

9th Annual Subcommittee of the CPR

Agenda item 7:
Financial Outlook and
Funding Challenges for UNEP



Presentation Objectives

1. Provide overview on funding...

...context

...funding trends and current situation

2. Explain funding challenges...

...how UNEP Secretariat is addressing them

...opportunities

3. Provide context for the panel discussion



FUNDING OF UNEP: BACKGROUND

1972: The Environment Fund, the core fund of UNEP

- Established by UN General Assembly
- Gives UNEP **flexibility** to implement the approved programme and to **strategically** respond to emerging challenges.
- Bedrock for UNEP's work globally in **supporting Member States** to deliver on their environmental commitments.
- Level of budget approved by UNEA (US\$ 100M/year).

The Environment Fund is a green investment that benefits all countries



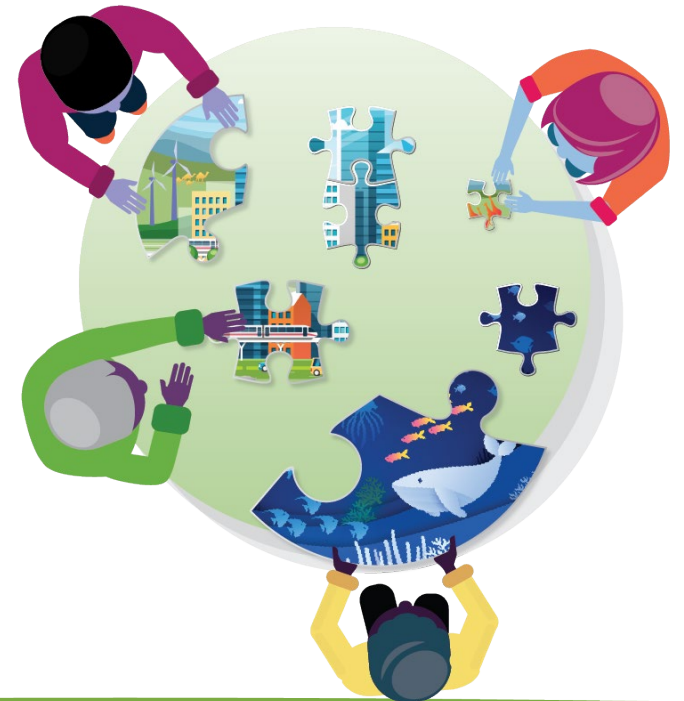
2002: The Voluntary Indicative Scale of Contributions (VISIC)

Member States agreed on need to **broaden the base of contributions and enhance the predictability** of financing the Environment Fund.

VISIC established by the UNEP Governing Council to **guide the calculation of contributions** from each Member State.

Basis: UN assessed scale +additional factors.
Principle: **common but differentiated responsibility.**

VISIC =
A tailormade tool for Environment Fund contributions



2012: RIO+20 and The Future We Want...

...**strengthened the role of UNEP** and **expanded governance** to 193 countries through UNEA.

...paragraph 88.B committed world leaders to ensure secure, stable, adequate and increased financial resources to UNEP.

UNEAs, including UNEA 5.2, reiterated this commitment to **increase voluntary contributions** to UNEP, notably the Environment Fund



2022: UNEP@50 Political Declaration



Reaffirmed that **all** Member States should contribute financially to UNEP.

Urged Member States to support the Environment Fund with **due consideration for the VISC.**

Stressed the need for UNEP to **diversify its donor base**, encouraging Member States that do not regularly contribute to the Environment Fund to do so.

universal membership – global responsibility

All 193 Member States are encouraged to contribute their share to the Environment fund



UNEP FUNDING SITUATION & TRENDS

Types of funding received by UNEP

Core contributions to...

- **UN Regular Budget** (assessed): from Member States
- **Environment Fund** (voluntary): from Member States

