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Private Fundraising and Partnerships: 2015 workplan and proposed budget

Summary

The Private Fundraising and Partnerships (PFP) workplan and proposed budget for 2015 is presented to the Executive Board for approval. In 2015, the total private sector revenue will reach a projected $1,252.5 million, of which $650.5 million will be regular resources and $602 million other resources. The 2015 planned expenses, funded from resources allocated to management, development effectiveness and special purpose activities, amount to $132.1 million.

The Executive Board is requested to adopt the draft decisions relating to the budget proposal contained in section VII.

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I. Introduction

1. The Division of Private Fundraising and Partnerships (PFP) coordinates all private fundraising and sales activities of UNICEF, manages the strategic relationship with the National Committees for UNICEF, provides guidance for child rights advocacy activities in industrialized countries, and supports engagement with the corporate sector.

2. The present workplan and budget cover the costs associated with the generation of private sector revenue and partnerships activities and addresses the PFP results related to: (a) private sector fundraising; (b) private sector engagement and advocacy for child rights and child rights education in industrialized countries; (c) external communication and brand positioning for UNICEF private sector activities; and (d) management of the strategic relationship between UNICEF and the National Committees. UNICEF country offices' private sector fundraising expenses covered by other resources are reflected in the total country programme assistance expenses of the respective country offices, and thus do not form part of this document.

3. The PFP workplan and budget for 2015 is based on the UNICEF Strategic Plan 2014-2017 and the Private Fundraising and Partnerships Plan for the same period. A summary of the Private Fundraising and Partnerships Plan 2014-2017 is presented in annex II.

4. For the Division of Private Fundraising and Partnerships, 2015 will be a critical year that will include the closure of the PFP in-house cards and products business as well as the scale up of UNICEF investment in high-potential and high-priority fundraising channels identified by the Private Fundraising and Partnerships Plan to increase revenue. This submission presents PFP revenue projections for 2015 and the 2015 PFP expenses budget that will allow UNICEF to reach the Private Fundraising and Partnerships Plan target of $1.45 billion by the end of 2017 under a medium-growth scenario.

5. The total proposed PFP budget for 2015 is $132.1 million. PFP expenses of $20.8 million under the development effectiveness and management categories have already been approved as part of the UNICEF integrated budget submission to the Executive Board in September 2013 (E/ICEF/2013/AB/L.4). Hence, this submission presents only the special purpose expenses of $111.3 million to the Executive Board for approval.

6. The 2015 budget of $132.1 million represents an overall increase of $3.7 million (3 per cent) compared with the PFP 2014 budget.

7. PFP continues to make efforts to reduce all PFP operating costs, excluding investment funds. The budget projects that these costs will reduce from $79.4 million in 2014 to $72.1 million in 2015 — a reduction of 9 per cent.

8. To expand revenue from the private sector, investment funds are proposed to increase from $49 million in 2014 to $60 million in 2015 — a 22 per cent increase. Investment funds are critical to increasing private sector revenue for UNICEF, particularly flexible regular (core) resources.

II. Latest results for 2014

9. The 2014 total private sector revenue is expected to be $1,198.8 million, 4 per cent higher than the approved target of $1,155.8 million.

10. The 2014 projected private sector revenue from regular resources is $626 million. This is in line with the approved target.

11. Other resources estimated at $572.8 million, which is $42.8 million (8 per cent) higher than the approved target.

12. Revenue from the sales of cards and products are expected to be $46.8 million in 2014. This is 16 per cent lower than the 2014 approved budget due to the gradual phasing out of the in-house cards and products business and transitioning to licensing and a locally sourced business model.

13. The latest estimated expenses for 2014 are $127.3 million, which is $1.1 million less than the approved budget and primarily due to post-budget savings.

Table 1
Statement of revenue and expenditure

2013 actual results, 2014 approved budget, 2014 latest estimates and 2015 proposed budget

