I. MISSION AND OBJECTIVES................................................................. 2
II. CURRENT SITUATION ..................................................................... 2
   A. BACKGROUND.............................................................................. 2
   B. MAIN CHALLENGES................................................................... 2
      External challenges...................................................................... 2
      Internal challenges...................................................................... 3
   C. OPPORTUNITIES........................................................................... 3
III. PROPOSED STRATEGY................................................................. 3
    A. COORDINATION .......................................................................... 3
    B. ENHANCING CORE RESOURCES .................................................. 4
    C. ENHANCED SUSTAINABLE AND PREDICTABLE FUNDING ............ 4
    D. SUPPORT FOR DECENTRALISED RESOURCE MOBILIZATION .......... 4
    E. INNOVATIVE FUND RAISING...................................................... 5
III. ACTION PLAN 2016-2017 ................................................................ 6
IV. ROLES AND RESPONSIBILITIES.................................................... 7
V. RESULTS FRAMEWORK................................................................. 8
VI. RESOURCE REQUIREMENTS........... ERROR! BOOKMARK NOT DEFINED.
I. MISSION AND OBJECTIVES

1. The goal of donor relations and income strategy is to create an enabling environment that leads to an increased and sustainable level of income for UN-Habitat so that the organization can effectively execute its mandate of promoting sustainable urbanization. To achieve this mission the main objectives are to establish or enhance:

- Coordination and guidance with regard to donor relations and income
- Consistent professional and effective decentralised resource mobilization
- Long term relationships with key donors to and secure sustainable and predictable funding
- Visibility for UN-Habitat’s donors and partners in delivering operational and strategic results
- Increased levels of resources for core normative activities
- Innovative fund raising methods, ways to engage non-traditional donors and tap into new funding sources such as global funds.

II. CURRENT SITUATION

A. Background

2. UN-Habitat has made some progress in enhancing donor relations starting with the resource mobilization strategy of 2013-15 and annual action plans which:

- Resulted in enhanced levels of the funding for the organization’s earmarked portfolio by over 25% but was not successful with respect to core funding
- Defined clear internal arrangements and roles and responsibilities for resource mobilization,
- Established a Resource Mobilization Steering Committee for policy guidance,
- Increased the share of income from non-traditional donors,
- Increased access to UN pooled funds through enhanced partnerships,
- Defined regional donor relations and resource mobilization strategies
- Organized annual joint consultations with major donors

3. Meanwhile, UN-Habitat’s role in contribution to define a new urban agenda, its coordinating role in preparing for Habitat III, high level policy discussions with Member States and local authorities, and the organization’s flagship programmes have all contributed to raising the organization’s standing as a leader in the area of sustainable urbanization.

4. The organization also made significant advances in enhancing efficiency and transparency through improved policies and systems, greater delegation of authority, and by providing a public platform consistent with International Aid Transparency Initiative standards, open.unhabitat.org, containing details of the organization’s programme portfolio.

5. UN-Habitat, nevertheless, has not been successful in raising the level of funding for core normative activities as donors increasingly earmark their contributions to their priority areas of interest so this remains a major challenge.

B. Main Challenges

5. The main challenges that need to be addressed to achieve more effective donor relations and enhance the organization’s income include:

External challenges

Greater competition for declining levels of development funds

6. A shrinking global economy in recent years led to a decline in contributions from traditional donor countries and to greater competition for reduced levels of development funds. The 2015 migration crisis in Europe has further exacerbated the situation with many European countries now reallocating development assistance funds to manage the crisis. Falling oil and gas prices have also reduced available funding for development assistance.

7. To ensure that their contributions are put to effective use, a number of traditional donor governments carry out regular multi-lateral organization assessments to review the performance of UN organizations and
Donor Relations and Income Strategy

subsequently channel their contributions to fewer organizations. All these developments have contributed to a drop in the number of traditional donors contributing to UN-Habitat’s core income and to a reduction in the level of contributions from these donors.

Less flexible, sustainable funding

8. Where funding is provided, donor governments are increasingly earmarking their voluntary contributions to specific programmes aligned to their priority themes and countries. For UN-Habitat, this has resulted in a significant decline in core resources and less flexibility in the usage of available funding deliver planned results for some strategic priorities. There is also less predictability of sustainable resources to support achievement of some parts of the organization’s strategic plan.

