

Education Cannot Wait: Earmarking and Attribution (DRAFT, Dec 18)

Earmarking

1. ECW's current operational model allows for a variety of earmarking: to each of the three funding windows; to a specific geographical area within ECW's strategy/scope; and, for multi-year, to a specific thematic area. Annex A provides further detail on ECW's earmarking policy from the ECW Operating Model. Unearmarked funding allows for the most efficient use of finances and staff resources. Narrow earmarking risks diverting ECW towards individual donor priorities, rather than to the priorities set out in the agreed ECW Strategy. But earmarking can attract important additional financing and some donors have political constraints or organizational policies which require earmarking. ECW's earmarking policy has enabled it to receive funding which would not otherwise have been possible.
2. In line with the earmarking policy, several donors have chosen to earmark their funding to ECW, including donors who have channeled their contributions through the ECW Trust Fund, governed by the Standard Contribution Agreement. Contributions received for ECW through UNICEF bilateral agreements with the donor are automatically earmarked to UNICEF.
3. Of the US\$333.3 million pledged to ECW (not all yet in signed commitments), **US\$153.1 million (52%) is unearmarked and US\$138.8 million (48%) is earmarked and 41.4 million pledged not signed.** Of the \$221.4m received (gross) by ECW, **\$94.9 million (43%) is unearmarked and \$126.5 million (57%) is earmarked.** The percentage difference between pledged and received is explained by some of the larger, more recent pledges which are unearmarked and will be received over 2019 and beyond. Earmarking ranges from narrower earmarking to one specified country only -to much broader earmarking such as to UN agencies or to any country, except Syria. The table below provides further detail on donors' earmarking (to note, some donors have provided both earmarked and unearmarked funding).

Unearmarked

Donor	Contribution to Fund through SCA/Bilateral	Earmarking summary (detail included in SCA/Bilateral Contribution Agreement)	Pledged Amount (USD)	Received (USD) SCA & Bilateral
Netherlands	SCA	N/A	24.5	14.4
UK (DFID)	SCA	N/A	38.3	38.3
Australia	SCA	N/A	7.6	5.1
Denmark	SCA	N/A	62.6	31.6
Sweden	SCA	N/A	20.0	5.6
TOTAL			153.1	94.9

Earmarked

Donor	Contribution to Fund through SCA/Bilateral	Earmarking summary (detail included in SCA/Bilateral Contribution Agreement)	Pledged Amount (USD)	Received (USD) SCA & Bilateral
Sweden	SCA	Earmarked: Afghanistan	10.0	3.3
Denmark	SCA	UN Agencies	10.5	10.5
US State/PRM	SCA	Refugee context(s)	10.0	10.0
USAID	SCA	Not for Syria Investments	10.0	10.0
Dubai Cares	SCA	Secretariat	2.5	2.5
Dubai Cares	SCA	Rohingya crisis	0.5	0.5
France	SCA	Lebanon	2.3	2.3
BMZ	SCA	implementation of programs in countries where EU sanctions go beyond UN Sanctions or in countries where only EU sanctions apply	35.7	30.1
Bulgaria	SCA	Eastern Ukraine	0.1	0.1
USAID	Bilateral	Secretariat	1.0	1.0
Norway	Bilateral	Syria, Chad, Yemen, Secretariat/FSO	14.0	14.0
	SCA	UN Organization where Norway is Member + 10 Mil. Only for Multi Year	8.2	8.2
Canada	Bilateral	Ethiopia, Chad, Yemen, IASC Cluster, Secretariat	15.0	15.0
EC	Bilateral	Earmarked	19.0	19.0
TOTAL			138.8	126.5

Pledges

Donor	Contribution to Fund through SCA/Bilateral	Earmarking summary (detail included in SCA/Bilateral Contribution Agreement)	Pledged Amount (USD)	Received (USD) SCA & Bilateral
Dubai Cares	SCA	Secretariat	3.8	
Canada	??	??	37.6	
TOTAL			41.4	

Overall TOTAL 333.3 221.4

4. The Executive Committee agreed in January 2018 to keep ECW’s earmarking under review, to ensure that ECW continued to have sufficient resources for all its strategic priorities and countries, and that the extent of earmarking had not become disproportionately burdensome on the Secretariat and FSO. In January 2018, the proportion of earmarking in signed commitments at the time was 49%. The **trend in new pledges over the last year has therefore been towards less earmarking.**

5. **The ECW Secretariat and FSO assess that they remain able to manage the earmarking over the next year,** and that the current earmarking policy is not an impediment to ECW’s fulfilment of the ECW Strategy. The proposed revision of the Standard Contribution Agreement is an opportunity to ensure that more donors in future can channel contributions through the Trust Fund (rather than through bilateral agreements with UNICEF which are automatically earmarked) and that fewer earmarks of Trust Fund contributions are necessary, because donor concerns (eg. on sanctions) have been addressed through the SCA itself.

