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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 (QCPR), and in line with relevant decisions adopted by the UNICEF Executive Board since 2014, the most recent being decision 2021/17, this 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 articulated in the United Nations funding compact, which was endorsed in May 2019 by the United Nations Economic and Social Council.

In accordance with Executive Board decisions 2019/23, 2020/17 and 2021/17, UNICEF continues to monitor its entity-specific progress towards the achievement of the United Nations funding compact. This report provides an overview of the resource trends, current situation and funding perspective for 2021, taking into account both core and non-core resources.

Elements of a draft decision are presented in section VIII.

* E/ICEF/2022/22.

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

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I. Introduction

1. The structured funding dialogues provide an update on financing the results of the UNICEF Strategic Plan, 2018–2021 and on progress made on entity-specific commitments of the funding compact. This report provides funding highlights for UNICEF in 2021. UNICEF has made significant progress in harmonizing its structured funding dialogue report with those of the United Nations Development Programme (UNDP), United Nations Population Fund (UNFPA) and the United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women), and improving the quality of the dialogues through joint informal sessions with Member States.

2. Massive setbacks to the achievement of the Sustainable Development Goals as a result of the coronavirus disease 2019 (COVID-19) pandemic, global inflation that is impacting the price of food and fuel, and substantial growth in earmarked funding towards humanitarian crises all make the case for continued collective action and cooperation to support the United Nations development system through flexible, unearmarked funding, particularly core funding (regular resources) and thematic funding. This imperative has never been more critical.

3. As a voluntarily funded organization, the structured funding dialogues are critical for ensuring transparent discussions with Member States to improve funding behaviour to enable UNICEF to deliver on its mandate. The ability of UNICEF to effectively plan and achieve results is constrained by available resources. These dialogues, along with the funding compact, offer the opportunity for Member States – who are both resource partners and oversee the organization's governance – to help to find solutions to improve the quality and predictability of funding so that UNICEF can better plan and implement programmes to achieve results, equitably, for all children.

II. United Nations funding compact

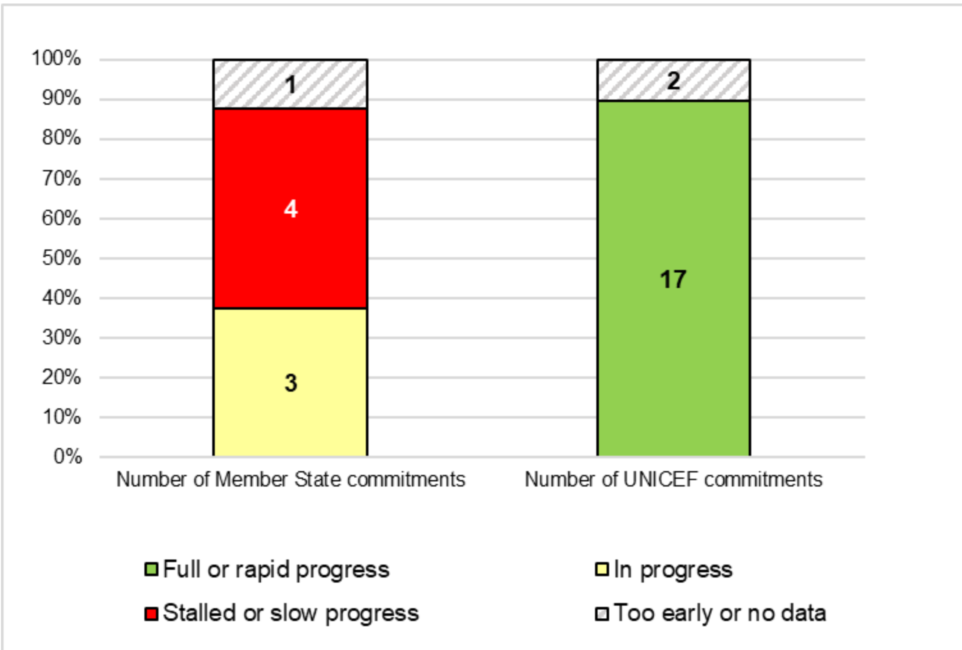
4. The funding compact is a shared set of commitments between Member States and the United Nations system to respond to global development challenges and achieve the Sustainable Development Goals, supported by adequate and flexible resources. Member States have committed to doing so by bringing core resources to a level of at least 30 per cent by 2023, increasing the share of multi-year contributions and doubling the levels of resources channelled through development-related inter-agency pooled funds and single-agency thematic funds.

5. Fulfilling the funding compact commitments is now more critical than ever to ensure that the United Nations system can respond to complex development challenges while reducing response times, transaction costs and competition for resources. Responding to COVID-19 has already demonstrated the criticality of flexible resources. For UNICEF, core funding – the most flexible type of funding – is essential to its functioning and is critical for sustainability of impact. Without adequate core funding, UNICEF is unable to fulfil its mandate and to reach the most vulnerable and underserved children.

6. The 2022 report of the Secretary-General on the implementation of General Assembly resolution 75/233 on the quadrennial comprehensive policy review of operational activities for development of the United Nations system (A/77/69–E/2022/47) continues to show a mixed picture, with some progress observed on only 50 per cent of Member States' commitments (no change from 2020) and on 89 per cent of United Nations Sustainable Development Group commitments (up from 73 per cent in 2020).

7. From an agency-specific perspective, UNICEF is overall on track to meet all the commitments, and in some cases has exceeded the United Nations system-wide targets. In 2021, there was little progress on Member States' commitments; in fact, there was regression on 50 per cent of the commitments (or 4 of 8), while UNICEF fully met or exceeded progress on 89 per cent (or 17 of 19) of the entity-specific commitments. Progress towards the funding compact commitments is included in an annex to this report (UNICEF/2022/EB/12). For the purposes of the structured funding dialogue, the progress towards Member States commitments is elaborated in section IV of this document.

Figure I
Progress on funding compact commitments, 2021 (number and proportion)



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

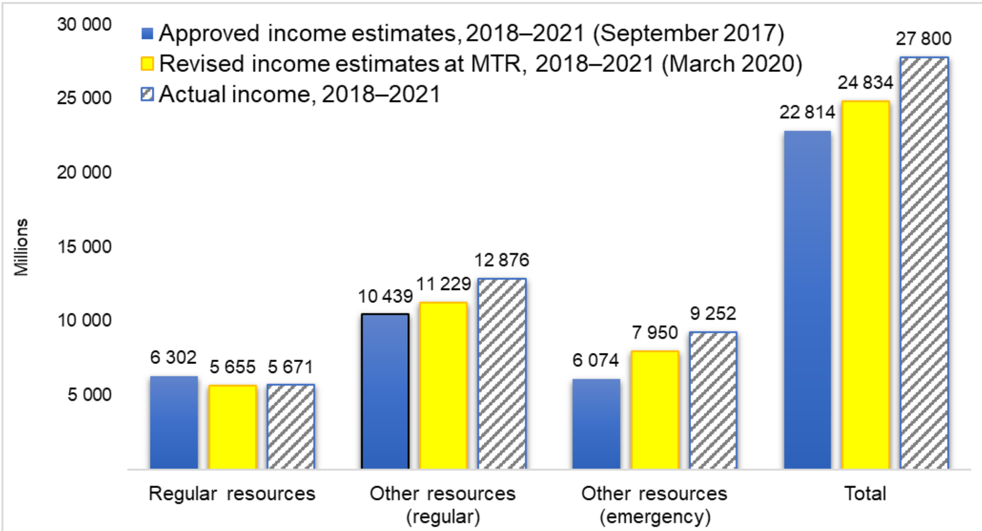
A. Income

8. A four-year financial plan forms part of the UNICEF Strategic Plan and is reviewed and revised annually on a rolling basis.

9. In 2017, the Executive Board approved total income[1] estimates of $22.8 billion for the Strategic Plan, 2018–2021, segmented as $6.3 billion (or 28 per cent) in regular resources (RR) and $16.5 billion (or 72 per cent) in earmarked other resources (OR). Revisions to the estimates were made in March 2020 as part of the midterm review of the Strategic Plan, 2018–2021 and in June 2020 in response to the COVID-19 pandemic. A final revision to UNICEF income estimates for 2018–2021 was made in June 2021, which resulted in total income estimates of $26.2 billion, segmented as $5.6 billion (or 22 per cent) in RR and $20.6 billion (or 78 per cent) in OR.

