United Nations Children’s Fund
Executive Board
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Report on implementation of the modified system for allocation of regular resources for programmes

Summary

In decision 2008/15, the Executive Board endorsed the modified system for allocation of regular resources for programmes, originally adopted in 1997. It decided to maintain the system, with two modifications: (a) adopt the World Bank classification of “high income” status as the country threshold for graduation from receiving regular resources; and (b) raise the minimum level of regular resource allocation from $600,000 to $750,000 for all programme countries, except in those otherwise included in multi-country programmes.

This report responds to the Executive Board request for a report on implementation of the modified system and presents lessons learned since 2008. A draft decision is included in section IV.
I. Introduction

1. Two reports on the implementation of the allocation system of regular resources for programmes, adopted by the Executive Board in decision 1997/18, have previously been issued, the first in 2003 (E/ICEF/2003/P/L.21), the second, in 2008 (E/ICEF/2008/20). The present report informs the Executive Board of the progress and lessons learned since 2008, when the allocation system was modified by the Executive Board in decision 2008/15.

II. Features of the current regular resources allocation system

2. The 1997 regular resources allocation system included the following objectives:

   (a) Give progressively higher priority to the children in low-income countries, in particular least developed countries (60 per cent of regular resources) and those of sub-Saharan Africa (50 per cent of regular resources);

   (b) Enable UNICEF to continue to fulfil its mandate as the United Nations lead agency for children, advocating and protecting children’s rights, and ensuring high-quality policy and guidance;

   (c) Ensure the allocation of regular resources sufficient to strengthen the effective implementation of programmes in the respective countries;

   (d) Accommodate evolving needs and special circumstances of children through an appropriate degree of flexibility.

3. In order to expedite progress towards the sustainable achievement of the above key objectives, the Executive Board decided that the main features of the allocation system should be the following:

   (a) Countries with a UNICEF-supported country programme shall receive an allocation on the basis of the three core criteria and the refined weighting system shown in annex I of document E/ICEF/1997/P/L.17;

   (b) At least two thirds of regular resources for programmes will be allocated on the basis of three core criteria: under-five mortality rate; gross national income per capita; and child population;

   (c) None of the least developed countries is to receive an allocation below its calculated level under the then current system;

   (d) Each country with a UNICEF-supported country programme shall receive a minimum allocation of $600,000. This amount will be maintained when regular resources levels increase or remain constant;

   (e) The minimum allocation will be used exclusively for programme assistance;

   (f) Abrupt changes in country allocations shall be avoided by limiting them to a maximum of 10 per cent, compared to the previous year’s level whenever there is a significant reduction;

   (g) Countries that reach the combined threshold of a Gross National Product per capita above $2,895 and an under-five mortality rate of less than 30 deaths per
1,000 live births shall gradually be phased out of the allocation of the regular resources for programme assistance;

(h) Countries covered by the multi-country programmes for the Eastern Caribbean and the Pacific Islands, as well as the area programme for Palestinian children and women, shall continue to receive a combined lump sum sufficient for viable and effective programmes;

(i) In addition, 7 per cent of the annual regular resources for programmes should be set aside for flexible allocation by the Executive Director in support of country programmes to, inter alia, encourage excellence in the quality of performance in one or more of the areas of work and priorities of UNICEF; provide flexibility to respond to emerging opportunities; and avoid sudden changes in the level of regular resources allocation to individual countries.

4. Following the 2008 review of the implementation of the allocation formula, the Executive Board adopted decision 2008/15, which reaffirmed its determination to continue to give highest priority to the needs of children in low-income countries, in particular the least developed countries and those in sub-Saharan Africa.

5. In decision 2008/15, the Executive Board further decided to maintain the system as adopted in decision 1997/18, with the following modifications:

(a) Allocations of UNICEF regular resources for country programme cooperation, except for countries included in multi-country programmes, will continue until a country achieves “high income” status (based on World Bank current data and definitions) and maintains such status for two consecutive years after achieving it;

(b) UNICEF will increase regular resource allocations from a minimum annual level of $600,000 to $750,000 for all programme countries, including those in the “upper-middle-income” country category (based on World Bank current data and definitions), except for those countries otherwise included in the multi-country programmes.

6. In doing so, while encouraging UNICEF to enter into a more strategic dialogue with programme countries, the Executive Board reconfirmed the organization’s normative role and responsibilities:

(a) Enhancing national capacities to attain and monitor the rights of children;

(b) Promoting international standards affecting children;

(c) Providing impartial advisory support, based on international experience, technical expertise and good practice;

(d) Supporting countries of different per capita income levels in addressing disparities and other issues affecting children, such as violence and marginalization.

III. Report on implementation

7. UNICEF reported on implementation of the allocation system for the periods 1999-2003 and 2004-2008 in two previous reports. The major developments witnessed during 2009-2012 can be summarized as follows:
(a) The regular resources allocated to country programmes increased from $688 million in 2009 to $692 million in 2012;

(b) Each country with a UNICEF-supported country programme received an allocation on the basis of the three core criteria¹ and the refined weighting system shown in annex I of document E/ICEF/1997/P/L.17;

(c) The decision that at least two thirds of regular resources for programmes was allocated based on the approved formula was met during the 2009-2012 period. Specifically, over 81 per cent of regular resources available for programmes were allocated on the basis of the three criteria in 2012 (annex II);

(d) The target allocation of 50 per cent of regular resources to sub-Saharan African countries and 60 per cent of regular resources to the least developed countries was met throughout the 2009-2012 period. Specifically, the share of regular resources allocated to the least developed countries averaged 64 per cent of the total regular resources available for programmes; the share allocated to sub-Saharan African countries averaged 63 per cent. Annex I shows the changes in allocations related to these targets over the 2009-2012 period;