Over 95% of UNEP's funding is provided on a voluntary basis

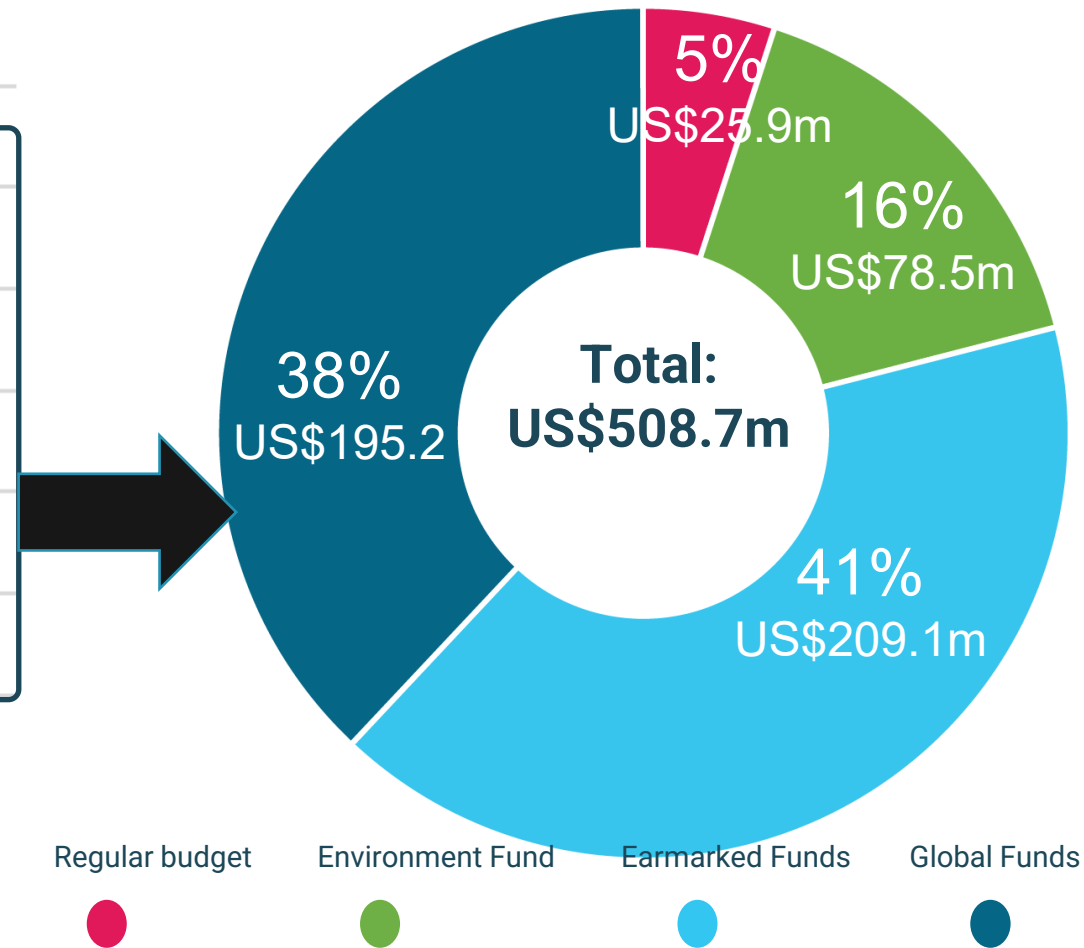
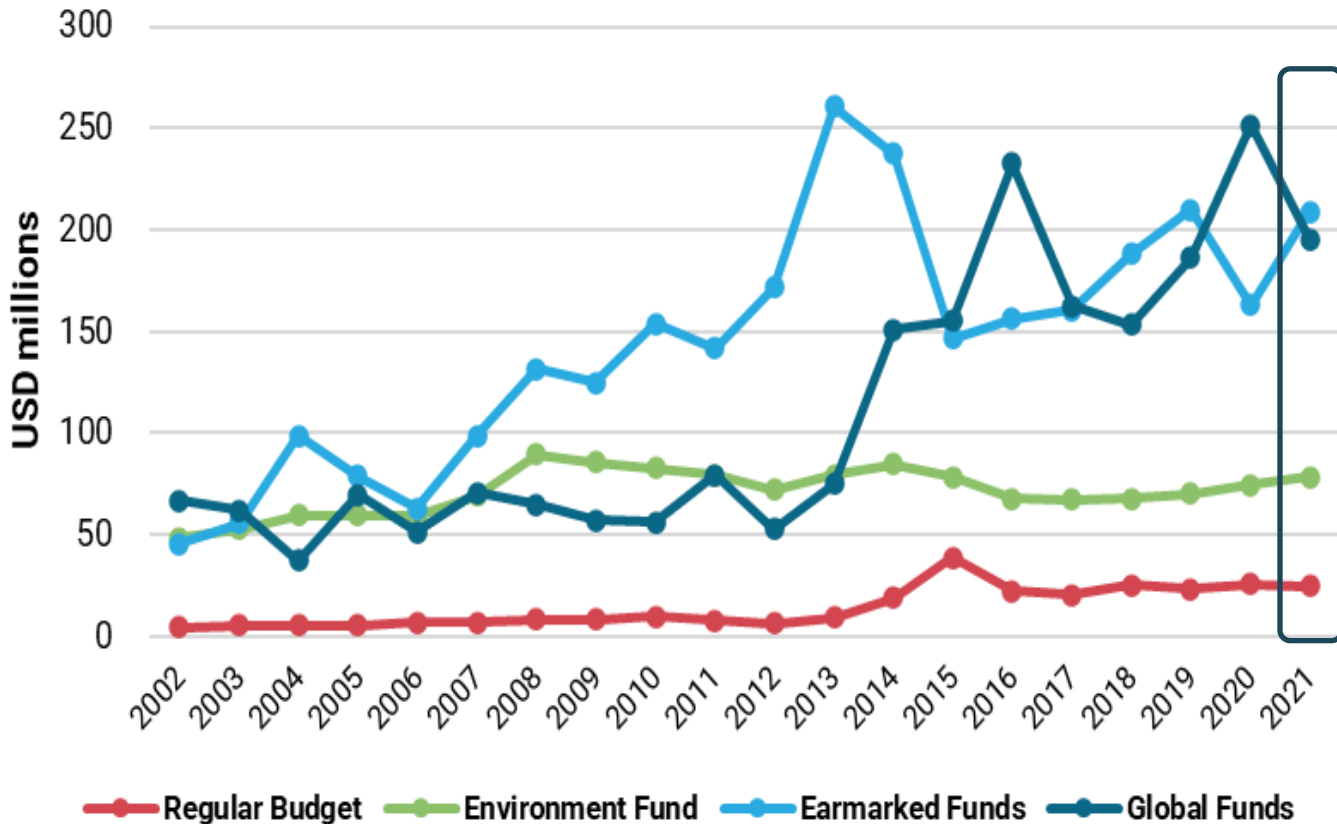
Earmarked contributions as...

- **Earmarked funds** from Member States, UN, EC, Multilateral Fund, Foundations, NGOs, UNEP Finance Initiative...
- **Global funds:** from GEF and GCF

Funding trend for 20 years

Total income by type of funding
UNEP 2002-2021 Funding Trend (US\$m)

2021 income by source of fund (US\$m)



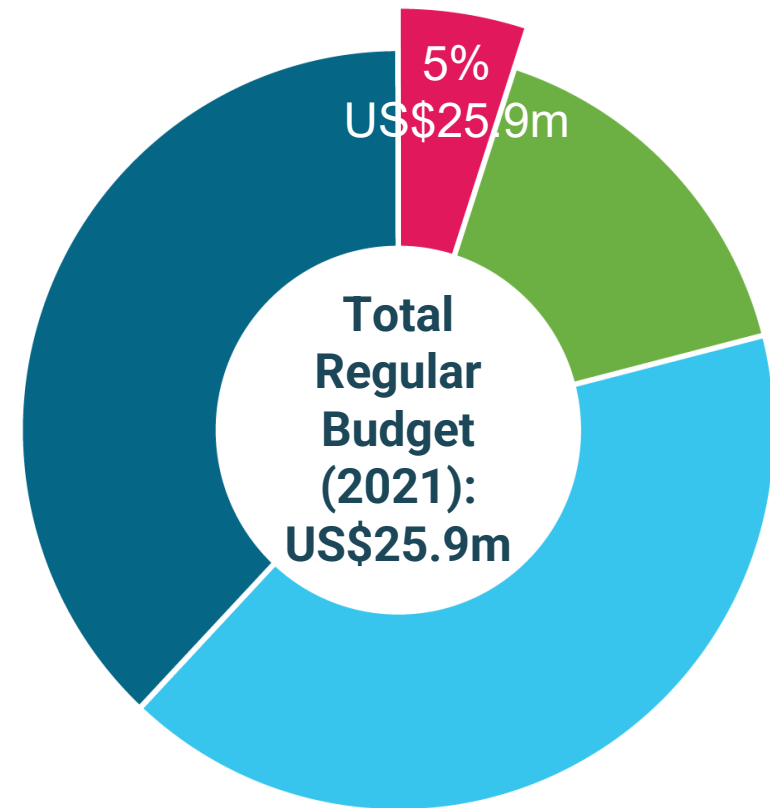
- Regular budget
●
- Environment Fund
●
- Earmarked Funds
●
- Global Funds
●

