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Private Fundraising: 2013 workplan and proposed budget

Summary

The Private Fundraising and Partnerships (PFP) workplan and proposed budget for 2013 is presented to the Executive Board for approval. In 2013, PFP will generate a projected \$932 million in net consolidated income, \$420 million of which will be for regular resources and \$512 million for other resources. This will be achieved with expenditures of \$132.4 million. The Executive Board is requested to adopt the draft decisions relating to the budget proposal contained in Section VII.

* E/ICEF/2013/1.



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I. Introduction

1. The Private Fundraising and Partnerships (PFP) division coordinates all private fundraising and sales activities of UNICEF, manages strategic relationships with the National Committees for UNICEF, provides guidance for child rights advocacy activities in industrialized countries, and supports corporate partnerships and engagement of the organization.
2. The present workplan and budget covers the direct and indirect costs associated with the generation of private-sector income and partnerships activities, and addresses the PFP results related to: (a) maximization of private-sector income; (b) management of the strategic relationship with National Committees; (c) child rights advocacy and education for development; and (d) corporate engagement.
3. The implementation of the Strategic Framework for Partnerships and Collaborative Relationships across the organization — overseen by PFP and financed by the 2012-2013 Institutional Budget (E/ICEF/2011/AB/L.2) — is not addressed in this document. Expenses incurred by the private-sector fundraising operations of country offices that are covered by other resources are also not included in this document as they are reflected in the total country programme-assistance expenditure of respective country offices.
4. The current global economic downturn is affecting the overall income forecast for UNICEF over the coming years. Although private-sector income is forecast to grow slightly, projections in the current environment are tentative.
5. Against this background, and in the context of the current organizational efficiency and effectiveness review, PFP continues to take a cautious approach to income forecasting for 2013. As in 2012, the planning assumptions for the 2013 PFP budget are based on a low budget scenario, including for the calculation of expense/proceeds ratios (*see Table 1*). Prior to 2012, the medium projection had been used as the planning scenario to determine expenditure levels.
6. The low budget scenario assumes a 5.3 per cent (\$53 million) increase in net proceeds in comparison with the 2012 approved budget, to a total of \$1.055 billion. While net proceeds from fundraising are projected to increase by 7 per cent, net proceeds from sales are projected to decrease by 13 per cent, due to continued challenges in the global sales market.
7. The total projected PFP expenditure in 2013 is \$132.4 million. This represents an increase in expenditure of 1.5 per cent (\$2 million) compared to the 2012 approved budget. This increase in operating expenditure is mainly associated with the statutory increases in the cost of posts and is partially offset by a decrease in investment funds, travel and consultancy budgets.
8. PFP continues to make efforts to reduce operating costs. This has already resulted in savings of \$24 million in the 2012 PFP budget, and the division is projecting additional savings of approximately \$5 million by the end of 2012.
9. In addition, the division has initiated a comprehensive review of the efficiency and effectiveness of PFP functions. The review will help identify additional actions and strategies to further improve the efficiency of the division, while feeding into the broader organizational business rationalization process and informing the UNICEF Private Fundraising and Partnerships Plan for 2014-2017.

II. Latest results for 2012

10. The total net consolidated private-sector income of UNICEF for 2012 is expected to meet the 2012 approved target. The 2012 latest estimate of net consolidated income is \$880 million, in line with the approved budget.

11. The 2012 projected net income from regular resources is \$416 million, 11 per cent (\$41.8 million) higher than actual 2011 income of \$374.2 million and 2 per cent higher than the approved target of \$406 million. This increase is primarily due to the return on investment funds allocated to National Committees and UNICEF country offices.

12. Gross proceeds from the cards and products business, projected at \$86.3 million, is 9 per cent lower than the 2012 approved budget; this is due to the continued negative impact of the economic downturn in key markets, in particular in Mediterranean countries. The latest estimate of \$11.9 million net income in regular resources from sales is 22 per cent (\$3.4 million) lower than the 2012 approved budget.

13. Projected other resources income is \$464 million, 2 per cent (\$10 million) lower than the approved budget target, reflecting the continued challenges that the global economic situation is presenting to increasing income from the corporate sector.

14. The latest estimate for direct expenses for 2012 is \$34 million, \$2.4 million less than the approved budget. Indirect expenses are expected to be \$52.6 million, compared to the approved budget of \$55 million. The expected total budget savings of \$5 million vis-à-vis the approved 2012 budget reflects efforts made by PFP to reduce operating and non-operating costs through prudent human resource and financial management.

TABLE 1: Statement of income and expenditure
2011 actual results, 2012 approved budget, 2012 latest estimates and 2013 proposed budget
(in millions of United States Dollars)

