

Operating Basis

CHILD NUTRITION FUND

General

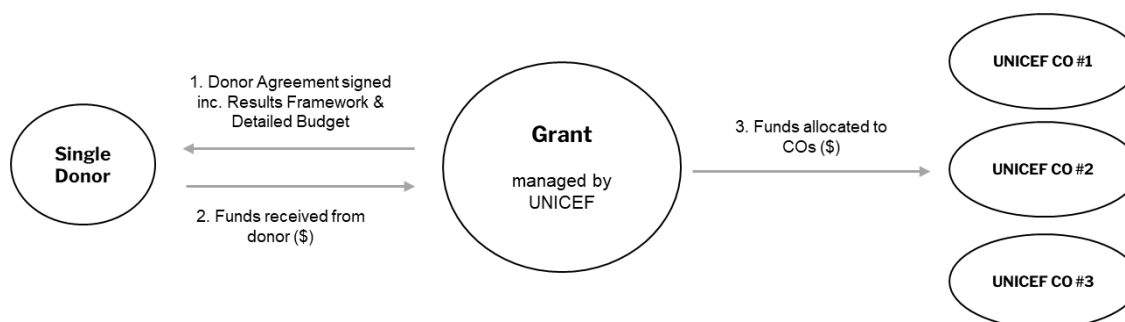
- **Nature, purpose, and management of the Child Nutrition Fund:** The Child Nutrition Fund (CNF) is a UNICEF-led coordination mechanism comprised of various UNICEF programmes for financing, designed to accelerate the scale-up of sustainable policies, programmes and supplies to end child undernutrition in countries with high needs. As such, it is not an entity independent from UNICEF, nor is it a hosted fund. The CNF is managed by UNICEF through the CNF Management Unit (CNF-MU).
- **The programmes financed through the CNF Windows:** The programmes and supplies financed through the CNF windows are targeted at “High Need Countries” based on the Joint Malnutrition Estimates. The CNF supports the scale up of five (5) “High Impact Actions”, which are a sub-set of UNICEF’s overall nutrition programming. These are: a) Promotion of maternal nutrition for pregnant women; b) Promotion of infant and young child feeding for children 0-23 months; c) Improved complementary foods for children 6-23 months; d) Promotion of micronutrient nutrition for children 6-59 months, and; e) Early prevention, detection and treatment of severe wasting for children 6-59 months.
- **The role of the CNF Steering Committee:** As described in the CNF Governance Basis, the CNF Steering Committee comprises representatives of key partners to the CNF, including major public and private sector donors, national governments and Civil Society Organizations. It serves as an advisory forum to discuss ways to scale up interventions for the early prevention, detection and treatment of child undernutrition in countries with high needs, maximizing the impact and cost-effectiveness of CNF investments. The Steering Committee is consulted and advises on: (a) the development, and triennial review, of the CNF’s Strategic Results Framework (SRF) which defines the strategic direction and measures of success of the CNF; (b) the Resource Mobilization Strategy of the CNF, including fundraising targets and priorities; (c) the allocation criteria used for CNF investments across the three Windows of the CNF; (d) the CNF-MU investments; (e) the assessment criteria used by the CNF to review public expenditure linked to CNF investments; (f) the annual CNF Communication Plan; (g) the annual review and publication of CNF results; and (g) the development of new windows or new instruments within existing windows.
- **The financing windows of the CNF:** The CNF employs various financing windows aiming to incentivize, prioritize and increase the allocation of global and domestic resources to maternal and child nutrition. Within each window, contributions are managed using different instruments aligned with UNICEF’s rules and regulations taking into account partners' intent and the advice by the Steering Committee to maximize cost-effectiveness and impact. New windows or instruments may be created by UNICEF to respond to specific opportunities. The CNF MU will work with UNICEF Country and Regional Offices to identify financing opportunities and needs and to determine the best use of each individual window and instrument in each context.
- **Resourcing the financing windows of the CNF:** UNICEF, in consultation with the Steering Committee, the United States Fund for UNICEF (and, as relevant, other National

Committees¹), develops a Resource Mobilization Strategy for the CNF, including fundraising targets and priorities. UNICEF and its partners actively seek to mobilize resources from all donors (public and private and including National Committees) for all CNF windows and instruments consistent with the CNF Resource Mobilization Strategy. Donors can specify to which window their funding should be applied. In cases where the donor does not specify which window their funding should be applied, the allocation of resources to each window is made by UNICEF based on the fundraising targets per window described in the CNF Resource Mobilization Strategy.

