

Fifth Session of the Assembly
25-27 October 2021, Hybrid

Agenda Item 12

Updates on the Resource Mobilization Activities

I. Resource Mobilization Performance in 2020-2021

A. Revenues situation for the Operational Expenditure

1. Total revenues raised for the 2020 budget for the Operational Expenditure was *USD 4.27 million, which resulted in USD 0.21 million unfunded (Figure 1 & Table 1)*. The ratio of the unfunded portion against the total approved budget in 2020 has slightly increased compared to the one with the 2019. This was mainly attributed to the decrease in the funds mobilized from the other sources. Given that most opportunities of raising funds from other sources in 2019 were provided in hosting demand-driven capacity development programs at the Regional Education Training Center in Myanmar and at the Headquarters, the COVID-19 related travel restrictions negatively impacted in soliciting the same in 2020. This trend is observed to continue throughout this year. Please refer to **Annex 1** of this document for the full list of voluntary contributions mobilized from other sources.

2. Although the unfunded ratio is relatively smaller than the portion for the other sources, the Mandatory Contributions were not fully accomplished in 2019 and 2020. The details of mandatory contributions from the Parties can be referred to the Financial Reports of AFoCO for 2019 and 2020 (A-19-IV-20R & A-21-5-27).

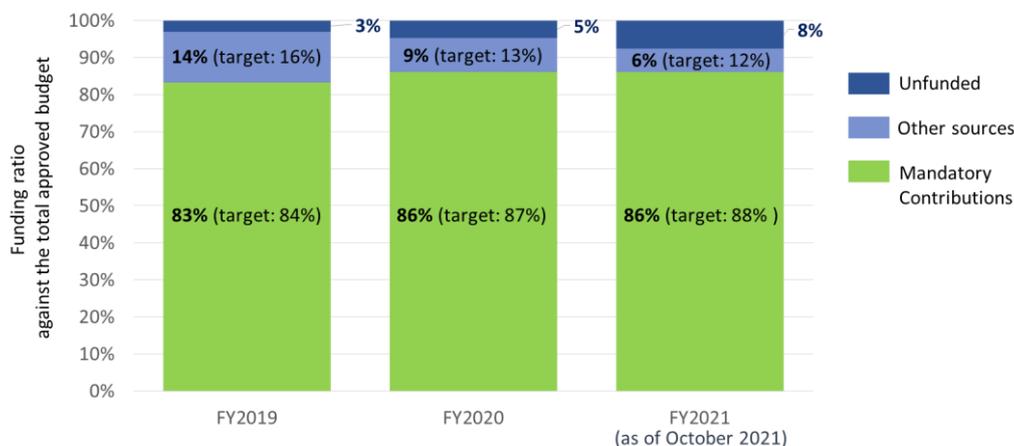


Figure 1. Funding situation for the Annual Operational Expenditure

Table 1. Trends of funding situation for the Administrative Account for Operational Expenditure

Sources	2019		2020		2021 (as of Oct. 2021)	
	1,000 USD	million KRW	1,000 USD	million KRW	1,000 USD	million KRW
Approved						
● Mandatory Contr.	4,048	4,453	3,905	4,647	3,876	4,690
● Other sources	787	865	564	671	519	628
Total (A)*	4,835	5,318	4,469	5,318	4,395	5,318
Actual						
● Mandatory Contr.	4,023	4,425	3,845	4,576	3,786	4,581
● Other sources	668	735	411	489	277	335
Total (B)	4,691	5,160	4,256	5,065	4,063	4,916
Unfunded						
● Mandatory Contr.	25	27	60	71	90	109
● Other sources	119	131	153	182	242	293
Total (A-B)	144	158	213	253	332	402

*As the largest share of the annual budget is contributed by the ROK, its ceiling amount in US\$ has been determined by the reference exchange rate of the Government of the ROK for its annual budgeting process. In this regard, the total budget amount in USD changes while the actual amount in KRW stay constant.

B. Voluntary contributions in the Special Accounts

3. In 2020, the Korea Forest Service contributed KRW 5 billion (equivalent to USD 4.20 million) of voluntary contributions for AFoCO projects. In this year, the same amount of contributions were provided from the Korea Forest Service to support new and on-going cooperation projects. While all the funds received in the Special Accounts were from the Korea Forest Service, the Secretariat anticipates that additional funds can be received by this year end from new sources, including the ASEAN-Korea Cooperation Fund for “Capacity Building on Enhancing Resilience to Forest Fire, and Local Livelihood and Market Linkages (6 years, USD 6,502,562)” project.

4. In the coming years, the Secretariat will aim to increase the volume of funding approximately to USD 1 million by 2025, by gradually elevating the portions mobilized from new sources of funds (**Figure 2**). The Secretariat shared these mid-term resource targets with the Korea Forest Service through the 3rd Donors Meeting and requested for continued support for the organization.

