



Agenda Item 4 - ii - (EC/62/SC/CRP.30)

Report on UNHCR's resource mobilization strategy, including private sector fundraising strategy

52nd Meeting of the Standing Committee – (20-21 September 2011)

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Check against delivery

Slide 1: Introduction

Mr Chair, Distinguished Delegates, Ladies and Gentlemen,

I am pleased to have the opportunity to update the Standing Committee on UNHCR's resource mobilization strategy.

As you know, last year several important elements of UNHCR's internal reform process came to fruition, most prominently the new budget structure based on the Comprehensive Needs Assessment methodology. This resulted in a global budget that shows all assessed needs of the different populations of concern in 2010-11. The 2012-13 Biennial Programme Budget submission that you will deliberate after this presentation is based on the same principle.

Subsequently, I would like to outline the efforts the Office is undertaking with regard to fund-raising for the comprehensive needs of persons of concern that UNHCR has planned to meet under its Global Needs Assessment Budget.

Fundraising Context

- Global financial crisis
- Growing scope of needs and gaps vs. funds available
- Dependency on a few donors
- Increased decentralized funding
- Multi-dimensional partnerships

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Slide 2: Fundraising Context

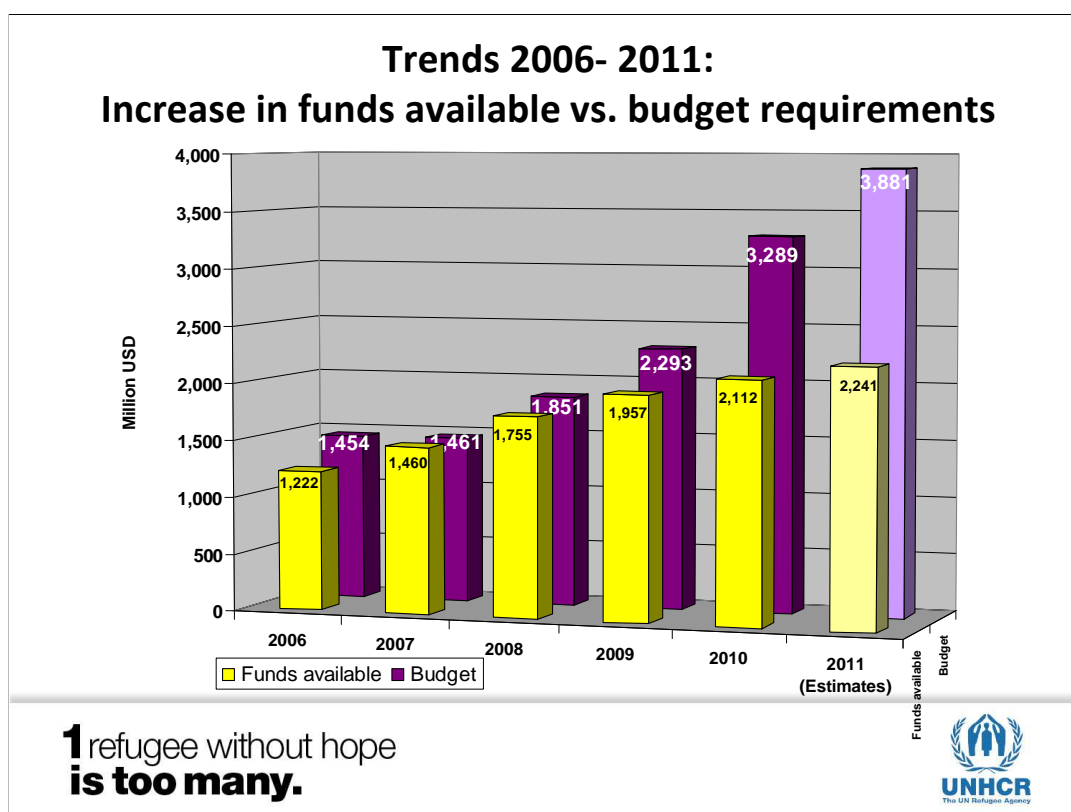
Before getting into the strategy, it is helpful to look at the fundraising context in which UNHCR is operating.

