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 2020/17, this document considers the financing of the UNICEF Strategic Plan, 2018–2021.

UNICEF structured funding dialogues are conducted within the framework of system-wide funding and collaboration, as articulated in the United Nations funding compact endorsed in May 2019 by the United Nations Economic and Social Council. In accordance with Executive Board decisions 2019/23 and 2020/17, 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 2020, taking into account both core and non-core resources.

*E/ICEF/2021/23.

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

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 (QCPR), and in line with relevant decisions adopted by the UNICEF Executive Board since 2014, the most recent being decision 2020/17, this paper considers the financing of the UNICEF Strategic Plan, 2018–2021.

2. 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 its ambition to help improve the funding base of the United Nations development system in order to achieve the Sustainable Development Goals. In light of the massive development losses sustained as a result of the coronavirus disease 2019 (COVID-19) pandemic, collective action and cooperation to support the United Nations development system through flexible and unearmarked funding for the achievement of the Sustainable Development Goals has never been more critical.

3. As a voluntarily funded organization, the ability of UNICEF to effectively plan and achieve results is constrained by available resources. The structured funding dialogue offers opportunities to address this challenge through dialogue with Member States – who form the governance body and are also 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.

4. Within the context of the global response to the COVID-19 pandemic, UNICEF has made significant progress against Executive Board decisions 2019/23 and 2020/17 to harmonize the structured funding dialogue report with the other United Nations entities, annual reporting on the funding compact and to enhance the quality of the dialogues with Member States via joint inter-agency informal sessions in January 2020 and May 2021 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).

5. The devastating development losses over the past year, exacerbated by the current political and economic environment, will require UNICEF to redouble its efforts to close the gap on the achievement of the Sustainable Development Goals and to address new challenges as a result of the COVID-19 pandemic. For this, flexible and predictable funding from UNICEF resource partners – through core (regular) resources, thematic funds and multi-year funds – will be critical.

II. Funding compact

6. The endorsement of the funding compact between Member States and the United Nations development system in 2019 marked a milestone in collective efforts to transform the United Nations development system. Improvements in the quantity and quality of funding lie at the heart of the funding compact. This imperative applies to both core and non-core resources for United Nations development activities, noting that core funds are critical for the achievement of results and that they “are 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.”

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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 levels of resources channelled through development-related inter-agency pooled funds and single-agency thematic funds.

Two years into funding compact implementation, the overall picture is mixed: there are positive signs of progress and some important challenges, as highlighted in the funding analysis of the April 2021 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. From an agency-specific perspective, UNICEF is overall on track for all United Nations entity-specific commitments, and in some cases, has exceeded the United Nations system-wide targets. There is a need to accelerate progress on the Member States commitments, particularly around the need for flexible, predictable funds, particularly where the data presented in the QCPR report show a decline.

Progress towards the funding compact commitments is included in the annex to this report (UNICEF/2021/EB/12). For the purposes of the structured funding dialogue, the progress towards Member States commitments is elaborated in section IV below.

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

In accordance with Executive Board decisions 2000/3, 2013/20 and 2017/14, a four-year financial plan forms part of the UNICEF Strategic Plan and is reviewed and revised annually on a rolling basis.

A. Income estimates

In 2017, the Executive Board approved total income\(^2\) 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).

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 $5.656 billion (or 23 per cent of total income). In light of the COVID-19 pandemic, in June 2020, UNICEF revised its income estimates showing a decrease in RR and an increase in OR. More than one year into the pandemic, the latest income estimates for the Strategic Plan, 2018–2021 period (as of June 2021, based on 2018–2020 actual income and projections for 2021) are projected to increase to $26.2 billion. This includes an increase in OR to $20.5 billion (78 per cent of total income), and an increase in RR to $5.680 billion (or 22 per cent of total income).

\(^2\) “Income” is defined as contributions received from Governments, inter-organizational arrangements and intergovernmental organizations, and revenue from the private sector.
Table 1
UNICEF 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, midterm review, as of March 2020</th>
<th>Revised financial estimates, 2018–2021, as of June 2020</th>
<th>Revised financial estimates, 2018–2021, as of June 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>RR OR Total</td>
<td>RR OR Total</td>
<td>RR OR Total</td>
<td>RR OR Total</td>
<td>RR OR Total</td>
</tr>
<tr>
<td><strong>Public sector</strong></td>
<td>2 191 12 593 14 784</td>
<td>2 206 16 043 18 249</td>
<td>2 134 16 207 18 341</td>
<td>2 209 17 175 19 384</td>
</tr>
<tr>
<td><strong>Private sector</strong></td>
<td>3 611 3 920 7 531</td>
<td>2 742 3 135 5 877</td>
<td>2 629 3 188 5 817</td>
<td>2 809 3 295 6 104</td>
</tr>
<tr>
<td><strong>Other income</strong></td>
<td>500 0 500 708 0 708 683 0 683</td>
<td>662 662</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>6 302 16 513 22 814</td>
<td>5 656 19 178 24 834</td>
<td>5 446 19 395 24 841</td>
<td>5 680 20 470 26 151</td>
</tr>
</tbody>
</table>

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

13. Over the past 15 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 strict requirements from donors to channel their financial contributions towards earmarked programmes. The funding compact and the structured funding dialogue aim to address high levels of earmarking and fragmentation in funding – and ultimately reverse the trend of a decreasing ratio of RR income to overall income.

