



# Resource Mobilization Strategy for UN Environment – November 2017

## 1. Objective

The objective of this strategy is to ensure that funding is available for the implementation of the approved Medium-Term Strategy (MTS) and Programmes of Work 2018-2021 and for the associated costs of the work of the governing bodies. It should also ensure funding is available to cover support activities such as management, administration and oversight. Fully funded Medium Term Strategies and programmes of work will enable UN Environment to deliver on its strengthened mandate as the leading global environmental authority.

The proposed approach to achieve the objective is to:

- Establish the foundational elements needed for focused resource mobilisation: outline the comparative advantage of UN Environment, purpose and targets for funding sources, robust communication function, and, roles and responsibilities and enhancing the enabling environment by removing critical barriers.
- Provide guidance to staff assigned with lead and coordination functions in their approaches to potential funding partners so that the existing donor base is maintained and additional funding is generated through expanding state and non-state actors and general public as per specific targets set.

## 2. Raising awareness of the comparative advantage of UN Environment

UN Environment must showcase its relevance and express its mandate in such a way as to ensure that it is easily distinguished from the plethora of other environmental actors who compete for the same resources.

UN Environment's mission statement is: "to provide leadership and encourage partnership in caring for the environment by inspiring, informing, and enabling nations and peoples to improve their quality of life without compromising that of future generations." This is a vital role to play as affirmed in mandates given to the UN Environment since its creation in 1972. These give the UN Environment's the following main comparative advantages:

- set the global environmental agenda and convene the decision makers from policy makers to civil society, including the private sector;
- promote strong science-policy interface to support informed decision making;
- serve as an authoritative advocate for the global environment - disseminate and share evidenced based environmental information & raise public awareness on critical and emerging environmental issues; and,
- provide capacity-building to countries and support and facilitate access to technology.

From the basis of its comparative advantages and in the context of the 2030 Agenda for Sustainable Development, UN Environment addresses and combats the most relevant issues of our times, such as Cities, Pollution, Oceans, Wildlife, Climate Change, Green Finance and Environment, Peace & Security using integrated approaches. In doing so, it works through partnerships from public to private sector to maximise leverage and upscaling of the agenda.

### 3. Setting targets for different funding sources

Setting targets for the different funding sources is required to attract the funding needed and to maximise the delivery of results with the funding available. The overall target is that potential funding partners get a clear picture of our funding needs and priorities. The ground work should be completed by March 2018 which includes the annual exercise for **setting programmatic priorities for funding**<sup>1</sup> where the sub-programme coordinators ensure that funds will be sourced and directed to areas that are most critical for successful programme delivery.

#### 3.1. UN Regular Budget

The UN Regular Budget covers the cost of substantive support to UN Environment's governing bodies, coordination of environmental programmes in the UN system, securing effective cooperation with relevant scientific and professional communities around the world and leadership<sup>2</sup>. The 2016-2017 allocation amounted to USD 35.3 million (2016-2017).

##### Targets:

- increase the portion of the 2020-2021 allocation covering the cost of the meetings of the Governing Bodies from current USD 0.8 million to at least USD 4 million including any cost not yet budgeted that result from resolutions and decisions made in the UN Environment Assembly;

##### Action:

- Increase the UN Regular Budget allocation through a concentrated approach to member states and budget committees in New York.
- Confirm that the current allocation is aligned with the purpose of the resources by March 2018 and prepare any proposal for changes for the 2020-2021 submission.

#### 3.2. Environment Fund

The Environment Fund finances the essential capacity (core functions) needed for the delivery of UN Environment's programmes of work globally and from a strong regional basis (strategic regional presence). Key elements are:

- identification of new, emerging environmental issues;
- innovation for addressing environmental challenges;
- advocacy and awareness raising;
- essential capability to provide capacity building services;
- results based planning and management; and,
- robust oversight (evaluation, internal and external audits, accountability and transparency).

The Environment Fund attracts about USD 68 million annually whilst the annual budget approved by the UN Environment Assembly for the implementation of the Programme of Work is USD 135.5 million.

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<sup>1</sup> The "Budget Appropriation Process" approved by the Senior Management Team in December 2016 sets out this process and is expected to be applied in full from 2018.