(e) The total allocation to “upper-middle-income” countries amounted to only 6 per cent of total allocations of regular resources ($39 million) in 2012. Most of these countries receive the minimum allocation of $750,000;

(f) Each country with a UNICEF-supported country programme received a minimum allocation of $750,000 for core programming. The number of countries receiving only the minimum allocation increased from 13 in 2008 to 48 in 2012;

(g) Abrupt changes in country allocations were avoided throughout the 2009-2012 period by limiting the reductions to a maximum of 5 per cent, compared to the previous year’s level;

(h) Countries covered by the three multi-country programmes continued to receive combined lump sums sufficient for viable and effective programmes: Eastern Caribbean ($3.2 million); Pacific Islands ($5.5 million) and the area programme for Palestinian children and women ($4 million);

8. The allocation system — while continuing to give highest priority to the needs of children in low-income countries, in particular the least developed countries and those in sub-Saharan Africa — has ensured the continued ability of UNICEF to advocate for children’s rights in a large number of countries. The decision of the Executive Board to allocate regular resources to countries until they reach “high-income-country” status has allowed UNICEF to continue its active engagement with more than 60 countries that otherwise would have graduated (by reaching the $2,895 threshold under the 1997 formula). This is in line with the UNICEF mandate, its mission statement and the medium-term strategic plan, which all emphasize the organization’s normative role and the universal imperative of supporting child survival, protection and development.

9. During the course of the current medium-term strategic plan, there have been growing concerns regarding the extent of disparities, at the subnational level, in development indicators and their implications for children, not only in the least developed countries but also in middle-income countries, including upper-middle-

¹ Except for multi-country programmes that receive fixed allocations.
income countries. It is also increasingly evident that many of the most common factors that threaten children’s rights and create vulnerabilities among children, such as violence, marginalization and effects of migration, are not confined to low-income countries.

10. The programme modalities in upper-middle-income countries emphasize programme strategies that include strengthening national and subnational capacity to monitor progress in the realization of the rights of children, advocating and communicating, policy advice and technical assistance, partnerships with civil society and the private sector, and resource mobilization for children, as well as convening and brokering. Emphasis will be on documenting lessons learned on the effectiveness of these strategies and on refining concepts and working methods. The organization will increase efforts to ensure effective inter-country learning from relevant experiences and in documenting best practices.

11. The use of the 7 per cent of regular resources set aside for allocation by the Executive Director has provided flexibility in responding to opportunities for children and encouraging programme excellence. It has supported country programmes in re-focusing their strategies and interventions to more effectively target the most deprived populations, in order to accelerate achievement of the Millennium Development Goals. It has also supported development of more robust national and subnational systems for monitoring achievement of results and the removal of bottlenecks and barriers for achieving equity. These resources have been used to support implementation of assessments and surveys, including multiple indicator cluster surveys, after all possible funding options have been exhausted.

IV. Draft recommendation

12. Based on the implementation of the modified system for allocation of regular resources for programmes, the Executive Director recommends that the Executive Board adopt the following draft decision:

The Executive Board

1. Takes note of the report on implementation of the modified system for allocation of regular resources for programmes, as contained in document E/ICEF/2012/19;

2. Requests the Executive Director to propose any revisions as required to the modified system for allocation of regular resources for programmes to the Executive Board in the context of the next medium-term strategic plan for 2014-2017.
## Annex I

### Allocation of share of regular resources for programmes directly available for country levels, by region and country groupings

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2012</th>
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<tbody>
<tr>
<td></td>
<td>(In millions of US$)</td>
<td>(%)</td>
</tr>
<tr>
<td>Share allocated directly to country level</td>
<td>688.33</td>
<td>68</td>
</tr>
<tr>
<td>Of which (by region)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Eastern and Southern Africa and West and Central Africa</td>
<td>421.13</td>
<td>61</td>
</tr>
<tr>
<td>Asia</td>
<td>184.57</td>
<td>27</td>
</tr>
<tr>
<td>Central and Eastern Europe/Commonwealth of Independent States</td>
<td>19.68</td>
<td>3</td>
</tr>
<tr>
<td>Americas and the Caribbean</td>
<td>20.34</td>
<td>3</td>
</tr>
<tr>
<td>Middle East and North Africa</td>
<td>29.91</td>
<td>4</td>
</tr>
<tr>
<td>Multi-country fixed allocations</td>
<td>12.70</td>
<td>2</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>100</td>
</tr>
<tr>
<td>Of which (by country grouping)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Least developed countries</td>
<td>442.14</td>
<td>66</td>
</tr>
<tr>
<td>Sub-Saharan African countries</td>
<td>432.06</td>
<td>64</td>
</tr>
<tr>
<td>Low-income countries</td>
<td>545.96</td>
<td>80</td>
</tr>
<tr>
<td>Lower-middle-income countries</td>
<td>123.76</td>
<td>18</td>
</tr>
<tr>
<td>Upper-middle-income countries</td>
<td>17.86</td>
<td>3</td>
</tr>
<tr>
<td>Number of countries receiving $750,000</td>
<td>40</td>
<td>48</td>
</tr>
<tr>
<td>Share allocated to countries receiving $750,000</td>
<td>4%</td>
<td>5%</td>
</tr>
<tr>
<td>Funds set-aside for flexibility</td>
<td>7%</td>
<td>7%</td>
</tr>
</tbody>
</table>
Annex II

Allocation of regular resources available for programmes, 2012

(In millions of United States dollars)