	2011 actual					2012 approved					2012 latest estimates					2013 proposed					Variance	
	Cards and products sales	Private fund-raising - RR	Total RR	Private fund-raising - OR	Grand total 2011 actual	Cards and products sales	Private fund-raising - RR	Total RR	Private fund-raising - OR	Grand total 2012 approved	Cards and products sales	Private fund-raising - RR	Total RR	Private fund-raising - OR	Grand total 2012 latest estimates	Cards and products sales	Private fund-raising - RR	Total RR	Private fund-raising - OR	Grand total 2013	2013 vs 2012 approved	
																					Amount	%
Operating revenues																						
Gross proceeds	94.3					95.0					86.3					78.7						
National Committees expenses	23.0					27.0					24.0					19.6						
Net proceeds	71.3	420.4	491.7	531.1	1,022.8	68.0	460.0	528.0	474.0	1,002.0	62.3	469.5	531.8	464.0	995.8	59.1	483.9	543.0	512.0	1,055.0	53.0	5.3
Direct expenses																						
Cost of goods and inventory overhead																						
Operations and support	17.7	-	17.7		17.7	12.3		12.3		12.3	13.2		13.2		13.2	13.0		13.0		13.0	0.7	5.4
Promotional materials	23.3	-	23.3		23.3	14.1	0.5	14.6		14.6	11.3	0.5	11.8		11.8	13.2	0.6	13.8		13.8	(0.8)	(5.8)
Country office expenses	3.7	-	3.7		3.7	4.9		4.9		4.9	4.9		4.9		4.9	4.2		4.2		4.2	(0.7)	(14.9)
	3.0	2.6	5.6		5.6	1.7	2.8	4.5		4.5	1.5	2.6	4.1		4.1	1.6	2.5	4.1		4.1	(0.4)	(8.7)
Total direct expenses	47.7	2.6	50.3	-	50.3	33.1	3.3	36.4	-	36.4	30.9	3.1	34.0	-	34.0	32.0	3.1	35.1	-	35.1	(1.3)	(3.6)
Investment funds	1.2	40.5	41.7		41.7	1.4	37.6	39.0		39.0	1.4	37.0	38.4		38.4	1.3	36.1	37.4		37.4	(1.6)	(4.1)
Direct contribution from operations	22.4	377.3	399.7	531.1	930.8	33.5	419.1	452.6	474.0	926.6	30.0	429.4	459.4	464.0	923.4	25.8	444.7	470.5	512.0	982.5	55.9	6.0
Indirect expenses																						
Director's Office, Communication, Corporate Social Responsibility	0.3	3.3	3.6		3.6	0.4	4.9	5.4		5.4	0.4	4.7	5.1		5.1	0.5	6.5	7.0		7.0	1.6	29.9
Finance and Administration	7.9	9.3	17.2		17.2	8.3	9.0	17.3		17.3	8.3	8.6	16.9		16.9	7.7	8.9	16.6		16.6	(0.7)	(4.3)
Marketing and Fundraising	6.4	13.7	20.1		20.1	7.7	14.1	21.8		21.8	8.1	13.3	21.4		21.4	8.3	16.2	24.5		24.5	2.7	12.3
National Committee Relations	1.2	4.2	5.4		5.4	1.8	5.6	7.4		7.4	1.6	5.0	6.6		6.6	1.9	6.5	8.4		8.4	1.0	12.8
Regional Support Centres	0.5	1.5	2.0		2.0	0.5	2.0	2.5		2.5	0.5	1.6	2.1		2.1	0.5	2.4	2.9		2.9	0.4	14.2
Bad debts expense	2.3	(0.6)	1.7		1.7	0.5	-	0.5		0.5	0.5	-	0.5		0.5	0.5		0.5		0.5	-	-
Total indirect expenses	18.6	31.4	50.0	-	50.0	19.3	35.7	55.0	-	55.0	19.4	33.2	52.6	-	52.6	19.4	40.5	59.9	-	59.9	4.9	8.8
Income before non-operating items	3.8	345.9	349.7	531.1	880.8	14.2	383.4	397.6	474.0	871.6	10.6	396.2	406.8	464.0	870.8	6.4	404.2	410.6	512.0	922.6	51.0	5.9
Non-operating items																						
Other income	1.1	5.2	6.3		6.3	1.1	7.5	8.6		8.6	1.3	7.9	9.2		9.2	1.0	8.4	9.4		9.4	0.8	9.1
Foreign exchange gains (losses)	2.6	15.6	18.2		18.2																	
Net income for the period	7.5	366.7	374.2	531.1	905.3	15.3	390.9	406.2	474.0	880.2	11.9	404.1	416.0	464.0	880.0	7.4	412.6	420.0	512.0	932.0	51.8	5.9
Expenses / proceeds ratio (excluding investment funds)					9.8%					9.1%					8.7%						9.0%	

III. Key expected results 2013 and required resources in the PFP budget

A. Introduction

15. The present workplan and budget document addresses the main PFP functions: (a) maximization of private-sector income; (b) management of the strategic relationship with the National Committees; (c) child rights advocacy and education for development; and (d) corporate engagement.

16. Income from individuals and corporations is generated through the fundraising and sales activities of 36 National Committees in industrialized countries as well as 43 UNICEF country offices. Together, these contributions provide approximately one-third of the total income of UNICEF. Regular income from individual donors potentially represents the most predictable and sustainable income to UNICEF in support of organizational priorities. Furthermore, additional private-sector support and resources for children are leveraged through non-financial partnerships.

17. Globally, private-sector fundraising has become increasingly competitive. The environment is rapidly evolving, with an increase in the number and types of professional not-for-profit organizations, and the burgeoning use of social media channels for advocacy, marketing and fundraising. Private donors and supporters face a multitude of options and they increasingly scrutinize the organizations to which they contribute.

18. Within this context, PFP continues to focus on developing new and innovative channels for resource mobilization, including digital and social media, while building on previous experience, investing in the acquisition of pledge donors (regular givers), and ensuring the efficient and most effective use of existing resources. In addition, emphasis is increasingly being placed on expanding strategic partnerships beyond fundraising to engage not only supporters to advocate for children but also the business community to promote change in business practices and advance child rights. Particular focus will be placed on improving efficiency and effectiveness in all functional areas — fundraising, cards and products, advocacy, communication and corporate engagement.

B. Key expected results

19. Within the framework of the PFP Strategic Plan 2011-2013, the division will aim to achieve the following objectives:

(a) Increase the amount and quality of net private-sector resources for UNICEF;

(b) Enhance capacity for advocacy in industrialized countries and corporate social responsibility;

(c) Ensure effective and efficient management and operations support.

20. Resources are allocated based on planned results. Table 4 summarizes the allocation of the PFP expenditure budget for the achievement of the three objectives, as outlined below.

21. In relation to the first objective, the aim is to deliver total net consolidated income of \$932 million in 2013, while at the same time maximizing the quality of income that National Committees and country offices raise. In total, \$110.1 million in resources are required to achieve this result (result 1 in table 4). During 2013, focus will be on the following targets:

(a) Increasing net private-sector fundraising regular resources to \$412.6 million and income for other resources to \$512 million. Maximizing regular resources will be the focus for all fundraising channels; PFP will prioritise implementation of the regular resources mobilization strategy developed jointly with the Public-Sector Alliances and Resource Mobilisation Office in 2012. PFP will continue to leverage investment funds to expand pledge income and maximize pathways to pledge through the systematic conversion of other individual supporters, particularly those starting as one-off donors during emergencies. Expansion of fundraising through digital channels will continue, and focus will be placed on increasing the quality of other resources income through thematic campaigns and improved proposals and reporting to donors. New strategies for outreach to corporate and foundation partners will also be pursued, together with proactive communication and partner engagement strategies.