<sup>2</sup> Resolution 2997 (XXVII) Institutional and financial arrangements of international environmental cooperation of 15 December 1972

**Targets:**

- Increase contributions to the Environment Fund from the current 50% to 75% of the 2018-2019 approved Programme of Work and Budget and to 100% for the 2020-2021 approved Programme of Work and Budget;
- Increase the number of member states contributing from 46% to 75% of the 193 members by 2020 and thus reduce the dependency of 15 top donors that currently contribute about 90% of the funds received;

**Action:**

- **Retain the top donor member states** that currently provide majority of our funding<sup>3</sup> by appreciating, consulting and working with them more, placing emphasis on our normative work, and, highlighting results generated by the Environment Fund;
- **Gain new commitments from high and middle-income countries** that do not yet contribute in line with the voluntary scale<sup>4</sup> or do not contribute at all by engaging them at highest level possible with focus on their priorities, legal commitments and results delivered, especially through the Environment Fund including direct benefits to their countries;
- **Engage low income and least developed countries** to stress that even small contributions make a difference and demonstrate political support for the mandate of the Organization and by showcasing results delivered especially through the Environment Fund including direct benefits to their countries.
- Review the 2018 Environment Fund allocations by end of March 2018 and make any adjustments to align the allocations with the purpose of the fund. Ensure alignment also for future years' allocations.

Build action and dialogue on how best to achieve common goals on the basis that UN Environment is governed by 193 member states, who have given themselves a universal responsibility for providing resources to fund programmes and budgets they approve in line with commitments made in Rio+20 Summit for secure, stable, adequate and increased financial resources.

### 3.3. Earmarked funds

The main purpose of earmarked funds is to enable upscaling and replication of results of our core work including capacity building in more countries and with more partners. In 2016, 73% of the organisations' funding was earmarked provided by: 31% Global Environment Facility, 29% member states, 9% European Commission, 2.4% private sector & foundations and 1.6% other UN agencies (USD 237 million including multi-year commitments).

There are many different funding partners involved with earmarked funds. Each of these is discussed below with relevant targets and actions identified.

#### 3.3.1. Multilateral entities and UN partners

Multilateral entities are changing the way they deliver their work. To adapt to this transition, UN Environment also needs to transform its partnerships with the multilateral

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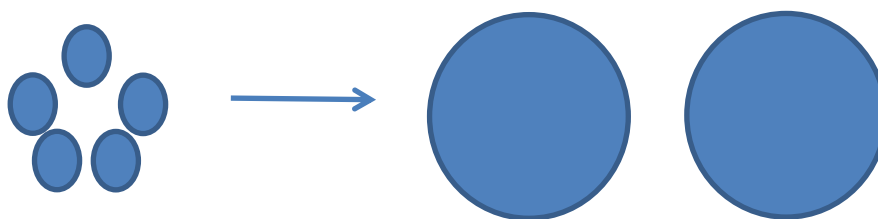
<sup>3</sup> Belgium, Canada, Denmark, Finland, France, Germany, Italy, Japan, the Netherlands, Norway, Russia, Sweden, Switzerland, UK, USA

<sup>4</sup> Voluntary Indicative Scale of Contributions established by the Governing Council in 2002.

financing mechanisms such as the Global Environment Facility, Green Climate Fund and other smaller funds (Adaptation Fund, the Least Developed Countries Fund and the Special Climate Change Fund) and key UN sister organisations (e.g. FAO, WHO, UN Women). In doing so, our engagement must focus on what will enable our partners with us to achieve transformational impact. This means identifying areas within our programme that become the seeds of a more strategic portfolio.

**Target:**

Shift from small to medium-scale initiatives that fund individual parts of our programme of work to identifying multilateral partners that will allow us to bring more impact and complement our core resources. This means, fewer, larger and more strategic initiatives that increasingly engage the private sector and investment actors on a strategically connected portfolio.