14. Private sector fundraising in 2018 and 2019 was more challenging than expected, with a more inward-looking public and few high media profile emergencies. The year 2020, however, saw a significant rallying of donations from the general public, philanthropists and the business sector, thanks to a real sense of global solidarity in the face of the pandemic, and quick pivoting of the UNICEF fundraising teams from face-to-face fundraising to digital fundraising. This resulted in the highest income ever from the private sector of $1.6 billion, of which $717 million was RR.

Table 2
Actual income for 2018–2020 and revised estimates for 2021
(in millions of United States dollars)

<table>
<thead>
<tr>
<th>Funding type</th>
<th>Actual 2018 $</th>
<th>Actual 2019 $</th>
<th>Growth %</th>
<th>Actual 2020 $</th>
<th>Growth %</th>
<th>Estimate 2021* $</th>
<th>Growth %</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>1 470</td>
<td>7%</td>
<td>1 418</td>
<td>-4%</td>
<td>5 680</td>
</tr>
<tr>
<td>B. Total other resources</td>
<td>4 638</td>
<td>5 029</td>
<td>8%</td>
<td>5 748</td>
<td>14%</td>
<td>5 055</td>
<td>-12%</td>
<td>20 470</td>
</tr>
<tr>
<td>(C+D)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>C. Other resources (regular)</td>
<td>2 591</td>
<td>2 995</td>
<td>16%</td>
<td>3 559</td>
<td>19%</td>
<td>3 144</td>
<td>-12%</td>
<td>12 289</td>
</tr>
<tr>
<td>D. Other resources (emergency)</td>
<td>2 046</td>
<td>2 034</td>
<td>-1%</td>
<td>2 189</td>
<td>8%</td>
<td>1 911</td>
<td>-13%</td>
<td>8 181</td>
</tr>
<tr>
<td><strong>Total income (A+B)</strong></td>
<td>6 060</td>
<td>6 400</td>
<td>6%</td>
<td>7 219</td>
<td>13%</td>
<td>6 473</td>
<td>-10%</td>
<td>26 151</td>
</tr>
</tbody>
</table>

*Estimate 2021 are based on the latest financial estimates as of June 2021.

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

15. In the context of the global economic downturn and uncertainty created by COVID-19, in 2020 UNICEF crossed $7 billion in income for the first time. This is a testament to the organization’s ability to pivot and adapt to the evolving crisis and to the strength of our public and private sector support, especially in the challenging context of the COVID-19 pandemic and its impact on children. UNICEF total income was $7,219 million in 2020, increasing by 13 per cent compared to 2019. This is 23 per cent higher than the original income target of the Strategic Plan, 2018–2021 approved by the Executive Board in September 2017, and 14 per cent higher than the revised financial estimates for 2020 presented to the Board in September 2020. The
growth in total income was driven largely by increases in earmarked OR, particularly for the response to COVID-19, along with a 7 per cent increase in RR income.

16. Public sector income constituted 76 per cent, or $5,451 million of total income, representing an increase of 15 per cent, or $710 million over 2019 levels. This income was mostly from government partners including the European Commission. In 2020, private sector income constituted 22 per cent, or $1,606 million of total income, an increase of 10 per cent, or $149 million compared to 2019. This income was mostly from National Committees for UNICEF, UNICEF country office private sector fundraising and non-governmental organizations. Other income, classified as RR, includes income from investments, interest, licensing and other sources, and totalled $162 million, or 2 per cent of overall income.

17. While 2020 was a record year for UNICEF income, the COVID-19 pandemic has drastically increased children’s vulnerabilities and needs, emphasizing how quickly the world’s needs and priorities can change.

Figure I
Income by type of funding, 2008–2020
(in millions of United States dollars)

Figure II
Proportion of income by type of funding, 2014–2020
18. Earmarked OR increased by 14 per cent to $5,748 million in 2020 compared to 2019. This exceeded the Strategic Plan target approved by the Board in September 2017 by 36 per cent, and the revised financial estimates approved by the Board in September 2020 by 15 per cent. Of total OR, $3,559 million, or 62 per cent, was received as other resources (regular) (ORR) and $2,189 million, or 38 per cent, as other resources (emergency) (ORE).

19. In response to the organization’s call for increased flexibility in light of the unprecedented demands of the pandemic, RR increased by 7 per cent in 2020 compared to 2019. This is 10 per cent below the original RR income estimate of the approved Strategic Plan and 10 per cent higher than the revised financial estimate presented to the Board in September 2020. Public sector RR increased by 14 per cent, from $519 million in 2019 to $592 million in 2020, and private sector RR also increased by 10 per cent from $649 million in 2019 to $717 million in 2020. Public sector RR only constituted 11 per cent of total public sector income, down from 13 per cent in 2018. As such, RR as a proportion of overall income continued to steadily decrease, from 23 per cent in 2018 to 21 per cent in 2019 to 20 per cent in 2020. This is almost entirely due to increased earmarking of public sector resources.

B. Planned expenditure estimates

20. As part of the midterm review of the Strategic Plan, 2018–2021 Strategic Plan, the Integrated Results and Resources Framework (IRRF) was updated in June 2020 and the total planned expenditure was increased from $24 billion in the original Strategic Plan to $25.9 billion.

