$ 7.0 million). This is not seen as a trend, and with JITAP II, PACT and IF programmes entering the full implementation stage, it is anticipated that there will be a significant increase in activity in LDCs in 2004.

30. A similar situation existed at the end of the year in the region covering Central and Eastern Europe and the Commonwealth of Independent States, where delivery fell from US\$ 2.4 million to US\$ 2.1 million. The heavy emphasis on programming in 2003 should, nevertheless, result in unparalleled growth in delivery in this region in 2004.

Partnerships

31. The development of partnerships lay at the heart of ITC's 2003 achievements.

32. Regular consultation was maintained with traditional donors, through bilateral discussions, the *Consultative Committee of the Global Trust Fund (GTF)*, the *JITAP Common Trust Fund Steering Group* and the *IF Steering Committee*. Initiatives taken to extend these partnerships beyond the financial area resulted in technical alliances with both *TFOC* and the *Centre for the Promotion of Imports from Developing Countries – CBI* (Netherlands).

33. Existing technical partnerships with the World Trade Organization (WTO) and the United Nations Conference on Trade and Development (UNCTAD) and other multilateral agencies such as the World Intellectual Property Organization (WIPO) were also extended. These entailed collaboration in both *applied research* and the delivery of field-level support.

34. Under ITC's continuing partnership with the *Agence intergouvernementale de la francophonie (AIF)*, support was provided to francophone LDCs with the objectives of building capacities relating to their participation in the IF and developing intraregional trade.

35. During the year, ITC also broadened its partnership with the *World Bank* to include collaboration in the areas of 'e' and strategic market analysis (with the Bank's *infoDev* programme), distance learning (with the *World Bank Institute*) and public procurement (with the *OECD/World Bank Roundtable on Public Procurement Reform*).

36. ITC's partnerships with the *United States Agency for International Development (USAID)* and the *United States' State Department* saw the delivery of field-based training in strategic market analysis (Caribbean and Central America), the

launch of the *TradeMap USAID* portal and advancement of the post-Cancún *Business for Development* initiative.

37. New strategic partnerships were actively promoted. Possibly the most important of these, from the standpoint of the long-term development of ITC's field-level activities, is ITC's emerging partnership with the *European Commission*.

38. New technical partnerships were also established with the *Commonwealth Secretariat* and the *German Agency for Technical Cooperation*

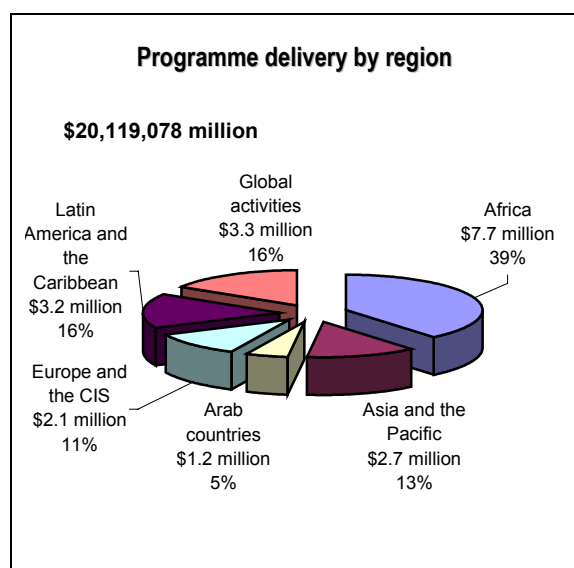
(*GTZ*) in the area of capacity building in national export strategy, complementing ITC's longstanding partnership with **seco** (Switzerland).

39. At field level, ITC continued to strengthen its technical partnerships with members of national trade support networks (in particular with active participants in ITC's *product-networks*). New cost-sharing agreements with counterpart organizations also served to reinforce, and to give renewed purpose to, field-level partnerships.

GEOGRAPHIC COVERAGE

Growing awareness of trade as a tool for development led to an increase in demand for trade-related technical assistance.

40. The value of ITC's country and regional projects operational in 2003 was 30% higher than in 2002 (US\$ 10.2 million in 2003 as compared with US\$ 7.9 million in 2002). Details of these projects, and ITC's global programmes, are provided in the accompanying document *Summary Review of Technical Cooperation Projects Operational in 2003*.



41. In addition to implementing donor-supported projects and completing an extensive programme of applied research (focusing largely on market assessments and competitiveness tools development), ITC undertook an unprecedented number of needs assessment and programme design missions (39 in total) in response to requests from partners in developing and

transition economies. A significant pipeline of projects, suitable for donor consideration, was established (see the annex).

Africa continued to be the region of focus

42. ITC support to Africa was channelled primarily through regional programmes implemented through inter-agency consortiums. This multi-country approach provided scope for increased efficiency and flexibility.

... with JITAP entering a new phase.

43. Following the completion of the initial phase of JITAP in 2002, a second phase was launched in early 2003.

JITAP – phase II		
Continuing partners	New partners	Donors
Benin	Botswana	Canada
Burkina Faso	Cameroon	Denmark
Côte d'Ivoire	Malawi	Finland
Ghana	Mali	France
Kenya	Mauritania	Netherlands
Tunisia	Mozambique	Norway
Uganda	Senegal	Sweden
United Republic of Tanzania	Zambia	United Kingdom

44. JITAP's substantive focus remained unchanged: namely, capacity building within the public sector for WTO compliance and negotiations, and enhancing the private sector's

ability to respond competitively to the challenges and opportunities of the evolving MTS. Delivery of ITC's component of this ITC/UNCTAD/WTO consortium was, however, adjusted to highlight local design and implementation, with ITC providing support tools and related guidance.

Important new multi-country programmes became operational ...

45. In collaboration with TFOC, ITC launched the pilot phase of the multi-year project, Programme for Building African Capacity for Trade (PACCIA/PACT), in Ghana, Senegal, South Africa and the United Republic of Tanzania. PACCIA/PACT seeks to achieve impact on trade performance through the joint application of customized tools from ITC, TFOC and other Canadian sources. The programme's quick response facility allowed ITC to provide immediate support to pressing requirements identified during the programming phase. Full-scale implementation will begin in 2004, when three additional countries will join the programme: Ethiopia, Mali and Mozambique.

46. A subregional economic integration project entitled *Relaunching Subregional Economic Integration of Central African States* also became operational during the year under funding from UNDP.

... and increasing technical support was delivered under the IF ...

47. In the context of the IF,⁷ and in direct follow-up to Diagnostic Trade Integration Studies (DTISs), ITC implemented national-level projects in the Gambia⁸ (sector-specific micro-projects in the horticulture, fisheries and tourism sectors), Mauritania (institution strengthening and trade information under financing from Italy), the United Republic of Tanzania (formulation of sector strategies for the horticulture and fish sectors; improving the trade information network; and capacity-building support to institutional committees) and Uganda (assistance to the silk sector; preparation of a national export strategy; and support to the inter-institutional committee and WTO trainer network).

48. Project design work was also carried out in Burundi, Ethiopia, Guinea, Lesotho, Madagascar

and Senegal with a view to securing project financing under Window II of the IF Trust Fund.

... and other global programmes.

49. In partnership with AIF, support was provided to 12 African LDCs to enhance their capacity to participate in the IF.⁹

50. A record nine buyers-sellers meetings and networking events were organized in Africa in 2003 through ITC's South-South Trade Promotion Programme. These covered the textiles and clothing, publishing and printing and business and professional services sectors, and, under the *Buying from Africa* for Africa initiative, the relief and aid procurement market. All resulted in an encouraging level of commercial spin-off.

Buyers-sellers and networking meetings in Africa		
Dates	Title	Venue
21-22 January	Expansion of Intra- and Inter Regional Trade between the countries of CAEMC and WAEMU	Ouagadougou, Burkina Faso
11-12 February	Expansion of Intra- and Inter Regional Trade between the countries of CAEMC and WAEMU	Bangui, Central African Republic
13 February	Increase Exports of Services in Sub-Saharan Africa	Abuja, Nigeria
27 March	Increase Exports of Services in Sub-Saharan Africa	Arusha, United Republic of Tanzania
5-7 May	WAEMU/CAEMC Buyers-sellers meeting on the printing industry	Dakar, Senegal
8-13 June	Africa Economic Summit 2003: Matchmaking service	Durban, South Africa
26-28 August	Buyers-sellers meeting on food, agricultural products, shelter and housing items	Nairobi, Kenya
12-14 November	WAEMU/CAEMC Buyers-sellers meeting on textiles and clothing	Douala, Cameroon
16-17 December	Regional Networking for Services Industry Associations	Gaborone, Botswana

51. Field-level activities in Africa were incorporated into the 2003 work programmes of a number of other ITC global programmes,

⁷ The multi-agency IF was evaluated in 2003. The evaluators noted the fundamental soundness of the IF approach based on the premise that poverty should decline as the level and extent of socio-economic intervention increases. The evaluation revealed that considerable progress has been made, but 'that fine-tuning is required to move to a robust implementation stage'.

⁸ The successful completion of the Gambian project resulted in renewed donor interest and a follow-up project was approved with support from UNDP.

⁹ Burundi, Chad, Comoros, Djibouti, Equatorial Guinea, Madagascar, Mali, Mauritania, Rwanda, Senegal and Togo.

including CAPNET-BIS (capacity building and networking for business information for 13 francophone countries), Export-led Poverty Reduction (Ethiopia, Kenya, Namibia and South Africa), the E-Trade Bridge (Kenya, South Africa, Uganda and the United Republic of Tanzania), and the Executive Forum (national export strategy design in Kenya).

In the Arab region, funding for technical assistance remained limited ...

52. In Mauritania (under the IF and JITAP) and Algeria, technical cooperation focused on trade information and institution strengthening. Support was also provided to the Algerian Government to reform the banking and financial sector. In Morocco, work continued to support the competitiveness of specific export-oriented companies.