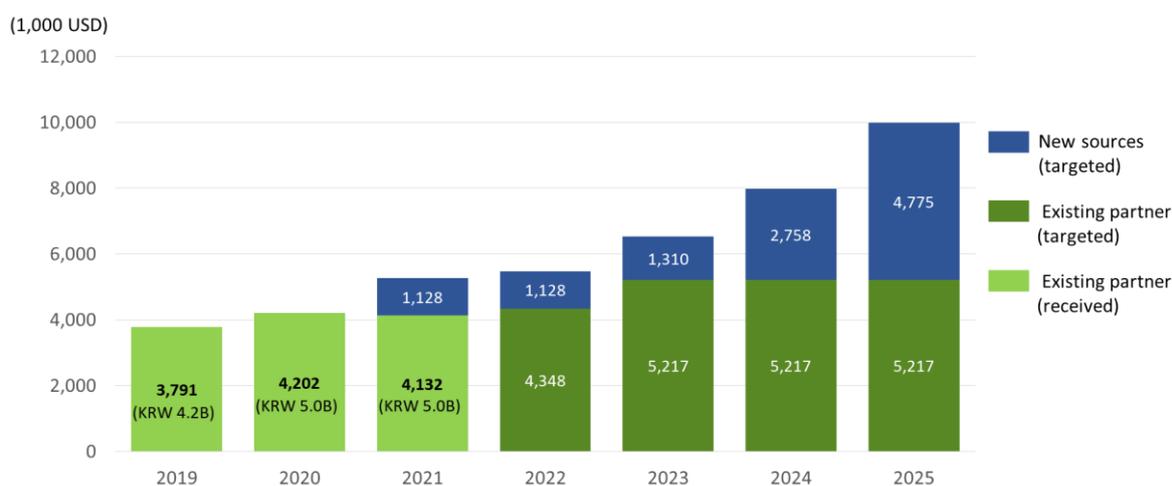


Figure 2. Project resource mobilization targets 2021-2025

C. Updates on eligibility acquisition and donors relations

5. Following the submission of a proposal to add AFoCO to the OECD Development Assistance Committee (DAC) List of Official Development Aid (ODA)-Eligible International Organizations in 2020, AFoCO has been officially enlisted as an ODA-eligible international organization since April 2021, in the category of 'Other multilateral institutions' with a channel ID 47114 (DAC List of ODA-Eligible International Organizations, updated as of April 2021: <https://www.oecd.org/dac/financing-sustainable-development/development-finance-standards/annex2.htm>).

6. Likewise, domestically in the Republic of Korea (ROK), AFoCO has acquired its eligibility for fundraising of designated donations with official notification of the Ministry of Economy and Finance (MOEF) since 31 December 2020.

7. The application for Accreditation to the Green Climate Fund has been under the stage-one review by the GCF Secretariat since March 2020. While awaiting the review results, the Secretariat has pursued funding opportunities with the GCF Readiness and Preparatory Support Programme. The Secretariat duly submitted documentations required for the Financial Management Capacity Assessment (FMCA) to become a delivery partner of the Programme to the GCF Secretariat on 11 August 2021. The next follow up step will be taken as soon as the concept note for forest sector specific National Adaptation Plan is submitted from the Parties through their National Designated Authorities (NDAs) for the GCF, nominating AFoCO as a 'Delivery Partner'.

8. In 2021, the Secretariat aimed to build relations with development partners in Europe and with the private sector entities as new potential resource partners for AFoCO. Since the assumption of his office in January 2021, the Executive Director made courtesy calls on the Ambassadors of Finland, Norway, and Germany, to introduce AFoCO and explore cooperation opportunities with those countries. For the private sector partners, the Secretariat developed a partnership scheme 'AFoCO Green Partnership' to guide the process of engaging interested private sector partners for its on-going and new cooperation activities of AFoCO. It is suitably designed to accommodate a wide spectrum of private sector interests in partnering with public sector partners in Asia — from corporate social responsibility (CSR) and expanding market share for a product or investment, to crafting business values by building a strong environmental, social and corporate governance (ESG) proposition. Following up on the due consideration and endorsement of the Assembly on this partnership platform, the Secretariat will formalize on-going partnership discussion with several private companies in Korea.

II. Challenges and opportunities

9. It has already been 10 years since the current funding program of the Korea Forest Service commenced in 2012. In the anticipation of the program completion in 2025, AFoCO has been consistently asked by the donor to present tangible outcomes from the supported projects. Concurrently, enactment of a new "Act on Contributions to International Organization" of the ROK have implications for the enhanced monitoring of the Korean government on the use of its contributions for AFoCO and the delivery of the impacts through the organization's operations

and projects. It is high time now to strengthen AFoCO's institutional capacity and system to mobilize stronger and more sustainable impacts from the donors' contributions and ensure good value for money in its operation.