(b) Maintaining the UNICEF supporter base through the sale of cards and products and by expanding licensing, with a projected net operating income of \$7.4 million. In 2013, the sales business will focus on retail, e-commerce and licensing, in line with the new direction taken in 2012. Due to the overall conservative approach to the PFP budget in 2013, the low budget scenario assumes a similar budget for the cost of goods sold and promotional materials as in 2012. In addition to maintaining the business in 2013, the efficiencies review being undertaken by the division will recommend the most appropriate options to be implemented for efficiency and effectiveness gains in the cards and products business in the context of the 2014 PFP budget. Some efficiency measures will be initiated in 2013 that will have a positive impact on projected 2013 net regular resources.

(c) Supporting National Committees and country offices to implement private-sector income-generation plans, particularly through specialist expertise and technical support from PFP to key markets. Communication and management of the UNICEF brand will continue to be guided by the organization's policies, consistent with its practice of representing beneficiaries in a respectful manner. Engagement with National Committees will continue to be strengthened through joint strategic plans and rigorous monitoring of the Cooperation Agreement. National Committees will continue to be supported in improving performance and governance structures and related mechanisms. Particular focus will be placed on supporting a number of National Committees to improve their contribution rates to UNICEF, while maximizing efficiencies and further focusing investments on fundraising and income growth. Technical guidance and specialist support to country offices will continue to focus on fundraising for country programmes as well as for UNICEF globally.

(d) Continued emphasis on supporting both the short-term communication work of National Committees and the long-term objectives for brand positioning. PFP will support the implementation of a strategic framework for external communication and brand positioning in National Committee countries. The

strategic framework will support UNICEF fundraising, advocacy and brand positioning objectives in National Committee countries and will serve as one of the building blocks for an organizational communication and public advocacy strategy for the period of the new medium-term strategic plan 2014-2017. The UNICEF brand toolkit provides clear guidance on ensuring the correct use of the UNICEF brand identity; it will be complemented by guidance to National Committees on the development and management of brand equity in their markets.

22. Overall, \$2.4 million has been budgeted to achieve the second objective (*see result 2 in Table 4*):

(a) Strengthen support to National Committees to implement results-based and rights-based approaches for advocacy and education for development. This will be achieved through the continued roll-out of the toolkits on global advocacy and education for development along with related training initiatives. Targeted technical support will continue to be provided to National Committees for advocacy on the Millennium Development Goals, poverty and social exclusion, children on the move, and for the overall implementation of the Convention on the Rights of the Child.

(b) Focus on capacity development within UNICEF to engage strategically with business by building up expertise and embedding an understanding of corporate social responsibility within the organization, and by positioning UNICEF with key external partners and in business and human rights forums. In close collaboration with other headquarters divisions, including the Programme Division, the Division of Policy and Strategy, and regional and country offices, PFP will provide technical guidance and support for the roll-out of a concise corporate social responsibility framework and related partner-selection and management processes, a central database of information and monitoring and evaluation tools for corporate social responsibility partnerships.

23. The third divisional objective of efficient and effective management and operations aims to provide support to PFP activities for the implementation of strategies and achievement of results, as set out in the PFP Strategic Plan 2011-2013 (*see result 3 in Table 4*). A total of \$19.9 million has been budgeted for:

(a) Effective and efficient governance and related management systems. These efforts are strengthened by coherent and consistent communication, guided by the mandate of UNICEF as a non-political organization and its humanitarian mission. PFP will provide overall guidance and strategic direction for all aspects of UNICEF private-sector fundraising and partnerships, and will maintain effective relationships with National Committees and corporate partners. Workplan coordination and management of PFP activities will be strengthened to maximize the positive impact of available resources. Risk management processes will continue to be maintained to ensure control and corrective actions as required, including in response to audit recommendations. Business continuity and crisis preparedness will be reinforced through regular testing and updates of the Geneva business continuity plan as well as the PFP risk and control library.

(b) Effective and efficient management and stewardship of financial resources. Sufficient and reliable oversight of financial reporting of private-sector income generation as well as prudent financial management of the PFP budget will

be ensured. Essential contractual services and goods will be procured in line with existing regulations and in support of the implementation of PFP workplans.

(c) Effective and efficient management of human capacity. Support to human resources will ensure the timely recruitment and retention of high-calibre staff as well as minimizing the length of time that vacancies are open. To promote staff performance within PFP, there will be a continued focus on performance assessment and development. Learning is actively promoted by supporting staff in undertaking structured learning programmes and external initiatives, as well as encouraging staff members to become familiar with the work of the different sections of PFP and more broadly across the organization through stretch assignments and participation in cross-sectional and intra-divisional working groups.

IV. Income and expenditure projections for 2013

A. Introduction

24. As indicated in Table 1, PFP net consolidated income for 2013 is projected at \$932 million, 5.9 per cent (\$51.8 million) higher than the 2012 approved budget. A total of \$13.8 million of this increase will be derived from regular resources and the remaining \$38 million from other resources.

25. As in 2012, within the context of the overall organizational efficiency and effectiveness review and the continued concern regarding the level of regular resources, PFP continues to take a cautious approach to income forecasting in budgeting for 2013. The planning assumptions for the 2013 PFP budget are based on a low budget scenario, including for the calculation of the expense/proceeds ratios (*see Table 1*). The low budget scenario for 2013 assumes a conservative 5.3 per cent (\$53 million) increase in comparison with the 2012 approved budget, with forecast net proceeds totalling \$1.055 billion. Prior to 2012, the medium projection had been used as the planning scenario to determine expenditure levels.

