

A Guide to UNICEF Thematic Funding

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Introduction

What is thematic funding and why is it important?

Thematic contributions are soft-earmarked pooled funds categorized as Other Resources (OR) to support the achievement of outcomes or results as outlined in the **Strategic Plan 2014-17**.

Closely aligning thematic funding pools to outcomes strengthens results-based-management (RBM), simplifies the process of managing contributions, including monitoring and reporting on results.

Thematic contributions are received against programmes approved by UNICEF's Executive Board, and thematic humanitarian contributions are received against valid humanitarian appeals.

The flexibility of thematic funding allows UNICEF to respond more effectively; it also facilitates longer term planning, sustainability and savings in transaction costs, leaving more resources for UNICEF programmes.

Three levels of thematic funding

Global – Donors determine the Strategic Plan outcome area that they support, but allow UNICEF the flexibility to allocate funds for individual country programmes according to priority needs. Headquarters and Regional Offices can also receive smaller amounts for cross-cutting work, advocacy and programme development in support of country allocations.

Regional – Donors specify both the Region and the Strategic Plan outcome area where the funds can be utilized. The UNICEF Regional Office determines which country programmes within the region that will receive funding. The Regional Office is also eligible for a smaller share of these funds.

Country – Donors stipulate both the Country and outcome area (theme) where the funds can be utilized. Donors can choose to fund more than one outcome area or provide thematic funding for the entire country programme and cover all Strategic Plan outcome areas.

The 2012 Quadrennial Comprehensive Policy Review (QCPR) report specifically mentions thematic funding in the context of innovative approaches to improve the predictability of funding for development activities.

Nine thematic funding pools for 2014-17

(one pool for each of the seven Strategic Plan outcomes plus two additional pools)

1. **Outcome 1: Health**
2. **Outcome 2: HIV/AIDS and children**
3. **Outcome 3: Water, sanitation and hygiene**
4. **Outcome 4: Nutrition**
5. **Outcome 5: Education**
6. **Outcome 6: Child protection**
7. **Outcome 7: Social inclusion**
8. **Gender equality and the empowerment of girls and women**
9. **Humanitarian action/response**

Why thematic funding?

For UNICEF – Increased flexibility and predictability

- Thematic funding is needed as a second best option to core/regular resources.
- Facilitates programme funding in a more strategic manner, with no earmarking other than to the Strategic Plan outcome area. UNICEF allocates resources to areas of highest needs, including critically under-funded country programme areas.
- Secures volume and predictability of funding for UNICEF, while reducing transaction costs and freeing resources:
 - No specific proposals are prepared.
 - Shared thematic donor reports reduce the burden of preparing individual project reports.
 - Simplifies the management of funds since there is only one large fund instead of individual donor funds.
- Allows for multi-year spending in support of improved planning and sustainability.
- Channels funds in a less rigid manner to respond to UNICEF's Core Commitments for Children in Humanitarian Action.

For Donors – Alignment with the principles of Good Multilateral Donorship

- Supports the aims of the Paris Declaration on Aid Effectiveness by strengthening UNICEF's programme based approach anchored in programme country priorities.
- Encourages strategic policy dialogue over detailed project implementation monitoring.
- Gives donors a welcome possibility of soft earmarking and supports a flexible response for UNICEF, when implementing the Strategic Plan.
- Simplified allocation procedure and lesser administrative burden for donors.
- Opportunities of joint donor collaboration and dialogue around UNICEF outcome areas.

What are the main characteristics of thematic funding?

- **Non-restricted use within the designated Strategic Plan outcome area** at either global, regional or country level. No further earmarking within the outcome area or other specific conditions can be tied to the allocation.
- **Funds are pooled together with other contributions for the same theme.** Expenditure is not tracked individually by donor.
- Only one annual **Thematic Report** for each outcome area for each level (global, regional, country) prepared for all donors that have provided thematic funding within that theme and level. Only one annual **Thematic Emergency Report** is prepared for all donors that have provided thematic funding for humanitarian response activities at a specific level.
- **No separate financial report** on the utilization of the donor's individual contribution.
- **Lower recovery cost** – Seven percent for the public sector and five percent for the private sector (instead of the regular eight per cent for nonthematic contributions).
- **Longer duration.** A multi-year period of thematic funding allows for flexibility and long-term planning and implementation.
- **Donor proposals not required** because the Strategic Plan and country programme documents already specify what UNICEF intends to undertake in the outcome area.

A separate gender funding pool

Establishment of a separate gender equality pool responds to the Executive Board's call to UNICEF to give prominence to achievement of gender equality and the empowerment of girls and women in the Strategic Plan. Establishment of this pool gives donors the option to contribute directly in support of work on promoting gender equality.

In the 2006-13 Medium Term Strategic Plan, gender equality was grouped with one focus area, education. Throughout the Plan period, funding for gender equality results from all the five Focus Areas was very limited. As a result, UNICEF's capacity to support programming for gender equality remained highly constrained. In the new Strategic Plan, gender is hence no longer linked with education. Therefore, a separate funding pool for gender has been justified.

A UNICEF Strategic Plan priority is to increase both the total value of thematic funding as well as its share within Other Resources (OR).

If there is no proposal required, what are the documents that are shared with the donor?

The UNICEF **Strategic Plan** (2014-2017) outlines measurable outcomes and results that provide strategic direction to the organization and country offices, through key performance indicators across a series of financial, operational and human resource outputs.

