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Private Fundraising: 2010 workplan and proposed budget

Summary

The Private Fundraising and Partnerships (PFP) workplan and proposed budget for 2010 is presented to the Executive Board for approval. In 2010, PFP will generate a projected sum of $761.4 million in net consolidated income, of which $360.6 million will be for regular resources and $400.8 million for other resources. This will be achieved with expenditures of $125.3 million. The Executive Board is requested to adopt the draft decisions relating to the budget proposal contained in paragraph 55.

* E/ICEF/2010/1.

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I. Overview

A. Introduction

1. The Private Fundraising and Partnerships (PFP) division was established in 2008 to coordinate all private fundraising activities, including sales of cards and gifts, to manage strategic relationships with the National Committees for UNICEF and to provide support to child rights advocacy activities of the National Committees and to the non-fundraising partnerships with the private sector. Within PFP, under the guidance of the Director's office, the following five teams work together to help mobilize private support in some 60 countries around the world: Central Fundraising, Cards and Gifts, National Committee Relations, Finance and Operations, and Communication.

2. The present workplan and budget document covers the PFP functions of (a) maximizing private income and (b) managing the strategic relationship with the National Committees. In addition, PFP core work on (c) child rights advocacy and education for development and (d) corporate engagement is financed by the UNICEF biennial support budget for 2010–2011 (E/ICEF/2009/AB/L.4), though these support budget-funded functions are not addressed in this document.

3. The year 2009 presented PFP with the challenge of assessing the economic climate for fundraising and sales during the worldwide recession. The projections for 2010 are based on direct revenue estimates from National Committees and country offices, which were validated and adjusted through a PFP team review, discussions with the top 10 National Committees and research. PFP will continue to monitor the private fundraising environment and the impact of economic developments.

4. The level of uncertainty around economic performance remains. Analysis of current performance confirms that (a) private donations have suffered less than public funding, and less than what had been anticipated; (b) regular giving from monthly donors (pledge) has proven to be particularly robust during the crisis; (c) corporate fundraising has dropped significantly, as expected; (d) direct mailing and fundraising for emergencies have also been negatively affected by the economic crisis; and (e) greeting card sales are declining.

5. For the year 2010, PFP will prioritize protecting and growing income from private sources, including through increasing regular pledge giving to UNICEF. The PFP vision and mission statements developed in 2009 strengthen the drive and the focus on key areas of maximizing private income and enhancing the strategic relationships with the National Committees with the aim to increase private contributions to UNICEF income.

6. PFP will work on strengthening internal strategic planning and streamlining core business processes, including the ones for achieving full International Public Sector Accounting Standards (IPSAS) compliance by 1 January 2012. The division is also a part of the UNICEF Virtual Integrated System of Information-One Enterprise Resource Planning (VISION-One ERP) project that will be rolled out in 2011 to country offices.

B. Latest results for 2009

7. Despite the recession, the total expected net consolidated income for 2009 will surpass the projections made in the 2009 approved budget. The 2009 latest estimate of income is $727.1 million versus $682.3 million in the approved budget.

8. The projected net income from regular resources is $345.8 million, which is 1 per cent ($3.6 million) lower than the approved budget.

9. The projected other resources income is $381.3 million, which is $48.4 million (14.5 per cent) more than the approved amount.

10. The latest estimated expenses for 2009 are lower than the 2009 approved budget by $5.3 million, mainly because of a decrease in the country office and regional support centre expenses by $2.3 million and a reduction in the cost of goods expenses by $3.2 million, with a marginal increase in investment funds.

C. Key expected results for 2010

11. Central Fundraising:

(a) Strengthen the National Committee and country office technical expertise, fundraising strategies and tools to maximize regular resources and to increase the allocation of other resources to UNICEF thematic and priority programmes. Increase regular pledge giving;

(b) Maintain, maximize and renew existing global and cross-border resource mobilization alliances with the corporate sector. Secure new global and cross-border alliances;

(c) Improve and coordinate private-sector emergency fundraising from other resources.

12. Cards and Gifts:

(a) Continue the implementation of the new ‘partnership’ business model that began in 2009: (i) broaden the number of licensing partnerships, to give UNICEF the opportunity to generate revenue from new markets, segments and channels, and (ii) execute the planned ‘business rationalization’ through consolidating and outsourcing several functions currently performed in-house by PFP and the National Committees;

(b) Produce and deliver high quality, appealing and distinctive consumer and corporate collections and marketing and promotional material on time and at the lowest cost in order to enable National Committees and country offices to maximize sales and net income for children.

13. National Committee Relations:

(a) Finalize the new cooperation agreement with National Committees;

(b) Develop and sign the new joint strategic plans (JSPs) with selected National Committees;

(c) Strengthen mechanisms for UNICEF and National Committees engagement;

(d) Implement risk management processes and mechanisms developed for and with the National Committees.

14. Communication:

Improve external communication and brand positioning in National Committee countries.

D. Consolidated income and expense projections for 2010

15. Two formats of the PFP income statement are included in the present workplan and budget document: table 1 outlines the PFP income statement and table 1A delineates the net income after direct allocation of operating expenses by revenue-generating activity.

16. Table 1 is prepared in accordance with statutory requirements and reflects results contained in the PFP financial report submitted to the Executive Board. Table 1A is a management report supporting table 1, showing the PFP operating results of its two revenue-generating activities: fundraising and sales of cards and gifts. This statement presents the allocation of costs of both marketing and support services, between fundraising and sales of cards and gifts, to accurately measure the net contribution of each activity.

17. As indicated in table 1, the PFP net consolidated income for 2010 is projected at $761.4 million, which is $34.3 million (4.7 per cent) higher than the 2009 latest estimates and $79.1 million (11.6 per cent) higher than the 2009 approved budget. Without allocating operating expenses between the two revenue-generating activities, the projected 2010 net consolidated income (regular resources) of $360.6 million comprises net operating income from private fundraising of $360.2 million and from sales of $26 million, offset by the cost of investment funds of $25.6 million to support fundraising and sales initiatives.

18. As shown in table 1A, 92 per cent ($332.2 million) of the regular resources net consolidated income is attributable to fundraising activities, and 8 per cent ($28.4 million) to sales of cards and gifts.

19. In fundraising, the net operating income (before investment funds) for regular resources is projected at $355.2 million in 2010, compared to the 2009 approved budget of $318.8 million (table 1A). In addition, for 2010, $400.8 million of other resources income is projected.

20. For card and gift sales, the sales volume for 2010 is projected at 71 million cards, and gross proceeds are projected at $132 million (table 1). This is in line with the 2009 latest estimates. The sales growth expected in some key markets will be offset by the closure or rationalization of operations in others. After allocating operating expenses, the net operating income from card and gift sales (before investment funds) for 2010 is projected to be $31 million (table 1A).

21. Other income of $14.6 million in 2010 comprises mainly National Committee products, royalties and licensing, catalogue donations and bank interest.

