2013 Annual Report

Public-Sector Alliances and Resource Mobilization Office

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SECTION 1: EXECUTIVE SUMMARY

In 2013, PARMO continued to position UNICEF as a strategic partner of choice; develop efficient and effective mechanisms to strengthen partnerships and develop resources; support the field and all parts of the organization for enhancing public sector resource development; and build capacity in planning, analysis, knowledge management, and advocacy.

Despite the tight global economic situation, UNICEF continued to increase its overall revenue from the public sector for the second year in a row to $3.32 billion in 2013\(^1\), up from $2.84 billion and $2.75 billion in 2012 and 2011 respectively. Increases versus 2012 were 17 per cent or $484 million. Public-sector revenue constitutes 73 per cent of UNICEF’s total revenue, surpassing UNICEF Executive Board’s target for 2013 by 23 per cent or $631 million.

2013 witnessed major increases from governmental and inter-governmental resource partners, representing overall revenue increase of 22 per cent and 39 per cent, respectively. There were record revenues from Nordic and Japanese governments. Revenue from GPPs (*excluding Gates Foundation as its management moved to PFP*) increased by 28 per cent, while revenue from inter-organizational arrangements (i.e. through UN agencies) decreased slightly by 5 per cent.

Drawing on inter-organizational expertise for shared commitments on major programmatic drives, PARMO continued to maintain close contact with resource partners through visits of senior management, high level meetings and consultations, global programme partners’ Boards and Committees, and sustained dialogue and engagement specific to each resource partner. In addition, the Division played a key role in leveraging and facilitating policy dialogue and advocacy centred on CRC, UNICEF Strategic Plan, and Post-2015.

Tight economic conditions in developed countries are resulting in increased conditionalities and demands by resource partners. Given the importance of addressing resource partner ‘trust issues’, it is critical that different parts of the organization work together to address findings from donor assessments and evaluations. In 2014, PARMO will continue to strengthen synergies between UNICEF’s new Strategic Plan, and the development and humanitarian agendas (including broader political and economic / trade priorities) of resource partners for integrated approaches in realizing the rights of every child, especially the most vulnerable.

\(^1\) Based on preliminary unofficial data as of 6 January 2014. Executive Board estimates have been used for Regular Resources from the private sector and interest/miscellaneous revenue, as this data was unavailable at the time of current analysis.
Programme Component Result:
Mobilized resources to further UNICEF’s mission through the promotion of effective partnerships with public sector donors at the global level and through advisory support to UNICEF Offices.

Intermediate Result 1:
Increased resources through managing and strengthening relations with donors, developing organizational resource mobilization strategies and guidance, and engaging in evidence-based policy dialogue.

Major Strategies
- Manage and strengthen relations with public-sector donors;
- Manage and influence policy on new aid modalities and new funding mechanisms;
- Effectively and efficiently manage contributions;
- Provide strategic guidance, analysis, knowledge management, and field support;
- Improve work processes, increase participation and team work.

Intermediate Result 2:
Mobilized and increased resources through strategic engagement with the European Commission and other European Union institutions, by promoting the agenda for children in EU’s policy and co-ordination mechanisms.

Major Strategies
- Profile and position UNICEF as a partner of choice with the European Parliament, the European Commission and the European Council;
- Profile the European Commission within UNICEF as a partner of choice for country and regional offices while customizing strategic support and service to country and regional offices;
- Scale-up quality funding support from the European Commission while enhancing the effectiveness of contribution management;
- Engage European parliamentarians in support of quality funding mobilization efforts for children and strive for better and more effective aid, while making advocacy and policy activities more strategic to support resource mobilization efforts;
- Enhance coordination and communication as a PARMO EU Office Team and with other Divisions, on EC priorities.

Intermediate Result 3:
Increased quality and quantity of resources to reflect children’s priorities through strengthened partnerships in the context of new aid modalities and strategic engagement with public sector partners in Japan and Republic of Korea.

Major Strategies
- Manage and strengthen relations with Japan and the Republic of Korea;
- Accelerate policy advocacy maximizing political momentum;
- Strengthen field support through strategic mapping and enhanced donor intelligence;
- Influence policy on new aid modalities and new funding mechanisms;
- Effectively and efficiently manage contributions.
SECTION 3: ANALYSIS OF STRATEGIES AND RESULTS

Analysis of global aid environment in 2013

Global Economic and Aid Environment in 2013

According to World Economic Situation and Prospects (WESP)\(^2\), the world economy has experienced subdued growth for another year in 2013. Based on the report, World Gross Product (WGP) is estimated to have grown by 2.1 per cent in 2013.

Underperformance in the world economy was observed across almost all regions and major economic groups. Most developed economies continued struggling against the lingering effects of the financial crisis, grappling in particular with the challenges of taking appropriate fiscal and monetary policy actions. A number of emerging economies, which had already experienced a notable slowdown in the past two years, encountered new headwinds during 2013 on both international and domestic fronts.

Some signs of improvements have been seen more recently: the euro zone has finally come out of a protracted recession, with gross domestic product (GDP) for the region as a whole returning to growth; a few large emerging economies, including China, seem to have backstopped a further slowdown and are poised to strengthen. WGP is forecast to grow at a pace of 3.0 per cent and 3.3 per cent for 2014 and 2015, respectively.

Aid from the top 15 global donors - all from the Organisation for Economic Co-operation and Development’s (OECD) Development Assistance Committee (DAC) - is estimated to reach US$127 billion by the end of 2013, reversing the aid declines of the last two years, according to projections from the Australian National University’s Development Policy Centre\(^3\). This represents less than 1 per cent increase over 2012, and is mainly due to some donors pursuing the commitment to give 0.7 per cent of national income to development aid by 2015, a promise made by 15 European governments in 2005.

Insights on Development Cooperation Strategies and Trends in 2013

- UK set a target of preventing at least 20 million children from being stunted and saving at least 1.7 million lives by 2020, in the Nutrition for Growth High Level Meeting held in London.
- USAID released first global water strategy which aims to give 10 million people access to clean water and provide sanitation services to another 6 million as well as increase crop yields by 2018.
- Gender received increased prominence in the Obama administration’s fiscal 2014 budget request. For the first time, gender is deemed a foreign assistance priority and not just a key interest area.

