United Nations Children’s Fund
Executive Board
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Item 6 of the provisional agenda*

Structured dialogue on financing the results of the UNICEF Strategic Plan, 2018–2021

Summary

In response to General Assembly resolution 71/243 of 21 December 2016 on the quadrennial comprehensive policy review of operational activities for development of the United Nations system, and in line with relevant decisions adopted by the UNICEF Executive Board since 2014, the most recent being decision 2019/23, this background paper considers the financing of the UNICEF Strategic Plan, 2018–2021.

The UNICEF structured funding dialogues are conducted within the framework of system-wide funding and collaboration, as spelled out in the United Nations funding compact, which was endorsed in May 2019 by the United Nations Economic and Social Council. This report provides an overview of the resource trends, current situation and funding perspective of UNICEF, taking into account both regular and other resources, and includes elements of a decision for consideration by the Executive Board.

* E/ICEF/2020/17.

Note: The present document was processed in its entirety by UNICEF.
I. Overview

1. In response to General Assembly resolution 71/243 of 21 December 2016 on the quadrennial comprehensive policy review of operational activities for development of the United Nations system, and in line with relevant decisions adopted by the UNICEF Executive Board since 2014, the most recent being decision 2019/23, this paper considers the financing of the UNICEF Strategic Plan, 2018–2021.

2. In addition to traditional fundraising, the structured dialogue on financing the results of the UNICEF Strategic Plan, 2018–2021 considers leveraging partnerships and resources as a key strategy to achieving results for children in the Plan, including influencing domestic financing systems and fiscal policies in support of children. The structured dialogue is informed by the funding compact.

3. The structured funding dialogues are an important opportunity to pursue both Member States’ and United Nations Sustainable Development Group (UNSDG) entity commitments to the funding compact, and fulfil the shared ambition to place development work undertaken by the United Nations on a more secure financial footing. As a voluntarily funded organization, the unique business model of UNICEF affects its ability in terms of planning and achieving results in the context of continuously changing financial projections, and within the constraint of projected available resources. The structured funding dialogue offers opportunities to address this challenge through dialogue with Member States – who are also the organization’s governance body and resource partners – to find solutions to improve the quality and predictability of funding so that it can better plan and implement programmes to achieve results.

4. Within this context, UNICEF has made significant progress against Executive Board decision 2019/23, particularly with regard to improving the dialogues with Member States through joint inter-agency engagement of the Member States and harmonization of the format of the report across the four agencies, including reporting on the Funding Compact.

5. The midterm review of the Strategic Plan, 2018–2021, the current political and economic environment, along with the coronavirus disease 2019 (COVID-19) pandemic, will require UNICEF to redouble its efforts to close the gaps towards the achievement of the Sustainable Development Goals and to address the new challenges arising from COVID-19. For this, flexible and predictable funding from UNICEF resource partners – through core resources, thematic funds or multi-year funds – will be critical.

II. Funding compact

6. The funding compact was conceived in response to the recognition that a significant shift in funding behaviour is needed in order to achieve the Sustainable Development Goals by 2030; and that the United Nations must be at the heart of the response to the global challenges that the Goals aim to address.

7. As such, improvements in the quantity and quality of funding lie at the heart of the funding compact. While this imperative applies to both core and non-core resources for United Nations development activities, the funding compact particularly recognizes the criticality of core funds for the achievement of results. It notes that: “Core funding is essential for results on the ground and critical to the ability of the United Nations development system to offer the type of cross-cutting, holistic development solutions that the 2030 Agenda requires. Owing to their flexible nature,
core resources provide the means to bridge silos across responses to the Sustainable Development Goals.”

8. For the purposes of the structured funding dialogue, it is important to note that the Member States have committed to bringing core resources to a level of at least 30 per cent by 2023, increasing the share of multi-year contributions and doubling the level of resources channelled through development related inter-agency pooled funds and single-agency thematic funds. It is worth noting that unrestricted core funds from the Member States declined from 17 per cent in 2014 to 11 per cent in 2019, in strong contrast to the commitment made by the Member States.

9. Following the baseline review of funding compact commitments undertaken in early 2019, UNICEF determined four priority commitments for implementation within the organization, which are reported in the document titled Funding compact: Progress against Member State and entity-specific commitments related to UNICEF (UNICEF/2020/EB/10), as well as through the quadrennial comprehensive policy review of operational activities for development of the United Nations system: (a) Enhancing cooperation for results at the country level, through the development of strong Common Country Assessments and United Nations Sustainable Development Cooperation Frameworks (UNSDCFs), aligning UNICEF country programme documents (CPDs) to UNSDCF, strengthening the use of United Nations country team results groups, and increasing joint programming; (b) Strengthening estimation of resources for results to better inform the development of entity-specific integrated results and resources frameworks and their annual reporting on results against expenditure; (c) Increased visibility of results, by actively monitoring and tracking donor visibility through all social media channels, and developing tools to support country offices to more systematically recognize and highlight donor contributions; and (d) Implementing the United Nations Secretary-General’s goals on operational consolidation for efficiency gains.

10. In line with requests from the Executive Board, UNICEF is working closely with the Development Coordination Office and other United Nations agencies to harmonize indicators, methodologies and metrics for reporting on funding compact commitments. This is important for coherent reporting for system-wide targets, and for consistent approaches to agency-specific reporting across governing bodies. Jointly with the United Nations Development Programme (UNDP), the United Nations Population Fund (UNFPA) and the United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women), UNICEF is actively engaged with the Executive Board on options to improve the structured funding dialogues, including through better analysis of resource gaps and ensuring joint ownership and leadership by the United Nations entities and the Member States. The four agencies regularly exchange ideas and learning regarding funding compact implementation, opportunities and challenges.

11. Progress towards the funding compact commitments is included in document UNICEF/2020/EB/10. For the purposes of the structured funding dialogue, the progress towards Member States’ commitments is elaborated in sections IV–VI of this document.

