



# UNEP Funding Strategy

## Universal Membership – Global Responsibility

### 1. From Outcome to Action

1. In Rio in June 2012 and later at the UN General Assembly and UNEP Governing Council<sup>1</sup>, Member States committed to strengthen United Nations Environment Programme (UNEP) and in particular to provide **secure, stable, adequate and increased financial resources (SSAIFR)**. This is to be pursued particularly through increased UN Regular Budget allocations to UNEP and contributions to the Environment Fund. This will enable UNEP to respond effectively to the Member States call for it to fulfil its role as the leading global environmental authority that sets the global environmental agenda, promotes the coherent implementation of the environmental dimension of sustainable development within the United Nations system and serves as an authoritative advocate for the global environment.

### 2. Towards a SSAIFR future

2. A SSAIFR future for UNEP is structured along the following principles:
  - **A shift towards increased un-earmarked funding.** According to General Assembly resolution 2997 of 1972, which was reaffirmed by the General Assembly in 2012, the Regular Budget of the UN covers the costs of the secretariat of UNEP and the servicing of its governing body, while the Environment Fund has been established for the purpose of funding environmental programmes. Earmarked funding should complement these funds in critical and emerging areas of the implementation of the Programme of Work.
  - **A widened base for contributions.** UNEP, as an intergovernmental organisation, relies primarily on the response by the Member States for its funding. Universal membership calls for increased and better balanced burden sharing for UNEP's funding by the Member States, according to their capacity to contribute.
  - **More partnerships that catalyse resources and results at global, regional and national levels.** The strengths and abilities of a wide range of partners can bring the results of UNEP's global, normative work to the regions and countries. Through partners in the UN system and at the national level, more results will be achieved on the ground and in a more sustainable, replicable manner, sometimes with no direct expenditure by UNEP. Where UNEP catalyses rather than directly implements, attribution of results to UNEP will need to be clearly acknowledged, especially because most of UNEP's resources are voluntary contributions.
  - **Increased Return On Investment (ROI):** The application of the principles and practice of results based management constitute the core of UNEP's continued strive for more efficient and effective delivery of its mandate and programme. Increase value for money, including robust measures to ensure cost recovery, efficiency and effectiveness provide donors the confidence needed for further investments and ensures optimal use of resources available.
  - **Accountability and Communication:** A key component of UNEP's strategy to reach a SSAIFR future involves the communication of UNEP's value, comparative advantage, cost effectiveness and relevance. The UNEP Secretariat must provide to

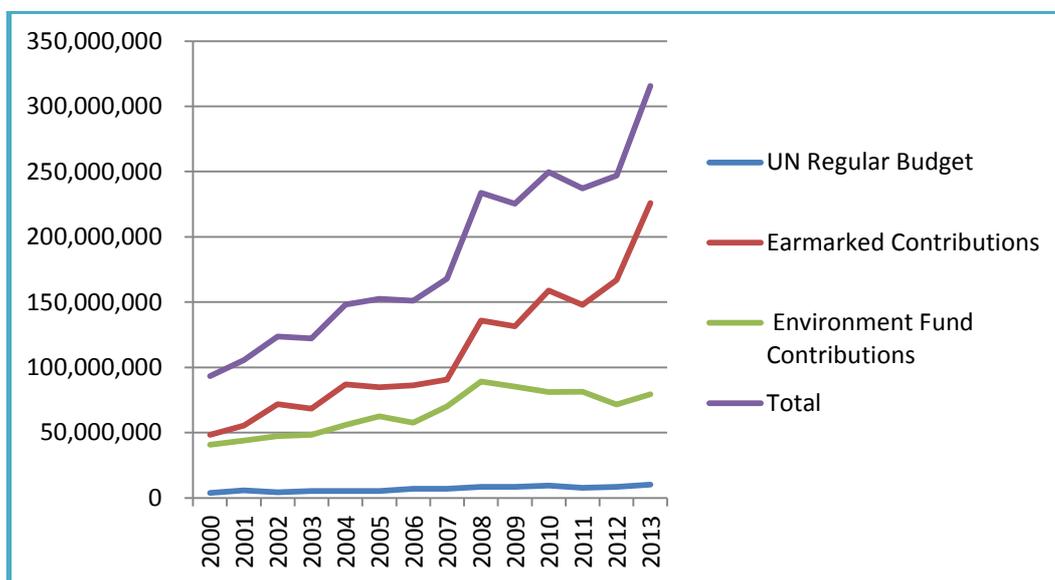
<sup>1</sup> Rio+20 outcome document "The Future We Want", A/RES/66/288, GC.27/17 decision 27/2, A/RES/67/213

donors, partners and their constituencies the relevant facts, figures and justifications, so that they remain confident about the value of their investment in UNEP.

