

**Executive Committee of the
High Commissioner's Programme**

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Private sector fundraising and partnerships

Summary

This paper provides an update on progress made in the area of UNHCR's private sector fundraising activities and partnerships since 2006 and the last update provided in September 2016 (EC/67/SC/CRP.26). It presents UNHCR's strategy to mobilize support from 25 million individuals, broaden private sector partnerships and raise \$1 billion from the private sector by 2025.

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I. Introduction

1. Over the last 10 years, financial support to UNHCR from the private sector has increased from \$34 million to \$400 million. As a proportion of the total income, contributions from the private sector have increased from less than 2 per cent in 2007 to 10 per cent in 2017. More than half of the 2017 private sector income (\$207 million) was fully unearmarked, representing 35 per cent of the total unearmarked funding of the organization.
2. Despite the increase of private sector contributions and the strong support UNHCR received from its traditional donors, the gap between funds available and needs continued to grow. By the end of 2017, there were 71.4 million people of concern and the final budget had reached \$7.963 billion. Taking into account the total funds available to UNHCR of \$4.510 billion, the organization ended the year with a funding gap of 43 per cent.
3. Looking forward, the “whole-of-society” approach and the notion of shared responsibility embedded in the comprehensive refugee response framework (CRRF) creates an opportunity and a conducive environment for the private sector to play an increasingly important role. It can contribute not only in terms of funding, but also as a provider of innovative approaches, ranging from employment and business opportunities to the provision of goods and services. The private sector can offer a range of resources and know-how to help end the continued dependence on aid and improve self-reliance, as well as bridge the funding gap through indirect or non-financial support to UNHCR programmes.
4. Against this background, UNHCR has developed a private sector engagement strategy to achieve, by 2025, the long-term goals of: (i) maximizing sustainable and flexible contributions from the private sector to raise \$1 billion annually; (ii) strengthening engagement with the public through campaigns to increase the number of supporters to 25 million; and (iii) broadening partnerships with foundations and corporations beyond financial support, to leverage the resources and influence of the private sector for the benefit of refugees and others of concern to UNHCR.

II. Background – private income growth from 2006 to 2017

5. The Executive Committee has long encouraged UNHCR to broaden its donor base and diversify its funding sources. In 1999, a small private sector fundraising team was established to generate private sector income and awareness of the refugee cause among the public with the support of national partners¹. However, the programme struggled for the first years due to insufficient investment.
6. In 2006, new plans were made for long-term investment in private sector fundraising and partnerships. Since then, income has increased tenfold, reaching \$400 million in 2017.
7. The successful growth can be explained by seven factors: (i) a focus on ambitious long-term income targets; (ii) a substantial and growing investment fund, accompanied by strong systems, oversight and performance monitoring mechanisms; (iii) a clear investment strategy focusing on countries expected to deliver maximum, long-term net income; (iv) resources that can be allocated and re-allocated across the organization’s fundraising network during the year, based on performance and new opportunities to ensure flexibility and agility; (v) a culture of innovation, creativity and sharing of best practices across the network; (vi) recruitment of external fundraising experts from non-governmental organizations (NGOs); and (vii) the empowering of colleagues working in operations to develop context-specific strategies with the provision of resources, guidance and support from the Private Sector Partnerships Service at Headquarters.
8. The significant level of unearmarked funding received from the private sector has helped ensure UNHCR’s responsiveness to emergencies and protracted situations and is an

¹ National partners are independent, nationally-registered, non-profit organizations that develop a community of supporters and partners for the refugee cause in their countries and raise over half of the private sector funds supporting UNHCR’s operations worldwide (\$214 million in 2017). As of 2017, the six national partners are in Australia, Germany, Japan, Sweden, Spain and the United States of America.

indicator of the organization's reputation as a trusted partner. Of the \$400 million raised from the private sector in 2017, \$276 million came from individual donors and \$124 million from private sector partnerships with companies, foundations and philanthropists. Unearmarked income represented \$207 million, which was more than a \$100 million increase compared with 2014 and was mainly received from UNHCR's monthly-giving donors. This correlated with the increase of individual donors from 200,000 in 2007 to close to two million at the end of 2017. More than half donated on a monthly basis, contributing to the predictability and flexibility of the income.

9. From a geographical perspective, 48 per cent of the \$400 million came from Europe, 29 per cent from Asia, 13 per cent from the Americas and 10 per cent from the MENA region. The top 10 countries in terms of income were (in descending order): Spain, the United States of America, the Republic of Korea, Japan, Germany, Qatar, Australia, Italy, Sweden and the Netherlands. While UNHCR's initial emphasis was on investment and income growth in established fundraising markets, many new markets have been developed over the past decade: Hong Kong SAR, China (2007), Thailand (2008), the Republic of Korea (2009), the Philippines (2013), Brazil (2014), Mexico (2014), the United Kingdom of Great Britain and Northern Ireland (2014), the Netherlands (2016), Malaysia (2016) and France (2017). Regional investments began in the Middle East and North Africa region in 2012 and UNHCR has recently initiated private sector fundraising efforts in Africa.

10. The principal drivers of private sector growth through this period have been fundraising for emergencies and the digital transformation, which has enabled greater engagement and support from the public through new communication channels. While face-to-face fundraising continues to be the main channel to recruit new donors, 25 per cent of income from individuals in 2018 is expected to come through digital channels.