**Action:**

- **Strengthen the engagement with the Green Climate Fund:** The aim of our work with the fund is to bring transformational impact through engaging both with public and private sectors in the initiatives we develop. While the initiatives focus on ecosystem-based approaches that bring adaptation and mitigation benefits or focus on low emission development, these initiatives need to be transformational in nature. By this, we mean that these initiatives have to aim to bring adaptation and mitigation benefits that simultaneously help redirect unsustainable financial flows and guide investment.
- **Review and scale up our engagement with the Global Environment Facility Adaptation Fund:** UN Environment’s role is to engage, lead or contribute to the Facility’s impact initiatives in the areas of environment security, green finance, circular economy, sustainable cities, energy breakthroughs, natural capital and wildlife for sustainable development. While we can expand our current work in areas where the organization has a comparative advantage (such as mercury in the Facility’s work on chemicals, or on energy efficiency across appliances, district energy and buildings and construction in the area of climate change) our strategy has significantly changed and we should review other opportunities with these funds.
- **Develop a new mutual collaboration with partners for global impact:** UN Environment must deepen its relationships with key entities such as the European Union, World Bank, IMF and Regional Development Banks and other UN sister organisations. Our strategy is to work with such a select number of key partners with which our engagement with them can result in a bigger global impact than alone. Our engagement must focus on what value our partners will gain from working with us together to have a bigger combined impact. For example, we should better assess the opportunity with entities like the European Commission and collaboration with other UN bodies that have most complimentary mandate to ours.

### 3.3.2. Member states

Member states provided USD 86 million of earmarked funding in 2016. Except for Norway and Sweden whose funds were allocated at sub-programme and higher level totalling to around USD 15 million, the contributions were earmarked to specific projects and programmes. Whilst this support is much appreciated, member states are encouraged to work with the Secretariat and assess how their earmarking could be lessened so that their needs and requirements can be met whilst flexibility, predictability and longer-term financial support is increased for effective planning, programming and delivery that also enables UN bodies to retain their independence and neutrality<sup>5</sup>. Developing longer term partnerships within member states, and groups of member states, will be strengthened to bring more coherence and impact to earmarking.

#### Target:

Build stronger partnerships to retain the earmarked contributions from member states but shift this funding from lower project level funding towards sub-programmes and larger priority areas.

#### Action:

- **Develop more strategic programme level funding agreements** by working with multiple actors in the country e.g. by coupling the work funded by the International Climate Initiative with the capabilities of German partners such as GIZ and by working with various Chinese partners in the context of the Belt and Road Initiative. This possibility should be explored especially with high and middle-income countries.
- **Develop multi-donor funds** that facilitate easy receipt of contributions that address a specific area of work with specific expected results in compliment to core functions but pool funding for greater impact.

### 3.3.3. Foundations and wealthy individuals

#### Foundations

Foundations are playing an important role in development work with potentially \$120 trillion in investment funds that are seeking opportunities to invest. This is an area rich with potential for UN Environment. The objective of engaging with this sector is to identify high-value partnerships that that can be developed in order to secure the highest returns with the cleanest fit between the agendas so that long-term transformative partnerships for change are set in place. This would include both direct funding for UN Environment and support to areas and organisations who replicate and support the implementation of our programme.

#### High net worth individuals

To date, UN Environment does not raise funding directly from individuals. Our objective would be to identify up to 5 individuals that have an environmental agenda (e.g. on marine litter) and can work with us through an organisational set-up<sup>6</sup>. This includes assessment of whether our Goodwill Ambassadors already have or would be willing to set up funding mechanisms e.g. in support of specific programme areas or projects

#### Target:

To establish relationships with at least 10 foundations and at least 5 wealthy individuals to support the work of UN Environment. A financial value to these relationships will be

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<sup>5</sup> Resolution 67/226 of 2012 on the Quadrennial Comprehensive Policy Review of Operational Activities for Development of the United Nations System

<sup>6</sup> UN Environment cannot receive funds directly from individuals directly.

applied after the initial mapping of prospects, which should be conducted by March 2018.

**Actions:**

- **Engage as partners**, mapping the opportunity and building the relationships: Foundations do not want to receive proposals for funding, they want bespoke proposals that have been developed as a result of personal relationships that have been built over time. Building on work already done in the organisation, it is critical to invest in human capital in mapping the main advisers and knowing how each foundation operates.
- **See them as partners, not donors:** The role of foundations goes way beyond funding UN Environment work alone, it is wise to approach foundations as partners who have significant influence that can influence change.
- **Improve the set up to receive money from foundations:** Create mechanism for receiving funding. Our legal contracts, high-overheads and programme support costs as well as the modality of payments can be unattractive to foundations. Quote from one of the foundations "UN Environment has been the most difficult organisation ever to prepare a contract with".
- **Invest in communications that will excite them:** 30 pages of text will unlikely work, having great communications assets and updates is critical.
- **Upscale and invest in longer term relationships** with the relevant already on-going collaborations with foundations for specific purposes in the areas of ozone, transportation and air quality, marine litter and climate.

