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Executive Summary

This Resource Mobilization Strategy sets out how UNRWA can raise the resources needed for delivering on its obligations to Palestine refugees.

The Strategy is based on strengthening capabilities toward external partners, delivered through improved internal capacity. Three high level strategic objectives have been set: to deepen the partnership with traditional donors; to diversify the donor base; and to develop improved cross-agency capacity to mobilize resources.

Resource mobilization is an activity that implicates all of UNRWA and the successful implementation of this strategy will require improvements to capacity throughout the organization, and continued and strengthened partnerships beyond.

A unique UN Agency

UNRWA is the largest United Nations program in the Middle East, providing assistance and protection to a population of nearly five million registered Palestine refugees in Jordan, Lebanon, the Syrian Arab Republic and the occupied Palestinian territory (oPt). Unlike other United Nations organizations that work through local authorities or executing agencies, UNRWA provides its services directly to Palestine refugees, plans and carries out its own activities and projects, and builds and administers facilities such as schools and clinics in collaboration with governmental authorities in the areas of operation.

The partnership between UNRWA, donors and host authorities has successfully ensured basic health and literacy that compares favorably with other countries in the region, despite very challenging operating conditions.

Meeting international obligations

Resolution 302 (IV) of December 1949, most recently renewed in resolution 65/100 of 10 December 2010, defines UNRWA’s mandate and sets the obligation of the international community. The costs of delivering on the mandate have increased at a rate higher than the financial contributions received; a rising refugee population and needs exacerbated by crises has left UNRWA chronically underfunded.

The Agency is and will remain highly dependent on a core group of donors contributing funding consistent with the obligations of the international community. Efforts to broaden the donor base have been successful but have been addressed in earnest only in recent years.

The establishment in 2006 of a specialized unit has resulted in an increased share of the Regular Budget being borne by Arab donors and the Agency has made some initial progress in building relationships with donors in non-traditional and emerging markets.

Outlook

The funding outlook is at best uncertain. Many traditional donor economies are implementing austerity plans to reduce public spending, including international aid.

In order to sustain its operations over time UNRWA needs to increase revenue by at least 3% annually over the next four years: and is very likely to need continued funding for reconstruction and other projects to address consequences of the crises.
Introduction

Why mobilize resources?

UNRWA has provided essential services to Palestine refugees in the West Bank, Gaza Strip, Jordan, Lebanon and the Syrian Arab Republic since starting operations in 1950 under the mandate of UN General Assembly resolution 302 (IV). The stated mission of the Agency is to “help Palestine refugees achieve their full potential in human development under the difficult circumstances in which they live”. UNRWA implements its mandate through direct delivery of education, health, social, and microfinance services to refugees registered with UNRWA. At the heart of UNRWA’s resource mobilization strategy lies the deep-seated realization that to achieve our historic responsibilities to the Palestine refugees and to the international community, the Agency must and will forge a new and creative paradigm to address its long-term funding aspirations.

Despite generous support from the international community and host countries, a number of external factors continue to present a challenge for UNRWA in meeting funding requirements for UNRWA’s core budget, the General Fund. For historical reasons, this “temporary” Agency is almost entirely dependent on voluntary contributions. Changes in global economic dynamics can therefore have a direct impact on funding toward UNRWA, both in terms of the General Fund as well as Emergency appeals and project financing. More than 95% of contributions come from a small group of traditional donors. The present economic crisis has had a direct impact on funding in general as a result of many donors facing financial restraints and some traditional donors have reduced their contributions to UNRWA. Apart from economic uncertainty, volatility in the region has in the past few years affected UNRWA operations in four out of five fields. The implication of the ‘Arab Spring’ on operations remains to be known.

Demand for UNRWA services has also grown, corresponding to the steady increase of UNRWA beneficiaries, with 4.97 million refugees registered in December 2010.

The challenge ahead is sobering. In order to sustain its operations over the next four years, UNRWA must increase revenue by 3% annually. This strategic document addresses that urgent imperative through a rigorous dissection of the markets, detailed analysis of the opportunities and forward-looking identification of resource mobilization priorities.

Origins of this Resource Mobilization Strategy

In recognition of the challenges faced by the Agency, and with continued resolve to fulfill its mandate to the Palestine refugees, UNRWA embarked on an organizational development process in 2006 that was to last three years and resulted, among other things, the Agency’s Medium Term Strategy. This process has since been renewed in the Sustaining Change initiative in which focus shifted from management to ensuring quality in program activities. Both the Medium Term Strategy and Sustaining Change recognize the need for UNRWA to develop a Resource Mobilization Strategy in order to support its services.

The development of the vision contained in this document has been long and inclusive. The External Relations and Communications Department (ERCD) held preliminary consultations with donors and hosts in March and April 2011 in order to set the scope for the next four years, and worked to build a strategy outline, which was discussed at the Sub-Committee and later endorsed in June by the Advisory Commission (Ad Com). In order to benefit from the experience of sister UN agencies
and to learn from best practices in resource mobilization, ERCD visited various agencies in Geneva in July 2011. External support was sought for the analytical research and background to the strategy, and a consultant was selected to support the internal and external reviews, and to draft this document. Extensive internal consultations took place in September and early October 2011, including a Resource Mobilization Workshop, followed by a fresh round of consultations with external stakeholders.

About this document

This Resource Mobilization Strategy document is relatively brief, but it is both conceptual and practical. Extensive supporting analysis and facts may be found in the accompanying annexes. The Strategy makes a vital link between external funding challenges and the continued internal improvements necessary to achieve the objectives, many of which build on work already underway. The required activities to deliver these objectives have been structured into a series of logical frameworks. These will form the bases of the annual work-plans for each division in ERCD, providing coherence and vision over the next four years.
1. Situation Analysis

1.1 Global Context

The Resource Mobilization Strategy, outlined in the spring and finalized in the autumn of 2011, was formulated at a time of significant uncertainty within the global economy: the sovereign debt crisis in Europe and political turmoil in the US in relation to the national debt ceiling indicate the poor state of public finances in many of UNRWA’s traditional donor countries and has resulted in unforeseen cuts in funding. The ‘Arab Spring’ of political change in several Arab countries also changes the outlook for UNRWA in an as yet uncertain way; in the short term it has reduced available funding (as a result of cancelled pledges) and put increased pressure on services within some of the fields, but may yet attract additional funding into the region.

1.1.1 A mixed outlook for the Global economy

According to the latest analysis published by the Organisation for Economic Cooperation and Development (OECD) in September 2011, economic recovery appears to have come close to a halt in major industrialized economies, with decreasing household and business confidence affecting both world trade and employment. Growth remains strong in most emerging economies, albeit at a more moderate pace.

Economic growth in the G7 economies (excluding Japan) will remain at an annual rate of less than 1% in the second half of 2011. The United States is set to grow in the range of 0.5% to 1%: a sharp fall from the previous decade of growth.

The impact of the sovereign debt woes in Europe and the United States and the associated turbulence in stock markets over the summer of 2011 have not yet been fully incorporated into projections, but certainly add to the uncertainty.