	2013 actual			*2014 approved budget*			*2014 latest estimates*			*2015 proposed*			*2015 vs. 2014 approved*	
	RR	*OR*	*Total*	*RR*	*OR*	*Total*	*RR*	*OR*	*Total*	*RR*	*OR*	*Total*	*Amount*	*%*
Private sector revenue														
Revenue from greeting cards and products	69.6		69.6	55.8		55.8	46.8		46.8	17.1		17.1	(38.7)	-69%
Private sector fundraising contributions	514.1	677.0	1 191.1	568.0	530.0	1 098.0	574.6	572.8	1 147.4	629.9	602.0	1 231.9	133.9	12%
Other revenue	4.0		4.0	2.0		2.0	4.6		4.6	3.5		3.5	1.5	75%
Total private sector revenue	**587.7**	**677.0**	**1 264.7**	**625.8**	**530.0**	**1 155.8**	**626.0**	**572.8**	**1 198.8**	**650.5**	**602.0**	**1 252.5**	**96.7**	**8%**
PFP expenses														
A. Development effectiveness costs	**5.5**		**5.5**	**4.4**		**4.4**	**4.4**		**4.4**	**4.0**		**4.0**	**(0.4)**	**-9%**
National Committee Relations	5.5		5.5	4.4		4.4	4.4		4.4	4.0		4.0	(0.4)	-9%
B. Management costs	**17.2**		**17.2**	**15.0**		**15.0**	**15.0**		**15.0**	**16.8**		**16.8**	**1.8**	**12%**
Director's Office and Strategic Planning	1.7		1.7	1.1		1.1	1.2		1.2	1.4		1.4	0.3	27%
Finance and Operations	15.5		15.5	13.9		13.9	13.8		13.8	15.4		15.4	1.5	11%
C. Special purpose costs	**94.9**		**94.9**	**109.0**		**109.0**	**107.9**		**107.9**	**111.3**		**111.3**	**2.3**	**2%**
Fundraising	13.2		13.2	18.1		18.1	18.7		18.7	21.4		21.4	3.3	18%
Country Office Support	7.0		7.0	8.8		8.8	7.6		7.6	8.9		8.9	0.1	1%
Marketing and Communication	5.5		5.5	6.2		6.2	6.6		6.6	6.9		6.9	0.7	11%
Procurement	1.1		1.1	1.1		1.1	1.1		1.1	1.0		1.0	(0.1)	-9%
Cards and Products	24.2		24.2	21.5		21.5	20.0		20.0	7.9		7.9	(13.6)	-63%
Private Sector Engagement	2.7		2.7	4.3		4.3	4.9		4.9	5.2		5.2	0.9	21%
Investment Funds	41.2		41.2	49.0		49.0	49.0		49.0	60.0		60.0	11.0	22%
Total PFP expenses	**117.6**		**117.6**	**128.4**		**128.4**	**127.3**		**127.3**	**132.1**		**132.1**	**3.7**	**3%**

	2013 actual			*2014 approved budget*			*2014 latest estimates*			*2015 proposed*			*2015 vs. 2014 approved*	
	RR	*OR*	*Total*	*RR*	*OR*	*Total*	*RR*	*OR*	*Total*	*RR*	*OR*	*Total*	*Amount*	*%*
Sales expenses of National Committees	15.5		15.5	16.8		16.8	13.7		13.7	2.6		2.6	(14.2)	-85%
PFP foreign exchange gains (losses)	(1.3)		(1.3)	–		–	–		–	–		–	–	0%
Net private sector surplus	**453.3**	**677.0**	**1 130.3**	**480.6**	**530.0**	**1 010.6**	**485.0**	**572.8**	**1 057.8**	**515.8**	**602.0**	**1 117.8**	**107.2**	**11%**
Expenses/total private sector revenue ratio (excluding investment funds)			6.0%			6.9%			6.5%			5.8%		
Expenses/total private sector revenue ratio (including investment funds)			9.3%			11.1%			10.6%			10.5%		
Prior year expenses have been restated on an approximate basis														

III. Key expected results for 2015 and required resources in the PFP budget

14. The present workplan and budget document addresses the main PFP functions: (a) private sector fundraising, including product-based fundraising and sales activities of UNICEF; (b) private sector engagement and advocacy for child rights and child rights education in industrialized countries; (c) external communication and brand positioning for UNICEF private sector activities; and (d) management of the strategic relationship between UNICEF and the National Committees.

15. In 2015, the second year of implementation of the Private Fundraising and Partnerships Plan 2014-2017, PFP will aim to achieve the following four key results:

(a) Total private sector revenue reaches $1,252.5 million, including $650.5 million in regular resources.

(b) Private sector stakeholders provide increased resources and support for the realization of children's rights.

(c) National Committees implement the strategic direction set by the UNICEF Private Fundraising and Partnerships Plan and have the technical guidance, tools and operational support needed to deliver planned results.

(d) Activities are enabled by effective and efficient management and operations support.

16. A total of $106.1 million has been budgeted as a contribution to achieve the first planned result: total private sector revenue from private individuals, business and foundations reaches $1,252.5 million by the end of 2015, including $650.5 million in regular resources (see table 3). During 2015, the focus will continue to be on the following:

(a) PFP will focus resources on the markets with the highest growth potential and on the most cost-effective revenue streams: individual monthly pledge giving and legacies; partnerships with corporations and global foundations; and fundraising from major individual donors. The legacy, foundation and major donor revenue streams will be largely new areas of development.

(b) Investment will be increased to primarily drive growth in pledge giving.

(c) The residual logistics and inventory activities related to the final closure of the in-house operation of cards and products will be concluded in the first half of 2015.

(d) As part of the roll-out of an integrated corporate engagement strategy, UNICEF will focus on higher revenue potential, multi-year, integrated corporate partnerships.

(e) PFP will continue to support private fundraising and partnerships in country offices.

(f) As a key enabler, communication for private sector fundraising and engagement will be strengthened in relation to brand management and positioning, digital media, corporate partnerships, and emergency fundraising within the

UNICEF Framework for External Communication and Brand Positioning for Private Fundraising and Engagement.

17. A total of $5.2 million has been budgeted for the second result: private sector stakeholders provide increased resources and support for the realization of children's rights (see table 3). PFP will further reinforce its strategic engagement with the private sector and undertake advocacy activities to advance children's rights in the following ways:

(a) PFP will work closely with other UNICEF divisions and regional and country offices to roll out an integrated approach to corporate engagement, including resource mobilization, corporate social responsibility (CSR) initiatives and programmatic cooperation, as appropriate. This will include expanding engagement with business to support responsible business behaviour as outlined in *Children's Rights and Business Principles* and to promote children's rights and interests in global forums and multi-stakeholder initiatives and platforms involving business.

