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# Private Fundraising and Partnerships: financial report for the year ended 31 December 2016

*Summary*

This document presents the financial and non-financial results achieved by the UNICEF Private Fundraising and Partnerships (PFP) Division, together with the National Committees for UNICEF and country offices that generated resources and results for children from the private sector, for the year ended 31 December 2016.

Total private sector revenue for the year met the Private Fundraising and Partnerships Plan target for 2016 of $1.33 billion, of which $623 million is RR and $709 million is OR. The $623 million in regular resources (RR) marks the highest-ever RR revenue generated in a given year and is almost $95 million more than the previous year. This is primarily the result of concerted efforts focused on maintaining and increasing individual donors to UNICEF; in 2016, 7.7 million people, 4.5 million of whom are regular donors, donated to UNICEF. This growth was achieved despite the adverse effects of unfavourable fluctuations in exchange rates during the year that masked real growth in revenue generated by National Committees and country offices.

The Division continued to work with National Committees and country offices in 2016 to support integrated engagement with the public and private sectors to advance children's rights, leveraging results for children through both government and business actions. Results included positive changes in government policies and business regulations for children's rights. In addition, as part of an industry-wide approach, collaboration with the information and communications technology (ICT) industry included the provision of information systems and data transmission for initiatives such as birth registration programmes, tracking epidemics and disease vectors; and broadcasting for social mobilization.

The Division conducted a situation analysis of the work of UNICEF with the private sector in 2016. The analysis found that with sufficient investment, market knowledge and development, there is potential to enhance revenue growth, especially

* E/ICEF/2017/14.

of unrestricted resources. Findings from the analysis shaped the key strategies developed for delivering on ambitious goals with the private sector in support of the next UNICEF Strategic Plan, 2018-2021.

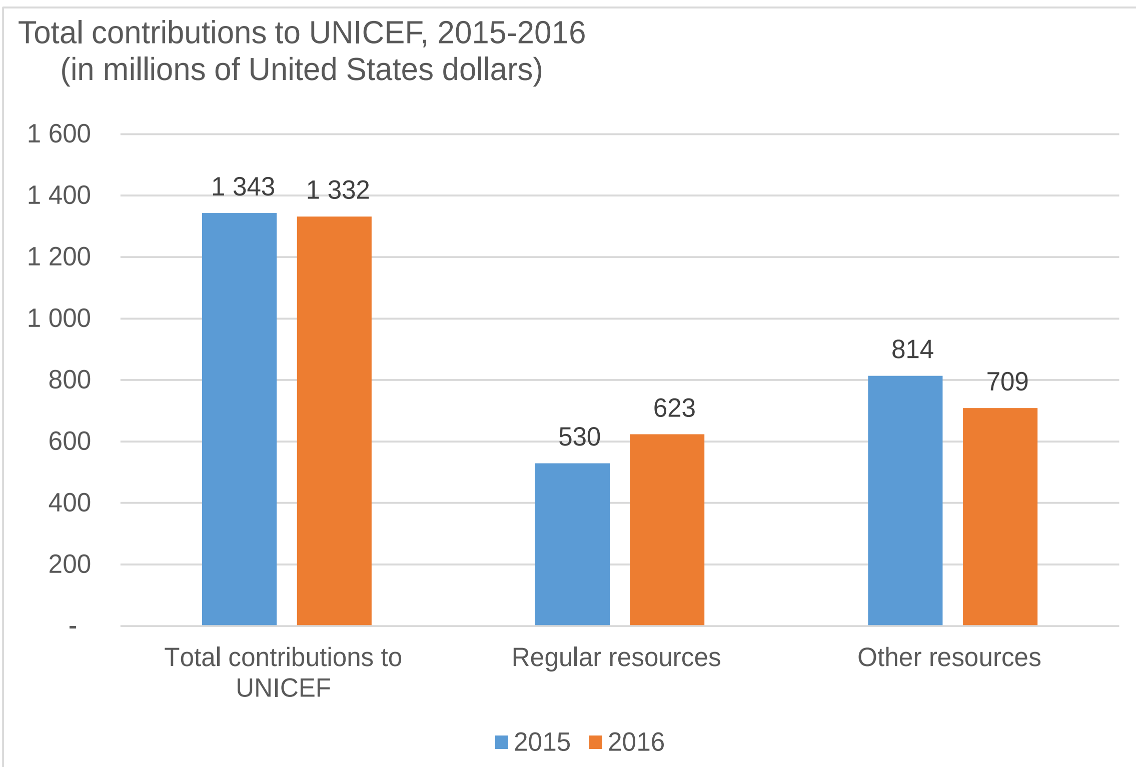
The Executive Board is requested to adopt the draft decisions relating to the increase in the Private Fundraising and Partnerships budget for 2017, which are included in section II of this document.

# I. Overview of the 2016 results

1. The Private Fundraising and Partnerships (PFP) Division aims to achieve results for children by maximizing private fundraising and advocacy carried out by UNICEF around the world. To carry out this mission, PFP coordinates fundraising activities and non-fundraising partnerships with the private sector with 34 National Committees and 21 UNICEF country offices that have structured private sector fundraising activities. In addition, PFP manages strategic relationships with the National Committees for UNICEF and implements strategies in child rights advocacy, communication and brand positioning in National Committee countries through a range of partnerships, including with the media, corporations, civil society and young people.

2. In 2016, total private sector revenue from fundraising in 34 National Committees and 53 country offices was $1.33 billion (from 21 country offices with structured activities and 32 country offices without structured activities). Of the $1.33 billion raised in 2016, regular resources (RR) contributions represented $623 million, the highest-ever generated from the private sector in any given year, while $709 million was received in other resources (OR) contributions, $550 million of which was other resources (regular), or ORR, and $159 million of which was other resources (emergency).