53. ITC also continued its cooperation with Djibouti and Yemen in the context of the IF. A needs assessment and programme design mission to the United Arab Emirates resulted in the launch of a funds-in-trust project in the area of project management. An agreement was signed with the Department of Economic Development of Dubai to undertake an export development study.

... while prospects rose for a significant expansion in activity at country level in Asia.

54. Through arrangements established with the European Commission, ITC collaborated with UNCTAD in the implementation of an MTS-related project in Bangladesh. In addition, programme development activities were undertaken for large-scale, integrated projects in Pakistan and Sri Lanka. Full-scale implementation of these two projects will begin in 2004.

55. A large project was developed for Viet Nam and, based on the Vietnamese preparatory assistance model, national projects were designed in Cambodia and the Lao People's Democratic Republic. Implementation of all three projects will begin in 2004. Key deliverables are strengthened national trade support networks and improved competitiveness of product sectors with confirmed export potential.

56. The first phase of a regional trade promotion programme, covering Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan was completed. Follow-up national technical assistance projects were subsequently approved by the donor Swiss State Secretariat for Economic Affairs (**seco**). Implementation will begin in early 2004.

57. The expansion of intraregional trade in Central Asia was supported through two buyers-sellers meetings in Almaty, Kazakhstan (food and beverages, and the aid procurement sector), organized under the South-South Trade Promotion Programme.

58. Export-led poverty-reduction pilot projects became operational in Cambodia (silk handicrafts) and China's Shaanxi Province (apples).

In Eastern Europe, activities centred on programme development.

59. Comprehensive technical cooperation projects were designed in Bulgaria, the Republic of Moldova and Romania. Implementation is expected to begin in the first quarter of 2004. Programming activities were also undertaken in Serbia and Montenegro, and the Russian Federation, the latter at the specific request of the Russian Government.

60. A Regional Executive Forum was organized in Sofia, in conjunction with the Bulgarian Export Promotion Agency and the Bulgarian Industries Association, to review strategic approaches to competitiveness enhancement and export development, identify technical cooperation needs and broaden ITC partnerships in the region. Strategy teams from Albania, Belarus, Bosnia and Herzegovina, Bulgaria, the Republic of Moldova, Romania, Serbia and Montenegro, and Ukraine participated.

61. ITC's sole national project in the region was in Romania, where it continued to provide targeted assistance to sector support organizations and enterprises in the wooden furniture and textiles and garments sectors.

ITC stepped up its technical cooperation activities with Latin America and the Caribbean, both in individual countries ...

62. For a number of years, ITC has had very limited presence in Latin America and the Caribbean. A priority objective in 2003 was to increase its involvement in the region.

63. In Bolivia, the site of ITC's only large-scale national project, emphasis was attached to upgrading the export support programmes of public and private sector trade support institutions (TSIs), including a network of business management training and consultancy organizations, and to developing the management competencies of enterprises participating in the project's export capacity development component. A mid-term evaluation of the project confirmed the utility of the approach.

64. In Haiti, ITC completed its IF-funded project covering the legal aspects of trade, institutional support to the Ministry of Trade and Industry and the assessment of export potential. Needs were determined and a new project, financed under the IF, was launched to pursue the export opportunities identified.

65. Elsewhere in the region, support focused on concrete and narrowly defined needs. Assistance was provided to Cuba and El Salvador to prepare for changes in global trade in textiles and clothing. Support was extended to strategy teams in Jamaica and Saint Lucia that undertook to pilot ITC's strategy process tool, the National Export Strategy Template. Technical cooperation in trade support network building was provided to Brazil, Panama and Venezuela, and development of information technology exports in Cuba. In Mexico, work was carried out to improve the commercial arbitration system.

66. In Cuba and Guatemala, TradeMap and ProductMap were launched, together with market analysis and associated capacity-building activities, financed by CBI. Access to, and training in, the use of ITC's market analysis tools, was also provided to Bolivia, the Dominican Republic, Jamaica, Panama and Peru.

67. The E-Trade Bridge Programme supported Ecuador and El Salvador. These two countries, along with Bolivia and Brazil also launched initiatives under ITC's Export-led Poverty Reduction Programme.

... and on a regional scale.

68. At the regional level, ITC began the final stage of the Export Pyme project that had been designed to strengthen export management capacity in five Central American countries.

69. The 2003 LatinPharma fair and buyers-sellers meeting were held in Lima, Peru to promote exports of pharmaceutical products and medicinal plants within the Andean Community. Workshops for TSI staff from MERCOSUR and the Andean Community of Nations (CAN) were organized in conjunction with the commercial consultations to introduce participants to methodologies for promoting intraregional trade.

70. A major effort was directed towards building partnerships and exploring possibilities of progressively expanding ITC's programme in the region over the medium term. With this in mind, ITC co-organized with the Cámara de Exportadores de Santa Cruz (CADEX), Bolivia, a Regional Executive Forum in June, to review competitiveness issues and possible strategic responses. Most of the countries in the region participated. Consultations on export development and possible future collaboration are continuing with several participating teams and with the CAN secretariat.

71. In the same context, pilot EPRP projects were initiated in Bolivia, Brazil, Ecuador and El Salvador.

PERFORMANCE AGAINST GOALS

ITC's corporate goals

Goal 1: To facilitate the integration of enterprises into the multilateral trading system

Goal 2: To support the design of trade development strategies

Goal 3: To strengthen key trade support services, both public and private

Goal 4: To improve sector performance

Goal 5: To build enterprise competitiveness

Goal 1: Facilitating the integration of enterprises into the multilateral trading system

ITC focused on the practical implications of ongoing trade negotiations on the SME sector ...

72. In 2003, the focus of trade-related technical assistance was largely on the negotiations underway within the context of the Doha

Development Agenda. Throughout the year, ITC concentrated on developing the capacity of the business community to:

- Take advantage of commercial opportunities emerging from the WTO Agreements; and
- Contribute to the formulation of relevant national negotiation stances under the Doha Work Programme.

73. Experience had confirmed that these are the most relevant means by which ITC can facilitate the enterprise sector's integration into the evolving rules-based trading system, and at the same time complement the programmes of the WTO, UNCTAD and the multiplicity of bilaterally funded programmes, all of which are oriented towards developing trade policy-related capacities within the *public sector*.

... through intensification and geographic expansion of the World Trade Net Programme's support to the private sector, ...

74. During the year, the GTF Window II funded *World Trade Net Programme* maintained emphasis on the three prerequisites for successful integration of a country's enterprise sector into the MTS. Specifically:

- A culture of business advocacy;
- Competency within national advocacy networks; and
- A public-private sector partnership actively engaged in assessing the implications of changes in the MTS on the country's international competitiveness.

75. In most developing and transition economies, national capacities to meet these three prerequisites remain weak.

76. Membership in the *World Trade Net Programme* increased to 50 as 5 new countries joined the global network (Argentina, Bhutan, Egypt, Tajikistan and Uzbekistan). Technical support was extended through a combination of information dissemination and field-level consultation.

77. By publishing a regular newsletter, posting case studies, analyses and summaries on major negotiating issues on its specialized

subsite (www.intracen.org/worldtradenet), and e-discussions, ITC was able to keep network members abreast of developments in the increasingly complex negotiation process.

78. Advice on standards and quality management, and associated TBT and SPS issues, remained a mainstay of ITC's MTS-related support. During the year ITC published the information package *Improving and Maintaining Market Access* using Standards and Conformity Assessment, which complements the 2002 publication *Export Quality Management: An answer book for small and medium-sized exporters*.

79. A second new publication, *Influencing and Meeting International Standards: Challenges for Developing Countries*, was also completed in cooperation with the Commonwealth Secretariat. The publication outlines the procedures that developing and transition economies need to follow to ensure that the standards-based elements of multilateral agreements are met.

80. At the level of specific sectors, ITC information and advisory support continued to focus on the implications for national competitiveness of the Agreement on Textiles and Clothing and the General Agreement on Trade in Services (GATS).

81. With supplementary support from the Governments of Canada, Sweden and Switzerland, ITC organized a series of regional consultations as a lead-up to the WTO Ministerial Conference in September. Approximately 600 senior business executives, key government decision-makers and trade negotiators from 100 countries participated in this series, entitled *Business for Cancún*. Priority was placed on reviewing the status of negotiations, assessing possible business implications and identifying key factors influencing competitiveness that should be addressed within national negotiating positions.

World Trade Net business information (new or updated in 2003)
<ul style="list-style-type: none"> • Business Guides to Trade Remedies in South Africa, the United States of America, the European Community and Canada • Papers on the business perspective regarding <ul style="list-style-type: none"> – Agriculture – Services – Market access – TRIPS • Case studies on promoting trade interests, market access negotiations, liberalizing telecommunications services • Technical paper on business advocacy and trade policy-making for developing countries

Business for Cancún: Regional consultations
<ul style="list-style-type: none"> • January: Asia (Kuala Lumpur, Malaysia)* • March: Southern Africa (Johannesburg, South Africa)* • May: LDCs (Dhaka, Bangladesh) • June: South America (Santa Cruz, Bolivia)* • July: Central and Eastern Europe (Zagreb, Croatia) • July: Caribbean (Kingston, Jamaica) • August: West Africa (Dakar, Senegal) • September: Global (Cancún, Mexico) <p>* Meetings preceded by an e-discussion</p>

... the development of decision-support tools ...

82. To support the deliberations of national negotiating teams, ITC introduced the newest addition to its suite of market analysis tools at each of these regional consultations. *Market Access Map* is designed as a direct support to the formulation of country-specific negotiating positions. It provides tariff-line information on market access conditions and assesses the possible impact of tariff reductions on future market prospects.

... and consolidation of partnerships with UNCTAD and WTO.

