

UNHCR's 2021 Financial Requirements

This chapter provides details on the financial resources UNHCR will require in 2021 to provide people of concern—refugees, returnees, stateless persons, internally displaced people, as well as others of concern—with protection, assistance and solutions. It also provides an overview of the planning process, and the priorities for mobilizing resources from government and private sector donors.

More detailed information on UNHCR's programmes and priorities is available in the "Biennial programme budget 2020-2021 (revised)", which was adopted at the 71st session of the Executive Committee.

This Global Appeal presents the proposed budgets for the 2020-2021 (revised) biennium—\$9.131 billion and \$8.616 billion for 2020 and 2021 respectively. The budgets were based on the original appropriations for 2020-2021 approved by the Executive Committee and adjusted to new needs through the means available under UNHCR financial rules, such as transfers from reserves, other budget reallocations and supplementary budgets.

The requirements in the 2021 budget are to respond to the needs of a planned 97.3 million people of concern. While the figures for 2019 reflect verified statistics, those for 2020 and beyond are projections based on the anticipated evolution of situations during the planning year, and taking into account the current population size, the average population growth, any expected movements, as well as changes in the status of people of concern to UNHCR.

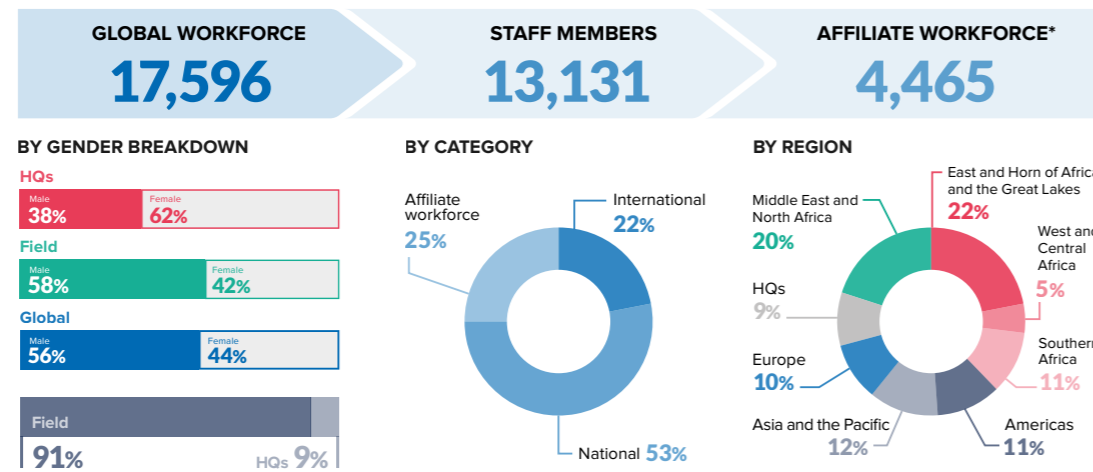
When compared to 2019, the total number of people of concern is anticipated to increase by approximately 10.8 million people, or 12%, by 2021. An increase is expected in the number of IDPs (by 5.5 million or 13%), Venezuelans displaced abroad (by 754,700 or 21%), stateless persons (by 0.24 million or 6%), asylum-seekers (by 0.64 million or 16%), refugees (by 0.53 million or 3%), returnees (by 1 million or 300%), returned IDPs (by 0.64 million or 12%) and others of concern (by 0.35 million or 6%).

The revised biennial programme budget 2020-2021



Global presence (as of 1 October 2020)

UNHCR is present in 130 countries and territories with offices in 518 locations



* Includes UNVs, individual contractors and consultants hired through UNOPS or directly, deployees, secondees and interns.

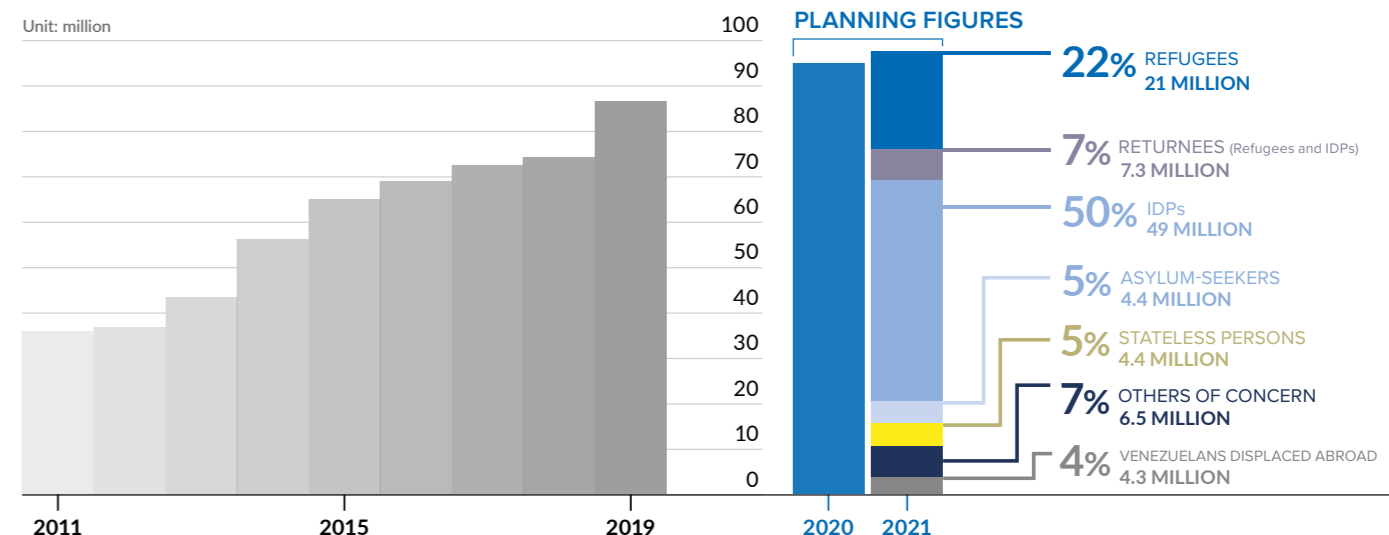
TABLE 1 | UNHCR's FINANCIAL REQUIREMENTS 2020-2021 | USD

REGION	ALL PILLARS	PILLAR 1	PILLAR 2	PILLAR 3	PILLAR 4	TOTAL
	2020 Current budget (as of 30 June 2020)	2021 proposed budget* Refugee programme	Stateless programme	Reintegration projects	IDP projects	
East and Horn of Africa and the Great Lakes	1,901,991,872	1,389,102,452	7,565,114	147,128,025	162,289,812	1,706,085,402
Southern Africa	324,448,549	250,448,994	10,146,922	8,400,637	76,004,454	345,001,006
West and Central Africa	665,007,421	483,478,381	15,819,268	52,984,349	136,902,108	689,184,106
SUBTOTAL AFRICA	2,891,447,841	2,123,029,827	33,531,303	208,513,010	375,196,374	2,740,270,515
The Americas	611,838,373	514,927,857	6,530,500	-	52,344,120	573,802,476
Asia and the Pacific	806,248,775	584,232,736	33,689,630	95,166,506	42,080,418	755,169,290
Europe	827,593,003	673,881,295	9,348,798	236,860	25,875,193	709,342,146
Middle East and North Africa	2,828,365,419	1,509,057,878	1,493,622	317,833,049	819,409,400	2,647,793,949
SUBTOTAL FIELD	7,965,493,411	5,405,129,593	84,593,853	621,749,425	1,314,905,505	7,426,378,376
Global programmes	540,601,394	519,218,224	-	-	-	519,218,224
Headquarters ¹	209,729,314	220,253,424	-	-	-	220,253,424
SUBTOTAL PROGRAMMED ACTIVITIES	8,715,824,119	6,144,601,241	84,593,853	621,749,425	1,314,905,505	8,165,850,024
Operational Reserve	400,977,410	417,984,590	-	-	-	417,984,590
"New or additional activities - mandate-related" Reserve	2,546,876	20,000,000	-	-	-	20,000,000
Junior Professional Officers	12,000,000	12,000,000	-	-	-	12,000,000
TOTAL	9,131,348,405	6,594,585,831	84,593,853	621,749,425	1,314,905,505	8,615,834,614

¹ The Annual Programme Budget includes allocations from the UN Regular Budget as follows: \$40.1 million for 2020 and an estimated \$40.1 million for 2021. The values for 2021 are provisional, subject to approval of final United Nations Programme Budget and subsequent recosting.