UN REGULAR BUDGET

UN Regular Budget = assessed contributions from MS

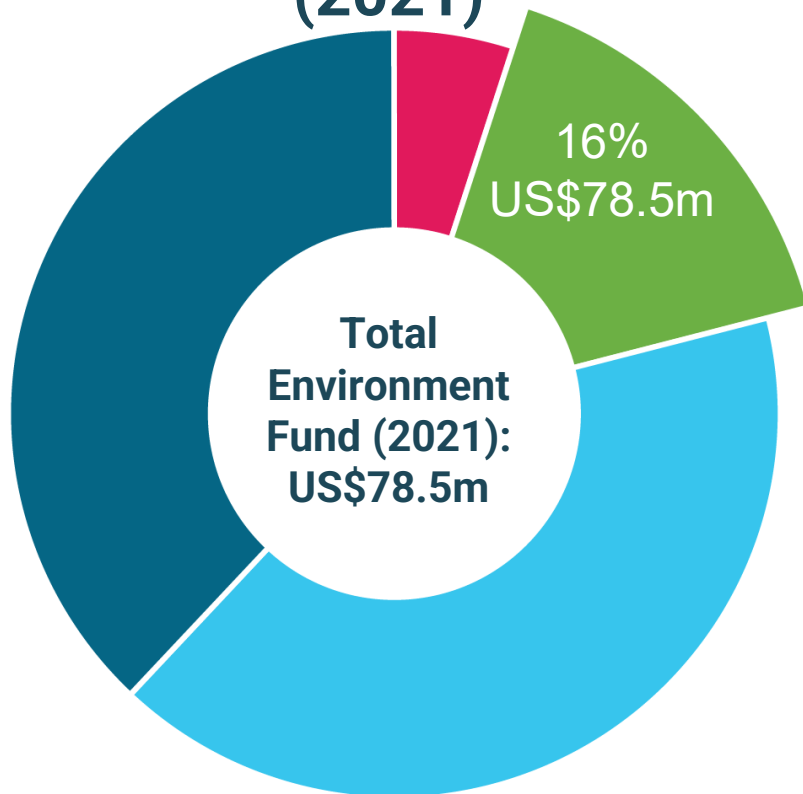
The only non-voluntary funding source of UNEP

- **Original purpose** from 1972: “to cover the costs of servicing the Governing Council and to provide a small secretariat”
- **Supports:**
 - functions of UNEP Secretariat, including the Governing Bodies,
 - coordination in the UN system
 - cooperation with global scientific communities

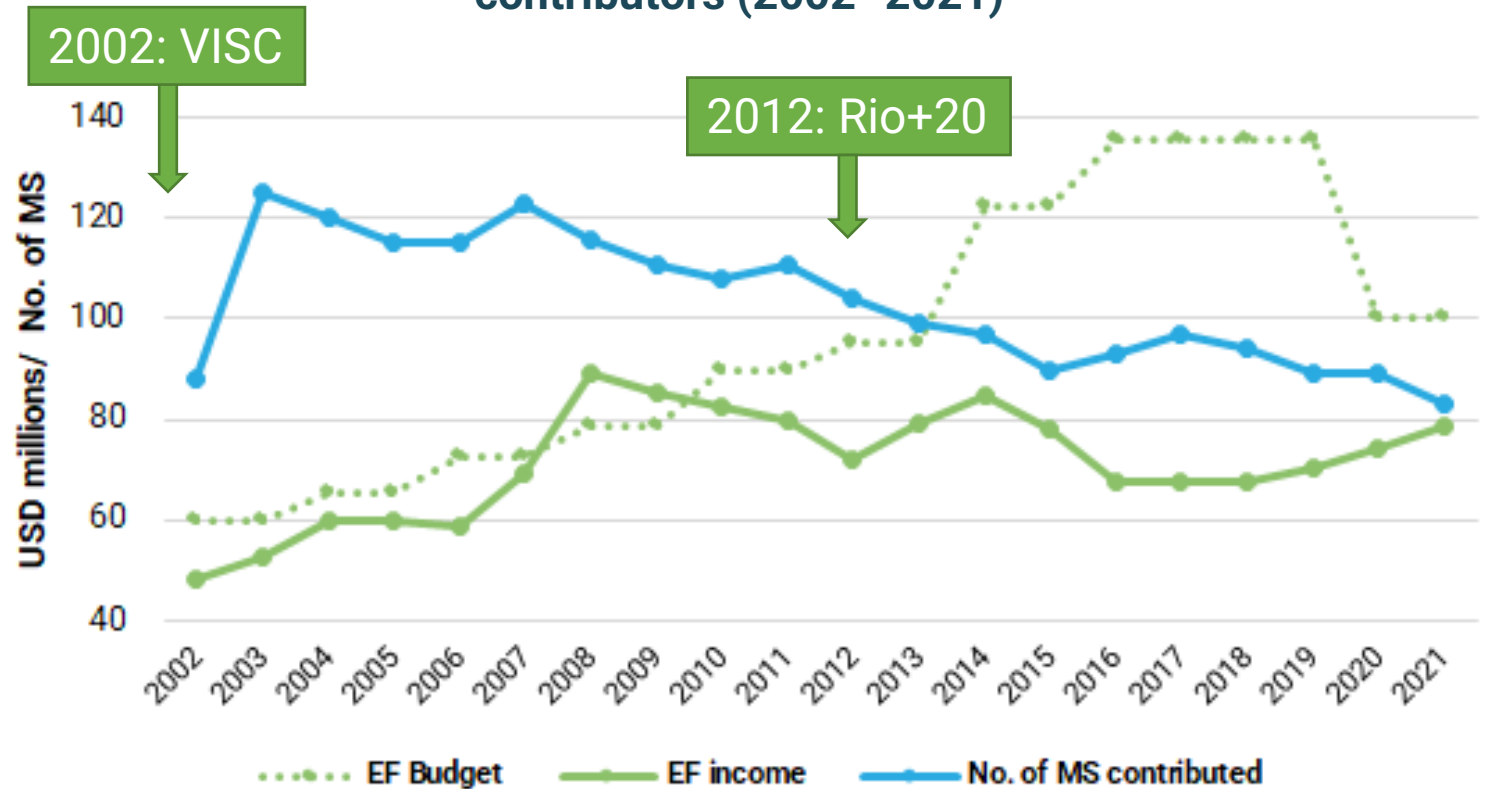


Environment Fund trends

Proportion Environment Fund of total funds (2021)

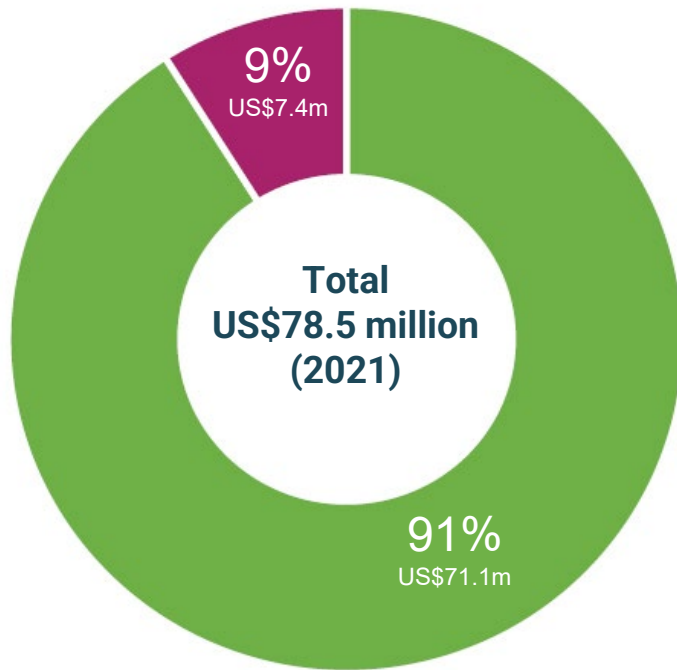


Environment Fund (EF) budget, income and Member State (MS) contributors (2002–2021)