26. The total expense/proceeds ratio will decrease to 12.5 per cent, compared to the 2012 approved ratio of 13 per cent. Excluding investment funds, the operational expense/proceeds ratio in 2013 will remain at 9 per cent, in line with the 2012 approved budget.

B. Income

27. The net consolidated income from private-sector fundraising regular resources is projected at \$412.6 million in 2013, compared to \$390.9 million in the 2012 approved budget, an increase of \$21.7 million. The increase is due to the projected increase in net proceeds from \$460 million in the 2012 approved budget to \$483.9 million in the 2013 proposed budget (*see Table 1*).

28. The gross proceeds for sales are projected at \$78.7 million, a decrease of \$16.3 million. National Committee expenses for cards and products sales are projected at \$19.6 million, which is 25 per cent of gross proceeds, compared to 28 per cent of gross proceeds in the 2012 approved budget. The net consolidated income from cards and products sales is projected at \$7.4 million, compared to

\$15.3 million in the 2012 approved budget and the 2012 latest estimates of \$11.9 million.

29. Projected other income of \$9.4 million has increased by 9.1 per cent (\$0.8 million), compared to the 2012 approved budget, due to higher interest-income projections from the Korean and Hong Kong National Committees.

C. Expenditure

30. The total projected PFP expenditure in 2013 is \$132.4 million, a 1.5 per cent (\$2 million) increase over the 2012 approved budget. The total PFP budget comprises PFP operational costs of \$95 million that have increased by 3.9 per cent (\$3.6 million) in comparison with the 2012 approved budget of \$91.4 million, and an investment fund allocation of \$37.4 million that is reduced by 4.1 per cent in comparison with the 2012 approved budget. The increase in the operational budget is largely due to mandatory increases in the standard cost of posts, rent and utilities. This increase has been partially offset by cost savings in other operating items, including decreases of approximately 20 per cent in the proposed travel budget and 10 per cent in the consultancy budget.

(a) The direct expenses of \$35.1 million in the 2013 proposed budget have decreased by 3.6 per cent (\$1.3 million), compared to the 2012 approved budget. This is mainly due to a decrease in country office expenses that are increasingly covered from the other resources generated from private-sector fundraising at the country level.

(b) The cost of goods and the inventory overhead budget is projected at \$13 million, which is 5.4 per cent (\$0.7 million) higher than 2012 approved. This has been compensated for by a reduction in the promotional materials budget.

(c) The operations and support budget is projected at \$13.8 million, compared to \$14.6 million approved for 2012.

(d) The projected private-sector fundraising budget for country offices of \$4.1 million for 2013 represents a 8.7 per cent (\$0.4 million) decrease compared to the 2012 approved budget. This is largely due to a reduction in the PFP budget allocation to country offices, as fundraising costs previously funded by PFP are increasingly being absorbed by country offices directly and funded by other resources generated through local fundraising gross proceeds, in line with the country office fundraising strategy.

31. The projected indirect expenses of \$59.9 million in 2013 have increased by 8.8 per cent (\$4.9 million), compared to the 2012 approved budget. This is mainly due to an increase in the budget for posts due to a change in standard costs (*see Tables 1 and 2*), and includes the following:

(a) The proposed budget for 2013 for the Director's Office, communication, and corporate social responsibility is \$7 million. This includes one new corporate social responsibility post to strengthen the capacity of regional and country offices in support of implementation of the Child Rights Business Principles. It also reflects the upgrade of one planning post and increase in the short-term staff budget to support strategic shifts required to explore new opportunities and channels for resource mobilization and partnerships, as well as enhanced communication,

monitoring and oversight. These increases are offset by a reduction in the travel budget.

(b) The projected 2013 budget for finance and administration is \$16.6 million. The governance function, with a budget of \$1.1 million, has been moved to the National Committee relations section from the finance and administration section so that all functions related to National Committees are under one organizational unit. Research and development, and the other staff costs budgets have been reduced. This reduction has been offset by the establishment of one post to support National Committees for strategic management of human resources, in addition to mandatory increases for posts and other operating expenses.

(c) The proposed 2013 budget for marketing and fundraising is \$24.5 million. The proposed budget of \$8.3 million for the marketing component, namely sales of cards and products, has increased by \$0.6 million compared to that approved for 2012, in large part due to an increase in the standard cost of posts, though this is offset by a decrease in the research and development budget and abolishment of three posts. The fundraising element of marketing and fundraising has increased by \$2.1 million, mainly due to the mandatory increase in the budget for posts. Apart from the mandatory increase in costs for posts, there are three upgrades, two new posts and one transfer from the National Committee relations section. The budget for consultancy, travel and other staff costs has been decreased.

(d) The projected budget for the national committee relations section is \$8.4 million. This includes the transfer of the governance function, with a budget of \$1.1 million, as described above. The mandatory increases in the cost of posts have been offset by the transfer of one post from this section to the marketing and fundraising section, as explained above.

(e) The projected 2013 expenses for regional support centres are \$2.9 million. This includes two new posts to be established at the regional support centre in Panama to strengthen income generation in the Latin America and Caribbean region, including for mobilization of regular resources for the global organization.