### 3.3.4. Private sector

Private sector actors, be they multinational corporations, state-owned enterprises or small and medium scale companies, all have stake in better environmental governance and deploy significant resources in this area. While the governments strengthen policies and regulatory frameworks, the private sector is critical for implementing them, promoting innovation, creating new green jobs, and fostering sustainable economic development.

In this context, UN Environment is elevating its level of engagement with the private sector by building partnerships, including supporting public-private partnerships and collaboration, that contribute to the implementation of the organisation's mandate, engage private sector in the work of the governing bodies, help private sector green their own businesses as well as promote sharing of data, learning and best practices<sup>7</sup>. The emphasis of the collaboration is in partnerships for change but a small increase in direct financial contributions from the private sector is anticipated as a by-product. Private sector contributed about USD 8 million to UN Environment in 2016.

**Target:**

- Increase the direct financial contributions coming from private sector from current USD 8 million to USD 12 million by 2021;
- Establish practical options for private sector contributing to the implementation of our programmes with in-kind contributions and their attribution by end of 2018. Private sector companies may provide human, logistics, and managerial resources to programmes and projects implemented by our partners

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<sup>7</sup> new Guidelines on Engagement with the Private Sector of UN Environment

**Action:**

- **Map current sectors and themes** of engagement to identify priority sectors, markets and industries and therefore allow the organization to take a strategic and focused approach to private sector resource mobilization;
- **Create clear business cases** for partnerships at both sectorial level and thematic level and engage as partners providing options for partnerships, including public-private partnerships;
- **Assess tools and funding mechanisms** for contributions from the private sector. For example conduct a study on the use of Trust Funds to receive financial contributions, or explore different flows to receive financial contributions – such as the UN Foundation. Study possibilities of replicating the Financial Initiative experience where companies in banking and insurance sector are engaged in our work through a membership mechanism;
- **Tapping on to Corporate Social Responsibility (CSR) Funds:** In many countries there are legally mandated corporate social responsibility funds which are available to be spent on a broad range of issues and environmental issues are often attractive. UN Environment could work with the private sector to tap onto their CSR funding.

While not a direct source of funding for UN Environment, it should also be highlighted that UN Environment engages with the financial services sectors (such as banking, insurance and investment) to encourage them to shift their regulatory framework and capital investments towards sustainable development from shaping ecosystems and decarbonisation of investment portfolios to influencing the production and consumption patterns.

### 3.3.5. New and innovative funding possibilities

UN Environment should invest in continued exploration of new and innovative funding mechanisms. We can learn from sister agencies and other organisations ahead of us in this area. The funds generated would be focused on specific areas of our work hence complementing the core funding.

**Target:**

Identify two areas that offer the greatest promise that can be explored to secure a return on investment during 2018. Revise targets for 2019-2021 based on the experience and aim to achieve USD 8 million income from innovative sources by 2021.

**A few examples of actions and opportunities to explore:**

- **Social and Development Impact Bonds / Loans:** This is an emerging financing mechanism where by investors upfront capital for public project that deliver social (or environmental) outcomes. If the project succeeds, the investors are repaid by the Government (Social Impact Bonds) or an aid agency or their philanthropic partner (Development Impact Bonds) with capital plus interest. If the project fails, the interest and probably part of the capital is lost. This approach is being explored by the REDD+ programme who are developing a \$100+ million proposal with BNP Paribas for investment in sustainable management of forests and forest carbon stocks.
- **Crowd-funding:** Crowdfunding is an approach whereby an individual or organisation who is interested in promoting an idea or implementing a project seeks support from the broadest range of stakeholders through social media. Those interested would then contribute, even down to a dollar. However, as the contributor base is large, even modest contributions can aggregate into significant amounts. The global crowdfunding market is now valued above 5 billion US dollars and is doubling every

year and UN Environment can receive funding for campaigns via the UN Foundation mechanism. Also other ways for engaging the general public will be explored.

- **National Committees:** National Committees with membership of influential individuals who network to promote the work of UN Environment, could be an effective way to generate financial and in-kind support to UN Environment. Re-energising of existing and establishment of new national committees could be explored.