The risk of more negative growth going forward has become higher in some major OECD economies, but a downturn of the magnitude of 2008/09 is not foreseen.

Emerging markets continue to achieve higher levels of growth – but are not immune to the slowdown in the rest of the world. Concerns are also being raised about the sustainability of growth within the BRICS countries (Brazil, Russia India, China and South Africa) and the risk is that an asset price bubble may yet provoke an emerging market crisis.

Nevertheless, economic observers continue to project an increased role of emerging markets in driving growth: according to the Conference Board, advanced economies as a group will account for less than 1% of global growth from 2010-2020; 3.4% points will come from emerging economies. China and India together will account for half of global growth from 2010 to 2020.

1.1.2 Consequences for ODA among OECD DAC countries

The OECD Development Assistance Committee (DAC) published the latest of its surveys on donor spending plans in September 2011, covering forward planning of contributions to 2013. The outlook is not positive, even if overall contributions are expected to increase. In the last three years Global ‘Country Programmable Aid (CPA – a subset of ODA which excludes non-programmable items such as humanitarian aid, debt relief, and in-donor costs such as administration) increased by an average of 8% a year in real terms: this growth is expected to fall to 2% a year. For bilateral aid from DAC countries alone, the projected increase is
set to slow to a slightly lower figure of 1.3% per year.

1.2 Drivers of the funding requirements for UNRWA

The fulfillment of UNRWA’s mandate implies an obligation to meet the costs of providing for the wellbeing and protection of Palestine refugees. Irrespective of the economic crisis, the international community has an obligation to ensure its continued commitment.

In 2010 the total level of contributions for all funding portals reached $840 million: an increase of 150% over the figure of 2000 (or an equivalent compound annual growth of 9.6%). The Regular budget doubled over the ten-year period, increasing by $275 million.

This growth has been driven by a number of factors, mostly beyond the control of the Agency: increases in the overall refugee population (average annual increase of 3.4% compound in the last 10 years); inflation (which has averaged in excess of 5% annually); statutory wage increases (UNRWA’s wage bill is indexed to wage rates applied by host governments); and increased numbers of refugees having recourse to UNRWA services as a result of the hardship caused by the blockade of Gaza and Israeli practices in the West Bank, including house demolitions and farmers being removed from their lands in addition to the substantially increased costs to the Agency of Israeli security procedures in relation to goods being shipped into Gaza from Israel. In the Gaza Strip alone, the Agency has been forced to palletize goods for import to Gaza through the Kerem Shalom, the only crossing in regular operation. The additional costs associated with the storage, demurrage, transportation and palletization of goods exceeded $2.3 million in the first six months of 2011 alone (not including staff days lost due to closures and other restrictions). In addition, the Agency has been compelled to seek an additional $1.3 million per year from donors in order to comply with the requirements for Israeli approval of UNRWA/UN construction projects and the associated import of construction materials. This diverts much needed funding from the Agency’s core operations.

The Emergency Appeal and the Project budget also grew, but were subject to higher variability in spending as a function of the funds available. Major emergencies, such as the 2008-9 Gaza war and the subsequent and ongoing blockade and the destruction of Nahr El Bared Camp in Lebanon in 2007 caused exceptional increases to UNRWA requirements.
## Funding structure

<table>
<thead>
<tr>
<th>General Fund</th>
<th>Emergency Appeals (e.g. Gaza and WB)</th>
<th>Projects</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Definition</strong></td>
<td>Support &quot;core&quot; activities that require recurrent resources.</td>
<td>Responding to emergency conditions; i.e. those created by external factors that are expected to be provided as long as these external conditions prevail.</td>
</tr>
<tr>
<td><strong>Predictability</strong></td>
<td>High level of predictability</td>
<td>Unpredictable</td>
</tr>
<tr>
<td><strong>Typical Intervention</strong></td>
<td>Provision of health, education, and relief and social services, as well as support services that enable UNRWA to operate.</td>
<td>JCP (Job creation program), emergency education, additional relief related to the external factors.</td>
</tr>
<tr>
<td><strong>Source of funding</strong></td>
<td>93% voluntary contributions, 5% UNNY – Int. Staff, 2% Others</td>
<td>Earmarked and un-earmarked contributions.</td>
</tr>
<tr>
<td><strong>Increasing resource needs</strong></td>
<td>Set to increase by a minimum of $30 million in 2012 and $20 million a year thereafter</td>
<td>UNRWA is presently able to meet less than half of identified needs.</td>
</tr>
</tbody>
</table>
| **Challenges for resource mobilization** | • Sustain commitment from Traditional Donors, while gradually reducing their share  
• Diversify base of countries contributing to GF | • Set a realistic needs-based target and explain the consequences for refugees in not meeting this target  
• Identify EA commitments that may extend to more than one year | • Develop a clear rationale for the prioritization of projects and successfully position these projects to potential donors |
| **Focus for resource mobilization** | • Gradually reduce share of traditional donors to around 85%  
• Maintain trajectory of Arab donors to around 3%  
• Maintain trajectory of non-traditional donors to around 4%  
• Increase Emerging Markets to around 1.5%  
• Add a small but growing contribution from private sector | • Traditional Donors will be encouraged to continue to contribute the majority of EA funding – of the order of 85% to 90%  
• Arab partners maintained as a key provider of EA (of the order of 10% or more of specific crises)  
• Add a small but growing contribution from private sector | • Arab donors to be encouraged to maintain their significant contribution to projects (of the order of 20%-30% overall, and significantly more towards preferred projects) |
| **Major Risk** | • Rise in contributions from Traditional Donors below inflation or even capped | • Capped or falling contributions from Traditional Donors | • Operational restrictions frustrate project progress and discourage further investment from donors |
1.3 The reforming context of UNRWA

This Resource Mobilization Strategy is consistent with a continued focus on organizational improvement within UNRWA that can trace its origins to the Geneva conference of 2004 and the consequent production of the first Medium Term Plan (MTP) for 2005-2009, which constituted a major step forward in how UNRWA plans and tracks its progress against objectives. The Organizational Development initiative built on this momentum through:

- the decentralization of functions and processes;
- the introduction of strategic-planning processes and program cycle management; and
- the re-engineering of key processes to increase efficiency in program delivery.

In terms of reporting and financial management UNRWA has made considerable progress over the last couple of years:

- Since 2010 UNRWA has been one of the very few UN entities to conduct a monthly hard close of the General Ledger. The General Fund (GF) is fully accrued. UNRWA is now able to provide a monthly reporting of expenditures, and current and projected funding needs.
- Work on closing expired projects and rationalizing the list of projects has helped to improve transparency and to ease management accounting for projects, even if major challenges remain.
- UNRWA is also ahead of many UN Agencies in its switch to International Public Sector Accounting Standards (IPSAS), which should be implemented from 1 January 2012.

1.4 Organizational change within Resource Mobilization

UNRWA’s central objective for its resource mobilization, announced in the Medium Term Strategy (MTS), is to bridge the funding gaps in the GF, Emergency and Projects budgets, through more predictable and sustainable funding flows. Special attention is to be given to the GF given its importance to UNRWA’s core operations. The MTS also emphasizes that stronger internal capacity to lead resource mobilization will be needed.

