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The Dynamo Revolving Fund for investment in private sector fundraising

Summary

UNICEF is pleased to provide the Executive Board with this informational note on a revolving fund (the Dynamo Revolving Fund) that will support growth in private sector fundraising (PSFR). The Dynamo Revolving Fund is created to provide a targeted and sustainable investment mechanism for UNICEF country and regional offices to drive PSFR growth. The Dynamo Revolving Fund will be capitalized from various sources, including the special purpose budget allotted to the Private Fundraising and Partnerships Division (PFP) and contributions from other public and private sector partners.

* [E/ICEF/2021/1](#).



I. Overview

1. This document provides additional information on the establishment of a revolving fund (the Dynamo Revolving Fund) that will provide sustainable financial capacity for investment in private sector fundraising (PSFR) for UNICEF country and regional offices.
2. The Dynamo Revolving Fund will be capitalized from various sources, including the special purpose budget allotted to PFP and contributions from other public and private sector partners.
3. UNICEF will advance funds from the Dynamo Revolving Fund to country and regional offices for the implementation of private sector fundraising activities. The funds are to be repaid within a period as determined appropriate by the Comptroller, in collaboration with the Director, PFP.

II. Introduction

4. A substantive percentage of private sector income in UNICEF comes from emerging markets in Asia, Latin America and Europe, primarily generated through monthly pledge instalments from individual donors. The 18 UNICEF country offices in these emerging markets, which have developed structured private sector fundraising operations, collectively raised a total of \$130 million from some 1.4 million individual monthly pledge donors in 2019. These donations have had a compound annual growth rate of 20 per cent since 2010.
5. The long-term growth of private sector fundraising income in these markets depends on the level of investment made to acquire new donors to replace lapsed donors and increase the overall pool of donors generating monthly income.
6. To support such PSFR growth and mitigate the risks associated with the actual and projected reduction in regular resources (RR) within UNICEF, as well as the consequent reduction of investment funds available to country offices, UNICEF is now establishing the Dynamo Revolving Fund.
7. The Dynamo Revolving Fund provides a targeted and sustainable investment mechanism for UNICEF country and regional offices to drive PSFR growth.
8. The objectives of the Dynamo Revolving Fund are to provide additional and predictable sources of investment for growth in country office fundraising markets and leverage the potential of these markets to contribute to catalytic transformation in delivery of programme results and drive achievement of the Sustainable Development Goals.¹
9. The Dynamo Revolving Fund will be set up as a revolving fund and will be available to finance fundraising activities without any financial year limitations. It will be self-replenished on a continuous basis through its repayment mechanisms.

III. Management and capitalization of the revolving fund

10. The Executive Director has delegated to the Director, PFP, accountability and responsibility for the management of the Dynamo Revolving Fund, in close collaboration with UNICEF Regional Directors. The UNICEF Comptroller will have fiduciary oversight of the Fund and ensure compliance with requirements as prescribed by the UNICEF Financial Regulations and Rules.

¹ United Nations, *United Nations Secretary-General's Roadmap for Financing the 2030 Agenda for Sustainable Development: 2019–2021*, New York, 2019.

11. Various sources of capital will be explored to ensure the Dynamo Revolving Fund operates on a revolving basis. The potential sources of capital for the Fund include:

- (a) The special purpose budget allotted to PFP;
- (b) United Nations system partners, such as the World Bank;
- (c) Other public and private partners.

IV. Allocations from the revolving fund and repayments

12. All projects funded through the Dynamo Revolving Fund will need to deliver a strong return on investment in line with UNICEF best practices. Lending through the Fund will require the commitment of country and regional offices to pay back the investment within specified timeframes. This will apply to all eligible offices.

13. The Dynamo Revolving Fund will be used to finance private sector fundraising growth opportunities across all fundraising channels and throughout the organization. The activities and opportunities eligible for financing through the Fund will be part of regional investment strategies and embedded into country private sector plans and/or other country office rolling plans.

14. All fundraising activities, such as individual giving, key influencers and business will be eligible to be funded through the Dynamo Revolving Fund, as long as they demonstrate the potential of generating increased income and allow for timely repayment.

15. The repayment period for advances from the Dynamo Revolving Fund will be, at a minimum, 36 months, or such other period as determined appropriate by the Comptroller, in collaboration with the Director, PFP.

16. Eligible UNICEF offices will include:

- (a) Country offices with structured PSFR operations;
- (b) Other country office in emerging markets that have completed a full market potential assessment and where there is evidence of opportunities for PSFR;
- (c) Regional offices (for multi-country opportunities where this makes the most sense);
- (d) Multi-country opportunities managed by PFP, where regional offices do not have sufficient capacity and/or where multi-country opportunities involve more than one region.

V. Risks and proposed risk management

17. The main risks related to the establishment of the Dynamo Revolving Fund relate to the performance of local PSFR operations and their overall return on investment, as well as potential exchange rate fluctuations in countries where the Dynamo Revolving Fund is used. UNICEF will manage the relevant risks related to the Dynamo Revolving Fund at the country office level, with overall guidance from PFP. UNICEF will identify and implement appropriate mitigation measures to address factors that may jeopardize sustainability of the mechanism and achievement of its objectives.

VI. Conclusion

18. Due to the challenging environment and uncertainty around resources available for UNICEF programmes, combined with ever-higher expectations for the UNICEF response to the growing needs of children, especially during the coronavirus disease 2019 (COVID-19) pandemic, it is vital to seek innovative ways to generate income for UNICEF country programmes around the world. The Dynamo Revolving Fund will enable further investment in income growth through private sector fundraising at the country and regional levels. The Fund will play a pivotal role in addressing potential resource gaps and will therefore help UNICEF carry out its mandate.