\(^3\) Reversing development aid’s downward trend, IRIN accessed on 24 October 2014 at http://www.irinnews.org/report/98995/reversing-development-aid-s-downward-trend
The European Union invested on the post-2015 agenda and committed to providing basic education to every child by 2030 – similar to the World Bank’s promise to end extreme poverty in the same timeframe.

The Danish Government launched a new policy for “Denmark’s integrated stabilisation engagement in fragile and conflict-affected areas of the world”.

Finland’s new UN Strategy was completed. The new strategy has a strong emphasis on sustainable development.

The World Bank launched Phase II of its Water Partnership Program, a joint partnership between the World Bank and the Governments of the Netherlands, Denmark, and the United Kingdom.

**Political highlights of 2013**

- United States President Barack Obama nominated Samantha Power to replace Susan Rice as Ambassador to the U.N. in what is seen as a nod for the development community.

- Following a big election victory, the leader of Norway’s Conservative Party, Erna Solberg, became Norway’s Prime Minister. The Solberg government, for the first time since 1983, does not include a Minister of International Development. The development policy falls under the Ministry of Foreign Affairs’ mandate.

- Fernando Frutuoso de Melo became the new Director-General for the European Commission’s Directorate-General for Development and Cooperation-EuropeAid — commonly referred to as DG Devco.

- Canada’s government merged international development work with foreign affairs under the new Department of Foreign Affairs, Trade and Development. Christian Paradis was picked as the new face of Canada’s aid, replacing Julian Fantino as Minister for International Development.

- Australian voters elected a Coalition Liberal-National Government with a strong majority. Australia also announced that the foreign aid portfolio would be “integrated” into the Department of Foreign Affairs and Trade.

- Following Chancellor Angela Merkel's Christian Democrats party win in Germany’s elections, the Christian Democrats and Social Democrats recommitted to meeting the target of spending 0.7 per cent of gross national income (GNI) on Official Development Assistance (ODA). Gerd Müller was named Germany’s Minister for Economic Cooperation and Development, while Frank-Walter Steinmeier was appointed as the new Minister of Foreign Affairs.

- Finland’s Development Minister Heidi Hautala was replaced by Pekka Haavisto, who is a member of the Cabinet Finance Committee and Cabinet Committee on European Union Affairs.

**Aid effectiveness and efficiency**

The 2013 Aid Transparency Index was released on 24th October 2013 and it cites UNICEF as one of the organizations that have made significant improvements “by publishing more information in accessible and comparable formats… effectively leapfrogged others that have not made any significant changes to the amount of information they publish, or publish in less useful formats such as websites or PDFs,” said Dr David Hall-Matthews, Managing Director of Publish What You Fund⁴.

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Managing and strengthening partnerships and policy dialogue with resource partners

Achievements

In 2013, PARMO continued to manage and strengthen partnerships and policy dialogue with resource partners. This included integration of government resource priorities in the development of UNICEF’s Strategic Plan 2014-17 in collaboration with DPS, which was echoed by the member states in different sessions of the Executive Board.

Drawing on inter-organizational expertise for shared commitments on major programmatic drives (e.g. A Promise Renewed / child survival, No Lost Generation, End Violence initiative, Nutrition for Growth), PARMO continued to maintain close contact with resource partners through visits of senior management (e.g. to Denmark, EU, Finland, France, Japan, Norway, Republic of Korea and UK), high level meetings and consultations (e.g. with Denmark, Norway, and ECHO; Utstein+), global programme partners’ Boards and Committees, and sustained dialogue and engagement specific to each resource partner. In addition, the Division strengthened and streamlined partnerships through frameworks and MOUs with resource partners (e.g. with Germany’s BMZ, Russia and Turkey). PARMO also expanded partnerships with current resource partners (e.g. with CDC and USAID, with particular focus on HIV/AIDS and global health). Collaboration and technical support was also provided for the development of local agreements in support of government cost-sharing, enabling country offices to receive funding from the national governments. Enabling and encouraging governments of programme countries to channel funding to the UNICEF country office in support of the CPD represents an initial step in securing a new relationship.

Given the importance of addressing resource partner ‘trust issues’ (such as accountability and transparency, results-based management, and value for money), it is critical that different parts of the organization work together to address findings from donor assessments and evaluations. In 2013, PARMO continued to lead coordination of donor assessments across the organization, including sharing donor concerns. For example, PARMO coordinated the DFID Multilateral Aid Review (MAR) update 2013 - from gathering evidence to final management response. This resulted in continued RR funding, and significant increase in overall funding from the UK for 2013.

Leveraging and facilitating policy dialogue and advocacy: In collaboration with other HQ Divisions, PARMO played a key role in leveraging and facilitating programmatic policy dialogue and advocacy centred on CRC, UNICEF Strategic Plan, Post-2015, etc. Examples included:

- Significant increases in funding from the EU were made possible as a result of continued advocacy and partnership with DG DEVCO and DG ECHO. In addition, PARMO proactively engaged with the European Commission’s General Directorates (DG ECHO, DEVCO, Enlargement, Justice, Home, Employment and Trade) and provided evidence-based data in order to influence EU’s policies and programmes in line with UNICEF’s new Strategic plan. In parallel, PARMO strengthened its partnership with the Council Working party (COHAFA) on Humanitarian Aid under the Presidency of the Lituanians.

- Intensified policy dialogue with the Council of the EU leading to DED participation in several EU Council meetings on child protection, education, Post-2015 MDGs, Mali, Syria and CAR crisis, and – as a result – an increase in ODA allocations in support of UNICEF programmes.

- Strategic support and guidance to Members of the European Parliament (MEPs) in drafting 27 European Parliament’s legislative and non-legislative reports; and conducting meetings with over 80 parliamentarians and Senior officials. These efforts culminated on the occasion of the award of the European Parliament’s Sakharov Prize to Malala Yousoufsai with a massive stamping of some 200 MEPs in support of the ENDviolence campaign and in the launch of a Manifesto to mobilize parliamentarians around the objective of making the European Parliament a “Global Child Rights Champion”.