* Note: budget appropriations are those approved by the UNHCR Executive Committee at its 71st session in October 2020. They are based on a budget cut-off date of 15 June 2020. Any subsequent revisions to budgets will be reflected as they are processed. Updated budget information is made available to Member States through regular updates on budgets and funding to the UNHCR Standing Committee. Information on the 2021 budgets will also be updated online on a monthly basis on Global Focus (<https://reporting.unhcr.org>).

2021 Planning figures: 97.3 million of people of concern



OVERVIEW OF 2020 BUDGET AND FUNDING

At its 70th session in October 2019, the Executive Committee approved the original programme budget for 2020 of \$8.668. As of 15 June, the 2020 budget stood at \$9.131 billion, including two supplementary budgets established to address the unforeseen needs associated with the COVID-19 pandemic (\$404 million) and the refugee and displacement crisis in the central Sahel region (\$59.7 million).

As outlined elsewhere in this Global Appeal, the COVID-19 pandemic had a significant impact on UNHCR's plans in 2020. Mitigation and response measures will extend into 2021 and the revised budget has been realigned in some of its components, for example through redeployments to the regions from the reserves, compared to the original budget approved in 2019, in order to support such measures in 2021.

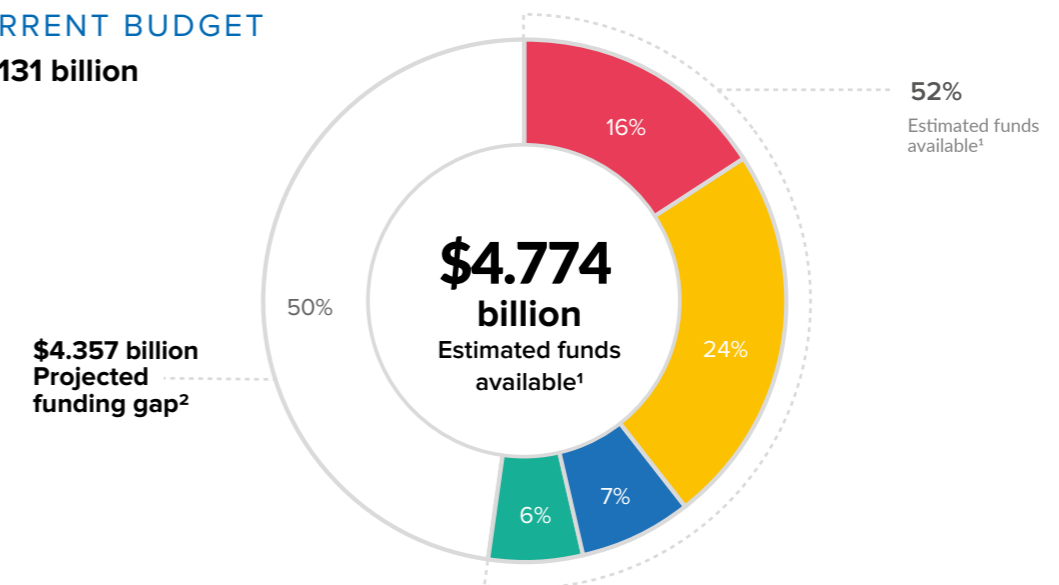
As UNHCR resolved to stay and deliver for refugees and other people of concern despite the COVID-19 pandemic, so too did its donors; as of the beginning of October, available funds totaled \$4.774 billion, of which \$4.193 billion were voluntary contributions. Of that, 12% (\$504 million) was unearmarked, along with 14% (\$594 million) in softly earmarked funding, bringing flexible funding to 26% of voluntary contributions, continuing the trend of a dramatic 26% drop in flexible funding since 2012.

UNHCR was also able to draw from \$576 million in multi-year funds in 2020, the highest-ever amount of multi-year funding available to it.

As of October 2020, UNHCR's donor base in 2020 included 69 donor governments, and over 2.5 million private contributors—foundations, corporations, and individuals who give generously in support of people forced to flee. However, the Office remained dependent on governmental donors for the majority of its income. The top ten donors—exclusively governments and the European Union—provided nearly 80% of UNHCR's 2020 voluntary contributions, with the top five—the United States, Germany, Japan, Sweden, and the European Union—providing 70%. The Government of the United States remained the top donor to UNHCR, contributing a record \$1.95 billion. Two governments—Ireland and Spain—increased their funding and joined the group of top donors who have contributed at least \$20 million to UNHCR. The top five donors of unearmarked funding were Sweden, España con ACNUR, Norway, the Netherlands, and Denmark. The level of voluntary contributions, however, tracked with an overall increase in global needs, as, at 52%, available funding remained at just over half of requirements.

FIGURE 1 | OVERVIEW OF 2020 FUNDING (as of 1 October 2020)

CURRENT BUDGET \$9.131 billion

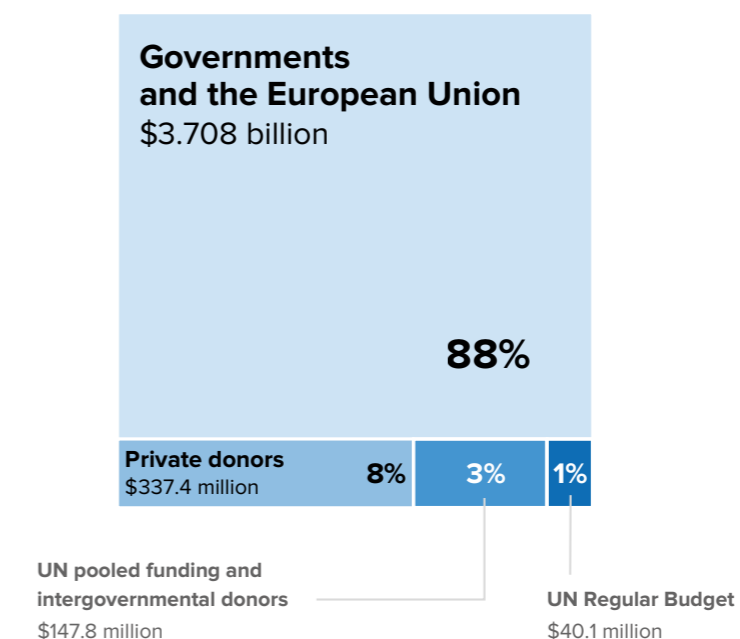


VOLUNTARY CONTRIBUTIONS in 2020 | USD



¹ Funds available: contributions (voluntary contributions and UN Regular Budget); carry-over; other income and adjustments.
² Percentages may not add up to 100% due to rounding.