21. Based on the 2018–2020 actuals and 2021 estimates, the planned expenditure (or resource gap) for 2021 of the Strategic Plan was $6,593 million as at 31 December 2020, vis-à-vis the revised IRRF presented during the midterm review of the Strategic Plan.

Figure III
Strategic Plan Integrated Results and Resources Framework 2018–2021 vs. actual expenditure 2018–2020 and planned expenditure 2021
(in millions of United States dollars)*

*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. Expenditure is based on the 2018–2020 actual expenditure and the 2021 estimate.
22. It is important to underline that this planned expenditure represents funds required for the implementation of the Integrated Results and Resources Framework for 2021, based on actual expenditure in the first three years of the Strategic Plan (2018–2020) and projected income for 2021.

*Funds allocated to humanitarian- and gender-related programming cut across the Strategic Plan Goal Areas.
23. An analysis of expenses from 2018–2020 of the Strategic Plan Goal Areas illustrates the most- and least-funded programme sectors. For the least funded (Goal Areas 3 and 5) UNICEF compensated for underfunding with higher rates of RR allocation, demonstrating the value, criticality and complementarity of core funds. Thematic funds, which are the organization’s second-most-flexible funds after RR, account for a very small percentage for each Goal Area, and is not being generated in sufficient quantities for underfunded areas such as Goal Area 5.

IV. Quality income resource gap

24. Taking into account both the purpose and principles of the structured funding dialogue, as well as the planning and budgeting specificities of UNICEF, the structured funding dialogue focuses on the quality income resource gaps, which includes gaps in RR, thematic funding and multi-year funding commitments.

A. Regular resources/Core funding

25. Regular resources (RR) refer to funding received without restrictions, which can be used to achieve results for all children – particularly the most vulnerable and most underserved. As the highest quality of funding, core funding is essential to the functioning of the organization and is critical for sustainability of impact. The organization’s agile, swift and coordinated response to the COVID-19 pandemic was made possible largely due to the availability of these core funds, of which over $75 million were utilized as a first line of response.

26. Core funds supported important results for children in 2020. In Mali, RR supported efforts by UNICEF to deliver vaccines to some of the country’s most vulnerable children; in Jordan, RR supported the emergency response to a measles outbreak, and paved the way for a strengthened national immunization system; and in Malawi, in the absence of other funding, RR helped UNICEF to pioneer an innovative approach to address sharply declining immunization rates, which resulted in increased immunization rates from district to national levels.3

27. In 2020, 123 governments, 33 National Committees and 53 UNICEF county offices were instrumental in mobilizing resources for UNICEF and contributed $1,470 million in RR, with 49 per cent coming from the private sector, primarily from individual pledge, cash and legacy donors, 40 per cent from the public sector and the remaining 11 per cent from other income.

3 For additional examples, see: UNICEF, Core Resources for Results: 2020 report, May 2021.
Figure VI
Regular resources income, by type of resource partner, 2020
(in millions of United States dollars)

Table 3
Top 10 resource partners for regular resources, 2020, 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>United States of America</td>
<td>154</td>
<td>Public</td>
</tr>
<tr>
<td>2</td>
<td>Japan Committee for UNICEF</td>
<td>133</td>
<td>Private</td>
</tr>
<tr>
<td>3</td>
<td>Germany</td>
<td>102</td>
<td>Public</td>
</tr>
<tr>
<td>4</td>
<td>Korean Committee for UNICEF</td>
<td>82</td>
<td>Private</td>
</tr>
<tr>
<td>5</td>
<td>Sweden</td>
<td>70</td>
<td>Public</td>
</tr>
<tr>
<td>6</td>
<td>Spanish Committee for UNICEF</td>
<td>65</td>
<td>Private</td>
</tr>
<tr>
<td>7</td>
<td>German Committee for UNICEF</td>
<td>57</td>
<td>Private</td>
</tr>
<tr>
<td>8</td>
<td>United Kingdom of Great Britain and Northern Ireland</td>
<td>51</td>
<td>Public</td>
</tr>
<tr>
<td>9</td>
<td>Swedish Committee for UNICEF</td>
<td>48</td>
<td>Private</td>
</tr>
<tr>
<td>10</td>
<td>French Committee for UNICEF</td>
<td>48</td>
<td>Private</td>
</tr>
</tbody>
</table>

B. Regular resources contributions from the public sector

28. A total of 123 government partners (unchanged from 2019) contributed core resources in 2020. Of note, Spain, France, Germany and the United States of America increased their core contributions by 325 per cent, 58 per cent, 51 per cent and 37 per cent, respectively. Norway, Sweden, the Netherlands and Denmark also remained strong flexible funding contributors.

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4 Contributions received in cash and in kind. Please refer to the Funding Compendium 2020 (forthcoming in 2021) for the full list of contributors.

5 The contribution from the United States of America includes $19.8 million committed in 2019 but received in 2020.
29. Member State performance in terms of share of RR has continued to drop. Unrestricted core contributions from Member States as a share of overall public sector income have declined from 17 per cent in 2014 to 13 per cent in 2018 and 11 per cent in 2020. This is a worrying trend away from the commitment outlined in the funding compact for Member States to increase core resources to United Nations development system entities to at least 30 per cent. Of the 123 Governments that contributed RR in 2020, the number of Governments that met or exceeded the funding compact commitment continued to decrease, from 78 in 2018 to 71 in 2019 and 66 in 2020.