83. In parallel with the expansion of activities under the *World Trade Net Programme* and the *Business for Cancún* series, the second phase of JITAP enabled the three participating agencies to support the creation of *national negotiating frameworks* in each of the eight new countries that joined the Programme in 2003. ITC's focus was on bolstering the private sector's capacity to contribute to this negotiating partnership and on formalizing mechanisms for ongoing consultation between the public and private sectors.

ITC also consolidated its niche in the area of public procurement.

84. Given the heightened profile of public procurement within the MTS, ITC gave increasing attention to clarifying its role with respect to

increasing the efficiency and transparency of public procurement in developing and transition economies. At the same time, ITC maintained an active field-level programme in Africa, with assistance being provided to Guinea-Bissau (under a project co-financed by the World Bank and the Government of the Netherlands), the Gambia (under World Bank financing) and Côte d'Ivoire (under a nationally funded project).

**Public procurement in Guinea-Bissau:
Findings of the evaluator**

'In spite of the very difficult conditions prevailing in the country, the project has been successfully implemented in all its components. Well designed at the very beginning, financed and constantly supported by the Netherlands Government and benefiting from the technical assistance of ITC, the new public procurement system in place now gives Guinea-Bissau a leading advantage towards the neighbouring countries involved in similar programmes ...'

Extract from the evaluation report, June 2003.

85. Under a co-funding arrangement with the World Bank, ITC also began developing a methodology for monitoring and evaluating public procurement. This methodology will be presented at the next Organisation for Economic Co-operation and Development – Development Assistance Committee/World Bank Public Procurement Roundtable in early 2004.

Goal 1

FACILITATING THE INTEGRATION OF ENTERPRISES INTO THE MULTILATERAL TRADING SYSTEM

2003 Impact assessment and the way forward

Notwithstanding the setback in the Doha Development Agenda, ITC's various initiatives to associate the business community more directly with the evolution of the MTS are, on the whole, considered to have had considerable field-level impact – impact which, with further support, is expected to be sustained through to the end of the current negotiation and thereafter.

- The private sector in many developing and transition economies has become more aware of the implications of existing commitments and obligations and of those under negotiation, and there are numerous instances of relevant responses being launched at the sectoral and enterprise levels
- Business advocacy is becoming increasingly organized and coordinated, and regular dialogue between the public and private sector on MTS-related issues has become noticeably more prevalent, though not yet commonplace.

ITC's intention is therefore to maintain its current approach to facilitating the integration of the enterprise sector into the MTS (i.e. through awareness building and the promotion of effective business advocacy; through the coordination of field-level support with UNCTAD and WTO; and through supporting the design and implementation of relevant sector-level export development strategies that reflect the market entry conditions and commercial opportunities generated by changes in the MTS).

Goal 2: Supporting the design of trade development strategies

Increasing attention was devoted to strategy formulation ...

86. ITC views export strategy as both a means and an end. For decision-makers in developing and transition economies, the end is the confirmation of export development priorities and the rationale for allocating scarce resources to these priorities. For ITC, participating in the strategy design process provides the means to identify and appraise trade-related technical assistance needs. Promoting the concept of strategy development (at the national, sectoral and enterprise levels), and participating in the process have, accordingly, become increasingly important aspects of ITC's overall technical cooperation programme.

87. During 2003, ITC invested heavily to promote the premise that 'sustained improvement in export performance relies on the existence of a relevant national export strategy and the capacity to manage the strategy'; to develop best practice scenarios in strategy design and management; to refine its methodologies and develop self-help tools and web-based support systems.

... with the Executive Forum focusing on national export strategy ...

88. Under its partnership with **seco**, ITC organized regional *Executive Forums on National Export Strategies* in Santa Cruz, Bolivia (June), and Sofia, Bulgaria (November). The Executive Forum's annual global debate (September) moved from its traditional home of Montreux, Switzerland to Cancún, Mexico, to provide a lead-in to the WTO Ministerial Conference. The Mexican Bank for Foreign Trade (BANCOMEXT) joined **seco** and ITC as co-hosts, and thanks to contributions from CBI and the Swedish International Development Cooperation Agency (Sida), a large number of strategy teams from African LDCs were able to participate in the debate, which concentrated on the theme *Business for Development*.

89. At field level, ITC's new computer-based process tool – the *National Export Strategy Template* – was piloted in five countries (Kenya, Jamaica, Saint Lucia, Sri Lanka and Uganda). Results were mixed and, based on the lessons learned, the *Template's* user interface was modified. Increased emphasis was also placed on headquarters' facilitation of the strategy design process.

90. Since the *Executive Forum* in Cancún, a further 15 countries have approached ITC to collaborate in the development of a national export strategy. Support to six of these countries has been incorporated into new national technical cooperation projects.

View from the field: Kenya's first national export strategy
<p>'This is the first National Export Strategy prepared in Kenya. (It) has been prepared by the Ministry of Trade and Industry in close collaboration with the private sector in Kenya and the International Trade Centre (ITC).</p> <p>'The first phase of this strategy covers 10 sectors and 6 cross-cutting issues. The limitation in scope of coverage ... is in consideration of the resources available for effective implementation ... Other sectors of the economy will be covered in subsequent phases.</p> <p>'(The strategy) will be implemented in the period 2003-2005. The Government of Kenya is committed to ensuring full implementation ... under the auspices of the Consultative Mechanism incorporated in the strategy. I therefore look forward to mutual cooperation between all the agencies involved in implementation ...'</p> <p><i>Excerpts from the foreword to the strategy document by Hon. Dr Mukhisa Kituyi, Minister for Trade and Industry, Nairobi, November 2003</i></p>

91. ITC also formed a partnership with *GTZ* to support the strategy design process at field level. Cooperation is currently limited to export strategy formulation in Sri Lanka, but discussions to broaden this partnership are continuing. Plans progressed for direct collaboration with the Commonwealth Secretariat to support the export strategy development activities of small Commonwealth States.

... and JITAP and the IF concentrating on the design of sector-level strategies.

92. Building on the momentum generated during the previous year, 2003 also saw an active programme of support to the development of sector-level strategies, particularly in Africa. The approach, which was largely pioneered under the first phase of *JITAP*, is designed not only to formulate the strategy, but also to develop national capacities to manage its implementation.

Sector-level strategy design		
Country	Export strategy	Status
Bangladesh	Leather	Adopted
Benin	Cassava/tubers	Ongoing
China	Floriculture	Ongoing
Cuba	Cultural industry Information technology	Adopted Ongoing
Malawi	Textiles/garments	Ongoing
Mozambique	Wood products	Completed
United Republic of Tanzania	Horticulture Fisheries	Adopted Adopted

This approach will be maintained with some refinements under JITAP's second phase and future IF activities.

Research continued on new methodologies ...

93. In tandem with these field-based sector-level activities, ITC launched the *TradeWORKS* initiative to reinforce the current approach to strategy design and implementation at the sector level. *TradeWORKS* provides tools for identifying market opportunities and scope for increasing national efficiency and value-addition through assessment of the global and national value chains.¹⁰

94. Work also advanced on the preparation of a strategy design and management tool for the tourism sector. This interactive, decision-support tool is being designed in consultation with the *World Tourism Organization*, and will address the strategic issues of competitiveness, value-retention, sustainability and development contribution that confront a sector which is of key importance to many developing and transition economies.

... and emphasis was given to further development of, and increasing access to, ITC's market analysis tools.

95. With the growing interest among ITC partner countries in developing national and

sectoral strategies, there was a significant increase in demand in 2003 for ITC's competitive assessment and market analysis tools (*Country Market Analysis Portals*, *TradeMap*, *ProductMap* and *Market Access Map*). In response, a consortium of donors, including USAID, CBI, **seco** and the World Bank's *infoDev* programme, was assembled in 2003 to co-finance access to these tools. As a result, at least one of these market analysis tools is being used in 128 countries.

96. In recognition that access to these tools is not enough by itself, ITC developed a comprehensive programme of training and capacity development. During the year training programmes were conducted in 30 countries for approximately 3,000 users. In addition, to enhance coverage, ITC expanded its cooperation to a number of international institutions, including UNCTAD, WTO, the World Bank, IMF and OECD, and national research institutions, with a view to sharing the workload at the level of data collection, processing, analysis and dissemination. The first output of such cooperation is the joint ITC/UNCTAD/WTO *Common Analytical Market Access Database*.

Goal 2

SUPPORTING THE DESIGN OF TRADE DEVELOPMENT STRATEGIES

2003 Impact assessment and the way forward

While appreciable progress was made in 2003 in terms of strategy design at both the national and sectoral levels, and significantly greater use was made of ITC tools, there remains much room to increase field-level impact, in both the immediate and longer terms.

- **Capacity building.** The ability to adopt ITC methodologies and apply the strategy-support tools remains low in the majority of partner countries. Greater emphasis will be attached to capacity and competency development and resources will be sought for this purpose.
- **Online support.** The need for ongoing support throughout the design process, and the importance of continuous servicing of the global network of strategy-makers that ITC has created over the past four years, will be addressed through more effective and innovative use of the Internet and ITC subsites.
- **Content.** To date, ITC has emphasized 'process'. Priority will be attached to complementing process-related assistance, with support on the *content* of strategy. Emphasis will be given to monitoring strategy (national and sectoral) and developing databases accessible to strategy-makers.
- **Strategy implementation.** Strategy design represents the first step. Real impact can be achieved only through strategy implementation. ITC's limited involvement in strategy implementation to date has been due primarily to resource constraints. A concerted effort will be made to mobilize the required resources.

More specific recommendations for the future focus of ITC's strategy development activities are likely to emerge from ongoing, independent evaluations of the Executive Forum and Market Analysis programmes.