10. In this perspective, additional windows and enhanced opportunities are being sought. First, a program approach has been introduced to generate greater impacts of the project interventions. The Landscape Partnership Asia is the first case which demonstrates the new approach and additional focus programs are being developed to address strategic priority areas. They include 'LIFE (Livelihood Improvement through Forest-based Enterprises)', 'SAVE (Saving Asia's Vulnerable Ecosystems)', Earth Garden, Climate LINK and Landmark Program 2.0. These focus programs will be introduced in a package under 'AFoCO Green Partnership' to potential private sector partners to galvanize cross-sectoral collaboration towards a sustainable future. The growing interest in the ESG issue is another golden opportunity for AFoCO to gain more investment for the enhancement of global forest ecosystem services. Globally elevated ambition and commitments for climate actions also set stages for forest sectors to advance sustainable forest management practices and contribute therein. Levering the existing resources and project funds available at AFoCO, diverse partnership strategies such as co-financing or co-implementation are being considered to increase the volume of funds and diversify the funding sources.

11. To lock up the opportunities and materialize them into concrete actions, more concerted efforts are needed to make AFoCO nimbly adjust and evolve its operations. These efforts should be invested particularly in developing more marketable projects, strengthening the impact pathways of project interventions, establishing good governance and accountability framework at all levels, and enhancing partnerships and institutional capacities.

III. Updates on the development of Resource Mobilization Strategy

12. Pursuant to recommendations from the 2019 Institutional Review, the Secretariat has embarked on developing organizational resource mobilization strategy. The followings are key strategic opportunities identified in the process that may increase resource mobilization potential for AFoCO:

- An ODA-eligibility status granted by the OECD DAC may allow AFoCO to pursue un-earmarked voluntary contributions as multi-lateral channel for the ODA. The un-earmarked voluntary contribution, often referred to as 'core contributions', is unrestricted flexible funding, not tied to specific projects, but rather to support core functioning of the organization. Un-earmarked voluntary contributions in international organizations allows for delivery on their core mandate by providing an efficient, effective and balanced implementation of the work program. It helps the organizations plan and decide on funds allocation, based on their expertise and discretion, to where they are needed most and where they make the biggest impact.
- Many development cooperation agencies require to partner with private sector entities when responding to their calls for proposals. National focal points of AFoCO may take a leading role in identifying credible local non-governmental organizations and private sector partners in their countries and deploying relevant coordination mechanisms for the project implementation.

- Strong country and regional presence of the organization is another desired requirement for many of the international funds. By forging partnership with existing regional cooperation centers among AFoCO members, i.e. Korea-Mekong Forest Cooperation Center and Korea-Indonesia Forest Center, AFoCO may readily acquire the needed capacity to mobilize diversified funds and enhance project monitoring and supervision activities. Establishment of additional country/regional offices can be considered on a need basis and contingent on the long-term growth and expansion strategy of the organization.
- Establishment of multi-donor pooled funds along with the program approach may help generate greater impacts with less administrative costs. Many international organizations develop and administer the pooled fund to receive contributions from multiple financial partners and more effectively allocate such resources to undertake their regional and global responsibilities. In this context, AFoCO could use its advantage as an intergovernmental organization and coordination role to develop regional thematic programs that attract wide interest and diversity funding sources.

13. With these findings, the Resource Mobilization Strategy will be developed along the process of developing the next term's strategic plan, tentatively titled as 'AFoCO Strategy 2024-2030'.

Points for consideration

14. The Assembly may wish to:
- Take note on the updates relative to the resource mobilization activities in 2020-2021; and
 - Provide guidance and support to the Secretariat for on-going and newly proposed activities to increase funding and strengthen relevant institutional capacities in the coming years.
-

Annex 1.

Other Sources of Funds Received in the Administrative Account (2019-2021)

(as of October 2021)

Year	Source	Amount (USD)
2019	United Nations Convention on Combating Desertification (UNCCD)	40,000
	United Nations Food and Agriculture Organization (FAO)	9,600
	International Tropical Timber Organization (ITTO)	7,316
	Biodiversity Conservation Fund of Kazakhstan	64,760
	Korea Forestry Promotion Institute (KoFPI)	10,053
	Korea Forest Welfare Institute (FOWI)	132,157
	Chonnam National University	21,818
	Chungnam National University	7,273
	Donation of firefighting vehicles from the Korea local governments	375,000
	<u>Total</u>	<u>667,977</u>
2020	United Nations Environment Program (UNEP) Korea Association	74,000
	United Nations Food and Agriculture Organization (FAO)	2,143
	National Institute of Forest Science (NIFoS)	162,959
	Korea Forest Welfare Institute (FOWI)	2,950
	Korea National Arboretum (KNA) (Face Mask, Used Desktop and Tablet PC)	19,353
	Korea Forest Service (KFS) (Used Desktop and Tablet PC)	60,176
	Donation of Forest Equipment from the Korea local governments	924
	Donation of Forest Equipment from Private sector	8,050
	Excessive contributions from the Government of Myanmar	80,268
		<u>Total</u>
2021	National Institute of Forest Science	148,982
	Excessive contributions from the Government of Myanmar	101,178
	International Tropical Timber Organization (ITTO)	10,000
	Donation of Forest Equipment from Private sector (Drone)	16,520
		<u>Total</u>