United Nations | E/ICEF/2015/P/L.6

Economic and Social Council

Distr.: Limited
18 December 2014

Original: English

For decision

United Nations Children's Fund
Executive Board
First regular session 2015
3-5 February 2015
Item 6 of the provisional agenda*

UNICEF work with countries transitioning from middle- to high-income status

Summary

This paper summarizes policy and practice related to UNICEF work in high-income countries. The paper then outlines specific needs and opportunities related to countries that have recently transitioned from middle-income to high-income status, proposing a general policy framework to guide the development of relevant country programme documents for the rest of 2015 and beyond.

A draft decision is included in section IV.

* E/ICEF/2015/1.

14-67544 (E) 301214

I. Current UNICEF approaches to children living in high-income countries

1. Children's rights issues are universal issues. Inequities persist in all countries. Humanitarian emergencies, including an increasing number of extreme weather events, can affect children anywhere. Each country in the world has something to learn from other countries, and something to offer regarding innovations and solutions in education, health and protection. Discussions around the emerging Sustainable Development Goals highlight the important role of "global public goods" for children.

2. The global mandate of UNICEF is reflected in the Convention on the Rights of the Child. While the large majority of UNICEF efforts focus on children in developing countries,[1] UNICEF also contributes to results for children in high-income countries (HICs), in particular through partnerships with UNICEF National Committees and elements of the UNICEF Global and Regional Programme.

3. Of the 36 National Committees for UNICEF, 35 currently work in HICs. The National Committees are legally autonomous organizations that support children globally by fundraising for UNICEF while supporting children in their own countries through child rights education and advocacy. For example, National Committees have often been central to efforts to encourage countries to ratify and implement the Convention on the Rights of the Child and its Optional Protocols. In partnership with UNICEF, National Committees also draw attention to the duties of governments, families, communities and individuals to respect the rights of children and provide support for them to do so. In many HICs, National Committees facilitate broad consultations to maximize the accuracy and impact of reports to the Committee on the Rights of the Child, which monitors implementation of the Convention and its Optional Protocols. UNICEF domestic child rights advocacy in countries with a National Committee presence also seeks to garner strengthened political commitment to legislate, plan and budget for improved and equitable fulfilment of child rights, with a particular focus on prevention of and response to violence, abuse, exploitation and neglect, as well as reducing multidimensional child poverty and exclusion.

4. The UNICEF Global and Regional Programme contributes to results for children through global and regional public goods, such as monitoring and analysing the situation of children for global accountability, contributing to the global evidence base, producing or co-producing global normative guidelines, and strengthening relevant international policy and coordination bodies and systems, such as the Human Rights Council, relevant treaty bodies, relevant Special Representatives of the Secretary-General and regional institutions. About 5 per cent of UNICEF programming resources are allocated to the Global and Regional Programme and most of the programme's results primarily benefit children in developing countries. Nevertheless, a small proportion of the programme's work also contributes to results for children in HICs. For example, the periodic *Innocenti*

---

[1] This paper uses the phrase "developing countries" to be consistent with current terminology used by the Development Assistance Committee of the Organisation for Economic Co-operation and Development, which uses this phrase to describe all countries with gross national income per capita of less than $12,746 in 2013. UNICEF uses the phrase "programme countries" to refer to countries with an active UNICEF country programme, regardless of income level.

Report Card analyses and reports on issues relevant to children in relatively rich countries. In addition, some global reports, such as the 2014 publication *Hidden in Plain Sight: A statistical analysis of violence against children*, analyse data and make policy recommendations relevant to children in all countries, including HICs. In global advocacy processes supported by the Global and Regional Programme, such as the observation of the twenty-fifth anniversary of the adoption of the Convention on the Rights of the Child, UNICEF often promotes and facilitates children's participation and children's voices on a global scale, including those from HICs.

5. Beyond partnerships with National Committees and the Global and Regional Programme, UNICEF occasionally contributes to results for children in HICs in other ways. For example, some children in HICs benefited when their governments learned from UNICEF innovations originally developed in programme countries, such as the adaptation of the RapidFTR (rapid family tracing and reunification) open-source mobile phone application and data storage system by the Federal Emergency Management Agency in the United States of America, building on technology first used by UNICEF to support Congolese refugees in the Great Lakes region of Africa.