Country specific thematic funding

- **Country Programme Document (CPD)** – *Outlines operationalization of key programme strategies and normative principles in the specific country context.*
- **Summary CPD results matrix** – *An annex to the CPD that outlines key strategic improvements in the country situation to which the UNICEF assisted Country Programme will contribute.*
- **UNDAF results matrix** – *Outlines the strategic direction and expected results of the UN in a country, which are delivered through various tools.*
- **Country Programme Action Plan (CPAP)** – *A formal agreement between the Government and UNICEF stipulating responsibilities during the period of the approved Country Programme.*
- **United Nations Development Action Plan**– *UN Country Team decides to prepare this document instead of a UN system agency-specific CPAP.*
- Medium Term Review from previous programme cycle.
- Situation Assessment and Analysis.
- Country Office Annual Report.

How does UNICEF evaluate progress in the outcome area?

The use of Strategic Plan indicators, Country Programme related indicators, Demographic and Health Surveys as well as other reliable data collection mechanisms are good sources for measuring progress.

The use of results-based programming and management tools such as 'performance management dash-boards', where global and real-time data-sets support the monitoring of available resources and programme implementation.

The use of evaluations at global, regional and/or country level also help examine UNICEF's work in a specific outcome area.

What can the donor expect in a thematic report?

The format of the report is based on the UNDG Standard Progress Report

	The 7 outcome areas and gender equality thematic contributions:			Humanitarian thematic contributions:		
	<i>Global</i>	<i>Regional</i>	<i>Country</i>	<i>Global</i>	<i>Regional</i>	<i>Country</i>
Donors will receive	For each outcome area a single consolidated annual global/regional/country report on UNICEF programme results for the entire theme.			A single consolidated annual global/regional/country report on UNICEF results for the entire humanitarian response/per regional appeal/per country appeal.		
Prepared by	Sections in UNICEF New York Headquarters responsible for each Strategic Plan outcome area will compile an Annual Global Thematic Report based on input from field and Regional Offices.	The Regional Office that has received the region specific thematic funding will produce an Annual Consolidated Report for the funding received for each specific outcome area.	The Country Office receiving the country specific thematic funding produces an Annual Consolidated Report for the funding received for each specific outcome area.	The Office of Emergency Operations (EMOPS) compiles one Global Thematic Humanitarian Report.	The Regional Office that has received the region specific thematic humanitarian funding will produce a Consolidated Emergency Report for the funding received during a calendar year for the emergency appeal.	The Country Office receiving the country specific thematic funding produces a Consolidated Emergency Report for the funding received during a calendar year for the emergency appeal.
Annual due date	End of April	End of March		End of April	End of March	
Report components	<p>A comprehensive narrative report with analysis of results achieved in the specific outcome area or theme (gender & humanitarian action/response), including progress related to expected outcomes and outputs.</p> <p>Lessons learned and implementation constraints.</p> <p>Approved budget and summary of all resources (core and noncore) available for the outcome area.</p> <p>Acknowledgement of donors.</p> <p>Key partnerships and interagency collaboration, including UN Coherence.</p> <p>Financial implementation, including expenditures by key results area.</p>					

Financial Statements

A **Statement of Account** is issued for each one of the seven outcome areas, for thematic gender equality and for thematic humanitarian. The statement of account (signed aggregate financial income and expenditure report) is issued by the Comptroller (in June of the following calendar year) giving the consolidated amount received per donor for each outcome area (theme) and the total expenditure by country per outcome area.

What is the duration and validity period of thematic funding?

UNICEF maintains a four-year funding period that covers the entire Strategic Plan period with the possibility of a one-year extension to ensure full utilization of the funds. A four-year period (2014-17) of thematic funding allows for flexibility and long-term planning and implementation. It strengthens results-based-management (RBM) and improves sustainability of programmes.

It reduced fragmentation and increases efficiency in the management of grants. It minimizes time and resources required in creating and closing a funding pool and for negotiating extensions. It allows UNICEF to attract and retain high-quality staff through a measure of job security instead of having to continuously identify, recruit and separate staff due to funding constraints.

UNICEF recognizes that a four-year pool may compromise some donor regulations and procedures for disbursing funds. It will therefore make every effort to support an internal system that will allow for utilization and reporting of funds received from these donors in order to satisfy their requirements.

The establishment and management of the thematic humanitarian action funding pool will continue to be three-years for accepting contributions, and one additional year for implementation to ensure full utilization of available funds.

For more information, please contact:

Fernando Gutierrez-Eddy

Senior Adviser – UNICEF Public-Sector Alliances and Resource Mobilization Office

Tel: (1) 212 326 7041

fgutierrezeddy@unicef.org

www.unicef.org/parmo

What are the criteria for the allocation of global thematic funds?

Allocation of global thematic funds is decided by an internal senior-level committee.

The highest priority is given to:

- Countries that are furthest from achieving Strategic Plan targets/results and relevant MDGs.
- Countries that receive minimal programme funds, difficult to fundraise for and heavily reliant on core/regular resources including specifically small programmes in middle income countries.
- Country Offices with a good implementation record and capacity to achieve results in a timely manner.
- Contribution to sharpening the equity-based focus.

Allocation of Global Humanitarian thematic funds is decided by an internal senior-level committee giving priority to:

- Humanitarian needs
- Priorities identified in the appeals
- Funding gaps in the appeals.

Cross-thematic use of funds

The implementing office may also decide to use thematic funds in a cross-thematic manner or to cover operational costs. Without such cross-thematic and operational usage, outcome area results would often be compromised or not achieved. The utilization of funds in a cross-thematic manner or for operational costs will be included in the reporting.