## 2.1 Shift in funding

3. In addition to the commitments made at the Rio+20 Summit, many governments agreed at the Busan meeting on Aid Effectiveness in 2011 to a more coherent and effective use of multilateral institutions, global funds and programmes. Applying these principles to UNEP's funding, the Environment Fund together with the Regular Budget should finance the backbone and essential ability of the UNEP Secretariat to carry out its core functions, including servicing its governing bodies, and implementing its Medium Term Strategies through its Programme of Work. Earmarked funding should focus on strengthening the activities in support of these core functions. Currently the trend is towards strengthened support to UNEP, but in the reverse direction as shown in Table 1.

Table 1: UNEP contributions 2000-2013 by source of funding



### UN Regular Budget

4. In line with the Rio+20 outcome, the General Assembly (GA approved, in December 2013, an increased budget for UNEP of about USD 21 million for the biennium 2014-2015. The increased funding, in compliance with GA resolution 67/213 of December 2012, is geared towards consolidating and securing UNEP's capacity to fulfil its catalytic and coordination function at global, regional and sub-regional levels in proving its ability to facilitate access to technology and capacity building, consolidating its headquarters' functions in Nairobi, strengthening and reinforcing UNEP's strategic presence in the regions,.

### Environment Fund

5. Multi-year commitments, adequate resources and their timely payments into the Environment Fund will enable the organisation to deliver the approved medium term strategies and the biennial programmes of work in an efficient, effective and balanced manner that respects the joint decisions the governments have made. The shift towards the Environment Fund was already decided upon by the Member States in the approved 2014-2015 Programme of Work and budget, which did not substantially increase overall funding but focused on progressively directing more resources to the Environment Fund.
6. Often, Member States are understandably eager to attribute their specific contributions to a specific result. The Environment Fund, however, leverages Member States'

investments into pooled resources to ensure delivery of results of environmental initiatives across national boundaries and specific thematic issues. These results should be accepted as evidence for the value of individual investments and provide a good basis for increased trust and accountability.

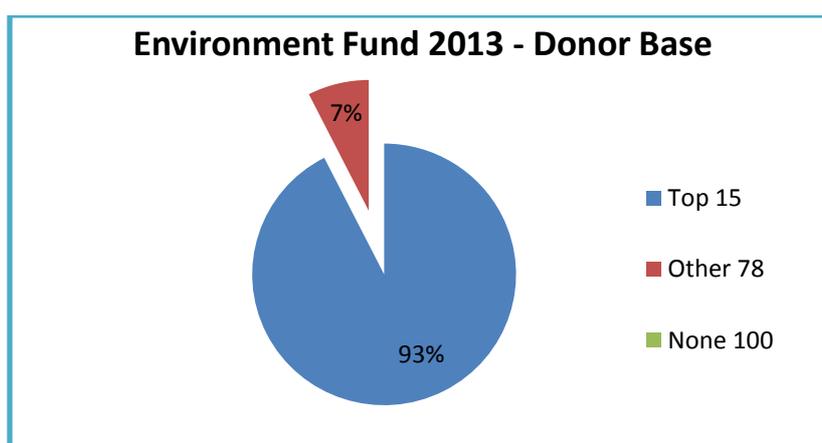
### Earmarked funding

7. Donors and partners, or sections/departments thereof, provide earmarked contributions to the organisation where their policies do not allow them to directly support the Environment Fund, or where they wish to supplement their contributions to the Environment Fund with more targeted resources. Earmarked support is also provided to areas of UNEP work that have been identified as high priority and match the policy priorities of a specific government or a partner. However, a shift towards broader earmarking, targeted for example at the sub-programme level rather than a specific activity, would better enable the Secretariat to deliver the programme in a balanced and cost-effective fashion. “Soft” earmarking reduces programme support costs by simplifying administrative procedures. A few Member States have already applied this approach successfully, including through multi-year commitments for increased predictability.
8. Earmarked funding can be provided through two main tools (1) trust funds that are either thematic or donor specific in nature, and (2) counterpart contributions which directly support a specific project through cost-sharing. The Secretariat, as per the GC decision 27/14 and in consultation with the Committee of Permanent Representatives, is working on updating and streamlining the establishment and management of trust funds in order to increase efficiency of their management while reducing the administrative burden. This includes closure of inactive trust funds, review of possibilities for merging trust funds as well as the establishment of multi-donor trust funds while tightening up UNEP’s policy on cost recovery with an aim of achieving full cost recovery.