[1] "Income" is defined as contributions received from Governments, inter-organizational arrangements and intergovernmental organizations, and revenue from the private sector.

Figure II
Strategic Plan, 2018–2021 approved income estimates versus revised estimates versus actual income
(in millions of United States dollars)



Note: MTR = midterm review.

10. While a key objective of the funding compact is to rebalance RR and OR, over the past 20 years the volume of contributions made by public sector donors to the United Nations system has significantly shifted from non-earmarked funds (flexible funding or RR) to contributions strictly earmarked for specific programmes, projects or geographic locations. Over the Strategic Plan, 2018–2021 period, 11 per cent (or $2,206 million) of income received from the public sector was for RR, compared to 15 per cent (or $2,289 million) during the 2014–2017 period. Conversely, 43 per cent (or $2,807 million) of income received from the private sector during 2018–2021 was for RR, compared to 42 per cent (or $2,394 million) during 2014–2017, showing the stability and criticality of private sector funding in the face of increasingly earmarked public sector contributions. In this context of increased earmarking, flexible funding from the private sector and innovative financing instruments have become even more critical to achieving the goals of the Strategic Plan, 2022–2025.

11. In 2021, UNICEF income reached over $8 billion for the first time. This was achieved within the context of the economic uncertainty created by COVID-19, reductions in contributions to UNICEF by some key donors and new realities in almost all of UNICEF programme countries as well as donor countries resulting from the pandemic. This unprecedented level of income is a testament to the faith and trust that UNICEF public and private resource partners have in the organization and its ability to effectively undertake its mandate, even in the most challenging of circumstances.

Table 1
Actual income, 2018–2021
(in millions of United States dollars)

Funding type	***Actual 2018 $***	***Actual 2019 $***	*Growth %*	***Actual 2020 $***	*Growth %*	***Actual 2021 $***	*Growth %*	*Total 2018–2021 $*
A. Regular resources	1 422	1 371	-4%	1 470	7%	1 408	-4%	5 671
B. Total other resources (C+D)	4 638	5 029	8%	5 748	14%	6 713	17%	22 129
C. Other resources (regular)	2 591	2 995	16%	3 559	19%	3 731	5%	12 876
D. Other resources (emergency)	2 046	2 034	-1%	2 189	8%	2 982	36%	9 252
Total income (A+B)	**6 060**	**6 400**	**6%**	**7 219**	**13%**	**8 122**	**13%**	**27 800**

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

12. Over the 2018–2021 period, UNICEF total income reached $27.8 billion, 6 per cent higher than the four-year income estimates approved in September 2021 and 22 per cent higher than the original estimates approved in September 2017. In 2021, UNICEF total income was $8,122 million, an increase of 13 per cent compared to 2020. This is 32 per cent higher than the original (September 2017) Board-approved income estimates for 2021, and 25 per cent higher than the revised (September 2021) financial estimates for 2021. The growth in total income was driven largely by increases in earmarked OR, particularly for the response to COVID-19, and other humanitarian crises, particularly those in Afghanistan and Yemen. The year 2021 also saw a 4 per cent decrease in actual RR income.

13. Public sector income in 2021 constituted 73 per cent, or $5,924 million of total income, representing an increase of 9 per cent, or $473 million, over 2020 levels. This income was mostly from government partners of the Development Assistance Committee of the Organisation for Economic Co-operation and Development (OECD/DAC), including the European Union. In 2021, private sector income hit its highest-ever milestone and constituted 26 per cent, or $2,077 million, of total income, an increase of 29 per cent, or $471 million, compared to 2020. This income was mostly from the National Committees for UNICEF, UNICEF country offices with private sector fundraising and non-governmental organizations. Other income, classified as RR, includes income from investments, interest, licensing, procurement services and other sources, and totalled $121 million, or 1 per cent of overall income.

14. Unfortunately UNICEF record-breaking income in 2021 also aligned with record-breaking needs of children. The impact of COVID-19 continued to exacerbate children's vulnerabilities and widened the gaps in reaching the Sustainable Development Goals. At the same time, emergency needs reached new highs, with the UNICEF annual humanitarian funding requirement reaching over $7 billion in 2021, the organization's largest humanitarian appeal on record.

Figure III
Income by funding type, 2008–2021
(in millions of United States dollars)

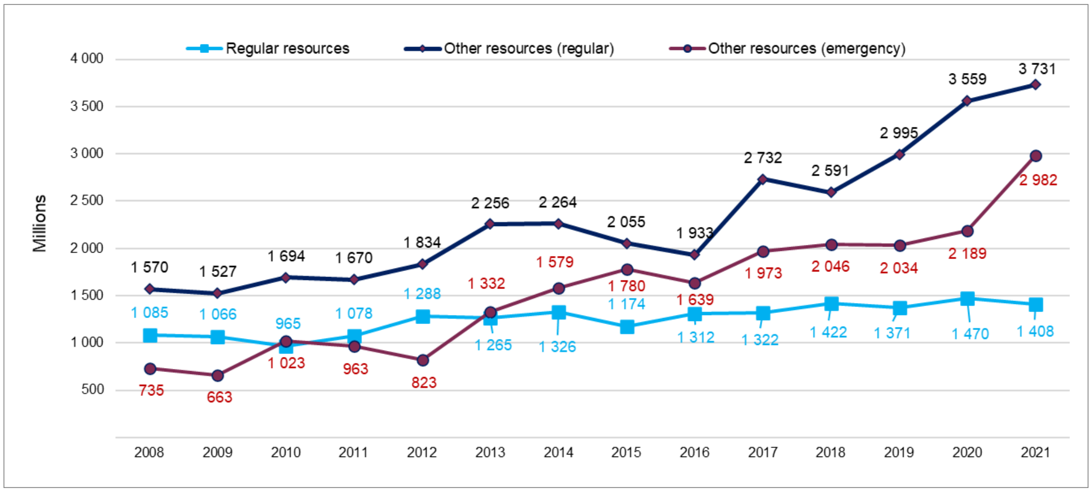
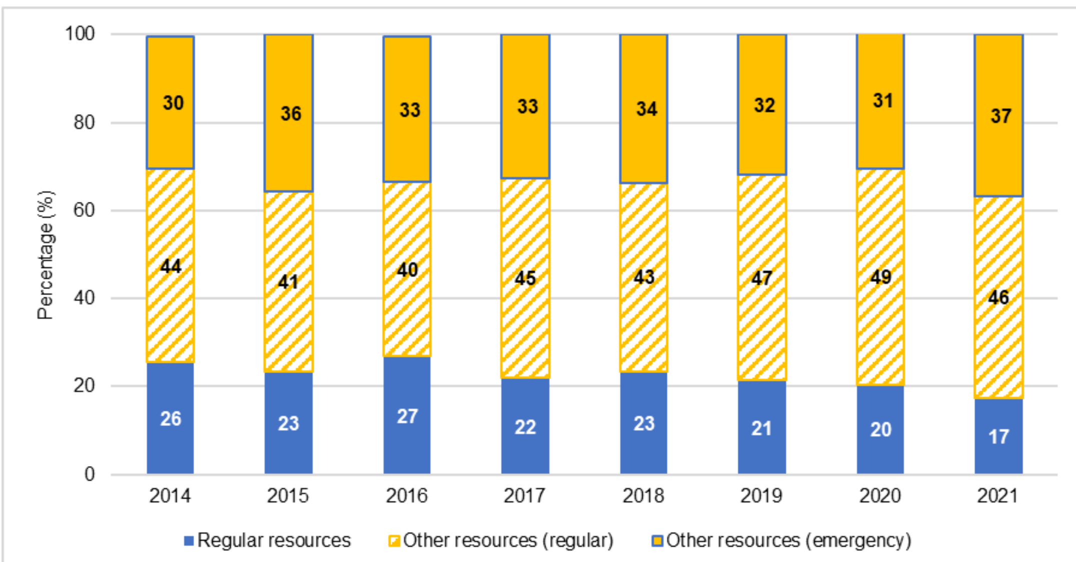


Figure IV
Proportion of income by funding type, 2014–2021



15. Other resources increased by 17 per cent, to $6,713 million in 2021, compared to 2020. This exceeded the Strategic Plan target approved by the Board in September 2017 by 59 per cent, and the revised financial estimates approved by the Board in September 2021 by 34 per cent. Of total OR, $3,731 million, or 56 per cent, was received as other resources (regular) (ORR) and $2,982 million, or 44 per cent, as other resources (emergency) (ORE).