DONORS



2021 PROGRAMMED ACTIVITIES

In 2021, compared to 2020, UNHCR's total budget of \$8.616 billion is a decrease of \$516 million (6%), mainly attributable to the supplementary budgets established in 2020. If the supplementary budgets are discounted, the reduction between 2020 and 2021 is \$51.8 million, the same variance shown in the approved original budgets.

Programmed activities are \$8.165 billion with a net decrease of \$549.9 million, or 6% compared to 2020. Programmed activities are field operations; global programmes, which are technical activities undertaken by Headquarters, but which are of direct benefit to field operations; and the work of Headquarters to provide leadership and management, policy guidance, administrative support, and managerial and programmatic assistance to the field.

The majority of UNHCR's budget (86%) is geared towards activities in the field. The largest single budget will be for the Middle East and North Africa with 31% of the field budget. However, the combined total of the three new Africa regions comes to 32% of the field budget, reflecting continued and wide-scale needs. All other regions fall within the 7% to 9% range. The requirements for global programmes and Headquarters are, respectively, 6% and 3%.

The current level of the reserves—the Operational Reserve and the NAM (“New or additional activities—mandate-related”) reserve—reflect the transfers made to operations from 1 January to 15 June 2020 to meet priority needs in the Sahel crisis, the deterioration of the north of Central

America and Venezuela situations, and the COVID-19 response.

Pillar 1's requirements of \$6.145 billion for programmed activities—which excludes requirements for the reserves and JPOs—constitute 75% of the requirements of the four pillars combined. Geographically, the three regions in Africa account for the largest component of the Pillar 1 budget at 35%, with the East and Horn of Africa and the Great Lakes region alone accounting for 23% of all Pillar 1's requirements for programmed activities. However, the region with the largest Pillar 1 budget is the Middle East and North Africa, at 25%. In descending order of the size of the budget, the largest refugee operations are in Lebanon and Jordan for the Middle East and North Africa; Uganda, Ethiopia and Sudan for Africa; Bangladesh in Asia and the Pacific; and Turkey and Greece in Europe.

Pillar 4 is the second-largest budgeted pillar at \$1.314 billion, or 16%. The region with the highest regional percentages under Pillar 4's budget is the Middle East and North Africa, at 62%, reflecting the extensive IDP emergencies in places such as Iraq, the Syrian Arab Republic and Yemen. Pillars 2 and 3 represent 1% and 8% of programmed activities respectively. For Pillar 2, the highest budget is for Asia and the Pacific at 40%, with the largest stateless operation being in Myanmar. For Pillar 3, the highest percentage will be spent in the Middle East and North Africa at 51%, with the largest operations planned in Afghanistan, Somalia, and the Syrian Arab Republic.

The Global Strategic Priorities represent areas where UNHCR is making targeted efforts to strengthen the protection of refugees and other people of concern.

2021 Global Strategic Priorities



2019 progress report



GLOBAL PROGRAMMES AND HEADQUARTERS

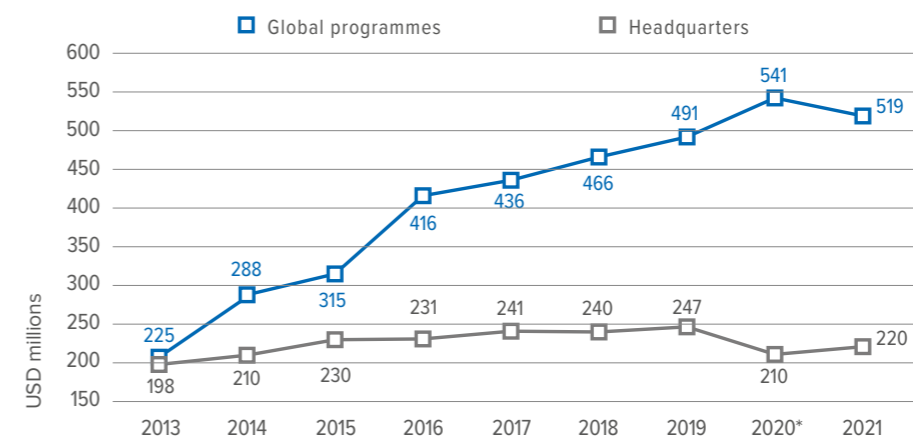
UNHCR undertakes activities of a global nature that are managed by divisions at Headquarters. They coordinate and support field operations both operationally and through policy development. The total budget for global programmes comprises both a programme component of operational activities carried out at the field level and a programme support component mainly at Headquarters and the Global Service Centres.

The budget for global programmes (See Table 2) is \$519.2 million, a decrease from 2020 of \$21.4 million or 4%, due to some global programmed activities having been taken over by the regional bureaux. Key areas of investment in 2021 are planned in the Division of External Relations (DER) in Geneva and in the DER branch in the Copenhagen Global Service Centre, to do with private sector partnerships under the programme component. Other investments in the Copenhagen Global Service Centre, also for programmed activities, relate to registration, data and knowledge management.

Headquarters costs fall into the categories of programme support and management and administration. Programme support comprises the costs of developing, formulating and evaluating programmes by functional Headquarters units that provide technical and administrative support to field operations. Management and administration comprise costs required to maintain the direction and leadership of the organization, such as executive direction and management, oversight, external relations, information technology (IT) and administration.

The budget for Headquarters (See Table 3) is \$220.3 million, a \$10.5 million increase on 2020. Key investments are in cyber-security, managed IT services to clients and investments in digital workforce; enhanced capacity in donor relations and resource mobilization; and in executive direction and management to further support governance services, the Inspector General's Office and integrity functions.

FIGURE 2 | BUDGETS FOR GLOBAL PROGRAMMES AND HEADQUARTERS (PILLAR 1) | 2013-2021



* As of 30 June 2020

UNHCR's 2021 FINANCIAL REQUIREMENTS* (ALL PILLARS)

EAST AND HORN OF AFRICA AND THE GREAT LAKES	
Regional Bureau	16,873,879
Regional activities	2,500,000
Other operations in Africa	2,700,000
Burundi	46,424,596
Djibouti	16,925,482
Eritrea	6,165,291
Ethiopia	303,013,846
Kenya	145,451,594
Rwanda	79,999,999
Somalia	154,076,049
South Sudan	201,097,427
Sudan	295,192,240
Uganda	320,665,000
United Republic of Tanzania	115,000,000
SUBTOTAL	1,706,085,402

SOUTHERN AFRICA	
Regional Bureau	10,437,597
Regional activities	4,000,000
Angola	27,314,543
Congo	27,615,833
Democratic Republic of the Congo	188,141,176
Malawi	17,549,902
Mozambique	14,483,709
South Africa Multi-Country Office ¹	27,953,810
Zambia	19,800,193
Zimbabwe	7,704,244
SUBTOTAL	345,001,006

WEST AND CENTRAL AFRICA	
Regional Bureau	14,477,736
Regional activities	4,000,000
Burkina Faso	82,880,594
Cameroon Multi-Country Office ¹	92,202,575
Central African Republic	43,211,428
Chad	139,464,509
Côte d'Ivoire	18,044,035
Ghana	7,249,894
Liberia	10,250,535
Mali	54,740,031
Niger	106,879,464
Nigeria	96,395,375
Senegal Multi-Country Office	19,387,931
SUBTOTAL	689,184,106