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III. Resources to support the UNICEF Strategic Plan, 2018–2021

12. In accordance with Executive Board decisions, a four-year financial plan forms part of the UNICEF Strategic Plan and is reviewed and revised annually on a rolling basis. Stemming from the voluntary nature of UNICEF funding model, Strategic Plan financial estimates for the four-year period 2018–2021 represent the resources required to deliver planned results within the constraints of projected available resources.

A. Income estimates

13. In 2017, the Executive Board approved total income estimates of $24 billion for the Strategic Plan, 2018–2021, segmented as $6.42 billion (or 27 per cent) in regular resources (RR) and $17.6 billion (or 73 per cent) in earmarked other resources (OR).

14. During the midterm review of the Strategic Plan, the income projections were updated to $24.8 billion, including an increase in OR to $19.2 billion (or 77 per cent of total income) and a reduction in RR to $5.7 billion (or 23 per cent of total income). The latest updated financial estimates as of June 2020 project a similar level of total income for the 2018–2021 Strategic Plan period of $24.8 billion. This includes an increase in OR to $19.4 billion (78 per cent of total income), and a further decrease in RR to $5.4 billion (or 22 per cent of total income), based on 2018–2019 actual income and projections for 2020–2021.

Table 1
Income estimates for the Strategic Plan, 2018–2021
(in millions of United States dollars)

<table>
<thead>
<tr>
<th></th>
<th>Original financial estimates, 2018–2021, as of September 2017</th>
<th>Revised financial estimates, 2018–2021, as of September 2019</th>
<th>Revised financial estimates, midterm review, as of March 2020</th>
<th>Revised financial estimates, 2018–2021, as of June 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>RR</td>
<td>OR</td>
<td>Total</td>
<td>RR</td>
<td>OR</td>
</tr>
<tr>
<td>Public sector</td>
<td>2 191</td>
<td>12 593</td>
<td>14 784</td>
<td>2 135</td>
</tr>
<tr>
<td>Private sector</td>
<td>3 611</td>
<td>3 920</td>
<td>7 531</td>
<td>3 497</td>
</tr>
<tr>
<td>Other income</td>
<td>500</td>
<td>0</td>
<td>500</td>
<td>674</td>
</tr>
<tr>
<td>Total</td>
<td>6 302</td>
<td>16 513</td>
<td>22 814</td>
<td>6 306</td>
</tr>
</tbody>
</table>

Note: Due to rounding, the totals may differ slightly from the sum of the columns.

15. The funding compact and the structured funding dialogue aim to reverse the trend of decreasing RR income. Over the past 15 years, the volume of contributions made by donors to the United Nations system has shifted from non-earmarked funds to strict requirements from donors to channel their financial contributions through earmarked funds.

16. In addition, the private sector fundraising market has proved to be more competitive and challenging than anticipated when the current Strategic Plan was developed. A move to a more domestic-focused media and public has led to the overall contraction of the private sector fundraising market across the non-profit sector.

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1 Income is defined as contributions received from Governments, inter-organizational arrangements, Global Programme Partnerships and intergovernmental organizations, as well as and revenue from the private sector.
Table 2
Actual income for 2018–2019 and revised estimates for 2020–2021
(in millions of United States dollars)

<table>
<thead>
<tr>
<th>Funding type</th>
<th>Actual 2018</th>
<th>Actual 2019</th>
<th>Estimate 2020*</th>
<th>Estimate 2021*</th>
<th>Total 2018–2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Regular resources</td>
<td>1 422</td>
<td>1 371</td>
<td>-4%</td>
<td>1 337</td>
<td>1 317</td>
</tr>
<tr>
<td>B. Total other resources (C+D)</td>
<td>4 638</td>
<td>5 029</td>
<td>8%</td>
<td>4 997</td>
<td>4 731</td>
</tr>
<tr>
<td>C. Other resources (regular)</td>
<td>2 591</td>
<td>2 995</td>
<td>16%</td>
<td>2 885</td>
<td>2 813</td>
</tr>
<tr>
<td>D. Other resources (emergency)</td>
<td>2 046</td>
<td>2 034</td>
<td>-1%</td>
<td>2 111</td>
<td>1 918</td>
</tr>
<tr>
<td>Total income (A+B)</td>
<td>6 060</td>
<td>6 400</td>
<td>6%</td>
<td>6 333</td>
<td>6 048</td>
</tr>
</tbody>
</table>

* Estimates for 2020 and 2021 are based on the latest financial estimates as of May 2020.

Note: Due to rounding, the totals may differ slightly from the sum of the columns.

17. UNICEF continued to have a healthy income, with a total income of $6.4 billion in 2019, an increase of 6 per cent as compared to 2018. This is 15 per cent higher than the original income target of the Strategic Plan approved by the Board in September 2017, and 5 per cent higher than the revised financial estimates for 2019 presented to the Board in September 2019. The total income growth was driven by increases in earmarked OR but was accompanied by a decline in RR income.

18. In 2019, public sector income constituted 74 per cent or $4.74 billion of total income, an increase of 7 per cent compared to 2018, and was composed primarily of contributions received from 137 government partners and the European Commission. In 2019, private sector income was 23 per cent or $1.457 billion of total income, and remained at a level similar to 2018. Other income, classified as RR, includes income from interest, procurement services and other sources, totalling $203 million or 3 per cent of overall income.

19. Earmarked OR increased by 8 per cent to $5.029 billion in 2019 compared to 2018. This exceeded the original Strategic Plan target approved in 2017 by 24 per cent and the revised financial estimates approved in 2019 by 9 per cent. Of total OR, $2.995 billion or 60 per cent came in the form of OR (regular), and $2.034 billion or 40 per cent in the form of OR (emergency).