16. Despite the organization's call for increased flexibility in light of the unprecedented demands of the pandemic, RR decreased by 4 per cent in 2021 compared to 2020. This is 19 per cent below the original (September 2017) RR income estimate of the Strategic Plan and 1 per cent lower than the revised financial estimate presented to the Executive Board in September 2021. Public sector RR decreased by 10 per cent, from $592 million in 2020 to $533 million in 2021, while private sector RR increased by 5 per cent, from $717 million in 2020 to $754 million in 2021. Public sector RR only constituted 9 per cent of total public sector income, down from 11

per cent in 2020. As such, RR as a proportion of overall income has steadily decreased, from 23 per cent in 2018 to only 17 per cent in 2021. This is almost entirely due to increased earmarking of public sector resources.

B. Expenditure

17. UNICEF actual expenditure over the 2018–2021 Strategic Plan period reached $26.1 billion, which is closely aligned to the total planned expenditure of $25.9 billion in the midterm review of the integrated budget, 2018–2021.

IV. Quality income resource gap for 2021 and 2018–2021 overview

18. The key commitments of the funding compact, in the context of the structured funding dialogue, relate to the resource gap for quality income, which includes RR, thematic funding and multi-year funding commitments.

A. Regular resources/core funding

19. Regular resources are the highest quality of funding; they are essential to the functioning of UNICEF and are critical for sustainability of impact. Regular resources are funds received without restrictions and can be used to achieve results for all children – particularly the most vulnerable and underserved – and work as an enabler in increasing the efficiency of other types of funding. For example, in Afghanistan RR represented the foundation for the country's cold chain, ensuring a strong system was in place in readiness for the massive roll-out of the COVID-19 vaccine. In the Democratic Republic of the Congo, RR proved an indispensable asset in the drive to improving the availability and quality of primary school education. In Lebanon, RR enabled mental health services to be embedded across multiple platforms and sectors, ensuring access to all children and adults facing mental health challenges.[2]

20. Core funds are also critical to serving the humanitarian mandate of UNICEF. When Cyclone Eloise made landfall in Mozambique in January 2021, RR funds supported surge capacity needs to rapidly deploy pre-positioned emergency provisions and set up emergency services for affected children and their families. In 2021, $197 million in core funds were used to support humanitarian programmes in 138 offices, including at country, regional and headquarters levels. Core resources also enabled UNICEF programmes to quickly pivot from routine immunization to implementing an emergency response and rolling out the COVID-19 vaccine.

21. In 2021, 115 Governments, the 33 National Committees for UNICEF and 49 UNICEF county offices were instrumental in mobilizing resources for UNICEF and contributed $1,408 million in RR, representing a decrease of 4 per cent (or $62 million) from 2020. While overall RR decreased in 2021, core resources from the private sector hit an all-time high, accounting for approximately 54 per cent of UNICEF total core funding (up 5 per cent from 2020). Thirty-eight per cent of RR came from the public sector (down 10 per cent from 2020) and the remaining 9 per cent came from other income.

22. As illustrated in figures V and VI that follow, UNICEF is increasingly dependent on the private sector for its core resources to support programme implementation. Without these critical partners, important results for children, particularly in response to the COVID-19 pandemic and its broader effects, would not have been possible.

[2] For additional examples, see: UNICEF, *Core Resources for Results: 2021 report,* May 2022.

Figure V and VI

Regular resources income, by type of resource partner, 2018–2021 and 2021[3]

(in millions of United States dollars)

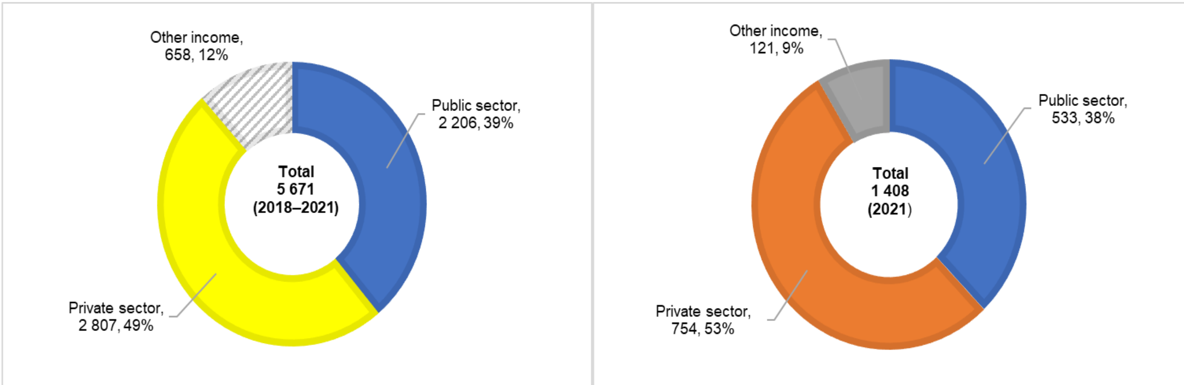


Table 2

Top 10 resource partners for regular resources 2021, by contribution received[a]

No.	*Resource partner*	*Regular resources (in millions of United States dollars)*	*Type of Partner*
1	Japan Committee for UNICEF	150	Private
2	United States of America	134	Public
3	Germany	84	Public
4	Korean Committee for UNICEF	78	Private
5	German Committee for UNICEF	75	Private
6	Sweden	66	Public
7	Spanish Committee for UNICEF	65	Private
8	French Committee for UNICEF	51	Private
9	Norway	51	Public
10	Italian Committee for UNICEF – Foundation ONLUS	47	Private

[a] Contributions received in cash and in kind.

B. Regular resources contributions from the public sector

23. A total of 115 government partners (a decrease of 8 from 2020) contributed core resources in 2021. Of note, Slovakia, Norway, Hungary and Iceland provided the greatest increases in their core contributions, while Latvia provided its first-ever contribution to RR. Germany, Sweden, Norway and Denmark also remained strong contributors of flexible funding, while Sweden and the United Kingdom of Great Britain and Northern Ireland were the top contributors to multi-year RR.[4]

24. Member State performance in terms of share of RR has continued its downward trend, away from the funding compact commitment of at least 30 per cent. Unrestricted core contributions from Member States as a share of overall public sector income has dropped from 17 per cent in 2014 to 9 per cent in 2021, down 2 per cent

[3] Figures are based on "income," which here represents contributions received from public sector, revenue from private sector, and other income.

[4] Based on the value of the agreement signed at the start of a multi-year contribution between 2018 and 2025.

from 2020. Of the 115 Governments that contributed RR in 2021, the number of Governments that met or exceeded the funding compact commitment continued to decrease, from 78 in 2018 to 56 in 2021.

25. Regular resources contributions from countries that are not members of OECD/DAC and from programme countries amounted to $23 million in 2021. This included an estimated $17 million where Governments waived office rental fees.[5] This support enabled UNICEF to channel cash received towards programmes for children.

