

CCITF OCTOBER 29 2024 – ED REMARKS

Agenda item 2. Window 1 Budget for 2025 and the UNSDG Funding Compact

Let me now move to the second agenda item on ITC's Window 1 budget for 2025 and the UNSDG Funding Compact.

We've included this agenda item because we know these are challenging financial times for our development community—and because talking about these issues openly is what makes it possible to find effective solutions early on.

It's the whole rationale behind the UN Funding Compact, which was adopted in 2019 and updated this year.

The compact was born out of a shared understanding within our UN family that we would get much further in achieving our goals if member states and the United Nations Sustainable Development Group came together regularly to discuss where the funding of UN development activities is heading—and how to make it more predictable, flexible, and fit for the needs of our time.

It sets out that UN agencies should discuss regularly with their governing bodies the state of their core resources, so they can then discuss frameworks for putting them to use, while aligned with their budgets, strategic plans, programmes, and business models.

In other words, it envisions conversations like the one we're having this morning.

Today, ITC is on the eve of our programming and budgeting for 2025, and we are embarking on the process to develop our next Strategic Plan for 2026-2029.

And our beneficiaries are facing a landscape whose complexity is unlike anything we've seen in recent memory.

Conflicts are breaking out, or worsening, across multiple world regions, while hurricanes and other natural disasters are battering countries multiple times over in the space of a few months, as we've experienced just this past summer.

Our climate crisis grows more pronounced daily, and fragility is becoming part and parcel of the daily reality of the MSMEs we serve—and risks becoming entrenched, pervasive, and pernicious.

These challenges are far, far greater than what any one government can address alone.

They require a strong, concerted response from across the international development community, across all actors and sectors.

And they require that response right now.

That's why we are reaching out to you now about the status of our Window 1 resources—the funding that is instrumental for ITC to serve our beneficiaries well, at the time when they need us most.

Over the last eight years, we've experienced the same trend that has been described in the funding compact: increasing earmarked funds and declining core resources.

Our delivery has nonetheless grown—as you can see on the first slide, the lion's share of our financing for these activities is coming from Window 2.

It's growth that has enabled us to have a truly global footprint, serving our beneficiaries when and where they need us.

We are implementing projects over a truly global footprint, including over 50 countries in Africa.

But you can also see on the slide that the share of our core resources—our regular budget and Window 1—has declined.

On this next slide, you see the contributions ITC has received over the previous years.

The Window 2 contributions received have fluctuated, because payments are linked to project cycles, not to calendar years. When it comes to core resources, our regular budget has remained constant in recent years. The

slight changes you see are caused by exchange rate adaptations between the Swiss franc and the US dollar.

During the current Strategic Plan period, we set an ambitious and realistic target of \$15 million per year from Window 1 contributions. However, as you can see, our Window 1 contributions have been falling steadily over the past years. For 2024, we expect a total of \$10.6 million and for 2025 we are currently projecting contributions of \$7.8 million. We hope this number will still increase.

Window 1 contributions, together with our regular budget, are what enable us to operate effectively and efficiently as a cutting-edge, trade-related technical agency.

They're the reason we're able to step up quickly in a crisis, and why our work can reflect the latest technological developments and trends.

They're the reason why our beneficiaries trust us to provide best-in-class services that help them achieve their goals—and that help bring our world closer to the vision set out under the 2030 Agenda for Sustainable Development.

If we do not address the decline in core funding, we risk losing the ability to provide these critical functions of ITC that are supported by Window 1—and if that happens, it's our beneficiaries that will feel the fall-out.

Window 1 resources are what underpin ITC's greatest innovations—the ones that respond to critical, strategic areas that lie truly at the intersection of trade and development.

They're what made possible flagship programmes such as SheTrades, Trade for Sustainable Development, and the Ethical Fashion Initiative, which have since been able to reach new heights on a global scale when paired with Window 2 resources.

They're what make possible ITC's global public goods, whose track record speaks for itself.

Their users span all continents and diverse walks of life—from researchers and journalists to small businesses, business support organizations, multinational corporations, and government representatives.