II. Country programming arrangements and countries transitioning from middle- to high-income status

6. Over the next 18 months, UNICEF anticipates that approximately 45 countries will come to the end of their current country programme documents (CPDs) and could request development and approval of new CPDs. Several of these countries will have reached or may soon reach high-income status for a continuous period of 24 months, as outlined in the annex. While the approaches described in section I above continue to be relevant for many HICs, they were initially designed to respond to the needs of children in countries that long ago achieved high-income status. As such, they do not fully respond to the needs and opportunities of countries that have recently transitioned from middle- to high-income status.

7. Just as in developing countries, it is clear that a "one-size-fits-all" approach to engagement with HICs is neither possible nor appropriate. There are child rights needs and opportunities in each country that is transitioning from middle- to high-income status that would benefit from specific attention and a distinct policy framework.

8. The Executive Board has periodically decided to authorize UNICEF work in high-income countries on an ad hoc basis through the review and approval of CPDs and multi-country programme documents (MCPDs), including for Croatia (2012-2016), Oman (2012-2015) and Equatorial Guinea (2013-2017). In the cases of Croatia and Oman, the approved country programmes of cooperation emphasize the ongoing relevance of UNICEF advocacy and technical cooperation with the countries as they strive to achieve progress for all their children in the context of economic growth. In the case of Equatorial Guinea, the Executive Board decided that the exceptional circumstances of child inequities in that country justified ongoing investment of regular resources (RR) over the course of what was at the time a proposed new CPD. Each of the three CPDs includes a summary budget table with programme expenditure that was authorized by the Executive Board.

Programme expenditure for Croatia and Oman is fully financed by other resources (OR), while programme expenditure for Equatorial Guinea is financed by a combination of RR and OR. The Executive Board also reviewed and approved the Eastern Caribbean multi-country programme for 2012-2016, which authorizes programming in two countries that had already achieved high-income status at the time of MCPD approval: Antigua and Barbuda, and Barbados.

9. While engagement with National Committees, or through the Global and Regional Programme, or both, are attractive options for many HICs, there is a compelling rationale in some countries transitioning from middle- to high-income status to continue a UNICEF country programme beyond the general two-year transition period already anticipated in Executive Board policy. Such an approach would recognize that:

(a) Such countries often welcome UNICEF partnership as they work to support children who have been left behind by economic growth while simultaneously grappling with the challenges of new affluence, from non-communicable diseases to managing the risks of exploitation and abuse of children on the Internet.

(b) There are positive synergies between ongoing country programme engagement in emerging economies and building new approaches to strategic partnerships. Both governments and private partners in many upper-middle-income countries (UMICs) and new HICs emphasize that their support to UNICEF is linked to an ongoing commitment to results for children in their country, while also expressing interest in developing their capacity to engage and contribute to children's rights regionally and globally. These countries are learning and demonstrating that working for children's rights at country, regional and global level can be mutually reinforcing.

(c) Countries transitioning from middle- to high-income status are often particularly interested in cooperating with UNICEF to test innovations and develop evidence related to child rights and humanitarian responses for the most marginalized, which in turn can inform government decisions about scaling up particular approaches, both in-country as well as in other programme countries.

(d) Similarly, countries transitioning from middle- to high-income status often welcome UNICEF facilitation of horizontal cooperation, including with low- and lower- middle-income countries, which can find lessons from countries with recent experience of development particularly relevant and valuable.

(e) By linking an ongoing programme investment in a new HIC to fundraising from the same country, it is possible to sustain UNICEF programming in the country while simultaneously ensuring a diversification of income to support UNICEF work around the world. Several countries currently categorized as upper middle income already provide more RR income to UNICEF than they receive (when government and private contributions are combined). Fundraising in these countries undoubtedly benefits from the ongoing involvement of UNICEF in programming for children in these countries. Such fundraising, in turn, is a growing source of UNICEF core income, most of which is invested in the least developed countries (LDCs) and in sub-Saharan Africa.

10. In light of the above, this paper proposes a new policy option for work with some countries that are transitioning from middle- to high-income status: the

continuation of an official country programme, endorsed by the Executive Board through approval of a CPD. UNICEF proposes that this approach be considered as long as all three of the following conditions are met:

(a) The government requests UNICEF ongoing country programme engagement.

(b) In consultation with the government concerned, UNICEF determines that such engagement can effectively contribute to achieving results for disadvantaged children. Examples of appropriate programming approaches in such contexts include monitoring and advocating on behalf of child rights; implementing innovative demonstration projects that the government can scale up in development or humanitarian contexts; generating or identifying evidence about what works for children; and/or facilitating horizontal cooperation that will support specific MICs or low-income countries (LICs) in the achievement of their own child-related goals.