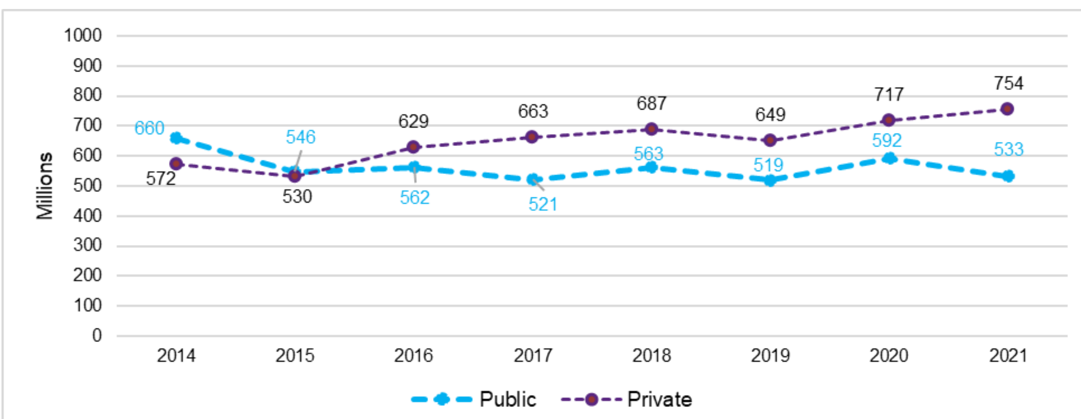
26. The COVID-19 pandemic and large-scale humanitarian crises have illustrated the criticality of core funding. New and greater investments by OECD/DAC and non-DAC partners are even more critical to UNICEF being able to fulfil its mandate for all children and to achieve the Sustainable Development Goals. Increased investment by government partners is needed to move in the right direction towards meeting the funding compact commitment of bringing core resources to a level of at least 30 per cent by 2023.

C. Regular resources contributions from the private sector

27. The year 2021 set another record for RR from the private sector, which increased by $37 million (to $754 million) compared to 2020. This was largely due to strong performances in digital and direct response television-driven acquisition; improved audience-centric approaches; and investment in individual giving.

28. Private sector contributions to RR remain critical to UNICEF and their share of total RR income has steadily increased from 43 per cent in 2014 to approximately 54 per cent in 2021. Private sector unrestricted income is an advantage that has enabled UNICEF to grow RR and acts as a buffer to increased earmarking by public sector partners. The past two years, 2020 and 2021, are a testament to the power and criticality of the role of the private sector in the generation of RR. UNICEF will continue to invest in broadening the funding base for core resources.

Figure VII
Regular resources income trends from the public and private sector, 2014–2021
(in millions of United States dollars)



D. Multi-year commitments to regular resources

29. Predictable funding commitments in the form of multi-year agreements allow UNICEF to address medium- to long-term development and humanitarian outcomes, reduce fragmentation of interventions and allow for scaling up of programmes. The

[5] See the Funding Compendium 2021 (forthcoming in 2022) for details.

proportion of RR contributions received as a part of multi-year agreements decreased from 17 per cent in 2020 to 13 per cent in 2021. UNICEF encourages partners to channel more contributions as quality funding towards meeting the funding compact commitment to increase the share of multi-year contributions.

Table 3
Contributors to multi-year[a] regular resources revenue recognized,[b] 2016–2021
(in millions of United States dollars)

Resource partner	*Period*	*Total multi-year regular resource contribution[c] (in millions of United States dollars)*
Sweden	4 years (2018–2021) and 4 years (2022–2025)	561
United Kingdom	3 years (2018–2020)	154
Belgium	4 years (2017–2020) and 4 years (2021–2024)	140
Netherlands	3 years (2019–2021)	112
Australia	5 years (2016–2021)	91
Switzerland	4 years (2018–2021)	82
Canada	4 years (2018–2021)	49
Luxembourg	2 years (2020–2021) and 4 years (2022–2025)	22
Denmark	3 years (2020–2022)	20
New Zealand	3 years (2019–2021)	12
Qatar	2 years (2019–2020)	8
Total		**1 250**

Note: Numbers may not add up due to rounding.
[a] Agreements with a lifetime of two years or more are defined as multi-year agreements. They do not include any amendments.
[b] 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.
[c] Based on the value of the agreement signed at the start of the multi-year contribution.

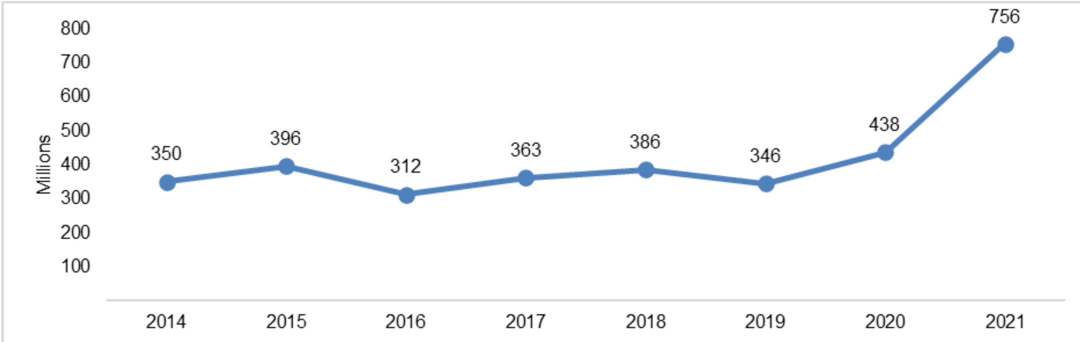
30. The vast majority of multi-year support for RR comes from over 9.8 million private individual donors, including 6.2 million pledge donors, who support UNICEF through regular monthly donations over an average of eight years.

31. Late payments pose a serious challenge for predictable funding. Payments made as early as possible in the year, or at the start of a multi-year planning period, facilitate effective planning and reduce the risks associated with currency fluctuations. The predictability of funding and the ability of UNICEF to implement programmes remain challenging.

E. Thematic funding

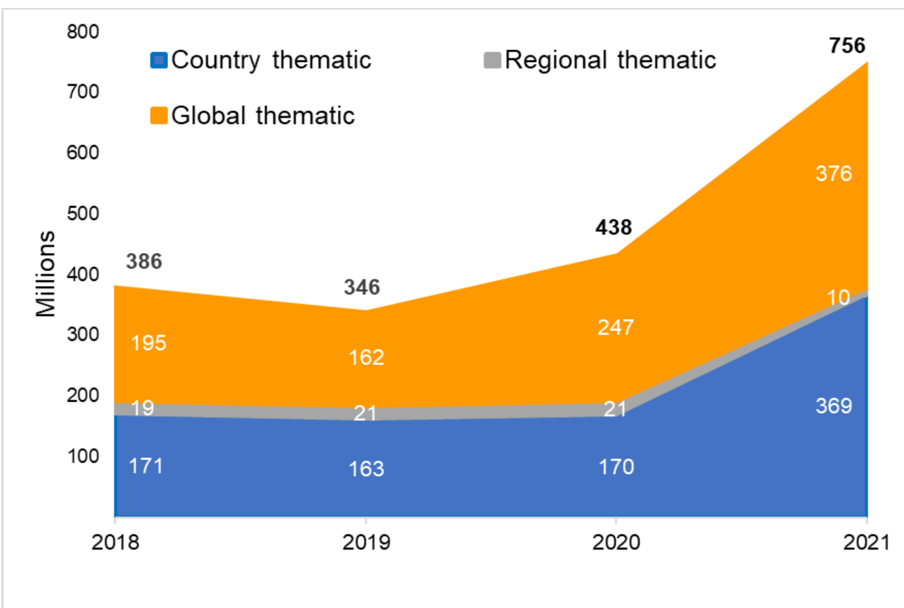
32. Thematic funding – both humanitarian and non-humanitarian – is the second highest quality type of funding UNICEF can receive after core funding. Thematic funds support high-level results at the country, regional and global levels, acting as an ideal complement to RR. Thematic contributions are softly earmarked pooled funds and are the preferred type of other resources due to their flexibility to be directed where they are most needed. This leads to efficiency gains as a result of better planning, greater sustainability of results and reduced uncertainty and transaction costs for both UNICEF and its resource partners. Contributions to UNICEF thematic funding pools (which are aligned to the Goal Areas of the Strategic Plan) are aligned to the principles of good multilateral resource partnerships and good humanitarian donorship, as well as with the Grand Bargain and the funding compact.