- The Tokyo Office engaged in a number of successful high level joint engagements including, i) African development through TICAD V in partnership with GoJ, JCU, UNICEF Liaison office for AU; ii) polio eradication in partnership with WHO, the Rotary International, PD; iii) Somalia, jointly with WFP and FAO Somalia offices; iv) Disaster Risk Reduction, in partnership with JCU, EMOPS, UNICEF DRC, Parliamentary League for UNICEF, and MOFA; and v) post MDG development agenda, through Japan’s Contact Group meetings, in partnership with OED and PD.
Advocacy for un-earmarked and quality-earmarked resources: Advocacy for core and unrestricted resources, and complementarity and balance between core/non-core funding requires an organization-wide effort. In 2013, PARMO, DOC and PFP worked on the implementation of the 2012 RR Strategy. In addition, and at the global level, targeted audiences included UN member states through high-level processes such as annual ECOSOC sessions on Funding of Operational Activities for Development of the UN; the QCPR action plan, including discussion on Critical Mass; development of the Post-2015 Development Agenda, and reviews and evaluations of joint funding arrangements, among others. Examples included:

- Successful advocacy for un-earmarked funding from the US government in close collaboration with the US Fund.
- Close and successful cooperation with Denmark, Finland and Sweden on the High level Dialogues on the Post-2015 agenda in Copenhagen, Helsinki and Gaborone.
- Joint advocacy actions in partnership with UNDP, WFP, UNFPA, UNHCR and ILO in Japan to appeal for strengthening strategic collaboration with UN agencies through maintaining both the core and non-core contributions under the rapid depreciation of Japanese Yen and the increased criticism toward non-earmarked contributions to multilateral agencies.
- Organization of the annual UNICEF pledging events, and coordination of UNICEF’s participation in the annual UN pledging conference. This included dissemination of key messages through the Executive Director and PARMO Director’s opening and closing statements. For 2013 Regular Resources, the total amount pledged at the UNICEF Pledging Event totalled $144 million. Combined with $88 million pledged at the UN Pledging Conference, the total pledged amounted $232 million, representing 37 per cent of the Executive Board’s MTSP Plan for 2013.
- Upgraded Compendium of Contributions with RR and thematic advocacy pieces.
- Coordinated the production of the annual thematic funding donor reports and organized related donor briefings.
- In collaboration with the Governance, UN and Multilateral Affairs (GMA) Division, organization of UNICEF 101 for new UNICEF focal points at Government Missions in New York. The session included an orientation of UNICEF, including the Strategic Plan for 2014-17, equity approach, humanitarian action, partnership approaches, and other.

Challenges

Tight economic conditions in developed countries often threaten aid budgets. Although PARMO continues to secure funding and navigate new structures during the turbulent political and economic period in developing countries, the overall conservative trend to major resource partners’ policies is not encouraging.

With increased scrutiny, resource partners have increased demands for frequent reporting; due diligence assessments; financial management, controls and oversight; and value for money reports etc. - leading to higher transaction costs.

Another trend noticed in 2013 was the merger of Development Ministries with Ministry of Foreign Affairs and/or Trade, highlighting merger of development priorities with foreign policy, trade and national security interests. Examples include Australia, Canada and Norway. This trend has led to increased earmarked funding through multilaterals, which is the fastest growing component of ODA, according to the DAC Multilateral Aid Report. In addition to meeting the foreign policy interests, non-core contributions also allow to track results more easily, provide greater influence over specific use, and better visibility of contributions. Yet, the OECD finds that ‘earmarked aid to multilateral organisations contributes to fragmentation’.

Due to decentralized funding and fundraising done throughout UNICEF, there is a need for strong coordination with donor interlocutors and partners to ensure coherent messaging and approaches. Limited capacity at Country Office level to adequately interpret resource partner contractual legal obligations resulted in delays.

5 2012 DAC Report on Multilateral Aid, OECD
There is a need to further unpack and develop a common understanding between PARMO, PFP and National Committees on the One Country Approach to avoid confusion of roles and maximize complementarities.

Managing and influencing policy on new aid modalities and funding mechanisms

Achievements and Challenges

Global Programme Partnerships (GPPs): Positive revenue trends increased from GPPs during 2013, with a 28 per cent increase over 2012 and fourfold growth since 2009. Funding via the Global Partnership for Education (GPE) saw the most notable change as UNICEF continued supporting the partnership in assisting country implementation in more countries and finalised a standard framework agreement. Regarding Global Alliance for Vaccines and Immunisation (GAVI) Alliance, the 2014 Business Plan for UNICEF technical assistance to facilitate GAVI’s strategy was developed and approved. This will further be expanded as a result of the approval of GAVI support (resulting from the 2012/13 consultation by UNICEF and other Polio Eradication partners) to introduce the Inactivated Polio Vaccine as part of routine immunization programmes by the end of 2015.

Funding for specific country technical assistance/implementation also expanded for both GAVI and Global Fund to fight AIDS, TB and Malaria (GFATM) due to an increase in the number of countries successfully supported. The growth in funding not only reflects a more vibrant collaboration with partners and UNICEF’s role to support at the field level but also a coherent engagement between HQ and field offices in UNICEF. Nevertheless, the potential for further collaboration and increased resource management role can still be expanded. This is particularly the case for the GFATM where despite initiatives, the process remains too ad hoc.

Agreement was reached with the GFATM regarding closer alignment with UNICEF investments on health in countries. The approach will be rolled-out in 20+ priority countries during 2014. In addition, an understanding was reached on long-standing constraints related to administrative/reporting obligations to the GFATM in cases where UNICEF takes on a fund recipient/implementation role. The understanding reached maintains extensive reporting obligations but brings clarity to those obligations and better uses the systems that exist to inform on use of funding. This clarity will also be seen as positive for other country offices that have considered fund recipient responsibilities but shied away due to the complexity. Both these developments set the base for enhancing UNICEF collaboration with the GFATM processes. In 2014, PARMO will apply the systematic process, used to guide country offices on the GPE, to our GFATM engagement. In preparation, PARMO produced and released new guidance on how UNICEF offices can engage in the GFATM’s New Funding Model (NFM) and an initial mapping of priority countries was conducted alongside briefings to regional networks on the NFM.