30. Resource contributions from countries that are not members of the Development Assistance Committee of the Organisation for Economic Development and Co-operation (non-OECD/DAC) and programme countries represent valuable partnerships for UNICEF. In 2020, 97 non-DAC Governments, including programme countries, contributed a total of $25.2 million in RR, including $9.7 million in cash and in-kind contributions, as well as an estimated $15 million where Governments waived office rental fees. This support enabled UNICEF to channel cash received towards programmes for children.

31. The COVID-19 pandemic has illustrated the critical importance of core funding. In this uncertain funding environment, where some Governments have chosen to cut core funding to the United Nations development system, greater investments by OECD-DAC partners and new investments by non-DAC partners, including programme country partners, are even more critical to UNICEF being able to fulfil its mandate for all children, to achieve the Sustainable Development Goals and to win back development gains that have been lost due to the pandemic. Greater investment by government partners is needed to meet the funding compact commitment of bringing core resources to a level of at least 30 per cent by 2023.

C. Regular resources contributions from private sector

32. The year 2020 was a record for RR from the private sector, which increased by $68 million to $717 million. This was largely due to quick pivoting at the start of the COVID-19 pandemic from traditional face-to-face fundraising to digital and broadcast channels, and, most importantly, to the generosity of the public, including over 5.5 million individual monthly donors.

Figure VII
Regular resources income trends from public and private sectors, 2014–2020
(in millions of United States dollars)

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6 See the Funding Compendium 2020 (forthcoming in 2021) for details.
33. The share of RR generated by the private sector (of total RR income) has steadily increased from 43 per cent in 2014 to 49 per cent in 2020. Significant private sector unrestricted income is an advantage that has enabled UNICEF to grow RR in the context of stagnant and potentially decreasing official development assistance (ODA) trends and increased earmarking by public sector partners. This past year is 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.

D. Multi-year commitments to regular resources

34. The proportion of multi-year RR contributions to overall RR contributions has steadily increased from 7 per cent in 2016 to 18 per cent in 2020. 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 4
Contributors to multi-year\(^7\) regular resources revenue\(^8\) recognized, 2016–2020
(in millions of United States dollars)

<table>
<thead>
<tr>
<th>Resource partner</th>
<th>Period</th>
<th>Total multi-year regular resources contribution*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sweden</td>
<td>4 years (2018–2021)</td>
<td>295</td>
</tr>
<tr>
<td>United Kingdom of Great Britain and Northern Ireland</td>
<td>3 years (2018–2020)</td>
<td>154</td>
</tr>
<tr>
<td>Netherlands</td>
<td>3 years (2019–2021)</td>
<td>114</td>
</tr>
<tr>
<td>Australia</td>
<td>5 years (2016–2020)</td>
<td>76</td>
</tr>
<tr>
<td>Belgium</td>
<td>4 years (2017–2020)</td>
<td>71</td>
</tr>
<tr>
<td>Switzerland</td>
<td>3 years (2018–2020)</td>
<td>61</td>
</tr>
<tr>
<td>Canada</td>
<td>4 years (2018–2021)</td>
<td>49</td>
</tr>
<tr>
<td>Denmark</td>
<td>3 years (2020–2022)</td>
<td>21</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>860</strong></td>
</tr>
</tbody>
</table>

*Based on the value of the agreement signed at the start of the multi-year contribution.

Note: Due to rounding, the total may differ slightly from the sum of the column.

35. The vast majority of multi-year support for RR comes from over 5.5 million private individual pledge donors who support UNICEF through regular monthly donations over an average of 8 years. These individual pledge donors accounted for 49 per cent of total RR in 2020.

36. One of the major challenges for predictable funding relates to the timing of the actual receipt of funds. While the trend has improved (32 per cent of RR payments in 2020 were recorded in the last quarter of the year compared to 54 per cent in 2018

\(^7\) Agreements with a lifetime of two years or more are defined as multi-year agreements. They do not include any amendments.

\(^8\) 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.
and 48 per cent in 2019), this presents challenges in terms of the predictability of funding and the ability to implement programmes. Payments 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.

E. Thematic funding

37. Thematic funds support high-level results at country, regional and global levels and are an ideal complement to RR. They are softly earmarked pooled funds and are the preferred type of other resource’ due to their flexibility to be directed where they are most needed. This leads to efficiency gains related to better planning, greater sustainability and reduced uncertainty and transaction costs for both UNICEF and its resource partners. Contributions to UNICEF 10 thematic funding pools (which are aligned to the Goal Areas of the Strategic Plan) are in keeping with the principles of good multilateral resource partnerships and good humanitarian donorship, and with the Grand Bargain and the funding compact.