Financing Instruments

1. The Programme Window coordinates global investments, ensuring that “High Impact Actions” are effectively funded and implemented for maximum impact. The CNF has three (3) different mechanisms to receive and allocate funding through the Programme Window. Funds applied in the Programme Window are used exclusively for the High Impact Actions.

1.1. Programme Window (A)

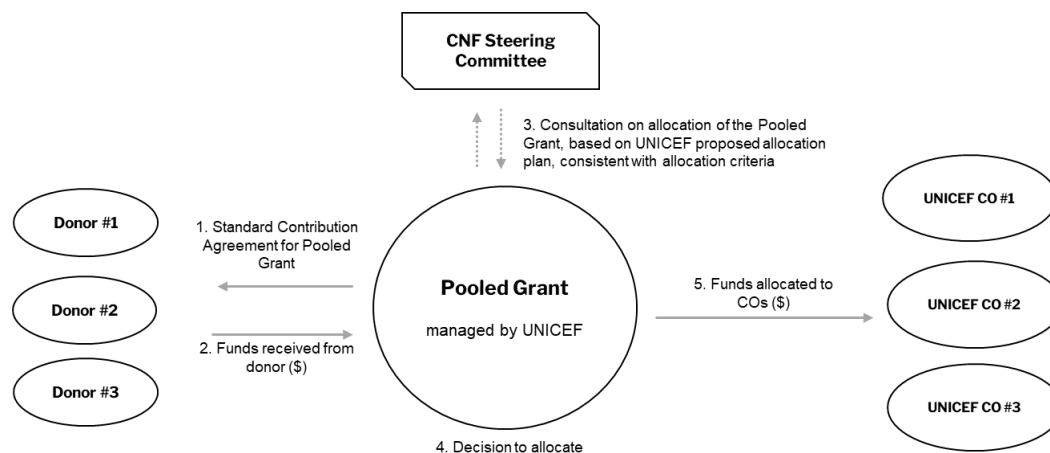


- 1.1.1. Programme Window (A) is for donor contributions that are separately tracked.
- 1.1.2. Donors contributing to Programme Window (A) do so using a standard contribution agreement which typically includes a contribution-specific Results Framework and Budget. Contributions can be single-year or multi-year, single-country or multi-country.
- 1.1.3. Contributions made through Programme Window (A) are recognized as revenue for UNICEF and are subject to cost recovery in accordance with UNICEF Executive Board mandated rates.
- 1.1.4. Funds are designated upfront by the donor in the contribution agreement to any of the “High Needs Countries” and/or any of the five (5) high-impact actions supported by the CNF. Funds are then disbursed as per the terms of the Contribution Agreement. As such, there is no consultation with the CNF Steering Committee on the allocation of funds through Programme Window (A). During the quarterly meetings of the Steering CNF Committee, the CNF-MU notifies the CNF Steering Committee members when new contributions are signed. The consent of the donor is required for any change to the Contribution Agreement or to how the donor’s funding is used.

¹ National Committees for UNICEF are independent organizations, established under the laws of their territories, that support UNICEF’s mission and represent UNICEF in those territories. Their role includes, among other things, resource mobilization.

- 1.1.5. In terms of reporting, all results achieved and expenditure through Programme Window (A) are included in the CNF Annual Report. In addition, UNICEF standard donor-specific annual financial statement will be provided to each donor contributing to this window in accordance with their Contribution Agreement.