TABLE 2: Summary of expenditure by section
2011 actual results, 2012 approved budget, 2012 latest estimates, 2013 proposed budget
(in millions of United States Dollars)

Expenditure type	2011 actual							2012 approved							2012 latest estimates							2013 proposed						
	Posts (IP+Local)	Other Staff Costs*	Consultants	Travel	Operating Expenses**	Research and Development	Total	Posts (IP and Local)	Other Staff Costs*	Consultants	Travel	Operating Expenses**	Research and Development	Total	Posts (IP and Local)	Other Staff Costs*	Consultants	Travel	Operating Expenses**	Research and Development	Total	Posts (IP and Local)	Other Staff Costs*	Consultants	Travel	Operating Expenses**	Research and Development	Total
Direct expenses																												
Operations and support	5.4	0.9	6.6	0.1	10.3	-	23.3	5.3	0.1	0.4	0.2	8.6	-	14.6	4.9	0.1	0.0	0.2	6.6	-	11.8	6.0	0.0	0.0	0.1	7.7	-	13.8
Country office expenses**	2.3	0.7	0.4	0.1	1.5	0.6	5.6	2.9	0.1	0.0	0.1	1.0	0.4	4.5	2.7	0.1	0.0	0.1	0.8	0.4	4.1	2.5	0.3	0.1	0.1	0.7	0.4	4.1
Indirect expenses																												
Director's Office, Communication, Corporate Social Responsibility	2.7	0.4	0.1	0.2	0.2	-	3.6	4.6	0.1	0.1	0.2	0.3	-	5.4	4.4	0.1	0.1	0.2	0.3	-	5.1	5.4	0.6	0.3	0.1	0.4	0.2	7.0
Finance and Administration	4.5	0.3	0.6	0.1	11.7	-	17.2	4.4	0.1	0.3	0.1	11.7	0.8	17.3	4.0	0.1	0.3	0.1	11.6	0.8	16.9	4.3	0.0	0.1	0.1	11.8	0.3	16.6
Marketing and Fundraising	12.2	0.8	2.0	0.8	0.8	3.5	20.1	15.7	0.4	0.8	0.7	0.9	3.3	21.8	15.1	0.4	1.2	0.7	0.9	3.1	21.4	17.5	0.1	1.0	0.6	1.9	3.4	24.5
National Committee Relations	4.6	0.1	0.3	0.3	0.1	-	5.4	6.4	0.2	0.1	0.5	0.1	-	7.4	5.4	0.2	0.2	0.5	0.3	-	6.6	7.1	0.2	0.2	0.5	0.2	0.2	8.4
Regional Support Centres	1.6	0.1	-	0.2	0.1		2.0	1.8	0.2	-	0.2	0.1	0.2	2.5	1.4	0.2	-	0.2	0.1	0.2	2.1	2.3	0.2	0.0	0.3	0.1	0.0	2.9
Total	33.3	3.3	10.0	1.8	24.7	4.1	77.2	41.2	1.2	1.8	2.0	22.8	4.7	73.6	37.9	1.2	1.8	2.0	20.6	4.5	68.0	45.1	1.4	1.7	1.8	22.8	4.5	77.3

* Other staff cost includes staff training

** Operating expenses of country offices include commission

V. Investment funds

32. The investment funds allocation is being reduced by 4.1 per cent, from \$39 million in 2012 to \$37.4 million in 2013. Investment funds comprise the Marketing Development Programme (MDP) and the Fundraising Development Programme (FDP).

33. The MDP allocation of \$1.3 million in 2013 will support the marketing and sales of cards and products by National Committees, country offices and PFP.

34. The FDP allocation of \$36.1 million will support fundraising campaigns by National Committees, country offices and PFP. The prime focus of FDP continues to be on growing income from pledge donors who provide sustainable, predictable and flexible income. Fundraising investments make a return in the first year: \$24.5 million invested in 2010 generated \$40 million in gross revenue during the following 12 months.

35. Investment funds contribute to sustainable growth in regular resources from the private sector. In 2010, net regular resources contributions from the private sector totalled \$334 million. In 2011 that rose to \$374 million. The latest estimates for 2012 indicate that private-sector regular resources income will be approximately \$405 million. Revenue generated by investment funds is projected to contribute 18 per cent (\$78.6 million) of 2012 net regular resources proceeds. This is an increase on 2011 when 16 per cent (\$60 million) of regular resources income was driven by investment funds.

36. The \$37.6 million FDP budget for 2012 has been committed to key National Committees and country offices. It is forecast that 2012 investments will generate \$4.10 for every dollar invested, returning \$153.3 million in gross revenue over three years.

37. A strengthened allocation and monitoring system, introduced in 2011, ensures that the best performing activities and countries are prioritized for FDP investment; this also improves the efficiency of allocating and disbursing the investment funds. The actual 2011 results show that 81 per cent of investment is forecasting a return of 3 to 1 or better, compared to 57 per cent in 2009. At the same time, a more rigorous system of monitoring FDP expenditure and results requires National Committees and country offices to report on results within six months of funds being allocated, to ensure that planned activities are on track. As of mid-2012, 20 reports have been received for activities that started at the beginning of 2012; initial results indicate a positive variance to forecast results.

38. Given the positive performance of the FDP, and as part of the ongoing organizational efficiency and effectiveness review, PFP proposes that a portion of the expected cost savings through the efficiency reviews be reinvested in growing income through investment funds, within the context of the 2014 PFP budget.

VI. Human resources — post changes

39. The total number of proposed posts for 2013 is 214, compared to 220 for the 2012 approved budget, 177 of which will be in PFP headquarters and 37 in country offices (*see Annex I*).

40. In PFP headquarters, the division proposes to abolish six posts and establish six posts, thus maintaining the same number of posts in 2013 compared to 2012. Four posts are proposed for upgrades, and one to be downgraded.

41. All posts that are targeted for abolishment are vacant, five of which are in fundraising and marketing, and one in the governance unit of the National Committee relations section.

42. A new country office unit has been formed by reassigning two posts from fundraising and one from National Committee relations. The unit will provide the overall strategic guidance to private-sector fundraising and partnerships in country offices. It will also complement the work of the two regional support centres in Panama and Bangkok by providing technical guidance and support to more nascent fundraising markets in the Middle East and North Africa as well as the Central and Eastern Europe and the Commonwealth of Independent States regions. It will further cover support to private-sector fundraising efforts of UNICEF offices in other regions of Africa.

43. A risk and change management advisor post is being established under the Deputy Director of finance and operations, within the finance and administration section, to provide support to National Committees for strategic management of human resources and related management issues, as well as to support PFP and National Committee risk management strategies, efficiency reviews and related change processes.

44. The corporate social responsibility function in the corporate social responsibility unit is being strengthened with the addition of one post.