22. Consolidated expenditure for 2010, as summarized in table 2, is projected at $125.3 million. As compared to the 2009 approved budget, this is a $1.7 million decrease for the marketing and support services expenses, and a $5.1 million

increase for investment funds, with a total increase of $3.4 million (2.8 per cent). Compared to the 2009 approved budget, the main changes in 2010 are as follows:

(a) The entire increase of $5.1 million in investment funds is in fundraising, with a focus on increasing regular pledge donor income;

(b) By seeking more economic and efficient ways of operating, PFP has reduced the budget for travel, training, furniture and equipment, and general consultancy by 9 per cent;

(c) The cost of goods budget is $27.6 million, as compared to $30.7 million. The percentage of cost of goods to gross proceeds has been maintained;

(d) The commission at country offices is 12 per cent of gross proceeds;

(e) Rationalization of the Cards and Gifts business will require an additional $1.8 million consulting budget. However, after reductions in other consulting costs, the total increase in consulting budget is $1.6 million (tables 3 and 4);

(f) The common services operating costs shared by PFP Geneva and New York have increased by $1.4 million. This is mainly because of an increase in rent, mandatory salary increases and global investment in the IPSAS and One ERP-VISION projects (tables 3 and 4);

(g) The budget for regular posts has increased by $6.8 million (tables 3 and 4). This is a result of:

(i) Conversion (regularization) of temporary staff contracts to regular posts and the costs of three new posts established in late 2009, increasing the budget for posts by $5.1 million;

(ii) Establishment of the new posts, contributing an increase of $0.5 million;

(iii) Salary increases in 2010, contributing an increase of $1.2 million;

(h) The decrease of $3.7 million in other staff costs (temporary assistance) budget in 2010 is due to the transfer of $5.1 million from the temporary assistance budget of 2009 to the approved posts budget of 2010 and the creation of new temporary assistance in 2010 for $1.4 million, as shown in tables 3 and 4;

(i) The country office and regional support centre budget has decreased by $4.7 million, due to the phased transfer of fundraising costs to country offices (tables 3 and 4).

E. Human resources

23. The total number of proposed regular posts for 2010 will be 275, as compared to 231 posts for the 2009 approved budget and 234 posts for the 2009 latest estimates.

24. The regularization of posts was done following the United Nations General Assembly resolution 63/250 of 24 December 2008.

25. The total number of regular posts in 2010 will increase by 44 in comparison to the 2009 approved budget (annex II) and by 41 in comparison to the 2009 latest estimates (annex I). For Headquarters and country offices, there are

68 establishments of regular posts (including 53 regularizations and 2 posts transferred from the other resources budget of country offices) and 27 abolishments.

26. Out of 41 total post increases in 2010, 36 posts are at Headquarters and 5 posts are at country-office level.

27. The 13 abolishments at the country-office level include 8 transfers of posts to be funded by other resources in country offices.

28. Seven posts are being abolished as a direct result of the Cards and Gifts business rationalization project. Since this will be effective at the end of 2010, the financial impact will mostly be seen in 2011.

Table 1. Private Fundraising and Partnerships: income statement
2008 actual results, 2009 approved budget, 2009 latest estimates and 2010 proposed budget

(In millions of United States dollars)

	2008 actual results	%	2009 approved budget a/	%	2009 latest estimates	%	2010 proposed budget	%
Gross proceeds—card and gift sales	**130.1**		**147.0**		**131.5**		**132.0**	
Less: Retention/commissions and direct expenses at country offices	49.5	*38.0*	52.8	*35.9*	50.4	*38.3*	50.3	*38.1*
Net proceeds—card and gift sales	**80.6**		**94.2**		**81.1**		**81.7**	
Less: Cost of goods delivered	27.1	*20.8*	30.7	*20.9*	27.5	*20.9*	27.6	*20.9*
Operating expenses	30.7	*23.6*	36.6	*24.9*	36.1	*27.5*	41.7	*31.6*
Provision for doubtful accounts	0.2		1.0		1.0		1.0	
Add: Other income	18.7		15.9		14.2		14.6	
Net operating income—card and gift sales	**41.3**	*31.7*	**41.8**	*28.4*	**30.7**	*23.3*	**26.0**	*19.7*
Net operating income—private fundraising	**316.6**		**328.1**		**335.7**		**360.2**	
Less: Investment funds	16.6		20.5		20.6		25.6	
Total net operating income	**341.3**		**349.4**		**345.8**		**360.6**	
Less: Exchange rate adjustment	(19.3)							
Net income—regular resources	**360.6**		**349.4**		**345.8**		**360.6**	
Add: Private fundraising-other resources b/	452.6		332.9		381.3		400.8	
Net consolidated income	**813.2**		**682.3**		**727.1**		**761.4**	
Card sales volume (millions)	*71*		*89*		*69*		*71*	

a/ As approved by the Executive Board (decision 2009/6).

b/ Private fundraising-other resources are reported at gross, as presented in UNICEF financial statements.

Table 1A. Management report supporting table 1

Net income after allocation of operating expenses by revenue-generating activity

2008 actual results, 2009 approved budget, 2009 latest estimates and 2010 proposed budget

(In millions of United States dollars)

	2008 actual results			2009 approved budget			2009 latest estimates			2010 proposed budget		
	Card and gift sales	Private fundraising	Total	Card and gift sales	Private fundraising	Total	Card and gift sales	Private fundraising	Total	Card and gift sales	Private fundraising	Total
Gross proceeds	**130.1**		**130.1**	**147.0**		**147.0**	**131.5**		**131.5**	**132.0**		**132.0**
Less: Retention/commissions												
and direct expenses at country offices	49.5		49.5	52.8		52.8	50.4		50.4	50.3		50.3
Net proceeds	**80.6**	**336.7**	**417.3**	**94.2**	**354.4**	**448.6**	**81.1**	**361.0**	**442.1**	**81.7**	**383.4**	**465.1**
Less: Cost of goods delivered	27.1		27.1	30.7		30.7	27.5		27.5	27.6		27.6
	53.5	**336.7**	**390.2**	**63.5**	**354.4**	**417.9**	**53.6**	**361.0**	**414.6**	**54.1**	**383.4**	**437.5**
Less: Marketing expenses	7.6	20.1	27.7	9.8	26.3	36.1	9.5	25.3	34.8	11.3	23.2	34.5
	45.9	**316.6**	**362.5**	**53.7**	**328.1**	**381.8**	**44.1**	**335.7**	**379.8**	**42.8**	**360.2**	**403.0**
Less: Support services	15.8	7.3	23.1	18.0	8.8	26.8	18.2	8.4	26.6	21.2	9.1	30.4
Less: Provision for doubtful accounts	0.2		0.2	0.5	0.5	1.0	0.5	0.5	1.0	0.5	0.5	1.0
	29.9	**309.3**	**339.2**	**35.2**	**318.8**	**354.0**	**25.4**	**326.8**	**352.2**	**21.1**	**350.5**	**371.6**
Add: Other income	12.6	6.1	18.7	15.9		15.9	9.4	4.8	14.2	9.9	4.7	14.6
Net operating income before investment funds	**42.5**	**315.4**	**357.9**	**51.1**	**318.8**	**369.9**	**34.8**	**331.6**	**366.4**	**31.0**	**355.2**	**386.2**
Less: Investment funds	1.7	14.9	16.6	2.8	17.7	20.5	2.6	18.0	20.6	2.6	23.0	25.6
Total net operating income	**40.8**	**300.5**	**341.3**	**48.3**	**301.1**	**349.4**	**32.2**	**313.6**	**345.8**	**28.4**	**332.2**	**360.6**
Less: Exchange rate adjustment	(5.4)	(13.9)	(19.3)			-			-			-
Net income—regular resources	**46.2**	**314.4**	**360.6**	**48.3**	**301.1**	**349.4**	**32.2**	**313.6**	**345.8**	**28.4**	**332.2**	**360.6**
Add: Other resources		452.6	452.6		332.9	332.9		381.3	381.3		400.8	400.8
Net consolidated income	**46.2**	**767.0**	**813.2**	**48.3**	**634.0**	**682.3**	**32.2**	**694.9**	**727.1**	**28.4**	**733.0**	**761.4**