(b) Coordination will continue to be strengthened with other divisions to align advocacy and child rights education activities in countries with a National Committee presence with global UNICEF policies.

18. A total of $4 million has been allocated for the third result: National Committees implement the strategic direction set by the UNICEF Private Fundraising and Partnerships Plan 2014-2017 and have the technical guidance, tools and operational support needed to deliver planned results (see table 3). This will be used to strengthen coordination, oversight and risk management activities in the National Committees, including joint strategic planning and monitoring of the implementation of the Cooperation Agreement. PFP will also provide guidance to the governing boards and executive management teams of the National Committees to continue to implement the principles of good governance relating to management and operations, board activities, disclosure and transparency, ethics, audit, risk management and compliance.

19. A total of $16.8 million has been budgeted for the fourth result: effective and efficient management and operations support for PFP activities (see table 3). This includes the PFP contribution to the Geneva Office Common Services budget. Management and operations support will focus on the overall guidance and strategic direction of all aspects of UNICEF private sector fundraising and partnerships, continued strengthening of management of PFP activities, monitoring of financial reporting for private sector revenue generation and the use of investment funds, and robust human resource management to ensure the timely recruitment and retention of high calibre staff as well as continued focus on staff performance assessment and development.

20. Knowledge management and risk management will be strengthened across all PFP result areas.

IV. Revenue and expense projections for 2015

A. Introduction

21. The format and presentation of the budget and tables is aligned with that of the UNICEF integrated budget 2014-2017 submission to the Executive Board in September 2013. PFP expenses are divided into three categories: development effectiveness, management, and special purpose.

22. The PFP expenses that fall under the development effectiveness and management categories have been approved as part of the integrated budget submission to the Executive Board. This submission presents the special purpose expenses to the Executive Board for approval.

23. Planning for the 2015 PFP budget was based on a medium-growth scenario (see table 2), including for the calculation of the expense/revenue ratios (see table 1). These planning assumptions are the same as those used for the development of the financial projections of the UNICEF Private Fundraising and Partnerships Plan 2014-2017 shown in table 4, with total private sector revenue expected to reach $1,455 million by end-2017.

24. In 2015, total private sector revenue is projected to reach $1,252.5 million, of which $650.5 million will be regular resources and $602 million other resources. This will be achieved with expenses of $132.1 million.

25. In 2015, the proposed investment fund budget is increased to $60 million to reach the targets of the UNICEF Private Fundraising and Partnerships Plan. This represents an increase of $11 million, or 22 per cent, compared with the 2014 approved budget.

26. Excluding investment funds, all other costs for the Division are projected to reduce by 9 per cent, from $79.4 million in 2014 to $72.1 million in 2015.

27. As indicated in table 1, the net private sector surplus for 2015, after deducting PFP expenses and investment funds, is projected to reach $1,117.8 million. This is $107.2 million, or 11 per cent higher than that approved for 2014, with a $35.2 million increase in regular resources and $72 million increase in other resources.

28. The expenses/private sector surplus ratio will continue to decrease, from 11.1 per cent in 2014 to 10.5 per cent in 2015. When investment funds are excluded, the operational expenses/private sector surplus ratio will fall from 6.9 per cent in the 2014 approved budget to 5.8 per cent in the budget proposed for 2015.

B. Revenue

29. The proposed budget for 2015 assumes an 8 per cent increase in total private sector revenue, from the 2014 approved total of $1,155.8 million to $1,252.5 million in 2015.

30. The growth is due to a projected increase of 4 per cent in private sector regular resources and a 14 per cent increase in other resource revenue in the 2015 proposed budget compared to the 2014 approved budget.

31. Revenue from greeting cards and products is projected at $17.1 million in 2015, a decrease of $38.7 million as compared with the 2014 approved budget. This is in line with the phasing out of the in-house cards and products business and the transition to a licensing and local sourcing model. The revenue from licensing is projected to increase by 64 per cent to $8.2 million, compared to the 2014 latest estimates ($5 million), in line with the cards and products business transition plan.

C. Expenses

32. The total PFP expenses in 2015 are projected at $132.1 million, a $3.7 million (3 per cent) increase with respect to the 2014 approved budget of $128.4 million.

33. PFP expenses comprise three categories: (a) development effectiveness; (b) management; and (c) special purpose costs.

1. Development effectiveness costs

34. Development effectiveness costs are defined as those that cover activities of a policy advisory, technical and implementation nature that are necessary to achieve the objectives of programmes and projects of the organization and are not included in specific programme components or projects in country, regional or global programme documents.

35. In PFP, development effectiveness costs cover management of the strategic relationship with the National Committees for UNICEF. The proposed development effectiveness budget has decreased by 9 per cent, from $4.4 million in 2014 to $4.0 million in 2015. This reduction is the result of a decrease in costs for posts in the new National Committee Relations structure, with the costs for the transition to the new structure covered by the 2014 budget.

2. Management costs

36. Management costs are defined as those that cover recurring and non-recurring activities whose primary function is the promotion of the identity, direction and well-being of the organization, including executive direction, representation, legal affairs, oversight, audit, corporate evaluation, information technology, finance, administration, security and human resources.