PARMO also provided analysis and strategic inputs from resource mobilization and partnerships perspectives in the global programme partnership boards and policy bodies, in particular for GAVI, GFATM, GPE and Micronutrient Initiative (MI). Key themes that crossed the various global programme partnership discussions were: replenishment and added value. GFATM held their replenishment in 2013, GPE and GAVI plan their replenishments for 2014 or 2015. The time of replenishment also led to reflection on the added value of such funds or the partners that are members of, or support, these funds. Internal discussions in UNICEF, reemphasized our commitment to these partnerships and confirmed our added value as our country presence (particularly in fragile contexts), data/knowledge and procurement/supply market shaping roles, among others. Lessons from our field interactions also were documented and helped inform the process of reflection within these GPPs. This is especially the case for the GPE, where lessons have informed a revision of the existing funding model regarding eligibility, allocation formula and the role of partners in the field in support of sector plan development and implementation grants. This process review will accelerate in early 2014 ahead of the GPE’s replenishment in mid 2014.

In GAVI, the Board extended eligibility for countries soon to be ineligible for GAVI funding which will allow countries to avail of additional health system strengthening support, in part to be provided by UNICEF, to address deficits and inequities in immunization coverage. GAVI conducted a Mid-term review and PARMO and other divisions provided information and promotional materials, such as videos from the field, to show the results achieved.

International Financial Institutions (IFIs): Relations with the IFIs, from a resource development perspective, were mixed in 2013. Revenue continues to be relatively low, although the value of resources via the procurement service arrangement continues to grow. Nevertheless programme collaboration and funding flows for technical assistance were open in many new countries. Consultations with the African Development Bank
UNICEF led the process, on behalf of the UN, of negotiating a framework collaboration MoU and concluded a standard disbursement agreement for procurement services. However, the associated disbursement agreement for technical assistance and implementation support stalled due to changes in the agreement terms. This process got back on track in late 2013 and is still expected to conclude in early 2014. Once finalised, these tools will greatly facilitate our collaboration with the AfDB and allow PARMO to promote a more systematic collaboration approach across many countries during 2014.

The outreach that started in early 2009 with the Islamic Development Bank (IsDB) for closer collaboration around immunisation, particularly polio, bore fruit through the finalisation of significant funding to Pakistan. New opportunities also emerged for other countries. Importantly, PARMO and the World Bank work on a new agreement, should address the bottleneck of long agreement negotiations. Guidance notes to facilitate interaction and collaboration with the Asian, Inter-American and Islamic Development Banks were developed or updated for COs and disseminated.

PARMO played a critical role in supporting GMA to develop the World Bank Engagement Strategy. PARMO also updated its guidance, in particular the information on World Bank structure, focal points and their programme planning processes/cycle. Improved information in these areas will better bridge the relationship between UNICEF staff based at field level and the World Bank regional and country staff that are based in the US. Improving the awareness of how both institutions operate will remove some of the misperceptions and allow UNICEF staff to interact at critical times of World Bank project development processes. The guidance was put on hold due to the sizeable restructuring within the World Bank. A positive development was the finalisation of a standard agreement for transfer of IDA funds. This has been applied in three countries setting a precedent for future cases and hopefully removing a bottleneck of very long negotiation processes for each case.

**Leading Group on Innovative Financing for Development:** With PARMO support, UNICEF has remained a key player within the Leading Group on Innovative Financing for Development (IFD), as an entity supporting design of IFD mechanisms as well as application of funding from these mechanisms towards health and education programmes. As part of an inter-divisional team (Programme Division; Supply Division; GMA; Division of Policy and Strategy), PARMO provided tracking of donor views and fed into UNICEF policy, briefing materials, completed guidance on IFD for UNICEF National Committees PARMO updated a mapping and analysis of the varying IFD mechanisms and opportunities and the applicability for use in support of child-focused programmes. Guidance was also provide to the US Fund’s Revolving Guarantee Bridge Fund.

**Joint Funding:** PARMO inputs to policy on pooling of EC funds with other donors in a multi-donor trust fund arrangement was approved by the Fiduciary Management Oversight Group (FMOG), and UNDG guidance to implement the EC Special Conditions Agreement is under preparation. Under UN joint programme, the 2003 JP guidance was updated, incorporating nearly 10 years of experience; the guidance was approved by the FMOG for implementation by UN agencies at country and global levels in 2014. PARMO lead in revisions of the standard UNDG MOU and SAA for pass-through arrangements have started and will be finalized by mid-2014 by the Joint Funding Sub Committee. The Division collaborated with UNDG to design the new Delivering Results Together Fund, which is an evolution of the Expanded ‘Delivering as One’ Funding Window (EFW) to support coherence and linkages between normative and operational development work in Delivering as One countries.

**Government cost-sharing and south-south cooperation modalities:** PARMO took the lead in working with DFAM to develop a UNICEF definition for the government cost-sharing and south-south cooperation modalities as referred to in the 2013 Executive Board Decision on Harmonized Recovery Rate. These two mechanisms, now adopted by UNICEF, will facilitate deeper engagement with programme countries enabling their financial contributions at national, regional and global level.

**Soft loan for polio eradication:** Building on the success of the engagement with Japan’s first soft loan for polio eradication in Pakistan (converting “loan” to “grant” in partnership with the Gates foundation), Tokyo Office continued to engage with Japan’s strategic concessional loan discussion including for polio eradication in Nigeria, and initiated a dialogue with Japan International Cooperation Agency (JICA) to leverage new concessional loans for health sectors in low and middle income countries of Asia and Africa.

**Air Ticket Solidarity Levy:** Through proactive engagement with the Government of Korea (GoK), Tokyo Office has continued to leverage the Korea’s innovative financing through the Air Ticket Solidarity Levy. It was
indicated that UNICEF would be a strategic partner with GoK to support neonatal and maternal survival in African countries.

**Strategic engagement with National Committees:** In 2013, PARMO explored new funding venues through better partnerships and more strategic engagement with the National Committees, such as collaboration in child rights and business principles with the Dutch Government; WASH United PPP with Dutch private sector and Government; Aid Matching through soccer aid with the UK Government; and Government cost sharing for Nigeria and Ethiopia polio funding with KfW.

### Analysis of UNICEF’s Public-Sector Revenue

**Overall Revenue**

In 2013, PARMO continued to position UNICEF as a strategic partner of choice; develop efficient and effective mechanisms to strengthen partnerships and develop resources; support the field and all parts of the organization for enhancing public sector resource development; and build capacity in planning, analysis, knowledge management, and advocacy.