Operating expenses												
Marketing expenses	**7.6**	**20.1**	**27.7**	**9.8**	**26.3**	**36.1**	**9.5**	**25.3**	**34.8**	**11.3**	**23.2**	**34.5**
Support services	**15.8**	**7.3**	**23.1**	**18.0**	**8.8**	**26.8**	**18.2**	**8.4**	**26.6**	**21.2**	**9.1**	**30.4**
Provision for doubtful accounts	**0.2**	**-**	**0.2**	**0.5**	**0.5**	**1.0**	**0.5**	**0.5**	**1.0**	**0.5**	**0.5**	**1.0**
Investment funds	**1.7**	**14.9**	**16.6**	**2.8**	**17.7**	**20.5**	**2.6**	**18.0**	**20.6**	**2.6**	**23.0**	**25.6**
Total operating expenses and investment funds	**25.3**	**42.3**	**67.6**	**31.1**	**53.3**	**84.4**	**30.8**	**52.2**	**83.0**	**35.7**	**55.9**	**91.5**
% of total operating expenses and investment funds	*37.4*	*62.6*	*100.0*	*36.8*	*63.2*	*100.0*	*37.1*	*62.9*	*100.0*	*39.0*	*61.0*	*100.0*

Table 2. Summary of expenditures

2008 actual results, 2009 approved budget, 2009 latest estimates and 2010 proposed budget

(In millions of United States dollars)

	2008 actual results	2009 approved budget a/	2009 latest estimates	2010 proposed budget	Variance 2010 vs. 2009 approved	
					$	%
Marketing						
Commissions—country offices*	1.6	1.5	1.5	1.6	0.1	*6.7%*
Cost of goods delivered	27.1	30.7	27.5	27.6	(3.1)	*-10.1%*
Operating expenses**	32.6	42.4	40.4	40.1	(2.3)	*-5.4%*
Subtotal	**61.3**	**74.6**	**69.4**	**69.3**	**(5.3)**	*-7.1%*
Support services						
Operating expenses***	23.1	26.8	26.6	30.4	3.6	*13.4%*
Total marketing and support services	**84.4**	**101.4**	**96.0**	**99.7**	**(1.7)**	*-1.7%*
Investment funds	**16.6**	**20.5**	**20.6**	**25.6**	**5.1**	*24.9%*
Total expenditures	**101.0**	**121.9**	**116.6**	**125.3**	**3.4**	*2.8%*

a/ As approved by the Executive Board (decision 2009/6).
* Also shown under table 3.
** Operating expenses-marketing: fully detailed under table 3.
*** Operating expenses-support services: fully detailed under table 4.

II. Marketing (Fundraising, Cards and Gifts, National Committee Relations and Communication)

A. Introduction

29. The marketing group is responsible for revenue generation. This group comprises four teams, which work together towards achieving PFP vision: Central Fundraising, Cards and Gifts, National Committee Relations and Communication. The term ‘marketing’ used in the tables includes all of these groups.

30. In 2010, the focus will be to streamline and rationalize the core business processes of fundraising and cards and gifts sales, in order to remodel the processes according to changing business patterns globally, with the objective of reducing costs and increasing efficiencies. One of the challenges faced by UNICEF is a relatively rigid cost structure where many costs, including staff and overhead, are fixed. This situation is difficult to change at short notice in response to evolving market conditions. However, this issue is being addressed as part of the overall re-engineering of the Cards and Gifts business. In future budgets we will see a more flexible and less expensive cost structure. UNICEF will keep the Executive Board informed of these improvements as they are implemented.

B. Strategies for 2010

31. As part of the global private fundraising strategy, the Central Fundraising team will provide global fundraising expertise and leadership to UNICEF National Committees and country offices in a number of ways:

(a) Provide market knowledge analysis and trend tracking;

(b) Focus on pledge giving, to increase the number of regular monthly donors to UNICEF;

(c) Increase strategic advice and support to the National Committees through JSPs and other work planning and hands-on training in specialist fundraising;

(d) Drive fundraising innovation, development of new tools, guidelines, concepts and content;

(e) Develop procedures for raising more flexible resources;

(f) Develop, lead and coordinate key global and cross-border corporate alliances;

(g) Improve and coordinate emergency fundraising;

(h) Implement the country office fundraising strategy;

(i) Work closely with the supply division on leveraging the potential of corporate partners in the area of in-kind assistance.

32. The Cards and Gifts team will provide strategic leadership and operational expertise and support to National Committees and country offices in efforts to maximize sales and net income of Cards and Gifts by implementing the global cards and gifts strategy and the partnership business model, based on the

recommendations of the 2007/2008 strategic review approved by the Office of the Executive Director, as follows:

(a) Develop a strategic mix of in-house and licensing activities with external partners, aimed at maximizing income at the country level and entering new market segments and channels with high income potential. This was initiated in 2008 and has so far been very successful. New partnerships have been established with leading greeting cards manufacturers in seven countries, providing UNICEF with opportunities to reach millions of potential new buyers and broaden presence and visibility;

(b) Rationalize the current in-house business performed by PFP and the National Committees through consolidation and outsourcing of different functions: the entire logistics and distribution activities; creative support services for cards, gifts and promotional materials; and quality control functions on all cards, gifts, promo and point of sales material. As part of this project, the New York-based operations will be consolidated and transferred to Geneva during 2010. IPSAS requirements will be taken into account in the redesign of the cards and gifts operating model. In 2009 PFP has retained a consulting firm to assist throughout the business rationalization project and provide state-of-the-art experience in business re-engineering and transformation;

(c) Provide innovative and distinctive cards and gift products in a timely manner and at the lowest possible cost to National Committees and country offices. Ensuring business continuity during a year of major organizational transformation will be a key challenge and represents a major priority for everyone involved in the business, starting with top management;

(d) Redefine and clarify roles and responsibilities among PFP, National Committees and third parties who provide services, and assign clear key performance indicators and service-level agreements to the actors in order to improve the effectiveness and the efficiency of the entire card and gift business.

33. PFP will manage the strategic relationship with National Committees through various arrangements:

(a) The new cooperation agreement;

(b) Strengthened support to the integrated fundraising, advocacy, education for development and communication planning process, in particular through development of JSPs with the National Committees;

(c) Development and implementation of cooperation frameworks and oversight tools for good governance and risk management.

34. PFP will also support communication and brand positioning in the National Committee countries, and will

(a) Develop and implement internal and external communication strategies;

(b) Strengthen communications work linked to income-generation partnerships;

(c) Promote brand-positioning efforts of National Committees through communication activities, using digital social media.

C. Analysis of the 2010 proposed revenues and expenditure

35. The financial objectives for 2010 are as follows:

(a) Raise net consolidated income from fundraising of $733 million, including $332.2 million for regular resources and $400.8 million for other resources. This is $99 million more than the 2009 approved amount, with an increase of $31.1 million in regular resources and $67.9 million in other resources (table 1A);

(b) Raise net consolidated income of $28.4 million from sales of cards and gifts (table 1A).

36. Net proceeds from fundraising for regular resources are projected at $383.4 million, which is 8.2 per cent higher than the 2009 approved budget (table 1A).

