



ITC

TRADE IMPACT  
FOR GOOD

50 YEARS

1964-2014

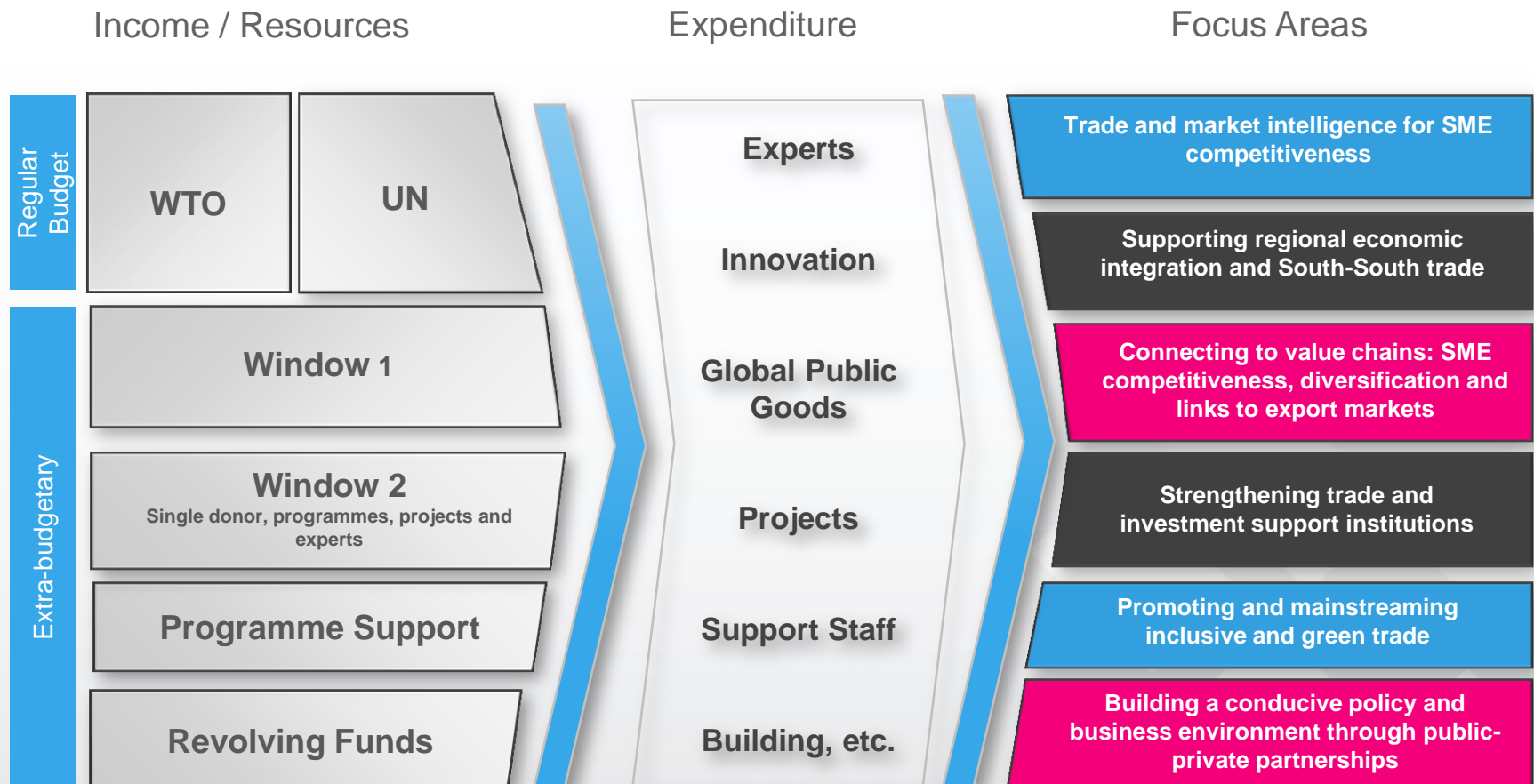
# Towards a better financial architecture