20. However, RR declined by 4 per cent in 2019 compared to 2018. This is 10 per cent below the original RR income estimate of the Strategic Plan approved in 2017 and 9 per cent lower than the revised financial estimate approved in 2019. Public sector RR decreased by 8 per cent, from $563 million to $519 million, while private sector RR decreased by 6 per cent, from $687 million to $649 million. As such, RR as a proportion of overall income also decreased from 23 per cent to 21 per cent. This is due to a challenging environment in the private sector fundraising climate globally, which continued to contract in 2019, and to increased earmarking of public sector resources.
Figure 1
Income by type of funding, 2008–2019
(in millions of United States dollars)

Figure 2
Proportion of income, by type of funding, 2014–2019

Note: Due to rounding, the percentages may not add up to 100.

B. Planned expenditure estimates

21. Based on the revised income projections, the Integrated Results and Resources Framework was updated as part of the midterm review of the Strategic Plan, 2018–2021, and the total planned expenditure was increased from the $24 billion in the original Strategic Plan to $25.9 billion. This included an increase in planned OR expenditure to $19.96 billion (accounting for 77 per cent of the total planned expenditure) and a decrease of planned RR expenditure to $5.96 million (or 23 per cent of the total planned expenditure).

22. In the revised Integrated Results and Resources Framework, the decrease in RR, both nominal and as a percentage of the total, is a reflection of prudent expenditure planning, taking into account past funding trends as well as the current uncertain fundraising environment.
23. Based on the revised Integrated Results and Resources Framework, and in accordance with the midterm review, the planned expenditure (or resource gap) for the remaining two years of the Strategic Plan was $13.2 billion as at 31 December 2019.

Figure 3
Strategic Plan Integrated Results and Resources Framework, 2018–2021: Actual expense by Goal Area and funding type, 2018–2019, and planned expenditure, 2020–2021
(in millions of United States dollars)\(^a\)

\(^a\) Data for the Goal Areas are reported on an expense basis; data for the organizational effectiveness and efficiency and special purpose cost categories are reported on a modified cash basis; planned expenditure is based on the financial estimates from the midterm review of the Strategic Plan, 2018–2021 approved by the Executive Board at its 2020 annual session.

Note: Data may not add up to 100 per cent due to rounding.
24. It is important to underline that this planned expenditure represents funds required for the implementation of the Integrated Results and Resources Framework for period 2020–2021, based on actual expenditure in the first two years of the Strategic Plan and projected income for 2020 and 2021. Hence, following the outbreak of the COVID-19 pandemic and taking into account the uncertain fundraising environment, the planned RR expenditure for 2020–2021 has been further revised, underlining the critical imperative for high quality funding such as core resources.

IV. Quality income resource gap

25. Inherent in the UNICEF voluntary funding model is a level of unpredictability due to changing financial projections that the organization must take into account when planning and achieving results. The structured funding dialogue is meant to address this challenge through dialogue with the Member States – who are both the UNICEF governance body and its resource partners – to find solutions to improve the quality and predictability of funding so that UNICEF can better plan and implement programmes to achieve results.

26. Taking into account both the purpose and principles of the structured funding dialogue, as well as the planning and budgeting specificities of UNICEF due to the voluntary nature of its funding model, the structured funding dialogue focuses on the quality income resource gaps – the difference between income projections and funds mobilized, focusing on the quality of funding in terms of adequate funding levels overall, flexibility and predictability. This includes:

- Gaps in core resources (RR) calculated against: (a) the Strategic Plan targets; and (b) the funding compact commitments;
• Gaps in thematic funding calculated against: (a) the Strategic Plan targets; and (b) the funding compact commitments; and,
• Trends in predictable/multi-year funding commitments over time.

A. Regular resources

27. Regular resources refer to funding given without restrictions, which is to be used flexibly for all children wherever and whenever the need is greatest. It is the highest quality of funding and is considered the ‘life blood’ of UNICEF. With the support of RR, the organization is able to pioneer new ideas for children; to work across the entire stages of childhood, from birth through adolescence; to scale up proven solutions globally; to prepare and respond rapidly in emergencies and to rebuild thereafter; and, most importantly – given its sustained presence across more than 190 countries and territories worldwide – to achieve the greatest impact for children.3

28. In 2019, 123 Governments, 33 National Committees for UNICEF and 48 UNICEF country offices were instrumental in mobilizing private sector resources for the work of the organization. They contributed $1,371 million in RR, with 47 per cent of RR coming from the private sector, primarily via individual pledge, cash and legacy donors, 38 per cent from the public sector and the remaining 15 per cent from other income.

29. The number of government partners contributing RR increased from 122 in 2018 to 123 in 2019. Of note, Lithuania and Qatar made their first-ever contributions to RR, while Bulgaria, Germany, France and the Netherlands respectively increased their core contributions by 5 per cent, 14 per cent, 26 per cent and 6 per cent. Belgium, Luxembourg and Switzerland also remained strong flexible funding contributors, with over half of their funding provided as RR or thematic funding.4

30. Unrestricted RR contributions from Member States to UNICEF, as a share of overall public sector income, declined from 13 per cent in 2018 to 11 per cent in 2019. Similarly, Member States’ contributions to RR as a share of overall RR dropped from 40 per cent in 2018 to 38 per cent in 2019. This trend of reduced RR from Member States is in strong contrast to the funding compact commitment for Member States to increase core resources to United Nations development system entities to 30 per cent. Out of 123 Governments that contributed to RR in 2019, 71 Governments met or exceeded the funding compact commitment, as compared to 78 Governments in 2018.

31. While UNICEF appreciates the contributions made by all resource partners to RR, greater investments by partners of the Development Assistance Committee of the Organisation for Economic Co-operation and Development (OECD/DAC) and new investments by non-OECD/DAC partners, including programme country partners, are critical to UNICEF being able to fulfil its mandate to all children, everywhere, towards the achievement of the Sustainable Development Goals – as well as to meet the funding compact commitment of bringing core resources to at least 30 per cent by 2023. This is especially true under the current circumstances, in which many hard-earned development gains of the past decade are being eroded by the COVID-19 pandemic.