Ideas to explore that reduce the direct financial needs of the organisation include:

- **Creating investment packages for action:** The relevance of in-kind contributions to reducing our direct financial needs could be increased by more aggressive creation “investment packages” where the partner can pick up ready-calculated bills, e.g. for organising a meeting, and pay for it directly.
- The increased interest in **volunteering for a good cause** could also be harnessed to support the work of the UN Environment be it from the private sector, government or academia etc. Volunteers could become part of our efforts to organise big campaigns, meetings or undertake specific time-bound tasks.

**Other ideas to explore include:** Lotteries, Education course validation / certification and volunteering offer rich opportunities to increase revenue and staffing support with UN Environment which should be explored.

#### **4. Investing in effective outreach and regular communication with funding partners**

A key element of achieving the above is effective communication. Our current strategy for communication in support of resource mobilisation is built around two factors (1) our relevance and value as a good investment, and (2) appreciation of the investments our funding partners make in us and in environment overall. To achieve this strategy we need:

##### **Target:**

Initial communication package and action plan covering the MTS period 2018-2021 and utilising wide range of media from written materials to social media ready within six months from the approval and resourcing the implementation of this strategy which will include the following three core elements:

- **Show the value of investing in UN Environment:** Make information of impact of investing in UN Environment, funding needs and targets available as well as ease acceptance of contributions to increase prospects of funding with producing new materials for all key donors above a certain value;
- **Highlight the impact that investment has made:** Tailor communication to the various groups identified in the previous section and increase visibility of their contributions and highlight importance of flexible funding for all funding sources over a certain value;
- **Regularly update in Nairobi and in capitals:** Keep partners better informed e.g. through presentations to the Committee of Permanent Representatives, invitations to Planet Unplugged and similar events in Nairobi and at high level conferences around the world.

##### **Actions:**

- **Telling our story - new and improved ways to presenting our results:** what we do; how we do it; why we do it. Emphasis is on showing the impact of work through compelling, human interest stories that speak to our comparative advantages, at the



same time. The source of these stories is each and every office, and the Communication Division leads their development into multimedia content and effective dissemination.

- **Use results of the recent MOPAN review** (Multilateral Organisation Performance Assessment Network): as the pillar for communicating our comparative advantage, efficiency and effectiveness in a transparent way with specific outreach products for targeted audiences, e.g. through the new corporate website, short films and fact sheets to highlight our impact and explain why we need resources and what kind. We also capitalise on evidence and testimonials from other external sources, e.g. funding partners themselves.
- **Improve the visibility and public recognition of our funding partners** in communication products and in meetings such as the UN Environment Assembly and in other public fora. We share information with decision makers about the impacts of the work they fund including more visual and narrative reporting. This will also need to consider the role of brand association, particularly with private sector partners.
- **Regularly confirm:** e.g. via surveys, that the communication reaches the target audience.

## 5. Clarifying roles and responsibilities for coordinated action

Resource mobilisation is a shared responsibility across the organisation. This enables us to better harness the knowledge that exists throughout the organisation in terms of technical knowledge and contacts with funding partners to generate resources for the set priorities. To increase our ability to tap into various potential funding sources not only globally, but also regionally and nationally the regional offices will play an increased central role in resource mobilisation for all sources of funding with stronger support from the headquarters. This will require investment both in building stronger structures and increased capacity.

Executive Director and the Deputy Executive Director make final decisions on the strategies and priorities and spearhead public outreach and external relations to create opportunities for negotiations for funding. These decisions are executed and opportunities acted on from a regional basis and with the lead of the Regional Directors. The rest of the Senior Management team and the sub-programme coordinators support these activities and a coordination office at Nairobi Headquarters acts as the hub for coordinating and supporting all actions. Specifically:

- **Regular Budget:** The Director of Corporate Services Division supported by Policy & Programme Division is responsible for preparing the organisations proposals for regular budget allocation. He/She engages with the UN Secretariat in New York and member states represented in Nairobi and in New York with support from the New York Office.
- **Environment Fund:** Regional Directors negotiate contributions to the Environment Fund in direct contact with the member states and with support from Coordination Office in Nairobi, who liaises with Nairobi based missions, in particular. Regional Directors also prioritise member states for targeted action, recommending member states for bilateral consultations, intelligence gathering and country strategy development etc.
- **Earmarked funding:**
  - Regional Directors oversee the identification and development of relationships with funding partners originating from their regions (private sector, foundations,