**Figure**




3. After deducting PFP expenses, including licensing costs funded by RR ($123.1 million), as well as country office private sector fundraising expenses ($28 million) and private sector engagement costs funded by other resources ($0.7 million), and after accounting for adjustments such as impairment and foreign

exchange fluctuations, the net private sector surplus was $1.18 billion. This amount is 7 per cent lower than the approved budget of $1.26 billion.[1]

4. The reduction in the net private sector surplus is due to a decrease in OR contributions of 7 per cent, which is mainly attributable to delayed receipt of revenue from foundations, which will be rephased into 2017. These variances in OR allocations were identified in April 2016 due to systematic financial monitoring that allowed for revised projections.

5. Due to the reductions in OR mentioned above, total contributions of $1.33 billion in 2016 are $11 million, or 1 per cent lower than 2015 contributions of $1.34 billion. Meanwhile, the core business model to pursue RR through individual giving remained intact, with 2016 having the best performance in a given year, with RR increasing by almost $95 million, or 18 per cent, from $530 million in 2015 to $623 million in 2016.

Table 1
**Summary of private fundraising and partnerships results, 2016**

| *Summary of PFP results (in millions of United States dollars)* | *Total private FR-RR* | *Licensing revenue/expenses* | *Other PFP expenses* | *Total RR* | *National Committees private FR-OR* | *Other private FR-OR* | *Total private FR-OR* | *Grand total* |
|---|---|---|---|---|---|---|---|---|
| Private sector revenue | 618.2 | 5 | 0 000 | 623.2 | 555.5 | 153.4 | 708.9 | 1 332.1 |
| National Committee sales expenses | 0 000 | (0.2) | 0 000 | (0.2) | 0 000 | 0 000 | 0 000 | (0.2) |
| PFP expenses — Special purpose | 0 000 | 0 000 | (105.9) | (105.9) | 0 000 | (28.6) | (28.6) | (134.5) |
| PFP expenses — Management costs | 0 000 | 0 000 | (13.8) | (13.8) | 0 000 | 0 000 | 0 000 | (13.8) |
| PFP expenses — Development effectiveness | 0 000 | 0 000 | (3.2) | (3.2) | 0 000 | 0 000 | 0 000 | (3.2) |
| **Non-operating items** | | | | | | | | |
| Impairment | (0.3) | 0 000 | 0 000 | (0.3) | (1.9) | 0 000 | (1.9) | (2.1) |
| Foreign exchange gains/(losses) | 4.6 | 0 000 | 0 000 | 4.6 | 0.1 | 0 000 | 0 000 | 4.7 |
| **Net PFP surplus** | **622.5** | **5** | **(123)** | **504** | **554** | **125** | **679** | **1 183** |

FR — fundraising
RR — regular resources
OR — other resources
PFP — Private Fundraising and Partnerships

6. Non-operating items include impairment ($2.1 million) and foreign exchange gains ($4.7 million) that were not budgeted. Some receivables were considered for impairment at the end of 2016 in accordance with prudent accounting principles. The impairment amount was due to the differences in the type of funds remitted to UNICEF compared to the type of receivables. The exchange gain arose from the settling of National Committee 2015 receivables during 2016 at more favourable exchange rates than the prevailing rates as at 31 December 2015.

[1] The overall Private Fundraising and Partnerships Plan 2014-2017 target for 2016 was $1,336 million, which was set in 2013 at the time the plan was drafted. The budgeted amount for 2016, which was set in May 2015, was $1,436 million, as a result of revised projections from the National Committees and country offices. Without exchange rate fluctuations and the timing of some payments on OR grants, the budgeted target for 2016 would also have been met.

Table 2
**Private sector revenue and expenses: 2016 and 2015**

| *(in millions of United States dollars)* | *2016 actual* | *2016 budget* | *2015 actual* |
|---|---|---|---|
| Private sector revenue — regular resources | 623.2 | 626 | 529.5 |
| Private sector revenue — other resources | 708.9 | 810.0 | 813.7 |
| **Total private sector revenue** | **1 332.1** | **1 436.0** | **1 343.2** |
| Total regular resources expenses (including sales expenses of National Committees) | 123.1 | 128.2 | 115.5 |
| Other resources expenses — Country office direct fundraising costs | 27.9 | 41.0 | 0.0 |
| Other resources expenses — Private sector engagement | 0.7 | 2.0 | 0.0 |
| **Non-operating items** | | | |
| Impairment | 2.1 | 0.0 | 0.0 |
| Foreign exchange (gains)/losses | -4.7 | 0.0 | 0.0 |
| **Net private sector surplus** | **1 182.9** | **1 264.8** | **1 227.7** |

7. In 2016, exchange rates continued to have a negative impact on private sector revenue and masked the real increase in revenue generated by the National Committees and country offices. These exchange rates negatively affected 2016 revenue by approximately $119 million compared with forecasted amounts. If exchange rates had remained constant to the May 2015 exchange rates used in the approved budget for 2016 of $1.44 billion, private sector revenue would have reached $1.45 billion in 2016.

8. The Division conducted a situation analysis of UNICEF work with the private sector in 2016. It found that with sufficient investment, market knowledge and market development, there is significant potential to enhance revenue growth, especially of unrestricted resources. Following the situation analysis, PFP coordinated a collective effort across UNICEF to determine the key strategies for delivering on ambitious goals in support of the next UNICEF Strategic Plan, 2018-2021. To do this, UNICEF will need to maximize synergies and shared ownership of goals across the UNICEF family, become truly innovative in the digital world, and match ambitious goals with the requisite human and financial investments.