3 For more information on the results UNICEF achieved with regular resources, refer to the Regular Resources 2019 report: <www.unicef.org/reports/regular-resources-2019>.
Figure 5
Regular resources income, by type of resource partner, 2019
(in millions of United States dollars)

Table 3
Top 10 resource partners for regular resources, 2019, by contributions received
(in millions of United States dollars)*

<table>
<thead>
<tr>
<th>No.</th>
<th>Resource partner</th>
<th>Regular resources</th>
<th>Type of partner</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Japan National Committee</td>
<td>118</td>
<td>Private</td>
</tr>
<tr>
<td>2</td>
<td>United Statesc</td>
<td>113</td>
<td>Public</td>
</tr>
<tr>
<td>3</td>
<td>Korea National Committee</td>
<td>74</td>
<td>Private</td>
</tr>
<tr>
<td>4</td>
<td>Germany</td>
<td>67</td>
<td>Public</td>
</tr>
<tr>
<td>5</td>
<td>Spain National Committee</td>
<td>64</td>
<td>Private</td>
</tr>
<tr>
<td>6</td>
<td>Sweden</td>
<td>63</td>
<td>Public</td>
</tr>
<tr>
<td>7</td>
<td>United Kingdom</td>
<td>52</td>
<td>Public</td>
</tr>
<tr>
<td>8</td>
<td>France National Committee</td>
<td>52</td>
<td>Private</td>
</tr>
<tr>
<td>9</td>
<td>Norway</td>
<td>51</td>
<td>Public</td>
</tr>
<tr>
<td>10</td>
<td>Germany National Committee</td>
<td>43</td>
<td>Private</td>
</tr>
</tbody>
</table>

* Contributions received in cash and in kind; Please refer to the Funding Compendium 2019 for the full list of contributors: <www.unicef.org/reports/funding-compendium-2019>.

Excluding private sector fundraising.

The United States committed $132,500,000 for its regular resources contribution in 2019, with $112,625,000 received in 2019 and $19,875,000 received in 2020.

B. Regular resources contributions from non-OECD/DAC partners, including programme countries

32. Resource contributions from non-OECD/DAC partners and programme countries represent important and valuable revenue for UNICEF. In 2019, 98 non-DAC Governments, including from programme countries, contributed $26 million in RR, including 11 million in cash and in-kind contributions, estimated at $15 million, where Governments waived office rental fees for UNICEF offices or granted other
important privileges to UNICEF programmes. This support enabled UNICEF to channel cash received towards programmes for children.

33. Among non-OECD/DAC countries, the top RR cash and in-kind contributors in 2019 were Qatar ($4 million in cash), China ($1.8 million in cash and $121,515 in kind), Brazil ($1.8 million in kind), Nigeria ($1.8 million in kind) Saudi Arabia ($1 million in cash and $ 96,700 in kind), and the Russian Federation ($1 million in cash).

C. Regular resources contributions from the private sector

34. In 2019, 47 per cent of UNICEF RR was generated by National Committees and countries offices from private sector fundraising operations through individual giving. Individual giving, including pledge or relatively small regular monthly donations, cash and legacies, comprise 62 per cent of total private sector income and almost 100 per cent of RR income from the private sector.

Figure 6
Regular resources income trends from the public and private sector, 2014–2019
(in millions of United States dollars)

35. The share of RR generated by the private sector (of total RR income) has increased from 43 per cent in 2014 to 47 per cent in 2019. Even though growth in 2018 and 2019 was lower than predicted, significant private sector unrestricted income is an advantage that has enabled UNICEF to grow RR in the context of stagnant official development assistance (ODA) trends and increased earmarking of funds by public sector partners.

D. Multi-year commitments to regular resources

36. The proportion of multi-year RR contributions has steadily increased from 7 per cent in 2016 to 19 per cent in 2019. UNICEF encourages partners to contribute more multi-year funding towards meeting the funding compact commitment to increase the share of these types of contributions.

Table 4
Contributors to multi-year\(^a\) regular resources revenue\(^b\) recognized, 2016–2019
(in millions of United States dollars)

<table>
<thead>
<tr>
<th>Resource partner</th>
<th>Period</th>
<th>Total multi-year regular resources contribution(^c)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sweden</td>
<td>4 years (2018–2021)</td>
<td>295</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>3 years (2018–2020)</td>
<td>140</td>
</tr>
<tr>
<td>Netherlands</td>
<td>3 years (2019–2021)</td>
<td>110</td>
</tr>
<tr>
<td>Belgium</td>
<td>4 years (2017–2020)</td>
<td>70</td>
</tr>
<tr>
<td>Australia</td>
<td>5 years (2016–2020)</td>
<td>61</td>
</tr>
<tr>
<td>Switzerland</td>
<td>4 years (2018–2021)</td>
<td>61</td>
</tr>
<tr>
<td>Canada</td>
<td>4 years (2018–2021)</td>
<td>49</td>
</tr>
<tr>
<td>New Zealand</td>
<td>3 years (2019–2021)</td>
<td>12</td>
</tr>
<tr>
<td>Qatar</td>
<td>2 years (2019–2020)</td>
<td>8</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>805</strong></td>
</tr>
</tbody>
</table>

\(^a\) Based on the value of the agreement signed at the start of the multi-year contribution.

\(^b\) Agreements with a lifetime of two years or more are defined as multi-year agreements. These do not include any amendments.

\(^c\) Revenue is recognized, for the most part, in the year an agreement is signed and amounts in other years represent revaluations due to exchange rate fluctuations. Revenue data excludes write-downs.

*Note:* Due to rounding, the totals may differ slightly from the sum of the columns.

37. The majority of multi-year support for UNICEF RR comes from 7.7 million private individual givers, or pledge donors, who contributed to 47 per cent of total RR in 2019. Individual givers support UNICEF through regular monthly donations on average over a period of 8 years.

