

**FIRST EXECUTIVE BOARD MEETING
15-16 JUNE 2017
ROME, ITALY**

INFORMATION NOTE

BACKGROUND ON RESOURCE MOBILISATION

1. OBJECTIVE

This note aims to provide the basis for a discussion at the Executive Board Meeting on 16-17 June 2017 on future funding of the UN-REDD Programme. The purpose of a session dedicated to resource mobilization will be to review funding opportunities for the UN-REDD Programme and discuss ways to maximize those in order to obtain adequate funds. The note contains main elements of a Resource Mobilization Strategy for the UN-REDD Programme for the coming years. It proposes avenues to obtain adequate funding to reach the objectives and implement the Programme, and builds on an analysis of funding needs and of existing and potential funding sources.

2. OVERVIEW

2.1. Funding during the first phase of UN-REDD

The UN-REDD Programme was well resourced from its inception, with commitments of more than US\$ 250 million for its first phase in 2008-2015. The Government of Norway, which played a vital role in the creation of the Programme and remained a strong supporter throughout the first phase, contributed 87 per cent of all funds. Other donors included the European Commission, Denmark, Japan, Luxembourg, Spain and Switzerland. Solid funding allowed the Programme to focus on building structures and capacity, and on the implementing planned programmes. However, lower levels of funding than anticipated for the second phase of the Programme presents challenges on the one hand but also an opportunity for consolidation and adjustment. It is therefore timely and necessary to give high priority to resource mobilization.

2.2. Opportunities and challenges

- There is widespread recognition of the need for significant climate finance to enable developing countries to deliver on climate change mitigation and adaptation. While challenges remain, substantial funds are available for programmes able to demonstrate value, relevance and efficiency. Numerous multilateral and bilateral funding initiatives add up to important resources, including for funding in the REDD+ space, however often under disconnected funding architectures.

- There is strong competition for funds and a broad range of players seek funds from the same sources in the REDD+ space.
- Renewed financial commitment from main donors will signal confidence and positively influence the willingness of other donors to support the UN-REDD Programme.
- The UN-REDD Programme stands on solid ground within the UN system through the tripartite arrangement between participating agencies (FAO, UNDP, UNEP) as it steps up efforts to mobilize resources. Commitment to clarity, transparency and cooperation will optimize coordinated fund raising approaches.

3. RESOURCE MOBILIZATION AND DONOR RELATIONS

Receiving and maintaining support from donors ultimately rests on the quality and relevance of the Programme's "real world" contribution. For successful resource mobilization the Programme must be able to show:

- added value and impact
- quality, relevance and cost-effectiveness
- quality and performance of its governing bodies, leadership and staff
- justification for plans and budgets and the accountability for funds provided

3.1. Funding to the United Nations and other international organizations

The donor community has undergone significant changes over the past 10 to 15 years mainly as a result of the principles of the Paris Declaration and Accra Action Agenda. While specifically developed to make aid to recipient countries more effective, the principles have also influenced aid delivery to the UN and other international organizations. Also the "delivering as one" approach launched by the UN in 2008 to create a more coherent, effective and efficient UN has influenced donors in the way they manage their partnerships with the various UN entities. As a result, donors have increasingly provided aid under broad partnerships and cooperation arrangements that support overall strategies of the recipient. The UN-REDD Programme has benefitted from these developments, with funds so far provided with favourable conditions guided by the MPTF.

While the above described are common trends, funding can also be unpredictable as donors are driven by foreign and domestic policies, as well as by the media, NGOs and individuals in their funding choices. Donors' policies, definitions, priorities and reporting requirements also vary greatly. Organizations on the receiving end may therefore have to relate to a variety of policies and practices that, taken together, do not necessarily form a coherent system for financing.