### Private sector fundraising contributions — regular resources and other resources

9. The strategy of maintaining a strong focus on growing RR through investment and support to individual giving continues to be successful. As mentioned above, RR increased by almost $95 million from 2015 to 2016. The largest and most reliable source of private sector revenue and RR is pledge giving — that is, regular monthly donations made by individual donors. In addition, individual donors make occasional donations, often in response to rapid-onset emergencies. In 2016, 1 million pledge donors were recruited, bringing the total number of regular givers to 4.5 million as at 31 December 2016. Gross revenue from pledge donors reached $653 million in 2016, its highest level ever. This was an increase of 5 per cent from the previous year, which is a remarkable achievement given the adverse effects of unfavourable exchange rates and the slow growth in economies around the world. As such, pledge giving continues to be a priority for PFP, National Committees and the country offices with a structured private sector fundraising programme. Another critical driver of success is through PFP investment funds, and National Committee

and country office reinvestment from revenue generated nationally. Investment funds are used to accelerate growth in private sector revenue and, in particular, growth in the RR revenue generated for children from pledge and legacy giving by individuals. In addition, the global reach of UNICEF offers the organization a unique advantage as well; fundraisers share information on best-practice techniques for engaging donors and retaining support.

10. As noted earlier, OR revenue of $709 million was $101 million (12 per cent) lower than the 2016 budget of $810 million and 12 million (2 per cent) lower than the revised budget of $721 million. The lower performance in OR was largely due to the rephasing of ORR remittances by foundations, which was partially offset by higher than budgeted revenue from OR for emergencies. The channels driving OR revenue are noted below.

11. In 2016, contributions from companies reached $148 million gross revenue. The donations were received from 35,000 companies ranging in size from sole proprietorship businesses to large international corporations. Exchange rate movements undermined the value in United States dollars from some corporate donations. There is increasing integration between corporate fundraising and individual fundraising. Customers and staff are engaged in the relationship with UNICEF and have contributed to the increase in the number of pledge donors. In 2016, a total of 40,000 new individual pledge donors were acquired through the relationship with corporate partners. This model presents RR revenue growth opportunities for UNICEF, and PFP is optimizing these opportunities to increase flexible revenue in 2017 and in the years beyond.

12. In 2016, partnerships and collaborative efforts with the corporate sector continued to play a critical role in the ability of UNICEF to deliver results for children. UNICEF works to harness the power, reach and influence of business on behalf of children by working with corporate partners on their responsibility to respect, and commitment to support, children's rights. UNICEF works closely with multinational corporations, national companies and small to medium-sized businesses to address the impact of business policies and operations on children, and as part of leading advocacy with and through business on child rights.

13. Some of the most important relationships in 2016 were with Amadeus, the Cartier Charitable Foundation, Change for Good®, FC Barcelona, H&M Foundation, the La Caixa Foundation, the LEGO Foundation and LEGO Group, Louis Vuitton and Unilever. In 2016, UNICEF celebrated the twenty-fifth anniversary of Change for Good®, one of the best-known and longest-running UNICEF partnerships. In addition, the FCB Foundation, Futbol Club Barcelona and UNICEF celebrated the tenth anniversary of their partnership and renewed their commitment until 2020.

14. Financial contributions from major donors reached $45 million in 2016. These include a first-time $6.6 million gift from a family in Finland to support the work of UNICEF in emergencies and child protection; $3 million from a donor in Ireland to support vulnerable girls in Peru; and a new commitment from a family in Germany of a $6.6 million gift for the 'Let Us Learn' initiative. Other multi-year pledges of $1 million or more were secured in countries including Canada, the Netherlands and Sweden.

15. Significant work was undertaken in 2016 in developing a new business process and strategy for major donor growth. Extensive interviews with philanthropists as part of a multi country feasibility study informed the concept of a global recognition and engagement platform, which will be launched in late 2017.

16. Revenue from foundations was $253 million in 2016. Significant successes in 2016 related to the relationship with foundations included, among others, strategic discussions on a 2030 engagement plan with the Bill & Melinda Gates Foundation; renewal of the partnership agreement with Rotary International; first funding received for a partnership with Alwaleed Philanthropies for measles eradication; first funding received, for Liberia, from the Power of Nutrition partnership; selection of UNICEF as a beneficiary through the IKEA Foundation of the IKEA Good Cause Campaign; and strong joint advocacy with partners such as the Conrad N. Hilton Foundation in support of early childhood, in collaboration with the World Bank.

### Revenue from licensing of cards and products

17. In 2016, revenue from licensing was $5 million. Of the $5 million licensing revenue, $4.8 million was generated in National Committees and $0.2 million was generated in country offices. The licensing partners in 2016 included Belarto, Groupe Editor, Hallmark, the LINE Plus Corporation and Pictura, who support UNICEF by providing flexible, unrestricted funds to reach vulnerable children through programmes that contribute to child well-being. Collectively, licensing partners have contributed more than $41 million to UNICEF through product-based fundraising over the lifetime of the partnerships.