With the Sustaining Change initiative in 2009, UNRWA renewed its commitment to develop its resource mobilization capacity in a number of key areas including:

- Merging the Department of External Relations with the HQ Public Information Office to create the Department of External Relations and Communications (ERCD);
- Developing a Partnership Strategy and establishing a Partnerships Division within ERCD;
- Establishing a new Representative Office in Washington; and
- Strengthening the existing Representative Office in Brussels.

1.5 Trends in the donor dependency of UNRWA

1.5.1 Total Contributions

Traditional Donors, defined as OECD/DAC members that were also members of the AdCom in 2009, dominate total contributions to UNRWA. In 2010, 87% of all funding came from this grouping of countries – in particular the US, the European Commission and some European Union member states (such as Sweden, UK and the Netherlands). The two largest donors accounted for over 49% of contributions - a share which has slightly risen over the last ten years. Nevertheless, the trend is gently and consistently on the decline toward lower dependency on traditional donors (in the year 2000,
Traditional Donors accounted for 92% of all contributions).

This fall is due to an increased share in contributions from two groups: Arab donors who have given generously toward projects and the 'non traditional' donor group (which includes established Western donors such as Luxembourg and Finland who were not members of the AdCom in 2009) which have consistently increased their share from 1.6% of the total in 2000 to around 3% today.

Arab donors have preferred to allocate their contributions in response to emergencies, and therefore their share has varied between 2% and 12% of total contributions. However, the trend of giving from Arab donors, whether in relation to their relatively modest contribution to the General Fund (GF), or toward Emergency Appeals (EA) and Projects is on the increase. Arab donors have shown their most consistent and sustained level of contributions toward projects (including the Lebanon Crisis) and in 2010 contributed 20% of project funding (34% in 2009).

In assessing overall Arab contributions to UNRWA it is also important to acknowledge the central role of host authorities, including the PLO/PA. The responsibility to assist refugees lies with the international community through UNRWA. Host countries have, in parallel, played a key role in supporting refugees by hosting them amidst their own communities. That has also meant allocating substantial resources in complementing and supporting UNRWA services.

1.5.2 General Fund
The General Fund is the lifeblood of UNRWA. It pays for the on-going commitment of UNRWA in conducting its mandate within the five Field Operations and in providing management and administrative support. Ensuring sustained and predictable funding to the GF is the priority for resource mobilization within UNRWA.

In nominal terms GF income doubled in the period 2000-2010, reflecting demographic trends and inflationary pressures in UNRWA’s areas of operation. The average growth rate over the 10-year period was equivalent to an annual rate of 7.2% compound.

The GF is more dependent on the Traditional Donors: 88.5% of GF came from this group in 2010, a share which has fallen only marginally over the last ten years (in 2000 it was 91%). Most of the reduced dependency on Traditional Donors is due to the rise in the 'non traditional' group. Arab partners have maintained a relatively consistent share (2%-3%). Meanwhile, the Emerging Markets group, notwithstanding its recent increase in contributions toward the GF, still represents a very small proportion of funding.

1.5.3 Traditional Donor perceptions of UNRWA
Following interviews with a sample of representatives from donor countries in September 2011, a number of concerns were raised in relation to UNRWA’s ability to successfully reach its resource mobilization targets.

• Public sector funding pressure:
Increasing contributions from traditional donors will require an equivalent obligation on the part of UNRWA to show efficiency as well as progress in diversifying its donor base.

1 See annexe D for a detailed analysis of the historical sources of funding for UNRWA.
2 See annexe D2
3 See annexe D6
• **Budgeting transparency**: Traditional donors would like to have a clearer view and predictability in terms of total funding needs. It is also of concern that Emergency Appeals funding covers issues which are multi-year in nature, and may be a source of risk if this form of funding was not to be renewed.

• **Capacity for resource mobilization**: Traditional donors would like to see progress made in how UNRWA structures its RM efforts, and how it approaches partnerships.

By formalizing UNRWA’s resource mobilization objectives and providing greater clarity on how the Agency intends to achieve them, this strategy should provide an answer to these concerns.

### 1.6 Successes in fund raising

Between 2000 and 2010 UNRWA increased overall funding by 150% from $336 million to $840 million in current US dollar terms. The increase is a reflection of rising needs and continued donor confidence in UNRWA. Two examples of resource mobilization initiatives during this period are particularly relevant to this strategy: Arab donors and the Spanish National Committee.

#### 1.6.1 Arab Donors

The establishment in 2006 of a specialized Arab Partners Unit has resulted in an increased share of the General Fund being borne by Arab donors from 1.5% to 2.9%. Although this share started from a low base, it has increased from $5.3 million to $15.9 million. Increased commitments are more striking in emergency and project funding which rose from $12 million in 2006 to $28 million in 2010, peaking at almost $107 million in 2009.

While Arab ODA has typically represented between 1.2% and 4.7% of global ODA flows, UNRWA’s overall financing (GF + Projects + Emergency Appeals) is financed to a greater extent by Arab donors – between 1.7% and 10% of UNRWA funding has been from Arab sources.

#### 1.6.2 National committees: the Spanish success story

The Spanish National Committee, established in 2005 and raising funds successfully since 2006 is now providing around €3 million a year to UNRWA. Over the last five years the Committee has provided €11.2 million in total contributions, 96% of which was derived from Spanish Regional Government funds.

The Spanish National Committee shows a high level of return on investment, which has increased consistently since its founding. In 2010 the revenue of €3.4 million was the equivalent of nearly eight times the operating cost of the committee.
2. A review of trends in sources of funding

2.1 Trends in ODA and Humanitarian Assistance

This section considers trends in the last ten years in official development assistance (ODA) and humanitarian assistance, globally and directed toward the Middle East and Palestine in particular, in formulating projections for sources of funding. The OECD DAC collects information on ODA from its member countries, which comprises all of UNRWA’s ‘traditional donors’ and many of the ‘non traditional donors.’ This is supplemented by voluntary reporting by Arab countries and several others to DAC. Humanitarian Aid is tracked through OCHA’s FTS voluntary reporting. Additional information in particular for Emerging Markets is available through individual country reporting by government departments responsible for aid.

2.2 Summary of the key findings from annexes E, F and G

2.2.1 Overall

• During the last ten years ODA has grown on average by 7% per annum. UNRWA’s growth of 9.6% in its total contributions (a near trebling, from $336 million to $840 million) is nearly three percentage points higher than the average growth in global ODA. However, contributions to UNRWA’s Regular Budget grew at 7.2% a year in line with ODA growth.4

• The occupied Palestinian territory (oPt) has been able to attract somewhat more ODA than the global average: in constant dollar terms ODA to the region grew by around 13% per year between 2000 and 2008.

• UNRWA raises a significant proportion of its funding base from Emergency Appeals: this accounts for 20% or more of the Agency’s funding, while only 9% of total ODA is humanitarian aid.5

• OECD DAC is warning that the outlook from donors is that growth in ODA is expected to slow to an annual 2% increase over the next three years.

