

Funding Modalities

Quick Reference

UNICEF utilizes the following Funding Modalities to categorize donor contributions:

- Regular Resources (RR) or Core Resources:** RR contributions are those with no restrictions on use. In 2010, RR was allocated as follows: programme assistance which RR is spent on supporting programmes implemented by country and regional offices to promote and realize the rights of children and women around the world (74%), programme support (16%), management and administration (10%).
- Other Resources (OR):** OR contributions are those earmarked by donors for specific purposes, including a country, geographic area, theme, project, sector, emergency, or any other category agreed upon between UNICEF and its donors. OR is divided into:
 - ⇒ **Other Resources-Regular (ORR):** Funds for specific, non-emergency programme purposes and strategic priorities. **Other Resources -Thematic:** Contributions that donors earmark to support strategic and predefined objectives for countries, regions, medium-term strategic plan focus areas or humanitarian response. At the country level, thematic funding from all donors is placed into one fund for the country office to produce results in a focus area, for example focus area 3, HIV/AIDS and children. Regional thematic funding can be used strategically for multi-country projects on shared issues.
 - ⇒ **Other Resources—Emergency (ORE):** Funds specifically provided by donors for UNICEF’s humanitarian action and post-crisis recovery activities.

Allocation of Regular Resources enhances UNICEF’s Equity Strategy

In 2010, through the allocation formula approved by the Executive Board, 86.8 per cent of the \$796 million in Programme Assistance funds was spent in priority countries. Criteria to prioritize the distribution of RR funding include a country’s: Under-Five Mortality Rate, Gross National Income and Child Population.

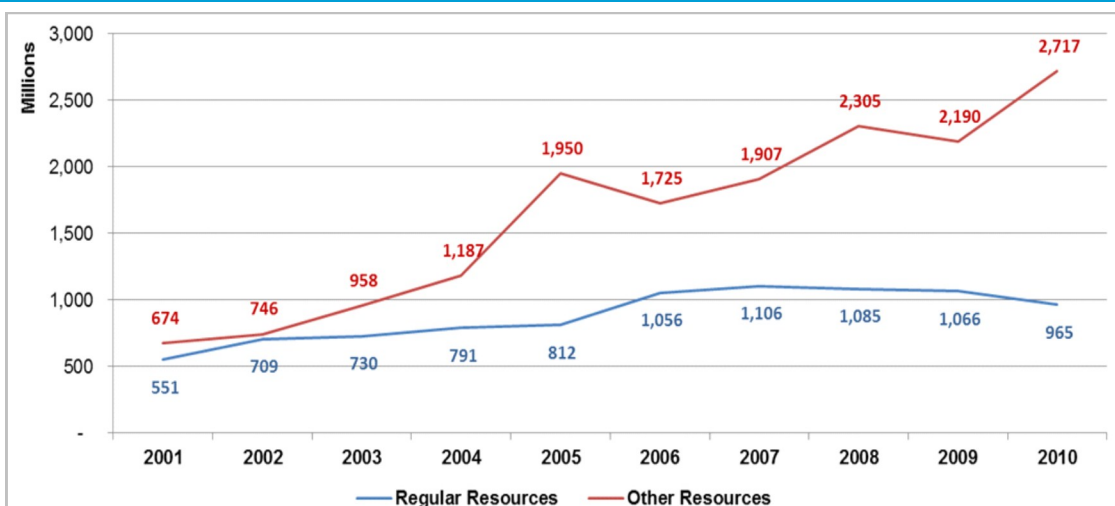
For example, below are a few of the country programmes which have a high reliance on RR to continue programming:

Country	Programme	RR Reliance
Mali	Basic education and gender equality	47%
Burkina Faso	HIV/AIDS and children	92%
Nigeria	Child protection from violence, exploitation, and abuse	94%
Niger	Policy advocacy and partnerships for children’s rights	93%