THE AMERICAS	
Regional Bureau	21,988,058
Regional activities	8,149,211
Argentina Multi-Country Office	35,000,000

Brazil	33,000,000
Canada	2,204,019
Colombia	83,737,550
Costa Rica	27,000,000
Ecuador	58,470,744
Guatemala	33,725,655
Honduras	19,273,913
Mexico	61,481,693
Panama Multi-Country Office	44,333,629
Peru	55,000,000
United States of America Multi-Country Office	40,193,556
Venezuela (Bolivarian Republic of)	50,244,449
SUBTOTAL	573,802,476

ASIA AND THE PACIFIC	
Regional Bureau	10,358,563
Regional activities	2,850,000
Afghanistan	118,120,607
Australia Multi-Country Office	3,466,511
Bangladesh	288,940,721
China	3,900,000
India	9,531,841
Indonesia	7,348,455
Iran (Islamic Republic of)	98,221,684
Japan	3,477,108
Kazakhstan Multi-Country Office	2,859,492
Kyrgyzstan	700,000
Malaysia	25,136,435
Myanmar	45,340,359
Nepal	2,575,164
Pakistan	99,763,396
Philippines	3,658,017
Republic of Korea	2,902,610
Sri Lanka	3,781,408
Tajikistan	2,020,702
Thailand Multi-Country Office	20,216,218
SUBTOTAL	755,169,290

EUROPE	
Regional Bureau	13,049,253
Regional activities	12,215,002
Other operations in Europe	4,590,785
Albania	3,218,806
Armenia	3,634,242
Azerbaijan	3,682,976
Belarus	1,940,000
Belgium Multi-Country Office	12,505,068
Bosnia and Herzegovina	9,985,137
Cyprus	2,887,066
France	3,714,342
Georgia	6,132,232

Germany	2,155,805
Greece	214,789,264
Hungary Regional Office	13,045,000
Italy Multi-Country Office	18,176,476
Kosovo (S/RES/1244 (1999))	3,474,422
Malta	1,319,082
Montenegro	2,112,427
North Macedonia	4,271,677
Russian Federation	6,182,130
Serbia	8,359,506
Spain Multi-Country Office	5,588,613
Sweden Multi-Country Office	5,328,745
Turkey	315,826,143
Ukraine	28,365,173
United Kingdom of Great Britain and Northern Ireland	2,792,775
SUBTOTAL	709,342,146

MIDDLE EAST AND NORTH AFRICA	
Regional Bureau	19,000,000
Regional activities	48,421,052
Other operations in the Middle East	18,000,000
Algeria	37,118,500
Egypt	117,518,805
Iraq	510,425,000
Israel	6,000,000
Jordan	370,557,449
Lebanon	488,429,155
Libya	90,568,384
Mauritania	27,131,658
Morocco	8,000,000
Saudi Arabia Multi-Country Office	11,462,853
Syrian Arab Republic	612,382,693
Tunisia	7,778,402
Western Sahara - Confidence-building measures	4,000,000
Yemen	270,999,999
SUBTOTAL	2,647,793,949

SUBTOTAL FIELD	7,426,378,376
Global programmes	519,218,224
Headquarters ¹	220,253,424
SUBTOTAL PROGRAMMED ACTIVITIES	8,165,850,024
Operational Reserve	417,984,590
"New or additional activities - mandate-related" Reserve	20,000,000
Junior Professional Officers	12,000,000
TOTAL	8,615,834,614

UNHCR's 2021 FINANCIAL REQUIREMENTS BY PILLAR AND REGION USD MILLIONS

THE AMERICAS

Pillar 1	\$515	90%
Pillar 2	\$7	1%
Pillar 3	\$0	0%
Pillar 4	\$52	9%
Total	\$574 million	

7% of global requirements

EUROPE

Pillar 1	\$674	95%
Pillar 2	\$9	1%
Pillar 3	\$0	0%
Pillar 4	\$26	4%
Total	\$709 million	

8% of global requirements

MIDDLE EAST AND NORTH AFRICA

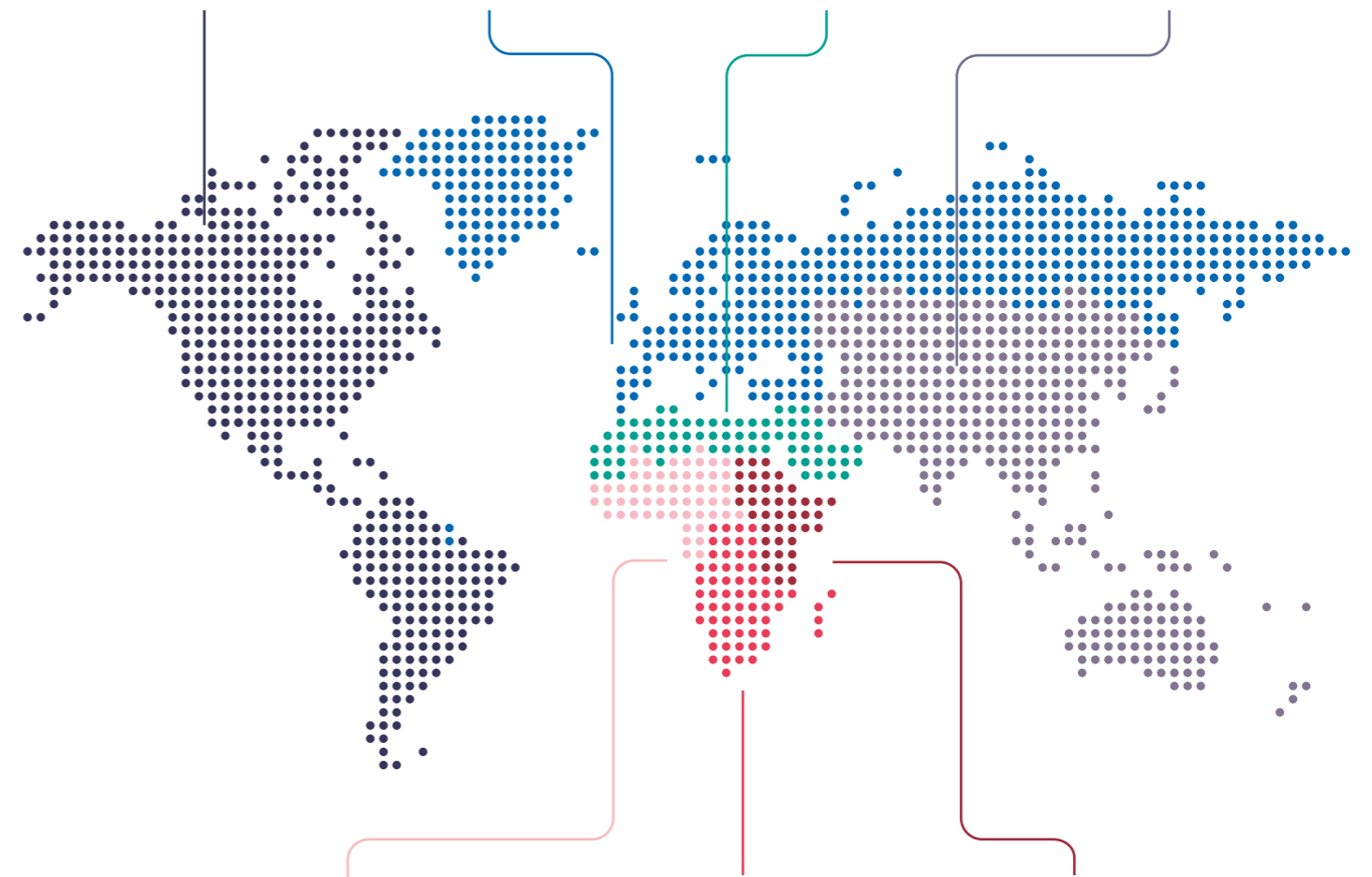
Pillar 1	\$1,509	57%
Pillar 2	\$1	0%
Pillar 3	\$318	12%
Pillar 4	\$819	31%
Total	\$2,648 billion	