2.2.2 Traditional Donors

• UNRWA has decreased its overall dependency on Traditional Donors from 92% in 2000 to 87% in 2010. In the same period OECD DAC countries also decreased their share of global ODA from 98% to 95%.

• UNRWA has been particularly successful in raising Emergency Appeal funding from outside the Traditional Donor group: during the 2009 crisis appeal a relatively modest 74% of the appeal came from traditional donors. Analysis of global Humanitarian Aid shows that 95% of all funding comes from OECD DAC countries – which equates closely to UNRWA’s traditional donors.

• The US has consistently increased its contributions over the last 10 years - however it has done so at a slower rate than its overall ODA. While the total US contribution to UNRWA has increased by 10.7% per year on average, the US increased total ODA contributions by an average of 13% a year over the same period.

• Similarly the EU which when adding together the EC and EU member states is actually the biggest source of funding for UNRWA, increased ODA by an average of 12% between 2000 and 2009, while

4 Annexe E1
5 Annexe F
contributions to UNRWA grew at the somewhat slower rate of 10.1% per year on average

• Several of UNRWA’s largest Traditional Donors – such as Sweden, Norway, Netherlands and Denmark are above their 0.7% ODA / Gross National Income (GNI) target ratio. Together with the continued economic crisis, this can be expected to diminish further increases in total ODA from these countries.

2.2.3 Arab Donors

• Arab donors accounted for between 1% and 5% of global ODA flows in the last ten years. Arab donors typically account for a somewhat higher share of UNRWA total funding, especially in crises.

• However, Arab Donors account for a relatively modest share of between 2% and 3% of the Regular Budget, even if the trend is positive.

• The key to increased contributions would appear to be the Kingdom of Saudi Arabia, which is a dominant force in ODA and Humanitarian Aid in the region and an important opinion leader for neighboring countries. In 2010 the KSA agreed to an increase in its Regular Budget contribution to $2 million.

• Arab bilateral donors have shown a preference for larger projects and in particular infrastructure improvement programs.

2.2.4 Emerging Markets

• Non-DAC countries have a much lower share of ODA relative to their GNI’s: Emerging Markets have some room to grow in providing Development and Humanitarian aid.

• There would appear to be room for UNRWA to increase the level of contributions from Emerging Markets: the group (including the ‘BRICS’) represented around 3.7% of total ODA in 2009 but only 0.3% of total contributions to UNRWA (see Annexe G).

• While data on the recipients of Emerging Market ODA remains challenging to obtain, it is known that these countries do have a propensity to give to the UN system: typically between 30% and 50% of Humanitarian Aid from non-DAC countries goes to the UN system. There is no particular reason why UNRWA could not be a bigger beneficiary of Emerging Market ODA.

• In terms of Humanitarian Aid, the Emerging Markets represented 1.2% of global Humanitarian Aid in 2010, whereas UNRWA received no funding for its Emergency program from these countries.

2.2.5 Non traditional donors

• Western countries, such as Luxembourg and Finland, have consistently grown their share of total contributions through donations to the GF. They have not contributed significantly to the Emergency Appeals.

• Luxembourg, one of the major contributors in this group and a donor that qualifies for membership in the AdCom, is already above its target ODA / GNI ratio and could be subject to limitations in ODA growth as a whole. Finland has been a member of the AdCom since 2010.

• This group also includes countries that have recently become EU member states and several others that have not yet been consistently researched by UNRWA.

6 Annexe G
2.3 Private sources

UNRWA is a reflection of the commitment of the international community to support Palestine refugees until a just and durable solution to their plight has been found. The Agency has overwhelmingly relied on official donors to sustain its operations.

UNRWA has done very little to effectively target private sources of income, and most of what has been achieved has been opportunistic. The Agency aims to improve this situation by investing in private fundraising and anticipates that income from this sector will represent a modest but significant supplement to its overall resources, while it will continue to rely on government funding from new and traditional donors.

A study of other UN Agencies\(^7\) shows that private sector sources of funding are increasingly important to the work of multi-lateral agencies. However, developing a significant presence among private donors requires substantial investments in relevant skills and resources.

Following are some of the findings of the review:

- ‘Pledge giving’, both online and off-line, whereby private individuals agree to make regular contributions, is the priority for several UN agencies, who have found this to be a successful and low-cost way of fundraising from the public.
- Corporations and foundations would need to be targeted on a very selective basis – a particular challenge will be to direct donations toward complementing and enhancing core services rather than create specific projects.
- High Net-Worth Individuals (HNWIs) are a significant source of potential income and therefore any investment in Private

\(^7\) See annexe I: “Learning from sister organizations”
3. Funding needs

Commitments and positive results
UNRWA mobilizes resources to deliver on its mandate for Palestine refugees: advocating and providing for their human development and humanitarian needs. Historically UNRWA has had to address the deficit between the cost of covering those needs and what has been feasible to finance. Although the Agency has had to prioritize it can nevertheless show some successful outcomes, irrespective of the on-going deficit. Some examples include:

- According to the World Bank\(^8\) the West Bank and Gaza has been a “stellar performer” with respect to achievements in Human Development. UNRWA is responsible for a significant part of achieving this accolade.

- Several indicators show how the West Bank and Gaza have accomplished and maintained standards above comparable benchmark countries and regions: within UNRWA’s two key Human Development Goals (in education and healthcare) the region has a significantly higher adult literacy rate and lower infant mortality rate than comparable regions (in income terms) and even in relation to the global average.

- The analysis of the 2003 and 2007 TIMSS\(^9\) student achievement results shows better academic results of UNRWA students as compared to host government schools in the oPt.

- A study commissioned by DFID in the West Bank in September 2011 underlines the relative success in education achieved by UNRWA primary schools. In standardized tests UNRWA schools scored better than their Palestinian Authority (PA) counterparts, while also managing to reduce unit staffing costs.

Outside oPt:

- UNRWA’s students in Syria regularly score better on the preparatory school national exam than their host government school counterparts...

- In the 2009 PISA\(^10\) results UNRWA students in Jordan fared better than their government school counterparts.

3.1 Consolidation of needs and budgets

3.1.1 GF funding needs
The GF is subject to detailed and rigorous budgeting: within the priorities established under the MTS each Field assesses its needs and projections are made based on an established set of cost drivers (principally the population covered by UNRWA’s education and primary medical services) and expected unit costs (staff costs and materials).

The ‘Blue Book’ publishes this needs-based assessment for each biennium, setting the expected level of fundraising. Consistent with the MTS, UNRWA projects General Funding needs according to four human development goals, governance and other costs\(^11\) (for more details, see graphs and analysis in Appendix B).

- Consistent with UNRWA’s mandate and priorities, educational related objectives under the Human Development Goal ‘Acquired Knowledge and Skills’ account for at least 50% of GF funding needs.

- This needs-based projection of GF estimates a 5% increase in 2012 (an

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\(^8\) “Sustaining achievements in Palestinian Institution building and economic growth – Economic Monitoring report to the ad-hoc liaison committee”, World Bank, September 18\(^\) 2011

\(^9\) Trends in International Mathematics and Science Study (TIMSS) 2003 and TIMSS 2007 surveys conducted by the IEA (International Association for the Evaluation of Children’s Progress)

\(^10\) Programme for International Student Assessment

\(^11\) Contingency, salary, severance payments, ERP and capitalisation and depreciation reserves
additional $30 million) and 3% in 2013 (an additional $20 million). Structurally, costs increase at least $20 million per annum.