## 2.2 Widened base for contributions

9. UNEP is currently dependent on 15 countries for 93% of the funding to the Environment Fund (2013).

Table 2: Contributions to the Environment Fund in 2013.



10. Member States are invited to consider their individual level of support to UNEP and encourage other Member States to do the same, in accordance with each country’s ability to do so. The UNEP Secretariat stands ready to support Member States in this regard. As part of these efforts:

- Traditional donors can strengthen their collaboration both in terms of sustained and increased funding, where possible, and provide leadership to encourage more governments to share funding responsibilities;
- Where the global role and ability to contribute of some countries are not fully reflected in the current funding patterns, such Member States could consider funding levels that are more commensurate with both their place in the world economy and global environment, and their growing interest in environmental sustainability and sustainable development;
- The Secretariat prepares on a biennial basis an updated voluntary indicative scale of contributions (VISC), in accordance with relevant Governing Council decisions,<sup>2</sup> to encourage all Member States to contribute to the level of their capacity, whether in the short or longer term. Member States could consider collaborating with the Secretariat in developing country by country funding strategies that support an active follow-up to the Rio SSAIFR commitment. The purpose of these strategies is to enable timely and relevant Secretariat engagement with Member States. Their refinement and execution will be a continuous exercise.
- The Secretariat will reach out to those Member States that are not represented in Nairobi, through UNEP's regional offices.
- Member States could also consider working through their political/ geographical groups to further strengthen their collaboration with UNEP based on mutually agreed goals that are supported by, among other things, financial contributions.

11. With regard to organisations other than governments that can provide support, UNEP will continue working closely with the Global Environment Facility (GEF), and with financial development institutions, such as the regional development banks. In all cases the aim is to enhance longer-term strategic, political and programmatic dialogue and build support at global, regional and national levels for the delivery of UNEP's Programme of Work.

12. UNEP will increase its engagement with the private sector, including foundations, private individuals and private businesses, exploring public-private partnerships and drawing from experiences and modalities of other members of the UN family. The possibilities will be explored in 2014-2015 and used for formulation of a specific strategy and action plan targeted on the private sector. The Member States may wish to support the Secretariat with the strategy development and actual engagement, either directly or as part of the development of the country-by-country resource mobilisation strategies.

### **2.3 Resources and results catalysed through partnerships**

13. The effective delivery of UNEP's Programme of Work is based mostly on leveraging results through partnerships, either through direct collaboration or by catalysing action amongst partners in line with expected accomplishments. These partnerships are being built, maintained and expanded with sister UN agencies and government entities, a wide range of major groups and stakeholders, including NGOs, the private sector, local authorities, and academic and scientific institutions.

14. Well-managed partnerships offer ideal vehicles to implement UNEP's global policies at regional and national levels, while simultaneously building capacity. Similarly, by laying a foundation of knowledge and capacity that allows these same actors to undertake environmentally sound activities on their own, UNEP greatly expands its ability to realise the expected accomplishments of its Programme of Work. In both cases, these partner entities use and build capacity on environmental issues, integrate environment into national development strategies, as well as support the implementation of the

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<sup>2</sup> Including: GC.SS. VII/1, GC.26/9 on the voluntary indicative scale of contributions.

commitments made by the Member States under these strategies and multilateral environmental agreements (MEAs).

15. Sometimes the work is undertaken pursuant to a partnership agreement with UNEP; at times using resources that UNEP provides to the partners to the agreement. Sometimes UNEP serves only to inspire and guide or to establish an enabling environment. In all situations, it should be expected and accepted that UNEP has a legitimate claim to share the outcome with other partners and contributors, although attribution is more complex.
16. The Member States and the Secretariat need to work together to broaden the range of relevant and appropriate partners for the implementation of the PoW, and they should be considered as resources to be mobilised in themselves.
17. UNEP already set up the necessary institutional capacity for managing partnerships, including a robust partnership policy, to ensure efficient and effective operations, due diligence and screening, accurate financial and operational reporting, safeguarding of assets and compliance with mandates as well as regulations and rules that the Office of Internal Oversight Services (OIOS) has assessed as sound and satisfactory.<sup>3</sup> The next step will be a mechanism for assessing and reporting on the catalysed activities that capture the nuances of UNEP's role in these partners' achievements.

