

Background Paper

I. Background:

Since CERF was established in 2006, its annual funding target of \$450 million has remained unchanged. During these past ten years global humanitarian needs have quadrupled from \$5.2 billion to over \$22 billion in 2016, whereby the share of CERF current funding target against the global requirements has declined from 8.7 to 2.1 per cent. Against this backdrop, the United Nations Secretary-General in 2016 recommended the doubling of CERF to \$1 billion by 2018. This recommendation was endorsed by the UN General Assembly in December 2016. This reaffirms the centrality of CERF in the humanitarian financing architecture and its importance in meeting the rising humanitarian needs with speed, flexibility and impact vital to save lives and protect people. In the context of the SG's recommendation to double CERF to \$1 billion, the CERF secretariat shared a paper with the Advisory Group In March 2016 to establish the Building Blocks for an Advocacy and Engagement Strategy vital to mobilise resources towards a \$1 billion. The key priorities remain valid. This paper further updates and reinforces the elements critical to continue lay the groundwork to translate the ambition of an annual target of \$1 billion CERF into reality. At the same time, while a \$1 billion target sets an ambitious challenge, the experience of other global pooled funding mechanisms as well as the recent IDA 18 replenishment by the World Bank provide key insights on the common features that drive successful approaches to mobilise the ambitious volume and quality of resources in a challenging fundraising environment. While noting the specific nature of CERF, it is vital that we are inspired and challenged by successful practices around financing and resource mobilisation and count on our partners, especially the Advisory Group members, to provide guidance and advice to the ERC and the CERF secretariat in support of a "CERF for the future" and the \$1 Billion necessary to make it happen.

II. Building Blocks:

Three key areas have been identified as basic building blocks to develop a resource mobilisation strategy for a \$1 billion CERF. These are:

1. Mobilising global political leadership and support
2. Making the case for a \$1 billion CERF: What difference will CERF make? What will CERF do differently?
3. Diversifying income base: Moving towards financing and tapping new funding

Based on the foundation set by the above building blocks, a critical outcome is a global campaign to mobilise and leverage partnerships to achieve the \$1 billion target that includes key partners – donors, recipient countries, UN leadership and others. However, it must be noted that in a challenging resource mobilisation context, reaching the annual funding target of \$450 million for 2017 is vital to build the support towards the \$1 billion.

1. Capitalising on and leveraging global political leadership to mobilise commitment to double the CERF target:

Member states, UN agencies and the private sector play a crucial role in promoting consensus on the \$1 billion target and ensuring that it can be reached. This requires engagement across multiple fronts to build and sustain the momentum and support required.

Key priorities include:

a. Leveraging the voice and visibility of senior leaders in the UN:

Considering the record high humanitarian needs coupled with other financing challenges faced by the UN, it is imperative that the call to double the CERF has the highest level of support. A **‘stand-out’** feature across all successful major global fundraising drivers is the role and ownership of senior leaders in their advocacy and engagement towards the cause. High level advocacy and championship by the Secretary-General (SG) remains critical to mobilise the global political leadership required to double the CERF. The SG’s access to world leaders, his global authority and his role in the oversight of CERF as a ‘fund for all, by all’ established in the UN General Assembly (GA) are unique and unmatched assets of crucial benefit for the global positioning of CERF. In tandem, the leadership of the Emergency Relief Co-coordinator (ERC) and his consistent advocacy for CERF is pivotal to expand and reinforce the global visibility of CERF. In addition, and in light of the benefit of CERF to the humanitarian community in general and to UN agencies in particular, the advocacy by key UN agency heads complements and reinforces the global case of support for CERF as part of a ‘systems approach’ that emphasises the added value of the UN in fast, timely and co-ordinated humanitarian response. UN agency heads have endorsed the doubling of CERF to \$1 billion with some noting the importance of additionality of funding. Finally, the President of the General Assembly (GA) is important to rally Member States around their shared commitment to the Fund with potential links to mobilise the support from the Presidents of the ECOSOC and the Security Council in light of the ‘unifying’ mandate of CERF across groups of Member States.