Despite the tight global economic situation, UNICEF continued to increase its overall revenue from the public sector for the second year in a row to $3.32 billion in 2013, up from $2.84 billion and $2.75 billion in 2012 and 2011 respectively. Increases versus 2012 were 17 per cent or $484 million. Public-sector revenue constitutes 73 per cent of UNICEF’s total revenue, surpassing UNICEF Executive Board’s target for 2013 by 23 per cent or $631 million.

2013 witnessed major increases from governmental and inter-governmental resource partners, representing overall revenue increase of 22 per cent and 39 per cent, respectively. There were record revenues from Nordic and Japanese governments. Revenue from GPPs and INGOs (excluding Gates Foundation as its management moved to PFP) increased by 28 per cent, while revenue from inter-organizational arrangements (i.e. through UN agencies) decreased slightly by 5 per cent.

UK was the top public sector resource partner, with a total contribution of $547 million, up 64 per cent vs. 2012. The US and EC follow, at $387 million and $326 million, respectively.

Thematic funding from public-sector resource partners (representing 54 per cent of the total thematic funding) also increased by 12 per cent or $20 million, with significant increases in the Focus Area of Young Child Survival and Development.

PARMO’s establishment of a separate team for emerging partners showed positive results. One noteworthy positive trend was the manifold increase in earmarked resources from non-OECD/DAC resource partners - representing $91 million - in the continued effort to broaden the donor base. This is contributed to increased contributions from Kenya, Kuwait, Qatar, Russian Federation, and United Arab Emirates.

UNICEF’s continued to see revenue growth in 2012 and 2013 despite a decline in global ODA in the same years which shows the trust of resource partners in UNICEF as a strategic partner to deliver results through ODA. ODA continues to be the most relevant aid mechanism to UNICEF’s primary focus of ‘advancing the rights of every child, especially the most disadvantaged’.

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6 Based on preliminary unofficial data as of 6 January 2014. Executive Board estimates have been used for Regular Resources from the private sector and interest/miscellaneous revenue, as this data was unavailable at the time of current analysis.
Regular Resources

Regular Resources (RR) decreased by 6 per cent from $601 million in 2012 to $567 million in 2013. This constituted 48 per cent of total UNICEF’s RR revenue in 2013 and was 93 per cent of the Executive Board’s Planned Financial Estimate for 2013.

Although there was an increase of $27 million in UNICEF’s Regular Resources (RR) from top government resource partners (including Denmark, Finland, France and Japan), it was more than offset by a decrease of $57 million due to decrease in funding (mainly from Australia, Belgium and United States), coupled with currency exchange losses (mainly from UK), resulting in a net loss of $30 million. Major decrease is attributed to Australia’s RR contributions for 2013, which will be received in 2014 (in addition to the 2014 RR contributions) in line with the Government of Australia’s budget cycle.

UNICEF received record RR revenues from Nordic resource partners ($210 million or 37 per cent of RR from government resource partners).

Compared to 2012, there was a decrease of 5 per cent in RR from OECD DAC countries, and a decrease of 16 per cent from non-OECD DAC countries.

Thematic Funding

PARMO oversaw the mobilization of $183 million in contributions to thematic funding, which constituted 54 per cent of total thematic funding received. In 2013, Finland, Norway and Sweden remained the largest contributors to UNICEF thematic funding. In 2013, PARMO ensured continuation of global thematic resource mobilization ($97.4 million) from Norway through the amendment of the Programme Cooperation Agreement. In addition, the Division concluded a multi-year Global Thematic Agreement with Sweden for WASH 2014-17 ($123.6 million).

Other Resources - Regular

Other Resources - Regular (ORR) increased by 14 per cent from $1.5 billion in 2012 to $1.7 billion. This constituted 78 per cent of total UNICEF’s ORR revenue and surpassed the Executive Board’s Planned Financial Estimate for 2013 by 27 per cent.

In 2013, there was an increase of 21 per cent in ORR from OECD DAC countries, compared with an increase of 139 per cent from non-OECD DAC countries.
The United Kingdom leads with a share of 27 per cent in ORR revenue of Government resource partners, representing an increase of 47 per cent compared to its 2012 level. There were noteworthy increases in ORR funding from Netherlands, Sweden, Republic of Korea, Switzerland, Kenya, Norway, Canada and Russian Federation.

In 2013, new partners to ORR included Iceland, Kyrgyz Republic, Qatar, Slovakia and South Africa. Partners that contributed in 2012 but not in 2013 included Andorra, Cambodia, Comoros, Hungary, Madagascar, Mongolia, Poland and Senegal.

The European Union leads with 99 per cent of ORR revenue from inter-governmental organizations, representing an increase of 34 per cent compared to its 2012 level. This year, new resource partner included the African Union Commission.

The Global Partnership for Education (GPE) leads with a share of 31 per cent of ORR revenue from inter-organizational arrangements. There were noteworthy increases in ORR funding from UNFPA and UN Joint Programmes.

In 2013, new partners to ORR included FOSAP, GPE, IOM, UNAMI, and UNODC. Partners that contributed in 2012 but not in 2013 included UNDSS, UNEP, UNESCO, UNITAID, UNOCHA, and UN Women.

The GAVI Alliance leads with 27 per cent of ORR revenue of GPPs and INGOs, representing an increase of 86 per cent compared to its 2012 level. This year, new partner to ORR included Alliance Cote d’Ivoire. Partners that contributed in 2012 but not in 2013 included AIM - Association Intercooperation, Maralia No More (MNM), and PACT, Inc.

The Other Resources – Emergency (ORE) from PARMO resource partners increased by 42 per cent from $754 million in 2012 to $1.1 billion in 2013. This constituted 87 per cent of UNICEF’s total 2013 ORE revenue and
surpassed Executive Board’s Planned Financial Estimate for 2013 by 42 per cent. The increase is primarily attributed to the high funding for humanitarian crises in Syria and Philippines. Compared to 2012, there was an increase of 47 per cent in ORE from OECD DAC countries, compared with an increase of 663 per cent from non-OECD DAC countries.