37. In PFP, management costs cover the activities of the Director's Office and Strategic Planning, and the Finance and Operations sections. Management costs will increase by 12 per cent, from $15 million in 2014 to $16.8 million in 2015. The main increase in the management costs is in operating expenses, supported costs for the Geneva Office Common Services and research and development to support the development and testing of new and innovative fundraising and partnerships techniques and approaches, as well as upgrading of the systems for funds remittance monitoring, the management dashboard and investment funds monitoring.

38. The increase in management costs, which are covered by the institutional budget component of the overall PFP budget, is in line with the 2013-2017 institutional budget approved as part of the UNICEF integrated budget (E/ICEF/2013/AB/L.4).

3. Special purpose costs

39. Special purpose costs are defined as those that cover activities of a cross-cutting nature that (a) involve material capital investments; or (b) do not represent a cost related to the management activities of the organization.

40. In PFP, special purpose costs cover the activities of the following sections: fundraising; country office support; marketing and communication; procurement; cards and products; and private sector engagement, as well as investment funds.

41. The 2015 total special purpose budget of $111.3 million represents an increase of $2.3 million in special purpose costs as compared to the 2014 budget, and is in line with the resource requirements of the Private Fundraising and Partnerships Plan 2014-2017. The increase is mainly from investment funds ($11 million) and from the Fundraising Section ($3.3 million). This is partially offset by a significant reduction in cards and products expenses ($13.6 million).

42. The proposed special purpose resources will enable PFP to meet the goals of the Private Fundraising and Partnerships Plan 2014-2017, including by providing global fundraising expertise and building capacity in the National Committees and UNICEF country offices; monitoring quality and strengthening reporting of results; implementing an integrated approach to UNICEF engagement with business; and the strategic application and rigorous monitoring of the use of investment funds.

43. The proposed budget for fundraising will increase by $3.3 million (18 per cent), from $18.1 million in 2014 to $21.4 million in 2015. The increase is mainly in the cost of fundraising posts for technical specialists, in the consultancy budget to tap and mobilize the latest market expertise to develop new initiatives and fundraising techniques, and in corporate intelligence and due diligence to support the organization-wide roll-out of the corporate engagement strategy.

44. The budget for the country office support will increase by $0.1 million to $8.9 million in 2015. This is mainly due to three new posts to strengthen resource mobilization capacity in the Gulf Area Office, India and Singapore.

45. The proposed budget for marketing and communication is $6.9 million, an increase of $0.7 million (11 per cent) as compared with the 2014 approved budget. The increase is mainly for consultancies and investments in research and development in fundraising and brand opportunities in country offices in Africa and other regions.

46. The budget for procurement has decreased by $0.1 million as compared to the 2014 approved budget.

47. The $7.9 million allocated to cards and products activities in 2015 represents a reduction of $13.6 million from the 2014 approved budget, and will be used to support the closing phase of the cards and products in-house business in the first half of 2015, including estimated costs for write-off of goods. This reduction reflects the decision to transition out of the PFP in-house cards and products business in favour of product-based licensing and local production of merchandise by some National Committees by mid-2015. This shift will enable PFP to focus resources on revenue-generating opportunities that provide the highest return on investment.

48. The budget for private sector engagement is proposed to increase by $0.9 million (21 per cent), from $4.3 million in 2014 to $5.2 million in 2015. This is

mainly due to a new post approved in 2013 and an increase in the research and development and consultancy budgets, as needed to achieve the results of the Private Fundraising and Partnerships Plan 2014-2017.

V. Investment funds

49. UNICEF investment funds are managed, allocated and monitored by PFP as part of the Division's accountability to increase private sector revenue for UNICEF programmes. Private sector revenue is projected to reach $1.4 billion by 2017.

50. Success in further expanding pledge giving — which is defined as regular monthly giving by individual donors — is the foundation of the ambitious goals in the Private Sector Fundraising and Partnerships Plan. Pledge giving already generates more revenue for the organization than any single government donor, and has grown consistently over the past five years. By 2017, UNICEF is expected to have 5.9 million pledge donors around the world, contributing nearly $1 billion every year (before National Committees expenses are deducted). Realizing the full potential of pledge giving is dependent on increasing investment funds to $60 million in 2015, and continued investment for the duration of the Private Sector Fundraising and Partnerships Plan.

51. An analysis of the 2014 investment fund results was conducted in the first and second quarters of 2014; 34 reports were analysed, representing 69 per cent of the 2014 allocation of investment funds. The analysis demonstrated that investment funds continue to perform as expected.

52. The results show that the first-year return on investment exceeded the forecast amount by 13 per cent.

53. Investment fund requests received in 2014 indicate there is scope to increase funding in 2015 while maintaining the return on investment. In 2014, fundable requests totalling $61 million were received by PFP versus a budget of $49 million. Had PFP been able to support all the fundable requests, an additional $42 million would have been generated over 36 months. The only reason PFP did not invest was the lack of an available budget.

54. PFP has strengthened the monitoring and evaluation of investment funds, and the alignment of fund allocations with the Private Sector Fundraising and Partnerships Plan. New systems and procedures introduced in 2013 have increased the frequency and quality of reporting. Those new measures include earlier reporting of results, earlier action to rectify underperforming activity, and the reallocation of funds if an activity is unlikely to achieve the minimum required return.