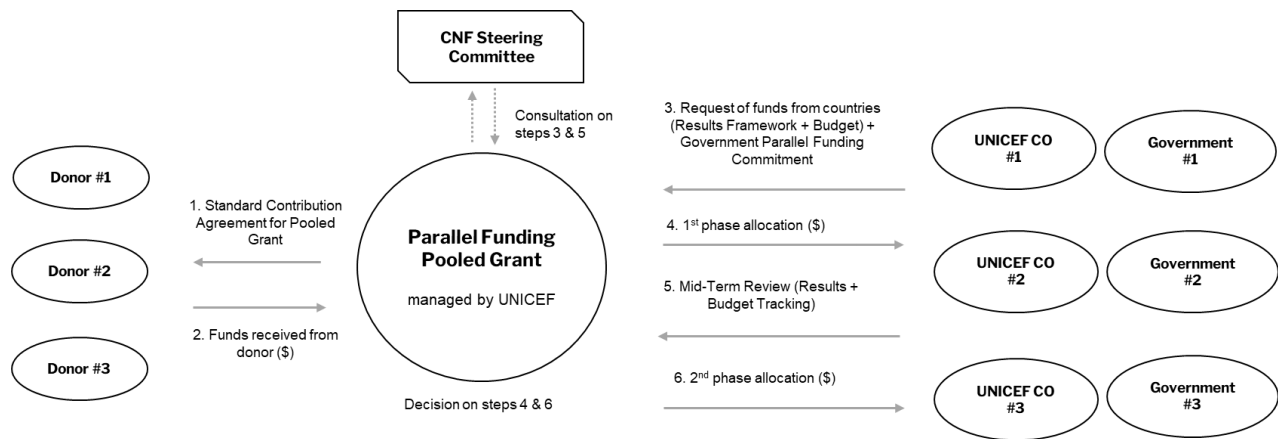
1.2. Programme Window (B)



- 1.2.1. Programme Window (B) is for donor contributions that are pooled together to allow funds to be effectively and efficiently allocated, as well as ensuring that, in reporting, the results of all funding together are transparently communicated to donors. Funds in Programme Window (B) therefore cannot be separately tracked to a specific donor's contribution or designated for specific "High Needs Countries" or "High Impact Interventions".
- 1.2.2. The CNF-MU will allocate the funds from Programme Window (B) using an Allocation Plan, after consultation with the Steering Committee. The Allocation Plan will be developed whenever available resources exceed \$1 million and will be based on an assessment of criteria across and within countries, as described in the CNF Allocation Criteria. Allocation Plans will be shared and discussed with the Steering Committee members during the Steering Committee quarterly meetings.
- 1.2.3. Donors contributing to Programme Window (B) do so using common, standard terms and conditions for all donors (public and private) under a Standard Contribution Agreement or "SCA". Donors may contribute through one single installment or based on a disbursement schedule. UNICEF will consult with the CNF Steering Committee if any material change on the terms of the SCA is needed. The written consent from each signatory to the SCA is required for any material change to the SCA or to the structure of Programme Window (B).
- 1.2.4. Contributions made through Programme Window (B) are recognized as revenue for UNICEF. All contributions are subject to a single cost recovery rate (8%) as mandated by UNICEF's Executive Board.
- 1.2.5. In terms of reporting, all results achieved and expenditure through Programme Window (B) are included in the CNF Annual Report. An annual financial statement of the pooled

funds in Programme Window (B) will be provided to all donors contributing to Programme Window (B).

1.3. Programme Window (C)



1.3.1. Programme Window (C) is specifically designed for CNF to provide parallel financing to complement government investments from any “High Needs Country” in “High Impact Actions”. It is not a line-by-line match of interventions or supplies. Programme Window (C) is for donor contributions that are pooled in order to allow funds to be effectively and efficiently allocated, as well as ensuring that, in reporting, the results of all funding together are transparently communicated to donors. Funds in Programme Window (C), therefore, cannot be separately tracked to a specific donor’s contribution or designated for specific “High Needs Countries” or “High Impact Interventions”.