38. Alongside multi-year contributions, payments of contributions made as early as possible in the year, or at the start of a multi-year planning period, facilitate effective planning and management and reduce the risks associated with currency fluctuations. UNICEF has experienced a high proportion of RR contributions recorded in the last quarter of the year, from 48 per cent in 2017 to 54 per cent in 2018 and 48 per cent in 2019. This presents challenges in terms of predictability of funding and the organization’s ability to implement its programmes.

E. Thematic funding

39. Thematic funding remains a critical source of income for UNICEF programme delivery. Thematic funding contributions at the global, regional and country levels offer the most flexibility. They are an ideal complement to RR, as they can be allocated as and where they are most needed. This flexibility allows UNICEF to respond efficiently and effectively, facilitating longer-term planning and sustainability, in addition to savings in transaction, management and reporting costs, which results in a larger percentage of funds going towards programming. For UNICEF resource partners, thematic funding yields a higher return on investment than more tightly earmarked contributions, and reduces the administrative monitoring burden for partners.

40. Contributions to UNICEF 10 thematic funding pools (which are aligned to the five Goal Areas of the Strategic Plan, 2018–2021) align with the principles of good multilateral resource partnerships, good humanitarian donorship, the Grand Bargain and the funding compact. Thematic contributions are the best type of “other resources” to affect results directly aligned to the Strategic Plan.
Figure 7
Thematic contributions received, 2014–2019
(in millions of United States dollars)

Figure 8
UNICEF top contributors to thematic funding in 2019, by contributions received
(in millions of United States dollars)

41. In 2019, 74 donors (14 Governments, 33 National Committees and 27 private sector fundraising UNICEF country offices) contributed $345 million in thematic funding, down from $386 million in 2018. The top 10 resource partners to thematic funding contributed $269 million, or 78 per cent of the total thematic contributions to UNICEF. The top 10 partners provided 83 per cent of the total thematic funding for the non-humanitarian thematic pools, including gender, and 71 per cent of the total humanitarian thematic funding. The top five resource partners were the Governments of Norway and Sweden, the National Committee of Germany, and the Governments of the Netherlands and Denmark. These five partners contributed $206 million, or 60 per cent, of all thematic funding.

42. The trend of a decreasing overall amount of thematic funding as well as a decreasing ratio of thematic funding as a percentage of OR (from 8 per cent in 2018 to 7 per cent in 2019) is concerning and is contrary to the funding compact commitments in which the Member States have committed to double the share of non-core contributions provided through single-agency thematic funds. In alignment with this commitment, UNICEF aims to double thematic funding as a share of all OR to 15 per cent by the end of 2021. To reach this goal, UNICEF aims to further expand the thematic donor base and to encourage partners to channel more contributions through its thematic pools.

F. Multi-year commitments

43. Multi-year commitments are an efficient and effective investment, which improve the predictability of funding streams, lead to faster and more efficient response times and longer-term programme planning and implementation. The most critical support for UNICEF is that of quality, flexible and predictable funding: RR, thematic OR and/or multi-year contributions, which allows UNICEF to be strategic, agile and efficient in development and humanitarian programming. As part of the funding compact, Member States’ commitment is to increase the share of multi-year contributions against a target of United Nations entities reporting that at least 50 per cent of their contributions are part of the multi-year commitments.

Figure 9
Percentage of total contributions received as part of multi-year agreements, 2016–2019

44. In 2019, 48 per cent of UNICEF total contributions were multi-year. While 76 per cent of OR regular contributed were part of multi-year grants, an increase from 68 per cent in 2018 and 60 per cent in 2017, only 24 per cent of OR emergency were multi-year, a decrease compared to 25 per cent in 2018. This is, nevertheless, an improvement compared to 2016–2017, when the rates were 13 and 16 per cent, respectively. Only 19 per cent of RR contributions received in 2019 were part of multi-year agreements.
V. Public sector

45. In 2019, 137 Governments contributed to UNICEF resources. Total public sector income (from Governments, the European Commission, inter-organizational arrangements, Global Programme Partnerships and international financial institutions), totalled $4,740 million, up from $4,434 million in 2018. This constituted 74 per cent of total income in 2019, up from 73 per cent in 2018. The United States of America, the United Kingdom of Great Britain and Northern Ireland, Germany and the World Bank were the largest public sector contributors to UNICEF in 2019.

A. OECD/DAC government resource partners

46. UNICEF continues to strengthen its relationships with the OECD/DAC government resource partners to mobilize resources to achieve the Strategic Plan results. For instance, the Group of 20 Osaka Summit 2019 and the Seventh Tokyo International Conference on African Development, both chaired by Japan, provided UNICEF with unique opportunities to highlight and promote a child rights agenda with global leaders in international economic cooperation and development, and to call for Governments to further invest in the future generation in health and education with domestic resource allocations as well as innovative financing.

47. In 2019, UNICEF continued to strengthen its engagement with the European Union through strategic dialogues and high-level meetings (on migration, the humanitarian-development continuum, social protection, humanitarian affairs and nutrition). The European Union contributed $381 million to UNICEF in 2019, of which $224 million was OR (regular) and $157 million was OR (emergency). The level of development funding received from the European Union remained relatively stable, while over half ($130 million) of OR (regular) went to the Middle East and North Africa region, largely in response to the Syria crisis. Humanitarian funding from the European Union increased by $70 million compared to 2018. European Union funding to UNICEF through United Nations inter-organizational arrangements increased significantly, reaching $36 million in 2019.

B. Non-OECD/DAC government resource partners

48. Advocacy with non-OECD/DAC public partners continues to be an important fundraising strategy for UNICEF and has resulted in some new precedents. For example, Estonia made its first contribution to the innovation work of UNICEF in 2019 and strengthened its cooperation with UNICEF in Georgia; a new memorandum of understanding with the Russian Federation resulted in its first significant contribution to UNICEF ($13.3 million), with nearly 75 per cent going to humanitarian response; Czechia increased its humanitarian funding to UNICEF from $670,000 in 2018 to $2.2 million in 2019; and UNICEF further consolidated its partnership with Slovakia through the signing of a memorandum of understanding.