31% of global requirements

ASIA AND THE PACIFIC

Pillar 1	\$584	77%
Pillar 2	\$34	4%
Pillar 3	\$95	13%
Pillar 4	\$42	6%
Total	\$755 million	

9% of global requirements



WEST AND CENTRAL AFRICA

Pillar 1	\$483	70%
Pillar 2	\$16	2%
Pillar 3	\$53	8%
Pillar 4	\$137	20%
Total	\$689 million	

8% of global requirements

SOUTHERN AFRICA

Pillar 1	\$250	73%
Pillar 2	\$10	3%
Pillar 3	\$8	2%
Pillar 4	\$76	22%
Total	\$345 million	

4% of global requirements

EAST AND HORN OF AFRICA AND THE GREAT LAKES

Pillar 1	\$1,389	81%
Pillar 2	\$8	0%
Pillar 3	\$147	9%
Pillar 4	\$162	10%
Total	\$1,706 billion	

20% of global requirements

¹ The Annual Programme Budget includes an allocation from the UN Regular Budget of \$40.1 million estimated for 2021. The values for 2021 are provisional, subject to approval of final United Nations Programme Budget and subsequent recosting.

² Note: budget appropriations are those approved by the UNHCR Executive Committee at its 71st session in October 2020. They are based on a budget cut-off date of 15 June 2020. Any subsequent revisions to budgets will be reflected as they are processed. Updated budget information is made available to Member States through regular updates on budgets and funding to the UNHCR Standing Committee. Information on the 2021 budgets will also be updated online on a monthly basis on Global Focus (<https://reporting.unhcr.org>).

Resource mobilization in 2021

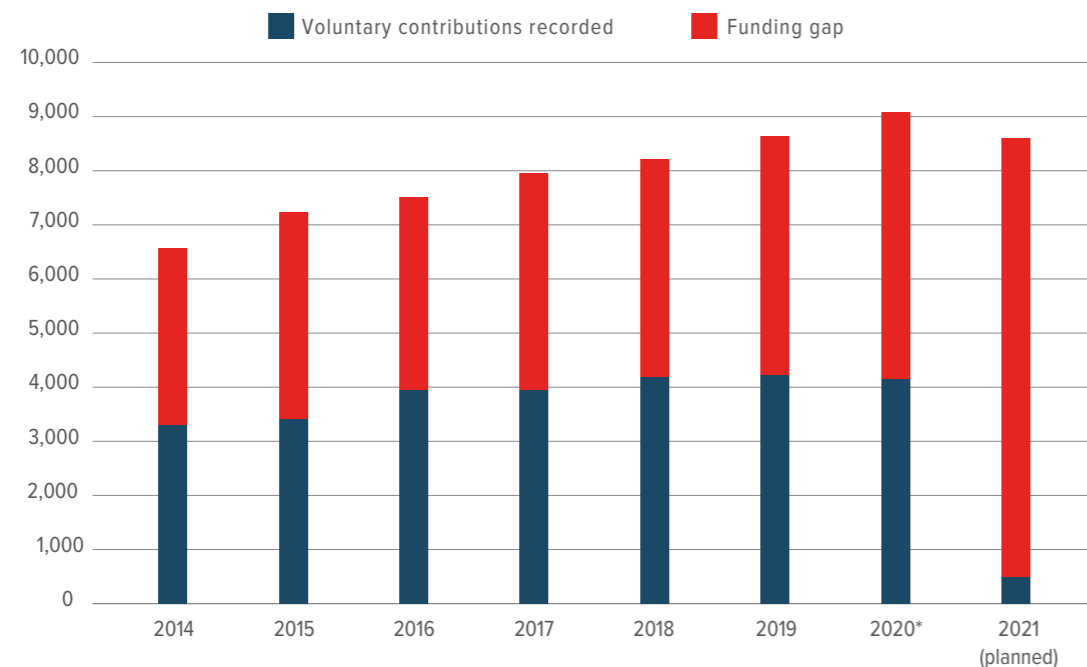
RAISING FUNDS FROM THE PUBLIC SECTOR

Needs are expected to rise in 2021, as the number of people of concern to UNHCR increases, and as the economic aftershocks of COVID-19 exacerbate the vulnerability of those with the least means. Looking to 2021 and beyond, official development assistance budgets of donor governments may be affected as economies contract in the wake of the pandemic. This further intensifies the

urgency to diversify UNHCR’s funding base and reduce operating costs wherever possible.

In 2020, voluntary contributions to UNHCR increased appreciably from 2019, thanks to the support of governments and other key donors, both public and private. Part of the increase in 2020 was due to contributions for UNHCR’s COVID-19 response, which generated \$460 million as of 1 October 2020.

FIGURE 3 | UNHCR’s ANNUAL REQUIREMENTS vs VOLUNTARY CONTRIBUTIONS 2014-2021 | USD millions



*Contributions recorded as of 1 October 2020

Key funding indicators: quality and flexibility, timeliness and predictability

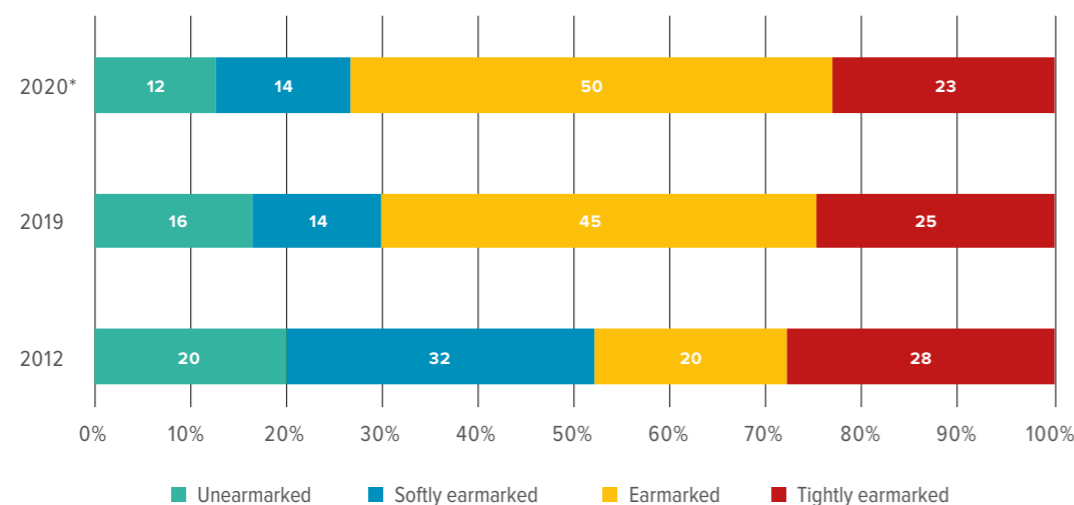
When speaking of the quality of funding, it is the type of funding which matters. The funding that UNHCR most needs is flexible funding—unearmarked or softly earmarked, and multi-year whenever possible. Flexible funding is one of the most important resources at UNHCR’s disposal. It is key in enabling UNHCR to fulfil its mandate and is a lifeline for underfunded or under-resourced operations and organizational priorities. For example, the High Commissioner has delegated authority from the Executive Committee to extend budget authorities without necessarily having earmarked funding on hand, thus allowing rapid response in emergencies; this is only possible if UNHCR can count on using unearmarked resources.