¹⁰ In 2003, the *TradeWORKS* approach was piloted in over 50 sectors in 8 countries. A series of web-based strategy support

tools will be released in 2004 and incorporated into ITC's existing national and sector strategy development methodologies.

Goal 3: Strengthening key trade support services, both public and private

ITC maintained the network approach to strengthening trade support services ...

97. Over the past several years, subtle changes have been made in ITC's approach to upgrading trade support services in developing and transition economies. The current approach:

- Attaches priority to supporting the development of institutional networks (rather than a single institution);
- Calls for the national trade promotion organization (TPO) to assume the dual role of 'first-stop shop' (as opposed to a 'one-stop shop') and coordinator of the national service delivery network,
- Emphasizes export development (rather than 'export promotion') and the importance of the network addressing supply-side ('border-in') constraints, as well as market development and promotional challenges.

98. The approach is based on the 'best practice' principle that a first-stop shop should provide, or at the very least facilitate access to, those services for which there is greatest demand within the business community (i.e. trade information, market advice and trade finance), and that it should maintain an effective referral system to other members of the national network which are capable of delivering more specialized trade support services.

... through ongoing cooperation with TPOs ...

99. While the network approach has resulted in ITC working with a variety of specialized trade support institutions at field level, the national TPO remains ITC's traditional partner.

100. The tradition was confirmed with the agreement to form an informal partnership with *Enterprise Malta* (the national TPO), to co-organize the *Fifth World Conference of Trade Promotion Organizations*, to be held in October 2004 in Valletta, Malta (<http://wtpo2004.metco.net>). The selected theme for the conference is *The Future of TPOs: Innovation for Competitive Advantage*.

101. At the operational level, emphasis was placed on the expansion and field-level application of ITC's *institutional support tool kit*. In 2003 a new tool, the *Results-Based Management (RBM) Checklist*, and 40 *TPO best practice scenarios* contributed by partners in 23 countries were added to the tool kit.

View from the field: TPO best practice

'Thank you for your e-mail informing us of the launch of your website on TPO Best Practices. This is indeed a very informative site and a good platform for exchanging experience as well as the best practices of participating TPOs.'

'The Hong Kong Trade Development Council will continue to support this meaningful initiative and will contribute to other best practices areas as we deem appropriate.'

Excerpt from a letter from C.H. Lai, Head, Customer Service, Hong Kong Trade Development Council, 27 June 2003

102. During the year, direct support was extended to a number of TPOs, within the context of ITC's strategy design and institution strengthening programmes in Brazil, the Islamic Republic of Iran, the Russian Federation, Serbia and Montenegro, and Venezuela.

103. Capacity building workshops were also held in India for state-level TPOs and in Latvia for commercial attachés and trade promotion counsellors.

... and providers of trade information, ...

104. 2003 saw the completion of the *Capacity Building and Networking for Business Information Services (CAPNET/BIS) programme*, which had been financed over a three-year period through GTF Window II. The programme focused on strengthening the information services of TPOs and other specialized public and private sector information providers, with emphasis on creating national and regional information exchange and referral networks. Associated capacity development activities highlighted training in information management in a digital environment.

105. In 2003, training and network strengthening programmes were organized in Alexandria, Egypt, for French-speaking information managers from Africa and Western Asia, and in Geneva for information managers from other African countries, Asia and Latin America. National-level training was conducted in the Gambia, Nepal, Tunisia and the United Republic of Tanzania. Technical support was provided to information networks in Algeria and Mauritania and a comprehensive analysis of users' needs was undertaken in Bolivia.

106. To support these field activities, ITC continued the expansion of its headquarters-based *Trade Information Reference Centre (TIRC)*. The TIRC now includes details of over 16,000 sources in a database accessible online through the ITC website. During the year it responded to 2,200 enquiries on sources from trade information services in partner countries.

Compendium of trade information guides and reference materials	
2003	<ul style="list-style-type: none"> • Selling Business Information and Related Services • Thesaurus of International Trade Terms • Keys to Online Information Sources in Emerging Markets (CD-ROM) • Information Management Toolkit (CD-ROM)
2002	<ul style="list-style-type: none"> • Performance Measurement for Trade Information Services • Guide to Sources of Information on Importers • COMREG Software for Company Registers and Related Web Applications
2001	<ul style="list-style-type: none"> • Trade Information Dissemination • New Features of the WinISIS System

... *legal services*, ...

107. ITC's commercial contracts database, which can be accessed through the *Juris International* website (www.jurisint.org) is the world's single biggest resource of model trade contracts. During the year several model contracts in Spanish were added to the database.

108. Based on the intensive work of an international 'pro-bono' committee of eminent business lawyers and legal experts, ITC published the first universal model agreement on contractual joint ventures. It is designed for medium- to long-term cooperation in activities ranging from production, distribution, research and development to operation of a facility, and is expected to be of greatest use to SMEs. The model agreement was officially launched in New Delhi, India.

109. Legal tools relating to the developmental and operational phases of e-commerce were also collected and included in ITC's new *E-Law Kit* which comprises a series of 'how to' handbooks on the general legal framework for e-commerce, contracting models and case studies. Reference materials are provided on a separate CD-ROM. Templates enable lawyers and trainers to customize presentations according to local circumstances and requirements.

110. During the year assistance was provided to business arbitration centres in India, Mexico, Thailand and Viet Nam, and ITC co-published its *Arbitration and Alternative Dispute Resolution Handbook* with partners in Croatia, Egypt, Mexico and Viet Nam.

111. In Haiti, ITC assisted in the preparation of a comprehensive plan to reform the country's trade law and the drafting of a new Act on general commercial law and a law on arbitration.

... *trade finance*, ...

112. In 2003, ITC adapted and updated tools for credit evaluation, credit insurance and credit guarantees. Two sets of information and training materials – the *Trade Credit Scorecard* and *Export Credit Insurance and Guarantee Schemes* – were introduced at field level: in Uganda, under a cost-sharing arrangement with the Uganda Bankers' Institute; and in the United Republic of Tanzania, where the insurance publication was fully funded by ITC's Tanzanian partners.

View from the field: Partners stand ready to purchase ITC services
At the request of the Bank of Tanzania (BOT), ITC designed a four-day intensive residential course on <i>Assessing Credit in Tanzania</i> for BOT personnel in Dar es Salaam in August 2003. The course was specifically tailored to meet the requirements of the Bank's senior staff involved in its newly established export credit guarantee scheme.
On its completion, BOT management stated that the course was 'a success story to be repeated'. BOT covered all training costs, including those of the ITC resource people.

113. A training module on *Access to Finance for First Export Orders* was developed from a model contributed by the Manila-based *Association of Training Institutions for Foreign Trade Asia and the Pacific (ATIFTAP)*. The purpose of the module is to increase the export-oriented entrepreneur's awareness of the requirements of the banker, and the banker's understanding of the operations of the loan applicant, thereby, facilitating lending operations for small-scale exporters. The module was tested in the United Republic of Tanzania and then presented at workshops in Armenia, Cambodia and the Philippines to 150 entrepreneurs and bankers. The module will now be introduced into the curriculum of ITC's regional training hubs in Dar es Salaam, Istanbul, San Salvador, Manila and Santa Cruz, Bolivia.

... *management training*, ...

114. ITC's approach to competency development within the business community addresses management competence, export competence and e-competence needs.

115. E-competence development was the priority in 2003 (see Goal 5). Nevertheless, ITC maintained regular contact with its *regional competency development hubs* on capacity development in both management and export competency issues. In addition, ITC designed a post-graduate programme on *International Business Management* with a view to ensuring the sustainability of its Tanzanian hub, the *Centre for International Business Development Services*

(CIBDS), which was created as an umbrella organization to support a network of trained SME counsellors in Eastern Africa.

<p>View from the field: ITC's certificate programme pays off</p>
<p>'The cash inflow from other programmes has not been so good due to low participation in our workshops (in-career training programmes) caused by a lack of (positive) attitude towards self sponsoring and (the) inability of the interested potential participants to raise the fees. The only reliable revenue has been from the "academic programme". A thousand thanks for your vision and innovation.'</p> <p><i>Remy Temba, Director, CIBDS, Dar es Salaam, November, 2003</i></p>

116. Over 50 trainers and consultants were trained in Bolivia on management techniques, diagnostic tools and strategic planning based on ITC's *Business Management System*, and, in collaboration with these resource people, 10 training courses are being designed specifically for export-oriented Bolivian enterprises. This Bolivian team is intended to be ITC's 'advance' training and counselling team for Latin America.

117. With the objective of facilitating collaboration among training and business counselling organizations, ITC, under its *Export Pyme* project, supported the creation of the *Association of Trade Training Institutions for Foreign Trade for Central America and the Caribbean (ACACCI)*. The Association (www.compite.org.sv/cr/index), which was officially launched in El Salvador in November, will provide trade training and advisory services to SMEs in eight Central American and Caribbean States: Costa Rica, Cuba, the Dominican Republic, El Salvador, Guatemala, Honduras, Nicaragua and Panama.

<p>View from the field: ACACCI-COMPITE created in Central America</p>
<p>'The countries in our region are not in short supply of locally provided training, counselling and consultancy for SMEs. The problem, as expressed by local SME managers, is that there are no standards of quality and no common language among these providers of services.'</p> <p>'The main goal of ACACCI-COMPITE is to provide that common language and ensure a high level of quality of support services for SMES. In addition, the existence of sister associations throughout the globe and the connection with ITC will ensure that our region benefits from the experience of other exporting SMEs in other parts of the world and from the know-how, materials and tools developed by ITC.'</p> <p><i>Excerpt from opening remarks of Yuri Jenkins, ACACCI-COMPITE Executive Secretary, San Salvador, 22 November 2003</i></p>

... quality management services, ...