Figure VIII

Thematic contributions received, 2014–2020
(in millions of United States dollars)

38. In 2020, 77 donors (14 Governments, 31 National Committees and 32 private sector fundraising UNICEF country offices) contributed $438 million in thematic funding to UNICEF, up from $345 million in 2019 and representing an increase of 27 per cent. The top 10 resource partners to thematic funding contributed $354 million (81 per cent) of the total thematic contributions to UNICEF. The top three partners were the Governments of Norway and Sweden, and the German Committee for UNICEF, which collectively contributed over half (56 per cent or $198 million) of thematic funding from the top 10 partners. Of note, Norway provided the largest contributions to the global health and education thematic pools, while the Netherlands was the largest multi-year contributor to the global humanitarian thematic pool.

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39. In 2020, thematic funding also increased by 1 per cent (to 8 per cent), as a percentage of all OR. This remains below the 2020 milestone of 14 per cent, as set out in the Strategic Plan, 2018–2021.

40. Despite these overall positive trends, the distribution of thematic contributions remains uneven across UNICEF programme areas. UNICEF thematic funds are mainly sustained by contributions to the education and humanitarian action programmes. 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 X
**Thematic contributions by funding pool, 2018–2020**
(in millions of United States dollars)
41. The increase in thematic funds in 2020 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. In alignment with this commitment, the current Strategic Plan aims to double thematic funding as a share of all OR by 2021. This year presents an opportunity for the Member States to accelerate efforts to reach this goal.

42. UNICEF is focused on incorporating thematic funding into an integrated flexible funding strategy. Its main elements include: (a) communicate (flexible funding narrative, fundraising assets, recognition strategy, external communications strategy, and accompanying capacity-building); (b) new models of fundraising for all audiences, across all markets; (c) integrated approaches at market level through joint engagement plans; and, (d) targeted marketing to the highest priority prospects and partners.

F. Multi-year commitments

43. Multi-year commitments improve the predictability of funding streams and 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 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.

44. In 2020, 39 per cent of UNICEF total contributions were multi-year, a decrease of 9 per cent from 2019. While 61 per cent of ORR contributed were part of multi-year grants, this is 15 per cent below 2019 levels. In 2020, only 17 per cent of ORE were multi-year (down 8 per cent from 2019), and 18 per cent of RR contributions were part of multi-year agreements (down 1 per cent from 2019).

Figure XI
Proportion of total contributions received as part of multi-year agreements, 2016–2020
V. Public and private sector resource partners

45. The UNICEF resource mobilization strategy integrates both public and private funding streams and involves fostering a shared vision of priorities and results with the broadest possible range of resource partners: 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.

46. In 2020, public sector partners contributed $5,451 million, or 76 per cent of total income, an increase of $710 million or 15 per cent higher than 2019. Private sector supporters contributed 22 per cent or $1,606 million of total income, an increase of 10 per cent, or 149 million compared to 2019. The remaining contributions of 2 per cent or $162 million came from other income.

47. UNICEF continued to expand and diversify partnerships across the public and private sector. In 2020, 145 Governments (up from 137 in 2019) and 185 philanthropic partners giving more than $100,000 (up from 158 in 2019) contributed to UNICEF resources. The number of individual supporters globally was 8.7 million (similar to 2019).

48. 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.

49. The pandemic forced UNICEF staff to adapt to online working, adopt new approaches and find new ways to reach and engage with partners and donors. Teams turned to digital and broadcast channels, and engaged with partners and prospects through virtual meetings and field trips. These and many other innovations led to outstanding results, which will be foundational in ensuring UNICEF continues to drive sustainable growth in public and private sector income for years to come.

Figure XII
Income by partner/income stream, 2020

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10 Individual supporters include pledge donors, cash donors and legacy donors.
A. OECD/DAC government resource partners

50. The relationship with OECD/DAC government resource partners remains critical to achieving the results of the Strategic Plan and for continued programming in response to the COVID-19 pandemic. In 2020, despite increased domestic needs, several partners (most notably Germany, the European Commission, Japan, United States, Norway and Sweden) generously stepped up their commitments for children.

51. In addition to being top contributors to both core and thematic funding, the European partners also actively supported high-quality funding models. For instance, in 2020, Sweden continued to provide generous multi-year global thematic funding for water, sanitation and hygiene (WASH) and child protection and country-level thematic funding to the entire country programmes in the Plurinational State of Bolivia and the Sudan. Hungary signed its longest multi-year agreement (five years) for global thematic funds to support global child protection outcomes. The Republic of Korea provided flexible, multi-year funding for humanitarian action through a three-year humanitarian thematic grant. Japan was one of the first and the largest donors to support the UNICEF COVID-19 response, almost doubling their overall contribution to UNICEF compared to 2019. Norway contributed the largest flexible contribution for programming for children with disabilities.

B. Non-OECD/DAC government resource partners

52. Advocacy with non-OECD/DAC governments, including programme country partners, is critical in order to continue to broaden the UNICEF funding base and accelerate the mobilization of RR and OR. In 2020, Bulgaria increased its core contribution by 5 per cent. Romania more than doubled its overall contributions in 2020, through support to Afghanistan, Bangladesh, Burkina Faso, Mali and Niger, and the UNICEF global Humanitarian Action for Children appeal.

53. In 2020, contributions from the Gulf countries to UNICEF RR totalled $5.5 million. Despite domestic constraints due to the COVID-19 pandemic and declining oil prices, the Gulf countries – Kuwait, Qatar, Saudi Arabia and the United Arab Emirates – fulfilled their commitments to core funding of $5.5 million, of which Qatar contributed $4 million. In addition, 45 countries in Africa and the Middle East contributed to RR in 2020, including through in-kind contributions, which amounted to $15.1 million.