Table 3
**Licensing revenue**
(in millions of United States dollars)

| | | | | *Increase/decrease* | | | |
|---|---|---|---|---|---|---|---|
| | | | | *2016 actual vs. budget* | | *2016 vs. 2015* | |
| | *2016 Actual* | *2016 Budget* | *2015 Actual* | *$* | *%* | *$* | *%* |
| 2016 Revenue from licensing and 2015 licensing, cards and products | 5.0 | 0 | 8.8 | 5.0 | 0 | -3.8 | -43.5 |
| **Total** | **5.0** | **0** | **8.8** | **5.0** | **0** | **-3.8** | **-43.5** |

Table 4
**Net revenue from licensing**
(In millions of United States dollars)

| | *2016* | | | | *2015* | | | |
|---|---|---|---|---|---|---|---|---|
| | *Actual* | *%* | *Budget* | *%* | *Actual* | *%* | *2016 Actual vs. budget* | *2016 vs. 2015 Actual* |
| Gross revenue | 5.0 | 100 | 0 | 100 | 8.8 | 100 | -48.5 | -43.5 |
| *Less* licensing expenses of the National Committees | 0.2 | 13.0 | 1.4 | 0 | 1.1 | 13.0 | -853.0 | -82.0 |
| **Net revenue** | **4.8** | **95.9** | **-1.4** | | **7.7** | **87.0** | **440.7** | **-37.7** |

18. The net revenue ratio for licensing increased from 87 per cent in 2015 to 96 per cent in 2016. The increase in the net revenue ratio demonstrates that the licensing business model for cards and products is more cost effective than the in-house model that was discontinued in 2014.

### Private sector fundraising in programme countries

19. In 2016, private sector fundraising in middle- and high-income countries through UNICEF country offices contributed $182 million compared to $195 million in 2015, which was a $13 million (7 per cent) decrease in revenue. Of the $182 million, $29 million was contributed to the global RR and $153 million to OR. Revenue from RR was equal to what was generated in 2015, despite unfavourable exchange rate movements in 2016. Similar to 2015, UNICEF country offices in Argentina, Malaysia and Thailand made multimillion-dollar contributions to global RR, and Brazil and Uruguay each contributed more than $1 million. Nineteen of the 21 country offices with structured private sector fundraising activities contributed to global RR in 2016, compared to 18 in 2015.

20. Private sector fundraising in UNICEF country offices reached $182 million compared to $195 million in 2015. Gross revenue in country offices with structured private sector fundraising operations generated $176 million ($28 million in RR and $148 million in OR) compared to $192 million in 2015 ($30 million RR and $162 million OR). The $15 million (8 per cent) decrease in revenue is primarily due to the fact that two instalments from a significant foundation donation were recorded in 2015, whereas only one instalment was received and recorded in 2016. Revenue of $80 million was generated in Latin America compared to $102 million in 2015, with the decrease related to the timing of the donation, as mentioned above. In Asia, $55 million was raised in 2016, which was a $7 million (11 per cent) decrease compared to 2015. This was due to unfavourable variances in Thailand where revenue was $2 million lower than 2015, and in India where revenue was $4 million less than 2015. Gross revenue in the Gulf Area, largely comprised of foundation revenue, increased by $11.3 million, from $21.3 million in 2015 to $32.6 million in 2016. In the Central and Eastern Europe and the Commonwealth of Independent States region, gross revenue reached $7.8 million, which was $1.7 million greater than the $6.1 million raised in 2015; while $1 million was raised in the Eastern and Southern Africa region. Revenue from country offices without fully structured private sector fundraising operations increased by $2.7 million (86 per cent), from $3.1 million in 2015 to $5.8 million in 2016.

21. The strategies pursued by country offices were in line with the Private Fundraising and Partnerships Plan 2014-2017, with a primary focus on monthly pledge giving, complemented by corporate partnerships, relationships with major foundations and individual philanthropists (principally in the Gulf Area) and emergency appeals. Country offices continued to invest in acquiring new pledge donors and the number of such donors continued to grow. Ten markets grew between 23 per cent and 152 per cent in this area. By the end of 2016, country offices had 1,146,500 pledge donors, an increase of more than 134,000 donors from the previous year. For example, more than 251,600 pledge donors in Argentina are now providing regular support to UNICEF while Brazil has more than 240,000 pledge donors who regularly donate to UNICEF. The total revenue from pledge through UNICEF country offices increased from $76 million in 2015 to $93.5 million in 2016.

### Development effectiveness costs

22. Development effectiveness costs consist of the expenses related to the National Committee Relations function, which is responsible for managing the strategic relationship between UNICEF and its National Committees. The actual expenditure in 2016 of $3.2 million was $0.7 million (18 per cent) below the budget and equal to the costs incurred in 2015. This underspending was due to savings in post-related costs ($400,000) and operational expenses ($287,000).

**Management costs**

23. Management costs are comprised of the PFP Director's Office and Strategic Planning function (Director's Office) of $1.6 million; and Finance and Operations costs of $12.3 million. The total costs for this category were $13.8 million compared to budgeted costs of $16.9 million, showing an unutilized amount of $3.1 million (18 per cent) and less than the 2015 expenses of $14.3 million. The Finance and Operations costs of $12.3 million were $3.3 million below the approved budget (21 per cent) and were lower than the actual costs for 2015. The lower budget utilization in Finance and Operations was related to lower post-related costs of $2.5 million due to unfilled vacancies and other posts-related expenditures that are centrally managed by UNICEF, as well as savings of $600,000 in operating expenses.

**Special purpose costs**

24. Special purpose costs are comprised of fundraising ($22.8 million), country office support ($4.3 million), country office direct fundraising ($29.2 million), marketing and communication ($7.4 million), procurement ($0.8 million), private sector engagement ($5.7 million: $5 million RR and 0.7 million OR) and investment funds ($64.3 million). For the first time, country offices private sector fundraising expenses have been consolidated within PFP expenditure. Of the $29.2 million country office direct fundraising costs, $27.9 million was funded by special purpose OR and the balance of $1.3 million was funded by special purpose RR.