Governments, especially those of wealthy industrialized countries, are the main sources of funding for most UN, international and non-governmental organizations. United Nations organizations typically receive more than 70 per cent of voluntary funds from their 10 biggest donors in this category. While progress has been made in expanding the donor base to include the private sector, emerging economies, income from those sources remains relatively modest. UNICEF is the exception, with a third of its income, from the private sector, mainly made up of small contributions given on a

regular basis by a large number of individuals around the world. This is the result of long-term investments made decades ago.

3.2. Categories of potential donors for the UN-REDD

Bilateral donors and the European Commission are the main providers of regular and voluntary funds to the UN and likely to remain the main funding source to the UN-REDD Programme. They are members of the UN, have devoted public money for activities such as the UN-REDD Programme and they have systems set up to deal with the provision of funds. No effort to increase funds from this group should be spared while possibly exploring avenues with other categories of possible donors if and when capacity permits.

Private sector funds is a potential source of income but given the heavy investment it is likely to require, this may not be an realistic avenue for the UN-REDD Programme. Approaches to the private sector must take into account various challenges and risks that such cooperation may involve.

The Programme should be selective in its approaches, keeping in mind its limited capacity to meet the requirements of particularly exigent donors and the wish to avoid relating to a patchwork of policies and practices that, taken together, do not necessarily add up to a coherent system for financing.

A broad range of donors has great value as it spreads the risks for funding gaps and demonstrates broad support for the Programme. However, the corresponding capacity to administer many partnerships must be in place. A balanced and realistic approach would suggest a focus on exploring additional contributions from both the current Donors to the UN-REDD Programme as well as other bilateral donors already active in the REDD+ space (for example Canada, Germany, Italy, the Netherlands, Sweden, UK, etc) and then gradually explore the potential outside the group of traditional donors.

4. OVERALL OBJECTIVES OF A RESOURCE MOBILIZATION STRATEGY

- *Secure adequate funding and support for the objectives of the UN-REDD Programme and meet budget targets;*
- *Obtain timely, predictable and flexible voluntary funding, allowing for appropriate long-term planning of activities;*
- *Broaden the donor base.*

4.1. Main elements required to achieving resource mobilization objectives

Close and professional working relations with donors. These should be carried out in a spirit of transparency, openness and dialogue in Headquarter PM missions, donor capitals and in partner countries and include informal contacts, information sharing, and briefings, missions to donor capitals and launching important programme documents. Thorough knowledge about the policies,

strategies and processes of existing and potential donors will guide the approaches to be made. Donor relations are mainly about direct personal contacts on a regular and systematic basis.

Plans and budgets on which donors can base funding decision and reports on the implementation of activities and use of funds. Donors need to be confident that activities for which financial support is provided have been subjected to thorough planning, review and prioritization and that their contributions are managed efficiently. The presentation of convincing and user-friendly outlines of activities and budgets, thorough reports on implementation and use of funds are equally indispensable resource mobilization tools.

A sustainable system for the administration of voluntary contributions. The UNDP Multi Partner Trust Fund serves as the administrative agent for the UN-REDD Programme under terms of reference that inform the Programme of contributions and determine how they can be used.

5. QUESTIONS FOR EXECUTIVE BOARD CONSIDERATION

1. Given the background presented in this note what do you see as the ways and means to attract additional funding resources to the UN-REDD Programme? How can the UN-REDD Programme best approach current and new donors primarily?
2. Do you have information to share on current trends in the donor community on climate funding in general and in the REDD space in particular, and how this could be affected by recent developments?
3. What donors' policies and trends talk in favour of support for the UN-REDD Programme? What are the strengths of the UN-REDD Programme that makes it attractive for funding? And the reverse, what are the challenges for the UN-REDD programme to attract donors and how can these be addressed?
4. How can the Executive Board be helpful in addressing the above opportunities and challenges for resource mobilization efforts? Vis-à-vis other donors and within their own governments? Any particular suggestion?
5. How can the UN-REDD Programme be helpful to EB members in order for them to assist in resource mobilization efforts? Any particular suggestion?