3.1.2 Other funding needs

In addition to the GF, UNRWA raises humanitarian funding through the Emergency Appeal and Project financing.

- The Emergency Appeal is a bottom-up exercise in which the Fields calculate the required funding to address critical and immediate needs. For 2011 it is projected that less than 50% of these requirements will be met which will once again leave critical shortages unaddressed.\(^\text{12}\)

- Projects budgets are estimated by the Field and funded according to donor acceptance of a proposal.

3.1.3 Consolidation of needs: two scenarios

The consolidated needs to 2015 are subject to two key uncertainties:

1. The resolution of existing crises within the region, or the outbreak of new emergencies resulting in a direct worsening of conditions for refugees or increased pressure on UNRWA’s services within the Fields of operation.

2. Restrictions on the operational conduct of existing projects affecting the timing of work and expenditures - for instance, access to Gaza and operating conditions for Nahr al-Bared Camp reconstruction

Furthermore, projections are considered on two fundraising scenarios: one which is based on the Agency’s needs; and one based on the requirements to sustain present levels of operations only.

- **Needs based level**: The GF is increased to the 2011 needs-based level, then increased for projected operating cost increases in 2012 to 2015. Humanitarian needs will depend on a range of contextual factors and are impossible to predict several years in advance. So for 2013 and beyond the 2012 Emergency Appeal level has been taken as a constant. The needs-based level further presupposes that the two large reconstruction programs, Gaza and NBC, can be finalized within the next two and three years respectively. In such a scenario the Agency’s resource requirement would peak in 2013 at some $1.37 billion. In 2015 requirements have declined to $1.14 billion reflecting the completion of large reconstruction projects.

- **Minimum requirement level**: Only the very basic needs of the refugees are covered. The GF is considered at the 2011 level and is augmented for structural cost increases only. Under this base scenario the amount of Emergency Assistance is projected at the 2011 likely outcome level which meets less than half of the needs identified in the Appeal. For the larger reconstruction programs a more realistic figure of the last three-year average has been chosen, which substantially increases the implementation period.

- Taken together this will lead to a steady increase in funding requirements to $995

\(^{12}\) See annexe C for a discussion of the impacts of this EA funding deficit on the refugees

\(^{13}\) Financial presentation at the Advisory Commission, June 2011
million in 2015 just in order to maintain services at the present level.

• The two scenarios are illustrated in the following graph.

3.2 Conclusion

In order to meet the needs in refugee communities UNRWA would have to significantly increase its fund raising as illustrated by the needs columns. Based on the trends in UNRWA’s sources of funding as set out in Section 2 such a dramatic change of trajectory is not deemed feasible. For the purposes of this strategy minimum requirements are taken as the base level during the next two biennia leading to an increase in donor income from $841m in 2010 to $995m in 2015.
4. Opportunities, risks and contingency analysis

4.1 Importance of evaluating opportunities and risks

UNRWA operates with an extremely low level of working capital\(^\text{14}\) (the equivalent of as little as one month, or less, of average expenditures) while having a significant base of fixed commitments in an operating environment that can generate unanticipated additional expenditures. Deficits between income and expenditure can have sudden and dramatic consequences for UNRWA to fulfill its mandate.

Within the Resource Mobilization Strategy, risks in relation to securing adequate funding are considered; analysis of operating risks is a responsibility of the Field operations.

Conversely, opportunities exist to improve or reposition the agency toward existing partners or to reach out to new partners. These areas of opportunity and risk are considered in the Resource Mobilization strategy in section 5 and its implementation described in section 6.

4.2 High level opportunities and risks

The following page lists a selection of opportunities to improve UNRWA’s ability to sustainably mobilize resources. Many opportunities have an element of risk: failing to answer to the opportunity in the right manner may leave UNRWA worse off. Conversely, many of the risks identified in the following section could possibly result in positive outcomes: if UNRWA is able to provide adequate responses to some of the risks, the agency could improve its position.

\(^{14}\) According to the Finance Department, UNRWA’s Working Capital has declined over last the last 10 years from $80 million to $42 million as of 1 January 2011, compared with monthly expenditures of around $50 million.
### 4.2.1 High level opportunities

<table>
<thead>
<tr>
<th>Opportunity</th>
<th>Assumption or requirement</th>
</tr>
</thead>
</table>
| Deepen relationship with traditional donors                               | • Capacity within ERCD and throughout UNRWA to improve support and relationship management of donors (see section 6 in this paper and log-frames).  
  • Initiating a culture shift toward greater ‘partnership orientation’ with donors and others  
  • A key requirement is an improvement in reporting timeliness and quality.  
  • Agree compelling value proposals for UNRWA and substantiate them with business cases |
| Diversify funding base: maintain the momentum in contributions from Arab Partners | • Prioritization and packaging of projects adapted to Arab partner motivations  
  • Improvements in the ability to track project progress for Arab partners |
| Diversify funding base: increase contributions from Emerging Markets       | • Capacity in UNRWA to focus on building these relationships  
  • Partnership with Traditional Donors on building relationships with these countries |
| Diversify funding base: develop a small but growing contribution from the private sources | • Investments in building a Private Sector fundraising and Partnership activity  
  • Finding and investing in suitable local partners to build and extend National Committees  
  • Improving the technology and support of on-line interaction and donations with the general public  
  • Ability to attract and engage personnel qualified in private sector relationship building and management |
| Regional political developments could bring new focus on Palestine refugees as a priority | • UNRWA capacity to reach out to donor capitals and advocate toward key decision makers |
| Consider new perspectives, such as youth, gender, protection that are clear and motivating toward donors | • Cross-agency alignment on thematic approaches |
| Better manage cross-organization interactions, roles and responsibilities to support resource mobilization | • Improved internal communications, accountabilities and processes |
### 4.2.2 High level risks

<table>
<thead>
<tr>
<th>Risk</th>
<th>Mitigating action</th>
</tr>
</thead>
</table>
| Global economic outlook severely degrades, and Traditional Donors cut back their ODA much more than anticipated | • Prioritize the improvements to agency-wide capacity for Resource Mobilization, as presented in sections 5 and 6  
• Accelerate campaign to deepen relationships with Traditional Donors  
• Accelerate campaign to diversify the donor base |
| Global attention and funding is diverted toward other countries in the region | • Improved outreach to donor capitals and other key decision makers  
• Communicate how the “Arab Spring” has affected (and continues to affect) UNRWA operations  
• Seek to position UNRWA within a context of regional stability |
| Palestinian statehood campaign results in financial sanctions against the PA (and knock-on effects on the demand for UNRWA services) | • Remain neutral to political stance taken by various donors and seek to ensure that UNRWA continues to be financed in relation to its mandate |
| ‘Peace process fatigue’ results in UNRWA losing its position as a priority for donors | • Maintain and continue to improve communications about the importance of UNRWA’s mandate  
• Improve justifications of ‘value for money’ in the investments made by donors in UNRWA  
• Improve UNRWA’s visibility and branding |
| Increasingly sophisticated competition, especially from other UN Agencies and other IGO’s, become preferred partners in oPt | • Ensure that UNRWA is able to maintain its relative positioning in communication, outreach to donors and improve quality of reporting to satisfy donors  
• Demonstrate UNRWA’s relative ‘Value for money’ in oPt |
5. Resource Mobilization Strategy

5.1 Resource Mobilization priorities

In order to promote aid effectiveness and avoid a proliferation of projects, UNRWA encourages donors to give un-earmarked funds. To the extent that donor funds are fully un-earmarked, priority is always given to the GF.