C. International financial institutions

54. In recent years, UNICEF has significantly expanded its collaboration with IFIs, including the World Bank Group and regional IFI partners.¹¹ UNICEF programmatic expertise and in-country footprint offers IFIs specialist technical support and capacity-building with host Governments for project development and implementation. In 2020, the engagement with IFIs focused mainly on supporting countries in their response to COVID-19. The multi-layered collaboration ranged from procurement of supplies to strengthening of WASH and health systems, nutrition, remote learning and connectivity, cash transfers and social protection, and jobs/skills for youth.

55. In 2020, UNICEF was the World Bank Group lead United Nations partner for the COVID-19 response. The World Bank Group and UNICEF tripled their country footprint, establishing projects for children in nearly 50 countries across seven regions, with total direct contributions (including through tripartite agreements) of $203 million. In addition, the World Bank Group funded $93 million in supplies through UNICEF procurement services.

56. Total income from regional IFIs in 2020 amounted to over $77 million and is being channelled to UNICEF in the form of grants or via Governments through tripartite collaborations. As partnerships with IFIs mature, UNICEF seeks to transition from transactional engagements to longer-term joint collaborative initiatives that can leverage billions of dollars in IFI financing to countries, for the benefit of children and their families.

D. Global programme partnerships

57. Income from Global Programme Partnerships to UNICEF has more than tripled since 2015, with $700 million received in 2020 directly by UNICEF and through tripartite agreements with programme country governments. The Global Partnership for Education was the top donor to the COVID-19 Humanitarian Action for Children appeal, providing $363 million.

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

58. UNICEF continues to register steady progress with regard to joint United Nations engagements to deliver programmes under the Goal Areas of its Strategic Plan. In 2020, 84 per cent of UNICEF offices (108 offices) worked in partnership with sister United Nations agencies to support national priorities, far exceeding the UNICEF Strategic Plan target of 72 per cent. UNICEF received contributions of $523 million through inter-organizational arrangements for development and humanitarian interventions, representing 11 per cent of total OR contributions from the public sector in 2020 (a 2 per cent decrease from 2019). In addition, funds managed by UNICEF as an administrative agent on behalf of government donors and other United Nations agencies reached $131 million in 2020 (a 145 per cent increase compared to 2014).

59. The lack of an agreed definition for “joint activities” prevents coherent and comparable data across the United Nations system. In this regard, UNICEF joined the United Nations Development Coordination Office, UNDP, UNFPA, and UN-Women to initiate system-wide efforts to discuss and agree on a definition that captures joint activities in a more systematic way – in part to strengthen United Nations system-wide coherence and coordination to achieve shared results.

60. The year 2020 was important for UNICEF engagement with the Joint Sustainable Development Goals (SDG) Fund, with four joint public-private programmes to catalyse innovative financing to be undertaken in Fiji, Indonesia, Malawi and Uruguay. Throughout 2020, UNICEF continued to support the evaluation of the Secretary-General’s UN COVID-19 Response and Recovery Fund, which showed that the United Nations socioeconomic framework and response plans were useful instruments to bring the United Nations together and that the relevance of instruments depends on the country context.

\[\text{\textsuperscript{12}}\text{Includes pooled funds, joint programmes, United Nations to United Nations agreements, country-based pooled Funds and the Central Emergency Response Fund.}\]
F. Individual supporters

61. UNICEF ended 2020 with record results across pledge, cash and legacy income streams. Cash grew 50 per cent to $226 million, and pledge donations grew 8 per cent to $679 million. Overall, individual giving totalled $1 billion, with nearly 9 million donors supporting UNICEF. Individual givers are the largest contributors to UNICEF RR, with 49 per cent of total RR, or $717 million, mobilized by 33 UNICEF National Committees and 53 country offices, mostly from individual donors who gave monthly or one-off cash donations or included UNICEF in their wills.

G. Key private sector influencers

62. In 2020, UNICEF mobilized $363 million from philanthropic partners, of which $205 million came from foundation partners and $158 million from philanthropists, faith-based organizations and membership-based organizations.

H. Businesses

63. UNICEF raised $212 million from business in 2020, with over half of the private sector revenue raised for the COVID-19 response coming from this group. This includes an additional $9 million from the LEGO Foundation and the LEGO Group for children and families affected by the pandemic. In addition, ING galvanized its employees, raising nearly $5 million for UNICEF in less than a week; IHS Towers supported the UNICEF Nigeria COVID-19 response with a $1.7 million contribution; Unilever partnered with UNICEF on hand-washing and donated over $7 million in products; Colgate-Palmolive contributed with a donation of soap worth $1 million; in Brazil, Lojas Americanas donated close to $1 million worth of hygiene items for UNICEF local response; and an apparel company, Malwee, donated 1 million reusable masks to UNICEF in Brazil.

64. In 2020, UNICEF tapped into the income, influence, innovation and technical expertise of the business sector as a partner in delivering UNICEF programmes, thus accelerating the shift from transactional relationships to a spectrum of engagement based on shared objectives to achieve impact and results at scale.