First, UNHCR is constrained by the lingering effects and retrenchments of the world economy due to the global financial crisis. While UNHCR was able to balance decreased funding from some donors with increases from others in 2010 and 2011, the Office is getting indications that 2012 could be a challenging year.

As the Office's budget is now based on needs rather than available resources, the gap between the needs and available funding remains important. UNHCR is ready to work together with all its donors and partners to address this situation creatively.

Despite efforts to expand the donor base, UNHCR continues to be dependent on a limited group of donors who are providing almost 80% of its funding. UNHCR is hoping to leverage the support of these traditional donors with new and emerging donors to address this challenge.

Finally, two of the consequences of expanding the donor base and accessing new funding streams are higher transaction costs and additional requirements associated with multi-dimensional partnerships. The Central Emergency Response Fund (CERF), Common Humanitarian Funds and other decentralized funding sources are field-based and require a coordinated approach which is staff-intensive. Later in this presentation, I will talk more about some of our new partnerships including those with the World Bank and the IKEA Foundation.



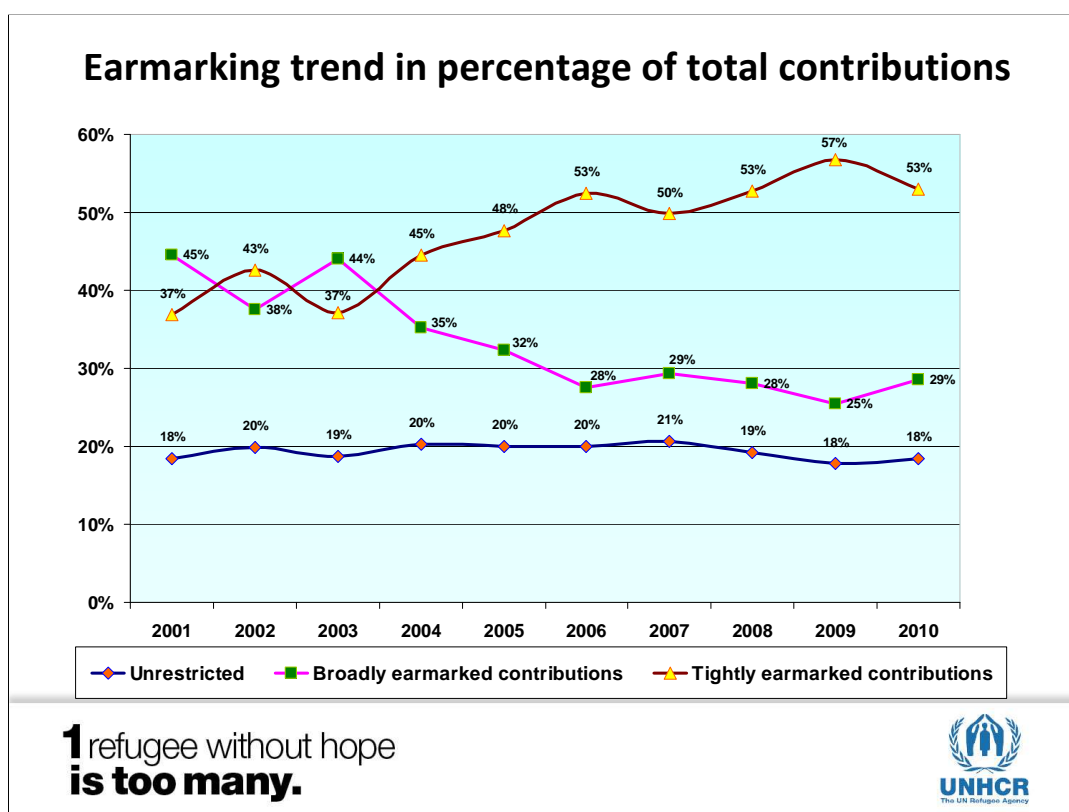
Slide 3: Trends 2006- 2011: Increase in funds available vs. budget requirements

The introduction of the Global Needs Assessment (GNA) and the corresponding increased budget in 2010 required a shift in UNHCR’s resource mobilization strategy.

Previously, the Office had developed its yearly plans based on anticipated funding. This is reflected in the chart you see where until 2009 the bars indicating the budget and the funds available are more or less at the same level.