55. The alignment of investment fund allocations with the Private Sector Fundraising and Partnerships Plan and improved monitoring of revenue have ensured that investment funds are deployed effectively to secure growth in private sector revenue. The projected return from 2014 investments is more than the 3:1 minimum required. The $52 million invested in 2014 will generate $180 million in contributions (before National Committee expenses are deducted) over 36 months. Investing $60 million in 2015 will complement National Committees' fundraising investments and ensure that private sector contributions achieve the goals outlined in the Private Sector Fundraising and Partnerships Plan.

Table 2
Revenue and expenditure projections for 2015
1 January-31 December 2015
(in millions of United States dollars)

	I *low projection*	*II* *medium projection*	*III* *high projection*
Private sector revenue			
Revenue from greeting cards and products	16.2	17.1	17.9
Private sector fundraising contributions	1 170.3	1 231.9	1 293.5
Other revenue	3.4	3.5	3.6
Total private sector revenue	**1 189.9**	**1 252.5**	**1 315.0**
PFP expenses			
A. Development effectiveness costs	**4.0**	**4.0**	**4.0**
National Committee Relations	4.0	4.0	4.0
B. Management costs	**16.8**	**16.8**	**16.8**
Director's Office and Strategic Planning	1.4	1.4	1.4
Finance and Operations	15.4	15.4	15.4
C. Special purpose costs	**106.7**	**111.3**	**115.8**
Fundraising	20.7	21.4	22.0
Country Office Support	8.6	8.9	9.2
Marketing and Communication	6.7	6.9	7.1
Procurement	1.0	1.0	1.0
Cards and Products	7.7	7.9	8.1
Private Sector Engagement	5.0	5.2	5.4
Investment Funds	57.0	60.0	63.0
Total PFP expenses	**127.5**	**132.1**	**136.6**
Sales expenses of National Committees	2.6	2.6	2.6
Net revenue for the period	**1 059.8**	**1 117.8**	**1 175.8**

VI. Human resources — Post changes

56. The total number of proposed posts for 2015 is 192, compared with 199 for the 2014 approved budget. The change is principally due to a reduction in posts in the Cards and Products section, and an increase in the Fundraising and Private Sector Engagement sections and in country offices (see annex I). Of the 192 posts, 156 will be at headquarters and 36 in regional support centres and country offices.

57. The Division proposes to abolish 22 posts and establish 16 posts, excluding a net reduction of 1 post transferred from the PFP Special Purpose budget for country offices to the other resources budget generated by the country offices. All post changes are related to the restructuring of PFP to align the Division's staffing and resources to support the goals of the Private Fundraising and Partnerships Plan 2014-2017.

58. There are 18 abolished posts and 8 established posts at PFP headquarters sections.

59. There are no net changes for posts supported by the institutional budget under the categories of management and development effectiveness costs, i.e., National Committee Relations, the Director's Office and Strategic Planning, and Finance and Operations.

60. The number of posts supported by the PFP Special Purpose budget has decreased by seven, with 10 being reduced at headquarters as a result of the closure of the PFP in-house cards and products business, and 3 being increased at the country office level.

61. Five posts are being established by the Fundraising section to support the implementation of the Private Fundraising and Partnerships Plan 2014-2017.

62. All 16 posts of the Cards and Products section that will support the closing phase of the in-house cards and products business are planned to be abolished by mid-2015.

63. One post is being established in the Private Sector Engagement section to strengthen technical support to country offices and National Committees in their engagement with the corporate sector for child-focused social responsibility.

64. The total number of PFP posts in UNICEF country offices and regional support centres is being increased from 33 in 2014 to 36 in 2015. This change reflects a total of four abolished posts and eight established posts in the PFP regional support teams in Bangkok, Nairobi and Panama City and to support the development of private sector fundraising and partnerships in key growth markets such as the Gulf, India and Singapore. There is a net transfer of one post from the PFP budget to the other resources budget of the country offices.

Table 3
Proposed budget by results
1 January-31 December 2015
(in millions of United States dollars)

Expected results	*Resource requirements 2015*
Special purpose	**111.3**
Outcome 1: Total private sector revenue from private individuals, business and foundations, reaches $1,252 million by the end of 2015.	**106.1**
1.1. Private sector fundraising contributions increase to $629.9 million in RR and $602 million in OR by end-2015.	91.3
1.2. Strengthened communication for private sector fundraising and engagement in relation to brand management and positioning, digital media, corporate partnerships and emergency fundraising.	6.9
1.3. Effective and efficient transition of cards and products out of the in-house business; $17.1 million in revenue from sale of cards and products by end-2015.	7.9
Outcome 2: Private sector stakeholders provide increased resources and support for the realization of children's rights.	**5.2**
2.1. Engagement with business contributes to results for children in UNICEF programme implementation, including through corporate social responsibility, advocacy and programme innovation.	2.6
2.2. In countries with a National Committee presence, child rights are prioritized in policies and practices that affect children globally and domestically.	2.6
Development effectiveness	**4.0**
Outcome 3: National Committees implement the strategic direction set by the 2014-2017 Private Fundraising and Partnerships Plan, and have technical guidance, tools and operational support to deliver the Plan results.	**4.0**
Management	**16.8**
Outcome 4: Efficient and effective management and operations support.	**16.8**
4.1. Effective and efficient governance and systems.	3.0
4.2. Effective and efficient management and stewardship of financial resources.	13.5
4.3. Effective and efficient management of human capacity.	0.3
Total proposed budget for achieving results	**132.1**