**Government Resource Partners (+58 per cent):**
Japan leads with 24 per cent share of ORE income of Government resource partners, representing an increase of 52 per cent compared to its 2012 level. This included the largest humanitarian package (for CAP and HAC) from Japan for 35 countries amounting $189.5 million. There were noteworthy increases in ORE funding from Belgium, New Zealand, Republic of Korea, Russian Federation, Switzerland, the United Kingdom and United States. In 2013, new partners to ORR included Iceland, Malta, Portugal, Romania, Slovakia, Slovenia and South Africa. Partners that contributed in 2012 but not in 2013 included Andorra, Cyprus, Greece and Monaco.

**Inter-Governmental Organizations (+56 per cent):**
The European Commission represents 100 per cent of the ORE funding from inter-governmental organizations. The EC increased its contributions by 57 per cent in 2013.

**Inter-Organizational Arrangements (-9 per cent):**
CERF and Country-based Pooled Funds lead with 76 per cent of revenue from inter-organizational arrangements, although the contributions from these resource partners decreased by 6 per cent compared to 2012.
Performing strategic analyses, managing knowledge and information, and providing field support

Achievements

Strategic planning: In collaboration with other HQ Divisions, and as the link and primary source of information regarding government donor policies and trends, PARMO continued to enhance its role of gathering, interpreting and translating the broader donor environment into relevant and useful information for the rest of the organization. This included providing guidance on current donor policies and expectations, and flagging critical decisions and actions that need to be taken in order to build, protect and potentially increase revenue. For example, dialogue with resource partners was initiated to improve risk management and share measures to mitigate and reduce subsidization of losses in non-core funding with core resources.

PARMO’s Office Management Plan (OMP) and Budget for 2014-17 were prepared based on close alignment with UNICEF’s Strategic Plan 2014-17. This included a review of PARMO’s past OMP and work plans; an analysis of ODA trends, the aid environment, and donor intelligence; preliminary analysis and outputs from UNICEF’s Effectiveness and Efficiency initiative; and a participatory planning process that elicited staff inputs from other HQ Divisions, and PARMO New York, Brussels and Tokyo offices. The PBR approved 100 per cent of staff investments in specialized skills and capacity to strengthen partnerships and develop resources, including funding.

PARMO actively participated in the Executive Director’s E&E Initiative, including in Working Groups 1 and 2 on business processes/transactions streamlining/simplification, and HQ Divisions functions, respectively. In addition, the Division led or supported the following Common Proposals:

- E&E 5b / Task 4 on Global Programme Proposals
- E&E 5b / Task 10 on Review of UNICEF’s RR Formula
- E&E 13 on Global Resource Mobilization Strategy
- E&E 14 on Improvement opportunities in Contribution Management

Other activities around strategic planning and coordination included the facilitation of PARMO’s 2013 internal audit, and UN’s Joint Inspection Unit Review; development of Public Sector Resource Partnerships Engagement Strategy 2014-17, and PARMO 2013 Workplan; and organization of PARMO retreats.

Field office support: Given its formal authority to negotiate contribution agreements, PARMO continued to provide support to regional and country offices in negotiations with decentralized donors and assistance in reaching a funding agreement and resolving complex issues. In 2013, PARMO continued to provide guidance and support to offices in decisions related to funding on entering, exiting and receiving resources from different funding sources, modalities and instruments. Examples included guidance on:

- DFID Due Diligence assessments for new funding opportunities;
- Liaison between COs and US government counterparts to facilitate understanding of grant requirements and compliance of partner regulations;
- ECHO Humanitarian Implementation Plans, EU 2014-2020 development assistance priorities, specific opportunities regarding enlargement and ENP countries, resulting in most EU delegations prioritizing MTSP objectives, notably on health, education and nutrition;
- Dialogue with EU delegations and national partners on sector reforms; ahead of the 2013 SOWC launch, Brussels Office provided COs and National Committees with a thematic Guidance note on ‘The European Union and the Rights of Persons with Disabilities’; in addition guidance notes have also been made available to COs on Enlargement Policy (Acquis), Instrument for Pre Accession, Structural Fund and European Neighbourhood Policy;
- Netherlands Government funded Water, Sanitation and Hygiene programme in WCAR ($90.5 million); and Nutrition programme in ESAR ($38.9 million);
- Establishment and management of pooled funds/multi-donor trust funds, particularly joint programme pass-through arrangements. Some 173 new agreements were signed amounting to $123 million in 2013; and
- Guidance to country offices, such as Brazil, Romania, Nigeria, Kenya and Congo, in the development of local agreements enabling them to receive funding from local governments.
Systematic guidance and field support was strengthened through a number of tools and services, such as internet, intranet, webinars, newsletters, guidelines, and participation in RMTs and other regional-level meetings.

PARMO continued to provide support and guidance to regional and country offices in development of their resource mobilization strategies (e.g. Chad, EAPRO, LACRO, MENA and WCARO). In 2013, ‘Guide for Country Offices on Resource Mobilization with Public Sector Donors’ - developed with inputs from 14 country offices and 2 regional offices - was launched in English, French and Spanish. The guide (featured on iCON) received the highest usefulness rating in the category of ‘support in resource mobilization strategies’ from 38 country offices and 6 regional offices that participated in the 2013 Field Support Survey. The Guide was so quoted as a positive example of ‘satisfactory key controls’ by the Office of Internal Audit and Investigations as part of 2013 Internal Audit of the Division.

In addition, resource mobilization strategies for Level 3 and 2 emergencies (Syria, Mali+, Philippines and CAR) were developed in collaboration with COs, ROs and HQ divisions, informed by analysis of donor trends and country contexts. UNICEF also speedy up the process of confirming contributions from resource partners in the humanitarian situations.

The Division updated its Regulatory Framework in line with IPSAS and accounting regulations. The Framework is a live document and will continue to be updated following the E&E contributions management initiative. PARMO commissioned consultancies on quality donor reporting; and thematic funding. The results of these studies (featured on iCON) were used to revamp pages on donor reporting guidance as well as UNICEF’s PPP Manual.

A new field support initiative in 2013 was the launch of webinar series on resource development, organized in collaboration with HQ Divisions and country offices. PARMO organized webinars on quality donor reporting; resource development for Social Inclusion; and Japan’s Supplementary Budget for 2014. The webinars were well attended and received by the field offices.