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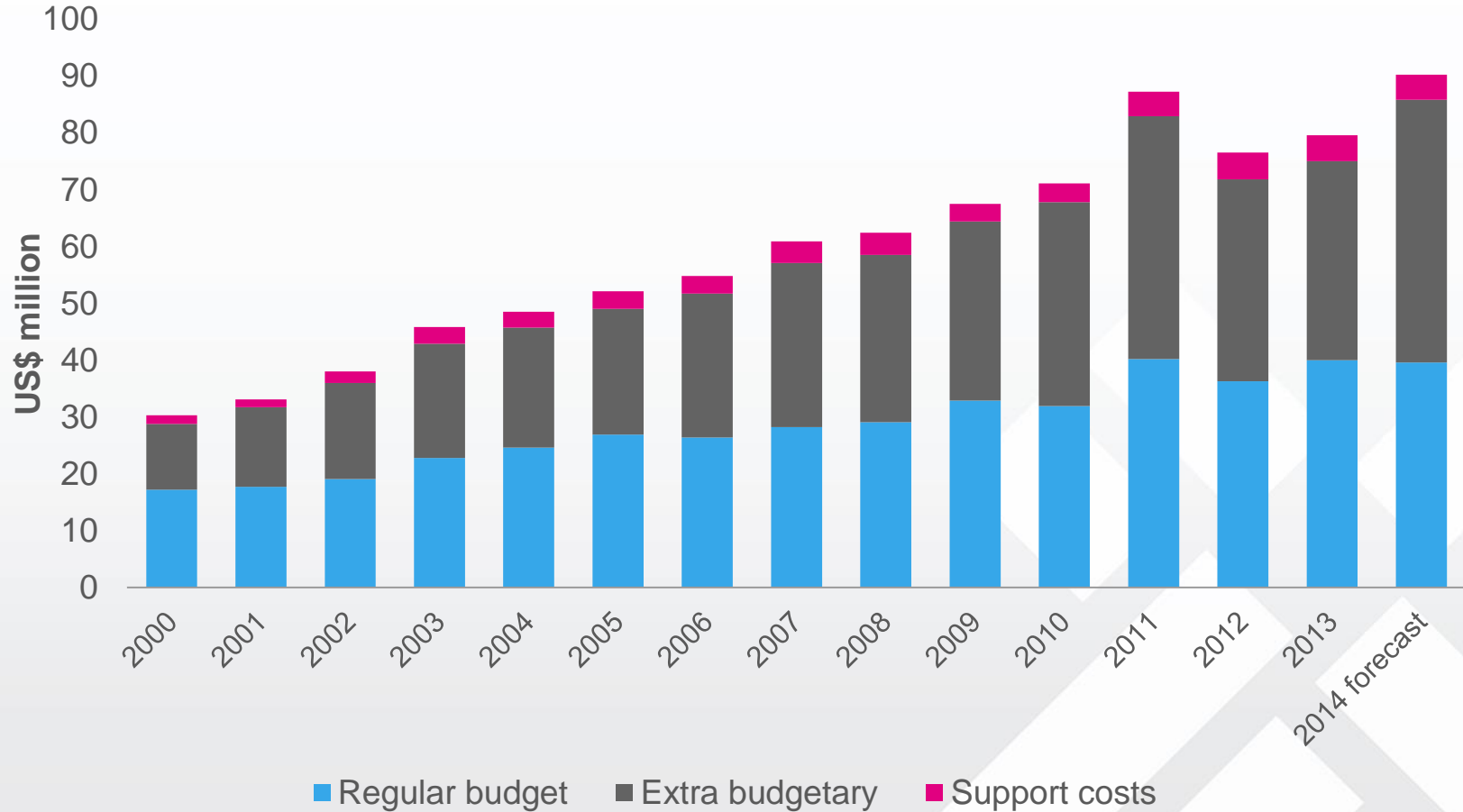