Since 2010, efforts have shifted towards fund raising for the comprehensive needs of persons of concern. The Office now aims to reach and sustain, over time, a level of contributions that covers all basic needs of persons of concern as assessed.

Donor confidence and overall contributions to UNHCR have increased significantly over the past decade – from USD 705 million in 2000 to a record of USD 1.9 billion in fresh contributions in 2010. This positive trend has been maintained despite external obstacles. However, with a total of USD 2.1 billion available funds in 2010 against a budget of USD 3.3 billion, UNHCR was still confronted with a funding gap of around 40%, meaning 40% of the activities that would have been necessary to meet the basic humanitarian needs of persons of concern could not be implemented. As shown in my previous presentation on the 2011 funding situation, with growing budgetary requirements in 2011, the funding shortfall could be even greater this year.



Slide 4: Earmarking trend in percentage of total contributions

Let me reiterate that UNHCR appreciates every contribution that it receives. Nonetheless, in this increasingly tough climate, the importance of un-earmarked or broadly earmarked contributions remains crucial. The Global Needs Assessment approach can only work if the Office has the flexibility to allocate and re-allocate funds within operations, regions and across regions according to evolving priorities on the ground. Un-earmarked or broadly earmarked contributions allow UNHCR to direct funds to where they are most needed.

As you can see on the chart, roughly 20% of the funds made available to UNHCR are un-earmarked, while more than half of the funding is tightly earmarked at the country, thematic sector or, to speak in the terminology of our new Budget Structure, at Rights Group level.

On a positive note, we are pleased that 2010 saw a decrease of tightly earmarked funds in favor of more broad earmarking. We thank you for this change and hope this trend continues.

Five pillars of the Fundraising Strategy

1. Strengthening support from traditional donors
2. Broadening the donor base
3. Exploring new funding opportunities, incl. engaging with development actors
4. Increasing funding from UN and Pooled Funds
5. Expanding support from the private sector

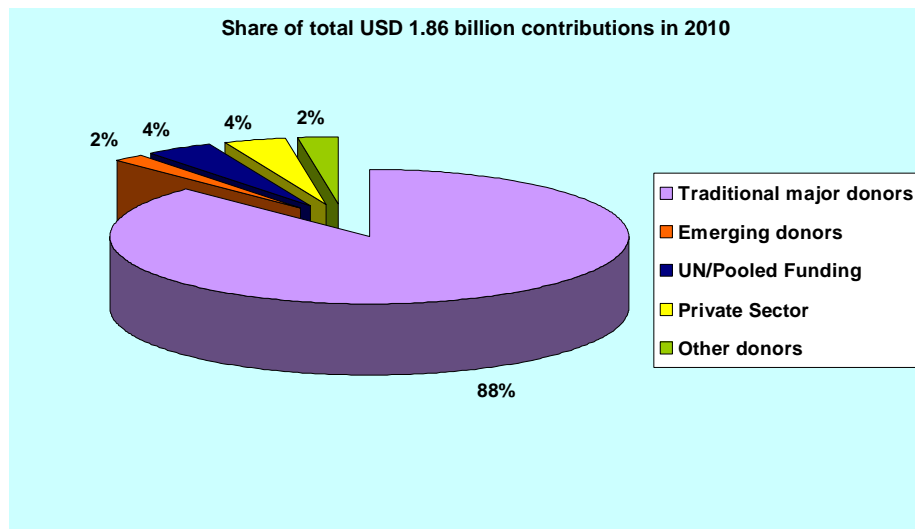
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Slide 5: Five pillars of the fundraising strategy

Faced with ever-growing humanitarian needs around the world, UNHCR developed a fundraising strategy consisting of five pillars: ***(read the slide)***

UNHCR's Funding Sources



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Slide 6: UNHCR's Funding Sources

This chart illustrates very clearly why the first pillar of our fund-raising strategy is strengthening support from our traditional donors. Eighty-eight percent (88%) of all voluntary contributions to UNHCR come from our traditional donors. This support is built upon lasting relationships and partnerships with these donors from which we receive much more than just funding. UNHCR is fully committed to nurturing these partnerships for the benefit of refugees and other persons of concern worldwide. This includes: strengthening and expanding our bilateral dialogues through meetings, missions and regular informal exchanges as well as improving our formalized reporting mechanisms, such as the Global Report and the Global Focus web-portal which, by the end of 2011, will allow Executive Committee Members to access detailed information on key operations.