(c) The government agrees that the country (through government, or private resources, or both) will contribute to UNICEF over the time period of the new CPD an amount of RR that equals or exceeds the total UNICEF investment of regular programme resources in that country programme of cooperation, over the same time period. (As a result, expenditure of regular programme resources in new HICs would result in no net decrease of RR to developing countries, and may result in an increase in RR to developing countries.) After the first five-year CPD as a HIC has been completed, the country would be expected to contribute an amount that equals or exceeds total UNICEF investment of both regular programming resources and leadership and operations support in order for an additional CPD to be agreed.

III. Financial considerations

11. In common with other funds and programmes, the Executive Board of UNICEF periodically endorses a system for allocating planning levels of financial resources to programme countries. The Executive Board then makes formal decisions on the exact allocations of RR to individual country programmes of cooperation by approving CPDs that specify both country programming RR allocations and fundraising ceilings for OR.

12. At its annual session in June 1997, the Executive Board endorsed the "modified system for allocation of general resources" for programmes [general resources are now referred to as regular resources], as outlined in the annex to decision 1997/18 (E/ICEF/1997/12/Rev.1), and as described in document E/ICEF/1997/P/L.17.

13. At the second regular session of the Executive Board in September 2008, UNICEF presented the Report on implementation of the "modified system for allocation of regular resources for programmes" approved by the Executive Board in 1997. The report informed the Board of lessons learned since 2003, and included proposed modifications to the system for allocation of RR. The Board endorsed the recommendations in the paper, maintaining the system as a whole with two modifications (E/ICEF/2008/20). The first modification clarified that "allocations of UNICEF regular resources for country programme cooperation, except for countries included in multi-country programmes, will continue until a country achieves "high income" status (based on World Bank current data and definitions) and maintains

such status for two consecutive years after achieving it”. The second modification introduced a minimum allocation of at least $600,000 a year, “for programme cooperation for countries in the “upper middle-income” country category (based on World Bank current data and definitions), except in those countries otherwise included in the multi-country programmes”. This minimum allocation has periodically been increased by the Executive Board and is currently $850,000 per annum.

14. The Executive Board guides UNICEF to allocate core resources with highest priority to the needs of children in LICs, in particular those in LDCs and in sub-Saharan Africa. UNICEF consistently follows guidance from the Board, with allocations to LDCs and SSA in 2014 and 2015 reaching 66 per cent of programmed RR (for LDCs) and 63 per cent of programmed RR (for SSA) in both years. As a result, the proportion of UNICEF RR allocations to LDCs is more than double the average proportion of ODA allocated to LDCs by members of the Development Assistance Committee of the Organisation for Economic Co-operation and Development (DAC/OECD), most recently calculated to be 32 per cent.

15. At the same time, the Executive Board also encourages UNICEF to diversify its funding base by increasing engagement with non-traditional donors, including in particular the private and public sector in emerging economies.

16. In light of these policies, any new approach to programming in countries that have transitioned from middle- to high-income status should create a net financial benefit over time for children in LICs, while simultaneously contributing to results for children in the new HIC and a transformed strategic partnership.

17. UNICEF has already had considerable success in diversifying its resource base. A considerable proportion of RR income is currently raised from private sector donors, including a growing amount that comes from UMICs and new HICs. Increasingly, governments in UMICs and HICs are also contributing to RR.

18. As discussed with the Executive Board during the process of developing the Strategic Plan 2014-2017, UNICEF proposes to review its system for allocating country programming RR planning levels to countries as part of the Mid-term review of the Strategic Plan, linking the review to the anticipated finalization of the Sustainable Development Goals. The review may result in a proposed new policy framework for Executive Board consideration that is more consistent with the universal approach being discussed in the development of the Sustainable Development Goals and that recognizes the limitations of overreliance on gross national income per capita as a criterion for resource allocation.

19. Any specific allocation of country programming RR to a country programme of cooperation in a country transitioning from middle- to high-income status would still be subject to approval by the Executive Board through the consideration of a proposed CPD. For the purpose of planning and CPD development, UNICEF proposes that the maximum country programming RR allocation for a HIC would be the same as the minimum level approved by the Executive Board for MICS, currently $850,000 per annum. Once HIC status is confirmed after the initial two-year transition period (which is already part of current policy), the government would commit to voluntary provision to UNICEF of RR that is at least equivalent to the RR invested in the new country programme (e.g. for a five-year CPD that

includes $850,000 per annum of UNICEF RR investment, provision from private sector and/or government sources would be $850,000 x 5.