49. Countries in the Middle East have also been long-standing partners. For example, Kuwait, Saudi Arabia and the United Arab Emirates have consistently provided annual contributions to RR totalling $1.3 million per annum, while Qatar made a significant multi-year contribution of $8 million to RR for 2019–2020. Programme countries such as the Islamic Republic of Iran, Morocco and Tunisia have also consistently supported RR through annual contributions. Their unwavering support for the development and humanitarian programmes of UNICEF is a testament to the success of the organization’s efforts to build credibility and mutual trust.

50. Continued advocacy with non-OECD/DAC partners, including programme countries partners, is critical in order to continue to broaden the base and accelerate the mobilization of RR and OR.
C. International financial institutions and Global Programme Partnerships

51. Partnerships with the World Bank expanded to more continents and countries than ever before, with over $400 million in joint projects implemented by UNICEF in 2019. UNICEF has been recognized as a lead World Bank partner for its investments in human capital. Through ongoing collaboration on major health and social protection projects in South Sudan and Yemen, the partnership has grown, particularly through the Human Capital Project; and in fragile, conflict and violence-affected countries, and through expanded partnerships in Africa, Asia and Latin America and Caribbean, for education, health, nutrition, social protection and water, sanitation and hygiene. The UNICEF partnership with the Inter-American Development Bank also expanded with the MesoAmerica Education Initiative.

52. Amid deepening partnerships with regional development banks, including the Asian Development Bank, Islamic Development Bank, European Investment Bank, European Bank for Reconstruction and Development and African Development Bank, partnerships with Global Programme Partnerships continued to grow significantly, driven by the logic of strong implementation on the ground, resulting in $356 million received in 2019. UNICEF made steady progress on expanding immunization access working with Gavi, the Vaccine Alliance; supported access to education for students in six countries with the Global Partnership for Education; and received support from the Global Fund to Fight AIDS, Tuberculosis and Malaria for the national tuberculosis control programme and elimination of malaria in the Democratic People’s Republic of Korea.

D. United Nations pooled funds and joint programmes, and collaboration with other United Nations entities

53. UNICEF surpassed its Strategic Plan milestone for 2019 on increasing pooled resources and country-level engagement on joint programmes, which can be attributed, in part, to enhanced United Nations development system collaboration. In 2019, UNICEF received contributions of $548 million through inter-organizational arrangements to implement both development and humanitarian interventions (representing a 10 per cent increase from 2018, and an 85 per cent increase over 2017). The total included pooled funds, joint programmes, United Nations inter-organizational arrangements, country-based pooled funds and the Central Emergency Response Fund. There has been a significant increase in the number of country offices involved in joint programmes, with 95 offices (accounting for 74 per cent of the UNICEF field presence) engaged in various collaborative arrangements with the United Nations. In addition, funds managed by UNICEF as an administrative agent on behalf of government donors and other United Nations agencies, stand at approximately $117 million, a significant increase from past years.

54. UNICEF continues to actively engage in United Nations initiatives at both global and country levels across various thematic areas. For example, UNICEF is actively engaged in the Joint SDG Fund as a member of the Operational Steering Committee. In fact, 33 of the total 36 approved disbursements in the first round of the Joint SDG Fund went to UNICEF offices – evidence of the organization’s increased engagement with its sister United Nations agencies on social protection in support of the principle of “leaving no one behind”. UNICEF is also preparing to take part in almost 100 joint interventions regarding financing of the Sustainable Development Goals, mostly in the least developed countries, to help to make national financing frameworks more resilient to crisis. Finally, the United Nations COVID-19 Response and Recovery Fund is another major joint United Nations development system platform in which UNICEF (in collaboration with its sister United Nations agencies)
is set to operationalize joint programmes on health system emergencies and the socio-economic impacts of the pandemic in 30 countries, mainly in Africa and Asia.

VI. Private sector

55. The end of 2019 marked the midpoint of the Strategic Plan 2018–2021, and the Private Sector IMPACT Plan for the same period. The IMPACT Plan lays out a vision and direction for UNICEF to fully embrace the power of the private sector to deliver income and impact for children. It focuses on growing funding and engagement from the different private sector audiences – individual supporters and donors, key influencers and businesses.

56. In 2019, UNICEF income from the private sector was $1,457 million, $808 million of which was OR, that came mostly from foundations, philanthropists and businesses, and $649 million was RR, mostly from individual donors who gave monthly or one-off cash donations, or included UNICEF in their wills. This income from 7.7 million individual donors made up 47 per cent of RR income.

57. The overall private sector fundraising environment contracted in 2019. The biggest shift since 2017 has been a more inward-looking media and public, who are less compelled to give to international causes. Despite significant growth in some countries in local currency due to unfavourable exchange rates, there have been some losses in United States dollars. While UNICEF has been faring better than its peers and was still the second biggest private sector fundraising organization globally, UNICEF is exploring and implementing several new ways of mitigating this contraction, including enhanced emphasis on donor retention. The COVID-19 pandemic has meant that face-to-face fundraising in almost every UNICEF fundraising office and National Committee has had to close down. All have very quickly pivoted to telemarketing, digital and television marketing, and there have been positive responses in corporate and foundation giving.

A. Individual supporters

58. UNICEF engaged 95.5 million supporters in 2019: 81.4 million digital supporters, 1.28 million volunteers, 7.7 million individual donors and 5.1 million children reached with child rights education to advocate for child rights. Income from individuals totalled $876 million.