## 2.4 Increased return on investment

18. The Member States and other partners are increasingly looking at the return on their investment when making decisions on funding organisations. Not only does this include the actual programmatic results the organisation delivers, but also the way the organisation runs its business.
19. UNEP is making a fundamental shift from producing outputs to delivering results, simultaneously increasing accountability and transparency. Results Based Management is a culture change that is being developed throughout the organisation since 2006, including:
  - Creating clear linkages from the medium term strategy, to the programme of work, its expected accomplishments & budget and onwards to every project the organisation manages;
  - Increasing and tightening the monitoring and reporting mechanisms, including the Project Information Management System (PIMS) and the half-yearly Programme Performance Report (PPR);
  - Better aligning the roles and responsibilities of the staff, as well as recruitment and post management with the PoW;
  - More strategically using the results of evaluations and other oversight work to improve the organisation's operations and delivery in line with the theory of change;
  - Strengthening the delivery of the PoW at national level through the implementation of a strategic presence;
  - Focusing the PoW on UNEP's comparative advantages;
  - Applying RBM principles to administrative and other corporate functions by, for example, setting internal targets and indicators for streamlining, and delivering these services, and for employing cost-recovery principles for increased efficiency;
  - Applying new corporate management tools, in particular a successful transition to IPSAS (International Public Sector Accounting Standards) and UMOJA.
20. The results of these efforts, and many more initiatives under way, will be clearly illustrated and shared with UNEP's stakeholders on a continued basis, responding to

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<sup>3</sup> AA2012/220/01 – Audit of management of partnerships at UNEP

calls for accountability, transparency and enhancing UNEP's ability to explain the value the organisation produces for the global environment.

## 2.2 Communication flow

21. Member States need clear and concise information to explain and demonstrate to senior decision makers in Government as well as to other potential financing partners, why UNEP is a good investment and what funding challenges need to be resolved collectively. The main messages will (1) provide timely and accurate information on UNEP's achievements and activities for the environment and sustainable development, (2) show the value for money of the organisation, (3) explain the funding needs and priorities and (4) recognise and appreciate donors and supporters.
22. These messages will be delivered through several steps, in the first instance by:
  - revamping the resource mobilisation webpages under UNEP.org, designed to provide governments and other funding partners a one-stop shop for understanding UNEP's funding: its structure, relevant strategies and policies, facts and figures, as well as roles and responsibilities;
  - developing outreach packages comprised of facts surrounding different focus areas which can be used both by government representatives and UNEP staff. In the medium term, these packages will be further targeted to the specificities of various regions and countries;
  - building up UNEP's intranet to provide a platform for timely and accurate information sharing within the Secretariat on: resource mobilisation activities, the roles and responsibilities of the Secretariat and the procedures put in place and tools available in support of our fundraising efforts.
  - Strengthening the quality of annual reporting, in particular, the Programme Performance Report (PPR) and Annual Report, including by embedding UNEP's efforts and accomplishments within a broader situational analysis that UNEP's own assessment work has articulated, and by providing more information on annual programmatic achievements in addition to numeric evidence.
23. In addition to the global and regional efforts, national level communication should be strengthened, to raise the profile of the results achieved and awareness of what UNEP delivers with the tax payers' money. Improved means for reaching out in each country should be better explored, such as: (1) existing government channels, (2) interested stakeholders, (3) engagement and training of journalists on environmental issues, (4) defining role UNEP National Committees should play and (5) more effective use of social media. The impact of and need for various languages, even beyond the official UN languages, should be taken into account in all efforts.
24. The Division of Communication and Public Information will play an essential role in guiding and leading the communication efforts surrounding UNEP's funding.

## 3. Delivering the resource mobilisation strategy

### 3.1 Government responsibilities

25. Each and every Member State needs to determine for itself, in concrete terms, how it will contribute to the realisation of its Rio+20 commitments regarding UNEP's financing. It is important that the Member States:
  - Ensure that their counterparts at UNHQ understand the logic behind UNEP's Programme of Work and Budget, particularly the Regular Budget component, to enhance the quality of the deliberations over the Environment chapter;
  - Work with each other and the UNEP Secretariat in creatively thinking of options for widening and deepening UNEP's resource base;

- Share views, ideas and commitments on how the funding targets of the organisation can be achieved and, when appropriate, have these exchanges among governments in official and informal fora.
- Define their information needs for the necessary facts and figures on the delivery of results, efficiency, effectiveness and transparency to support communication efforts to provide the right information, to the right people, and the right time, in support of the environment and UNEP.
- Reduce, on their part, additional administrative costs for the Secretariat, e.g., by conducting common/joint assessments of UNEP rather than individual ones, standardising reporting requirements and reducing tight earmarking of funds in favour of un-earmarked or lightly earmarked funding.

26. Interested governments should work closely with the UNEP Secretariat, to develop and execute a country-by-country funding strategy, which would include the identification of:
- various funding sources within the government and with other national organisations, including the private sector;
  - relevant partners for working with UNEP in the delivery of its expected accomplishments and leveraging on its work; and
  - correct timing and contacts for maximising results.

