Federal Ministry
for Economic Cooperation
and Development

UNICEF Executive Board
First Regular Session 2021
Item 11 / World Bank financial instrument and the Dynamo Revolving Fund

Joint Statement delivered by Germany

Check against delivery

I am pleased to deliver this statement on behalf of Austria, Canada, Belgium, Iceland, Ireland, Luxembourg, Norway, Sweden, Switzerland, the United Kingdom and my own country Germany.

We thank the comptroller, Mr. Asare, for his presentation on the World Bank financial instrument and the Dynamo Revolving Fund.

While we welcome the use of innovative instruments for investments and acknowledge UNICEF's pioneer role in the UN system in this regard, we would like to better understand how these particular instruments fit into UNICEF's overall strategic approach to innovation in fundraising. What is their relation to each other, to the regular investment funds and to other UNICEF expenses in such countries? What is the oversight mechanisms for the proposed new investment instruments architecture? Also, based on what criteria where these two instruments selected? What is their expected long-term impact on fundraising in emerging markets? Have they been tested on a smaller scale before their roll-out?

The World Bank Child Bonds are expected to generate an overall return of 450 Mio USD over a 5 year period with an initial investment of 50 Mio USD. We would welcome more information on this expected, very substantial return, including more details on envisioned transaction costs. How come UNICEF confidently expects a higher return of investment than has hitherto been stipulated as the minimum and realistic long-term ROI for the investment funds, especially considering that the longer-term economic impacts of the current pandemic are still unclear? Is it correct to understand that there is no financial risk to UNICEF? In addition, from past briefings we understand that no public regular resources will be used to finance this instrument, including interest payments or other expenses. In this regard a consolidated overview over private fundraising expenses and expected returns, including figures from the two financial instruments, would be appreciated.

Country offices in 18 emerging markets will benefit from USD 50 Mio. in investments to accelerate fundraising in their respective emerging markets. Yet, revenues from country offices have remained at moderate levels over the last few years. We would be interested to better understand the rationale for investing in country offices fundraising capacities, what these investments consist of and how this focus on fundraising might affect country offices' ability to deliver results for children on the ground. We understand that human resources in many offices are already stretched and that this new instrument might further strain scarce resources.

UNICEF explicitly promotes the child bond as a potential pilot. We would be interested to hear whether this kind of new funding instrument has been a point of discussion with other UN partners and how you see such an instrument in relation to the wider UN system funding landscape.

Thank you.