B. Key influencers

59. In 2019, UNICEF mobilized around $312 million from key influencers. In 2019, UNICEF raised $161 million from foundation partners, including the Bill & Melinda Gates Foundation, Rockefeller Foundation, Conrad N. Hilton Foundation, Fondation Botnar and the Wellcome Trust. UNICEF continued to strengthen its work with membership-based organizations, raising $85 million in 2019. For example, Rotary International and UNICEF continued to scale up vaccination campaigns and engaged the public and key leaders on the importance of eradicating polio. Kiwanis International supported and advocated for the need to address maternal and neonatal tetanus and has used its influence to bring additional partners on board. Finally, the 60 members of the UNICEF International Council approved its Charter committing to make a substantial, lasting and positive impact on children’s lives. Overall, UNICEF mobilized $41.4 million from major donors in 2019.
C. Businesses

60. An estimated 34.25 million children were reached in 2019 by interventions that involved businesses, compared to 14.6 million children reached in 2018. Country offices and National Committees worked with 3,101 businesses and business platforms to mobilize resources, skills and assets, to secure business support for advocacy on children’s issues and to address business impact on children. UNICEF raised $215.2 million in 2019 from business, exceeding the Strategic Plan target of $190 million by 13 per cent and marking 48 per cent growth from 2018. UNICEF more than trebled the total value of new business, from $18 million in 2018 to $65 million in 2019, with existing international partnerships growing by 10 per cent over the same period.

VII. Performance of public and private sector initiatives

61. UNICEF continued to strengthen public-private engagement and initiatives focused on collaboration through multi-stakeholder partnerships at the national, regional and global levels. Although these engagements do not directly leverage financial or other tangible resources, they represent pathways to large-scale potential value to advance UNICEF advocacy goals, including to mobilize resources for children. In addition, UNICEF has been working closely with Governments, United Nations entities, international financial institutions, philanthropic organizations, civil society and other private sector partners to explore innovative financing modalities that can catalyse development finance resources to deliver on commitments under the Sustainable Development Goals.

A. Multi-stakeholder platforms and partnerships

62. Enhanced engagement with multi-stakeholder platforms offers UNICEF a critical pathway to accelerate and amplify impact and advocacy for children, with the potential yield being significant income and valuable new partnerships. In 2019 there was an expansion of the breadth and depth of engagement with existing global platform partnerships (e.g., the World Economic Forum, United Nations Global Compact and the GSM Alliance of mobile phone operators), as well as prospecting and incubation of new partnerships with key cross-cutting platforms (e.g. the International Chamber of Commerce, World Business Council for Sustainable Development, Chief Executives for Corporate Purpose, Global Humanitarian Action Executive Alliance and Global Battery Alliance). A 2019 stocktaking of UNICEF engagement with multi-stakeholder platforms, identified over 130 engagements across 34 country offices, 4 regional offices and 7 National Committees (in addition to 11 multi-stakeholder partnerships managed by UNICEF headquarters divisions) across the full spectrum of engagement, from advocacy through collective action to resource mobilization.

63. Examples where this engagement has the potential to yield income, directly or indirectly, include the 70-member Global Battery Alliance. With a workstream focusing on cobalt mining, the Global Battery Alliance has led to commitments to address the impact of mining on child labour in communities in the Democratic Republic of the Congo. This has resulted in a $80 million African Development Bank project, with the UNICEF country office well positioned as a technical assistance partner. A separate private sector child labour coalition pooled fund is proposed to be hosted by UNICEF, including potential funding for the country programme in the Democratic Republic of the Congo.

64. Recognizing the imperative for more effective coordination and mutual reinforcement of public and private resources, UNICEF has launched, or is
developing, a number of significant public-private partnerships vehicles. These include the joint Global Muslim Philanthropy Fund for Children, a Shariah-compliant funding vehicle launched during the seventy-fourth session of the United Nations General Assembly by UNICEF and the Islamic Development Bank. The fund is designed to be eligible to receive Zakat funds and other forms of Muslim philanthropy to help to finance the child-related Sustainable Development Goals in bank member countries. Other significant public-private partnerships under development include Children First in Cocoa, a multi-stakeholder partnership addressing the root causes of child labour in the cocoa industry.

B. Innovative financing

65. Capitalizing on the growing opportunities for innovative finance, UNICEF is working on developing a strategy for innovative financing that will be completed in 2021.

66. Building on earlier experiences such as an advanced market commitment of $1.5 billion for the pneumococcal conjugate vaccine, UNICEF in 2019 established a Board co-chaired by its Deputy Executive Director for Partnerships and Deputy Executive Director for Field Results and Innovation, to oversee and advocate for financial innovation projects.

67. In October 2019, UNICEF established its own facility for the receipt of cryptocurrency, with the first contributions to be received from the Ethereum Foundation. Contributions will be directed to benefit grantees of the UNICEF Innovation Fund, with payments also made in cryptocurrency, creating a new and efficient circular financing model.

68. New initiatives that are under development include sustainable water, sanitation and hygiene infrastructure projects in fragile contexts through public-private blended finance to reduce aid costs and the carbon footprint of trucking water. UNICEF is also working with Common Health, a private mobile micro-insurer, to provide families with hospital insurance and telehealth services through mobile phones, with a pilot project in Myanmar.

VIII. Strategic considerations

A. Future directions: Financing the Strategic plan in light of the COVID-19 pandemic

69. UNICEF is monitoring the impact of the COVID-19 pandemic on its current and future funding, and in light of the midterm review of the Strategic Plan, 2018–2021. Based on the latest available information, UNICEF is maintaining a conservative financial outlook for its resource planning for 2020–2023 and is closely monitoring developments.

70. In terms of resource mobilization from the public sector, ODA levels are expected to hold for 2020. Beyond this year, domestic economic and political challenges within partner countries are likely to have an impact on funding levels, as will fluctuating exchange rates. Based on careful monitoring of overall ODA trends, UNICEF continues to engage in dialogue with Governments and other public sector partners to help to anticipate and mitigate risks with a possible impact on funding of the Strategic Plan. UNICEF has emphasized the imperative for international solidarity to support the most vulnerable children in times of crisis. UNICEF has intensified relationship management, including proactive communication with partners focusing on ongoing COVID-19 programming as well as planning for the recovery phase. COVID-19 has made the need for flexible resources even more critical for UNICEF
so that the organization can reach children in need faster, empower local actors, deploy essential supplies and protect the most vulnerable.