Environment Fund - reliance on top 15

Contributing Member States to Environment Fund (2021)



■ Top 15 contributors ■ Other 64 contributors

15 Member States provide over 90% of total income to the Environment Fund

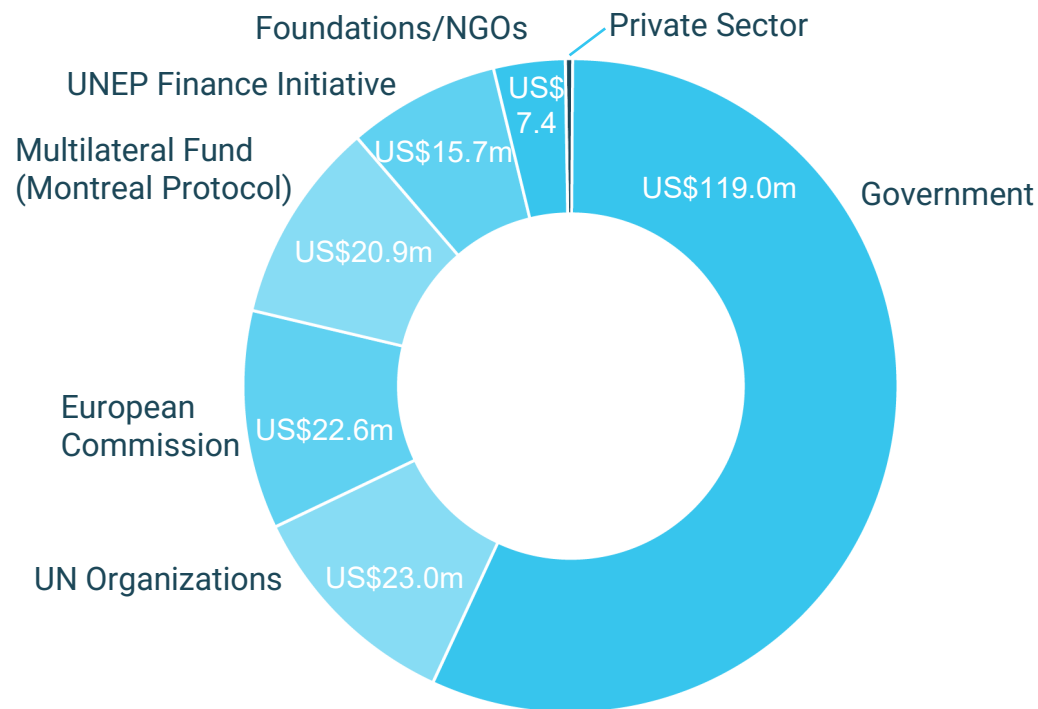
Top-15 Environment Fund Contributors 2017-2021



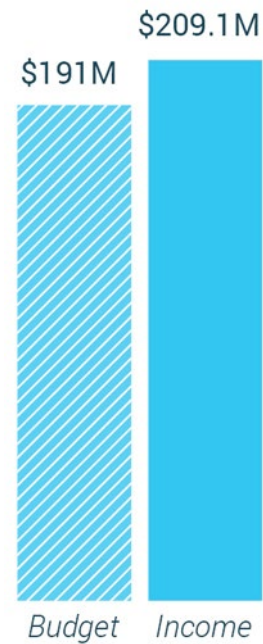
1		Netherlands	\$42.9M
2		Germany	\$42.6M
3		France	\$37.7M
4		USA	\$32.9M
5		Belgium	\$24.4M
6		Sweden	\$24.4M
7		United Kingdom	\$21.3M
8		Switzerland	\$19.8M
9		Denmark	\$15.2M
10		Norway	\$15.0M
11		Canada	\$11.7M
12		Finland	\$10.1M
13		Japan	\$9.7M
14		Italy	\$8.4M
15		China	\$6.3M

Earmarked Funds – to support replicating results of core work

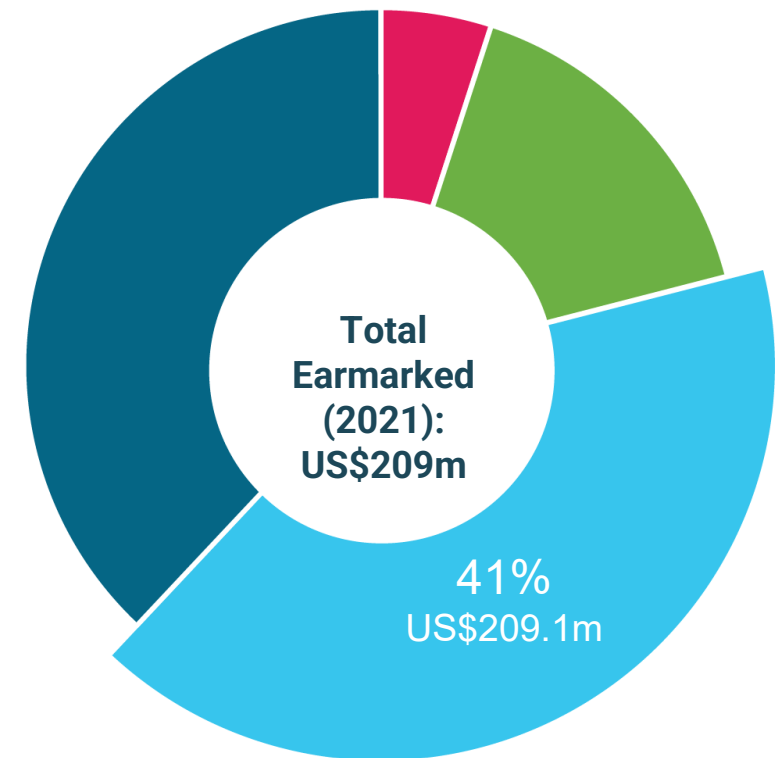
Contributors Earmarked Funds (2021)



Budget and Income Earmarked Funds (2021)



2021 Income Earmarked Funds of total funds



Contributors of Earmarked Funds

Member States (incl. through **European Commission**), largest group.

Fund for the implementation of the Montreal Protocol: financial & technical assistance to developing countries to help compliance with their obligations under this MEA.

UNEP FI: partnership between UNEP and the global financial sector for sustainable development .

Philanthropic sector/ Foundations, possibility to grow funding.

UNEP's partnership with the **private sector** more about 'behavior change' than about funding.