Table 4
UNICEF Private Fundraising and Partnerships Plan: financial projections
2013 actual results, 2014 approved budget, 2014 latest estimates, 2015 proposed budget and 2016-2017 projections
(in millions of United States dollars)

	2013 actual results	*2014 approved budget*	*2014 latest estimates*	*2015 proposed budget*	*2016* projection*	*2017* projection*
Private sector revenue						
Revenue from greeting cards and products	69.6	55.8	46.8	17.1		
Private sector fundraising contributions	1 191.1	1 098.0	1 147.4	1 231.9	1 337.0	1 453.0
Other revenue	4.0	2.0	4.6	3.5	2.0	2.0
Total private sector revenue	**1 264.7**	**1 155.8**	**1 198.8**	**1 252.5**	**1 339.0**	**1 455.0**
PFP expenses						
A. Development effectiveness costs	**5.5**	**4.4**	**4.4**	**4.0**	**4.1**	**4.2**
National Committee Relations	5.5	4.4	4.4	4.0	4.1	4.2
B. Management costs	**17.2**	**15.0**	**15.0**	**16.8**	**17.1**	**17.4**
Director's Office and Strategic Planning	1.7	1.1	1.2	1.4	1.5	1.6
Finance and Operations	15.5	13.9	13.8	15.4	15.6	15.8
C. Special purpose costs	**94.9**	**109.0**	**107.9**	**111.3**	**113.7**	**116.5**
Fundraising	13.2	18.1	18.7	21.4	26.5	28.3
Country Office Support	7.0	8.8	7.6	8.9	11.5	12.0
Marketing and Communication	5.5	6.2	6.6	6.9	8.3	8.6
Procurement	1.1	1.1	1.1	1.0	1.1	1.2
Cards and Products	24.2	21.5	20.0	7.9	0.0	0.0
Private Sector Engagement	2.7	4.3	4.9	5.2	6.3	6.4
Investment Funds	41.2	49.0	49.0	60.0	60.0	60.0
Total PFP expenses	**117.6**	**128.4**	**127.3**	**132.1**	**134.9**	**138.1**
Sales expenses of National Committees	15.5	16.8	13.7	2.6		
PFP foreign exchange gains (losses)	-1.3					
Net revenue for the period	**1 130.3**	**1 010.6**	**1 057.8**	**1 117.8**	**1 204.1**	**1 316.9**

* Projections for the years 2016 and 2017 are tentative and subject to change.

VII. Draft decisions

65. The draft decisions relating to the Private Fundraising and Partnerships budget for 2015 are presented below for approval by the Executive Board.

A. Private Fundraising and Partnerships budgeted expenses for 2015 fiscal year

The Executive Board

1. *Approves* for the fiscal year 2015 (1 January to 31 December) budgeted expenses of $111.3 million, as detailed in the table below.

(in millions of United States dollars)

Investment funds	60.0
Other private sector fundraising costs	51.3
Total special purpose expenses	**111.3**

2. *Notes* that $20.8 million in PFP development effectiveness costs and management costs were previously approved in the UNICEF integrated budget 2014-2017 submission (E/ICEF/2013/AB/L.4).

3. *Authorizes* UNICEF

(a) To incur expenses, as summarized in column II of table 2 of the document E/ICEF/2015/AB/L.1, and to decrease or increase expenses, up to the levels indicated in columns I and III of the same table, should the apparent revenue from fundraising or cards and products sales decrease or increase to the levels indicated in columns I 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 2015 approved workplan.

B. Budgeted revenue for the year 2015

The Executive Board

1. *Notes* that, for the period 1 January to 31 December 2015, Private Fundraising and Partnerships revenue is budgeted at $1,252.5 million, as shown in column II of table 2 in document E/ICEF/2015/AB/L.1.

C. Policy issues

The Executive Board

1. *Approves* allocation of investment funds, amounting to $60 million for 2015;

2. *Approves* an interim one-month allocation for January 2016 of $13.21 million, to be absorbed in the annual Private Fundraising and Partnerships budget for 2016.