37. Gross proceeds from card and gift sales are projected at $132 million, with a card sales volume of 71 million.

38. Net consolidated income from cards and gifts is expected to decrease due to expected weak consumer and corporate purchasing of cards and the major re-engineering of the business in 2010. The business transformation will require some one-off costs for consultancies and investments to establish new processes and systems linking PFP, the National Committees and the third-party providers of services. Preliminary estimates suggest that once fully implemented, the business rationalization will deliver significant cost savings, primarily in the area of logistics, warehousing and distribution, as well as in the reduction of card and gift inventory levels. Coupled with the development of other income derived from broadening partnerships with card and gift manufacturers, these measures are expected to have a positive effect on net income as of 2011.

39. The method of allocation between marketing and support services expenses (table 1A) was changed for the year 2010, to more realistically reflect the costs associated with the two income-generating streams. This resulted in the increase of expenses allocated to card and gift sales (with an equivalent decrease in private-sector fundraising expenses) in comparison to the allocation in previous years, including the 2009 approved budget and 2009 latest estimates. Had the previous allocation been used, the net consolidated income for card and gift sales in 2010 would have been $30.3 million, instead of the $28.4 million shown in table 1A. The net operating income for 2010, before investment funds, for cards and gifts would have been $27.8 million instead of the $26 million shown in table 1. The decreases in the cards and gifts net income are reflected as increases in the net private-sector fundraising income.

40. The operating expenses to support the fundraising and sales activities in 2010 are projected at $40.1 million (table 3). The decrease of $2.3 million in 2010, as compared to the 2009 approved amount, is mainly because of

(a) A decrease in country office and regional support centre expenses by $4.6 million, due to country office expenses being gradually transferred to their own (other resources) budget. The posts and expenses being charged to the country office budget (other resources) are not a part of this PFP budget;

(b) An increase of $4.7 million in the cost of international and local posts. This is due to the regularization of temporary appointments, post establishments and salary increases;

(c) A decrease in the budget for other staff costs by $2.4 million. This is due to the transfer of costs to international and local posts (regularization of temporary appointments) and the establishment of temporary capacity. There is an increase in research and development for fundraising by $0.3 million, with a decrease in the 2010 proposed budget for consultants, travel, furniture and equipment, and other operating expenses by $0.3 million.

D. Investment funds

41. The 2010 proposed budget increase of $5.1 million in investment funds for fundraising is needed to support the sustained growth of private sector income. Investment funds have not grown in line with the overall growth in private sector income over the last few years. PFP plans to launch campaigns with National Committees to double the number of pledge donors over the next three years. Regular monthly donor income would secure sustainable regular resources.

Table 3. Marketing expenses
2008 actual results, 2009 approved budget, 2009 latest estimates and 2010 proposed budget

(In thousands of United States dollars)

	2008 actual results	2009 approved budget	2009 latest estimates	2010 proposed budget	Changes 2010 vs. 2009 approved	
					$	%
Commissions—country offices	1,583	1,534	1,481	1,612	78	*5.1%*
Operating expenses						
International posts	6,927	12,105	11,472	15,219	3,114	*25.7%*
Local posts	3,054	3,412	3,412	4,960	1,548	*45.4%*
Other post-related costs a/	157	167	167	206	39	*23.4%*
Staff training	-	11	13	27	16	*145.5%*
Other staff costs b/	2,730	3,231	4,509	863	(2,368)	*-73.3%*
Consultants	785	1,450	1,180	1,426	(24)	*-1.7%*
Travel	1,365	1,502	1,502	1,376	(126)	*-8.4%*
Other operating expenses c/	524	1,119	1,089	1,018	(101)	*-9.0%*
Furniture and equipment d/	107	165	167	150	(15)	*-9.1%*
Research and development	3,634	3,930	3,930	4,229	299	*7.6%*
Country office expenses—product sales	4,678	5,259	4,685	4,579	(680)	*-12.9%*
Country office expenses—private fundraising	6,658	7,048	5,980	3,423	(3,625)	*-51.4%*
Regional support centre expenses	1,739	1,979	1,342	1,651	(328)	*-16.6%*
Provision for doubtful accounts	237	1,000	1,000	1,000	-	*0.0%*
Subtotal, operating expenses	32,595	42,378	40,448	40,127	(2,251)	*-5.3%*
Total expenses	**34,178**	**43,912**	**41,929**	**41,739**	**(2,173)**	***-4.9%***

a/ Terminination indemnity and reimbursement of taxes.
b/ Short-term/temporary assistance, staff welfare and overtime.
c/ Contractual services; rental and maintenance of premises, furniture, equipment, communications, supplies and materials; hospitality and miscellaneous services.
d/ Office equipment, computer equipment and computer software.

III. Support services

A. Introduction

42. The Support Services section provides support for all PFP income-generating activities. It includes the functions of the Director; Deputy Director, Operations and Finance; Operations Support Services; Finance; Procurement; and Governance.

43. Human resources, administration and information technology functions are provided through Geneva Common Operations Services. The Common Operations Services administration and information technology functions report to the PFP Deputy Director, Operations and Finance. PFP is charged an apportioned part of the common services costs.

44. The units responsible for the production, logistics and distribution of cards and gifts have been transferred to the Cards and Gifts team. The budgets of these units are still included in table 4 under Support Services. However, this will be modified in the future with the implementation of IPSAS.

B. Objectives for 2010

45. The objectives for 2010 are as follows:

(a) Provide effective and efficient support in budgeting, analysis, procedures and systems for all private fundraising activities, ensuring timely reporting, accurate planning and efficient collection of funds. Improve capacity within PFP and National Committees through continuing education, peer review, and sharing of best practices;

(b) Finalize the cooperation agreement. Strengthen governance principles, structures and systems. This will simultaneously improve monitoring policies and processes in National Committees and within PFP, optimizing resources and results in PFP accountability areas;

(c) Provide effective and efficient support to the VISION-One ERP and the IPSAS project teams in reviewing and identifying impacted PFP accounting policies and business processes that will require change to ensure full implementation by 2011 and 2012 respectively.

C. Strategies for 2010

46. The following strategies aim to achieve the above-mentioned objectives for 2010:

(a) A financial think tank has been created to further improve the financial strength and effectiveness of the organization. The work done by this small group of experts drawn from PFP and National Committees will feed into the larger annual meetings by the National Committee finance officers, as well as the Standing Group of National Committees for UNICEF. The think tank will focus on the following tasks: (i) share, compare, and stimulate best practices and new trends in financial management; (ii) inform, explain and, where relevant, agree on new and existing financial and operational policy, procedures and controls; (iii) address common issues and develop common approaches and solutions to financial issues; (iv) agree on items of importance to be covered at the annual meeting of finance officers; and (v) advance technical knowledge (teaching of 'technical know-how').

(b) Support compliance with agreed governance principles across the community of National Committees, including ensuring implementation of appropriate risk management policies and processes in National Committees and in PFP.

(c) Review and propose changes in business processes and practices and accounting policies wherever required to ensure full IPSAS compliance by 2012. Assist the VISION-One ERP Project Team in realizing and implementing the VISION-One ERP globally by 2011.

(d) Centralize all PFP procurement activities in Geneva.

D. Analysis of the proposed budget for 2010

47. The total expenses for support services are projected at $30.4 million (table 4), an increase of $3.6 million (13.3 per cent) compared to the 2009 approved budget. This is primarily due to the following:

(a) An increase of $1.8 million in consultancy costs for the Cards and Gifts business rationalization. This is needed to bring about synergies in the present Cards and Gifts functions. The consultancy budget for other cost centres has decreased by $0.2 million.

(b) An increase in expenses for other operating expenses by $1.5 million for PFP contribution to the common services expenses in Geneva and New York, including for rent, staff costs and contribution to information technology services for IPSAS and one VISION-One ERP projects.