Our efforts towards the second pillar of the strategy, namely, broadening the donor base, also contribute to strengthening the support of our traditional donors by working with them to reach out to new donors willing to support multilateral action in the humanitarian field. This part of the strategy is starting to bear fruit with a handful of new and emerging donors. The Office very much appreciates these efforts to increase contributions.

Exploring new funding opportunities

Examples...

- Partnership to respond to the emergency in the Horn of Africa with the World Bank developed
- Leverage new private sector opportunities through major multi-year contribution from IKEA Foundation (Dadaab Camp – Kenya)

Slide 7: Exploring New Funding Opportunities

I would now like to turn to two recent examples to illustrate our efforts under pillar three of the strategy, “exploring new funding opportunities”.

UNHCR is now in the process of implementing a multi-dimensional partnership with the World Bank in Ethiopia and Kenya for a total of USD 30 million over 18 months. This is the first time that UNHCR and the World Bank have successfully partnered on such a level with not only funding but also operational, policy and commitment aspects. This partnership will improve our response in four critical sectors, namely, health, nutrition, water and sanitation.

Following a reshaping of our Private Sector Fund-Raising Corporate Partnerships Strategy in 2010 we have grown Corporate income. In particular we have built a robust partnership with the IKEA Foundation. The IKEA Foundation has already funded programmes in Eastern Sudan and Bangladesh, and recently announced a commitment of USD 62 million for the Dadaab refugee complex in Kenya over the next 3 years. IKEA also brings other important contributions to the partnership – providing expert support to our logistics teams, in kind donations, and, we hope, future engagement with their customers about the refugee cause.

UNHCR hopes to embrace the new challenges of these engagements in order to strengthen the Office’s internal capacities for other similar partnerships.

Engaging with development actors

Transition and Solutions Initiative (TSI) :

- further anchored in UNHCR’s and UNDP’s regular programme activities
- attracted new donors and new funding streams

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Slide 8: Engaging with Development Actors

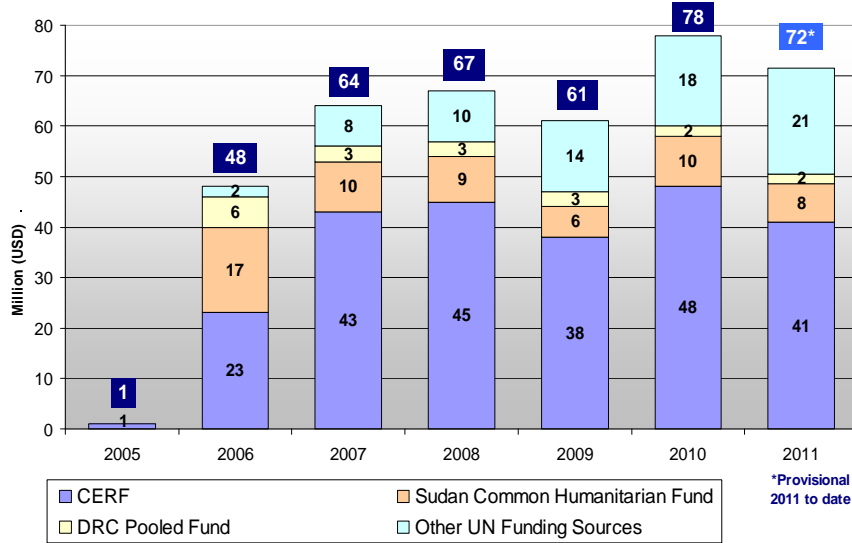
The Transitional Solutions Initiative or TSI is an approach that targets selected post conflict -, protracted refugee-, and IDP situations. The approach aims to achieve lasting solutions through the promotion of self-reliance and local economic development. It does so by engaging bilateral, multilateral, humanitarian and development actors as well as local authorities.

Past experiences such as in Sierra Leone or Southern Sudan have shown that one of the critical factors in supporting durable solutions is the involvement of string partners and the availability of additional resources to allow for mid- and long-term programmes which target both returnees and local populations. UNHCR, UNDP and the World Bank along with other partners have worked both at field- and HQ-level to make headway in the targeted pilot countries.