Responding to a range of donor priorities and requirements UNRWA seeks to maximize the resources available to the Agency by fully utilizing the opportunities arising from a variety of donor instruments and bilateral budget lines in all fields of operations.

UNRWA directs its resource mobilization efforts first and foremost towards meeting the requirements of the GF. Donors are encouraged to enter into multi-year performance-based agreements in order to increase income predictability and reduce recurrent fund raising costs.

When mobilizing humanitarian funding UNRWA seeks to ensure that minimum needs are met across fields with emergency programs.

Large reconstruction programs require a targeted (and somewhat opportunistic) RM approach and generally financed by agreements with specific donors. Efforts are made to secure funding to meet minimum annual operational requirements.

Discrete projects outside of larger reconstruction programs are funded as opportunities arise, provided they meet quality standards set by the Agency. The Agency does not actively promote the funding of small donor-specific projects which can be disproportionately costly to set up, track and review.

5.2 Funding targets by donor category

Taken together, the following are the major assumptions built into the four-year funding outlook:

• The Traditional Donors will continue to increase funding, but at a significantly lower rate than in the past. Given the outlook for ODA from DAC countries, it would be consistent to expect overall GF contributions to grow annually by no more than 2-4% and overall contributions at around 3% a year.

• It should be reasonable to justify an increase in the relative contribution of Arab donors toward the GF, while targeting at least a maintenance of their share of Emergency Appeal and Projects.

• Non-Traditional partners should be managed to increase their growth through diversifying contributions to more donors – while maintaining and growing the current key contributors in this group.

• Emerging Markets are rapidly increasing aid levels. Provided that UNRWA specifically targets these countries substantial increases in their contributions are feasible. The Agency aims for a ten-fold increase in overall income from these countries. However, recognizing that solid institutional relationships will take time to develop, the full potential of Emerging Markets will only be reflected in the following strategy period.

• Provided that a significant investment is made in terms of both human resources and operating budget there is a potential for substantial increases in income raised from private sources: online, individual giving, corporations, foundations and High Net-Worth Individuals (HNWIs). However, UNRWA’s overwhelming
reliance on government funding from new and traditional donors will remain.

5.3 Base case funding projections for 2012-15

Note that this presentation is based on the minimum requirement scenario as outlined in Section 3.1. It neither considers the additional funding required for Emergency Appeals to close the gap with needs, nor does it address reconstruction needs in full.

While the amounts for the Emergency Appeals and Projects in 2012 are known with a good degree of certainty, the figures presented from 2013 are given for the purpose of information and the setting of initial expectations: Emergency Appeals cannot be known in advance. The same lack of certainty applies to the exact timing of project expenditures given the continued restrictions and instability affecting field operations.
5.3.1 Base Case total contributions ($m)

This Base Case strategy for sources of funding is developed from the base case needs presented above, and applying the funding assumptions by donor category as described in section 5.2. It should be emphasized that this is based on minimum-required funding levels and an assumed stability in the region (for instance no new crises or aggravation of the existing crises).

- Under the above assumptions, total funding requirements in 2012 would be $938 million rising to $995 million in 2015
- Traditional Donors account for a declining share of total contributions: from 87% in 2010 to 80% in 2015.
- Annual growth in total contributions from Traditional Donors would be kept below 3% between 2011 and 2015.
- The rise in Arab donor contributions would be focused on priority high-visibility projects such as Gaza reconstruction.
- An additional $8 million in annual funding from Emerging Markets is targeted by the year 2015.
- Private Sector fundraising could potentially reach 2-3% of overall income in 2015 through a combination of online and off-line campaigns and efforts targeting HNWIs, corporations and foundations. Additional funding should come through UNRWA National Committees.

5.3.2 General Fund in Base case ($m) to 2015

- Under these minimum-required assumptions, basic GF funding needs will increase to $595 in 2012, rising to $660 million in 2015
- The Traditional Donors will account for 60% of the increase, and others 40%. The share of GF from Traditional Donors will fall from 89% to 84%
- This is equivalent to 3.6% annual growth for the Traditional Donors between 2011 and 2015
- The positive trend in achieving additional contributions from Arab Partners toward General Funding continues its current momentum by adding an additional amount of between $2 million to $3 million a year by 2015
- The majority of additional funding from Emerging Markets is expected to flow to the General Fund. Raising the EM share from 0.2% to 1%.
- Private Sector: efforts will be made to direct most of the private sector funding, in particular online and off-line individual giving, in support of the GF. By 2015 at least 2% of GF requirements should be met by private sources.
5.4 Strategic Framework

5.4.1 Overview of the strategic themes

The Resource Mobilization strategy considers how UNRWA will be able to deliver the expected funding and other requirements by strengthening capabilities toward external partners, delivered through improved internal capacity. It is based on three high level strategic objectives.

In the accompanying annexes to this strategy a series of log-frames has been defined that detail the steps for how the Agency plans to address these objectives. For the purposes of this strategy high level activities are described that are expected to increase in scope and quality over the next four-year period.

<table>
<thead>
<tr>
<th>Outputs</th>
<th>Outcome</th>
<th>Goal</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Deepen</td>
<td>Effective and efficient resource mobilization (provides requisite funding)</td>
<td>Stable, predictable revenue</td>
</tr>
<tr>
<td>2. Diversify</td>
<td></td>
<td>(sufficient to implement UNRWA program and support operations benefiting Palestine refugees)</td>
</tr>
<tr>
<td>3. Develop</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Deepen**

The first (and perhaps most critical) strategic objective is to maintain and strengthen relationships with the Traditional Donors, who have and will be expected to continue to provide the majority UNRWA’s funding. Economic and political constraints continue to tighten on the Traditional Donors and UNRWA is required to improve the quality of support offered to these partners. A number of initiatives are envisaged in this context to improve the confidence of these partners that UNRWA can continue to sustainably deliver its mandate. A new communications strategy (to be detailed) will prioritise interactions with key stakeholders and will offer different levels of visibility adapted to the requirements of donors.

**Diversify**

In order to protect the human development requirements of Palestine refugees UNRWA will need to pursue complementary sources of funding. This will not replace the burden placed on Traditional Donors to provide the majority of UNRWA’s funding, but will steadily decrease their share. Emerging markets,
already of considerable importance in the global economy, should be able to increase from their very low share of UNRWA’s funding toward a significant share.