Figure VIII
Thematic contributions received, 2014–2021
(in millions of United States dollars)



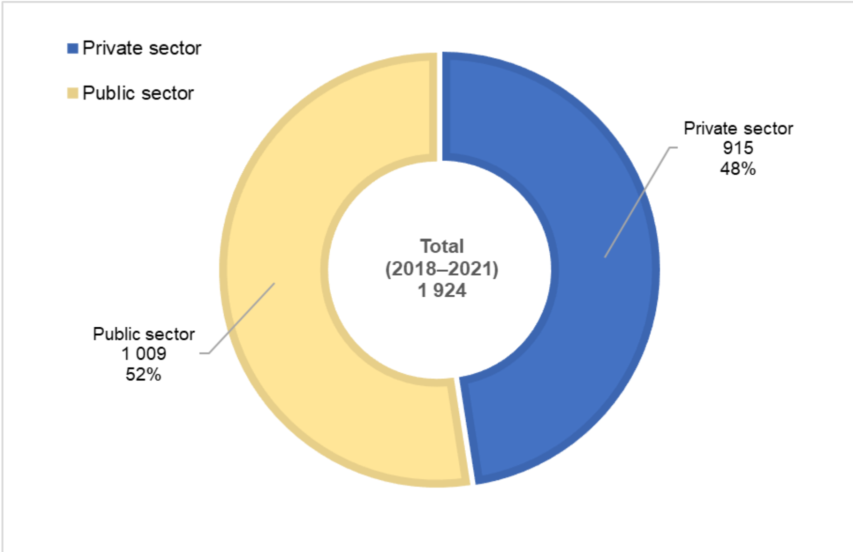
33. In 2021, 78 donors (20 Governments, 32 National Committees and 26 private sector fundraising UNICEF country offices) contributed $756 million in thematic funding to UNICEF, up from $438 million in 2020, an increase of 73 per cent. Thematic funding was provided through three funding modalities: 50 per cent (or $376 million) through global thematic funding, 1 per cent ($10 million) through regional thematic funding and 49 per cent ($369 million) through country thematic funding. The private sector contributed 51 per cent ($387 million) of total thematic funding in 2021, of which two thirds ($258 million) supported global thematic funding.

Figure IX
Thematic funding by type, 2018–2021
(in millions of United States dollars)



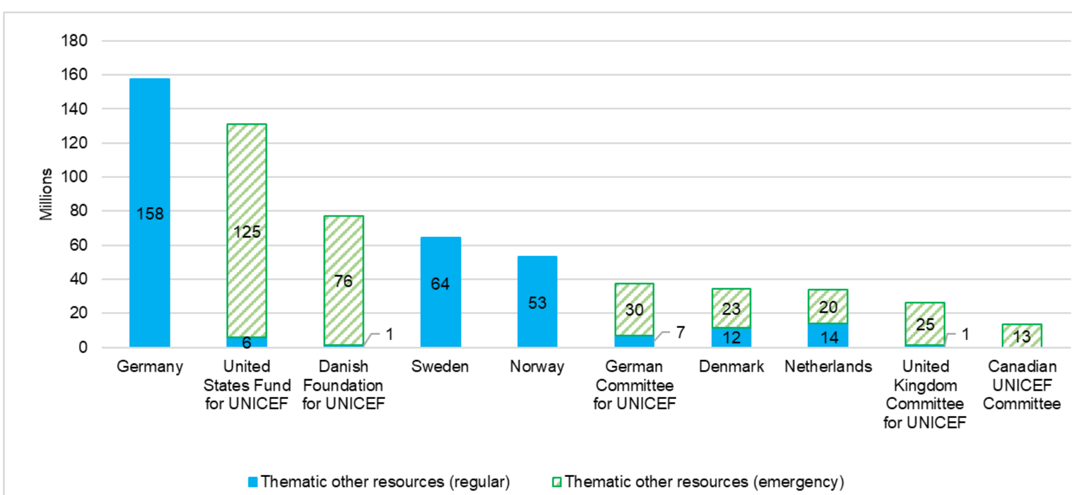
Note: Due to rounding, the totals may differ slightly from the sum of the individual amounts.

Figure X
Thematic funding by type of partner, 2018–2021
(in millions of United States dollars)



34. The top 10 resource partners to overall thematic funding contributed $629 million (83 per cent) of the total thematic contributions to UNICEF. The top three partners were the Government of Germany, the United States Fund for UNICEF and the Danish Foundation for UNICEF, which collectively contributed more than half (58 per cent or $366 million) of thematic funding from the top 10 partners. Of note, Germany provided its first-ever thematic funding, including $141 million to UNICEF in Afghanistan via country thematic funds for the nutrition, education, water, sanitation and hygiene (WASH), health, and social policy and social protection thematic windows. In partnership with Sweden, a new modality of providing country programme-based thematic funding, which was piloted in the Plurinational State of Bolivia and the Sudan, is now being further expanded to additional countries for the 2022–2025 period.

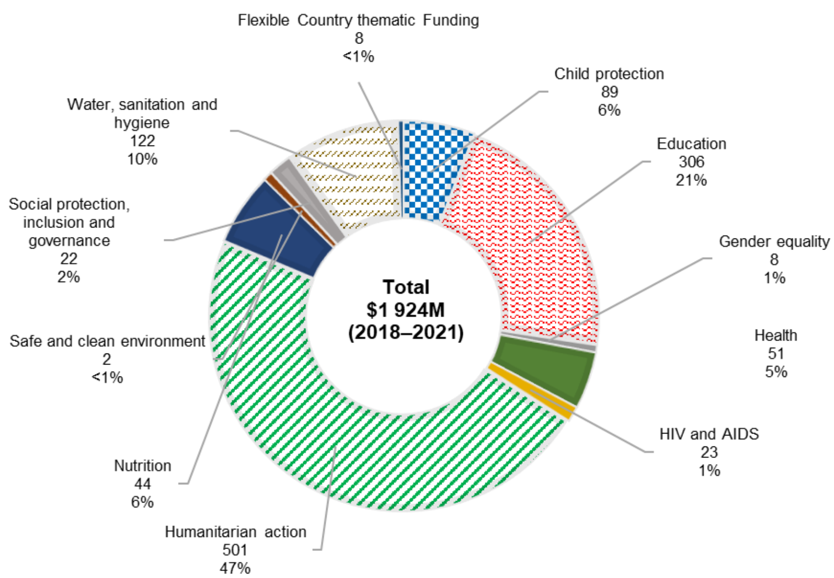
Figure XI
UNICEF top contributors to thematic funds in 2021, by contributions received
(in millions of United States dollars)



35. In 2021, thematic funding increased by 4 per cent (to 12 per cent), as a percentage of all OR. This remains below the 2021 milestone of 15 per cent, as set out in the Strategic Plan, 2018–2021. Thematic funding as a share of total OR from Member States specifically also increased 4 per cent (to 11 per cent) in 2021.

36. Despite the significant jump in overall thematic funding in 2021, the distribution of thematic contributions remains very uneven across UNICEF programme areas. UNICEF thematic funds are mainly sustained by contributions to education programmes and humanitarian action. The thematic pools for health, child protection, safe and clean environment and social protection have been chronically underfunded compared to their share of overall UNICEF programme expenses.

Figure XII
Thematic contributions, by pool (2018–2021)
(in millions of United States dollars)



37. The increase in thematic funds in 2021 and the increasing ratio of thematic funding as a percentage of total income is encouraging and in line with the Member States' funding compact commitment to double the share of non-core contributions provided through single-agency thematic funds.

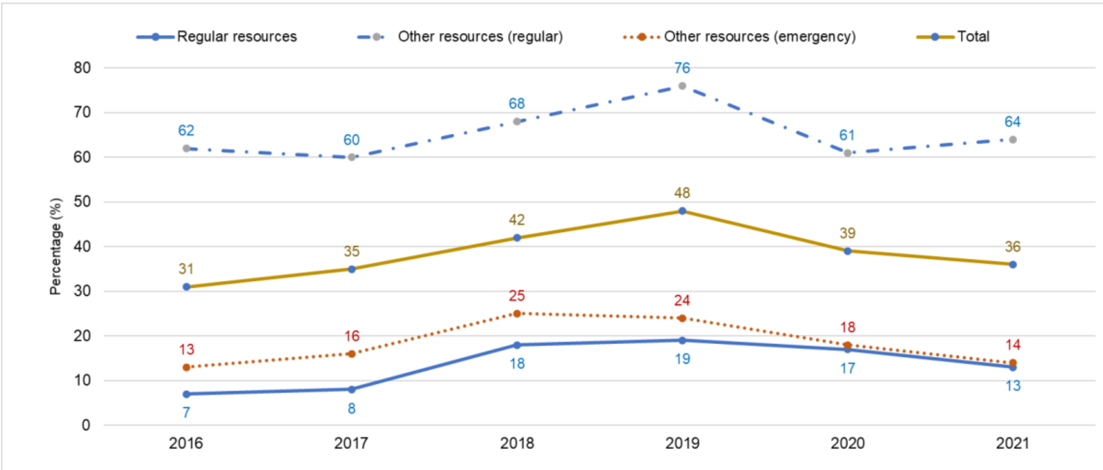
F. Multi-year commitments

38. As part of the funding compact, Member States have committed to increase the share of multi-year contributions to reach at least 50 per cent of agency contributions being part of multi-year commitments. Multi-year commitments improve the predictability of funding streams, lead to faster and more efficient response times and facilitate longer-term programme planning and implementation.