Internal challenges

9. Currently, UN-Habitat does not have standard marketing materials in appropriate languages geared to supporting resource mobilization efforts and to consistently give visibility to donors supporting the organization’s work.

10. A Donor Information System was established and provides donor profile information as well as current and past agreements and contributions by donors. However, this system needs to be updated to provide more tools to resource mobilization focal points, to obtain current donor contributions information from Umoja, and to facilitate more efficient maintenance of donor profiles.

11. The establishment of a donor relations service has improved coordination of resource mobilization efforts. However, there is room for further improvement in coordination of donor contacts and there is need for a holistic overview of approaches made to donors by different offices and knowledge sharing on the outcomes of these approaches to ensure more strategic and structured relationships with donors.

12. While donor trends have changed significantly, UN-Habitat has not fully adapted its donor relations and income model sufficiently to respond to changing donor behaviour and the wider development assistance environment.

8. Greater earmarking of contributions has led to demands by donors for greater oversight, evaluations and more specific results based reporting on the use of contributions which increases the overhead cost of implementing earmarked programmes.

C. Opportunities

13. Important opportunities to enhance the agency’s resources including the forthcoming Habitat III and prominence of sustainable urbanization in the sustainable development agenda because UN-Habitat is well placed to play a coordinating role in the implementation of a new urban agenda.

14. There are also opportunities to build on current efforts to enhance UN-Habitat’s participation in multi-partner trust funds, attract more sustainable funding for large global and regional programmes that deliver greater impact.

15. Currently, the majority of UN-Habitat’s funding comes from governments or inter-governmental bodies; there are lessons from UN agencies and pilot initiatives within the organization on engaging with the private sector. There is scope to expand UN-Habitat’s strategic engagement with the private sector to support sustainable urbanization initiatives.

16. New technologies and social media present new opportunities for innovative fund raising which is yet to be explored by UN-Habitat.

III. Proposed Strategy

17. To accomplish the overall goal and objectives outlined in Section I taking into account the challenges and opportunities outlined above, the proposed priority actions that need to be undertaken are outlined below:

A. Coordination

18. The main activities of information strategy for the next three years are outlined under the following main categories below:

19. Strategy: develop and monitor implementation of the donor relations and income strategy with prioritised annual action
plans. This strategy outlines the main priority activities, clear structures and arrangements with primary responsibility for resource mobilization to ensure that UN-Habitat’s decentralised approach to donor relations is harmonised, consistent and coordinated.

B. Enhancing core resources

20. **New urban agenda**: Based on UN-Habitat’s in implementing the outcomes from the Habitat III conference in 2016 and in the achievement of the sustainable development goal to make cities and human settlements inclusive, safe, resilient and sustainable, estimate the resources required to enable UN-Habitat is well placed to carry out its mandates in supporting implementation of the new urban agenda effectively.

21. **Streamlined collection of core contributions**: continue the work started in 2015 to streamline the collection of core contributions to gain broader commitment to support the organization’s approved work programme and budget.

C. Enhanced sustainable and predictable funding

22. **Long term partnerships with donors**: support efforts to nurture and enhance long term partnerships with existing donors and new donors to secure multi-year cooperation on shared priorities including preparations for high level contacts between UN-Habitat’s executive and other senior management and key donors.

23. **Development of multi-partner programmes** in line with donor requirements for UN agencies to form partnerships to combine their complementary advantages to deliver maximum impact. These programmes, of a global or regional nature, that build on the success of past work, will be aimed at delivering greater impact both in terms of policy and results on the ground, and attracting and leveraging long term funding from multiple donors.

D. Support for decentralised resource mobilization

24. UN-Habitat operates a decentralised resource mobilization model with focal points throughout the organization taking prime responsibility for nurturing relations with specific donors. There is need for support from the Donor Relations and Income service to maximise success of resource mobilization efforts and to promote consistently professional communications with donors throughout the organization.

25. **Market research and donor intelligence**: provide accurate and timely information on donor trends and behaviour, donor profiles by theme and country, focal points within donor organizations, funding opportunities and assessments of which ones are worth pursuing. Coordinate and support proposal development, and compile lessons and success factors based results from submissions by the organization.

26. **Capacity building**: organize and coordinate training for donor relations focal points.