These global public goods provide market and trade intelligence that enable countries to make informed trade decisions, negotiate agreements, and develop policies.

They help businesses identify market opportunities and better understand the global standards they need to meet in order to sell their products.

And they are critical for undertaking neutral, trusted research and analysis that is important for our advocacy work, such as through our Trade Briefs.

Among these global public goods is our SME Trade Academy, which today offers over 100 free courses in English, French, Spanish, Arabic, and more. These courses are available online, with over 400,000 registered users, bringing international trade skills within reach of entrepreneurs all around the world.

Window 1 resources aren't just critical for making sure that trade and market intelligence can be at everybody's fingertips—regardless of where they are, what languages they speak, or how big their business or ministry is.

They're also what make ITC's global advocacy possible.

It's Window 1 support that has allowed us to work with governments, small-scale producers, and other actors to navigate the increasingly complex world of trade-related environmental regulations—and figure out how we can tackle the very painful threat of climate change while ensuring that small businesses can remain connected to global supply chains.

Our work on the EU Deforestation Regulation is a great example of what these conversations look like in practice—blending together outreach and engagement events, like the regular roundtables we've hosted, with easy-to-use resources for producers on compliance, including dedicated handbooks and the new online platform we're piloting, known as the deforestation-free trade gateway.

Today, more than ever, our services are in high demand due to the value they bring and given the complexity of the global challenges we face, including climate change.

We all know better now than to assume that climate change is purely an environmental concern. It poses a very real threat, not just on an existential level for us all, but for the day-to-day operations of all businesses and traders, from the smallest micro-enterprise to the largest multinational.

It's the reason why the UN Climate Change conferences are one of the top events on the ITC calendar—and why we work hard to make sure that the voices of MSMEs are part of those conversations and are shaping the outcomes.

As I mentioned earlier, ITC's core resources enable us to build and expand the corporate infrastructure necessary to respond to the needs of our clients and support the development of technical assistance projects globally.

Window 1 strengthens the effectiveness of how ITC works on a daily basis. It supports essential functions like data management, partnership building, and compliance with UN mandates, including UN-SWAP.

In other words, it makes sure we can keep the intellectual lights on, staying efficient in how we function while being the standard-bearer for connected, sustainable, and inclusive trade.

Going back to the funding compact, the UN has pledged to enhance its transparency, accountability, and efficiency in resource use.

At ITC, we have been aiming to prove this to you for many years, with our planning, reporting and close engagement.

Recently, we have updated our Window 1 guidelines to emphasize even further the steps we're taking to enhance our reporting and visibility for our core donors.

The narratives in our CCITF report now provide a more comprehensive overview of Window 1 results across all impact areas, and we're working closely with our teams to ensure that core funders receive greater recognition in ITC's external communications.

We are committed to listening to you and taking all of your feedback to heart. Reach out anytime on how we can continue making the best use of the Window 1 resources you've generously provided us—and where you hope to see us go next.

I also know that our current Window 1 funders have been working hard to continue their contributions for ITC. We recognize that some have had to cut back, while others couldn't renew their Window 1 agreements due to additional pressures on their ODA budget, changing priorities, or humanitarian crises taking priority.

And I recognize that several of our funders do not have the financing mechanisms that would enable them to channel their ODA through core extrabudgetary grants.

We know these are difficult times in the international development community—and the many demands you face, every day. We know that these aren't easy choices.

But we also know that our beneficiaries need us even more now than ever before.

And if we scale back now, they will be the ones to feel it. It will have a domino effect across their families, their communities, their economies, and the 2030 Agenda for Sustainable Development itself.

That means we need to get creative.

We need to think outside the box.

We need your ideas, and we have a few of our own.

Whether you'd rather reach out bilaterally or as a group of like-minded donors, let's think through ways to increase our Window 1 resources, or come up with financing modalities that can bring more flexibility and thematic focus to some of our project funding.

The time for these conversations is now.

Whether we can deliver on our next strategic plan and our 2025 budget depends on the financial resources we have at our disposal—and if we can develop a clear sense of those now, then the impacts can be downright transformative.

I look forward to where our conversations will lead and thank you for your trust and support.