

Distr.: General
20 December 2022

Original: English
English, French and Spanish only

For information

United Nations Children's Fund

Executive Board

First regular session 2023

7–10 February 2023

Item 11 of the provisional agenda*

Update on the World Bank instrument to facilitate sustained investment in private sector fundraising

Summary

The present update on the World Bank instrument to facilitate sustained investment in private sector fundraising provides information to the Executive Board on the financial performance, attainment of goals, costs and capacities associated with the new financial instrument.

UNICEF executed the financial instrument in partnership with the World Bank, in compliance with Executive Board decision 2021/5, which authorized UNICEF to access additional financing for investment in private sector fundraising, as a pilot project limited to the amount of \$50 million.

* E/ICEF/2023/1.

I. Overview

1. In accordance with Executive Board decision [2021/5](#), the present document provides an update on the execution of the financial instrument in partnership with the World Bank, specifically the financial performance, attainment of goals as well as corresponding costs and capacities.
2. UNICEF adopted a risk-informed approach to planning for and allocating the funds received from the World Bank financial instrument to the 24 (initially 18) emerging-market countries in the context of the coronavirus disease (COVID-19) pandemic. Decisions on funds allocation were finalized in October 2021.
3. The cumulative donations to UNICEF from the private sector pledge donors in the target emerging-market countries had exceeded \$50 million in the period March to June 2021. The donation milestone triggered the full repayment obligation by UNICEF, as required by the financing agreement with the World Bank upon maturity.
4. The costs related to the World Bank instrument between its inception in February 2021 and October 2022 totalled \$1.5 million. These include \$112,500 paid in March 2021, comprising underwriting costs of \$62,500 and World Bank administrative expenses of \$50,000, as well as interest costs paid until October 2022 amounting to \$1.4 million. The last instalment payment for interest costs of \$477,250 was paid to the World Bank on 17 August 2022.
5. UNICEF has established a robust governance system for the funds received from the World Bank, which includes the following: a new procedure on the financing of private sector fundraising in country offices; clear planning, application, allocation, monitoring and repayment processes; and robust decision-making and oversight mechanisms at UNICEF headquarters and regional and country offices.

II. Introduction

6. At its first regular session of 2021, the Executive Board authorized the UNICEF Executive Director, with the advice of the Comptroller, to execute a financial instrument in partnership with the World Bank to raise additional financing for investment in private sector fundraising, as a pilot project limited to an amount of \$50 million. This financial instrument leverages the expertise of the World Bank in financial markets and UNICEF private sector fundraising operations in emerging markets. In its decision [2021/5](#), the Executive Board requested that UNICEF report to the Board annually at its first regular session on the financial instrument with the World Bank, specifically the financial performance and the attainment of goals and corresponding costs and capacities.
7. UNICEF provided an update to the Executive Board at its annual session of 2022. Subsequently, it was concluded that a preliminary assessment of the implementation of the World Bank instrument would be submitted by management to the Executive Board at its annual session of 2023.

III. Planning and allocation of funds

8. In accordance with the financing agreement between UNICEF and the World Bank finalized in February 2021, UNICEF received \$50 million in March 2021 to invest in private sector fundraising in 18 emerging-market countries, with the flexibility to expand the proceeds in other emerging markets that deliver the best return on investment as considered necessary. In June 2021, 5 more emerging markets were added, while an additional 3 were added in January 2022, bringing the total approved markets for investment to 26. However, following an evaluation of the

markets and subscriptions for investments, 2 out of the 26 did not apply for funds allocations.

9. Given the significant impact on fundraising operations in emerging-market countries caused by the COVID-19 pandemic, UNICEF developed a risk-informed approach to planning for and allocating the funds received from the World Bank. Funds allocations to emerging-market countries were finalized in two rounds in 2021, to help to ensure that the countries possessed the ability to absorb the funds fully and effectively. The World Bank instrument was oversubscribed by \$4.6 million, or 13 per cent more than the available funds since inception, and UNICEF therefore had to prioritize fundraising projects in countries with the strongest track records in fundraising.

IV. Related costs and capacities

10. The payments related to the World Bank instrument in 2022 totalled \$954,500. These were mainly interest costs paid to the World Bank during the year, which brought the total accumulated World Bank instrument-related costs since its inception (February 2021) to September 2022 to \$1.5 million.

11. UNICEF has established a robust governance system for the funds received from the World Bank, which includes the development of a new procedure on financing of private sector fundraising in country offices ; clear planning, application, allocation, monitoring and repayment processes; and robust decision-making and oversight mechanisms at headquarters and regional and country offices.

12. UNICEF has also modified its financial management information system to allow for complete, accurate and timely reporting of the allocation and utilization of the funds received from the World Bank, as well as the cumulative funds raised in the emerging-market countries.

V. Financial performance

13. UNICEF provided an impact report on the use of the funds to the World Bank and its financial investors in May 2022. Financial reporting on the partnership with the World Bank and the financial performance of the investments made in emerging markets will be available in 2023 following the financial year-end closure and preparation of the UNICEF financial statements for 2022.

14. As of the end of September 2022, the 24 countries using funding from the World Bank instrument had cumulative pledge donations of \$179 million. This would not have been possible without the World Bank funds complementing the country office own investment funds.

15. While the financial instrument is still in its early gestation period, preliminary results and assessment point in the right direction. Cumulative donations from the target emerging-market countries exceeded expectations both in 2021 and the period from January to September 2022. Results at the end of 2022 will provide more detail for a further update to be provided to the Executive Board at the informal briefing scheduled for January 2023. By meeting its full repayment obligation to the World Bank under the agreement, UNICEF, and its private sector fundraising strategies, has earned the confidence of the World Bank and its financial investors.

VI. Conclusion

16. UNICEF has invested the funds received from the World Bank in private sector fundraising in 24 emerging-market countries, in accordance with the financial

instrument. The organization has established a robust governance system to manage, monitor and report on the World Bank funds, emerging-market investment activities and attainment of private sector fundraising goals. UNICEF looks forward to providing further updates to the Executive Board on the financial performance of the financial instrument, and the attainment of goals and corresponding costs and capacities, in accordance with Executive Board decision 2021/5.