118. ITC assistance to members of national trade support networks specializing in quality management and related issues was maintained through an active programme of field-level consultations, focusing on technical barriers to trade and sanitary and phytosanitary issues, and the regular dissemination of bulletins, which in 2003 attached particular importance to the area of eco-labelling.

119. The French version of the joint ISO/ITC handbook *ISO 9001 for Small Businesses* was published. *The World Directory of Information Sources on Standards, Conformity Assessment, Accreditation, Metrology, Technical Regulations, and SPS Measures* was revised for distribution to national trade support networks. The directory will be available online in 2004.

... export packaging support, ...

120. Eight new modules were added to ITC's information and training kit on export packaging, *PACKit*.

<p>PACKit: One stop advisory support</p>
<p><i>PACKit</i> represents a unique information base to support the provision of export packaging advisory services by packaging institutions and associations.</p> <p><i>PACKit</i> now includes modules covering: the use of all packaging material (paper and board, plastics, metal, glass and wood); the packaging of key developing country exports (cut flowers, fresh and dried fruits and vegetables, hides and skins, chemicals, handicrafts, forgings and castings and natural products); the environmental and logistical aspects of packaging; and the packaging requirements of major import markets (the United States; European Union, Germany and the Netherlands).</p>

121. Partnerships with national packaging institutions and associations were broadened and contributions from each member of 'the network' were incorporated into *PACKit*

... and training and advisory services in international purchasing and supply management.

122. ITC considers it essential for national trade support networks to provide services to the business community that increase efficiencies in purchasing and supply chain management. A substantial investment has been made in recent years in developing relevant competencies within partner institutions and generating training material and advisory tools for their use.

123. ITC's *Modular Learning System* (MLS) – a set of training packs on purchasing and supply chain management – was first introduced in 2000 under a Swiss-funded regional project in Asia. Since that time, 57 institutions in 33 countries have signed agreements to use the MLS (26 in Asia, 14 in Africa, 9 in Latin America and 8 in Europe). Fifteen joined the global network in 2003.

124. The *Asia Net* website (www.ipscm-asianet.net) was launched to link Asian members of the MLS network and to facilitate the exchange of case studies and other local additions to the MLS packs.

125. The number of users of the MLS in Latin America grew rapidly following publication in 2003 of the Spanish version under a project for Bolivia, Colombia and Peru funded by Spain.

126. A professional certificate and diploma programme based on the MLS – first offered in 2002 – was further expanded in 2003. During the year more than 1,000 participants in nine countries sat examinations. Institutions in a further six countries decided to offer this programme in 2004.

127. During the year, ITC trained more than 400 new MLS trainers at its partner institutions in 13 countries.

128. In Central and Eastern Europe, ITC, in cooperation with the *Swiss Association for Purchasing and Materials Management (SVME)*, completed a joint four-year training programme for trainers and business counsellors at purchasing and logistics associations in six countries. During the course of the programme, more than 7,000 professionals attended training courses held by these associations.

Goal 3

STRENGTHENING KEY TRADE SUPPORT SERVICES, BOTH PUBLIC AND PRIVATE

2003 Impact assessment and the way forward

There was appreciable impact on most fronts. Over the year ITC provided direct assistance to a large number of trade support institutions and, based on 'indicators of success' (as specified in ITC's *2003–2005 Business Plan*), their services to the business community did, in general, improve in terms of coverage and/or quality.

The initiatives taken under Goal 2 to involve all members of the national trade support network in the design of national and sector-level strategies also contributed to a more coordinated national effort to deliver trade support services to the business sector.

Efforts will continue to focus on refining, and enhancing, the current catalogue of specialized tools and services available to trade support institutions and national networks.

Greater use will be made of cyber-collaboration and online support will be increased to members of the various 'product-networks' through ITC subsites.

The *Competitiveness Tools Fair* will be maintained as a means of increasing awareness among trade support institutions of ITC's various tools and services, and of gathering views on the utility of ITC tools, what modifications may be required and what new tools should be developed.

Goal 4: Improving sector performance

While maintaining focus on traditional sectors ...

129. ITC technical assistance to improve sector performance is guided by three fundamental principles:

- First, support is directed towards the export needs of the SME.
- Second, focus is on those sectors where greatest potential exists for long-term improvement in export performance (gauged in terms of value and value-addition) and where there are meaningful opportunities in international markets.

- Third, emphasis is given to those sectors whose performance will have the greatest developmental impact on the country as a whole.

130. Over the years, the group of sectors upon which ITC has focused its attention has remained fairly constant, and there were no changes in 2003. Research, information, advisory support and publications concentrated on coffee, cocoa, spices, textiles and clothing, jute, hard fibres and related products, fresh and processed fruit and juices, horticulture, floriculture, leather and leather products, wood and forestry products, and crafts.

131. Throughout the year, ITC devoted increasing resources to analysing markets and business practices governing the higher-end segments of a

number of these sectors, including organic food, bio-diversity products and medicinal plants. Field-level support addressed the associated market development and supply-side issues.

What do silk, spices, gourmet coffee, medicinal plants and organic products have in common?

All offer high value-added export opportunities to SMEs in developing countries.

In 2003, ITC focused on these high value-added segments.

- Field-level advice was given on key supply side constraints and on farming practices, processing and storage techniques and export marketing of organic spices, herbs, essential oils and honey (in Kenya, Malawi, the United Republic of Tanzania and Zambia).
- Through physical analysis arranged by ITC specialists, bird's eye chillies from Burundi were confirmed as meeting the highest quality standards in Europe and the United States and related marketing plans were devised.
- Product development support was provided to a small weaver community in Cambodia, and support was provided to the Cambodian Silk Forum (CSF), a private sector association representing more than 400 silk producers.
- Market potential was assessed and business plans developed for producers of medicinal herbs, gums and plant extracts from the Amazon.
- The ITC-initiated *Cup of Excellence* internet auction of Brazilian gourmet coffees yielded prices 10 times that of the world market.

132. ITC also increased its involvement in the cultural and creative industries sector in the belief that, while many developing countries have made impressive gains in the export of film and music, extensive unexploited opportunity exists for the export of visual arts in the less organized segments of the sector (e.g. art crafts, painting, photography and sculpture).

133. Research to prepare a comprehensive 'from creation to market' planning and decision-support tool for SMEs in cultural industries advanced and it is expected that the tool will be introduced into the ITC Competitiveness Tool Kit in early 2004, supported by a joint ITC/WIPO publication *Marketing Crafts and Visual Arts: The Role of Intellectual Property – A Practical Guide*.

... and providing only limited support to manufacturing ...

134. Manufacturing sectors, such as light engineering, are not included in ITC's list of

priority sectors given the general absence of common constraints facing producers in different developing countries, the heterogeneity of need or interest within individual manufacturing sectors and the lack of uniformity within international markets; and the fact that market opportunities in such sectors are normally 'created' by entrepreneurship, technology and foreign direct investment – factors that ITC cannot effectively address given its mandate and current competencies.

... ITC did expand technical cooperation activities in the services sector.

135. ITC's recent emphasis on improving the export performance of developing and transition economies in the services sector was, nevertheless, increased and plans were made to develop further this aspect of the ITC programme of work.

136. In line with the guiding principles that determine sector selection, priority was attached to business and professional services, such as management consulting, legal accounting and construction services, and ICT-related back-office operations.

137. Tourism was added to the services priority list in 2003. Field-level activities were limited to those community-based tourism projects organized under *ITC's Export-led Poverty Reduction Programme* (GTF Window II). Under a headquarters-coordinated research initiative, work advanced on the preparation of a 'best practice' *Tourism Template for Strategy-Makers*. This is designed to provide guidance on maximizing the tourism sector's contribution to export and community development.

138. ITC anticipates launching a more robust programme of support in the tourism area in 2004, based on the new template, and implemented in close cooperation with the *World Tourism Organization*, UNCTAD and other concerned multilateral agencies.

Country-specific strategy design and implementation ...

139. Regional and national projects underwrote the development of a number of sector-level strategies in 2003 (see box on page 10) and it is expected that ongoing initiatives to refine ITC's approach to sector-level strategy (both a generic approach for product sectors and a specific approach for the services sector) will lead to an acceleration in sector-level strategy development activities.

**View from the field:
Flower exports reduce poverty in China**

'The implementation of the ITC project helped the growers in Yunnan Province improve their skills and know-how. Overall production and quality have increased considerably. When the project started in 1999, the export value of cut flowers amounted to little over US\$ 5 million. Their export value reached some US\$ 18 million in 2002, the target originally set for 2010, and it is estimated that the value will exceed US\$ 20 million this year. In the meantime, the income of flower enterprises and household growers are increasingly stable ... This is an eminent example of what a true technical cooperation partnership can achieve.'

Excerpt from the summary of the Final Review Meeting of the Second Phase of the ITC Project, written by Shi Tianjun, President, Yunnan Flower Association

**... was combined with information dissemination
...**

140. To support the implementation of such strategies, and to respond to the decision-making and operational requirements of individual exporters, ITC expanded its information dissemination activities, making extensive use of the Internet.

**View from the field:
Leatherline**

Leatherline (www.intracen.org/leatherline) went online in September 2003. It provides a unique service to export-oriented SMEs in the leather business, offering business contacts, technical guidelines, and information on trade services, major players in the trade, upcoming events and additional information sources. After only two months in operations, hits numbered 8,000 a month.

- 'I am very pleased with the effort Leatherline is making for small manufacturers in trying to put us with the rest of the world. What you have established is an excellent idea for promoting goods from developing countries. Keep it up.' Farooq Khan, Kahn Ltd, Kenya
- 'I am already connected ... the site is very good and very well designed.' Gilmar de Gaula, Curume Belafranca Ltd, Brazil
- '... thank you for extending to us this opportunity of promoting our products ... we would like to be part of the promotional campaign ...' K.G. Sudhir, Universal Traders, India

141. Subscriptions to ITC ProductMap, which provides sector-specific information and business intelligence for 74 different product groups, increased significantly (reaching 46 countries by year-end).