39. In 2021, only 36 per cent of UNICEF total contributions were multi-year, a decrease of 3 per cent from 2020, moving away from the funding compact commitment of 50 per cent. This was manifested through a 3 per cent increase in ORR multi-year contributions (61 to 64 per cent), a 4 per cent decrease in ORE multi-year contributions (18 to 14 per cent) and a 4 per cent decrease in RR multi-year contributions (17 to 13 per cent).

40. The Governments of Germany, Sweden, Norway and the Netherlands and the German Committee for UNICEF were the top donors for multi-year commitments to UNICEF in 2021.

Figure XIII
Proportion of total contributions received as part of multi-year agreements, 2016–2021



V. Public sector and private sector resource partners

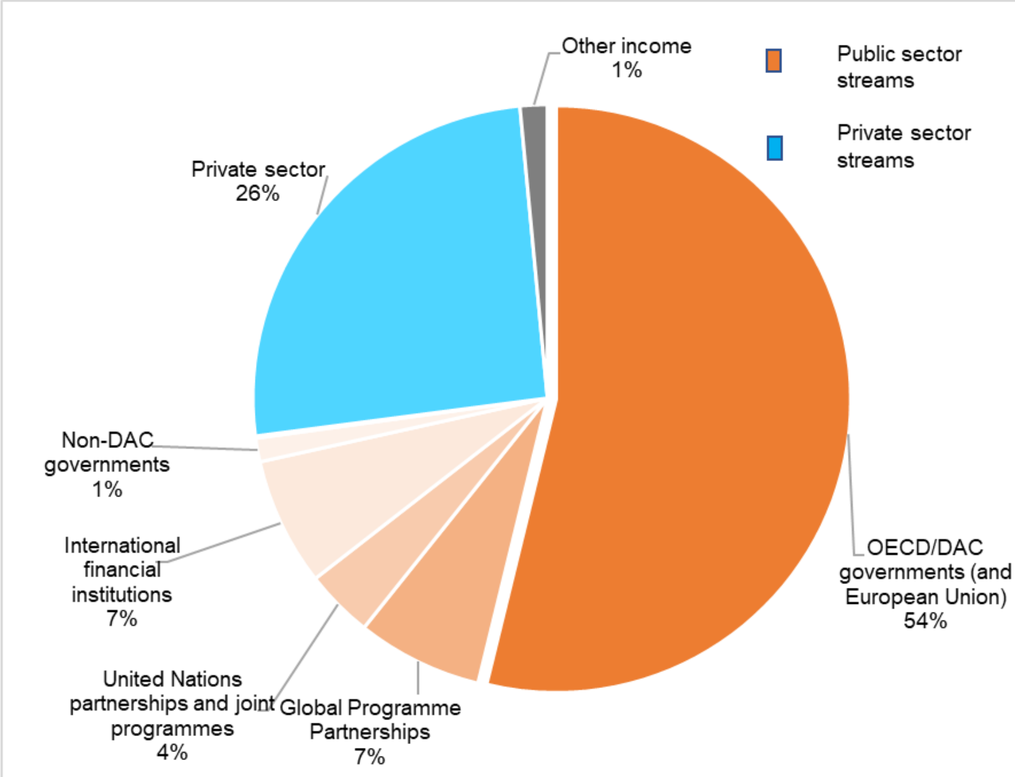
41. UNICEF resource partners consist of Governments, international financial institutions (IFIs), Global Programme Partnerships, United Nations pooled funds and joint programmes, individual supporters, key private sector influencers – including private foundations – and businesses.

42. In 2021, public sector partners contributed $5,924 million, or 73 per cent of total income, an increase of $473 million (or 9 per cent higher) compared to 2020. Private sector supporters contributed 26 per cent or $2,077 million of total income, an increase of 29 per cent, or $471 million more than 2020. The remaining contributions of 1 per cent, or $121 million, came from other income.

43. UNICEF continued to expand and diversify partnerships across the public and private sector. In 2021, UNICEF resources came from 137 Governments, including the European Union (down from 146 in 2020); over 9.8 million individuals (up from 8.7 million in 2020); 1,500 philanthropists, foundations, membership-based and faith-based organizations; and 20,000 businesses.

44. UNICEF also 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 and tangible resources, they represent pathways to considerable potential value to advance UNICEF advocacy goals and to mobilize resources for children.

Figure XIV
Proportion of income by partner type, 2021



A. OECD/DAC government resource partners

45. UNICEF is grateful for the long-term relationship with OECD/DAC governments, whose generous contributions remain critical to achieving the results of the Strategic Plan. In 2021, several partners – most notably Germany, Japan, the United States of America, the European Union, Canada and Sweden – generously stepped up their commitments for children in terms of actual contributions, while Slovakia, Austria, Spain, New Zealand, Japan and Ireland showed their support for UNICEF through the greatest proportional increases in their contributions from 2020 to 2021.

46. Support to flexible funding continued from the United States and from European partners, most notably Germany, Sweden, Norway, the Netherlands and Denmark. Finland and Sweden made multi-year financial commitments to advance the innovation priorities of UNICEF. Partnership with the European Union continues to remain strong, with the highest level of European Union funding received in 2021, placing it as the third largest public sector resource partner to UNICEF after the United States and Germany. Non-European donors, notably the United States, Japan and the Republic of Korea, provided critical support to the UNICEF COVID-19 response and to the Access to COVID-19 Tools Accelerator (ACT-A)/COVID-19 Vaccine Global Access (COVAX) Facility, among other key result areas.

B. Non-OECD/DAC government partners

47. UNICEF is grateful to non-OECD/DAC partners, including programme country partners, for the support they provide to achieving results for children. In 2021 UNICEF received contributions to RR from 90 non-DAC countries, seven less than

in 2020. Latvia provided its first core contribution to UNICEF, while Thailand and the Philippines increased their cash RR contributions from 2020 levels.

48. Over the past five years, countries in the Middle East and North Africa region have steadily strengthened their public partnership and engagement. In 2021, contributions from the countries in the Middle East and North Africa totalled $92 million, an increase of 40 per cent from 2020, mainly due to contributions from the United Arab Emirates and Saudi Arabia to the Yemen Famine Relief Fund. In 2021, UNICEF received contributions of $142 million from 39 African countries. While Africa remains one of the regions qualifying for UNICEF assistance, it also remains an untapped region for resources.

C. International financial institutions

49. In 2021, UNICEF continued to expand its collaboration with IFI partners based on the respective comparative advantages. This collaboration is rooted in strategic partnership frameworks and joint action plans that identify key opportunities for cooperation. By working with IFIs, UNICEF can influence significant IFI financing for the benefit of children and their families. Globally, UNICEF engages in tripartite collaboration with Governments to leverage IFI resources and technical expertise in support of the 2030 Agenda for Sustainable Development. In fragile, conflict- and violence-affected settings, UNICEF is a trusted and credible partner for implementing programmes across the humanitarian-development-peace nexus. For example, in late 2021, UNICEF received $100 million from the World Bank-administered Afghanistan Reconstruction Trust Fund to continue essential health services amid the country's dire humanitarian crisis.