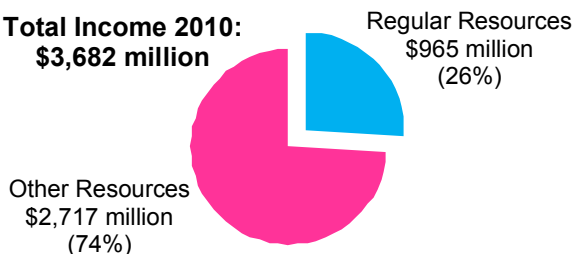
Comparison of Funding Modalities

Income trends by type of funding (2001–2010)

Between 2001 and 2010, public and private contributions to UNICEF increased considerably: Other Resources have steadily grown more than four-fold over the past 10 years, while Regular Resources doubled between 2001 and 2007, after which the figure dropped 13 per cent between 2007 and 2010.



Total Income 2010:
\$3,682 million



Worrying trend: Gradual decrease of RR against OR

Regular Resources as a share of total resources dropped from 32.7 per cent in 2009 to 26.2 per cent in 2010. This trend of a declining ratio of core resources to overall income continues to be of great concern to UNICEF as the organization’s global presence and its capacity to provide leadership on child-related priorities, including during sudden onset emergencies, largely depends on a strong and reliable core income base.

Regular Resources

Key Benefits

- Covers UNICEF's basic expenses which is fundamental to meeting UNICEF's mandate and implement the Medium-Term Strategic Plan (MTSP) and 'Equity Strategy'.
- Enables a quick and flexible response to changing circumstances - allows the channeling of resources to programme areas where funds are most needed. For example in 2010, 65 per cent of Regular Resources were spent in least developed countries.
- Enables Global Policy development, monitoring and advocacy for child rights.
- Ensures UNICEF's independence, neutrality and role as a trusted partner to national governments.
- Allows the allocation of resources to various "forgotten" countries and humanitarian crises.
- Guarantees availability of highly qualified and specialized staff required to promote sustainable development.
- Reduces transaction costs and lessens the administrative burden for both UNICEF and the donor.
- Enables innovation by supporting pilot projects and new partnerships.

Key Challenges

Progress made to address challenges:

<ul style="list-style-type: none"> • UNICEF's reports and aggregated results against MTSP is weak. 	<ul style="list-style-type: none"> • In 2012 UNICEF will implement VISION (Virtual Integrated System of Information) which will allow for better aggregation of results globally. • VISION will also include data to assess cost efficiency of field operations and support the aggregation of information on key operational aspects at the corporate level. • UNICEF is selecting Strategic Results Areas for more deliberate management of results. • UNICEF will develop and include "key performance indicators" to measure operational efficiencies which can be aggregated at the corporate level.
<ul style="list-style-type: none"> • Need to improve efficiency and transparency. 	<ul style="list-style-type: none"> • UNICEF is currently in the process of implementing the 2010 Disclosure Policy, which entails posting of data on UNICEF programmes and operations, including programme and financial reporting and the 2010 Annual Report. • The Executive Boards of UNDP/UNFPA and UNICEF, requested the three organizations to work together for greater harmonization and improvement in the presentation of the biennial support budget, 2013-2013, as well as work towards presentation of a single, integrated budget for each organization beginning in 2014.

Other Resources

Key Benefits

- Allows for increased donor involvement with regards to programming.
- Enables clear and concise reporting and monitoring of results and cost effectiveness.

Key Challenges/Disadvantages

- Biased towards high-profile countries and programmes.
- No flexibility with regards to spending.
- High transaction costs for the organization, including high administrative burden for country office staff.

Special Features of Thematic Funding

- Facilitates the 'Scaling up' of programmes with clear measurable objectives.
- Enables a faster response to emergency situations.
- Supports our efforts to enhance accountability and transparency, results-based management, and the effectiveness, efficiency and coherence of operations.
- Reduced transaction costs and recovery rate (5%, instead of OR's 7%).