25. In 2016, total special purpose costs were $134.5 million, showing a positive variance of $14.5 million (9.7 per cent) compared with a budget of $149 million, and $38 million (39 per cent) more than the costs for 2015. The increase in the costs compared to 2015 is due to the consolidation of the country office direct fundraising costs within the PFP costs in 2016 for the first time. Of the $38 million, $29 million are special purpose OR costs incurred directly from fundraising efforts in country offices. The other $9 million special purpose for country offices are related to fundraising and investment funds. In fundraising, there was an overspending of $0.3 million against the approved budget of $22.5 million. The overspending was due to research and development activities undertaken to test innovative approaches to fundraising in a select number of National Committees. Country office support showed savings in post costs of $0.9 million (18 per cent) out of a total budget allocation of $5.3 million for post and non-post costs.

26. The total country office direct fundraising costs were $29.2 million compared to the approved budget of $44.9 million. This resulted in savings of $15.6 million (35 per cent), of which direct fundraising costs funded by OR were $27.9 million compared to the approved OR ceiling of $41 million for 2016, resulting in a positive variance of $13.1 million (32 per cent). Country office direct fundraising costs funded by RR were $1.3 million compared to the approved $3.9 million for 2016, resulting in a positive variance of $2.6 million (66 per cent). Marketing and communication spent $7.4 million out of a budget allocation of $8 million, the $0.6 million (7 per cent) saving was due to unfilled posts and savings in other post costs. In procurement, there were savings of $0.3 million (29 per cent) out of a budget allocation of $1.2 million, which were related to unfilled posts. There were savings of $0.1 million in the RR-funded private sector engagement costs out of the approved RR budget of $5.1 million. In addition, $0.7 million was spent out of the approved OR ceiling for private sector engagement of $2 million in 2016.

### Investment fund expenses

27. To enable PFP to expand fundraising and more effectively mobilize resources for children through private fundraising activities, in its decision 2016/3 the Executive Board approved the allocation of $60 million for investment funds in 2016. These funds aim to increase the capacity of the National Committees and UNICEF country offices to build a broader support base for raising funds from individuals and the corporate sector, and to test and evaluate new income-generating initiatives, focusing primarily on projects that offer high rates of return. In 2016, the total expenses for investment funds were $64.3 million, compared with the approved budget of $60 million. The $4.3 million in additional expenses were funded from savings in operational costs, with the agreement of the Comptroller, in order to make investments in high-performing National Committees and country offices to grow future revenue by acquiring donors that provide sustainable RR.

28. The investment funds were allocated to 95 projects for fundraising activities in 40 countries, with funds focused on the most cost-effective fundraising in the markets with the largest potential. This compares to 2015, when investments were made in 127 projects for fundraising activities in 42 countries. A small but important share of the 2016 budget was allocated to legacy fundraising, which offers an even greater return and high levels of RR in the medium- to long-term.

29. The investments in 2016 are projected to generate a gross return of at least $3 for every $1 invested over a 36-month period, and these amounts are anticipated to return at least $190 million in gross revenue over the next three years. All investment funds were used on fundraising development programmes, with $55.3 million (more than 86 per cent) allocated to projects that directly support pledge acquisition. The balance was allocated to legacy fundraising and other activities to convert cash/one-off donors to regular/pledge donors.

30. The pledge acquisition activities included television advertising, face-to-face donor recruitment, and door to-door and telephone marketing. The investment fund model continues to show significant success, with pledge generating $653 million in gross contributions in 2016 compared to contributions of $619 million in 2015, making pledge the most significant private sector revenue stream for UNICEF and the largest single source of RR. The number of pledge donors increased to 4.5 million in 2016 and donor retention improved across the private sector fundraising markets.

31. Private sector fundraising continues to deliver strong returns, providing one third of the overall revenue of UNICEF. Total private sector revenue met the Private Fundraising and Partnerships Plan target for 2016 of $1.33 billion, of which $623 million is RR and $709 million is OR. The $623 million in RR marked the highest-ever RR revenue generated in a given year and is almost $95 million more than the previous year. This is primarily the result of concerted efforts focused on maintaining and increasing the number of individual donors to UNICEF.

32. Recruitment of pledge donors has proven to be the most effective way of engaging individual supporters and securing reliable long-term financial support in every market where it has been used. It is the single largest private sector revenue channel for UNICEF, delivering $653 million in gross revenue in 2016. It also makes the greatest private sector contribution to RR. Revenue generated by 4.5 million pledge donors accounted for more than one third of UNICEF total private sector revenue in 2016. Pledge donating has also proven to be resilient in the face of economic challenges and has grown despite unfavourable exchange rate movements. Legacy giving is also a growing area for individual giving, with the

largest wealth transfer from one generation to the next anticipated to take place over the next 10 years.

33. A total of $241 million in investment funds since 2014 have been focused on driving pledge and legacy giving in National Committees and country offices and has produced a 3.4:1 return on investment (ROI) over three years, slightly above the expected return of 3:1. The longer term ROI is even greater (estimated 8:1 over 10 years) as the retention of those pledge donors continues for an average of 10 years.

34. A 2016 situation analysis of the potential in both National Committee and country office markets for growing individual giving shows significant scope for growing both pledge and legacy giving. In order to tap into this potential and further jumpstart growth in revenue to support the new Strategic Plan, UNICEF is requesting an additional allocation of $12.2 million in 2017 for investment funds and other key investments to drive significant revenue growth over the next four years.