142. During the year, there were over 40,000 downloads of ITC's 2002 survey *The United States Market for Organic Food and Beverages*.

143. *Coffee – An Exporter's Guide*, which ITC published in English in late 2002, has quickly become a best-seller with more than 15,000 copies in circulation. The *Guide* assists producers and exporters to optimize their production and trade through detailed information on all stages of the global value chain for green coffee beans (production and processing, quality management and certification, logistics) and associated business practices (marketing, contracting, etc.). In 2003, the French and Spanish language versions of the Guide were published.

... and field-based advisory support.

144. ITC assisted clothing sector planners and enterprise managers in 15 countries in Asia, Africa and Latin America to prepare responses to the final phasing out of the export quota system.

145. Advisory support was provided to 'creation enterprises' in the WAEMU countries and Mauritania (artisanal products) and Cuba (plastic and applied art).

146. In the services sector, ITC's programme to promote trade in services was delivered in six African and three Central and Eastern European countries.

ServiceExportNet

In late 2003, ITC established a new network of services 'champions' from countries that have received ITC technical assistance to promote trade in services.

The 12 countries that comprise the founding members will strive throughout 2004 to engage more industry associations in:

- Delivering export training;
- Advocating the inclusion of the services sector in national export strategies; and
- Building a new networking database (www.serviceexport.com).

ITC intends to expand the network, with a target of doubling the number of members in 2004.

147. A new initiative aimed at promoting exports from women entrepreneurs in the service sector was piloted in three African countries (Mauritius, Mozambique and Nigeria). This project represents a direct response to the issue that while, on average, 85% of women entrepreneurs worldwide are involved in the services sector, only 5% of participants in ITC services-related training programmes are women.

Goal 4

IMPROVING SECTOR PERFORMANCE

2003 Impact assessment and the way forward

There was considerable progress under this goal and there was obvious impact, at field level, particularly in the textiles and clothing and services sectors. Research completed during the course of the year provides a solid foundation to build on the impact achieved in 2003.

ITC's ProductMap will be progressively expanded, in terms of depth of analysis. As part of the suite of ITC Market Analysis Tools, increased attention will be given to capacity building on effective use of the ProductMap, through tailor-made training.

Increasing emphasis will be placed on supporting high-value segments of priority sectors, through both field-level consultation and increasing application of cyber-collaboration. Greater attention will similarly be attached to supporting the *implementation* of those sector strategies designed with ITC technical assistance. Donor support will be sought for this specific purpose.

The trade-in-services programme will be intensified at field level, and expanded both geographically and in terms of coverage. ITC's niche in supporting tourism 'as an export and development opportunity' will be clarified through field-testing of the new *Tourism Template for Strategy-Makers* and consultation with the *World Tourism Organization* and UNCTAD.

Goal 5: Building enterprise competitiveness

Throughout 2003, ITC maintained the product-network approach ...

148. ITC's product-network approach, which was introduced in the late 1990s, forms the backbone of its direct support to enterprise-competitiveness. The approach involves:

- The development of technical assistance 'products' (decision-support, self-assessment and benchmarking tools, guides, information aids and databases) relating to specific issues and constraints to enterprise competitiveness;
- The formation of national partnerships with specific members of the national trade support network to adapt these *generic* tools to national circumstances and to make the tools available to the business community; and
- The maintenance of a monitoring and feedback system with these 'networks' of partners through which tools are refined, and ideas for new 'products' are generated.

149. The majority of 'products' supporting enterprise competitiveness were developed under the GTF Window II funded *Programme for Competitiveness Improvement of SMEs (ProCIP)*. The programme, which was completed and evaluated in 2003, resulted in approximately 100 trade support institutions in over 70 countries preparing over 120 adaptations of ITC's tools and guides for SMEs.

ProCIP: What the evaluator said

'The product-network approach has been an important innovation in technical cooperation. And is probably unique within the United Nations system. It has certainly pioneered cost-effective systems of trade-related technical assistance.

'It has emerged as a cost-effective channel for continuing contact between TSIs and SMEs on the one hand and ITC on the other.

'The networking approach has utilized electronic communications to optimal effect. It offers many lessons for the wider use of electronic communications in technical cooperation.

'There is extensive evidence that ProCIP processes have resulted in capacity-building of TSIs.'

Findings of external evaluator (ITC/EV/2/03), October 2003

... with the objective of enabling enterprises to assess current responses to competitiveness issues

...

150. During the year, three new benchmarking tools, developed in late 2002, were applied at field level on a pilot basis.

151. Over 70 clothing manufacturers from 6 countries (Cambodia, India, Mauritius, Nepal, Sri Lanka and Thailand) reviewed their international competitiveness based on *The Fit* benchmarking tool.¹¹ Through workshops in Bolivia, Cuba,

¹¹ *The Fit* is a benchmarking tool that assists sector planners and clothing manufacturers to compare their performance against the market requirements set by major buyers.

Kenya, Madagascar and Mozambique a further 1,000 enterprise managers were advised on the practical implications and measures for improved competitiveness in the post-2004, quota-free scenario.

View from the field: New benchmarking tool to help textile units
<p>'When the entire textile industry in the country gears up for the post-quota regime by 2005, lacunae in benchmarking continue to bother textile units, especially small and medium-sized enterprises with no details of comparison with competitors available with the government.</p> <p>'In this gloomy scenario, a software-based benchmarking tool, named The Fit, developed by the International Trade Centre of UNCTAD/WTO and launched nationwide through its national partner, Textiles Committee, looks to be a fitting solution as it helps the SMEs to identify their strengths and weaknesses vis-à-vis the competitors and prioritize areas of action to improve their competitiveness.'</p> <p><i>The New Indian Express, Coimbatore, 25 September 2003</i></p>

152. The *Quality Management System Fitness Checker* and *Packaging Fitness Checker* were disseminated globally to SME development agencies, standards bureaus and packaging institutes.

153. Twelve more countries (Argentina, Bangladesh, Brazil, China, Ecuador, Kazakhstan, the Democratic People's Republic of Korea, Kyrgyzstan, Malaysia, Nigeria, Tajikistan and

ITC's enterprise competitiveness tools: Status of ITC product-networks	
Product	Network members
Guides	
Trade Secrets: Answer Book	150
Quality: Answer Book	12
Secrets of Electronic Commerce	20
How to Approach Banks	25
Readiness Assessments	
The Export Fitness Checker	10
Quality Management System Fitness Checker	6
E-Commerce Fitness Checker	5
Competitiveness Benchmarking	
The Fit (clothing)	7
The Gauge (automotive parts)	21
Competitiveness Edge (generic)	10

Uzbekistan) signed agreements to partner with ITC to produce national or regional versions of ITC's Trade Secrets series guide *Export Quality Management: An answer book for small and medium-sized exporters*. Four countries (Angola, Ethiopia, Haiti and Zambia) prepared nationally customized versions of *Trade Secrets: The export answer book*.

154. With ITC assistance, partners in Angola, Benin, Ethiopia and Pakistan prepared their own national versions of the guide for SMEs *How to Approach Banks*.

155. In cooperation with *WIPO*, work advanced on a new guide for exporters, *Secrets of Intellectual Property*.

... and devise their own solutions.

156. Based on successful experiences in Cameroon and Senegal, ITC developed a methodology for action-based training of enterprise managers in purchasing and supply management, which is delivered in combination with in-company consultancy. The approach was refined under a technical cooperation programme in the Republic of Moldova, with a view to replication in other countries over the medium term. A CD-ROM explaining *Trade Facilitation Measures for the Supply Chain* was developed in partnership with the United Nations Economic Commission for Europe (UNECE). The CD-ROM is for use by both policy-makers and export-oriented SMEs in countries participating in the UNECE E-Med Business Project.

157. Through a series of training events, on-the-job training, and export quality audits targeting leather and leather goods producers in Bangladesh, more than 100 enterprises improved their understanding of the cross-section of issues influencing international competitiveness (budgeting, costing, quality control, marketing and export management). The audits formed the basis for the selection of 13 companies to participate in technical workshops and to visit leading centres for footwear and leather goods production in Italy in order to become familiar with state-of-the-art production and marketing techniques. In partnership with the *Centre national du cuir et de la chaussure (CNCC)* of Tunisia, and as part of ITC's increasing focus on promoting technical cooperation among developing countries, leather goods producers from Chad were trained in Tunisia in production management.

Increased emphasis was placed on assisting SMEs to adopt an integrated, company-wide approach to competitiveness ...

158. With the overall objective of enabling enterprises to be management ready, export ready

and e-ready, three web-enabled tools were developed to help SMEs verify their business strategy, design web-based promotions and expedite orders.

159. Under the GTF Window II programme *the E-Trade Bridge*, more than 60 cases from 14 countries were developed as 'good practice' examples of e-business by SMEs. As a first step in a longer-term programme of enterprise support, firms in four countries (Cambodia, Kenya, the Philippines and Turkey) helped to assess and identify constraints to their adoption and related management options.

... and to maximizing the competitive advantages of 'e'.

160. ITC completed e-preparedness analyses in 25 countries, based on surveys carried out by national experts. These analyses assessed prospective opportunities arising from greater use of ICT and the implications for SMEs.¹² Summaries of the analyses and an assessment of e-business websites in over 20 countries were prepared and are available on DVD.

161. The specialized technical report *B2B E-MarketPlaces: Current trends, challenges and opportunities for SME exporters in developing countries of Asia and the Pacific* was prepared in conjunction with partners in Bangladesh, India, Malaysia, Nepal, the Philippines and Sri Lanka.