50. In response to the COVID-19 pandemic, UNICEF scaled up its partnerships with the full spectrum of IFIs. This multilayered collaboration includes procuring life-saving supplies such as COVID-19 vaccines, diagnostics and therapeutics; strengthening WASH, social protection and health systems; and improving access to quality education, remote learning and connectivity. UNICEF and IFIs engaged in several high-level technical consultations on health, WASH, education and social protection as part of the efforts to fight the pandemic, as well as convened two round-table discussions organized by UNICEF, the World Health Organization (WHO), Gavi, the Vaccine Alliance, the COVAX Facility and IFIs, which were attended by all of the major IFIs.

51. In 2021, UNICEF mobilized $461 million from IFIs, including regional development banks, in support of children, and an additional $113 million through tripartite agreements with Governments. The World Bank Group provided the highest overall contribution of $451 million in direct funding and $93 million through tripartite agreements with Governments. UNICEF also signed supply agreements totalling over $1.8 billion with IFIs in 2021. It is anticipated that IFIs will be a key growth partner for UNICEF in 2022–2025.

D. Global Programme Partnerships

52. In 2021, UNICEF received $457 million from Global Programme Partnerships, with the bulk of funding from Gavi, the Vaccine Alliance, the Global Fund to Fight AIDS, Tuberculosis and Malaria (the Global Fund), the Global Partnership for Education and Nutrition International. An additional $104 million was also received through tripartite agreements with Governments in 2021. The increased funding from Gavi, the Vaccine Alliance and the Global Fund was in part to support COVID-19-related interventions, including effective delivery of COVID-19 vaccines as part of the global COVAX Facility with health partners, including WHO. UNICEF saw a

significant decline in funding from the Global Partnership for Education in 2021, following a spike in funding in 2020 to support continuity of global education during the pandemic. Overall, UNICEF continues to receive increased levels of Global Programme Partnerships funding compared to pre-pandemic levels, which were around $300 million annually.

E. United Nations pooled funds and joint programmes and collaboration with United Nations agencies

53. Inter-agency pooled funds as a proportion of total UNICEF non-core resources have increased for development interventions while slightly decreasing for humanitarian interventions. In 2021, 87 per cent of UNICEF offices (111 offices) worked in partnership with sister United Nations agencies to support national priorities, far exceeding the Strategic Plan, 2018–2021 target of 74 per cent. UNICEF received contributions of $481 million through inter-organizational arrangements[6] for development and humanitarian interventions, representing 9 per cent of total OR contributions from the public sector in 2021 (a 2 per cent decrease from 2020). In addition, funds managed by UNICEF as an administrative agent on behalf of government donors and other United Nations agencies decreased 8 per cent, from $131 million in 2020 to just under $120 million in 2021.

54. In 2021, UNICEF actively engaged internally, and with other parts of the United Nations, to improve United Nations engagement and joint funding modalities. UNICEF continued working on an assessment exercise of joint United Nations interventions to maximize the benefits derived from United Nations inter-agency mechanisms for programme delivery. The process involved multiple surveys, focus group discussions and verification exercises with United Nations sister agencies, resource partners, selected Resident Coordinator offices, the United Nations Development Coordination Office and UNICEF offices. The assessment exercise has contributed to the identification of opportunities, challenges and recommendations in the areas of policy, programme, partnerships, resource mobilization and operational aspects of the various United Nations inter-agency instruments for programmes.

55. UNICEF has been an active participant in the design of the funding compact common management feature survey organized by the Fiduciary Management Oversight Group that targeted the assessment of the quality of pooled funds. In addition, UNICEF has provided technical guidance on future improvements required as well as the identification of capacity-building needs across the different United Nations agencies and countries to enhance the relevance of the survey.

56. The Joint Programme Advisory Committee is another United Nations inter-agency platform in which UNICEF participated, actively engaging in the revision of the 2014 joint programme guidance note. UNICEF made technical contributions to a policy recommendations document approved by the United Nations Sustainable Development Group core group, laying the ground for the actual revision of the guidance note in 2022.

F. Private sector

57. Private sector contributors to UNICEF remain critical to the achievement of the organization’s mandate to reach every child. There are three main channels for fundraising from the private sector: (1) individual donors; (2) key influencers; and (3) businesses. Individual donors include pledge, cash and legacy givers, and key

[6] Includes pooled funds, joint programmes, United Nations to United Nations agreements, country-based pooled funds and the Central Emergency Response Fund.

influencers include philanthropists, foundations and membership- and faith-based organizations.

58. Between 2018–2021, UNICEF raised total income of $6.59 billion from the 33 UNICEF National Committees and 49 country offices. In 2020 and 2021, UNICEF marked two consecutive record-breaking years in terms of funding received from the private sector. In 2021 alone, UNICEF mobilized $2.08 billion from the private sector, with $754 million in RR and $1,323 million in OR. Private sector RR accounted for 53 per cent of the total RR income in 2021. Total funds mobilized were much higher compared to the $1.6 billion raised in 2020, and surpassed the planned private sector target for 2021 by 38 per cent.

59. Individual donors are currently the largest contributors to RR, increasing from 8.7 million in 2020 to 9.8 million in 2021. The number of private philanthropists and foundations that support UNICEF through financial contributions has increased dramatically over the past four years, rising from only 257 in 2018 to an estimated 1,500 in 2021.

60. Businesses have also evolved as one of the major channels for private sector fundraising for UNICEF. Partnerships with businesses donating over $100,000 grew from 253 in 2020 to 320 in 2021, and UNICEF is expecting a third year of double-digit growth in private sector funding from businesses, which grew 21 per cent in 2020 and 19 per cent in 2019.

61. The growth in private sector funding in 2021 was an especially remarkable achievement, given the challenges associated with the COVID-19 pandemic. It is a testament to the UNICEF comparative advantage and ability to mitigate risks through innovative efforts such as the ACT-A/COVAX Facility and attracting new resource partners. Drivers of growth came from three areas: (1) strong performances in digital and direct response television-driven acquisition; (2) audience-centric approaches, which allowed for better segmentation of donors and the opportunity to address them with new products and propositions; and (3) investment in individual giving (including an innovative World Bank bond pilot project).

G. Multi-stakeholder platforms and partnerships

62. In the context of further increasing interest by businesses to contribute to the Sustainable Development Goals and collaborate with their peers and Governments, in 2021, UNICEF was able to expand its engagement with private sector initiatives, multi-stakeholder platforms and businesses across the spectrum from advocacy through collaboration, collective action and partnerships. This included engagement in existing initiatives and the development of new initiatives in line with UNICEF organizational priorities, to engage the private sector at scale. The continued COVID-19 pandemic further advanced the trend of businesses prioritizing systemic issues, which in many cases are closely aligned with UNICEF priorities (e.g., addressing climate change, strengthening health systems, supporting mental health, skills-building and strengthening supply chains), with an increasing focus on resilience and preparedness for a post-COVID-19 recovery phase.

63. These developments and opportunities enabled UNICEF to increase the engagement of businesses advocating and using their reach and influence for UNICEF, as well as to mobilize additional partners and funding for the organization's priorities and operations. Examples include the development of the Global Coalition for Youth Mental Well-being to mobilize public and private sector investment and action to promote the positive mental well-being of young people; the Hand Hygiene Market Accelerator to tackle COVID-19-related supply and production challenges and serve as an entry point for increasing business support for WASH; and positioning

children on the agenda of the Twenty-Sixth United Nations Climate Change Conference with a business statement recognizing climate change as a child rights crisis.

H. Alternative/innovative financing

64. Within UNICEF, alternative/innovative finance for children refers to financing approaches and mechanisms that: (a) leverage additional resources for children through new financial instruments, or apply existing instruments in a new way; (b) make resources work more effectively and efficiently in the interest of children; and/or (c) make resources more results-oriented to accelerate programmatic and operational solutions for children. In 2021, UNICEF and the World Bank issued a first-of-its-kind bond via capital markets as a pilot project, through which $50 million was made available to support UNICEF programmes by accelerating private sector fundraising activities in emerging markets. An initial $15.4 million was allocated to country offices in 2021, and the balance will be allocated in 2022. In addition, the Dynamo Revolving Fund was developed in 2021 and its establishment endorsed by the Executive Board. The Fund will be capitalized in 2022. These new financing and investment instruments will help UNICEF to sustain the generation of significant RR.