(c) An increase in the cost for international and local posts by $2.1 million because of conversion of short-term staff contracts to regular posts and the yearly increase in salary costs.

(d) A decrease in the budget for other staff costs (temporary assistants) by $1.4 million partially offsets the increase in the budget for posts. This is mainly a result of the regularization of temporary assistants.

(e) Decreases in the budget for regional support centre expenses, travel, staff training, furniture and equipment, and research and development amounting to $0.2 million.

Table 4. Support services expenses

2008 actual results, 2009 approved budget, 2009 latest estimates and 2010 proposed budget

(In thousands of United States dollars)

	2008 actual results	2009 approved budget	2009 latest estimates	2010 proposed budget	Changes 2010 vs. 2009 approved	
					$	%
International posts	4,822	5,814	5,270	6,743	929	*16.0%*
Local posts	3,638	4,005	3,748	5,111	1,106	*27.6%*
Other post-related costs a/	347	361	349	427	66	*18.3%*
Staff training	87	131	131	102	(29)	*-22.1%*
Other staff costs b/	1,664	1,919	2,705	551	(1,368)	*-71.3%*
Consultants						
Cards and Gifts business rationalization		800	800	2,600	1,800	*225.0%*
Other consultancies	304	669	509	469	(200)	*-29.9%*
Travel	399	389	389	345	(44)	*-11.3%*
Other operating expenses c/	11,171	11,333	11,316	12,813	1,480	*13.1%*
Furniture and equipment d/	82	106	110	96	(10)	*-9.4%*
Research and development		170	170	100	(70)	*-41.2%*
Regional support centre expenses	624	1,121	1,092	1,024	(97)	*-8.7%*
Total expenses	**23,138**	**26,818**	**26,589**	**30,381**	**3,563**	*13.3%*

a/ Termination indemnity and reimbursement of taxes.
b/ Short-term/temporary assistance, staff welfare and overtime.
c/ Contractual services; rental and maintenance of premises, furniture, equipment, communications, supplies and materials; hospitality and miscellaneous services.
d/ Office equipment, computer equipment, computer software and plant equipment.

IV. Regional support centres and UNICEF country offices

A. Outlook for 2009

48. Total gross proceeds generated by UNICEF country offices in 2009 are projected at $61.2 million (table 5) — an increase of $2.5 million (4.2 per cent) over the 2008 actual results, largely driven by growth in private fundraising activities, which increased by $1.9 million (3.9 per cent). Total net operating income, before investment funds expenditure, is projected to be $44.2 million, up 9.2 per cent over the 2008 actual results, helped through the reduction of operating expenditures charged to PFP. The net operating results are estimated to be 27.7 per cent (or $14.5 million) below approved targets. The difficult economic environment has had significant impact on corporate fundraising and sales income, the direct mail campaign and on pledge acquisition in some countries.

B. Objectives for 2010

49. The objectives for 2010 are as follows:

(a) Generate total gross proceeds of $82.0 million ($68.4 million from fundraising and $13.5 million from sales). This represents a growth of 2.2 per cent, compared to the 2009 approved budget, with fundraising revenues expected to increase by 5.2 per cent and sales to reduce by 10.7 per cent. The projections count on targeted investments in pledge recruitment over the 2007-2010 period.

(b) Generate net operating income, after deduction of all PFP-covered expenses (after investment funds), of $58.3 million. It should be noted, however, that some local fundraising costs ($13.9 million for 2010 versus $8.4 million in 2009) are no longer reported as part of the PFP budget, as they are being funded from the income derived in the country offices.

C. Strategies for 2010

50. The following fundraising strategies aim to achieve the above-mentioned objectives for 2010:

(a) Strategic focus on priority countries, based on established criteria;

(b) Continued focus on recruitment of new pledge donors for sustainable income, mainly through face-to-face campaigns, and building donor loyalty in countries with high fundraising potential;

(c) Test introduction of regular resources fundraising in key country offices markets.

51. The following strategies will be applied to cards and gifts sales:

(a) Strategic focus on priority countries, closure of cards and gifts operations in Thailand and rationalization of all non-added values and less profitable activities in all countries;

(b) Develop strategic partnerships with leading card and gift manufacturers where viable;

(c) Define a new business and operating model for country offices that can deliver significant income for children. This will allow better responsiveness to local market needs and fit with the overall redesign of the global card and gift operations partnerships with leading card and gift manufacturers where possible and financially attractive.

D. Analysis of the 2010 proposed budget

52. Total PFP operating expenses for UNICEF country offices and PFP regional support centres in 2010 are projected at $10.7 million, a decrease of $4.7 million, compared to the 2009 approved budget. This decrease in the PFP budget is explained by the phased transfer of fundraising costs to country offices. Investment funds for fundraising activities will be in line with agreed strategies. Operating expenses for cards and gifts in 2010, as a percentage of gross proceeds, are planned to improve through reduction or closure of less profitable cost centres.

Table 5. Regional support centres and UNICEF country offices: income and expenditures

2008 actual results, 2009 approved budget, 2009 latest estimates and 2010 proposed budget

(In thousands of United States dollars)