By diversifying the donor base UNRWA will be able to access additional funding to cover potential gaps in its finances, but just as significantly attract a growing and increasingly committed community to the cause of Palestine refugees.

**Develop**

These externally focused objectives are dependent on the Agency’s ability to improve internal organization and capacities toward resource mobilization. Some of these improvements are about better management and coordination: through improved internal communication and alignment on priorities, significant improvements can already be made. All of the improvements will require the investment of time and may involve additional financial resources to build the teams or add capabilities, particularly in communications, partnership management and improved back-office capacity.

**5.4.2 Deepen the partnership with Traditional Donors**

Successful accomplishment of this strategic objective is highly dependent on the internal improvements outlined in section 5.4.4 and the implementation plan described in section 6. In particular, Traditional Donors are increasingly focusing on higher standards for transparency on UNRWA’s prioritization, definition of needs and improved monitoring and reporting. In addition, Traditional Donors expect UNRWA to improve internal accountability, to have more consistent messaging and interactions across the organization, and to continue progress on increasing operating efficiency.

Assuming that sufficient progress can be made in these improvements, the following activities address the challenge of deepening the relationship:

1. **Broaden the constituency within UNRWA’s network of Traditional Donor countries** which will require a focus on outreach to capitals toward key decision makers and political constituencies and proactive marketing (locally and in capitals) such as thematic field visits.

2. **Build deeper understanding of the identity and priorities of key decision makers** resulting in improved intelligence, such as annual Political and Financial Risk/Opportunity Assessments to update country-plans.

3. **Seek multi-year agreements with Traditional Donors** wherever possible.

4. **Set multi-year mutual expectations for Traditional Donors** where no multi-year agreement is possible and increase focus on annual consultations with governmental counterparts.

5. **Undertake joint exploration with Traditional Donors with the objective of establishing new donor relationships** such as those in Emerging Markets.

6. **Re-invigorate multi lateral fora** – such as the AdCom and Host and Donor meetings in order to promote commitment towards and improve understanding of the value of the Agency’s work.
5.4.3 Diversify donor base

Diversifying the donor base will enable UNRWA to address new and complementary sources of funding, reduce funding risks and bring together a broader constituency of support for Palestine refugees.

This strategy is based on the objective that more than half of increased overall funding requirements and around 40% of increased General Funding can be achieved from outside of the Traditional Donor base. To make this a reality, the Agency must improve its outreach to relevant decision makers in new partners, and reinforce relationships established in others. The Agency must also invest in new capabilities to develop and support privately sourced funding. A significant assumption is that UNRWA will accept investing part of the income from private sources into the development of this capability, in particular in headcount and information technology resources.

The high level activities to support this strategic objective are:

1. **Establish systematic communications** from UNRWA with diversified donor-base

2. **Develop targeted work-plans for prioritized Emerging Market opportunities.** Initially UNRWA will target 6 Emerging Market donors that are seen to represent RM opportunities and nurture the rest, which are increasingly important in international development aid (see annexe G). It will
build on recent success in encouraging contributions from these countries by focusing on high potential donors, and increasing visibility toward the remainder. This will entail: outreach to and engagement with Embassies and Representative Offices (Jerusalem, Amman, Tel Aviv, New York, Brussels, Geneva); familiarizing these EM’s with UNRWA’s fields of operations (field visits with local representative and officials from capitals); and UNRWA outreach in capitals with key decision makers and political constituencies.

3. **Develop targeted work-plans for key non-traditional donors**, including: preparing marketing and communications tools tailored to newest EU members (‘EU 12’) including translation in local languages; expanding UNRWA networks with constituencies in key Non-Traditional Donor countries; mapping and nurturing of external support network (such as think-tanks, local NGOs and lobby groups in Brussels); and UNRWA outreach in capitals and in Brussels with key decision makers and political constituencies.

4. **Arab partners**: Develop targeted work-plan for Arab partners to support existing government and institutional relationships.

5. **Private Sources**: **build support and capabilities.** This will include: piloting outsourced fundraising in Europe and replicating if successful; extending the National Committee structure to additional countries; enhancing online donations through improved communications design and upgraded technology; improving definition and management of collaborative partnerships.

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**Activities**

1. Establish systematic communications
2. Develop targeted work-plans for prioritized Emerging Market opportunities
3. Develop targeted work-plans for key non-traditional donors
4. Develop targeted work-plan for Arab partners
5. Private Sources - build support and capabilities

**Outputs**

- Developed relationships with EM
- Improved relationships with NTD
- Consolidated relationship with Arab partners
- Established functional private sector fundraising

**Outcomes**

- Diversified sources and donor-base contributing increasingly to resource needs
5.4.4 Develop Agency capacity to mobilize resources and manage donor relations

The external strategic objectives outlined above are dependent on UNRWA continuing its process of reform, and in particular building cross-Agency capacity to support resource mobilization. The strategy is not limited to the ERCD - rather it depends on actors in all parts of the Agency. A clearer corporate alignment is necessary so that different groups do not “compete” with one another in front of the donor. A greater consistency in priorities, messaging and collaboration towards commonly shared donor-oriented objectives needs to be instilled.

Greater clarity and consistency on the objectives for audiences in contact with the Regional Offices, Commissioner General’s Office, Fields and the ERCD could result in improved outcomes for the agency as a whole.

1. **Establish ToR for a Resource Mobilization Task Force** which will set annual targets and work-plan (ERCD)

2. **Quarterly meetings between ERCD and the fields**

3. **Increased capacity added to Project Control and Management** implementation and support

4. **Develop communication tools for different audiences** in particular linking field and program activities to economic, stability, developmental and humanitarian results

5. **Actioning donor visibility concerns** by creating a donor visibility cycle

6. **Create convincing investment products illustrating social returns**
6. Implementing the Resource Mobilization Strategy

6.1 Where does ‘resource mobilization’ take place within UNRWA?

Resource mobilization is not the unique responsibility of any one group within UNRWA. For example, Field Operations have always had close relationships with donors and other partners and after the ‘Organizational Development’ reforms they were encouraged to take a greater role in resource mobilization by liaising directly with donors.

The ERCD has overall responsibility for all donors and other partners including the Arab Partners (managed by a dedicated unit since 2006).

Representative Offices in Brussels, Washington, New York and Geneva have a distinct liaison role with European Institutions, US Government and the UN System respectively. They advocate for UNRWA policy in these communities, as well as providing support for resource mobilization.

The strength of this organization is its proximity to partners and flexibility in responding to their needs. By simultaneously decentralizing resource mobilization close to the host countries and Field operations and investing in central resources through the RO’s and functional teams, UNRWA is equally able to present detailed project proposals to some partners, while advocating at a high level toward others.

The potential weakness of such a structure is the lack of transparency about ownership of relationships – with the consequence that donors may be approached by several parts of the organization at the same time or not at all.