Question for Executive Committee: Are you content with the current proportion of earmarking? Would you like to see any changes to the earmarking policy in ECW’s Operating Model?

Attribution of funding

6. Some donors to ECW have requested further discussion at Executive Committee level about the attribution of donor contributions. This includes a clarification about how the Secretariat and FSO manage and allocate donor contributions, and how the Secretariat and donors themselves report on and attribute ECW’s results.

7. Allocating donor contributions: For donors who contribute through **bilateral agreements with UNICEF**, each contribution is dealt with as a separate grant. The Secretariat works with the donor and UNICEF’s Public Partnerships Division – which manages the grant – to allocate funding as per the donor’s request. Norway and Canada’s

first contributions to ECW, for example, were allocated to some of the existing ECW programmes at the time (the Initial Investments) and to the Secretariat costs, and there is a breakdown of which programmes each grant has been allocated to on the UNICEF system.

8. For donors who have signed the SCA and contribute to the **Trust Fund**, the FSO liaises with the donor to request and receive the contribution, including the details of any earmarking. The following wording is included in Paragraph 9 of the SCA: *The Contributor acknowledges that the Contribution will be co-mingled with other contributions to the Fund and that it will not be separately identified or administered.* However, given the earmarkings on some Trust Fund contributions, only the unearmarked contributions are co-mingled in practice. Since the FSO has to be able to honour and account for any donor earmarks, and ensure that there is sufficient funding available to meet ECW's commitments given the earmarks, the contributions of donors who earmark are allocated and accounted for separately on the FSO's systems.
9. **Public attribution of funding and results:** Given the procedures above, it is possible for ECW to provide a breakdown of specific donor funding per programme for donors who fund bilaterally through UNICEF or who earmark to the Trust Fund. ECW has also provided results reports to donors who fund bilaterally, specifically on the programme they have funded. The ECW **Secretariat does not, however, provide any public breakdown of donor funding per programme, nor does it publicly attribute any country or programme results to specific donors.**
10. The **practice on public attribution of funding and results varies between donors.** Some donors have earmarked narrowly to a particular country and may use this contribution in their public reporting. Some donors use their contributions to ECW to meet other specific, public commitments (beyond broad EiE or education financing commitments) - for example, Syria conference commitments. It is important for these donors to be able to publicly state where their contributions to ECW are being directed. However, many other donors, particularly those who have not earmarked, are choosing to contribute to a Global Fund because of its breadth of programming. They want to be able to state publicly that their ECW contribution supports the full range of ECW programmes and countries, and to claim a share of ECW's overall results proportionate to their investment. These differing approaches entail some contradictions, which the Executive Committee may wish to consider further.

Question for Executive Committee: Are the Executive Committee content with differing approaches to attribution of funding and results by donors?

ANNEX A: EXTRACT ON EARMARKING FROM OPERATING MODEL (SECTION III ON FINANCING AND EARMARKING)

EARMARKING

Acceleration Facility

1. ECW will allow earmarking:
 - To the Acceleration Facility overall
 - Toward a specific Acceleration Facility strategy (e.g., global data platforms)
 - Toward a specific Acceleration Facility project, if, as determined by the Secretariat, the project is consistent with the Acceleration Facility's strategy / scope and the earmarked funding meets a funding need. The donor may be required to fund the full project to ensure that it does not remain partially funded.

First Response Window

2. ECW will allow earmarking:
 - To the First Response Window overall
 - To a specific geography (region, country), within ECW's strategy / scope
3. Consistent with the principles of flexibility, speed, and local ownership, ECW will not accommodate other types of earmarking in the First Response Window.
4. In addition, ECW may fundraise for specific projects, countries, and/or themes in the First Response Window through innovative financing channels and instruments to ensure additionality in this window. *See Section IV – Innovative Financing below.*

Multi-Year Window

5. ECW will allow earmarking:
 - To the Multi-Year Window overall
 - To a specific geography (region, country), within ECW's strategy / scope
6. ECW will allow for thematic earmarking to programs that improve outcomes for specific marginalized groups (e.g., girls, refugees) in the Multi-Year Window, as long as the groups are a significant beneficiary but not a sole beneficiary (i.e. other at-need children and youth are not excluded).
7. ECW will not accommodate other types of earmarking in the Multi-Year Window.
8. In addition, ECW may fundraise for specific projects, countries, and/or themes in the Multi-Year Window through innovative financing channels and instruments to ensure additionality in this window. *See Section VII – Innovative Financing below.*