### **3.2 Federated system of responsibilities in the Secretariat**

27. The Secretariat will actively contribute to and support the Member States in the implementation of the funding strategy. In a matrix organisation, successful and coherent fund raising efforts - presenting UNEP's value proposition - require clear roles and responsibilities and adequate and timely consultations with relevant colleagues and office:

- The Executive Director and the Deputy Executive Director lead resource mobilisation efforts, provide strategic and policy guidance and make final decisions where internal consensus has not been reached. Their engagement with donors and partners will be strengthened with increased prior planning and the support of country-by-country strategies;
- The Office for Operations and Corporate Services (OfO) leads the resource mobilisation efforts for the Environment Fund and global strategic cooperation agreements. OfO provides donor intelligence at the global level working closely with Regional Offices (ROs), Divisions and Sub-programme Coordinators (SPCs). OfO will work with the SPCs, their divisional focal points, Division Directors and ROs to outline funding strategies by sub-programme and by region to most effectively allocate corporate level resources and attract extra-budgetary financing.
- Regional Offices (ROs) work closely with OfO to mobilise contributions to the Environment Fund and other sources for corporate level contributions. ROs lead fund raising efforts from individual countries in their regions, in close consultation with the SPCs. They also provide regional and national programmatic, policy and fundraising intelligence to the organisation, and work with OfO, Division Directors and SPCs to encourage and assist countries in their regions to contribute to the Environment Fund first and foremost, as well as complementary funding through Trust Funds.
- The UNEP Brussels office of the Regional Office for Europe, in close collaboration with OfO, coordinates the resource mobilisation efforts vis-à-vis the European Union and its institutions, for all types of funding instruments working in accordance with the new Memorandum of Understanding between the European Commission and the UNEP Secretariat being prepared to replace an existing one.
- The Division Directors guide the development and execution of fund-raising strategies and prioritisation of corporate resource allocation for accomplishments under their responsibilities, and sub-programmes for which they serve as lead directors; they guide the input of divisional focal points taking into account other sub-programme strategies. Furthermore, they provide programmatic intelligence and advice to OfO, ROs and SPCs.

- The Sub-programme Coordinators (SPCs), in close consultation with divisional focal points and ROs and under the overall guidance of the Lead Division Director, analyse needs, identify funding gaps and determine priorities for resource mobilisation for their respective sub-programmes, request allocations of corporate resources and develop fund raising strategies for their respective sub-programmes.
- Project managers fundraise for their projects under the overall guidance of their SPCs and Division Directors. They consult on the same with OfO and ROs, if needed.
- The Division of Communication and Public Information (DCPI) works with OfO on messaging for fund raising and leads the production of global and regional outreach materials, including via the internet. DCPI also plays a leading role, in close consultation with the ROs, in engaging with national media.

### 3.3 Defining resources

28. UNEP will not limit its resource mobilisation efforts to financial resources. The Environment Fund and supporting earmarked funding clearly play a central role, but support in other forms: e.g., hosting of important meetings and events, adopting, scaling up or otherwise implementing UNEP methodologies and tools are also welcome. The more we move towards regional and national delivery, the more other resources have a role to play, including in kind contributions from UNEP's partners.

## 4 Monitoring achievements

29. The UNEP Secretariat will monitor the implementation of this strategy at the corporate level, in as concrete a manner as possible, e.g., by quantifying: the shifts between and within funding sources, the number of Member States that contribute to the Environment Fund and to other funds, the number of country-by-country strategies developed and executed, the progress made in providing the communication messages and products, etc. Information on these shifts, changes and achievements will be shared with the governments and the Secretariat itself.

## 5 Conclusion

30. The UNEP Funding Strategy is to be used as a tool to help the Member States and the Secretariat to work together and deliver on the SSAIFR future to which we have all committed. Continuous, results-focused discussions and actions must be taken at global, regional and national levels in order to shift the funding towards less earmarking, widen the donor base, increase delivery through partnerships and increase the efficiency and effectiveness of the organisation. An overall assessment of the effectiveness of and the compliance with this strategy will be conducted by the end of the strategic planning period.
31. The Rio+20 outcome belongs to the governments. The UNEP Secretariat is there to support the collective realization of a vision for integrating decades of important normative environmental work into each and every country for the benefit of current and future generations. There is no sustainable development in a degraded environment. The complexity of our goal, coupled with the current global financial situation, challenges all governments to deliver a SSAIFR future for UNEP.

Approved by the Executive Director 31 January 2014