27. **Marketing materials**: provide materials that articulate the organization’s mission and provide consistent and compelling multi-media messaging on UN-Habitat’s services, performance, and impact in supporting achievement of sustainable development agenda goals.

28. **Support for donor consultations**: provide customised briefs for UN-Habitat’s donors that give a full picture of the organization’s past and current engagement with the donor and areas of shared interest to achieve more strategic long term relationships.

29. **Streamlined donor reporting**: facilitate donor reporting e.g. by providing guidelines and templates for donor reports to demonstrate UN-Habitat’s capacity, performance in delivering transformative results, strategic and operational partnerships, value for money, and transparency in the use of donor resources. Provide a repository of reports submitted to donors on the whole of the organization’s project portfolio to get a holistic and comprehensive view of the organization’s engagement with donors.

30. **Enhance visibility for donors and partners**: define a programme of recognition to ensure visibility for donors and highlight the results and impact their contributions towards UN-Habitat’s work in all its marketing channels including the organization’s and partner websites, social media and other appropriate media. This would also help highlight the
organization’s coordinating role in promoting sustainable urbanization.

E. Innovative fund raising

31. *Innovative resource mobilization*: explore new ways of enhancing resources including through global funds, enhanced cooperation with the private sector, digital fund raising, and initiate a pilot programme after a comparative cost benefit analysis on which options would yield the greatest results.
## III. Action Plan 2016-2017

### Task Name

- **Coordination**
  - Donor relations strategy
  - Steering committee - policy direction

- **Core resources**
  - Plan different levels of engagement of donors for core support
  - Resource plan for new urban agenda
  - Streamlined collection of core contributions

- **Sustainable predictable funding**
  - Multi-year framework agreements with key donors
  - Multi-partner trust funds

- **Decentralised resource mobilization support**
  - Market research and donor intelligence
  - Capacity building
  - Donor focused marketing materials
  - Donor consultations support
  - Donor report repository and consolidation
  - Donor and partner visibility guidelines
  - Lessons learnt, good practices

- **Innovative resource mobilization**
  - Green climate fund - participation
  - Enhanced private sector engagement study
  - Innovative fund raising models research

### Timeline

| Task Name                  | 2016 Qtr 1 | 2016 Qtr 2 | 2016 Qtr 3 | 2016 Qtr 4 | 2017 Qtr 1 | 2017 Qtr 2 | 2017 Qtr 3 | 2017 Qtr 4 | 2018 Qtr 1 | 2018 Qtr 2 | 2018 Qtr 3 | 2018 Qtr 4 |
|----------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Coordination               |            |            |            |            |            |            |            |            |            |            |            |            |            |
| Donor relations strategy   |            |            |            |            |            |            |            |            |            |            |            |            |            |
| Steering committee - policy direction |            |            |            |            |            |            |            |            |            |            |            |            |            |
| Core resources             |            |            |            |            |            |            |            |            |            |            |            |            |            |
| Plan different levels of engagement of donors for core support | | | | | | | | | | | | | |
| Resource plan for new urban agenda | | | | | | | | | | | | | |
| Streamlined collection of core contributions | | | | | | | | | | | | | |
| Sustainable predictable funding |            |            |            |            |            |            |            |            |            |            |            |            |            |
| Multi-year framework agreements with key donors | | | | | | | | | | | | | |
| Multi-partner trust funds | | | | | | | | | | | | | |
| Decentralised resource mobilization support |            |            |            |            |            |            |            |            |            |            |            |            |            |
| Market research and donor intelligence | | | | | | | | | | | | | |
| Capacity building | | | | | | | | | | | | | |
| Donor focused marketing materials | | | | | | | | | | | | | |
| Donor consultations support | | | | | | | | | | | | | |
| Donor report repository and consolidation | | | | | | | | | | | | | |
| Donor and partner visibility guidelines | | | | | | | | | | | | | |
| Lessons learnt, good practices | | | | | | | | | | | | | |
| Innovative resource mobilization |            |            |            |            |            |            |            |            |            |            |            |            |            |
| Green climate fund - participation | | | | | | | | | | | | | |
| Enhanced private sector engagement study | | | | | | | | | | | | | |
| Innovative fund raising models research | | | | | | | | | | | | | |
IV. ROLES AND RESPONSIBILITIES