# ITC Financial Architecture



# ITC is growing...

## Net expenditure 2000-14

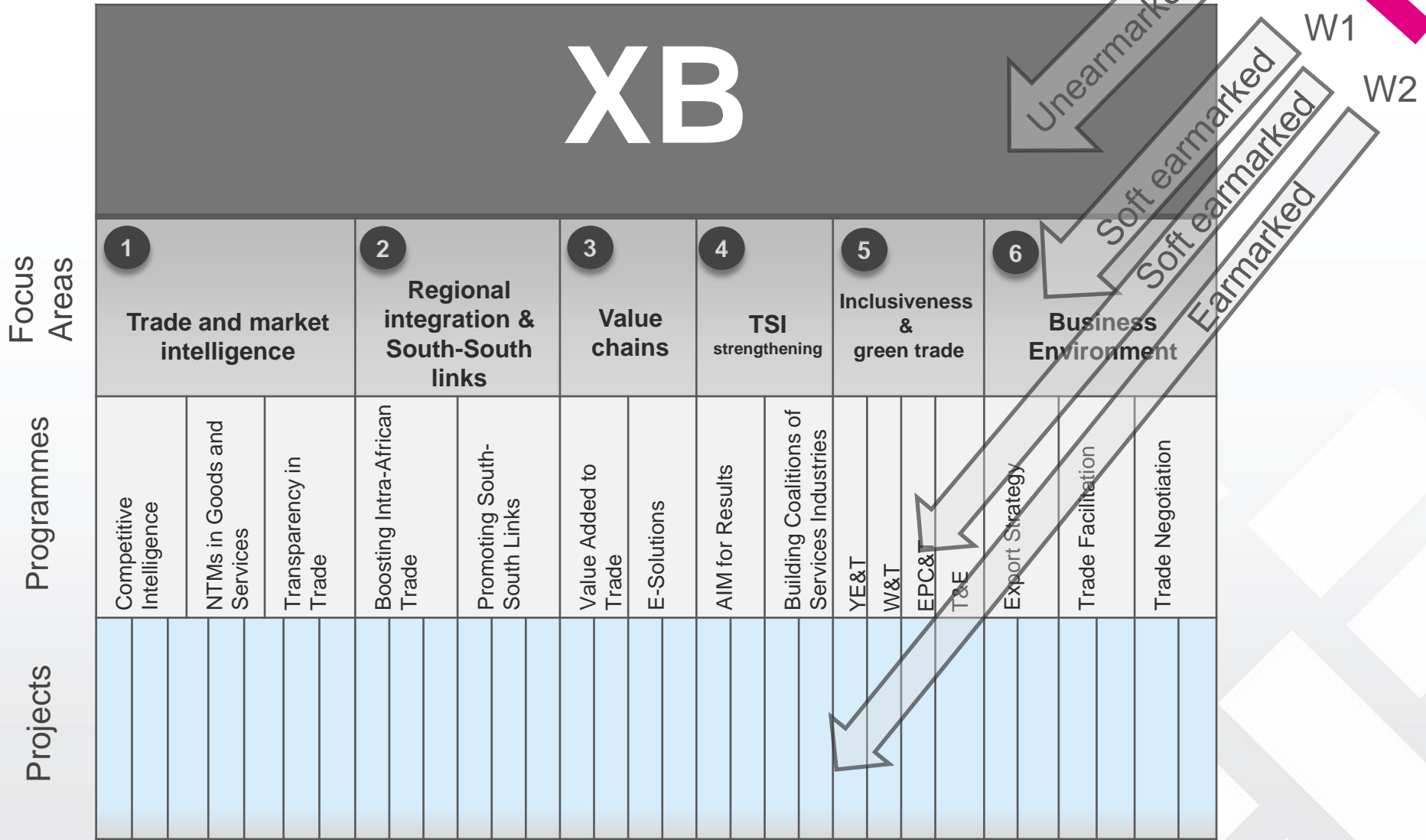


## ...but there are some financial architecture issues

- To deliver more benefit we need more funding, more predictability and more long-term funding and to accommodate that growth through reforms
- Window 1 is being better utilised than ever before, but donors are putting more restrictions on Window 2...and as a result cash is being squeezed



Donors have a variety of non-core funding routes, we should encourage longer, more strategic financing