In East Sudan, the TSI is targeting twelve camps in two phases between 2011 and 2015. Both Sudan and South Sudan are key stakeholders in the project together with UNDP, the World Bank, traditional donors, the private sector and UNHCR. In Colombia, the objective of the UNDP / UNHCR TSI is to provide successful examples of solutions for IDPs, consolidating a government-owned comprehensive solutions strategy that includes return, relocation or local reintegration. In Nepal, the central objective of the Community Based Development Programme (CBDP), within the framework of the TSI, is to facilitate solutions through addressing protection and development needs, in particular self-reliance, camp consolidation and local economic development.

UNHCR welcomes the partnership with the World Bank and UNDP and will continue to work with both Organizations to further develop and strengthen our joint efforts. Building on the comparative advantages of the two institutions will further improve the programme delivery.

UN and Pooled Funding Mechanisms 2005 – 2011



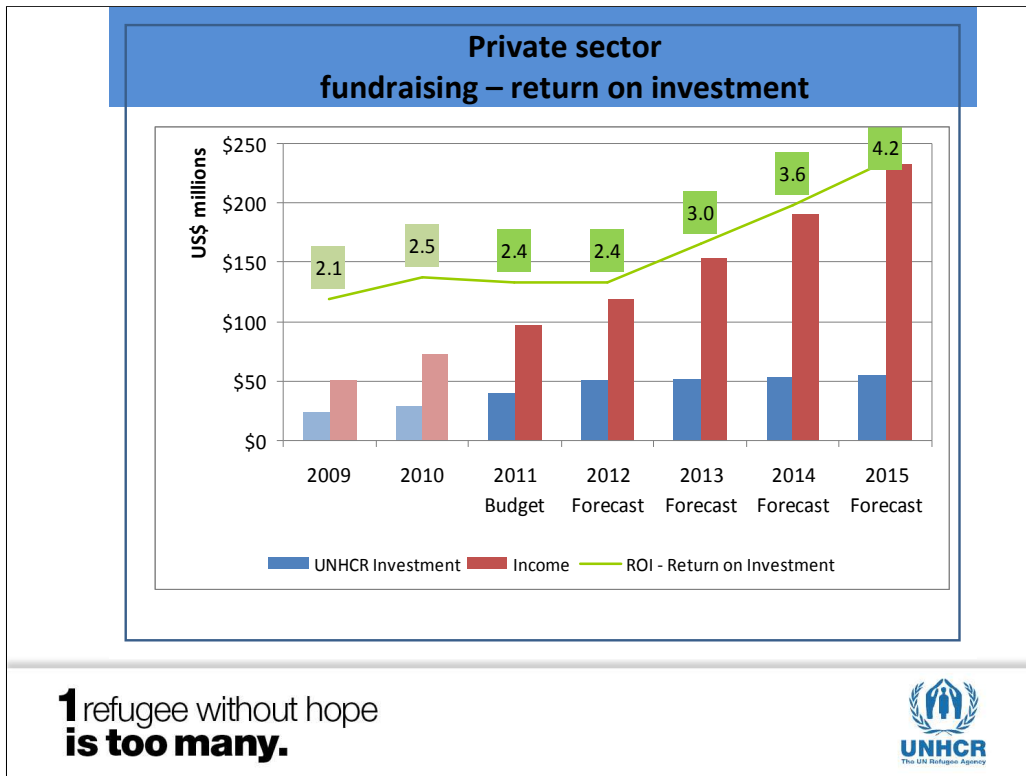
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Slide 9: UN and Pooled Funding Mechanisms

We continue working to increase funding available to UNHCR from UN and Pooled Funding mechanisms, and have provided our staff with additional training regarding funding submissions and reporting in an inter-agency environment. The results are encouraging but more effort is needed. In 2011, UNHCR has so far received USD 72 million and we are hopeful that the Office will surpass last year's amount by the end of the year.

To give an example of the Office's progress under pillar four of the strategy, in 2011, UNHCR has been very active in the area of peacebuilding and received USD 8 million from the Peacebuilding Fund for activities in Chad, Sudan and Somalia, among other countries.