Building on current advocacy and engagement approaches, CERF is consulting with the SG’s Office, the ERC’s Office and key partners to develop a strategic engagement plan to expand high level outreach to include CERF specific engagements as well as outreach to stakeholders critical to financing humanitarian aid. This includes more systematic outreach to partners beyond the regular ‘beat’ such as parliamentarians, finance ministers and others to build the support required to mobilise the ambitious scale of partnerships and resources required to move towards a \$1 billion target.

b. CERF target anchored in global leadership priorities and outcomes:

Commitment to double the CERF target should be reflected in key global outcomes – either linked to inter-governmental processes or multi-stakeholder consultations. Key partners have noted the importance of CERF in high level leadership for a focused on crises. E.g., CERF’s critical role in kick starting early response was highlighted by key donors at the Yemen pledging conference, Lake Chad Pledging Conference in terms of the support for flexible funding.

The immediate milestones include the ECOSOC Humanitarian Affairs Segment in June and the events around the UN General Assembly in September and CERF High Level Pledging Conference in December to promote the global partnerships and engagement to double CERF. The support of key member states in such events is crucial to shape outcomes that strengthen and reinforce the drive towards meeting the goal of \$1 billion. In addition, many core CERF partners lead multi-partner leadership initiatives – new way of working, grand bargain work-streams. Their advocacy on CERF is vital to ensure that the support for CERF is embedded in commitments and outcomes. While humanitarian fora are important, global leadership fora such as the G7 and G20 have also been key platforms to secure ambitious commitments from global leaders that have fuelled critical breakthroughs around development and financing (GAVI, Global Fund, concessional financing by the World Bank). Driven by high level UN leadership, CERF will engage with key partners to explore the opportunities of global leadership forums to mobilise the political buy-in and ownership towards reaching \$1 billion.

The CERF High Level Conferences (HLC) in December 2015 and 2016 demonstrated the support and engagement of top UN leaders and donors to CERF. The upcoming High Level Pledging Conference in December 2017 is a critical milestone to set a sound foundation to meet a CERF \$1 billion. Ideally, pledges for the HLC 2017 should signify a ‘turning point’ in moving CERF towards the \$1 billion. For this, the period from September to November in the lead-up to the HLC is vital for a more targeted engagement to mobilise funding for 2018 where engagement from partners will be key to demonstrate success.

c. **Global Champions for CERF:**

The history and experience behind the establishment of CERF, as well as other global funds, reinforce the importance of high level champions – representing governments, businesses, civil society, private sector or entertainment – in rallying political and public commitment towards global priorities. E.g., Bill Gates on global health especially GAVI and polio, Gordon Brown for education, Bono for global fund among others. The endorsement of \$1 billion by the GA as well as key CERF donors is a significant stepping stone to help further mobilise and leverage the political and financial commitment towards a \$1 billion. In addition, the voice and support of key leaders from CERF recipient countries as champions are important to reinforce the value of CERF in terms of impact on the ground.

So far, CERF has mobilised the support of key ministers for CERF pledging conferences and other global events. However, a \$1 billion target requires a more robust and engaged approach where CERF will consult with key partners to identify and leverage the role of champions with the potential for high level advocacy for CERF. For example, Germany is among the top supporters of a \$1 billion CERF as expressed by Chancellor Merkel at the World Humanitarian Summit (WHS) in 2016. In comparison, the role of the Chancellor Merkel as part of Germany’s Presidency of the G7 in hosting the successful 2015 GAVI replenishment campaign provides key insights into the nature of leadership and engagement that is vital to drive and leverage support from other partners towards an ambitious funding target. This was also reinforced in the leadership role of Canada and Prime Minister Trudeau in mobilising the G7 members as part of Canada’s lead in hosting the 2016 replenishment for the Global Fund. CERF will explore the possibility of similar high level leadership by champion leaders and countries to mobilise and expand global support towards an expanded CERF.