### Private sector engagement and advocacy

35. The second pillar of the Private Fundraising and Partnerships Plan 2014-2017 is to expand strategic engagement with the private sector and to advance children's rights through advocacy across all sectors of society. In 2016, PFP continued to build the capacity of National Committees and country offices to undertake integrated engagement with the public and private sectors to advance children's rights. During the year, PFP began rolling out a results framework to National Committees and country offices, which calls for a comprehensive approach to public and private sector engagement that is accountable and demonstrates real change. Roll out of the results framework has led to an encouraging start in reporting across the three pillars of the framework:[2] pillar 1 — business respects children's rights; pillar 2 — leveraging core business assets for UNICEF programme planning and delivery; and pillar 3 — strengthened advocacy and child rights education.

36. In 2016, a strategic approach to advocacy with and for business ensured that children were at the heart of the business and sustainability agendas. Progress was made on building the evidence for businesses to act on their direct and indirect impacts on children's rights. The Division also supported National Committees to conduct advocacy on the UNICEF child rights priority areas. The refugee and migrant crisis, particularly the crisis in Europe, and humanitarian crises (including silent emergencies) have provided opportunities to learn lessons and apply them globally.

37. For pillar 1, significant strides were made to build the evidence base for businesses to act on their direct and indirect impacts on children's rights. Building on the Private and Public Sector Engagement results framework and UNICEF tools and assessments, PFP, the National Committees and country offices leveraged results for children through government and business actions.

38. More than 30 country offices work with multi-stakeholder approaches on child rights impacts in prioritized industries, such as information and communications technology (ICT), mining and travel and tourism. For example:

(a) Mexico and Viet Nam completed travel and tourism impact studies in collaboration with five international companies, National Committees and industry associations.

[2] Based on an initial sample of 28 National Committees and 30 country offices.

(b) In Madagascar, a programme with the Ministry of Tourism has trained more than 900 national companies on child rights and business.

(c) UNICEF Mongolia completed a study on the in-migration impacts of the mining industry. UNICEF also launched a new Child Rights and Mining Tool Kit and initiated a multi-stakeholder working group to create the Child Rights and Security Checklist as a complementary tool of the Voluntary Principles on Security and Human Rights.

(d) In the ICT sector, UNICEF launched a thought leadership series and specific tools, such as the Mobile Operator Child Rights Self-Assessment Tool and a discussion paper on safety protocols, privacy and data-collection policies and content features for children's rights in the digital world.

(e) Other studies have demonstrated key areas of concern for children in marketing and advertising, product labelling and other components affecting nutrition. At least two countries have identified obesity prevention as an area of their work. Supply-chain focused assessments in the apparel, footwear, tea, palm oil and cocoa sectors have been completed and pilot projects focused on improved practices in favour of child rights have been initiated in Bangladesh, Côte d'Ivoire, India, Indonesia, Malaysia and Viet Nam, in collaboration with 14 national businesses and 6 international brands, and with engagement from National Committees.

(f) Through a multi-stakeholder platform on mega sports events, UNICEF has influenced policy dialogues with international sports bodies on their human and child rights policies and practices.

39. The children's rights and business evidence base is helping to map how business engagement on children's rights can be critical for achieving country programme goals and outcomes — on issues such as decent work provisions, child protection, water, sanitation and hygiene, breastfeeding, early childhood development, and health and nutrition. Results include revised government policies, regulations and standards for businesses for improved fulfilment of child rights. The Dutch Committee for UNICEF, for example, has integrated child rights into Dutch covenants for responsible business in the apparel and gold sectors.

40. For pillar 2, demand from countries continued to grow for innovative approaches and solutions to reach the most marginalized children at scale, coupled by interest from business to contribute to results beyond cash. In this context, PFP and the Office of Innovation continued collaboration on piloting new forms of engagement that tap into business core assets, such as expertise, data, networks, digital products and channels and new technologies (mainly with ICT-related industries) to develop solutions addressing children's particular needs. Learning from these pilot projects is helping to lay the foundation for a more strategic and systematic engagement approach for UNICEF to harness business core assets. Some examples include:

(a) Working with Google engineers and with data received from Amadeus, IBM and Twitter, UNICEF is piloting the "Magic Box" — a mechanism to strengthen programme delivery through the use of real-time information and analytics. For example, travel and mobile data in Zika-affected countries were used to track population movement patterns and help to predict the spread of the virus during the outbreak.

(b) Through collaboration with Facebook Free Basics in more than 50 countries, 1.5 million people are accessing life-saving information and advice on a monthly basis to keep young people and families healthy and safe.

41. Notably, PFP developed the guidance document *Children in Humanitarian Crises: What business can do*[3] in collaboration with the United Nations Global Compact, to raise awareness of the role businesses can play in mitigating risks to children's rights and on the opportunities for businesses to support and advance children's rights and well-being in humanitarian contexts.

42. An analysis of a sample of National Committee and country office annual reports by PFP Division[4] showed that more than half of country offices and 10 per cent of National Committees are leveraging business core assets for results, primarily through engagement with:

(a) The ICT sector — providing information systems and data transmission for initiatives such as birth registration programmes, tracking epidemics and disease vectors, training and capacity-building for ICT integration, or broadcasting for social mobilization;

(b) Media companies and channels — providing broadcasting for awareness-raising campaigns; and

(c) The financial sector — providing services such as bank transactions and affordable microfinance loans, or leveraging funds.

43. For pillar 3, throughout 2016, PFP supported the National Committees to advocate on the UNICEF response to the refugee and migrant crisis in Europe, monitoring implementation of the Sustainable Development Goals and efforts to tackle child poverty at the national level.