	2008 actual results				2009 approved budget				2009 latest estimates				2010 proposed budget				Changes 2010 vs. 2009 approved	
	C&G sales	PFR	O&F	Total	C&G sales	PFR	O&F	Total	C&G sales	PFR	O&F	Total	C&G sales	PFR	O&F	Total	$	%
Volume of card sales (millions)	**7.5**	**-**	**-**	**7.5**	**9.0**	**-**	**-**	**9.0**	**7.3**	**-**	**-**	**7.3**	**7.4**		**-**	**7.4**	**(1.6)**	*-17.8%*
Proceeds (RR + OR) *	**10,978**	**47,773**		**58,751**	**15,139**	**65,074**		**80,213**	**11,564**	**49,647**		**61,211**	**13,520**	**68,434**		**81,954**	**1,741.0**	*2.2%*
Less: Commissions paid to consignees	1,583			1,583	1,534			1,534	1,481			1,481	1,612			1,612	78.0	*5.1%*
Net proceeds	**9,395**	**47,773**	**-**	**57,168**	**13,605**	**65,074**	**-**	**78,679**	**10,083**	**49,647**	**-**	**59,730**	**11,908**	**68,434**	**-**	**80,342**	**1,663.0**	*2.1%*
Costs of goods delivered	**3,319**			**3,319**	**3,939**			**3,939**	**2,440**			**2,440**	**3,239**			**3,239**	**(700.0)**	*-17.8%*
Operating expenses:																		
International posts	433	338	398	1,169	397	963	676	2,036	373	835	657	1,865	451	878	649	1,978	(58.0)	*-2.8%*
Local posts	1,820	1,470	78	3,369	2,106	1,115	94	3,315	1,794	1,314	90	3,198	2,095	1,318	93	3,506	191.0	*5.8%*
Other post-related costs a/	-	-	1	1	11	144	-	155	29	38	-	67	37	50	-	87	(68.0)	*-43.9%*
Staff training	64	144	26	235	39	191	62	292	34	152	61	247	67	150	48	265	(27.0)	*-9.2%*
Other staff costs b/	1,078	1,667	3	2,747	1,216	1,219	7	2,442	848	825	6	1,679	478	185	7	670	(1,772.0)	*-72.6%*
Consultants	205	214	-	419	187	122	-	309	406	116	-	522	385	60	-	445	136.0	*44.0%*
Travel	144	357	52	553	182	388	125	695	154	331	128	613	155	203	122	480	(215.0)	*-30.9%*
Other operating expenses c/	1,503	1,942	65	3,510	1,804	2,890	155	4,849	1,551	2,438	144	4,133	1,407	752	98	2,257	(2,592.0)	*-53.5%*
Furniture and equipment d/	26	50	1	76	45	25	2	72	31	29	6	66	21	9	7	37	(35.0)	*-48.6%*
Research and development	274	1,347		1,621	155	1,087	-	1,242	31	678	-	709	31	921	-	952	(290.0)	*-23.3%*
Total operating expenses for PFP**	**5,547**	**7,528**	**624**	**13,699**	**6,142**	**8,144**	**1,121**	**15,407**	**5,251**	**6,756**	**1,092**	**13,099**	**5,127**	**4,526**	**1,024**	**10,677**	**(4,730.0)**	*-30.7%*
Other income	**311**	**-**	**-**	**311**		**-**	**-**	**-**		**-**	**-**	**-**	**-**	**-**	**-**	**-**		
Net operating income before investment funds	**529**	**40,245**	**(624)**	**40,461**	**3,524**	**56,930**	**(1,121)**	**59,333**	**2,392**	**42,891**	**(1,092)**	**44,191**	**3,542**	**63,908**	**(1,024)**	**66,426**	**7,093.0**	*12.0%*
Percentage of gross proceeds	*5*	*84*		*69*	*23*	*87*		*74*	*21*	*86*		*72*	*26*	*93*		*81*		
Less: Investment funds	214	5,601	-	5,815	78	7,000	-	7,078	138	6,255	-	6,393	93	8,076	-	8,169	1,091.0	*15.4%*
Net operating income after investment funds	**315**	**34,643**	**(624)**	**34,645**	**3,446**	**49,930**	**(1,121)**	**52,255**	**2,254**	**36,636**	**(1,092)**	**37,798**	**3,449**	**55,832**	**(1,024)**	**58,257**	**6,002.0**	*11.5%*
Percentage of gross proceeds	*3*	*73*		*59*	*23*	*77*		*65*	*19*	*74*		*62*	*26*	*82*		*71*		
Summary of expenditures:																		
Commissions	1,583	-	-	1,583	1,534	-	-	1,534	1,481	-	-	1,481	1,612	-	-	1,612	78.0	*5.1%*
Cost of goods delivered	3,319	-	-	3,319	3,939	-		3,939	2,440	-	-	2,440	3,239	-		3,239	(700.0)	*-17.8%*
Total operating expenses e/	5,547	7,528	624	13,699	6,142	8,144	1,121	15,407	5,251	6,756	1,092	13,099	5,127	4,526	1,024	10,677	(4,730.0)	*-30.7%*
Investment funds	214	5,601		5,815	78	7,000		7,078	138	6,255		6,393	93	8,076		8,169	1,091.0	*15.4%*
Total Expenditure	**10,663**	**13,129**	**624**	**24,417**	**11,693**	**15,144**	**1,121**	**27,958**	**9,310**	**13,011**	**1,092**	**23,413**	**10,071**	**12,602**	**1,024**	**23,697**	**(4,261.0)**	*-15.2%*

PFR = private fundraising; O&F = operations and finance; C&G sales = card and gift sales; RR = regular resources; OR = other resources

a/ Termination indemnity.

b/ Short-term/temporary assistance, staff welfare and overtime.

c/ Contractual services, rental and maintenance of premises, furniture, equipment, communication supplies and materials, hospitality, information support services and miscellaneous services.

d/ Office equipment, computer equipment and computer software.

e/ International posts, local posts, staff training, other staff costs, travel, other operating expenses, furniture and equipment, research and development, and bad debts.

* Private fundraising-other resources are reported at gross, as also in UNICEF financial statements.

** Expenses from other resources in country offices are not deducted: 2008 actual results: $2 million; 2009 approved budget: $8.6 million; 2009 latest estimates: $8.4 million; 2010 proposed budget: $13.9 million.

V. Private Fundraising and Partnerships: medium-term plan, 2011-2014

53. The PFP medium-term plan for the period 2011-2014 (table 6) is based on market trends, financial results from previous years, and strategic plans developed and implemented in cooperation with National Committees and UNICEF country offices in PFP priority countries.

54. The medium-term plan outlines the following PFP financial objectives, to be achieved by the year 2014:

(a) Net consolidated private income for UNICEF of $1,064.3 million, comprising $439.9 million in regular resources and $624.4 million in other resources;

(b) Net operating income from private fundraising of $441.6 million for regular resources;

(c) Net operating income from private fundraising of $624.4 million for other resources;

(d) Net operating income from sales of cards and gifts of $29.2 million for regular resources;

(e) Gross proceeds from card and gift sales of $137.4 million;

(f) Card sales volume of 77 million.

Table 6. Private Fundraising and Partnerships: medium-term plan, 2011-2014

2008 actual results, 2009 approved budget, 2009 latest estimates, 2010 proposed budget and 2011-2014 projections

(In millions of United States dollars)

	2008 actual results	2009 approved budget a/	2009 latest estimates	2010 proposed budget	Medium-term projections 2011	2012	2013	2014
Gross proceeds—card and product sales	**130.1**	**147.0**	**131.5**	**132.0**	**133.3**	**134.7**	**136.0**	**137.4**
Less: Retention/commissions and direct expenses at country offices	49.5	52.8	50.4	50.3	50.8	51.3	51.8	52.3
Net proceeds—product sales	**80.6**	**94.2**	**81.1**	**81.7**	**82.5**	**83.4**	**84.2**	**85.1**
Less: Cost of goods delivered	27.1	30.7	27.5	27.6	27.7	27.7	27.7	27.7
Operating expenses	30.7	36.6	36.1	41.7	42.0	42.4	42.7	42.6
Provision for doubtful accounts	0.2	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Add: Other income	18.7	15.9	14.2	14.6	14.7	14.9	15.1	15.4
Net operating income—PFP card and product sales	**41.3**	**41.8**	**30.7**	**26.0**	**26.5**	**27.2**	**27.9**	**29.2**
Net operating income—private fundraising	**316.6**	**328.1**	**335.7**	**360.2**	**380.0**	**399.0**	**419.7**	**441.6**
Less: Investment funds	16.6	20.5	20.6	25.6	26.7	27.8	29.7	30.9
Net operating income	**341.3**	**349.4**	**345.8**	**360.6**	**379.8**	**398.4**	**417.9**	**439.9**
Less: Exchange rate adjustment	(19.3)							
Net income—regular resources	**360.6**	**349.4**	**345.8**	**360.6**	**379.8**	**398.4**	**417.9**	**439.9**
Add: Private fundraising-other resources	452.6	332.9	381.3	400.8	469.1	516.0	567.6	624.4
Net consolidated income	**813.2**	**682.3**	**727.1**	**761.4**	**848.9**	**914.4**	**985.5**	**1,064.3**
Card sales volume (millions)	*71*	*89*	*69*	*71*	*72*	*74*	*75*	*77*

Note: The projections do not take into account the impact of the Cards and Gifts rationalization, which is being quantified and will be available in Q1 2010.

a/ As approved by the Executive Board (decision 2009/6).