Top-15 Contributors Earmarked 2017-2021



1	Germany	\$164.1M
2	European Commission	\$120.1M
3	UN Agencies	\$117.7M
4	Norway	\$83.9M
5	Sweden	\$49.7M
6	Japan	\$44.6M
7	Multilateral Fund (Montreal Protocol)	\$38.6M
8	Foundation/NGOs	\$37.9M
9	Finance Initiative	\$36.6M
10	Denmark	\$30.5M
11	Luxembourg	\$19.8M
12	United Kingdom of Great Britain and Northern Ireland	\$18.8M
13	Switzerland	\$18.7M
14	Republic of Korea	\$16.8M
15	France	\$15.5M

Global Funds: GEF and GCF

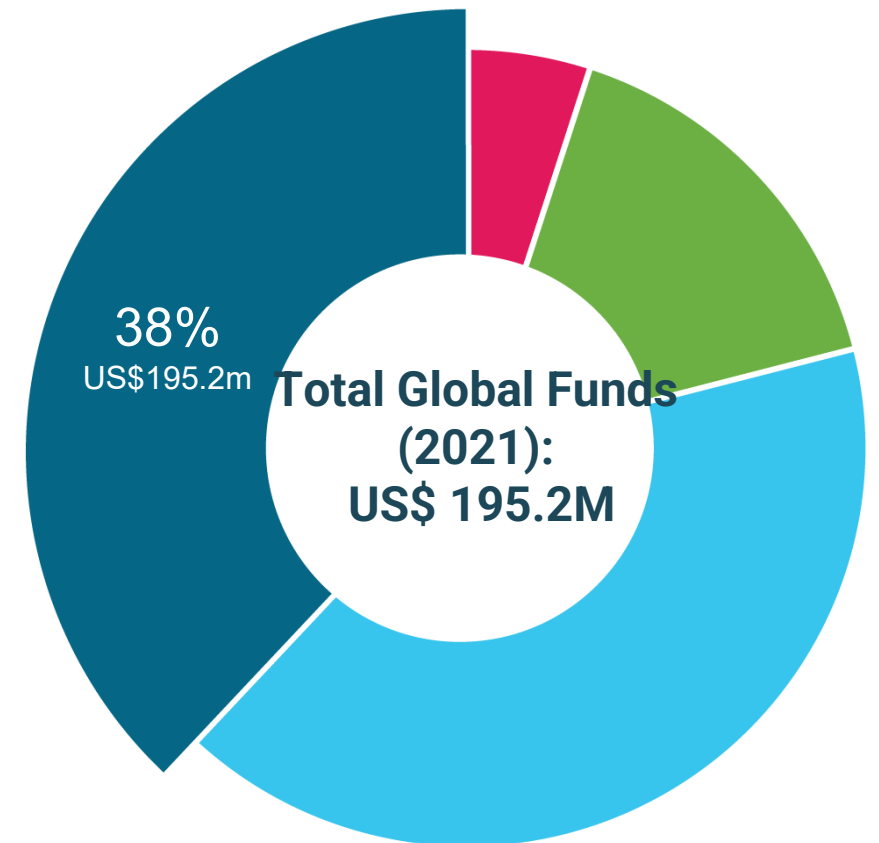
UNEP key partner of major environmental funds such as the **Green Climate Fund (GCF)** and the **Global Environment Facility (GEF)**

UNEP enables countries to access financing and programming through these global funds.

Green Climate Fund:

UNEP envisions its **partnership with the GCF** to garner country-owned and country-tailored innovative solutions in niche areas to help achieve the climate objectives under the Paris Agreement

Proportion Global Funds of total funds (2021)



Global Funds: The Global Environment Facility (GEF)

UNEP founding partner of GEF (with UNDP and WB), one of the 18 Agencies accredited to work with recipient countries to design and deliver GEF projects.

UNEP-GEF partnership a primary vehicle to support governments to address environmental challenges and deliver on international commitments (over 1,000 projects across more than 160 countries).

UNEP and GEF deeply complementary (key support role to MEAs). The GEF 8 funding cycle and UNEP MTS 2022-2025 are fully aligned.



UNEP is grateful to all partners who fund and champion its mandate and mission



FUNDING CHALLENGES

MOPAN 2020 Assessment of UNEP

The Multilateral Organization Performance Assessment Network (MOPAN) in its 2020 assessment concluded that:

“UNEP remained highly relevant and its role in global environmental issues increased and it effectively delivered scientific assessments, policy advice and technical capacity building to Governments with visible outcomes.”



MOPAN also noted that...

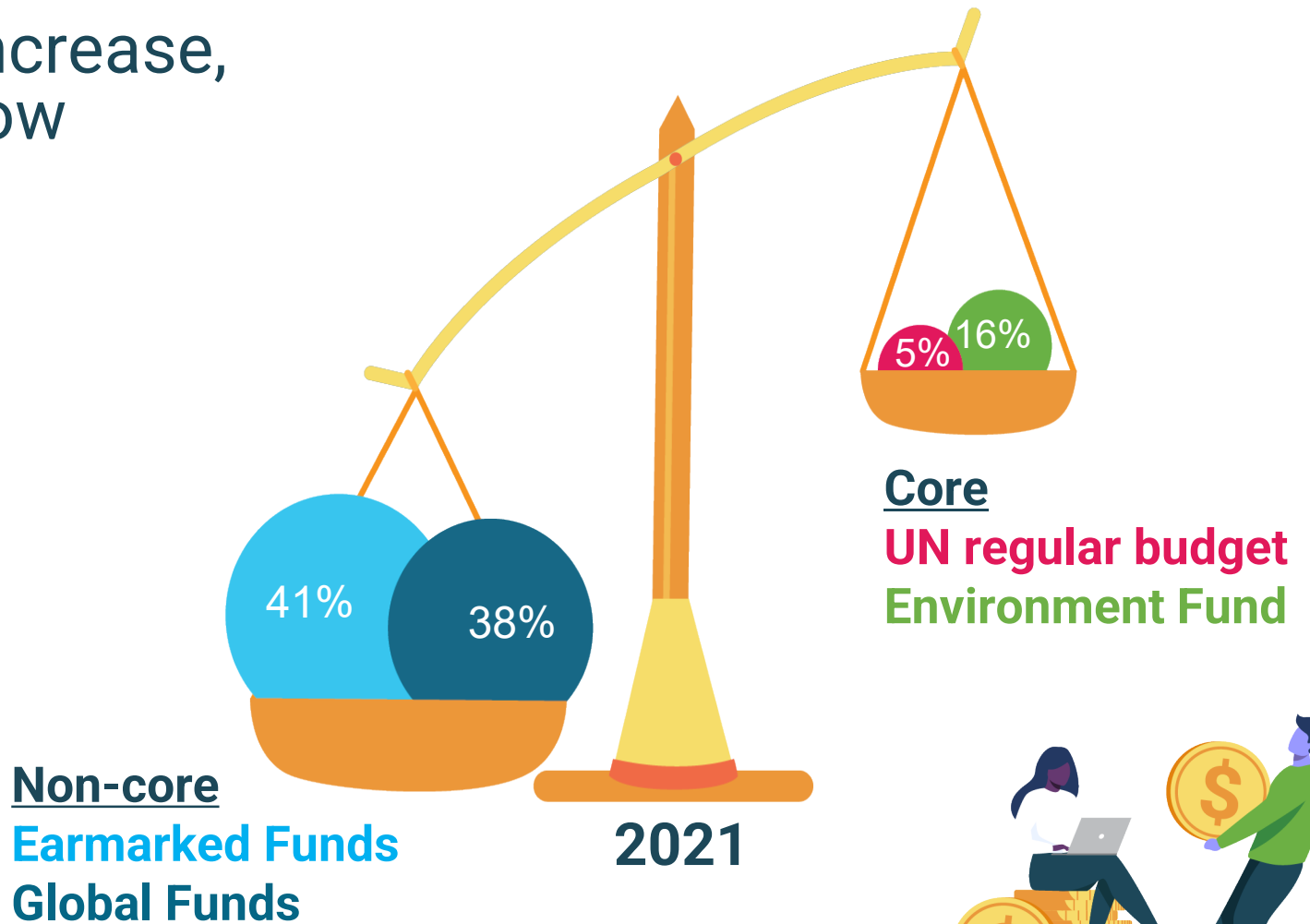
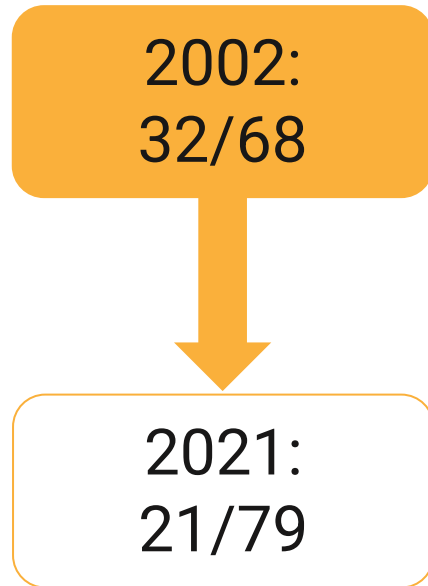