- regional banks etc.); including at national and even sub-national levels including being part of the UN joint programming.
- Global sub-programme coordinators together with the regional sub-programme coordinators identify the most potential sources for funding their programmes and recommend priorities for approaching various funding partners to ensure coherence of action (especially if one funding partner potentially supports multiple priorities). They also lead identification of results for communication;
  - Members of the senior management team are responsible for ensuring that their respective teams are aligned with and understand the agreed priorities, approaches and activities for fundraising. They also assign the resource mobilisation work to their teams as per set targets.
  - Members of the senior management team may be assigned by the Executive Director/ Deputy Executive Director to lead the relationship management with specific funding partners, e.g foundations, companies etc.
  - Fundraising from the European Commission is lead and coordinated by the Brussels Office and priorities set with sub-programme coordinators and regional offices and within the context of coherent relations with the European Union and its member states.
  - Global Funds coordination (Green Climate Fund, Global Environment Facility etc.) is led by designated units and priorities set with sub-programme coordinators
  - Fundraising from the private sector is led by the Private Sector Coordination unit (proposed new role)
- **Nairobi Coordination Office** is responsible for developing, maintaining and moderating a knowledge management platform where all information and analysis on funding and funding partners, lessons learnt and advice is collected and shared. It supports the outreach efforts to various funding partners and acts as a hub for exploring the innovative sources of funding identified. It is also responsible for generating analysis and reports, acting the assessing staff capacity and for providing training and tools for resource mobilisation.

To build and retain understanding of shared responsibility and ensure that it is acted on, an advisory board should be established. It would provide feedback and advice on the implementation and review of the strategy. The composition of the board should be a combination of staff with specific assigned roles and other interested staff, e.g. staff involved and volunteered during the work of the task team on resource mobilisation.

#### **Targets and action:**

- The roles and responsibilities with appropriate budgets are prepared in detail and approved as part of the first 2018 Environment Fund allocation;
- A knowledge management platform is established and training plan based on staff competency survey in place by end 2018.

### **6. Putting in place the processes for enabling resource mobilisation**

The following processes need to be considered to ensure successful achievement of the strategy.

- **Investment in resource mobilisation:** The resource mobilisation function needs to be adequately resourced. Both the Regional Offices and the Nairobi Coordination Office need adequate staffing levels and funds for activities from liaising with funding partners to funding communication products. The current resources only cater for dealing with current major funding partners and work on the Environment Fund .

- **Incentives:** The efforts put into resource mobilisation should be recognized and acknowledged at various levels from individual efforts and units/offices to cross-cutting groups that have worked together. Starting with including 10-50% allocation of our workplans to resource mobilisation activities, awards, e.g. Baobab award, could be considered for various categories. Consideration should also be given to allocating a percentage of funds generated for shared purposes to the entity that has raised them.
- **Internal controls:** The current due diligence processes should be reviewed so that whilst they secure the organisation against undue risk they are not overprotective and increase the processing time to unacceptable levels to our partners (e.g. 6 months and above).
- **Mechanisms for receipt of funds:** the financial structures and processes need to be reviewed to enable swift receipt of funds from funding partners, especially from non-governmental sector. Larger multi-donor programmatic and thematic funds should be set up to facilitate provision of pooled earmarked support.
- **Ambition level:** Our average project size is relatively small which has also led our funding partners to perceive us to be fit for only small projects. By increasing our ambition level and working across the divisions for larger projects for joint funding, rather than competing against each other, will also increase our potential for receiving more substantive amounts of financial support.

#### **Targets:**

- Prepare a resource plan including staff and activities for resource mobilisation function by January 2018 and have budget for it approved by March 2018;
- Develop an incentive plan in parallel with detailing the roles and responsibilities with budget for execution as part of the first 2018 Environment Fund allocation;
- Review due diligence and risk management processes by mid-2018;
- Review current funds and put in place a set of programmatic/ thematic funds by mid-2018;

## **7. Review**

The strategy and its implementation plan will be assessed by the Senior Management Team annually based on the results achieved against the set targets. A summary report based on the internal assessment will be provided to the Committee of the Permanent Representatives.

Globally, the efforts to achieve the 2030 Agenda for Sustainable Development across the various groups of actors from member states to private sector and the recognition of environment as an equal element to social and economic aspects of sustainable development have strengthened the case for UN Environment and created a favourable climate for resource mobilisation. UN Environment will capitalise on this momentum with concentrated investment and action on its resource mobilisation recognising that the global financial environment and the competition for the same resources continue to be tough. However, nothing sells the organisation better than solid delivery of its programme and results.