- Resource Mobilization Steering Committee
- Executive Management
- Donor Relations and Income Service
- Donor relations points (nationals)
- Programme Division
- Regional Directors, Country Managers
- Branch Coordinators
- External Relations

- Policies Strategies
- High-level consultations Core Income
- Programme Proposals Large multi-partner programmes High-level consultations
- Partnerships Programme, donor publicity

- Regional strategies Donor contact summaries Project donor reports Income agreements for country regional programmes
- Thematic strategies Donor contact summaries Project donor reports Income agreements for global programmes

Donor Relations and Income Strategy – Approved March 2016
## Donor Relations and Income Strategy

### V. Results Framework

<table>
<thead>
<tr>
<th>Objectives</th>
<th>Main Activities</th>
<th>Expected Outputs</th>
<th>Performance Indicators</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Clear policy guidance and coordination on resource mobilization</td>
<td>1.1. Development of donor relations and income strategy</td>
<td>Donor relations and income strategy</td>
<td>Agreed targets met</td>
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<td></td>
<td>1.2. Steering Committee meetings</td>
<td>Policy guidelines</td>
<td></td>
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<tr>
<td></td>
<td>1.2. Steering Committee meetings</td>
<td>Performance targets</td>
<td></td>
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<tr>
<td>2. Long term relationships established or enhanced with key donors</td>
<td>2.1 Consultations with key donors</td>
<td>Donor consultations</td>
<td>Relationships with existing partners maintained or enhanced</td>
</tr>
<tr>
<td></td>
<td>2.2 Development of multi-year agreements</td>
<td>Multi-year framework agreements</td>
<td>Long term relationships established with new donors</td>
</tr>
<tr>
<td>3. Increased level of core income</td>
<td>3.1 Outline of UN-Habitat role and contributions to support implementation of the new urban agenda</td>
<td>Resource plan to enable UN-Habitat to carry out proposed roles to support new urban agenda</td>
<td>Higher level of assured sustainable predictable income to support new urban agenda</td>
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<td>3.2 Develop resource plan required for UN-Habitat to carry out proposed mandates to support the new urban agenda</td>
<td>High level meetings with key donors</td>
<td>Higher level of income for core normative activities and other fixed indirect costs such as executive coordination and management</td>
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<td></td>
<td>3.3 High level meetings with key donors</td>
<td>Contribution request letters to Member States</td>
<td></td>
</tr>
<tr>
<td></td>
<td>3.4 Standard letters to Member States to streamline collection of core contributions</td>
<td>Financial models to facilitate soft earmarking of contributions</td>
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<tr>
<td></td>
<td>3.5 Possible models for soft earmarking</td>
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## DONOR RELATIONS AND INCOME STRATEGY

|   | Effective decentralised resource mobilization |   | Higher levels of earmarked income  
|   |                                                | Training courses  
| 4. | Establish guidelines and tools to support consistent and effective resource mobilization  
|   | Carry out market research and donor intelligence  
|   | Organize training for resource mobilization focal points  
|   | Support donor consultations  
|   | Carried out market research and donor intelligence  
|   | Organize training for resource mobilization focal points  
|   | Support donor consultations  
|   | Training courses  
|   | Donor visibility guidelines  
|   | General and customised donor focused marketing materials  
|   | Enhanced donor information system containing donor profiles, market trends, repository of reports to donors, etc., Donor consultations  
| 5. | Increase level of income through innovative fund raising methods |   | Greater donor satisfaction  
|   | Support UN-Habitat’s membership to green climate fund  
|   | Research other multi-partner trust funds with shared goals  
|   | Research opportunities for enhanced partnerships with the private sector and Foundations  
|   | Research other innovative fund raising methods  
|   | Support UN-Habitat’s membership to green climate fund  
|   | Research other multi-partner trust funds with shared goals  
|   | Research opportunities for enhanced partnerships with the private sector and Foundations  
|   | Research other innovative fund raising methods  
|   | Full participation in green climate fund  
|   | Report with multi-partner trust funds most relevant to UN-Habitat  
|   | Recommendations on what types of private sector organizations and/or foundations that can be approached for collaboration and financing  
|   | Report on new fund raising techniques that UN-Habitat can exploit to enhance its level of income  
|   | Green climate funds initiatives  
|   | Updated private sector strategy on resource mobilization  
|   | Decision on way forward on new financing possibilities.  