In particular, the engagement of core CERF partners in key leadership initiatives for CERF to mobilise political and financial capital will be further anchored in multi-stakeholder networks and platforms that bring a range of champion countries, institutions or renowned individuals together as part of the global advocates network for CERF.

d. Potential Break-through Partnerships and Partnership Initiatives:

Mobilising support from a wider group of partners either governments or private sector has been challenging for CERF. In terms of Member States, representation in the Advisory Group is one of the key engagement opportunities to mobilise greater support to CERF complemented by advocacy by the ERC as part of overall OCHA outreach. However, additional efforts are required both politically and technically to address the challenges that hamper enhanced support to CERF. There are promising opportunities that CERF is pursuing. E.g., as part of the overall OCHA engagement with China, CERF has provided information for the recent study on humanitarian financing conducted by the Ministry of Commerce. Based on the outcomes, this could potentially position CERF as a key partner in China's multi-lateral support for increased humanitarian aid. Similarly, engagement with other partners represented in the Gulf Co-operation Countries are also important where CERF is working with the Humanitarian Envoy for the Gulf and members of the CERF Advisory Group to advice on enhancing advocacy and outreach that meets the interests and priorities of the partners. CERF will also call on key champions countries to advocate for CERF in terms of the high level engagement opportunities. E.g., China and Germany.

In particular, it is critical that Member States like Japan and United States of America are also mobilised for CERF at the level and scale comparable to their overall humanitarian engagements. While CERF has encountered challenges to mobilise funding proportionate to their commitment to humanitarian issues more broadly from these countries, their significant support to other global pooled funds highlight potential opportunities for engagement in ways that could address their specific political and financial requirements. In addition, the European Union is also a major supporter of the global funds as well as UN joint programmes financed by pooled funding. For this, high level engagement from the UN, coupled by the peer advocacy and networks of core partners may be useful to reach influential actors within prioritized governments and trigger opportunities for CERF engagement (refer to GAVI) to unlock their potential to increase resources for CERF.

In addition, as a 'fund for all, by all', mobilizing all the Member States of the GA is vital to reinforce the shared commitment to people most in need affected by humanitarian crises. A fair sharing initiative as discussed in the October Advisory Group Meeting and subsequently proposed by Sweden at the 2016 High Level Pledging Conference is a unique idea to reinforce the solidarity of all Member States of the GA towards CERF by emphasising their potential to contribute regularly to CERF within their economic means. 45 countries that have received CERF funding have also contributed to the Fund – a testament to their shared commitment to the Fund. (Background on the Fair Sharing Initiative is part of the session documents)

e. CERF Advisory Group (AG):

Support from the CERF Advisory Group (AG) is important to reinforce the commitment of Member States to double CERF and help CERF progress towards this goal. Looking ahead, the composition of the AG, the nomination of new members in 2017 and the leadership and advocacy role of key members are all critical in

helping CERF strengthen its global position as a critical financing tool for the humanitarian community. CERF will be more proactive in the engagement with AG members, supporting the advocacy role of AG members on CERF while also enhancing regular and timely sharing of information on key CERF actions. (A background note is part of the documents for the session).

2. Making the case for CERF:

The challenging humanitarian context, with unprecedented high needs and complexity has set the rationale for a doubled CERF target. Building on CERF's 10 year track record as a fast and flexible funding mechanism to meet urgent humanitarian needs, a clear narrative on the value and benefit from a \$1 billion CERF is vital to generate a shared understanding among all stakeholders fundamental for the political buy-in and support required by partners. An analysis of the difference that a \$1 billion CERF will make should be complemented by information about the potential operational and structural changes linked to a larger CERF. The CERF secretariat is currently conducting a number of analyses and mapping exercises that will guide discussions on the expanded funding target of CERF (as discussed earlier in the session: CERF for the Future: Strategic and Operational). The results of these exercises will be discussed with UN agencies, donors and CERF's AG. The conclusions will be vital to support the call for a bigger CERF and will lead to the following:

a. 'Investment case' for CERF:

Another common feature of the big global funds with similar targets (more than \$1 billion a year) clearly highlights the importance of an investment case - linking funding with results (child survival, polio, education, TB, education indicators among others) - that present a compelling rationale for the additional investments being sought. Articulating a bold vision and ambition is vital to make the case for the scale of resources – doubling - that is required to meet the \$1 billion target. CERF needs to be at par with the kind of advocacy and pitch of these global financing mechanisms - adapted to its business model - that have been successful in mobilising additional, significant and sustained level of resources. This should clearly articulate the concrete difference from a bigger CERF that reflects CERF's unique strengths, while also outlining what will be different in CERF – strategically or operationally. Engagement with key partners including donors, agencies and others are vital to get the buy-in and support required to anchor the political leadership and commitment towards the \$1 billion. In particular, the majority of the top donors to these global pooled mechanisms are also the key donors to CERF and their guidance is important to help CERF navigate accordingly.

b. Enhanced communications and marketing of CERF:

Telling the story of CERF – combining both evidence and human interest angles in a compelling and consistent way – is important to amplify the global visibility of CERF. As noted by key partners, CERF has stepped up its communications. However additional efforts to articulate the role of CERF concretely in terms of areas of action and results achieved such as beneficiaries, thematic (health, water, food, etc) and geographic results, reinforcing its core features (speed, flexibility, neutrality) while also its 'added value' (humanitarian leadership) should be exponentially expanded in terms of frequency of communication and formats to address the significant visibility challenge that constrains CERF. In addition, a compelling public communications component is vital to complement any high level political campaign to generate the

commitment towards a \$1 billion CERF. While CERF attempts to expand the ‘story telling’, existing capacity is limited to address the range and frequency of communications products vital to ‘stand out’ in a crowded messaging landscape. In particular, should a ‘campaign’ mode be required, CERF will rely on external expertise to guide the strategic and technical requirements that underpin successful marketing approaches.

3. Diversified Income Portfolio: Moving Towards Financing

While Member States are and will be the core contributors to CERF, alternative funding sources are also vital to complement the income base. As a global fund that was seen as a financial innovation when it was established, it is imperative that CERF adapts to the context and maintains its role at the forefront of change for the benefit of the humanitarian community. Exploring a more ‘financing’ approach that harnesses the potential of market and private sector practices to generate additional income would be useful to complement and secure a part of the funding base and introduce a more sustainable financial perspective to the business model that fully relies on grants from the top donors.

- a. **Innovative financing:** This is a dynamic field with a range of instruments and partnerships that has the potential for additional, predictable and sustainable income. It could also be a ‘pull’ factor for those Member States and private sector partners who are interested to go beyond traditional grants in their engagement. Based on a review of potential options on innovative financing for CERF, the focus is on developing an insurance based initiative financed by an investment fund.¹ This is a small but significant step in exploring alternatives to complement the donor base. Depending on the overall vision of humanitarian financing in OCHA, capitalising on innovative finance to incorporate a more ‘financing’ angle to raise funds is a unique opportunity that has proven its worth for other global funds. The importance is to find the right initiatives adapted for CERF’s unique model. By its very nature and emphasis on ‘innovation’, innovative financing will entail risks where political support and risk management are important to promote the breakthroughs required while also staying aligned to operational regulations.
- b. **Other sources:** If CERF is to reach \$1 billion, mobilising private and corporate sector partners including philanthropists and foundations are other ways to augment the funding. However, other UN agencies have a comparative advantage in mobilising private sector funding given their global branding, significant expertise and investment capital to target tailor-made strategies towards mobilising funds from diverse funding streams. CERF will work with experts to find a ‘niche’ that works for its specific model where the support from core partners is vital. Potential areas could be public-private partnerships around match funding mechanisms among others.

Conclusion:

In all of the above, the advice and guidance of key partners is vital to position CERF for the second decade as the premier global fund, fit to address the rising scale and complexity of challenges facing the humanitarian community. Some actions are already clear and urgent:

¹ Background and update attached separately as part of the documents for the session.

- CERF surpasses the annual target for 2017 as a stepping stone towards the aim of a \$1 billion CERF.
- Leadership by key partners to help drive initiatives across multiple fronts to help break ‘new ground’ in terms of partnerships that generates the political and financial capital around ‘CERF for the future’ – fair sharing initiative, innovative financing, investment case for CERF among other areas.
- A ‘campaign’ in the lead-up to the December 2017 High Level Pledging Conference to generate the additional commitments required to demonstrate the potential of CERF to reach the \$1 billion target.