1.3.2. Allocations through Programme Window (C) are made based on the following process:

1.3.2.1. UNICEF Country Offices (COs) develop and share with the CNF-MU a Multi-Year Partnership Framework that serves as a funding request. This includes a Results Framework and Budget as well as commitments from the respective domestic government. The government’s commitment includes the specific amount of domestic resources the government will allocate to support one (1) or more “High Impact Actions” during the programme period. The government also provides consent to carry out a Public Expenditure & Institutional Review (PEIR) within 24-36 months of funding allocation. UNICEF COs will carry out the PEIR. The cost of the PEIR will be covered by the CNF and allocated to the CO at the time of the 1st disbursement.

1.3.2.2. CNF-MU reviews the Multi-Year Partnership Frameworks submitted four times a year, based on several factors across and within countries, as described in the CNF Allocation Criteria.

1.3.2.3. CNF-MU consults with CNF Steering Committee. If there are sufficient funds in Programme Window (C), UNICEF HQ / CNF-MU makes the decision on the 1st phase allocation to COs. To clarify:

- Funds allocated will be drawn down from Programme Window (C) and disbursed to COs to implement the selected UNICEF programmes in the identified country.
- COs may, in accordance with the UN Framework for Harmonized Approach to Cash Transfers (“HACT”), transfer funds to government of the recipient

country and/or other implementing partners to execute specific elements of said programmes.

- The government is expected to use its domestic budgeted resources as committed to implement its activities that the UNICEF programmatic activities are intended to complement.

1.3.2.4. As regards the 2nd phase allocation to COs:

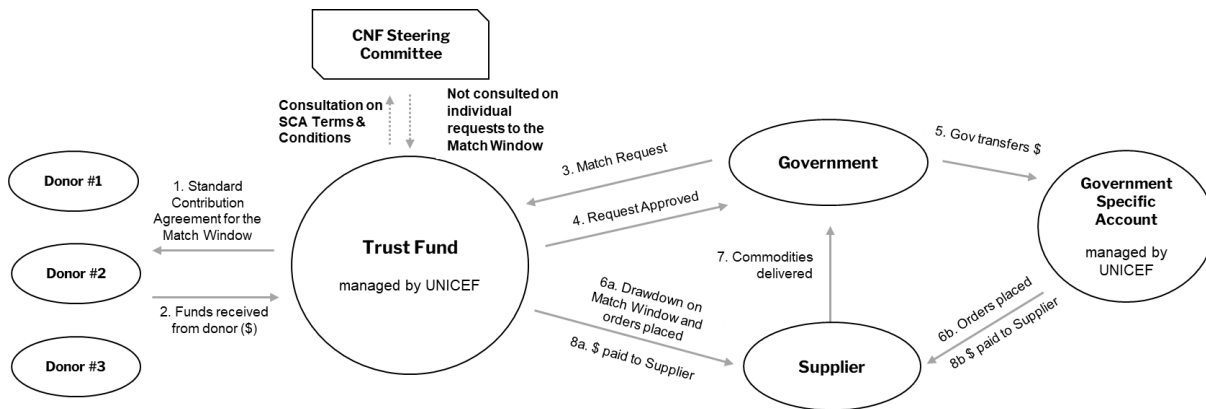
- UNICEF COs, with the support of the CNF-MU, review the results of the PEIR. The assessment is based on a set of pre-determined “assessment criteria”. These criteria are subject to review and update every three (3) years by UNICEF in consultation with the Steering Committee. The assessment of the PEIR is based on a number of factors, as described in the CNF Allocation Criteria.
- Following that review, UNICEF, in consultation with the Steering Committee, may decide to sustain, adjust, or discontinue funding levels as appropriate, for the next phase of the programme.
- If funding is to be continued, UNICEF makes the 2nd disbursement from Programme Window (C).
- Whatever the outcome of this assessment, there is no requirement to return the funds already allocated (whether fully utilized or not). UNICEF is not responsible for any commitments made by the Government, including prices, quantity or quality of goods to be procured. UNICEF will rely on the outcome of the PEIR as conclusive evidence to verify whether the Government’s commitments have, in fact, been fulfilled.