Annex I

Summary of post changes proposed for 2015

Detail	Post levels D-2	D-1	P-5	P-4	P-3	P-2	Total IP	NO	GS	Grand total
Base PAT 2014 approved	**1**	**5**	**20**	**37**	**48**	**8**	**119**	**0**	**47**	**166**
PFP headquarters										
Approved 2014	**1**	**5**	**20**	**37**	**48**	**8**	**119**	**0**	**47**	**166**
Establish, abolish, transfer, downgrade and upgrade in 2015										
Management							**1**	**0**	**-1**	**0**
Director's Office and Strategic Planning					1	-1	**0**			**0**
Finance and Operations						1	**1**		-1	**0**
Special Purpose							**0**		**-10**	**-10**
Fundraising				4	1		**5**		0	**5**
Cards and Products		-1	-1	-1	-3		**-6**		-10	**-16**
Private Sector Engagement					1		**1**		0	**1**
Proposed 2015	**1**	**4**	**19**	**40**	**48**	**8**	**120**	**0**	**36**	**156**
Change vs. 2014 approved	**0**	**-1**	**-1**	**3**	**0**	**0**	**1**	**0**	**-11**	**-10**
RSCs and UNICEF country offices (Special Purpose)										
Approved 2014	0	0	3	11	3	1	**18**	6	9	**33**
Establish, abolish and transfer in 2015			0	0	3	0	**3**	1	-1	**3**
*Proposed 2015	**0**	**0**	**3**	**11**	**6**	**1**	**21**	**7**	**8**	**36**
Change vs. 2014 approved	**0**	**0**	**0**	**0**	**3**	**0**	**3**	**1**	**-1**	**3**
Total PFP										
Approved 2014	1	5	23	48	51	9	**137**	6	56	**199**
Proposed 2015	**1**	**4**	**22**	**51**	**54**	**9**	**141**	**7**	**44**	**192**
Change vs. 2014 approved	0	-1	-1	3	3	0	4	1	-12	-7

IP = International Professional; NO = National Officer; GS = General Service; PAT = Post authorization table; RSCs = Regional support centres.
Two posts deferred for abolishment from the year 2014 to the year 2015, are not included in the table above.
* The table does not include fundraising posts charged to other resources budgets of country offices.

Annex II

Executive summary of the UNICEF Private Fundraising and Partnerships Plan 2014-2017

Introduction

1. The Private Fundraising and Partnerships Plan 2014-2017 supports the UNICEF Strategic Plan 2014-2017 and other organizational strategies and frameworks. The Private Fundraising and Partnerships Plan sets out the results and strategies to maximize resources and leverage the influence of the private sector. In this context, the term “private sector” refers to non-governmental sources of support and engagement, including the general public, civil society, business and private foundations and other social groups that can individually or collectively contribute to positive changes in the lives of children.

2. At the global level, the Division of Private Fundraising and Partnerships coordinates and provides guidance and support to National Committees and country offices in all private sector fundraising and partnerships activities, in cooperation with regional offices and other headquarter divisions. The Private Fundraising and Partnerships Plan lays out a common vision and framework for private sector fundraising and partnerships at all levels of UNICEF and for National Committees.

The changing environment

3. A detailed analysis of external trends informed the development of the Private Fundraising and Partnerships Plan. Significant trends include:

(a) Increasing pressure on official development assistance (ODA) from traditional donor governments.

(b) The growing role of the private sector in development, with a multitude of actors and new aid mechanisms and modalities, from innovative financing and solidarity initiatives to public-private partnerships and pooled funds.

(c) Increasing competition for donor funding in a progressively more competitive and globalized marketplace, with more and professional non-profit organizations and new channels for communicating with and engaging audiences to garner support, build trust and raise funds.

(d) Rising expectations for cost-effectiveness, with donors seeking transparency and value for money.

(e) An explosion of digital communication. Digital communication, including computer and mobile channels and applications, is dominating the communication landscape, raising expectations among supporters in terms of transparency, immediacy, relevance and personalization.

UNICEF private fundraising and partnerships

4. A universal mandate for all the world’s children, a strong brand and a global presence — a strong network of National Committees and UNICEF country offices —

give UNICEF three key advantages in private sector fundraising and partnerships. Building on these global strengths, the organization must strive for a clear focus and alignment in fundraising, corporate engagement, advocacy and communication activities across the UNICEF private sector network, including National Committees, country and regional offices and headquarter divisions.

5. In implementing the Private Fundraising and Partnerships Plan, National Committees, UNICEF country offices and headquarter divisions will work together to achieve two broad goals: to maximize revenue from the private sector for UNICEF programmes; and to expand strategic engagement with the private sector and advocate to advance child rights.

Maximize revenue from the private sector for UNICEF programmes

6. UNICEF will seek to increase annual revenue from private individuals, business and foundations to UNICEF programmes for children to $1.45 billion, including $773 million in regular resources by the end of 2017 in the medium-growth scenario. The high scenario projects growth of annual net revenue to $1.75 billion, including $960 million in regular resources.

7. UNICEF will focus global resources on the markets with the highest growth potential and on the most cost-effective revenue streams: individual monthly pledge giving and legacies; partnerships with corporations and global foundations; and fundraising from major individual donors. Investment capital will be increased, including from external sources, to drive growth, primarily in revenue from pledge donors. By the end of 2014, the UNICEF cards and products business will have completed a transition from the current in-house operation in the Private Fundraising and Partnerships Division to one based solely on third-party licensing and local production of merchandise by some National Committees.

8. The type of revenue raised will be a primary consideration across all fundraising activities, with a focus on regular resources to enable UNICEF to allocate funds in the most efficient and strategic manner. Where donors wish to support specific areas of the organization’s work, quality other resources will ensure this is achieved in an efficient way.

9. UNICEF will seek to maximize revenue for children from the private sector through: (a) a focus on five priority revenue streams; (b) alignment of global and country priorities; and (c) allocation of resources to markets according to their potential to contribute to global fundraising goals.