These resources help jump-start emergency response, and ensure predictability for services provided to refugees, particularly those implemented via partnership agreements with national and local NGOs. Flexible funding, particularly unearmarked funding, was key in enabling UNHCR to scale up, and then stay and deliver during the COVID-19 crisis. Unearmarked funding permitted UNHCR to quickly initiate measures to limit the spread of the coronavirus, including procurement of personal protective equipment.

Flexible funding was also key in widening the response in the Sahel where, amid COVID-19-related restrictions on access, UNHCR provided emergency shelter, treated survivors of gender-based violence, ran mobile clinics and helped provide health care and schooling to hundreds of thousands of people. Flexible funding also supports global programmes which strengthen field operations and ensure equity, access, inclusion, meaningful community participation and community empowerment; for example, efforts to promote best practices in preventing sexual exploitation and abuse.

Despite its evident value, however, UNHCR has over the last decade seen the share of flexible funding reduce by half (see Figure 4). To reverse the trend toward increased earmarking, and in acknowledgement that unearmarked funds in particular reduce the burden of donor funding restrictions and reporting requirements, UNHCR has excluded unearmarked contributions from application of its indirect support cost rate (now 6.5%), ensuring maximum impact for refugees and other people of concern. The growth of private sector funding has enabled UNHCR to minimize the impact of increased earmarking among other sources of funding.

FIGURE 4 | LEVELS OF EARMARKING | 2012-2020

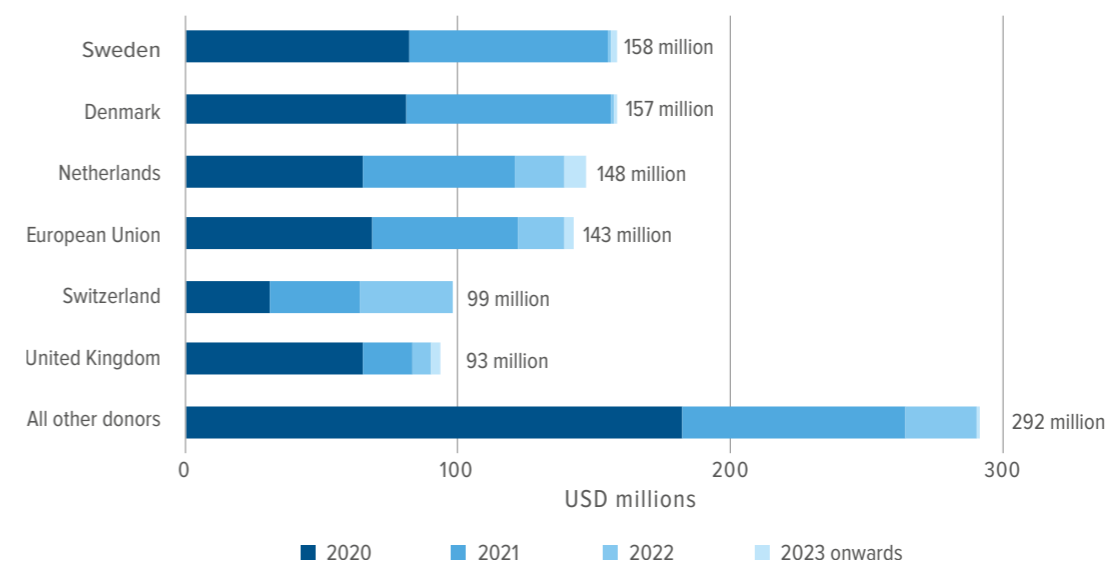


*As of 1 October 2020

Timeliness of funding is critical. Early receipt of contributions allows UNHCR to provide continuity of services, maintain capacity to respond quickly in emergencies, and to secure agreements with partners faster and more efficiently. By the start of 2020, UNHCR had received \$883 million in contributions and pledges toward its \$9.131 billion budget, or nearly 10% of requirements, comparable to levels received by January in 2018 and 2019. Donors were quick to respond to UNHCR’s COVID-19 appeal, with the majority of funding arriving in the four months following UNHCR’s initial appeal in March. As of 1 October, funding for UNHCR’s COVID-19 appeal was over \$460 million, or 62% of requirements. Thanks to this timely support, UNHCR was able to carry out a range of urgent interventions. By August, for example, UNHCR had provided cash assistance to 3 million people (1.3 million as a result of COVID-19 activities), reducing the impact of lockdowns and the inability to access work.

For predictability, multi-year funding allows UNHCR to plan ahead and ensure the continuity of vital protection and assistance, particularly in protracted situations. This support also enables UNHCR to build multi-year, multi-partner strategies promoting the inclusion of refugees and other people of concern in national systems, as envisioned in the Global Compact for Refugees. The situation of refugees in Costa Rica is one such example; multi-year funding permitted UNHCR to extend support to asylum authorities to address existing backlogs and strengthen partners’ legal assistance programmes, ultimately increasing refugee recognition rates from 13% to 21% by the end of 2019, and expanding provision of legal assistance from 4,175 people of concern to 8,453. The top donors of multi-year funding pledged for 2020-2023 are Sweden, Denmark, the Netherlands, the European Union, Switzerland and the United Kingdom (See Figure 5).

FIGURE 5 | MULTI-YEAR CONTRIBUTIONS | 2020-2023



Diversification: How wide is the donor base?

UNHCR continues to strengthen and diversify its donor base, including from new donors, from innovative financing, and from the private sector. This includes the commitment across the Office, from the High Commissioner down, to engage proactively with donors and to make the case for their investment in UNHCR and its work.

However, COVID-19—and the decision by some traditionally-reliable donors, given domestic concerns, to repurpose, halt or frontload humanitarian assistance funds—has had and will very likely continue to have an impact on UNHCR’s traditional donor base. Given the deteriorating financial forecast globally, prudence and caution will be watchwords for 2021 planning as discussions continue with key donors around securing early indications of strong support for UNHCR next year.

Pooled funding is also a source of diversification, with strengthened guidance issued to UNHCR field offices on how to engage more proactively and productively with CERF and country-based pooled funds. Income from CERF increased in 2020 compared to 2019, with income from country-based pooled funds holding steady.

This means the key area for diversification remains the private sector, which is now UNHCR’s third largest source of income (behind governmental donors and the European Union) and the second largest source of unearmarked funds for UNHCR.

Innovative financing

Innovative financing refers to financial arrangements to support UNHCR's work that are not traditional donor-funded grants. It provides a toolkit that helps UNHCR bring more sustainable, efficient, and effective resources for the benefit of people of concern. In line with the Global Compact on Refugees, innovative financing seeks to bring in a wider range of stakeholders and their financial and other capabilities.

Innovative financing mechanisms can include investments, impact bonds, swaps, funds, guarantees, blended finance and other vehicles, depending on the specific priority being supported. A key principle of UNHCR's innovative financing work is that the financial tools used in every project are designed to meet the specific needs of the country operation and/or sectoral need in question; hence, every project is designed in a bespoke way with strong internal and external participation.