162. ITC also initiated preparation of a comprehensive guide on existing e-applications in major markets for textiles and clothing. This includes analysis of enterprise-specific 'success stories' in developing countries.

To complement this field-level work, ITC helped 'put "e" to work' at the World Summit on the Information Society (WSIS).

163. *The Changing Marketplace: Putting "e" to Work* was a key element of ITC's efforts in 2003 to build enterprise competitiveness, culminating in its contribution to the ICT4D¹³ platform of the *World Summit on the Information Society* in December. Under what is hoped will become a long-term strategic partnership with the World Bank's *infoDev* programme and **seco**, ITC contributed to the organization and running of a series of events and workshops with a view to

¹² Countries included Bangladesh, Barbados, Bolivia, Cambodia, Costa Rica, Ecuador, El Salvador, Guatemala, Honduras, India, Jamaica, Kazakhstan, Kenya, Kyrgyzstan, Mongolia, the Philippines, Romania, South Africa, Tajikistan, Trinidad and Tobago, Turkey, Uganda, the United Republic of Tanzania, Uzbekistan and Viet Nam,

¹³ Information and Communications Technology for Development.

demonstrating how small exporters in developing countries can gain a competitive edge through effective use of information and communication technology.

164. Earlier in the year, and in preparation for WSIS, ITC organized an *E-Business Forum for Asia and the Pacific* in Kathmandu, Nepal, entitled *Building E-Business Capacities for the Information Society*. This consultation, which was staged in partnership with the Nepalese Ministry of Science and Technology and the Computer Association of Nepal, brought together more than 60 participants from 12 countries representing the public and private sectors and regional organizations. The principal objective was to bring the voice of the SME into global ICT policy-making.

ITC's buyer-seller contact programme expanded ...

165. ITC's enterprise competitiveness effort also featured increasing support to South-South trade.

166. ITC focused its expanded *South-South Trade Promotion Programme* on the pharmaceutical, textiles and clothing, services, printing and publishing, and aid procurement sectors.

167. Through an e-discussion, over 700 Latin American enterprises and associations in the pharmaceutical sector participated in the planning of the *LatinPharma 2003* buyers-sellers meeting, which ITC organized in conjunction with UNCTAD's *Biotrade Initiative*. Approximately 100 companies participated in the event itself, which was held in Lima, Peru, in July. Some US\$ 7 million in sales was generated. In addition, parallel conferences facilitated the sharing of good practice and lessons learned in market and product development, enterprise competitiveness and market norms and standards.

168. Buyers-sellers meetings in Dakar, Senegal, in May and Douala, Cameroon, in November, were designed to establish business linkages across borders in the *Central African Economic and Monetary Community* (CAEMC) and the *West African Economic and Monetary Union* (WAEMU) countries. The Dakar meeting, which covered the publishing and printing industries, enabled 50 enterprises from Benin, Burkina Faso, Cameroon, Chad, Côte d'Ivoire, Gabon, Mali, Mauritius and Senegal to assess prospects for commercial partnerships.¹⁴ Business transactions of US\$ 1.5 million were negotiated during the event. In addition agreements were reached on co-publishing, the appointment of agents, distribution rights and licensing. The Douala event focused on textiles and clothing. Fifty-five companies from the two subregions participated.

¹⁴ The business potential in this sector among CAEMC and WAEMU members is estimated to exceed US\$ 11 million per year.

Transactions were concluded in excess of US\$ 1.8 million.

169. Two subregional buyers–sellers meetings were organized on food, shelter and household goods in Nairobi, Kenya, and Almaty, Kazakhstan. These generated contracts equivalent to US\$ 10 million with aid procurement organizations and established the foundation for longer-term business development relationships with these procurement agencies. Over 60 companies from Egypt, Kenya, Mauritius, South Africa, Uganda, the United Republic of Tanzania and Zimbabwe participated in the Nairobi programme. A total of 48 enterprises from Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan attended the Central Asia business meet. All participants covered their own costs.

...as did ITC's support to enterprises managed by women.

170. In its 2001 strategy *Gender Mainstreaming in International Trade*, ITC committed to develop gender-specific components within its major programmes, while at the same time implementing pilot projects largely for women entrepreneurs or in sectors with a large participation of enterprises owned or managed by women.

171. In 2003, a number of initiatives were launched to increase the competitiveness of such enterprises. These included:

- The training of women entrepreneurs in the services sector in Mauritius, Mozambique and Nigeria, and the preparation of country-specific recommendations to assist women-led enterprises to develop their services export capabilities and export networks;
- The setting-up of a gender sub-committee within ITC's new ServiceExportNet;

- The development of practical e-solutions for export operations in conjunction with export-oriented businesswomen in Cameroon;
- The organization of a special panel on “e” for empowerment’ during WSIS to review the experience of women entrepreneurs in putting ‘e’ to work for business development; and
- The publication of some 20 case studies on successful exporting by enterprises led by women in the fourth 2003 edition of ITC's Forum Magazine.

169. *Women in the Global Economy* became an integral part of the ITC programme to extend outreach.

Women in the global economy: ITC communications strategy objectives
<ul style="list-style-type: none"> • Awareness. Raise awareness of ITC and its work on women and trade development with top-level United Nations and UNCTAD officials responsible for women's issues and gender issues. • Positioning. Position ITC as a leader in helping women entrepreneurs in developing countries boost exports and contribute to development. • Credibility. Build confidence among stakeholders (clients, partners and donors) that ITC is a credible partner with established networks for integrating businesswomen into the global economy. • Partnerships. Identify and target potential partners for technical cooperation in the area of women and trade development. • Vision. Develop a vision to increase the number of women-led exporting companies in developing countries by creating new trade development programmes, and expanding existing ones, to improve their international competitiveness.

Goal 5

BUILDING ENTERPRISE COMPETITIVENESS

2003 Impact assessment and the way forward

A 2003 evaluation of *ProCIP* confirmed the validity of the 'product-network' approach, and complementary field-level capacity development activities, targeting both intermediaries (i.e. members of the national trade support network) and enterprise managers. ITC will, therefore, continue to pursue this approach through regional and national projects.

Priority will be given to maintaining the relevance of the *Competitiveness Tool Kit*, refining and updating tools as necessary, and developing new tools in response to the ongoing assessment of SME competitiveness needs.

Emphasis will, nevertheless, be given to increasing the effectiveness and scale of the *Toolkit's* application at field level. This will require stricter attention to 'servicing the existing network' and, in particular, to ensuring that:

- Regular dialogue is maintained with individual network members; and
- Their capacity to expand local utilization of ITC 'products' is increased.

In addition, greater attention will be given to rationalizing the field application of tools, both in terms of counterpart selection and the 'packaging' of individual tools into sub-kits that address specific competitive issues. Active participation of network members in the process will be encouraged and facilitated.

Similarly, efforts will be directed towards adapting sets of generic tools into sector-specific toolkits, similar to the model established in 2003 for the garments sector.

The management perspective

Management viewed 2003 as a crucial year in ITC's development.

172. With an increase in delivery of slightly over 20% and the launching of several important new programmes, 2002 had been a very successful year. For 2003, ITC management's objectives were to maintain momentum and build on the technical and operational foundation that would govern further growth.

Ambitious 2003 targets were set ...

173. In addition to maintaining the 20% increase in delivery, at the beginning of the year management established six priorities:

- Increased efficiency of internal operating procedures, through the introduction of the *IMIS*;
- Improved planning and reporting at the level of the individual staff member, with particular emphasis on results-based management;
- Greater in-house coordination in both the planning and implementation of field-level technical assistance;
- Broader partnerships with the donor community;

- A high powered pipeline of projects reflecting the priorities of both recipient and prospective donor; and
- More effective outreach to the enterprise sector and civil society at large.

... and the majority were achieved.

174. From the standpoint of delivery, acceleration was maintained ... but only just. The increase in delivery of 19% fell slightly short of the 2003 target.

175. The new *IMIS* system was in full operation by mid-year and, notwithstanding the stresses and strains that accompanied its introduction, the majority of operation-specific refinements had been made by year-end.

176. Reporting on project status and implementation was substantially enhanced. The clearer definition of *'indicators of achievement'* provided a solid base for the introduction of a tighter system of *results-based management*.

177. Some progress was made on building operational and technical synergies among ITC's various units and programmes.

178. Promising new donor relationships were made during the year that should, over time, make a significant contribution to the expansion

and technical development of the ITC programme. As important was the qualitative elevation in ITC's partnership with several traditional donors, where the alliance transcended that of provider and user of funds to become one of partners in the planning and execution of projects.

179. Programming and implementation of field-based activity was greatly facilitated through multi-year pledges from Finland, Germany and Switzerland.

180. The GTF Consultative Committee and the JITAP Steering Committee continued to serve as valuable forums for enhancing dialogue and coordination among ITC, donors and technical assistance recipients. A greater effort will be made to ensure that developing country partners participate actively in these forums.

181. There was a significant improvement in ITC's project pipeline. Given the emphasis on delivery, ITC focused its new project development activities on designing projects in countries where donor interest had been confirmed. As a consequence, it is expected that implementation of several new national projects will begin in early 2004 (e.g. Cambodia, the Lao People's Democratic Republic and Viet Nam; Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan; Bulgaria, the Republic of Moldova and Romania; Ghana, Senegal, South Africa and the United Republic of Tanzania). This should redress the end-of-year situation in which growth in delivery in Africa was lower than it had been in 2002 and delivery in Central and Eastern Europe and the CIS region had decreased.

182. ITC's global outreach continued to improve. During the year, the ITC website graduated into an effective instrument for technical assistance delivery. Innovations in the design and dissemination of ITC's *International Trade Forum* magazine also made an important contribution to enhanced corporate outreach.