PARMO staff was also deployed temporarily in the field (e.g. in South Sudan, Jordan and Philippines) to support the country offices in establishing sustainable systems and building capacity for resource development. In addition, PARMO continued to process ORR ceilings from new and extended Country Programme Documents.

To ensure demand-driven field support, PARMO kept a close contact with the field by conducting 2013 Field Support Survey, and monitoring internet, intranet and Teamsite traffic through Analytics.

**Strategic analyses:** As a broker of knowledge and analyses on the global aid and economic environment, as well as donor policies and priorities, PARMO disseminated information on partnering opportunities and challenges. The ‘PARMO Monitor on Donor Policies and ODA Trends’ - which covers donor policies/interests, as well as the latest on the global economic situation, aid environment and ODA trends - was moved to Microsoft SharePoint to enhance search and knowledge management features. The dissemination of the Monitor was improved through monthly updates to the regional and country offices as well as HQ Divisions. The UNICEF-EU Partnerships newsletter was also shared widely on a quarterly basis.

The Division initiated the ‘PARMO Analyses’ series on intranet page dedicated to analysis on global aid environment and resource partner issues. Analyses were also carried out on funding potential for cross-cutting areas such as ‘gender’. PARMO continued to improve the quality of funding statistics and data including Income Projections; Compendium of Contributions; Office Management Report; Thematic Funding Status reports; and Emergency Funding Updates. In addition, analysis and data were provided for UNICEF corporate reports including UNICEF Annual Report; UNICEF Report on Regular Resources; and Executive Director’s Report to the Board, among others.

**Knowledge Management:** PARMO continued to develop, update and maintain resource partner profiles, which serve as a resource for fundraising organization-wide. The Division is finalizing the development of a ‘Resource Partner Management System’ to modernize resource partner profiles, interests and intelligence, supported with a live link to VISION data on historical and current revenue flow trends.

PARMO Teamsite was further enhanced through the addition of new sections. Almost 100 per cent of PARMO staff was given hands-on training on the use of the Teamsite.
10 knowledge management sessions were organized, including on various topics, including:

Global Disability Strategy; Leveraging SOWC momentum; Children's Principles, and the work of UNICEF’s CSR team; Post-2015 Development Agenda; Child Protection with special focus on FGM/C; E&E updates and UNICEF 3.0/4.0; and PARMO social media training.

The memberships for PARMO’s Community of Practice, and Yammer Community increased to 90 and 270 respectively, representing an increase of more than 100 per cent in 2013.

**Challenges**

The move from UNSAS to IPSAS meant change in the recognition and recording of revenue. IPSAS-compliant financials and rules on recognition and recording of revenue continued to be finalized in 2013, which had major impact on recognition of revenue for some resource partners such as US. In addition, long delays were noticed in inter-divisional initiatives such as guidance on new cost-recovery policy.

Public sector revenue is yet to capitalize on the institutional capital investments on Donor Toolkits, by extending this platform to include institutional funding priorities. In addition, there is an urgent need to automate and streamline income / pipeline projections across different levels of UNICEF.

Disbursement of CERF funds in an efficient and prompt manner has been a challenge, sometimes resulting in refund of unspent balances.

Thematic donor reporting does not provide sufficient insight into how the use of thematic funds has led to results, which is criticised by a major resource partner for thematic funding.

### Streamlined and efficient Contributions Management

**Achievements**

While contributions management is transactional and requires immediate action, it can take up time that could otherwise be used for more strategic engagements. In 2013, PARMO participated in E&E Common Proposal on Improvement opportunities in Contribution Management, led by DFAM. PARMO will continue to implement actions required to bring about the proposed improvements.

PARMO continued to work productively with country offices to swiftly process contributions and closely monitor new and old grants. PARMO ensured that instalment payment requests were sent to resource partners in a timely manner. In coordination with the implementing offices, PARMO closely monitored grants to ensure timely release of funds by resource partners. This required, in some instances, close liaison with relevant PD sections and country offices to meet partners’ requests. Financial statements were shared with partners in a timely manner and Notes for the Record for refunds and reallocations were prepared and processed as and when required. In addition, the Division strengthened support to field offices in monitoring of the grants which led to reduced remaining balances and better communication on grant related issues including extension, reprogramming, and unspent balances.

PARMO developed model agreements for Germany and Switzerland, which greatly helped facilitate a stronger partnership and increased funding especially from Ministry of Foreign Affairs of Germany. The Division is in the process of completing the new DFID-UNICEF framework agreement in close coordination with UNDP and UNFPA. PARMO continued to utilize and expand ‘bundled’ grant mechanisms for both USAID development funds and OFDA emergency contributions to increase efficiency. In addition, PARMO continued to provide support to the country offices to ensure alignment with the standard agreements.

As VISION focal point for the Grants Management Module, PARMO provided technical support to country offices. The recording of expenditures under IPSAS has required intensive engagement with resource partners, country offices, and DFAM to arrive at an understanding on how to facilitate the release of funding tranches, especially under multi-year agreements.
PARMO aligned funds tracking for L2/L3 emergencies, including pipeline, with the local donor engagement and intelligence at the regional and country levels. The reports were issued daily as well as weekly to provide donor revenue data and potential pipelines for the emergency response.

Challenges

Increasing pressure on ODA is resulting in more demands and conditionalities by donors, and in turn leading to higher transaction costs for UNICEF at all levels. For example, some resource partners demand additional requirements on due diligence and overall reporting. In addition, grant negotiations and creation have increased substantially in 2013. In a difficult budget environment, it is becoming challenging to push back on such demands.

There has been inconsistent commitment from PD and COs to involve PARMO in local negotiations of contributions with Embassies, which led to substantial investment of the Division’s time to amend/re-negotiate agreements.

Repeated requests for extensions, as well as poor quality of reporting undermine future funding opportunities in the current resource-constrained environment. The Government of Japan, for example, requested UNICEF several times to ensure timely and full utilization of contributions.

Lack of clear guidance on the interpretation of the 2013 cost-recovery policy resulted in substantial exchanges with resource partners, country offices and DFAM in the negotiation of agreements and amendments.