1.3.3. Donors contributing to Programme Window (C) do so using common, standard terms and conditions for all donors (public and private) under a Standard Contribution Agreement or “SCA”. Donors may contribute through one single installment or based on a disbursement schedule. UNICEF will consult with the CNF Steering Committee if any material change to the terms of the SCA is needed. The written consent from each signatory to the SCA is required for any material change to the SCA.

1.3.4. Contributions made through Programme Window (C) are recognized as revenue for UNICEF. All contributions are subject to a single cost recovery rate (8%) as mandated by UNICEF’s Executive Board.

1.3.5. In terms of reporting, all results achieved through Programme Window (C) are included in the CNF Annual Report. An annual financial statement of the pooled funds in Programme Window (C) will be provided to all donors contributing to Programme Window (C).

2. Match Window



2.1. Donors contributing to the Match Window do so using common, standard terms and conditions for all donors (public and private) under a Standard Contribution Agreement or “SCA”. Donors may contribute through one single installment or based on a disbursement schedule.

2.2. The Match Window enables governments to double their domestic investments in eligible nutrition supplies needed by specific “High Impact Actions”. As per the terms and conditions of the SCA, the Match Window can match domestic investments in eligible nutrition supplies and associated services.

2.3. Allocations through the Match Window are made based on the terms and conditions of the SCA. The core allocation modality is the following:

2.3.1. National and/or sub-national governments from “High Needs Countries” submit match funding requests using a standardized application template.

2.3.2. UNICEF (Supply Division) reviews country requests and if: (a) the application meets the basic requirements, and (b) CNF Match Window’s funds available are sufficient to meet the country request, UNICEF approves funding for the match request. The Steering Committee is not consulted on individual requests to the Match Window.

2.3.3. National and/or sub-national governments transfer domestic funds (national budget or International Financing Institutions’ loan) to be matched to UNICEF Supply Division (Procurement Services). UNICEF Supply Division follows standard processes for the procurement and delivery of goods.

2.4. In the event that demand from national and/or sub-national governments exceeds available funds in the Match Window, UNICEF may, in consultation with the Steering Committee, develop prioritization criteria and will apply that criteria in responding to the demand.

2.5. UNICEF will consult with the CNF Steering Committee if any material change to the terms of the SCA is needed. The written consent from each signatory to the SCA is required for any material change to the SCA.

2.6. Donor contributions to the Match Window are pooled and therefore cannot be separately tracked.

2.7. Contributions made to the Match Window are not recognized as revenue for UNICEF and are subject to handling fees and other variable charges.

2.8. In terms of reporting, all results achieved through the Match Window are included in the CNF Annual Report. In addition, all donors contributing to the Match Window receive an annual certified financial report and an uncertified six-monthly financial report during the year.

3. Supplier Window

3.1. The Supplier Window provides financing solutions to support local manufacturers in producing essential nutrition supplies when and where they are most needed.

3.2. Under this window, and in consultation with the Steering Committee, UNICEF develops and implements demand-led, needs-based instruments that may originate from UNICEF, members of the Steering Committee or other partners. These instruments are generally time-bound and are set up with the intention to sunset on a pre-determined timeframe.

3.3. Examples of these instruments and modalities include:

3.3.1. *Supplier Financing Facility* designed to provide credit enhancement support to eligible RUTF manufacturers in low- and middle-income countries seeking financial resources for capital investments to expand production capacity and to reduce the cost of LNS production.

3.3.2. *RUTF Advance Payment Facility* designed to provide guarantees to UNICEF for advance payment to eligible RUTF suppliers for supply orders, and thereby to provide them with access to working capital to reduce the cost and maximize their production to meet the high demand for RUTF.