“...UNEP’s ability to deliver its PoW based on approved strategies and its comparative advantages could be strengthened through an increase in its unrestricted financial resources and greater internal control over budget allocation and use.”

Quality of funding: growing imbalance of core vs non-core (earmarked)

Tightly earmarked funds increase, core funding does not follow

→ widening gap



Consequences of imbalance of core vs. non-core

Distracts the strategic focus of UNEP; hinders balanced, efficient delivery of MTS.

Expansion & scaling proven environmental solutions becomes more challenging with tight earmarking.

Some areas of MTS attract more non-core funding than others.

- Science-policy and Env. Gov. not likely funded by non-core

Reprogramming of earmarked funding is a cumbersome process that leads to low expenditure rates.

UNEP can only become fit for purpose and fulfill its roles and mandate through an adequate and predictable level of core and flexible funding



Consequences of narrow funding base

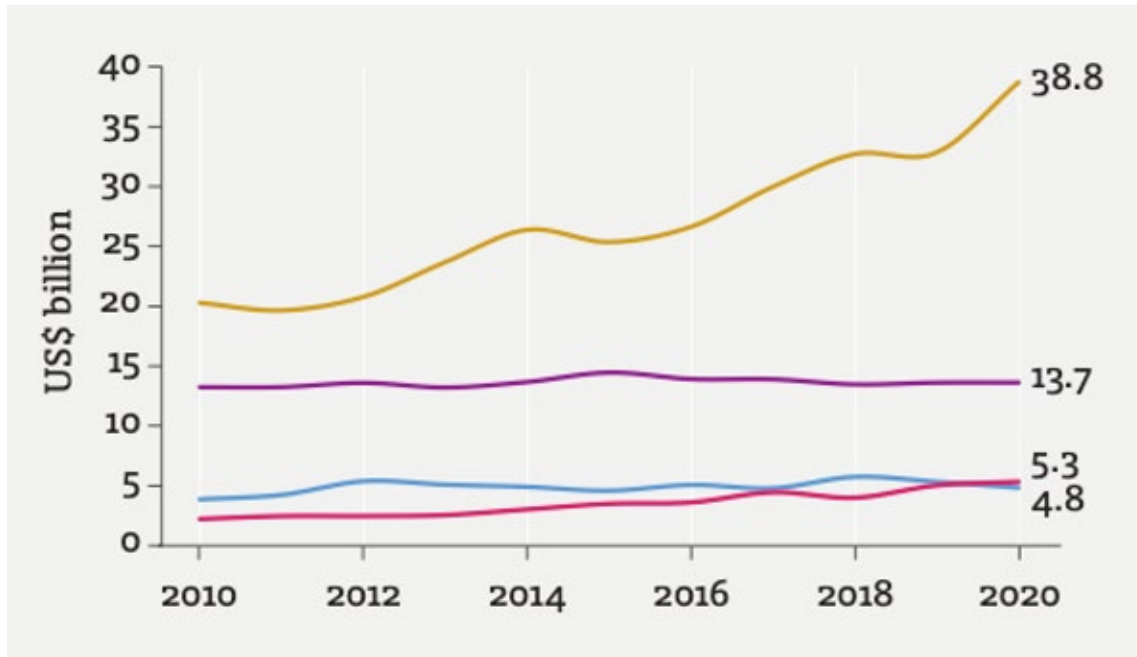
- Reliance on mainly 15 Member States creates vulnerability.
- Political and economic developments in only a few Member States can have serious negative consequences for funding.
- Unequal burden sharing signals lack of solidarity to those who do contribute.

It is not only about the money – it is also about ownership, participation and solidarity

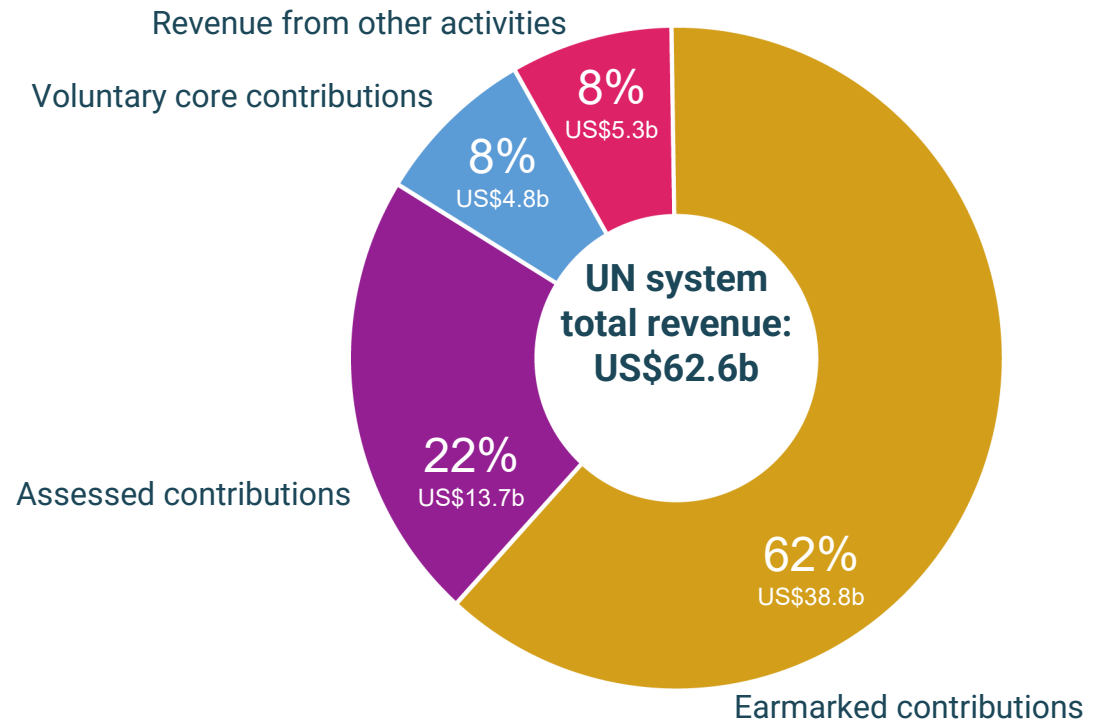


Funding Situation at UN System

Distribution of total UN system funding by financial instrument, 2010-2020 (US\$ billion)