44. The voice of UNICEF was heard as the National Committees in Austria, France, Germany, Greece, Hungary, Italy, Slovenia and the United Kingdom of Great Britain and Northern Ireland, among others, advocated for the rights of refugee and migrant children. As a result, the German Federal Ministry for Family Affairs, Senior Citizens, Women and Youth adopted minimum standards for the protection of children, youth and women in refugee accommodation centres, which were rolled out throughout the country. The French and United Kingdom Committees gathered evidence on the dire situation of unaccompanied children in the informal settlements of Calais and Dunkirk, France,[5] and joined voices with other organizations, advocating for urgent action to protect affected children. As a result, both Governments invested in accelerating the "Dublin procedures", which rapidly determine the Member State responsible for an asylum claim and provide for the transfer of an asylum seeker to that Member State — during and after the closure of the informal settlement at Calais. More than 750 children benefited from such measures and were transferred to the United Kingdom. In Italy, in part due to the efforts of the Italian Committee for UNICEF and civil society, who advocated for more than two years, a new law was passed in 2016 that has improved guardianship services and foster care for unaccompanied and separated children, and ensured high accommodation standards for these children.

45. National Committees made significant contributions to UNICEF advocacy for child-focused global indicators to measure implementation of the Sustainable Development Goals. Using data supplied by UNICEF, they urged their Governments to include robust, measurable and meaningful child-related indicators in the final negotiated list of Sustainable Development Goal indicators. As a result of their

[3] UNICEF and United Nations Global Compact, *Children in Humanitarian Crises: What business can do*, September 2016, www.unicef.org/corporate_partners/index_92759.html.

[4] Based on an initial sample of 28 National Committees and 30 country offices.

[5] Through the study Neither Safe Nor Sound: Unaccompanied children on the coastline of the English Channel and the North Sea, French National Committee for UNICEF, United Kingdom for UNICEF and EDF Corporate Foundation, June 2016.

combined efforts, nearly the entire UNICEF list of recommended indicators was included and endorsed by the United Nations.

46. An analysis of a sample of country office and National Committee reports[6] showed that 70 per cent of country offices and 18 per cent of National Committees are actively engaging with companies on advocacy to promote child rights and well-being in their policies and practices. A strategic approach to advocacy with and for business in 2016 ensured that children are at heart of the United Nations, business and sustainability agendas, and furthered UNICEF advocacy and partnership priorities in pursuit of the Sustainable Development Goals for children. A multi-pronged strategy included:

(a) Engagement in key multi-stakeholder platforms, such as the 2016 World Economic Forum Annual Meeting where UNICEF brought attention to children and humanitarian issues, calling for greater support for education in emergencies and protracted crises; and

(b) Advocacy efforts through leveraging the United Nations-business agenda (during the World Humanitarian Summit[7] and through the Connecting Business initiative[8]) and inter-agency collaboration (through the United Nations Private Sector Focal Point Network) to promote private sector mobilization in support of emergency preparedness, response and recovery.

47. The Division developed guidelines for undertaking the Child-Friendly Cities Initiative (CFCI). National Committees have been active in making it a success: 24 are engaged in the CFCI and more than 900 municipalities have been recognized as child-friendly cities, with the numbers rapidly increasing.

48. The Division also developed a mapping of the Sustainable Development Goals and the Convention on the Rights of the Child, to show how the Goals intersect with the rights of children. In collaboration with the UNICEF West and Central Africa Regional Office, PFP published a framework for advocacy on silent emergencies, with a focus on the crisis in Nigeria and neighbouring countries.

49. Approximately 2.5 million children were reached through child rights education initiatives in more than 6,000 schools. Many of the schools are undertaking high-impact "whole school approaches to CRE." To promote this initiative, PFP produced a series of videos in collaboration with the National Committees in France, Germany, Portugal, Slovakia, Sweden and the United Kingdom. The videos are being used for advocacy and training with primary and secondary schools, Ministries of Education and other partners in a range of countries. The Division also supported development by the National Committees of child rights education materials on migration and their involvement in the World's Largest Lesson initiative, which engages children on their rights and the achievement of the Sustainable Development Goals.

**Basis of preparation of the Private Fundraising and Partnerships financial report**

50. All revenue and expenses figures in this report are stated on an accrual basis.

[6] Based on an initial sample of 28 National Committees and 30 country offices.

[7] World Humanitarian Summit, 23 to 24 May 2016, Istanbul, Turkey, www.worldhumanitariansummit.org.

[8] www.connectingbusinessinitiative.org.

Table 5
**Revenue and expenses**
(In millions of United States dollars)