I. Multi-stakeholder platforms and partnerships

65. As UNICEF saw a further increase in businesses, foundations, Governments and multilateral institutions convening in multi-stakeholder initiatives on global issues requiring collective action, there has been a shift in thinking towards systemic change, including through collaboration in multi-stakeholder platforms. The use of these platforms accelerated during the COVID-19 pandemic, and contributed to the momentum to ‘build back better’. They used their reach and influence to bring together public and private stakeholders and served as conveners, coordinating needs in the COVID-19 response, linking demand and supply, and facilitating exchange and agile collaboration.

66. For example, the Global System for Mobile Communications advocated with its more than 750 mobile network operator members to provide free text messages to its customers with COVID-19 information, as well as free access to educational content in the remote learning context, supporting the objectives of the UNICEF Reimagine education and GIGA initiatives. Reimagine education was also positioned at the World Economic Forum in 2020, where the UNICEF Executive Director, along with Chief Executive Officers and senior leaders of Dubai Cares, the LEGO Foundation, Microsoft and PwC advocated for actions that businesses can take to reimagine education. UNICEF, the World Economic Forum and its Supply Chain and Transport
Industry Action Group, developed a charter in support of UNICEF and COVID-19 Vaccine Global Access (COVAX) Facility vaccine distribution, which was signed by 18 businesses.

J. Innovative financing

67. UNICEF made significant advances in 2020 in leveraging innovative financing initiatives. In response to the COVID-19 pandemic, UNICEF and the United States Fund for UNICEF developed the Fast Fund, a guarantee facility that protects upfront payments for life-saving supplies, including for the COVID-19 response. In just two weeks, the Fast Fund raised $3.5 million in recoverable grants, enabling a $16.4 million purchase of 19 million units of personal protective equipment. In 2020, UNICEF allocated $2.6 million to five WASH infrastructure projects in Bangladesh, India and Pakistan, funded by the Asian Infrastructure Investment Bank, and provided technical support to leverage the total value of $1.4 billion.

68. In early 2021, the UNICEF Executive Board authorized the 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. Separately, UNICEF established the Dynamo Revolving Fund as a sustainable investment mechanism to drive private sector fundraising growth. The fund will be capitalized from various sources. UNICEF also developed an innovative finance strategy, which outlines a road map for the work of the organization in this key area over the next four years.

VI. Strategic considerations

A. COVID-19 funding in 2020

69. Over the course of 2020, the UNICEF response to the COVID-19 pandemic evolved and adapted as the situation deteriorated around the globe. UNICEF appealed for $1.93 billion to protect millions of lives and halt the spread of the pandemic in 152 countries. UNICEF partners responded with unprecedented levels of support. By year-end, the global COVID-19 appeal was 84 per cent funded thanks to commitments from both the public and private sectors. The funds committed against the appeal included $931 million in humanitarian contributions. Resource partners also provided an additional $692 million in ORR to help to address the pandemic. Of the total funds committed, nearly $150 million was provided flexibly, through thematic and softly-earmarked funds, of which 44 per cent (or $66 million) was provided by the private sector. The high levels of flexible funding proved critical to the organization’s ability to mount an efficient, effective, swift and agile response, and to provide countries and communities with support to build their longer-term resilience.

B. Financing the ACT-A/COVAX Facility

70. UNICEF is a cross-cutting partner of the Access to COVID-19 Tools (ACT) Accelerator – a global collaboration set up in April 2020 to speed up the development, production and equitable access to COVID-19 tests, treatments and vaccines, while strengthening health systems. As part of ACT-A/COVAX Facility, UNICEF is leading the end-to-end procurement and supply of COVID-19 vaccines, testing kits and treatments, spanning procurement, international freight, logistics, supporting country readiness, in-country delivery, support to critical elements of health systems strengthening (cold chain, health worker training) and community engagement and addressing misinformation.
In 2020, ACT-A initial needs were estimated at $38.1 billion. There is an urgency to mobilize $19 billion to finance ACT-A in 2021, including the UNICEF funding gap of $3.6 billion. UNICEF is actively working to maximise investments for children within the ACT-A investments. The points of intersection between ACT-A/COVAX Facility and essential child- and youth-focused services will need to be at the heart of recovery, including ensuring quality maternal, newborn and child health services (e.g., routine immunization and oxygen systems) and providing WASH in health-care facilities.

C. Risk management

Risk identification, mitigation and management have been at the forefront of UNICEF programming and operations throughout 2020. The COVID-19 outbreak posed an unprecedented challenge to the world and to the United Nations system – not only in terms of how business was conducted, but also in terms of the impact on beneficiaries and staff. UNICEF stepped up to maintain the highest levels of integrity, efficiency and effectiveness in the use and monitoring of resources, in situations where access to its operations and programmes were being restricted due to the pandemic. 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 and potential restriction-of-movement scenarios.

More than one year into the pandemic, the domestic economies of many of UNICEF traditional donors are strained. At least one top UNICEF resource partner has already initiated budget cuts to its ODA, directly impacting UNICEF with a reduction of 60 per cent to its RR contributions.

Within the current COVID-19 situation, increased earmarking of contributions poses a serious threat to the ability of UNICEF to reach all children everywhere, particularly the most vulnerable. Increased RR from the public sector is essential in order for UNICEF to reach the most vulnerable children, to leave no one behind and to provide stable funding to critical underfunded programmes.