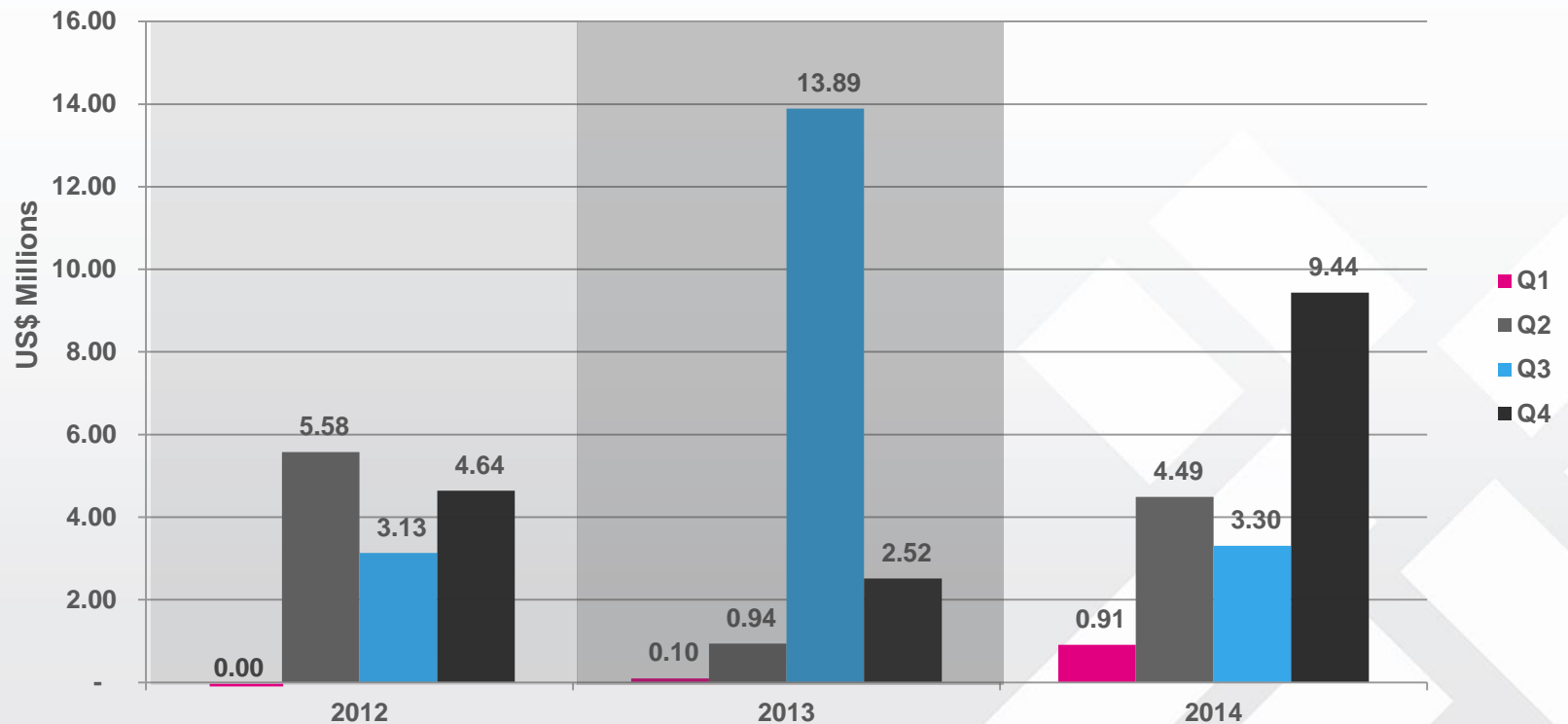
# Increasing cashflow pressure

## REASONS

- Lack of fungibility across RB and XB funds
- Continued late receipts of Window 1 funds
- Reduction in Window 1 funds carried forward
- Need to forward fund Window 2 projects and payment in arrears
- Low level of Operating Reserve
- Lack of flexibility in growing the Operating Reserve