Improving office environment, work processes, participation, team work and transparency

The deployment of PARMO’s complete senior management including Director and Deputy Director was completed by the second half of 2013. In addition, many changes due to vacancies and staff turn-over in PARMO contributed to a challenging work environment and at times heavy work-loads for all members of the team. Due to strong teamwork, there was continuity in this critical period and PARMO successfully maintained and increased its overall revenue despite dealing with resource partner economies in recession coupled with demanding resource partners.

The non-sequential process integrating new Strategic Plan, E&E, OMP, UNICEF 3.0 / 4.0, led to inefficiencies and lost opportunities. In addition, these exercises required time from several staff members in various working groups, while at the same time creating uncertainty about future work-responsibilities and reporting lines.

Work processes were established within individual sub-teams and also streamlined with resource partners. As a result, efficiencies in some cases have increased and transaction costs reduced. Some sub-teams also gained efficiency through clarifying work processes by introducing flowcharts delineating business processes to establish accountabilities of relevant stakeholders and maintain institutional memory for all processes.
SECTION 4: MANAGEMENT AND OPERATIONS

Factors which supported the results achieved: Dedicated efforts of all team members were the key to achievements made in 2013. In addition, strong coordination with other HQ divisions and field offices was another factor that improved synergies and coordination of efforts.

Other supporting factors to achieving results was the development of strong and reliable partnerships and understanding of resource partner needs, including value for money, clear and demonstrable results, and financial accountability and transparency.

Factors which led to shortfalls: While public sector funding consistently represents over 70 per cent of the organization’s revenue and growing revenue over the past two years, PARMO’s capacity is over-stretched and ill-equipped to remain at the forefront of public-sector resource development. This is a significant risk to the organization and the sustainability of its mandate and programmes as high workloads can often detract from ability to improve work processes and improved team work.

Eagerness to tap funding opportunities without early involvement from PARMO often led to the negotiation of funding modality agreements that lack strategic perspective.

Partnerships and partnership frameworks: Refer to the section on:

- Managing and strengthening partnerships and policy dialogue with resource partners; and
- Managing and influencing policy on new aid modalities and funding mechanisms

UN Coherence initiatives and participation in UN initiatives: Collaboration with inter-agency partners in the IASC-Humanitarian Financing Group and UNDG FMOG/ Joint Funding Sub-committee on funding policy issues resulted in greater coherence among UN partners. However, while resource partners may experience reduction in transaction costs, UN agencies have seen an increase in transaction processes.

PARMO worked closely with GMA in regularly producing the UN Coherence newsletter, a tool used to inform resource partners on UNICEF’s coherence activities.

SECTION 5: INNOVATIONS AND LESSONS LEARNED

- DFID and UNICEF worked closely on Innovations both for the UNICEF Innovation Fund and for the joint initiative between USAID and DFID on G-DIV.

- UNICEF, UNHCR, Save the Children, World Vision and other partners called for governments, aid agencies and members of the public to become champions for the children of Syria and support the “No Lost Generation” strategy. These partners will channel the $1 billion into programmes that, in partnership with governments and local communities, deliver safe education, protection from exploitation, abuse and violence, psychological care and support and offer more opportunities for social cohesion and stability in an already volatile region.

- PARMO collaborated with DFID on their new Call to Action to End Violence Against Women and Children culminating in a High Level Conference.

- Mobilizing the momentum created by QCPR, joint advocacy actions were conducted in partnership with UNDP, WFP, UNFPA, UNHCR and ILO in Japan to appeal for strengthening strategic collaboration with UN agencies.

- In an effort to limit ever expanding briefing notes to OED, one of the sub-teams developed a ‘Hand-shake’ BN-format, which was very well received by OED and subsequently used for ED/DED participation in international meetings.

- Modernizing resource mobilization with ITSSD through the development of the PARMO Teamsite. In 2013, new features were added to the Teamsite including PARMO Monitor.
Resource Partner Management System: This tool will be directly linked with VISION and will facilitate the process of creating new resource partner intelligence and profiles, and collecting information from HQ and field offices.

In close cooperation with Program Division, PARMO contributed to the development of an 8 modules Child Rights Toolkit and interactive e-learning course, to be used by UNICEF regional and country offices and National Committees, to create political space for a more systematic and strategic integration of children's rights in EU development programming.

One sub-team developed a new format for planning of strategic engagement with resource partners in consultation with National Committees, which would help better operationalize the One Country Approach. A pilot project is underway with the UK NatCom.

Working with emerging partners has shown slow but consistent results, both in materializing funding, but also in developing different ways of partnering such as government cost-sharing and supporting south-south cooperation. PARMO’s long term commitment to multi-faceted engagement with current programme countries should continue into the next Strategic Plan.

SECTION 6: STUDIES, SURVEYS, EVALUATIONS AND PUBLICATIONS

PARMO studies and publications:
- Compendium of Contributions by Main Donors
- Nation-wide opinion survey in Republic of Korea to understand the public’s support and recognition to UNICEF and children issue

PARMO contributions to other publications/evaluations:
- Executive Director’s Annual Report
- UNICEF Annual Report
- UNICEF Annual Report to the Economic and Social Council
- UNICEF Regular Resources Report
- UNICEF Global Thematic Reports
- SG’s paper on Funding of Operational Activities for Development
- DFID Global Humanitarian Programme Evaluability Assessment
- Netherlands ‘Peace-building, Education and Advocacy in Conflict-affected Contexts’ evaluability assessment
- DFID MAR 2013 Update
- DFID Portfolio Delivery Review Report 2013
- EU Nutrition Action Plan and Resilience Action Plan
- ECHO DRR policy
- ECHO’s “Fit for Purpose” consultation
- ECHO Health staff working paper (not yet terminated)
- Fit for Purpose Study (DG ECHO)
- Albania, Bosnia and Herzegovina, FYROM, Kosovo, Serbia and Turkey progress reports
- EU-ENO East regional programme
- EU Post 2015 communication
- EU consultation on the 2014-2020 financial framework
- European Neighbourhood Policy resolutions
- European Parliament’s resolution on Macro-financial assistance to Jordan
- European Parliament’s report on Pakistan’s regional role and political relations with the EU
- Resolution on migratory flows in the Mediterranean
- Development Committee on the demographic dividend
- Resolution on child malnutrition in developing countries
- Report on human rights in the Sahel
- Annual Report on Fundamental Rights in the European Union