71. UNICEF is pursuing several strategies to maintain and promote the mobilization of resources from the private sector. First, based on the organization’s high trust rating, it is building on its own brand. Second, UNICEF is enhancing its private sector engagement through direct marketing, with the aim of shifting investments from brand awareness and reciprocation campaigns to direct mailing and digital appeals of more immediate relevance. Third, UNICEF is exploring working with major private financial partners to explore a “resilience fund” to support post-COVID 19 social and economic recovery, with a target fund size of $1 billion. Finally, UNICEF is finding new partners with shared values by partnering with corporations that have a shared interest in improving children’s lives throughout the crisis and beyond.

B. Risk management

72. The COVID-19 outbreak poses an unprecedented challenge to the world and the United Nations system – not only in terms of how business is conducted, but also in terms of the impact on those the organization serves. As UNICEF tackles this global crisis, it seeks to strengthen approaches that help to demonstrate the value of multilateralism and its potential for efficiencies, which directly contributes to meeting the funding compact commitments.

73. To maintain the highest levels of integrity, efficiency and effectiveness in the use and the monitoring of resources, in situations where access to its operations and programmes have been restricted due to the pandemic, UNICEF has adjusted its actions related to risk management, safeguarding, audit and investigation in the short term, and is in the process of evaluating the longer-term implications for its assurance, advisory and investigative functions.

74. At the onset of the crisis, UNICEF offices and partners prioritized programmatic and financial assurance for interventions that directly contribute to saving lives and protecting health, and where the consequences of programme failure were high for the affected populations. Concurrently, UNICEF offices adopted a risk-based approach to partner, programme and financial assurance monitoring, which considered variables such as the implementing partner’s risk rating, the amount of funds being transferred, programmatic assurances already performed as part of the ongoing workplan, the type of intervention (i.e., upstream versus downstream) and potential restriction-of-movement scenarios.

75. UNICEF continues to engage in discussions with its government partners and United Nations sister agencies regarding the concept of risk sharing (or risk appetite), including in the context of the ongoing global pandemic, where speed of delivery is critical, and where risk-sharing is essential to help to manage the expectations of partner constituencies in the interest of the greater good.

76. The stagnation of multilateral ODA for core resources and increased earmarking of funding – with the share of total core funding reduced from 17 per cent in 2014 to 11 per cent in 2019 at the United Nations system level, despite Member States’ funding compact commitment to increase it to at least 30 per cent – has also affected UNICEF. Regular resources from the public sector as a share of total public sector income declined from 17 per cent in 2014 to 11 per cent in 2019, leaving UNICEF with fewer flexible resources, potentially shifting it from a mandate-based to a project-based organization. The COVID-19 crisis could further increase earmarking, given political pressure and policy priorities to respond to the crisis at the expense of long-term development outcomes. Honouring the funding compact commitments will
be crucial not only for an effective response to the pandemic, but also for the long-term sustainability of UNICEF and the United Nations development system.

77. Currency fluctuations, inflation and a doubling or tripling of needs as a result of the COVID-19 crisis mean that UNICEF will be able to reach fewer children with the same resources. Anecdotal projections show that the rising strength of the United States dollar might mean a decrease of as much as 0.5 per cent of expected income. This will especially impact regular resources contributions. The economic crisis is expected to make some critical programme supplies more expensive, reducing the organization’s purchasing power.

C. Improved reporting, visibility and recognition

78. In line with funding compact commitments, in 2019, UNICEF continued to improve and increase partner recognition and visibility regarding results achieved for children, and to strengthen the narrative around the value of partnerships. UNICEF is now able to monitor partner recognition across UNICEF social media channels using a new monitoring tool. Thirty-four major public sector partners were monitored in 2019.

79. UNICEF also engaged with major partners contributing core funding in co-creating visibility plans bilaterally (e.g., with Germany and Sweden), and with other United Nations agencies (UNFPA, UNDP and UN-Women). Public sector partners were also acknowledged as contributors in key UNICEF publications, including The State of the World’s Children 2019 and the Global Annual Results Reports 2019.

80. During the year a number of key UNICEF events, such as the summit on Family-Friendly Policies and World Children’s Day 2019, were used as opportunities to engage with government partners and present results of the partnership to broader audiences.

IX. Conclusion

81. UNICEF extends it deep appreciation to its resource partners for the income generated in 2019 for results for children. UNICEF particularly seeks guidance and support from its partners in supporting its immediate and longer-term response to the COVID-19 pandemic, as well as in addressing the resulting gaps and setbacks in regular development and humanitarian programming. The development gains of the past decade are now at risk of being lost. As such, it is imperative that UNICEF continues to make the case for flexible funding to allow all children, everywhere – especially the most vulnerable – to realize their rights.

82. UNICEF looks forward to consultations throughout each year with partners, including the Member States, National Committees, civil society and the private sector, and will continue working with partners to further shape the approach to the structured dialogue on financing the results of the Strategic Plan, along with its sister United Nations agencies, particularly in support of the Secretary-General’s reform efforts.

X. Draft decision

The Executive Board

1. Takes note of the structured dialogue on financing the results of the UNICEF Strategic Plan, 2018–2021 (E/ICEF/2020/21);

2. Notes the importance of sufficient and predictable regular resources, which are critical for UNICEF to be able to accelerate programming to meet the child-related
Sustainable Development Goals and to equitably reach all children, everywhere, so that they can fulfill their rights;

3. *Stresses* the importance of funding predictability and urges the Member States to prioritize regular resources and multi-year pledges for 2020 and future years, given that reductions in regular resources jeopardize the ability of UNICEF to achieve the results of the UNICEF Strategic Plan, 2018–2021.