Table 7. Range of budgeted income and expenditures
Fiscal year 1 January - 31 December 2010

(In millions of United States dollars)

	I Low projection	II Medium projection	III High projection
Budgeted income			
Gross proceeds—product sales	**122.8**	**132.0**	**137.3**
Less: National Committees' retention a/	41.0	44.1	45.9
Net proceeds	**81.8**	**87.9**	**91.4**
Add: Other income—net (table 1A)	13.6	14.6	15.2
Net proceeds—product sales	**95.4**	**102.5**	**106.6**
Add: Private fundraising—regular resources (table 1A)	356.6	383.4	398.7
Total net proceeds—regular resources	**452.0**	**485.9**	**505.3**
Budgeted expenditures			
Commissions—country offices	1.4	1.6	1.6
Cost of goods delivered	26.7	27.6	28.7
Marketing expenses	39.2	40.1	41.7
Support services	29.8	30.4	31.6
Investment funds	25.0	25.6	26.6
Total expenditures—consolidated (table 2)	**122.1**	**125.3**	**130.2**
Net consolidated income—regular resources (table 1)	**329.9**	**360.6**	**375.1**
Add: other resources—private fundraising (table 1)	372.7	400.8	416.8
Net consolidated income—regular resources and other resources	**702.6**	**761.4**	**791.9**

a/ Excludes country office commissions - budgeted in expenditures.

VI. Draft decisions

55. The draft decisions relating to the Private Fundraising and Partnerships budget for 2010 are presented below for Executive Board approval.

A. Private Fundraising and Partnerships budgeted expenditures for the 2010 season

The Executive Board

1. *Approves* for the fiscal year 2010 (1 January to 31 December) budgeted expenditures of $125.3 million, as detailed in the table below and summarized in column II of table 7 to document E/ICEF/2010/AB/L.1.

	(In millions of United States dollars)
Commissions — field offices	1.6
Cost of goods delivered	27.6
Operating expenses — marketing	40.1
Operating expenses — support services	30.4
Investment funds	25.6
Total expenditures, consolidated	**125.3**

2. *Authorizes* UNICEF

(a) To incur expenditures, as summarized in column II of table 7 to document E/ICEF/2010/AB/L.1, and to increase expenditures, up to the level indicated in column III of the same table, should the apparent proceeds from fundraising or card and gift sales increase to the levels indicated in column III; and accordingly, to reduce expenditures below the level indicated in column II, to the extent necessary, should the net proceeds decrease;

(b) To redeploy resources between the various budget lines (as detailed in paragraph 1 above), up to a maximum of 10 per cent of the amounts approved;

(c) To spend an additional amount between Executive Board sessions, when necessary, up to the amount caused by currency fluctuations, to implement the 2010 approved workplan.

B. Budgeted income for the 2010 season

The Executive Board

Notes that for the period 1 January to 31 December 2010, Private Fundraising and Partnerships net proceeds are budgeted at $485.9 million (regular resources), as shown in column II of table 7 in document E/ICEF/2010/AB/L.1.

C. Policy issues

The Executive Board

1. *Renews* investment funds, with $25.6 million established for 2010;

2. *Authorizes* UNICEF to incur expenditures in the 2010 fiscal period related to the cost of goods delivered (production and purchase of raw materials, cards and other products) for the 2011 fiscal year, up to $27.7 million, as indicated in the Private Fundraising and Partnerships medium-term plan (table 6 of document E/ICEF/2010/AB/L.1);

3. *Approves* an interim one-month allocation for January 2011 in the amount of $12.6 million, to be absorbed in the annual Private Fundraising and Partnerships budget for 2011.

D. Private Fundraising and Partnerships medium-term plan

The Executive Board

Approves the Private Fundraising and Partnerships medium-term plan, as reflected in table 6 to document E/ICEF/2010/AB/L.1.

Annex I

Private Fundraising and Partnerships: summary of post changes proposed for 2010

Detail	Posts level							Total			Grand
	D2	D1	P5	P4	P3	P2	P1	IP	NO	GS	total
Base PAT 2009 approved	1	4	18	33	36	11	0	103	23	105	231
Final after changes in 2009 latest estimates*	1	4	18	34	38	11	0	106	23	105	234
Establish and abolish											
Marketing			2	2	6	4		14		11	25
Support services				1	-2	1		0		11	11
RSCs and UNICEF country offices					-1			-1	2	4	5
Total establish and abolish in 2010	**0**	**0**	**2**	**3**	**3**	**5**	**0**	**13**	**2**	**26**	**41**
Total changes vs. 2009 latest estimates	0	0	2	3	3	5	0	13	2	26	41
Total, proposed 2010	**1**	**4**	**20**	**37**	**41**	**16**	**0**	**119**	**25**	**131**	**275**

* Including post changes exceptionally approved during the year.

EXPLANATION OF POST CHANGES

2009	
Approved 2009 posts	231
Additional posts exceptionally approved in 2009 (latest estimates)	3
Total established posts in 2009	**234**
2010	
Conversion/regularization of temporary assistance to regular posts (mandatory)	53
Posts established without regularization (conversion from temporary assistance)	15
Abolition of existing posts (including 8 posts transferred to OR budget)	-27
Net post changes	**41**
Total established posts for 2010	**275**

IP = international professional; NO = national officer; GS = general service.
PAT = post authorization table; RSCs = regional support centres.
OR = other resources budget of country offices.

Annex II

Private Fundraising and Partnerships: comparison of posts
2009 approved budget versus 2010 proposed budget

	Posts level							Total			Grand
	D2	**D1**	**P5**	**P4**	**P3**	**P2**	**P1**	**IP**	**NO**	**GS**	**total**
Marketing											
2009 approved		3	11	21	19	8		62		29	91
2009 latest estimates		3	11	22	19	8		63		29	92
2010 proposed		3	13	24	25	12		77		40	117
Change vs. 2009 approved	**0**	**0**	**2**	**3**	**6**	**4**	**0**	**15**	**0**	**11**	**26**
Support Services											
2009 approved	1	1	4	7	14	3		30		38	68
2009 latest estimates*	1	1	4	7	16	3		32		38	70
2010 proposed	1	1	4	8	14	4		32		49	81
Change vs. 2009 approved	**0**	**0**	**0**	**1**	**0**	**1**	**0**	**2**	**0**	**11**	**13**
Total, PFP headquarters											
2009 approved	1	4	15	28	33	11	0	92	0	67	159
2009 latest estimates	1	4	15	29	35	11	0	95	0	67	162
2010 proposed	1	4	17	32	39	16	0	109	0	89	198
Change vs. 2009 approved	**0**	**0**	**2**	**4**	**6**	**5**	**0**	**17**	**0**	**22**	**39**
RSCs and UNICEF country offices											
2009 approved			3	5	3	0		11	23	38	72
2010 proposed			3	5	2	0		10	25	42	77
Change vs. 2009 approved	**0**	**0**	**0**	**0**	**-1**	**0**	**0**	**-1**	**2**	**4**	**5**
Total, PFP headquarters, RSCs and UNICEF country offices											
2009 approved	1	4	18	33	36	11	0	103	23	105	231
2009 latest estimates	1	4	18	34	38	11	0	106	23	105	234
2010 proposed	1	4	20	37	41	16	0	119	25	131	275
Change vs. 2009 approved	**0**	**0**	**2**	**4**	**5**	**5**	**0**	**16**	**2**	**26**	**44**

IP = international professional; NO = national officer; GS = general service; RSCs = regional support centres.
* Including post changes exceptionally approved during the year.

Annex III

Private Fundraising and Partnerships: business plan for 2010-2012

I. Introduction

1. The UNICEF Private Fundraising and Partnerships (PFP) division was established in 2008 to coordinate all private-sector fundraising activities, including sales of cards and gifts, and to provide support to child rights advocacy activities of the National Committees and to the non-fundraising partnerships with the private sector.