UNHCR's innovative financing work is centred on four pillars. Working with partners (development banks, investors, donors and implementing partners), UNHCR seeks to utilize innovative financing mechanisms to:

- Scale up impactful programming by going beyond 100% grant funding to a blend of grants and other funding sources.
- Build longer-term, higher-quality infrastructure, such as financing better and more cost-efficient water, energy, and sanitation systems over the medium- and long-term.
- Lower costs to free up funding for refugees, including switching to more efficient arrangements with the private sector to lower costs and operational burdens.
- Invest in productive capacities of refugees and host communities, such as channeling social impact investments to spur local economic development.

One flagship project is the Green Fund, a sustainable financing mechanism to transition UNHCR's deep field compounds that currently run on diesel fuel to solar power via shared investment and risk arrangements with the private sector. This project has been capitalized with an initial contribution from the Swedish Development Agency (see the section on *Strengthening UNHCR's engagement in climate action*).

Another is creating a digitally-enabled credit reporting system for financial inclusion of people of concern as, amongst the many barriers they face to financial inclusion, refugees and IDPs are likely to either have no credit history to begin with or to have lost it in the process of forced displacement. UNHCR is exploring ways to support refugees' inclusion in credit reporting systems by leveraging a technological solution developed by the international non-profit organization Kiva, known as the Kiva Protocol. The Protocol is an open-source decentralized identity platform designed to remove the systemic barriers to financial inclusion by making e-Know Your Customer compliant digital identities and credit histories available to everyone, regardless of their status as refugees. When any lender (Kiva partner or not) makes a loan, this will send the borrower a signed verifiable claim with the details of that loan. The borrower accepts the verifiable claim and posts it to their private credit ledger in their digital Kiva wallet. The same happens with a repayment: when a borrower makes a repayment, the lender sends a verifiable claim that the borrower approves and posts to their ledger. This enables all credit events to be captured in a single ledger, with access to the digital wallet controlled by the individual. A trusted digital identification linked to a credit history would facilitate refugees and other displaced populations' financial inclusion in national systems and could also help with integration in the context of resettlement or return.

RAISING FUNDS FROM THE PRIVATE SECTOR

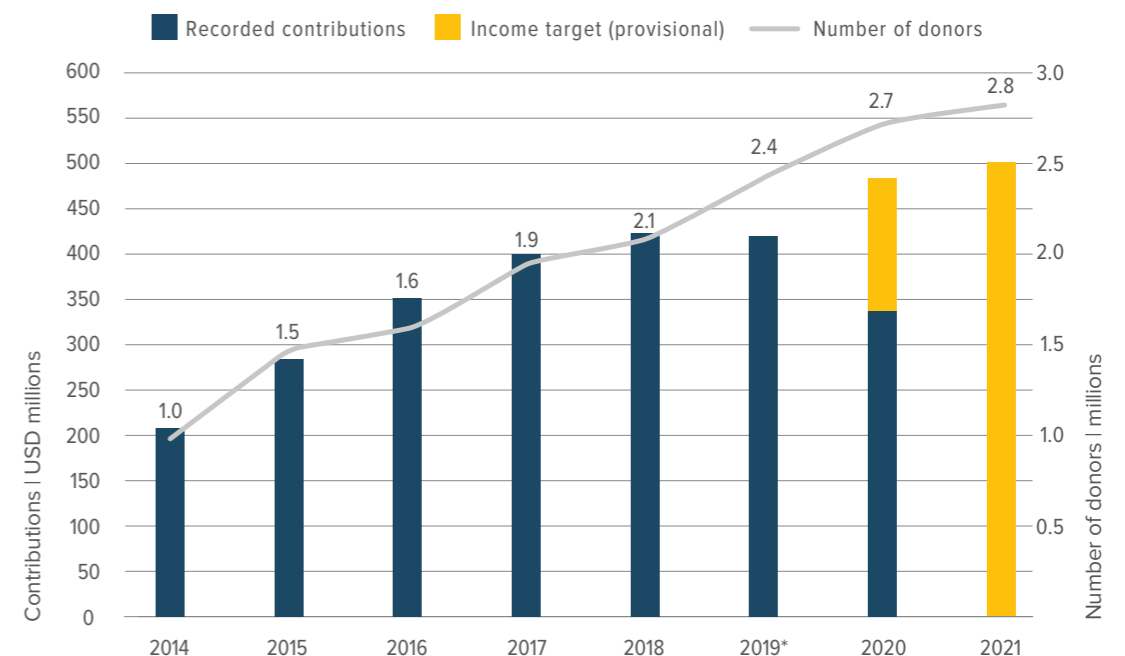
UNHCR is working towards raising \$1 billion annually from the private sector, with 70% coming from individual donors and 30% from corporations, private philanthropists and foundations. This ambitious, long-term objective reflects the need to diversify its income, particularly flexible funding, and the importance of the private sector in contributing to resolve humanitarian issues and its willingness to engage with UNHCR in support of the refugee cause.

As recognized in the Global Compact on Refugees, finding sustainable solutions to refugee situations rests on strong and lasting partnerships. These include partnerships with the private sector as an active contributor that can support through funding and in-kind donations of goods

and services, as well as through advocacy and expertise in terms of technology, employment, skills, renewable energy and other areas. UNHCR will continue to invest in developing these partnerships, and in establishing new ones, looking increasingly at managing relationships with private donors locally.

After a challenging year in 2019, UNHCR's private sector income returned to strong growth in 2020, largely driven by a swift response to emergencies, and is on track to reach the milestone of raising over \$500 million in a single year (see [Figure 6](#)) which makes it the fastest growing organization in private sector fundraising over the last five years.

FIGURE 6 | CONTRIBUTIONS AND NUMBER OF DONORS FROM THE PRIVATE SECTOR | 2014-2021



*Recorded contributions as of 1 October 2020

Private sector partnerships and emergencies in 2020

Private sector fundraising and partnerships are fundamental in supporting UNHCR's timely response to new and protracted emergencies, contributing critical funds, services and expertise, including airlifts, logistics, supply and communications.

In 2020, a year dominated by numerous and unprecedented crises, private sector support was more important than ever. Private donors supported UNHCR to deliver life-saving aid to millions of forcibly displaced people in the province of Idlib in the Syrian Arab Republic, in the Sahel and Yemen, as well as to thousands made homeless by the Beirut blast and the fires at Moria on the Greek island of Lesbos.

Private donors' support for UNHCR's COVID-19 appeal raised over \$55 million in confirmed contributions and pledges, making this one of UNHCR's most

successful private donor emergency appeals. Over 84% of COVID-19 private income was provided by companies, foundations and philanthropists, with the rest coming from individual donors. The largest financial contributions came from the WHO-UN Foundation COVID-19 Solidarity Response Fund (\$10 million), Qatar Charity (\$3.5 million) and Sony Corporation (\$2.9 million).

In addition, the COVID-19 appeal led to the largest in-kind donations ever received by UNHCR. Unilever donated hygiene products to over 50 country operations and fashion retailers Inditex and GAP made clothing donations to operations in Rwanda and Burkina Faso, respectively. Partners such as UPS and Qatar Airways supported operations through airlifts and logistics, while Microsoft, WeTransfer and H&M contributed by amplifying UNHCR's messages through their platforms.

For 2021, UNHCR has set a target of consolidating the growth achieved in 2020 with the private sector and defined the following priorities:

- **Strategically invest resources** in priority countries, global partnerships, and fundraising programmes delivering loyal donors and the highest long-term net income growth.
- **Embrace the general public** as a key stakeholder and scale up communication,

public engagement activities and campaigns in support of refugees. For example, the international expansion of the Ramadan campaign beyond the Middle East and North Africa region, including appealing for zakat funds, will scale up in 2021 after a successful pilot. The aim will be to increase Islamic philanthropic funds from individuals, as well as corporates and foundations.