VI. Strategic considerations

A. ACT-A/COVAX

65. UNICEF is a cross-cutting partner of ACT-A – a global collaboration set up in 2020 to speed up the development, production and equitable access to COVID-19 tests, treatments, vaccines and personal protective equipment while strengthening health systems. As part of ACT-A/COVAX, UNICEF has been playing a key role in end-to-end procurement and supply of COVID-19 vaccines, test kits, treatments and personal protective equipment, spanning procurement, international freight, logistics, supporting country readiness, in-country delivery, support to critical elements of health systems strengthening (e.g., cold chain, health worker training) and risk communication and community engagement.

66. By October 2021, $17.8 billion had been committed by Governments and other partners against initial ACT-A needs of $38.1 billion. The refreshed ACT-A Strategy and Budget (October 2021–September 2022) presented a budget need of $23.4 billion across ACT-A agencies. By the end of 2021, the UNICEF global ACT-A Humanitarian Action for Children appeal and ACT-A Supplies Financing Facility, with targets of $969 million and $2.5 billion, respectively, were 85 per cent and 45 per cent funded. UNICEF continues to actively maximize investments for children within ACT-A and successfully advocated to expand the ACT-A budget lines for maintaining essential services and risk communication and community engagement. Attention to ACT-A/COVAX should be leveraged to ensure a child-centred recovery, including investing in primary health care and strengthening health systems for pandemic preparedness and response.

B. Risk management

67. Risk identification, mitigation and management are key components in all of UNICEF programme and operations, and this was no different in 2021. As in 2020, the COVID-19 pandemic continued to affect not just UNICEF programming for children but also its business operations. The ongoing pandemic continued to strain the domestic economies of many of the organization’s traditional donors, resulting in a turbulent resource environment. The increasing proportion of OR to RR also

resulted in higher donor conditions and transaction costs that UNICEF had to administer.

68. Growing economic hardship combined with the risk of decreases in or diversion of official development assistance (ODA) related to the Ukraine crisis may negatively impact the most vulnerable children in low-income and conflict-affected countries, and may cause a rise in child poverty. UNICEF is closely monitoring the situation and advocating with OECD/DAC partners to improve the quality and quantity of ODA, especially for United Nations agencies' core resources, and to safeguard ODA for low-income countries and humanitarian emergencies outside of Europe.

69. Flexible funding is especially important given the complications in operating during a global pandemic, the number of ongoing humanitarian disasters and the continued need to reach the most vulnerable children. While funding overall has increased, the decrease in core resources poses a serious risk to the ability of UNICEF to deliver.

C. Improved reporting, visibility and recognition

70. UNICEF has made significant improvements over the past several years in terms of providing recognition and visibility to public sector partners. The organization participates in the inter-agency group on partner recognition and visibility, which serves as a platform for the regular exchange of knowledge, skills and experience. Based on the findings of a 2021 public sector partner satisfaction survey focusing on recognition and visibility, 100 per cent of public sector partner respondents indicated their satisfaction with the recognition and visibility provided by UNICEF in 2021; a marked improvement from 79 per cent in 2020 and only 39 per cent in 2019. In 2021, increased activities with regard to the pandemic response, including the delivery of vaccines, provided significant opportunities for UNICEF to recognize the important role of both public and private partners.

71. To boost recognition and visibility of public sector partners allocating flexible funding, UNICEF developed new recognition and visibility approaches as part of a handbook. Recognition of public sector partners continued to be included in UNICEF flagship reports, including the Regular Resources Report, Global Annual Results Reports, the Funding Compendium, as well as various regional and country-level thematic reports.

72. UNICEF continued to monitor recognition of public sector partners on its social media accounts. Mentions of public sector partners on UNICEF-owned social media (Twitter, Facebook, Instagram and other platforms) more than doubled compared to 2019, from 4,900 mentions in 2019 to 12,500 mentions in 2021.

D. Future directions

73. In September 2021, the Executive Board approved total income estimates of $25.9 billion for the Strategic Plan, 2022–2055, segmented as $5.9 billion (or 23 per cent) in RR and $20 billion (or 77 per cent) in earmarked OR, of which 71 per cent is expected from public sector partners, 28 per cent from the private sector and 1 per cent from other revenue.

74. However, UNICEF income is in jeopardy due to the growing magnitude and complexity of multiple crises, which present serious threats to sustainable development and could reverse decades of development gains for children. Even before the crisis in Ukraine, the world faced economic disruptions due to the COVID-19 pandemic, crippling supply bottlenecks, leading to rising inflation and debt stress, climate-related disasters and a weakening of the drivers of long-term growth.

75. With global economic growth projected to slow from an estimated 6.1 per cent in 2021 to 3.6 per cent in 2022 and 2023, and with the Ukraine crisis-related increases in commodity prices affecting food and fuel, UNICEF and its partners must factor in a likely decline in global economic output, which will diminish the availability of financing for development, both from public and private sources. The increased commodity and energy prices coupled with mounting inflationary and debt pressures will exacerbate development and humanitarian needs for children and their families and is likely to fuel further instability and unrest.

76. While ODA rose to an all-time high of $179 billion in 2021, up 4.4 per cent in real terms from 2020, 3.5 per cent of ODA was used to provide COVID-19 vaccines to low- and middle-income countries. Excluding ODA used for donated COVID-19 vaccines, ODA was up by only 0.6 per cent from 2020. At the same time, a notable trend in 2021 was a substantial growth in humanitarian funding to United Nations agencies with a larger humanitarian footprint. This led to record high funding for UNICEF largely due to the growth in humanitarian funds. UNICEF saw a growth of 36 per cent in earmarked humanitarian funding in 2021 to reach $2.98 billion, representing 36 per cent of UNICEF total income in 2021. While UNICEF is appreciative of this humanitarian focus, it should be noted that funding was concentrated on only a few emergencies, which left many other crises significantly underfunded.

77. This uneven funding of humanitarian crises is exacerbated by the key challenge of declining core funds. UNICEF cannot solely rely on humanitarian funds to deliver in a humanitarian context. It is RR that allows the organization to rapidly respond and scale up at the onset of a crisis. In 2021, $179 million of RR was utilized to support humanitarian programmes and to provide life-saving support in 128 countries.

78. In this unique and uncertain context, UNICEF is asking its resource partners to: (a) protect investments to the United Nations system from serious cuts; (b) meet the funding compact commitments on flexible and predictable resources through increased core, pooled and thematic funds, and multi-year contributions; and (c) support long-term investments in the United Nations system to address current urgent crises and future development and humanitarian priorities.

VII. Conclusion

79. UNICEF extends its profound gratitude to its resource partners for the income generated in 2021 and for the entire 2018–2021 quadrennium. While UNICEF values all types of funding, multi-year regular resources remain most essential for the organization to respond with agility to deliver results on the ground, for all children, everywhere. This is closely followed by thematic funds.

80. A reduction in RR will negatively impact the ability of UNICEF to achieve the humanitarian and development outcomes of the Strategic Plan, 2022–2025; minimize funding imbalances across programmatic areas; maintain standards of quality assurance and transparency; and support independent oversight and quality of programmes through research, evaluation, data, evidence, monitoring and reporting.

81. UNICEF will continue to engage with the Executive Board, Governments, National Committees, civil society and the private sector, through the structured funding dialogues, to make progress in shifting from highly earmarked funds to RR or flexible OR; to jointly advance towards the mutual commitments of the funding compact; and to further shape the approach to the structured dialogue, along with its sister United Nations agencies, in support of the Secretary-General’s reform efforts.

VIII. 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/2022/25);

2. *Notes* the importance of sufficient and predictable regular resources, which are critical for UNICEF to be able to continue to equitably reach all children, everywhere, to meet and fulfil their rights;

3. *Also notes* the importance of flexible thematic funding, which is also critical for UNICEF to be able to accelerate programming to meet the Sustainable Development Goals, particularly in those areas in which development gains have been eroded by the coronavirus disease 2019 (COVID-19) pandemic and humanitarian crises;

4. *Recalls* the importance of the Member State commitments to the funding compact, particularly with regard to funding predictability, and urges Member States to prioritize regular resources and multi-year pledges for 2022–2025, given that reductions in regular resources jeopardize the ability of UNICEF to achieve the results of its Strategic Plan.