11. Private sector fundraising has increasingly become part of UNHCR's organization-wide response to emergencies, helping build empathy and enabling swift mobilization of financial support. For example, within six weeks of an earthquake striking Nepal in April 2015, UNHCR received almost \$5 million from private donors, fully funding the initial emergency operation. In response to the refugee crisis in Europe, more than \$50 million was raised from the private sector, with contributions received from a range of supporters, including private philanthropists through family foundations. In 2017, UNHCR and national partners raised over \$30 million for the Rohingya refugee emergency in Bangladesh.

III. Looking forward - private sector ambition and strategy

A. Context

12. A number of external trends are impacting the way UNHCR is engaging with the private sector, including: (i) public awareness of the refugee cause has grown: people are better informed and want to engage - not only donate money, and they are now more likely to support causes rather than organizations; (ii) with growing numbers of other United Nations agencies and NGOs raising funds for refugees and other humanitarian causes, the public receives more requests for support, meaning increased competition for private sector attention; (iii) the digital revolution and the dominance of mobile platforms continue to create new channels, payment methods and ways of communicating that require a quick response to supporters who expect a "seamless online experience"; (iv) companies are moving away from traditional ways of giving and are seeking partnerships that leverage their resources, strengths and market share and have a direct impact on recipients; and (v) the aid sector is increasingly under scrutiny and needs to demonstrate its transparency, ethical behaviour and operational effectiveness in order to maintain the trust of the public.

13. The arrival of large numbers of refugees and migrants in Europe in 2015 and the subsequent media interest in refugee issues resulted in an unprecedented public response as well as new opportunities for engagement. Individuals are looking for ways to support the refugee cause on a scale not seen before, while companies and businesses are seeking opportunities for long-term partnerships, with shared aims in line with the Sustainable Development Goals. This presents a window of opportunity for UNHCR to involve the

private sector in finding concrete solutions for refugees and host communities in the context of the global compact on refugees.

B. Strategy

14. UNHCR's long-term strategy is to raise \$1 billion annually from the private sector, by engaging 25 million supporters globally by 2025 and broadening the size and scope of the partnerships with corporations, foundations and philanthropists.

<i>MEASURE</i>	<i>2010</i>	<i>2016</i>	<i>2017</i>	<i>2018 Plan</i>	<i>2025 Strategy</i>
Total income	\$73	\$352	\$400	\$445	\$1,000
Total expenditure	\$30	\$112	\$127	\$140	\$250
Net income	\$43	\$240	\$273	\$305	\$750
Unearmarked income	\$36	\$173	\$207	\$230	\$550
Partnership & philanthropy income	\$27	\$129	\$125	\$125	\$300
Cost of fundraising	41%	32%	32%	31%	25%
No. of supporters	N/A	4 million	5.3 million	6 million	25 million
No. of donors	220,000	1.6 million	1.9million	2.4 million	5 million
No. of regular donors	95,000	1 million	1.2million	1.4 million	3million

All income and expenditure figures are in millions US\$

15. Income will be generated principally through donations from private individuals who are encouraged to give regularly and thereby providing a basis of predictable income. An annual increase of investment is needed throughout the period covered by the strategy to fund investment in staff resources and scale up individual giving programmes that contribute to 70 per cent of the annual income in key private sector fundraising countries. UNHCR estimates an investment of \$250 million to raise \$1 billion resulting in a cost-income ratio of 25 per cent.

16. In addition to traditional philanthropic partnerships, that contribute some 30 per cent of the annual income from the private sector, UNHCR will also seek to develop operational partnerships aimed at achieving a positive impact for refugees and host communities. This will entail new forms of collaboration, such as working with local and global private sector actors to achieve cost savings, assess investment opportunities in refugee-hosting areas and develop innovative technology, including renewable energy. This will in turn help grow local businesses and microenterprises that can generate jobs for refugees and host community members, and help make products and services provided by the private sector available for refugees.

17. UNHCR's goal to acquire new donors requires targeted investments in outreach and engagement through global campaigns. The private sector team has been running multiple global fundraising campaigns, including the "shelter campaign", which to date has raised more than \$19 million from individuals and corporates. Two new global campaigns are planned, "1 billion miles" and one on family cash-based interventions, which will be important components of the growth strategy, together with other future campaigns.

18. It is expected that the global private sector fundraising market will continue to grow and at the same time become more competitive over the next 10 years. UNHCR aims to increase its share through a balanced mix of investments in countries that provide opportunities for sustainable and predictable income. The organization is investing in core markets with the greatest potential for income generation and building capabilities in developing markets to ensure future growth.

19. UNHCR's core fundraising markets can be divided into three categories based on income potential by 2025: (i) five markets (Germany, Republic of Korea, Spain and the United States of America, as well as the Middle East and North Africa region) where the Office has the potential to raise \$100 million or more and that together could account for half

of the \$1 billion target; (ii) four markets (Australia, Italy, Japan and Sweden) where UNHCR has the potential to generate up to \$50 million; (iii) a further six markets (Canada, France, Hong Kong SAR China, Netherlands, Switzerland and the United Kingdom of Great Britain and Northern Ireland) in which the organization has the potential to reach \$25 million. UNHCR will invest tactically in this latter group during the period covered by the strategy. The organization is also present or exploring a dozen markets in Asia, Latin America, Africa, and Europe.