| | *2016 Actual* | | | *2016 Budget* | | | *2015 Actual* | | | *Variance* | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | *2016 actual vs. 2016 approved* | | *2016 actual vs. 2015 actual* | |
| | *RR* | *OR* | *Total* | *RR* | *OR* | *Total* | *RR* | *OR* | *Total* | | | | |
| **Private sector revenue** | | | | | | | | | | **Amount** | **%** | **Amount** | **%** |
| Revenue from greeting cards and products | 5.0 | | 5.0 | | | 0.0 | 8.8 | | 8.8 | 5.0 | 0.0% | (3.8) | -43% |
| Private sector fundraising contributions | 618.2 | 708.9 | 1 327.1 | 626.0 | 810.0 | 1 436.0 | 520.7 | 813.7 | 1 334.4 | -108.9 | -7.6% | (7.2) | -1% |
| **Total private sector revenue** | **623.2** | **708.9** | **1 332.1** | **626.0** | **810.0** | **1 436.0** | **529.5** | **813.7** | **1 343.2** | **-103.9** | **-7.2%** | **(11.1)** | **-1%** |
| **Private Fundraising and Partnerships (PFP) expenses** | | | | | | | | | | | | | |
| **A. Development effectiveness costs:** | **3.2** | | **3.2** | **3.9** | | **3.9** | **3.2** | | **3.2** | **-0.7** | -18.2% | 0.0 | 1% |
| National Committee Relations | 3.2 | | 3.2 | 3.9 | | 3.9 | 3.2 | | 3.2 | -0.7 | -18.2% | 0.0 | 1% |
| **B. Management costs:** | **13.8** | | **13.8** | **16.9** | | **16.9** | **14.3** | | **14.3** | **-3.1** | -18.2% | (0.4) | **-3%** |
| Director's Office and Strategic Planning | 1.6 | | 1.6 | 1.4 | | 1.4 | 1.1 | | 1.1 | 0.2 | 13.6% | 0.5 | 44% |
| Finance and Operations | 12.3 | | 12.3 | 15.5 | | 15.5 | 13.2 | | 13.2 | -3.3 | -21.0% | (0.9) | -7% |
| **C. Special purpose costs:** | **105.9** | **28.6** | **134.5** | **106.0** | **43.0** | **149.0** | **96.5** | | **96.5** | **-14.5** | -9.7% | 38.0 | **39%** |
| | | | | | | | | | | 0.0 | | – | |
| Fundraising | 22.8 | | 22.8 | 22.5 | | 22.5 | 17.6 | | 17.6 | 0.3 | 1.1% | 5.1 | 29% |
| Country Office Support | 4.3 | | 4.3 | 5.3 | | 5.3 | 3.7 | | 3.7 | -0.9 | -17.8% | 0.6 | 16% |
| Country Office Direct Fundraising costs | 1.3 | 27.9 | 29.2 | 3.9 | 41.0 | 44.9 | 1.1 | | 1.1 | -15.6 | -34.9% | 28.1 | 2 456% |
| Marketing and Communication | 7.4 | | 7.4 | 8.0 | | 8.0 | 6.9 | | 6.9 | -0.6 | -7.3% | 0.6 | 8% |
| Procurement | 0.8 | | 0.8 | 1.2 | | 1.2 | 0.8 | | 0.8 | -0.3 | -29.4% | 0.0 | 3% |
| | 0.0 | | 0.0 | 0.0 | | 0.0 | 2.3 | | 2.3 | 0.0 | 0.0% | (2.3) | -100% |
| Private Sector Engagement | 5.0 | 0.7 | 5.7 | 5.1 | 2.0 | 7.1 | 5.6 | | 5.6 | -1.4 | -20.3% | 0.0 | 0% |
| Investment Funds | 64.3 | | 64.3 | 60.0 | | 60.0 | 58.4 | | 58.4 | 4.3 | 7.1% | 5.8 | 10% |
| **Total PFP expenses** | **122.9** | **28.6** | **151.5** | **126.8** | **43.0** | **169.8** | **114.0** | | **114.0** | **-18.2** | **-10.7%** | **37.5** | **33%** |
| Sales expenses of National Committees | 0.2 | | 0.2 | 1.4 | | 1.4 | 1.1 | | 1.1 | -1.2 | -85.3% | (0.9) | -82% |
| Impairment | 0.3 | 1.9 | 2.1 | | | | | | | 2.1 | 0.0% | 2.1 | 0% |

| | *2016 Actual* | | | *2016 Budget* | | | *2015 Actual* | | | *Variance* | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | *RR* | *OR* | *Total* | *RR* | *OR* | *Total* | *RR* | *OR* | *Total* | *2016 actual vs. 2016 approved* | | *2016 actual vs. 2015 actual* | |
| PFP foreign exchange (gains)/losses | (4.6) | (0.1) | (4.7) | 0.0 | | 0.0 | 0.3 | | 0.3 | -4.7 | **0.0%** | (5.0) | -1 545% |
| **Net private sector surplus** | **504.4** | **678.5** | **1 182.9** | **497.8** | **767.0** | **1 264.8** | **414.0** | **813.7** | **1 227.7** | **-81.9** | **-6.5%** | **(44.8)** | **-4%** |

OR — other resources
RR — regular resources

# II. Draft decisions

51. The draft decisions relating to the increase in the Private Fundraising and Partnerships budget for 2017 are presented below for approval by the Executive Board.

## Private Fundraising and Partnerships budgeted expenses for the 2017 fiscal year (special purpose)

*The Executive Board*

1. *Appreciates* that the revenue goals from private fundraising and partnerships for the Strategic Plan, 2018-2021 will require additional investment to capitalize on growth opportunities.

2. *Notes* that, in order to meet the 2018-2021 revenue targets, the Executive Director recommends the approval of an additional allocation of $12.2 million for 2017 to make early investments to enhance sustainable revenue for programmes during the period of the UNICEF Strategic Plan, 2018-2021.

3. *Approves* for the fiscal year 2017 (1 January to 31 December) the increase of budgeted special purpose expenses from $161.3 million approved in decision 2017/2 (E/ICEF/2017/AB/L.1) at the first regular session of the Executive Board in February 2017 to $173.5 million as detailed in the table below.

(millions of United States dollars)

| | |
|---|---|
| Investment fund costs funded by special purpose regular resources ($70 million approved) | 80.0 |
| Other private sector fundraising costs funded by special purpose regular resources ($46 million approved) | 48.2 |
| **Total private sector fundraising and partnerships costs funded by special purpose regular resources** | **128.2** |
| **Private sector fundraising and partnerships costs funded by special purpose other resources** | **45.3** |
| **Total special purpose expenses** | **173.5** |