D. Improved reporting, visibility and recognition of public sector partners

Reporting, visibility and partner recognition continued to be a priority throughout 2020. UNICEF published 10 new donor pages on its global website, which highlight the impact public sector partners are making for children across the globe. In another first, UNICEF began recognizing and listing the top five resource partners to the Strategic Plan Goal Areas and cross-cutting areas in the UNICEF Annual Report 2020. Similarly, public and private sector partners continued to be recognized in the annual report of the Executive Director, Core Resource for Results Report, Funding Compendium, Global Annual Results Reports and via the organization’s robust network of social media channels across the globe.

UNICEF hosted a virtual two-day design thinking workshop in October 2020 that collected partner insights to inform its resource mobilization and advocacy efforts for flexible funding. Armed with valuable insights gained from the workshop, UNICEF is designing engagement plans that are more closely aligned and responsive to the needs and motivations of public sector partners.
In the UNICEF annual partner satisfaction survey, 79 per cent of participating public sector partners indicated their satisfaction with the level and type of recognition and visibility UNICEF had provided throughout the year – a significant increase from 39 per cent reported in 2019.

**E. Future directions: Official development assistance trends and their impact on financing the Sustainable Development Goals and the new Strategic Plan**

UNICEF is continuously monitoring its current and future funding in light of the impact of the COVID-19 pandemic as well as recent decreases in core resources. Based on the latest available information, UNICEF is maintaining a conservative financial outlook for the period 2021–2025 for its resource planning.

While total income was higher in 2020 compared to 2019, the additional funds received were largely in response to the unprecedented challenges of the COVID-19 pandemic, and in some cases displaced other funding needs. Over the past few years, even prior to the pandemic, the ratio of RR to total income continued to decrease: from 23 per cent in 2018, to 21 per cent in 2019 and 20 per cent in 2020. Inadequate core funding means that the critical resources needed to adapt to the evolving needs of children; to support efforts to modernize, streamline and innovate; and to implement critical risk management initiatives, including protection from sexual exploitation and abuse, are falling significantly short. The diverging trends of decreasing RR and increasing OR in relation to total income puts a strain on how UNICEF delivers its mandate for children.

Despite the increase in ODA as well as the growth in public sector income in 2020, there is continued uncertainty regarding public sector resource mobilization. Although OECD reported an increase in ODA by 3.5 per cent in real terms in 2020 compared to 2019, ODA spending behaviour was mixed, with 16 DAC countries increasing ODA while spending fell in 13 countries. The 2021 picture appears to be more complicated, with some key donors announcing deeper cuts to their aid commitments that could seriously undermine the effectiveness and inclusivity of global recovery efforts. This will require a collective push to protect multilateralism and cooperation as a way to respond to global challenges.

UNICEF is pursuing several strategies to maintain and promote resource mobilization from the private sector. First, UNICEF will further scale up digital fundraising, especially to increase core resources, by investing in seamless technology, data and analytics, people and processes, and skills, capacities and culture. Second, UNICEF will further accelerate alternative financing models, including innovative finance, blended finance, public-private partnerships and revolving funds for investment in fundraising, to ensure sustained investment in private sector fundraising. Third, UNICEF will support key frontier markets transitioning from middle- to high-income status, with a view to also growing RR over the long term. Finally, UNICEF will continue to tap into the highest-value channels at the top of the philanthropic pyramid by developing engagement products, mobilizing national boards and further refining its business function.

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VII. Conclusion

82. UNICEF extends it deep appreciation to its resource partners for the income generated in 2020 for results for children. UNICEF seeks guidance and support from its partners in supporting its immediate and longer-term response to the COVID-19 pandemic; in addressing the resulting gaps and setbacks in its development work and the drastic increase in humanitarian needs; and in mitigating the effects of real and potential decreases in ODA.

83. As partners, the global community must work to protect the investments that have already been made for the achievement of the Sustainable Development Goals, and must do so with a commitment to build back better. In the current environment, core resources and flexible, predictable and multi-year funding have become even more critical. They facilitate sustainability of impact, enable innovation and rapid response to in-country or regional humanitarian or development situations, including emergencies, and are critical for the joint work of the United Nations. As real and potential decreases in ODA by some donors emerge, UNICEF urges government partners to refrain from cutting United Nations life-saving programmes, and to continue to honour their commitments and contractual obligations.

84. UNICEF looks forward to consultations throughout each year with its partners, including the Member States, National Committees, civil society and the private sector, and will continue working with its sister United Nations agencies, particularly in support of the Secretary-General’s reform efforts, including implementation of the funding compact.

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/2021/30);

2. Notes the importance of sufficient and predictable regular resources, which are critical for UNICEF to be able to continue to respond to the coronavirus disease 2019 (COVID-19) pandemic, continue the roll out of the Access to COVID-19 Tools Accelerator (ACT-A)/ COVID-19 Vaccine Global Access (COVAX) Facility, and 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 COVID-19 pandemic;

4. Further notes the importance of the Member State commitments to the funding compact, particularly with regard to regular resources and thematic funds;

5. Recalls the importance of funding predictability and urges Member States to prioritize regular resources and multi-year pledges for 2021 and future years, given that reductions in regular resources jeopardize the ability of UNICEF to achieve the results of its Strategic Plan.