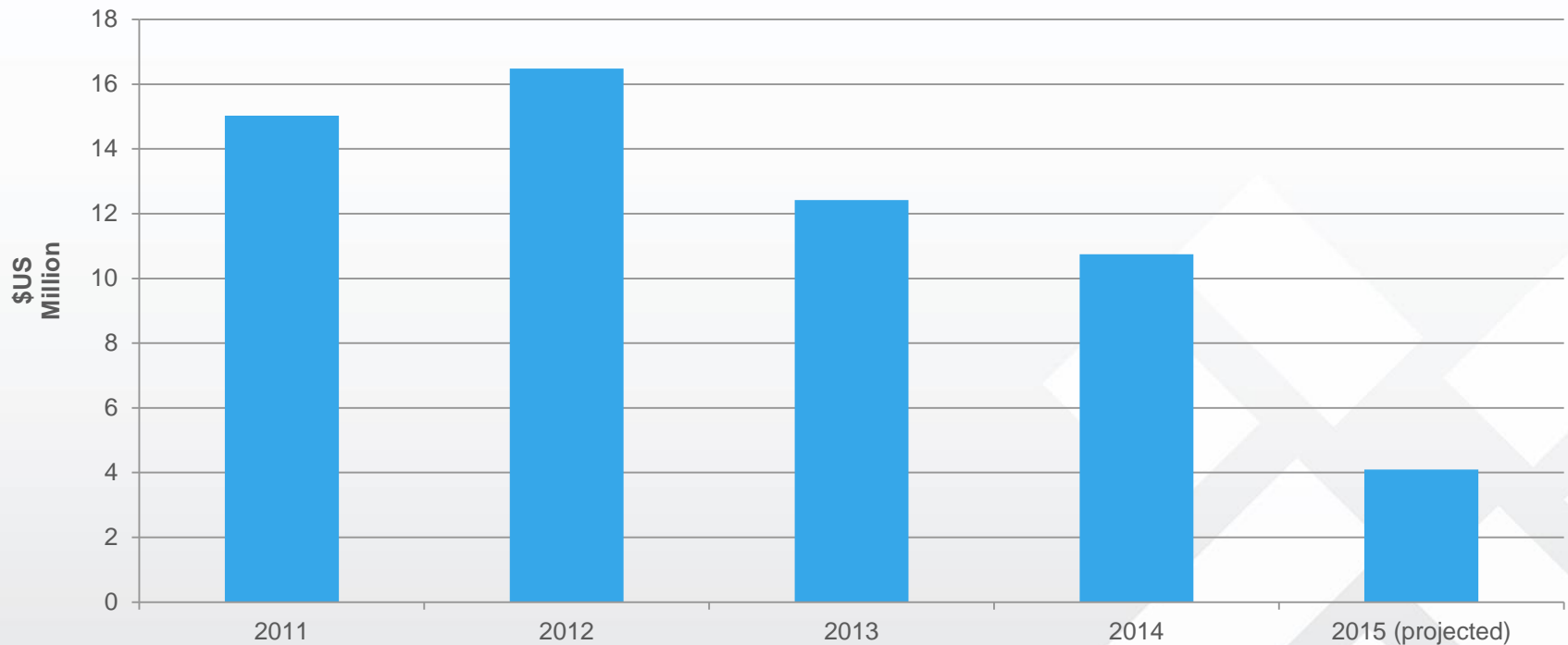
# W1 funds are generally received about 6 months in arrears