Funding of the total UN system by financing instrument, 2020 (US\$ billion)



● Earmarked contributions
 ● Assessed contributions
 ● Voluntary core contributions
 ● Fees and other revenue

Source: Chief Executives Board for Coordination (CEB)

ADDRESSING THE FUNDING CHALLENGES

Pillars for Resource Mobilization (RM)

Implementing the Action Plan for Paragraph 88 of the Rio+20 Outcome Document

- Increasing overall funding and improving the ratio between core and earmarked funding.
- Broadening the donor base for secure and stable financial resources.

The revised RM Strategy (2021)

to fund the MTS and POWs 2022-2025

Targets:

- Increase Environment Fund & softly earmarked funding
- Secure multi-year contributions
- Widen funding base
- Strengthen communication
- Increase Secretariat coherence

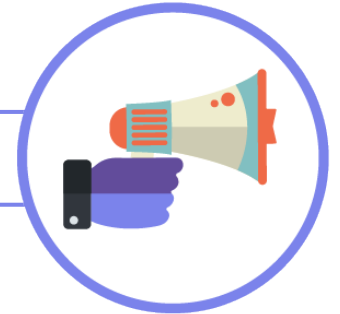


Key progress and opportunities related to RM Strategy and Action Plan for Para 88



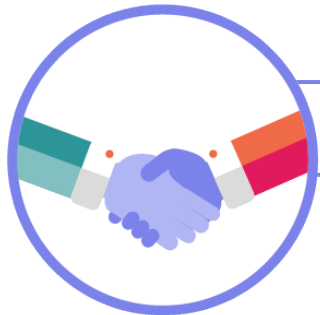
New income streams - Thematic Funds

Strengthened communication and outreach



Increased EF, potential of 'full share' narrative and VISC as a tool

Increased funding dialogue with Member States



Increased trust and confidence in UNEP and its delivery

Three Thematic Funds to tackle the triple planetary crisis

Background

- Funding dialogue with Member States identified need for flexible funding instruments
- Funding survey identified thematic funds as way to attract softly earmarked funding
- Thematic Funds launched at UNEP@50

Purpose

Support the thematic streams of the MTS:



Progress

Internal procedures for operationalizing the funds are complete:

- Lower PSC rate of 10% approved by UN controller
- Governance structure is set up
- 1st funding received and allocated.

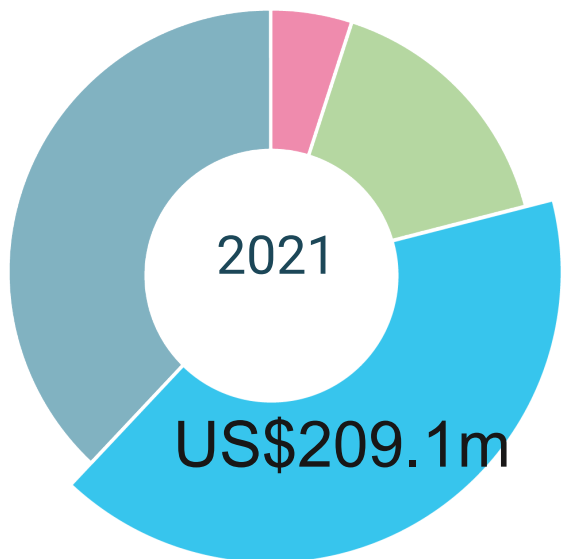
The Thematic Funds are to **complement the Environment Fund** – not to **compete** with it

Target and Potential of Thematic Funds

Potential

SHIFTING from tightly earmarked to Thematic Funds

Attracting **NEW** funding



Majority of earmarked funds have potential for becoming softly earmarked /flexible funding to Thematic Funds

Target audience

Funds are open to all, with focus on funding partners that:

- don't traditionally fund UNEP, e.g. foundations, individuals, or
- can't provide core funding, or
- currently provide tightly earmarked funding.



Strengthened Communication and Outreach

- UNEP's value, strengths and comparative advantages
- Outreach on funding needs, challenges and opportunities
- Results achieved with core funding
- Greater public recognition and visibility of funding partners

...and clearer explanation of importance of core funding and [the VISC](#)...



Potential of the 'full share' narrative and VISC as a tool

In 2002 Governing Council, VISC was a well understood tool.

→ the number of Member States that contributed increased **from 88 to a record 125 Member States** the following year

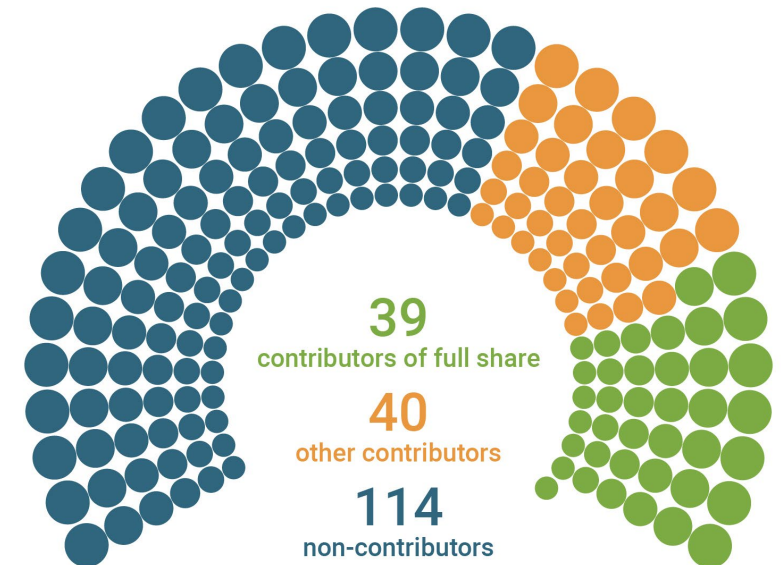
20 years on, UNEA continues to request for its application, but impact is not the same...

Secretariat has increased communication about the importance of core funding, the Environment Fund AND the VISC ('full share')

Can we repeat what happened in 2003?