45. Corporate fundraising is being strengthened with the establishment of three new posts to support the organization's expanding relationships with private foundations and sports partnerships.

TABLE 3: Range of budgeted income and expenditure
1 January - 31 December 2013
(in millions of United States Dollars)

	<i>I</i> <i>low</i> <i>projection</i>	<i>II</i> <i>medium</i> <i>projection</i>	<i>III</i> <i>high</i> <i>projection</i>
Net proceeds from operating revenues			
Sale of UNICEF cards and products	59.1	59.1	68.0
Private fundraising - regular resources	483.9	506.9	525.0
Private fundraising - other resources	512.0	520.0	535.0
Net proceeds	1,055.0	1,086.0	1,128.0
Direct expenses			
Cost of goods and inventory overhead	13.0	13.0	15.0
Operations and support	13.8	13.8	14.2
Promotional materials	4.2	4.2	4.2
Country office expenses	4.1	4.1	4.1
Total direct expenses	35.1	35.1	37.5
Investment fund expenditures	37.4	37.4	39.0
Direct contribution from operations	982.5	1,013.5	1,051.5
Indirect expenses			
Director's Office, Communications, Corporate Social Responsibility	7.0	7.0	7.0
Finance and Administration	16.6	16.6	16.6
Marketing and Fundraising	24.5	24.5	25.1
National Committee Relations	8.4	8.4	8.5
Regional Support Centres	2.9	2.9	2.9
Bad debts expense	0.5	0.5	0.5
Total indirect expenses	59.9	59.9	60.6
Income before non-operating items	922.6	953.6	990.9
Non-operating items			
Other income	9.4	9.4	9.4
Foreign exchange gains (losses)			
Net income for the period	932.0	963.0	1,000.3

TABLE 4: Proposed budget by results
1 January - 31 December 2013
(in millions of United States Dollars)

Expected results: 2013	Resource requirements for 2013
Result 1: Increase in amount and quality of net private sector resources for UNICEF	110.1
1.1: National Committees and country offices grow net private-sector fundraising for RR to \$412.6 million and for OR to \$512 million by end-2013.	57.8
1.2: National Committees and country offices generate RR of \$7.4 million from sales of cards and products by end-2013.	41.1
1.3: Strengthened brand equity with UNICEF supporters through strategic external communication and brand positioning in National Committee countries.	3.9
1.4: National Committees and country offices implement integrated strategic direction and have operational support and tools to deliver PFP Strategic Plan results.	7.3
Result 2: Advocacy in industrialized countries, corporate social responsibility and strategic partnerships capacity is enhanced	2.4
2.1: National Committees are recognised as leading advocates for the realization of the rights of the most disadvantaged children, globally and domestically.	1.1
2.2: UNICEF and National Committees are engaging effectively with the business community to advance child rights.	1.3
Result 3: Effective and efficient management and operations support	19.9
3.1: Effective and efficient governance and systems	1.7
3.2: Effective and efficient management and stewardship of financial resources	18.0
3.3: Effective and efficient management of human capacity (human resource management and learning)	0.2
TOTAL PROPOSED BUDGET FOR ACHIEVING THE RESULTS	132.4

TABLE 5: Strategic Plan financial projections

2011 actual results, 2012 approved budget, 2012 latest estimates, 2013 proposed budget and 2014-2015 projections
(in millions of United States Dollars)

	2011 actual results	2012 approved budget	2012 latest estimates	2013 proposed budget	2014 projection	2015 projection
Net proceeds from operating revenues						
Sale of UNICEF cards and products	71.3	68.0	62.3	59.1	69.0	71.0
Private fundraising - regular resources	420.4	460.0	469.5	483.9	481.0	491.0
Private fundraising - other resources	531.1	474.0	464.0	512.0	530.0	550.0
Net proceeds	1,022.8	1,002.0	995.8	1,055.0	1,080.0	1,112.0
Direct expenses						
Cost of goods and inventory overhead	17.7	12.3	13.2	13.0	13.0	13.3
Operations and support	23.3	14.6	11.8	13.8	13.8	14.1
Promotional materials	3.7	4.9	4.9	4.2	4.2	4.3
Country office expenses	5.6	4.5	4.1	4.1	4.1	4.2
Total direct expenses	50.3	36.4	34.0	35.1	35.1	35.9
Investment funds	41.7	39.0	38.4	37.4	37.4	37.4
Direct contribution from operations	930.8	926.6	923.4	982.5	1,007.5	1,038.7
Indirect expenses						
Director's Office, Communication, Corporate Social Responsibility	3.6	5.4	5.1	7.0	7.0	7.1
Finance and Administration	17.2	17.3	16.9	16.6	16.6	16.9
Marketing and Fundraising	20.1	21.8	21.4	24.5	24.5	24.9
National Committee Relations	5.4	7.4	6.6	8.4	8.4	8.7
Regional Support Centres	2.0	2.5	2.1	2.9	2.9	3.0
Bad debts expense	1.7	0.5	0.5	0.5	0.5	0.5
Total indirect expenses	50.0	55.0	52.6	59.9	59.9	61.1
Income before non-operating items	880.8	871.6	870.8	922.6	947.6	977.6
Non-operating items						
Other income	6.3	8.6	9.2	9.4	2.0	2.0
Foreign exchange gains (losses)	18.2	-	-	-		
Net income for the period	905.3	880.2	880.0	932.0	949.6	979.6

VII. Draft decisions

46. The draft decisions relating to the Private Fundraising and Partnerships budget for 2013 are presented below for Executive Board approval.

A. Private Fundraising and Partnerships budgeted expenditures for 2013 fiscal year

The Executive Board

1. *Approves* for the fiscal year 2013 (1 January to 31 December) budgeted expenditures of \$132.4 million, as detailed in the table below and summarized in column I of table 3 to document E/ICEF/2013/AB/L.1.