20. Many governments that contribute RR to UNICEF report such contributions to OECD as official development assistance (ODA), which is designated to provide support to developing countries. The amount of funding that would be channelled to HICs under the proposals in this paper is not financially material — less than 0.17 per cent of RR in 2016. The OECD has confirmed that according to DAC reporting rules, provided the share of activities financed by UNICEF in non-ODA countries would be less than 10 per cent and the activities would still be developmental in nature, governments' contributions to UNICEF RR would still be reportable as ODA in full.[2]

21. In addition to investing country programming RR in a country that has newly transitioned from middle- to high-income status, as outlined above, UNICEF proposes that a country office also be eligible for Private Fundraising and Partnerships investment funds (to develop private sector fundraising capacity) and limited institutional budget support (for leadership and operations) for the length of its first CPD as a HIC.

22. *By the end of five years, if not sooner, countries that have transitioned from middle- to high-income status and maintained a UNICEF programmatic engagement would be net contributors to UNICEF core income, thus supporting the continuation and expansion of UNICEF work in programme countries, in particular LDCs and sub-Saharan Africa.*

23. If the Executive Board is supportive of the approaches proposed in this document, UNICEF believes that total resources mobilized for countries and children most in need will increase significantly, by leveraging the experience and expertise of new HICs to programme countries more broadly, by supporting governments in HICs to continue to address the needs and rights of the children who have been left behind by economic growth, and by establishing and deepening both public and private financing of UNICEF by these countries.

IV. Draft decision

The Executive Board

1. *Takes note* of the growing experience of UNICEF in working in countries that have recently transitioned from middle-income to high-income status, as approved by the Executive Board through the approval of country programme documents and multi-country programme documents;

2. *Recalls* its approval of the "modified system for allocation of general resources" (E/ICEF/1997/12/Rev.1) and subsequent approval of modifications to that policy;

3. *Notes that* countries transitioning to high-income status are often leaders in developing innovative approaches to the realization of child rights for their own populations; are often sources of learning, expertise and horizontal cooperation for

[2] As per the 60th Meeting of the DAC Working Party on Statistics — Summary Record, OECD reference DCD/DAC/STAT/M(2009)2/FINAL.

other countries; and are often emerging sources of financial support to UNICEF regular resources from both the private and public sector;

4. *Welcomes* proposed criteria for continuing a programming presence and proposed emphases of such a country programme or multi-country programme, as outlined in para 10 of document E/ICEF/2015/P/L.6;

5. *Welcomes* proposed financing arrangements for such country programmes or multi-country programmes as outlined in paras 19 through 22 of document E/ICEF/2015/P/L.6, noting that final funding allocations will be authorized on a case-by-case basis by the submission of relevant documentation to the Executive Board;

6. *Invites* UNICEF to work with relevant countries to prepare country programme documents or multi-country programme documents consistent with the framework outlined in UNICEF document E/ICEF/2015/P/L.6, for consideration and eventual decision by the Executive Board;

7. *Notes* the intention of the Executive Board to review this policy and experience with its implementation within 10 years.

Annex

Countries with gross national income per capita between $7,000 and $16,000 in 2013*

	GNI per capita using the World Bank Atlas method (US dollars)	
Bulgaria	7 030	
Saint Lucia	7 090	
South Africa	7 190	
Montenegro	7 260	
Azerbaijan	7 350	
Grenada	7 460	
Colombia	7 560	
Botswana	7 730	
Romania	9 060	
Suriname	9 260	
Mauritius	9 300	
Costa Rica	9 550	
Lebanon	9 870	
Mexico	9 940	
Malaysia	10 400	
Gabon	10 650	
Panama	10 700	
Turkey	10 950	
Palau	10 970	
Kazakhstan	11 380	
Brazil	11 690	
Seychelles	12 530	
Venezuela (Bolivarian Republic of)	12 550	
MIC/HIC transition	**12 746**	
Antigua and Barbuda	12 910	
Libya	12 930	Most recently available data is from 2009.
Poland	12 960	
Croatia	13 330	
Saint Kitts and Nevis	13 460	
Russian Federation	13 860	
Equatorial Guinea	14 320	
Lithuania	14 900	
Uruguay	15 180	
Chile	15 230	
Latvia	15 280	
Trinidad and Tobago	15 760	

* Data for all countries except Libya refer to 2013.