W1 Contributions per Quarter during 2012-2014



ITC has been able to progressively operationalise more of its W1 resources

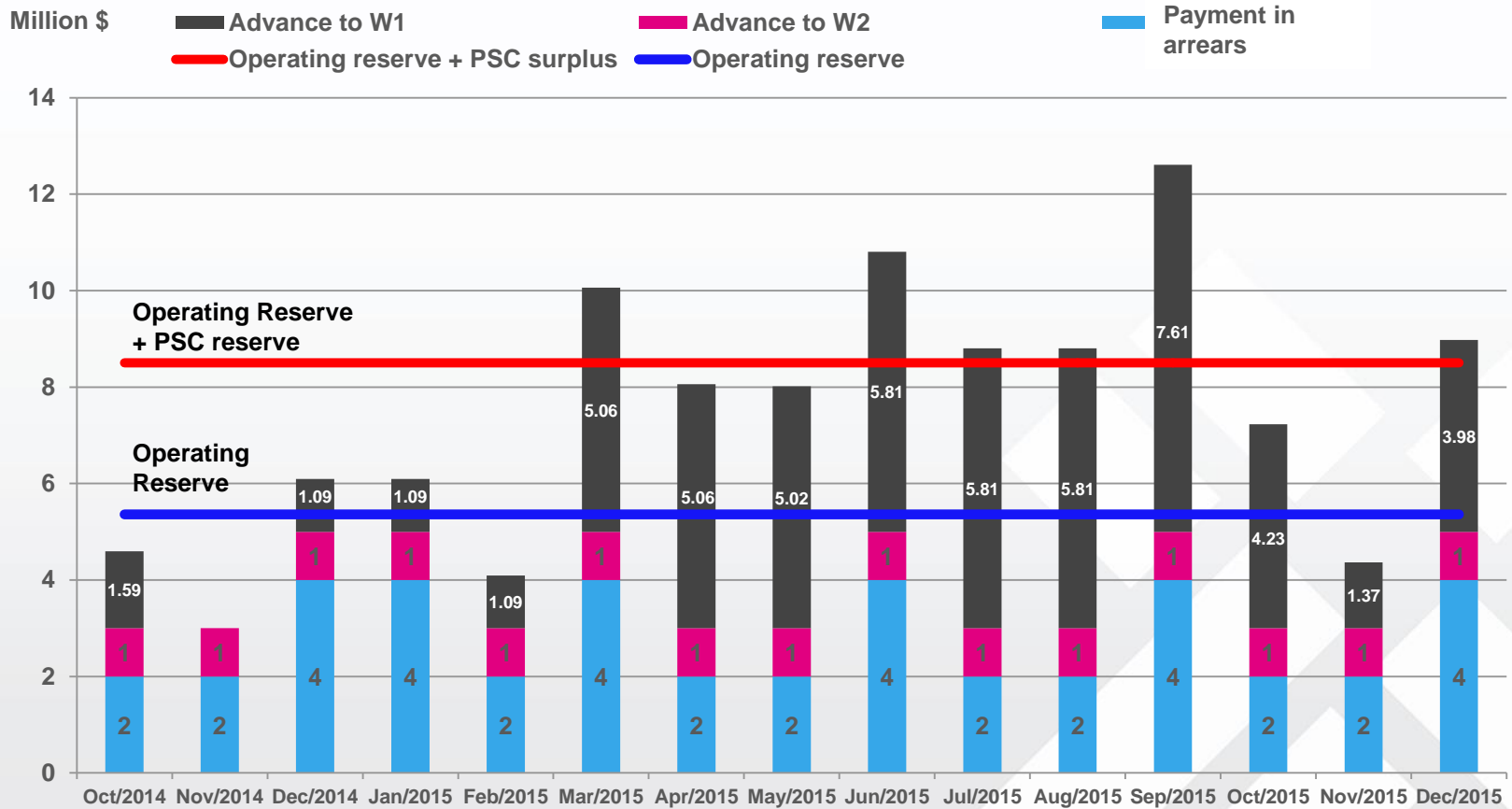
### W1 Opening Balance





# Cashflow forecast

Advances required from OR/ PSC Surplus based on quarterly allocations



# What options are there?

## Immediate term

### Use resources from elsewhere

- PSC Reserve
- Monthly allocations
- Use Revolving Fund balances



## Short term

### Reduce pressure on OR

- Reduce expenditure
- Reduce requirement for advance funding / payment in arrears



## Long term

### More predictability and flexibility

- Build up the OR (direct contribution, use of other funds, more flexibility in use of W1)
- Make W2 surpluses more fungible
- Bring forward W1 payments
- Multi-year commitments