<i>(in millions of United States dollars)</i>	
Cost of goods and inventory overhead	13.0
Investment funds	37.4
Direct expenses (excluding cost of goods)	22.1
Indirect expenses	59.9
Total expenditures, consolidated	132.4

2. *Authorizes* UNICEF

(a) To incur expenditures, as summarized in column I of table 3 to document E/ICEF/2013/AB/L.1, and to increase expenditures, up to the levels indicated in columns II and III of the same table, should the apparent proceeds from fundraising or cards and products sales increase to the levels indicated in columns II and III;

(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 2013 approved workplan.

B. Budgeted income for the 2013 season

The Executive Board

Notes that, for the period 1 January to 31 December 2013, Private Fundraising and Partnerships net proceeds are budgeted at \$1,055 million, as shown in column I of table 3 in document E/ICEF/2013/AB/L.1.

C. Policy issues

The Executive Board

1. *Renews* investment funds, with \$37.4 million established for 2013;

2. *Authorizes* UNICEF to incur expenditures in the 2013 fiscal period related to the cost of goods and inventory overhead (purchase of cards and other products) for the 2014 fiscal year, up to \$13 million, as indicated in the Private Fundraising and Partnerships Strategic Plan 2013-2015 financial projections (table 5 of document E/ICEF/2013/AB/L.1);

3. *Approves* an interim one-month allocation for January 2014 of \$13.24 million, to be absorbed in the annual Private Fundraising and Partnerships budget for 2014.

Annex I

Summary of post changes proposed for 2013

Detail	Post levels							Total IP	NO	GS	Grand total
	D2	D1	P5	P4	P3	P2	P1				
Base PAT 2012 approved	1	4	23	48	50	10	0	136	15	69	220
PFP headquarters											
Approved 2012	1	4	20	41	48	10	0	124	0	53	177
Establish, abolish and upgrade in 2013:											
<i>Marketing and Fundraising:</i>											
Fundraising			-1	1	1	0		1		-1	0
Country Offices PFP unit			1	2				3			3
Cards and Products			-1	-2				-3			-3
<i>National Committee Relations</i>											
National Committee Relations			1	-1	1			1		1	2
Child Rights Advocacy and Education								0			0
<i>Finance and Administration:</i>											
Operations and Finance, including Governance			0		-2			-2		-1	-3
<i>Director's Office, Communication, Corporate</i>											
<i>Social Responsibility:</i>											
Director's Office			1	-1				0			0
Corporate Social Responsibility					1			1			1
<i>Operations and Support:</i>											
Procurement			-1	1				0			0
Proposed 2013	1	4	20	41	49	10	0	125	0	52	177
Change vs. 2012 approved	0	0	0	0	1	0	0	1	0	-1	0
Regional support centres and UNICEF country offices											
Approved 2012	0	0	3	7	2	0	0	12	15	16	43
Establish and abolish in 2013	0	0	1	0	1	0	0	2	-6	-2	-6
*Proposed 2013	0	0	4	7	3	0	0	14	9	14	37
Change vs. 2012 approved	0	0	1	0	1	0	0	2	-6	-2	-6
TOTAL PFP											
Approved 2012	1	4	23	48	50	10	0	136	15	69	220
Proposed 2013	1	4	24	48	52	10	0	139	9	66	214
Change vs. 2012 approved	0	0	1	0	2	0	0	3	-6	-3	-6

IP = International Professional; NO = National Officer; GS = General Service;

PAT = Post authorization table.

* The table does not include fundraising posts charged to other resources budget of country offices.

Annex II

Executive summary of the PFP Strategic Plan 2011-2013

Introduction

1. The Executive Board, in decision 2002/6, 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 UNICEF medium-term strategic plan (MTSP).

2. The Private Fundraising and Partnerships (PFP) division has developed a three-year strategic plan for 2011-2013 in consultation with key stakeholders, including National Committees, country offices and headquarters divisions. The plan, developed during the period October 2009 to November 2010, also addresses the recent Executive Board request that the division provide a longer-term perspective to income generation from private-sector donors, including National Committees and corporate partners. The present document outlines the PFP business plan, and is a summary of the Strategic Plan for 2011-2013.

I. Challenges

3. Externally, private fundraising has become increasingly competitive globally. The environment is rapidly evolving, with an increase in the number and type of professional not-for-profit organizations and new media channels for advocacy, marketing and fundraising. Private donors and supporters are faced with a large range of options and, at the same time, they increasingly scrutinize the organizations to which they contribute.

4. Within this context, it is critical for UNICEF to increase its public support. In addition to ensuring the best use of resources, there is a need to develop new and innovative channels for resource mobilization, including digital and new media, and continue investment in acquiring pledge donors.

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

II. Functions, expected results and strategies

6. The PFP Strategic Plan 2011-2013 sets the strategic direction for mobilization of private-sector support for the implementation of the MTSP priorities until the end of 2013. The aim is also to consolidate current strategies and approaches at the global level in order to contribute to creating a common vision and a framework for private-sector resource mobilization and leveraging at all levels of UNICEF. This includes working closely with the Public Sector Alliances and Resource Mobilization Office on a “one country” approach to partnering and working with donor countries that have a UNICEF National Committee presence, as well as with the Division of Communication on external communication and brand positioning in National Committee countries.

7. Underpinning the PFP Strategic Plan 2011-2013 is the recognition that PFP adds greatest value to National Committees and country offices by advancing a number of transformational priorities consistently and proactively across all countries. The Strategic Plan lays out the strategic choices made for the next three years: (a) growing income in line with MTSP funding targets; (b) focusing on strategic communication and brand positioning; (c) expanding use of digital culture and knowledge management as cross-cutting priorities; (d) ensuring strategic guidance and support; and (e) balancing choice and integration.

A. Growing income in line with the MTSP funding targets

8. The major objective will be to maximize the quality of private-sector income raised by National Committees, PFP and country offices. The focus will be on unrestricted regular resources and on better quality and less restricted other resources. PFP will also work to expand pledge income and transform its private-sector income generation to a digital model.