To improve cross-Agency effectiveness in Resource Mobilization, two initiatives are planned:

• RM Task Force: Senior level task force sets annual RM objectives for the Agency and guides implementation of strategy

• Quarterly Field-ERCD meetings: Ensures a better flow of information and decision making about projects and donor requirements toward the Fields
6.2 High level work-plan requirements

The ‘log-frame’ described in section 5 (and shown in detail in annexe A) will be broken down into annual work-plans, reflecting milestones in the progress toward delivering the overall strategy. Each of the work-plans includes targets and specifies roles and responsibilities across the various functional groups and departments (as described in section 6.1, above). Each activity will also be broken down into more specific actions to be carried out depending on donor/target audience.

Within the ERCD the log-frames are used as the basis to establish annual objectives for each of the managers and project officers.

The effective implementation of this plan will require the attention of groups outside of the ERCD, and in particular:

- The Commissioner General’s office: support of the RM strategy including outreach to donor capitals and explicit agreement on the terms of reference for the RM Task Force
- Representative Offices: support in building a broader constituency in UNRWA’s donor network and joint exploration of new donor relationships
- Program Departments and Fields: collaboration with ERCD in developing convincing ‘investment products’ illustrating social returns
- Fields: commitment to implementing and adequately supporting Project Management and Control processes
- Finance Department: improved clarity toward donors of actual and expected cost changes and project expenditure
6.3 Resourcing the strategy

A draft budget for the implementation of this strategy is given in Annex A2, specifying annual budget needs. The budget covers costs within the ERCD and Representative Offices, but may not capture the need for additional resources elsewhere in the Agency.

The estimates made are only approximate, and will need to be refined when the annual work plans are fully developed. Estimates for later years are even more subject to uncertainty.

The bulk of the investments address the challenge of significantly increasing funding from outside of the Traditional Donor base (peaking at $2.75 million in 2013). The investments cover the requirement to add additional staff, focused on private sector relationship building as well as improved information technology to facilitate external communications and fundraising.

In particular, a significant investment will be needed to raise funds from private sources. The additional requirement in this area will decline over time, reflecting the Agency’s commitment to reinvest part of the income from private sources toward development of this capacity.

A summary of additional requirements per strategic objective is given in the table below.

Additional resource requirements peak in 2013. The majority of investments to diversify the donor base will occur in the first biennium, as a result of costs incurred in building new donor relationships, upgraded online capabilities and communications campaigns.

The work to deepen relationships with Traditional Donors will be more constant throughout the four-year period, but will also be somewhat higher in the first biennium as new initiatives are developed.

Similarly, improvements in cross-agency capacity to mobilize resources and manage donor relations will be concentrated toward the first three years of the strategy’s implementation.

<table>
<thead>
<tr>
<th>Strategic objective</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>Output total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deepen the partnership with Traditional Donors</td>
<td>$360,000</td>
<td>$360,000</td>
<td>$190,000</td>
<td>$190,000</td>
<td>$1,100,000</td>
</tr>
<tr>
<td>Diversify donor base</td>
<td>$2,694,000</td>
<td>$2,746,000</td>
<td>$1,808,000</td>
<td>$508,000</td>
<td>$7,756,000</td>
</tr>
<tr>
<td>Develop Agency capacity to mobilize resources and manage donor relations</td>
<td>$359,000</td>
<td>$345,000</td>
<td>$270,000</td>
<td>$40,000</td>
<td>$1,014,000</td>
</tr>
<tr>
<td>Total by year</td>
<td>$3,413,000</td>
<td>$3,451,000</td>
<td>$2,268,000</td>
<td>$738,000</td>
<td>$9,870,000</td>
</tr>
</tbody>
</table>

Overall total
6.4 Monitoring the strategy

Monitoring Results

Periodic monitoring of results against planned achievements will be made according to a logical framework (or “LogFrame”) that sets baselines for 2011 and targets for 2015. Several key ‘SMART’ indicators will be used to track progress.

Monitoring Framework for Results of the Resource Mobilization Strategy

<table>
<thead>
<tr>
<th>Goal</th>
<th>Stable, predictable revenue sufficient to implement UNRWA program and support operations benefiting Palestine refugees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Effective and efficient resource mobilization provides requisite funding</td>
<td></td>
</tr>
<tr>
<td>Share of GF income pledged by 3rd quarter</td>
<td>92%</td>
</tr>
<tr>
<td>Share of EA income pledged by 2nd quarter</td>
<td>X</td>
</tr>
<tr>
<td>Share of TD in GF income declines</td>
<td>88%</td>
</tr>
<tr>
<td>UNRWA EA contribution level meets or exceeds that of the CAP</td>
<td>X</td>
</tr>
<tr>
<td>Traditional donor partnerships strengthened</td>
<td></td>
</tr>
<tr>
<td>Traditional donors cover of GF increase</td>
<td>89%</td>
</tr>
<tr>
<td>Signed GF multi-year framework agreements</td>
<td>5</td>
</tr>
<tr>
<td>TD subscribing to the Harmonized Donor Reporting matrix</td>
<td>1</td>
</tr>
<tr>
<td>Number of annual consultations;</td>
<td>X</td>
</tr>
<tr>
<td>Publication of quarterly e-newsletter;</td>
<td>0</td>
</tr>
<tr>
<td>Diversified donor-base contributing increasingly to resource needs</td>
<td></td>
</tr>
<tr>
<td>Diversified sources cover of GF increase</td>
<td>11%</td>
</tr>
<tr>
<td>Overall GF contribution from diversified sources</td>
<td>11.5%</td>
</tr>
<tr>
<td>EM share of GF income increases</td>
<td>0.2%</td>
</tr>
<tr>
<td>NTD share of GF income increases</td>
<td>3%</td>
</tr>
<tr>
<td>Arab share of GF income increases</td>
<td>3%</td>
</tr>
<tr>
<td>Increase in overall income from private sources</td>
<td>0.2%</td>
</tr>
<tr>
<td>Enabling environment established supporting donor relationship management</td>
<td></td>
</tr>
<tr>
<td>Degree of compliance with external reporting requirements</td>
<td>X</td>
</tr>
<tr>
<td>Agreed corporate RM work-plans</td>
<td>-</td>
</tr>
<tr>
<td>RAC sets framework for RM priorities</td>
<td>-</td>
</tr>
<tr>
<td>Common framework in place to monitor and report</td>
<td>-</td>
</tr>
<tr>
<td>Annual communication work-plan</td>
<td>-</td>
</tr>
</tbody>
</table>

15 ‘SMART’ is an acronym for indicators that are: Specific, Measurable, Appropriate, Relevant, Time-bound
Additional structures to support the monitoring of this strategy include:

- An annual ERCD Resource Mobilization Report will summarize results against targets for an internal and external audience.
- A Resource Mobilization Taskforce will meet on a quarterly basis within the Agency to monitor and manage implementation of the strategy.
- The Results-based Monitoring System tool will be used to provide systematic tracking of results and reports for the Resource Mobilization Strategy.

Evaluation of the Strategy

In addition to periodic monitoring supporting management, there will be an external, third party evaluation of the Resource Mobilization Strategy at the mid-term and at the end of the four-year period.

An evaluation of the Strategy will facilitate an objective assessment of the overall results against the planned achievement including the design of the logical framework and its implementation and execution.

The terms of reference for the mid-term evaluation should review the progress of the implementation of the Strategy using the framework shown in Annexe A.