- **Develop partnerships** with corporations, foundations and private philanthropists, nurturing existing relationships while targeting new actors in the philanthropic sphere and offering innovative forms of collaboration. The goal is to have a strong portfolio of long-term, impact-driven and mutually beneficial relationships providing financial and other forms of support to UNHCR and people of concern. Of the overall private sector income to UNHCR, approximately 30% is expected to come from corporations, private philanthropists and foundations.
- **Strengthen efforts** to mobilize private donors to support UNHCR's emergency preparedness and response, leveraging private sector expertise, and providing protection and assistance in both new and ongoing emergencies.

UNHCR's vision is to become the private sector's partner of choice on the issue of forced displacement. Reaching the goal of raising \$1 billion annually from

private donors will require investment in a range of key areas such as improving the experience of supporters and maximizing donor engagement to increase the amount of donations; growing Islamic philanthropy, with UNHCR's eligibility to receive zakat funds providing a competitive advantage; expanding opportunities for in-kind donations; developing relationships with high-net-worth individuals and foundations; growing in the legacy marketing and gifts-in-wills space; and developing multi-country campaigns and emergency readiness mechanisms to drive income, engagement and brand recognition.

In order to broaden its private sector donor base, UNHCR is expanding its fundraising networks. New National Partners have been established in Argentina, Switzerland and the United Kingdom, joining the six which already exist in Australia, Germany, Japan, Spain, Sweden and the United States of America.



Islamic philanthropy in focus

UNHCR launched the Refugee Zakat Fund in 2019, an effective and trusted distributor meeting zakat regulations. Harnessing the power of zakat—a form of charitable contribution—the Fund enables UNHCR to assist the most vulnerable refugees and IDPs including in Bangladesh, Egypt, India, Iraq, Jordan, Lebanon, Malaysia, Mauritania, Pakistan and Yemen, with the ambition to expand to other relevant UNHCR operations. As of October 2020, UNHCR had received \$46 million in zakat funds, thanks to another generous contribution of \$38 million from the Thani Bin Abdullah Bin Thani Al-Thani Humanitarian Fund, as well as \$5.8 million from individuals and through the Fund's digital platform. UNHCR's goal is to establish long-term partnerships that channel zakat funds in support of more than one million beneficiaries, which was the impact of the Fund in 2019. In 2021, UNHCR will continue to diversify partnerships with various zakat organizations and Islamic financial institutions, maximizing their impact on the lives of most vulnerable people of concern.



TABLE 2 | BUDGETS FOR GLOBAL PROGRAMMES 2010-2021 | USD

ACTIVITIES	2020	2021
	Budget	Proposed budget
OPERATIONAL ACTIVITIES		
Cash-based interventions	110,000	160,000
Durable solutions	4,288,445	4,769,000
Education-related projects	40,945,017	41,641,815
Emergency-related projects	90,959,445	71,550,000
Global clusters	250,000	-
Innovation project	2,352,419	3,500,000
Private sector partnerships	141,652,542	160,000,000
Protection-related projects	4,847,508	3,341,054
Public information and media projects	8,775,493	9,191,012
Refugee women, children and adolescents	1,044,874	638,000
Registration, data and knowledge management	5,772,076	8,900,000
Research, evaluation and documentation	7,873,589	11,250,000
Resettlement	11,756,810	9,448,360
Shelter-related projects	14,145,137	13,000,000
Training-related projects	789,500	747,500
Miscellaneous	1,237,456	924,456
SUBTOTAL OPERATIONAL ACTIVITIES	336,800,311	339,061,197
PROGRAMME SUPPORT (BY DIVISION)		
Executive Direction and Management	15,801,973	12,763,994
Division of External Relations	30,021,889	28,880,452
Division of International Protection	6,602,154	2,826,971
Division of Emergency, Security and Supply	19,058,081	18,961,864
Division of Resilience and Solutions	28,375,420	24,455,852
Division of Strategic Planning and Results	4,200,000	4,200,000
Division of Information Systems and Telecommunications	38,177,952	31,821,059
Division of Human Resources	32,387,436	30,980,335
Division of Financial and Administrative Management	705,163	705,163
BUDAPEST GLOBAL SERVICE CENTER		
Division of Emergency, Security and Supply	2,189,532	1,820,936
COPENHAGEN GLOBAL SERVICE CENTER		
Division of External Relations	9,987,377	8,937,934
Division of International Protection	478,164	217,688
Global Data Service	14,178,032	12,096,324
Division of Information Systems and Telecommunications	1,637,911	1,488,456
SUBTOTAL PROGRAMME SUPPORT	203,801,083	180,157,027
TOTAL	540,601,394	519,218,224

TABLE 3 | BUDGETS FOR HEADQUARTERS¹ 2020-2021 | USD

DIVISIONS/DEPARTMENTS	2020	2021
	Budget (as of 30 June 2020)	Proposed budget
EXECUTIVE DIRECTION AND MANAGEMENT		
Executive Office	5,926,315	5,660,662
New York Liaison Office	4,740,998	5,415,292
Inspector General's Office, including audit services	11,017,879	11,077,879
Legal Affairs Service	4,932,819	4,945,505
Office of the Ombudsman	650,433	628,752
Ethics Office	3,205,968	3,416,817
Enterprise Risk Management	1,473,463	1,479,310
Evaluation Service	3,010,129	3,064,398
Transformation and Change Service	2,996,315	2,996,315
Governance Service	2,361,975	2,898,654
SUBTOTAL EXECUTIVE DIRECTION AND MANAGEMENT	40,316,296	41,583,583
DIVISIONS		
DIVISION OF EXTERNAL RELATIONS	26,862,694	28,971,667
DIVISION OF INTERNATIONAL PROTECTION	16,254,543	16,050,778
DIVISION OF RESILIENCE AND SOLUTIONS	2,957,946	3,149,235
DIVISION OF EMERGENCY, SECURITY AND SUPPLY	1,721,082	1,713,737
DIVISION OF STRATEGIC PLANNING AND RESULTS	17,446,242	17,624,252
DIVISION OF INFORMATION SYSTEMS AND TELECOMMUNICATIONS	25,525,241	33,710,268
DIVISION OF HUMAN RESOURCES	16,071,859	15,349,813
DIVISION OF FINANCIAL AND ADMINISTRATIVE MANAGEMENT	23,348,934	23,082,941
SUBTOTAL DIVISIONS	130,188,541	139,652,691
BUDAPEST GLOBAL SERVICE CENTER		
Management Unit	4,208,329	4,247,878
Specialized sections and services	29,580,506	29,412,653
SUBTOTAL BUDAPEST GLOBAL SERVICE CENTER	33,788,834	33,660,531
COPENHAGEN GLOBAL SERVICE CENTER		
Management Unit	4,711,156	4,479,559
SUBTOTAL COPENHAGEN GLOBAL SERVICE CENTER	4,711,156	4,479,559
Staff Council	724,487	877,060
TOTAL	209,729,314	220,253,424

¹ The Annual Programme Budget includes allocations from the UN Regular Budget as follows: \$40.1 million for 2020 and an estimated \$40.1 million for 2021. The values for 2021 are provisional, subject to approval of final United Nations Programme Budget and subsequent recosting.