9. For the first time, PFP will develop a fully integrated income-generation strategy that brings together individual private-sector fundraising at global and country levels, corporate and private-foundation fundraising as well as cards and products sales within a common strategic approach. The new sales and marketing model for cards and products and the strategic framework for fundraising in country offices will be integral parts of the strategy.

10. Maximizing regular resources will be the focus for all income streams. There will be four elements to this strategy:

- (a) Become a global leader in pledge fundraising;
- (b) Increase regular resources from other key income streams already contributing significant levels of regular resources;
- (c) Increase the proportion of regular resources from donors generally focused on other resources;
- (d) Maximize the use of pathways to pledge through the systematic conversion of other individual supporters, particularly those initiating support during emergencies.

11. PFP will work together with National Committees and country offices to transform the fundraising landscape for other resources, especially in highly competitive markets where donors require customized country-level proposals and reports that provide them with tangible, downstream activities but incur high transaction costs at headquarters and field levels.

B. Focusing on strategic communication and brand positioning

12. To strengthen brand image of UNICEF with its supporters, PFP will continue to support both the short-term communication work of National Committees and the long-term targets in brand positioning.

13. Within the framework of the global communication strategy, PFP will develop and implement a strategic framework for external communication and brand positioning in National Committee countries. The strategic framework will address the wider aspect of National Committee positioning of the brand.

14. The UNICEF brand book that provides clear guidance on the use of the UNICEF brand needs to be accompanied by practical support and guidance to National Committees on the development and management of brand equity. Specifically, PFP has identified the need to implement a standard UNICEF brand equity template comprising the following elements:

- (a) A standard UNICEF brand-equity scorecard;
- (b) An ongoing equity study adding to the current “barometer” studies;
- (c) An annual equity review by country;
- (d) A PFP team that serves as an advisory group to help National Committees use tools and techniques to build a stronger UNICEF brand within their countries.

C. Expanding use of digital culture and knowledge management

15. Two major new initiatives will commence during the 2011-2013 period:

- (a) PFP will support transformation and use of a digital culture for private-sector engagement, enabling UNICEF to build the capacity of National Committees and country offices to expand interaction with private supporters, further build brand equity and grow income;
- (b) PFP will support establishment of a structured knowledge management system to proactively share best practices and learning between countries generating private-sector income. An important outcome will be a much closer alignment with National Committees and country offices through shared strategic frameworks, a global approach to the development of country support plans, digitization and expanded knowledge management practices.

D. Ensuring strategic guidance and support

16. PFP will provide support to National Committees and country offices to conduct integrated strategic planning for private-sector income generation, child rights advocacy and education, communication and governance. Support includes provision of technical specialist expertise and targeted investment funds. Moreover, engagement with National Committees will be strengthened by the new Cooperation Agreement and through joint strategic plans that will be aligned with the PFP Strategic Plan 2011-2013. Joint strategic plans will be developed and signed with each National Committee.

17. PFP will continue to support National Committees in improving performance as well as governance structures and related mechanisms, with a focus on the following aspects:

- (a) Fostering an open relationship based on mutual respect and trust with National Committees and country offices, acting as a preferred and trusted source of guidance and advice on private-sector partnerships and income generation;
- (b) Supporting and being available to advise the boards and senior staff of National Committees on UNICEF policies and priorities as well as in identifying and addressing constraints to effective fundraising, good governance and brand positioning;

(c) Facilitating and supporting effective governance structures in National Committee countries to enable delivery of planned outcomes and commitments in the joint strategic plans.

18. Assessments will be made in all countries of opportunities to deliver joint strategic priorities and of the capacity of National Committees and country offices to deliver on the planned results. PFP will develop integrated country support plans while additional resources and investment funds will be allocated based on country assessments.

19. The implementation of a strategic framework for private fundraising by country offices will define the future direction of private-sector fundraising by country offices and has the long-term intent of increasing the share of regular resources. To this end, private-sector investments in country offices will be increasingly focused on raising regular resources and investments, and technical support from PFP will be increasingly focused on key markets.

20. PFP will also work to support a globally integrated approach by developing and encouraging linkages between National Committees and country offices in areas of common interest within advocacy and education for development, external communication and brand positioning strategies.

E. Balancing “choice” and “integration”

21. While National Committees and country offices have many opportunities, PFP has limited resources to support their delivery. Choices will need to be made to ensure optimal use of available private-sector resources to deliver the 2011-2013 priorities.

22. A major driver of integration will be prioritization of PFP actions and deployment of private-sector resources against an integrated country support plan for each country that takes into account the full range of needs, opportunities and risks. From 2011 onwards, every National Committee and every country office will continue to receive an assured support package for each relevant area of PFP responsibility, as well as the strategic targeting of additional staff resources and investment funds towards major market opportunities that deliver the priorities outlined in the Strategic Plan 2011-2013.

23. The new approach, prioritizing support actions, is expected to result in the reduction of transaction costs, increased efficiency gains and additional cost savings. It is also expected to have a positive impact on the way PFP will work to provide support to countries. This combination of focus and choice will enable the division, working together with National Committees, country offices and the wider UNICEF community, to ensure a more consistent and strategic direction in the areas under its purview.

F. Management and operations

24. In order to implement the strategic plan, PFP will develop a detailed workplan, to be reviewed and updated annually, that will set priorities, define key results, related actions and timelines for delivery. Roles and responsibilities will be clearly identified.

25. The PFP workplan will be complemented by an annual management plan — an internal divisional management tool that will detail the management strategy and performance indicators, management and coordination mechanisms, as well as staff accountabilities to support implementation of the workplan. Management will focus on the following priorities:

(a) Continue to improve organizational effectiveness and performance management in order to support implementation of the above strategies and achievement of planned results;

(b) 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 (VISION);

(c) Strengthen internal communication by further developing systems and mechanisms for coordination and internal communication within PFP, including through the PFP intranet portal;

(d) Promote staff learning and career development through PFP participation in the Leadership Development Initiative and other key learning and development investments in support of staff. Special support will be provided to Cards and Products staff during the implementation of the business rationalization process.

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