2. PFP incorporates the income-generation support functions of the former Private Sector Division and the National Committee support function in child rights advocacy and education in industrialized countries, communication, strategic planning and governance previously handled by the Regional Office for Europe (Geneva Regional Office).

3. PFP is a 'One-Stop Shop' for UNICEF National Committees and UNICEF country offices in relation to private fundraising, as well as a representative of National Committee views and concerns within UNICEF. This business plan covers the PFP functions of maximizing private income to UNICEF and managing the strategic relationship with the National Committees.

4. The Executive Board, in decision 2002/6, adopted at its first regular session of 2002, requested the Private Sector Division to submit, as part of its workplan and budget proposal for 2003, a comprehensive business plan to be updated annually, detailing the division's contribution to the medium-term strategic plan (MTSP) of UNICEF. The current update of the business plan covers the years 2010-2012.

II. Challenges

5. External challenges to meet the MTSP funding targets from the private sector include the continued difficult external fundraising environment, characterized by slow economic recovery from financial crisis and increased competition for private funds among the non-profit agencies.

6. Internal challenges include the need to drive synergy and integration in all areas—fundraising, cards and gifts, advocacy, communication and corporate engagement. PFP, National Committees and UNICEF country offices will need to work in close alignment when formulating target groups and channels in annual resource mobilization plans, campaigns and emergency efforts.

III. Functions, expected results and strategies

7. In order to meet the private fundraising challenges and to deliver the PFP portion of the MTSP income targets, PFP is developing a medium-term (three to five years) strategic plan for PFP engagement in consultation with key stakeholders, including the National Committees, country offices and Headquarters divisions. The process started in October 2009 and is planned to be concluded in 2010, in time to

inform the 2011 workplan preparation and budget. Hence, this business plan for 2010-2012 presents an overview of the general direction that PFP is taking.

8. PFP will streamline core business processes in order to maximize effectiveness of PFP strategic leadership and technical support to the National Committees and country offices to achieve income targets in private fundraising and sales and deliver results in child rights advocacy and corporate engagement. Integration among different PFP functions will be promoted through integration of strategies and coordination of activities to maximize common approaches and facilitate joint action when required to achieve results.

A. Maximize private income to UNICEF

9. PFP will support the UNICEF National Committees and country offices to deliver a projected net consolidated income targets for 2010-2012 from private-sector fundraising and from the sales of cards and gifts by developing and implementing the global private-sector fundraising strategy and the global cards and gifts strategy and providing the necessary technical expertise and services related to the two income streams.

10. PFP will provide technical expertise and support to the National Committees and country offices to strengthen technical expertise, fundraising strategies and tools aiming to maximize regular resources and to increase the allocation of other resources to UNICEF priority programmes and thematic other resources, as well as to improve coordination of private-sector fundraising for emergency other resources. Existing global and cross-border resource-mobilization alliances with the corporate sector will be maintained, maximized and renewed, and new global and cross-border alliances secured.

11. PFP will provide technical expertise and support to private fundraising through a number of ways:

(a) Global strategic leadership in private-sector fundraising;

(b) Doubling the number of pledge donors globally to three million in the next three years;

(c) Specialized technical fundraising expertise and guidance, with a focus on digital and new media technologies;

(d) Strategic allocation of investment funds;

(e) Development of new and innovative fundraising offers;

(f) Alignment of donor needs with organizational programmatic priorities in creating funding opportunities;

(g) Provision of in-depth understanding of donors and buyers, markets, competition and trends to support business decisions;

(h) Guidance relating to fundraising offers from foundations and the corporate sector for UNICEF priority and thematic other resources as well as for non-cash resources;

(i) Development, coordination and maximization of key global and cross-border corporate alliances.

12. PFP will maximize the sales and net income of cards and gifts in a number of ways:

(a) A mix of in-house and licensing activities to maximize income at the country level and enter new market segments and channels with high income potential;

(b) Product and marketing innovation in the social expression market of individuals and companies;

(c) Rationalization of the current in-house business by the end of 2011, including

(i) Consolidation and outsourcing of the entire logistics and distribution activities of UNICEF, currently performed by PFP, the National Committees and the country offices, to a global third party;

(ii) Creation of an in-house customer service unit providing strategic leadership to the logistics and distribution third party and managing the relationship with the countries;

(iii) Outsourcing the development and production of country-specific points of sale, catalogues and promotional material;

(iv) Consolidating and outsourcing some activities and functions currently performed by National Committees and country offices, such as overprinting of corporate cards and e-commerce order fulfilment;

(v) Outsourcing creative support services for cards, gifts and promotional materials (including catalogue and point of sale) that will be based on creative briefs and direction provided by PFP;

(vi) Outsourcing quality-control functions on all cards, gifts, promo and point of sale material;

(vii) Re-engineering SAP to turn it into the central information technology platform that supports the entire Cards and Gifts workflow and business enterprise;

(d) Development of partnerships with leading greeting card and gift manufacturers and retailers;

(e) Redefinition of roles and responsibilities among PFP, National Committees, country offices and third party providers and implementation of an effective framework of key performance indicators and service level agreements among the actors via the cooperation agreement and the joint strategic plans (JSPs).

B. Managing the strategic relationship with National Committees

13. PFP will enhance its engagement with the National Committees through signing of a new cooperation agreement and new JSPs. Jointly with the National Committees and the UNICEF Public Alliances and Resources Mobilization Office, PFP will develop a one-country approach to fundraising.

14. PFP will support the National Committees in improving performance and governance in a number of ways:

(a) Provide guidance to the National Committee board and senior staff on UNICEF policies and priorities as well as in identifying and addressing constraints to effective fundraising, good governance and brand positioning;

(b) Strengthen mechanisms for UNICEF and National Committee engagement by providing support to the Standing Group of National Committees for UNICEF, annual National Committee and Executive Director meetings, National Committee board orientations and other collaborative forums;

(c) Update and share best practice standards for National Committees in the area of governance and risk management;

(d) Develop mechanisms to anticipate and address potential crisis situations, including early warning indicators.

C. Communication and brand positioning in National Committee countries

15. PFP will support both short-term communication work of National Committees and long-term targets in brand positioning, including

(a) Implementation of the external communication strategy, including timely and appropriate information in emergency situations and strengthening capacity of the communication staff in the National Committees;

(b) Promotion of National Committee brand positioning efforts through communication activities using social media.

D. PFP organizational effectiveness

16. PFP will undertake a number of initiatives to improve PFP organizational effectiveness and performance management in order to support implementation of the above strategies and achievement of planned results.

17. PFP will implement relevant changes to the United Nations accounting standards to comply with International Public Sector Accounting Standards and changes driven by the Virtual Integrated System of Information-One Enterprise Resource Planning.

18. PFP will put in place mechanisms to improve performance management, including through development and monitoring of performance management indicators. These will be linked to the global UNICEF improvement initiatives and the development of the UNICEF performance management platform.

19. Internal communication and knowledge management will be strengthened by further developing systems and mechanisms for coordination and internal communication within the PFP and for knowledge exchange with the National Committees, including through the PFP intranet portal.

20. Human resources priorities include recruitment of some 80 posts due to change in the United Nations contracts system and regularization of temporary fixed-term positions. Staff learning and career development will be promoted through PFP participation in the Leadership Development Initiative and training of staff. Special

support and training will be given to card and gift staff during the implementation of the Cards and Gifts business rationalization.

21. A number of information technology improvements are planned, including application of the Cognos Enterprise Planning software in the areas of JSP, budgeting and electronic investment fund processing and reporting. Information technology support and services will continue to be provided to PFP through UNICEF Common Services.