Member State contributors to the Environment Fund (2021)

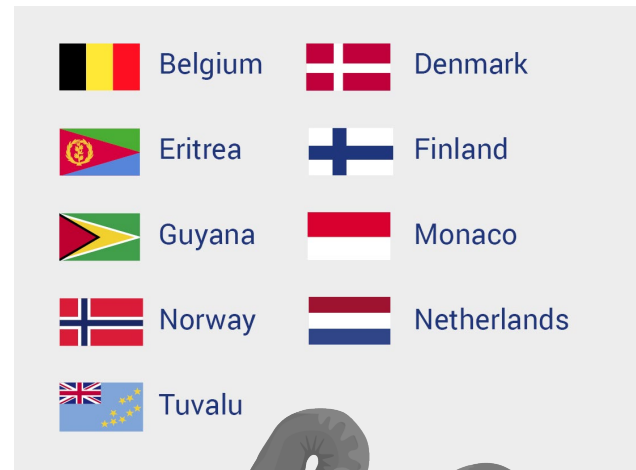
(out of 193 Member States)



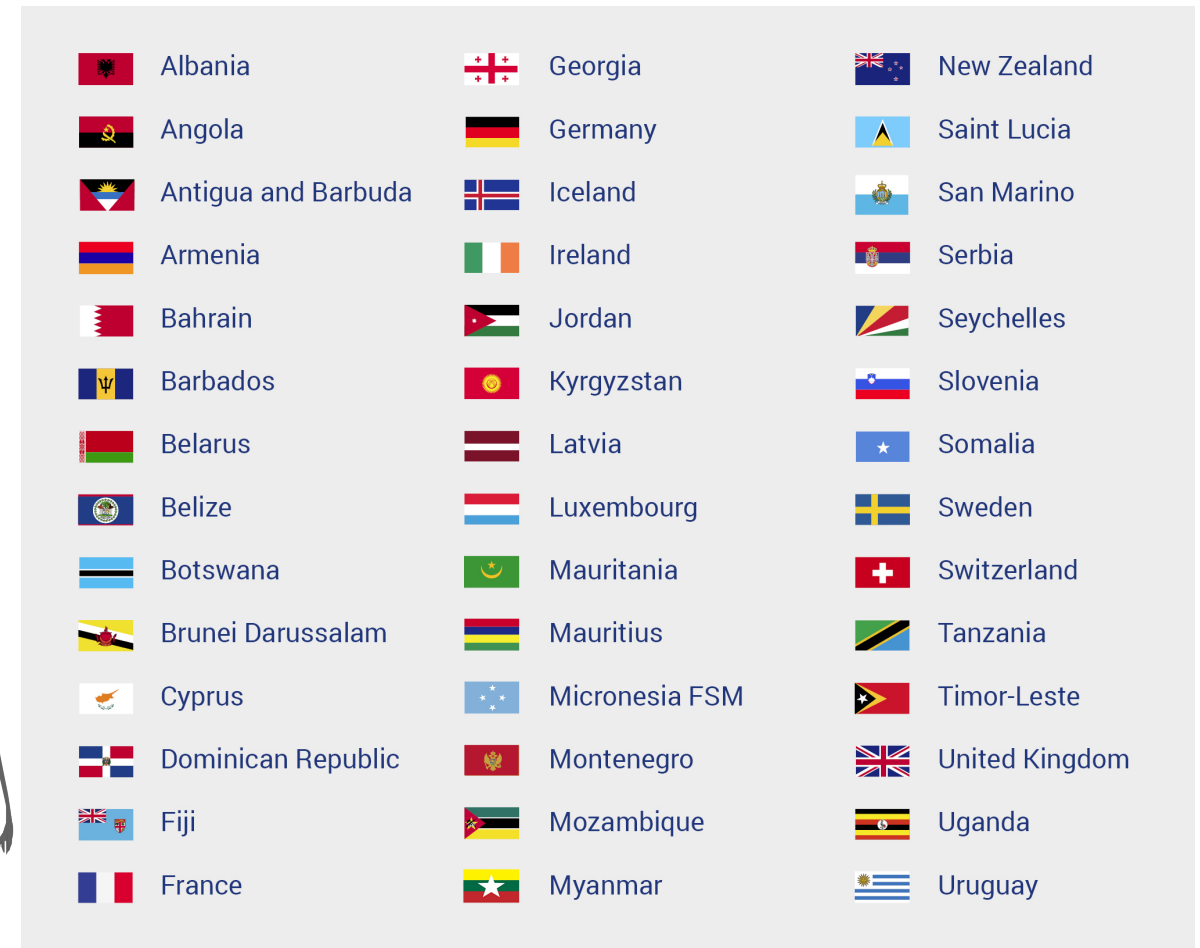
Potential to make the VISC a better known, understood and respected tool – leading to more funding from a wider base.

Contributors of full share are not only 'traditional donors'

Contributions above full share of VISC (2021 & 2022)



Contributions equal to full share of VISC (2021 & 2022)



Increasing and expanding dialogue and action on funding

Increased funding dialogue with Member States

- Guided by online survey of funding of UNEP (2020)
- Presentations to CPR on UNEP finances, facts about funding and resource mobilization
- At UNEP@50 MS feedback on UNEP's value, and commitment to strengthen funding

Proposals to the Member States for further action:

- Regular discussion on **funding in CPR**
- Meetings of Secretariat and **Regional and Political groups** in Nairobi on funding
- **'Friends of UNEP'** group amongst MS in Nairobi to drive the funding agenda?



Increasing trust and confidence: UNEP fit for purpose & value for money

Focused and results driven

- MTS and POWs – triple planetary crisis
- New delivery model
- Improved programme management
- Delivering as “One UNEP”

Efficient & effective

- Tone on the top
- Learning from best practices
- Policies & procedures
- Risk management and Controls



Accountable

- Board of Auditors
- Office of Internal Oversight Services
- 2021 MOPAN Evaluation
- UNEP independent Evaluation Office

Transparent

- Regular & improved reporting to MS on programme, UNEA resolutions etc.

UNEP's global mandate, role and importance have expanded...

Member States have celebrated UNEP's achievements over the past 50 years, and recognized that over time, the **mandate has significantly expanded**.

At UNEP@50 Special Session, UNEP's important role in **addressing the triple planetary crisis** and supporting countries to achieve their environmental commitments under Agenda 2030 was acknowledged.

UNEP's current MTS is the **blueprint** for action towards planetary sustainability.



UNEP envisions a future where humanity lives in harmony with nature on a pollution free, climate-stable planet

...let's work together to ensure that UNEP has the funds required

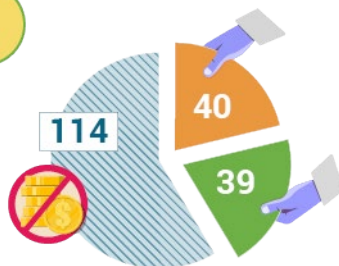
1



Fund the Environment Fund at the level of the budget approved by Member States.

In 2021 income was at 78.5 per cent of the approved budget of US\$ 100 million.

2



Contribute your full share – all UNEP Member States (193) have the responsibility to fund UNEP.

In 2021, 79 Member States contributed to the Environment Fund, 39 of whom contributed their full share as per the indicative scale established by Member States.

3



When core funding to the Environment Fund is not possible, **support the three Thematic Funds.**

Around 80 per cent of the funding received by UNEP is tightly earmarked. More effective delivery of results needs more flexibility in funding.



WE ALL HAVE A
RESPONSIBILITY
TO DO OUR SHARE
FOR THE ENVIRONMENT



Thank you