Slide 10: PSFR - Return on Investment (ROI)

As UNHCR’s private sector fundraising service has grown, so have its priorities. Regular giving by individuals willing to support refugees remains the primary funding driver for the sector as it will create, in the long term, highly sustainable unearmarked income.

Sustained investment and commitment to priority markets, supported by an integrated approach to public information and communication, are the foundations of the private sector approach and will remain so for the foreseeable future.

Turning to the chart, Return on Investment (ROI) is the ratio expressing the return on investment realized by PSFR during each year, or in other words, it describes the income generated in relation to the money invested to fundraise for this income. For instance, a return on investment of 2.1 in 2009 signifies that for each USD UNHCR invested in 2009, PSFR would generate USD 2.1 in return income for UNHCR. UNHCR is currently in a growth/investment period – but the strategic goal of PSFR is to reach a ratio of 4 at minimum by 2015 - which is best practice standard for large Non-Profit organizations and UN agencies.

Current investment is focused on building a robust global fund-raising infrastructure with qualified staff around the world, as well as creating the relevant networks and partnerships with National Associations and other fundraising agencies to build a solid foundation for continuous and sustainable growth.

Leadership Giving & Individual Giving

Leadership Giving

- Focusing on North America, Gulf countries and Europe
- Goal: 30-40% annual income from Leadership sources
- Priority is cash donations

Individual Giving

- Raising small monthly gifts in about 15 countries
- Expand into some Asian and South American countries
- Goal: 60-70% annual income from public sources
- Costly but returns carefully monitored
- Marketing activity raises public awareness for UNHCR

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Slide 11: Private Sector Fundraising:

I will now describe our approach in the two main fund-raising areas in the private sector: the development of a Leadership Giving strategy and individual giving.

Under the Leadership Giving programme, corporate income has risen significantly over the past two years – including a recent commitment from the IKEA Foundation to which I have already referred. UNHCR will continue to focus its fundraising work with foundations, corporates and high net-worth individuals in the key markets of the United States and the Arab Gulf states and continue to lay the groundwork for the launch of a bigger Leadership Giving campaign in 2013.

While priority is given to cash contributions from corporates, high net-worth individuals and foundations, they often also bring other added value in competencies and advice, for example, UPS' work to support logistics or Manpower's support for HR reform - and can provide important voices of influence on the world stage. We have also launched an initiative with the corporate sector and academics in the area of innovation and modernization.

As for donations from individuals, the public has demonstrated solid and encouraging support. The support is also surprisingly solid and consistent through periods of economic challenges. Experience suggests that once an individual donor is recruited, in most cases, this donor will carry on giving to UNHCR for 5-10 years, in some cases much longer.

UNHCR has committed regular donor programmes in 15 countries. The office will expand its efforts to recruit new regular donors and strengthen relations with existing donors. Currently UNHCR relies primarily on face to face and direct marketing, but the office plans to develop direct response television advertising (DRTV) and will be piloting new approaches to digital fundraising and working with international corporate partners.



Over 1 million refugee children dream of a normal life.

1 child growing up in a camp
is too many.



Support World Refugee Day June 20. Do 1 thing - visit www.unhcr.org



Slide 12: Concluding remarks

Mr Chair, Distinguished Delegates,

This presentation provides an outline of some aspects of UNHCR's resource mobilization strategy which is an integral part of the Office's efforts to become more impact and results oriented.

While the basic premise of the Office's fund-raising strategy has changed, the fundamental approach towards achieving the goal of full funding has remained valid. In order to achieve this goal the Office bases its fund-raising efforts on the five aforementioned pillars, maintaining and increasing support from traditional donors, broadening the donor base, increasing contributions from decentralized funding mechanisms and development sources, and expanding support from the private sector. We hope that our quest for new synergies will bear fruit and foster new partnerships and produce successful outcomes.

While the Office acknowledges that the various challenges in terms of fund-raising that are ahead of us require even more creative thinking and investments, UNHCR is confident that with the continued support of the Members of the Executive Committee and all other partners, the Office will move this strategy forward.

In conclusion, I would like to once more express UNHCR's sincere appreciation to all donors for their generous and continuing support to UNHCR's humanitarian activities.

Thank you.