Magazine online attracts new readers
After two and a half years of steady development, <i>Forum</i> magazine's website now has 40,000 to 60,000 visitors per month (www.tradeforum.org).
The site complements the print version of the quarterly magazine through a searchable five-year archive, links to relevant online organizations for each trade development theme covered in 2003, and a regular online poll on topical issues.

183. Exterior links pointing to the Forum website increased to 180 in 2003, up 63% over the previous year.

184. With increased attention being paid to such issues as women in trade development, trade and

the environment, poverty reduction and e-trade, ITC progressively re-oriented its corporate outreach channels from trade information to *trade development advocacy*. Continued efforts will be made in this direction. ITC's initial attempt to *tailor outreach* to a specific theme – as in the case of WSIS – proved successful and will be repeated, at both WSIS II (Tunis, 2005) and similar global events.

But there were shortfalls ...

185. The progress achieved in many key strategic areas and the upgrading of ITC's overall programme in quantitative and qualitative terms, were not achieved without difficulty, however.

186. Weaknesses were evident in the coordination of the *corporate* work plan. This situation was, to a large extent, due to the pressure of meeting delivery targets. It will be addressed in the year to come through a more dynamic approach to inter-divisional consultation as reflected in the *2004–2006 Business Plan*. A more 'corporate' approach to needs assessment and project programming is also required.

187. Similarly, work did not advance sufficiently well in the area of results-based management. The objective of achieving an appropriate balance between growth in delivery and confirmation of impact was not achieved.

... and pressing issues will need to be addressed, through internal action, ...

188. The workload associated with achieving a significant increase in delivery and developing a pipeline of projects that will sustain this rate of increase over the medium term, was, in retrospect, unevenly distributed within the organization, resulting in certain sections and units being over-stretched. This has raised concern over ITC's medium-term capacity to manage a rapidly growing portfolio under its existing structure and modus operandi.¹⁵

189. The immediate problem was effectively addressed through an active programme of recruitment for open positions. Additional productivity gains are likely to be possible and will be addressed systematically by each unit, section and division. This will be accompanied by more timely and rigorous personal performance assessment. The need to achieve a more optimal use of human resources will remain a central area of management attention.

¹⁵ The 2004–2005 Regular Budget submission was prepared to ensure that staff resources were at the level needed to maintain the ITC programme at the end of 2004 level. Eleven new headquarters posts were requested. Seven were approved.

... through closer consultation with donors ...

190. The late receipt of donor contributions continued to complicate planning and impede delivery, and will need to be addressed.

... and through close monitoring of developments in the international trading environment.

191. Finally, the inconclusive result of the WTO Ministerial Conference in Cancún is of immediate concern, given the heavy emphasis on MTS-

related issues under two ITC key programmes: *JITAP* and the *World Trade Net/Business for Development Programme*. While there was no immediate requirement to revise the technical assistance approach under either programme, the possible need for adjustment was, and will continue to be, closely monitored.

The future

192. Positioning, performance and partnership will remain the three pillars of the ITC approach in 2004 and beyond.

Positioning

193. There is clearly scope for ITC to position itself more effectively in trade-related technical assistance and capacity building. ITC has established pre-eminence in the areas of strategic market analysis and export strategy coaching, export management competency development, international purchasing, South-South trade development and institution building within the national export support network. More recently it has developed considerable expertise in e-trade. ITC will continue to invest in these areas and to promote donor interest in supporting these *niche initiatives*.

194. In addition, in 2004, ITC will elaborate new programmes that fall within ITC's niche – including *expansion of service exports from developing and transition economies and capacity-building in export strategy design and management* – for possible implementation beginning 2005 under GTF Window II.

195. UNCTAD XI, to be held in São Paulo in June 2004, will allow ITC to highlight its niche position and to demonstrate its expertise alongside, and in complement to, that of UNCTAD. UNCTAD XI will provide both organizations with a unique opportunity to join forces to present countries, industries and firms with suggestions for coherent approaches to increasing international competitiveness.

196. Emphasis will continue to be given to supporting business advocacy, particularly as it relates to WTO negotiations. The *Business for Development* series will be launched in Nairobi in March 2004, and will ensure that the business communities of developing and transition economies are fully aware of developments under the ongoing negotiations and of their implications. Experts from both WTO and UNCTAD will be

invited to join with ITC in this series so that the full picture of interests at play is presented to participants from both the private and public sectors.

Performance

197. ITC will maintain the 20% annual growth target for 2004. To reach this target, priority will be placed on obtaining early donor support to those new projects designed in 2003 and to 'fast-tracking' start-up. Particular emphasis will be placed on promoting with the donor community an expansion of support to both Africa and the Central and Eastern Europe and CIS region, and on consolidating growth in Latin America and the Caribbean.

198. Efforts will be intensified to establish a 'performance-oriented culture' within the organization, with unit, section and divisional performance being measured in terms of contribution to delivery and the impact of delivery in terms of field-level capacity-development, the quality of trade support services available to the business sector and the competitiveness of the SME in ITC targeted sectors.

199. With this in mind, ongoing work to refine, apply and monitor programme and project-specific *indicators of achievement* will be accelerated.

200. More systematic use will be made of management tools that facilitate decisions on the use of human, financial and administrative resources; specifically, ITC's rolling three-year *Business Plan*, its *Annual Operational Plan* and its staff *Performance Appraisal System*.

201. The active programme of needs assessment and project design initiated in 2003 will be continued with a view to maintaining the quality and pertinence of the project pipeline. ITC will continue the tradition of sounding out prospective donors prior to launching large-scale programming missions.

202. The *2004-2006 Business Plan*, which establishes the 'corporate direction' for the period, will not only identify technical programmes where greater attention (and resources) will be devoted, it will also establish the mechanisms through which greater synergy among technical programmes (and between technical programmes and administrative systems) will be achieved.

203. The *Annual Operations Plan* for 2004 will set specific targets for each staff member, unit, section and division of ITC. These will be monitored, reviewed at mid-year and assessed rigorously at year-end.

204. In addition, the results of the Office of Internal Oversight Services (OIOS) evaluation of ITC, conducted by United Nations evaluators in 2003, should be available to ITC early in 2004. Any recommendation judged pertinent and useful by ITC management will be rapidly implemented to further contribute to high organizational performance. ITC will respond in a similar manner to the recommendations emanating from the ongoing joint evaluation of ITC initiated at the 2002 JAG meeting by the Government of Denmark.¹⁶

Partnership

205. Partnerships will continue to be ITC's preferred way to do business.

206. ITC will continue to make substantial efforts to reach out to all appropriate multilateral partners. Priority will be maintained on building on the traditional partnerships with UNCTAD and WTO, under JITAP and other projects. Particular emphasis will be placed on converting

ideas generated during the lead-up to UNCTAD XI into post-Sao Paulo technical collaboration. Concerted efforts will be made to expand partnerships with other agencies participating in the IF, and with AIF and the Commonwealth Secretariat.

207. Partnerships with the World Economic Forum in Africa should extend to other parts of the world in 2004. Increased collaboration with WIPO and the United Nations Industrial Development Organization (UNIDO) is anticipated and a new partnership is expected with the Multilateral Investment Guarantee Agency (MIGA).

208. A new partnership with *l'Association internationale des étudiants en sciences économiques et commerciales (AIESEC)* should be formalized in early 2004 to create *the ITC/AIESEC Fellowship Programme in International Trade* to benefit business graduates and promising staff of TPOs from developing and transition countries.

209. Partnerships with bilateral donors will be maintained through ongoing and regular consultation. A major effort will be made to increase the level of support from those donors who are regular but modest contributors to ITC's programme of technical assistance.

210. Finally, special attention will be paid to strengthening internal partnerships. It is recognized that, in the final analysis, it is these partnerships that will determine the level of ITC's long-term success and the degree to which the organization has an impact on the trade performance and international competitiveness of its clients.

¹⁶ The joint evaluation will begin in early 2004 with overall direction being provided by a management group comprising several donor countries and advisory support being provided by a larger core group consisting of donors and recipient countries. The evaluation is expected to be completed in late 2004.

Annex				
EMPHASIS OF NATIONAL PROGRAMMES DEVELOPED IN 2003				
Goal 1 MTS integration	Goal 2 National export strategy	Goal 3 Trade support services	Goal 4 Export sector strategy	Goal 5 Enterprise competitiveness
Benin	Bulgaria	Bulgaria	Benin	Bulgaria
Botswana	Cambodia	Cambodia	Botswana	Cambodia
Burkina Faso	Kenya	Ethiopia	Bulgaria	The Gambia
Cameroon	Kyrgyzstan	Georgia	Burkina Faso	Georgia
Côte d'Ivoire	Lao People's Demo- cratic Republic	Ghana	Burundi	Ghana
Ghana	Republic of Moldova	Kazakhstan	Cambodia	Kazakhstan
Kenya	Romania	Kyrgyzstan	Cameroon	Kyrgyzstan
Malawi	Senegal	Lao People's Demo- cratic Republic	Côte d'Ivoire	Lao People's Demo- cratic Republic
Mali	Tajikistan	Latvia	Ethiopia	Latvia
Mauritania	Viet Nam	Madagascar	Haiti	Republic of Moldova
Mozambique		Mauritania	Kazakhstan	Romania
Pakistan		Nepal	Kyrgyzstan	Russian Federation
Senegal		Pakistan	Lesotho	Tajikistan
Sri Lanka		Republic of Moldova	Malawi	Uzbekistan
Tunisia		Romania	Mali	Viet Nam
Uganda		Russian Federation	Mauritania	
United Republic of Tanzania		Senegal	Mozambique	
Zambia		South Africa	Romania	
		Sri Lanka	Senegal	
		Tajikistan	South Africa	
		United Arab Emirates	Sri Lanka	
		United Republic of Tanzania	Tunisia	
		Uzbekistan	Uzbekistan	
		Venezuela	Zambia	
		Viet Nam		
		Yemen		