(a) Focus on five priority revenue streams

10. Five priority revenue streams have been identified as offering the greatest potential for revenue growth. Globally, UNICEF will focus on monthly individual pledge giving, partnerships with corporations and global foundations, and fundraising from major individual donors and legacies, as follows:

(a) *Pledge giving* will be the cornerstone of the fundraising strategy for 2014-2017, with investment focused on both the volume of new donors and the value of existing donors. The overall growth in UNICEF private sector revenue has been driven primarily by investing in acquiring and retaining regular individual pledge donors. Between 2007 and 2012, gross contributions from individual pledge donors grew by 85 per cent, reaching $556 million in 2012. Pledge revenue has proved to be recession-resistant and is one of the most reliable, predictable and sustainable sources of private sector revenue and a major source of regular resources from the private sector. By the end of 2017, pledge giving by individuals will generate $1 billion per year in gross contributions, with an estimated 5.88 million individual pledge donors contributing an average of $171 per year.

(b) With the growing role of the *corporate sector* on sustainability issues, and the growth of corporate giving, there is potential to significantly increase the total revenue from UNICEF corporate partnerships. UNICEF will focus on partnerships with higher revenue potential and the most effective fundraising mechanisms (notably strategic philanthropy, cause-related marketing, licensing and customer giving), favouring and encouraging those partnerships that generate quality revenue. UNICEF will proactively seek strategic global corporate alliances that can then be rolled out at the country level. At the same time, UNICEF will leverage partnerships for their value beyond cash revenue — extending relationships with partners to promote and advance child rights in business practices and beyond, reaching new audiences with UNICEF messaging, acquiring new donors, and building the profile and value of the UNICEF brand.

(c) Fundraising from *major donors*, defined as those giving or with the potential to give at least $100,000 per year, calls for a significantly different skill set to that required for pledge fundraising. Strategic investment will be made to capture potential in selected markets. Success in major donor fundraising is supported through the leadership and personal involvement of senior management.

(d) *Legacy giving* provides a major long-term return on investment and can be a significant source of regular resources revenue. UNICEF has significant growth potential in this area and can build on a sizeable database of UNICEF supporters in the many countries with increasingly wealthy ageing populations. In identified high-potential markets, existing pledge and one-off donors will be invited to leave a legacy to UNICEF, both within existing donor communications and through specialized legacy materials. Those expressing interest will be nurtured through a dedicated legacy cultivation programme. Returns can be expected beyond the 2014-2017 period.

(e) *Private foundations* have become increasingly important in international development. Partnering with foundations with an international reach offers UNICEF both strong potential for revenue growth and an opportunity to leverage assets such as technical expertise and convening power to advance children's rights. UNICEF will expand its engagement with international foundations, maximizing national, regional and global partnerships.

11. UNICEF will place major emphasis on leveraging digital media to drive private sector fundraising revenue. Digital media will be employed as a key channel for fundraising and communication. UNICEF will maximize the integration of digital channels to increase revenue, with a focus on digital activities in support of pledge giving, emergency fundraising and corporate and foundation partnerships. Digital media will also be integrated with traditional communication channels for enhanced relationship-building with supporters.

(b) Alignment of global and country priorities

12. PFP will work closely with National Committees and UNICEF country offices to determine the most effective private sector fundraising strategy for each market, including identifying priority revenue streams. A new “bridging framework” will be employed to implement global strategies at the national level. Fundraising performance can be optimized by sharing results and experience between countries. By working together across the world, this network will become better at replicating success across countries, shortcutting the learning process and delivering economies of scale in fundraising infrastructure and systems.

(c) Allocation of resources to markets according to their potential to contribute to global fundraising goals

13. UNICEF will allocate financial and technical resources to markets according to their potential to contribute to global private sector fundraising goals. In established markets, UNICEF will drive revenue growth primarily by increasing supporter value, especially through pledge optimization, and developing the major donor and legacy revenue streams. In newer markets, notably middle-income countries where UNICEF maintains a direct presence and where growth is expected to be faster and fundraising more cost-effective, the focus will be on capturing market share through aggressive acquisition of pledge donors. In these markets, the aim is to more than double gross revenue over the next four years.

Expand strategic engagement with the private sector and advocate to advance child rights

14. UNICEF will further develop strategic engagement with the private sector and undertake advocacy activities to advance child rights. UNICEF will seek to maximize support for children’s rights and well-being through (a) engagement with business for child rights beyond fundraising — supporting business, governments and civil society in their efforts to address the negative impact of business on children’s rights and to maximize the positive impact, and (b) advocacy, social mobilization and child rights education in countries with a National Committee presence to influence decision makers to support and implement actions that contribute to the fulfilment of children’s rights.

(a) An integrated approach to corporate engagement

15. UNICEF will pursue an integrated approach to corporate engagement, including resource mobilization, corporate social responsibility (CSR) initiatives and programmatic cooperation, as appropriate. Building on the 2012 *Children’s Rights and Business Principles*, UNICEF will lead efforts to support responsible business behaviour with respect to children’s rights in the workplace, marketplace and community, and to promote children’s rights and interests in global forums and multi-stakeholder initiatives and platforms involving business.

16. The relationship with business will build on the foundations outlined in the Strategic Framework for Partnerships and Collaborative Relationships and the Strategic Framework on Corporate Social Responsibility. For National Committees, which have extensive experience in fundraising from the corporate sector, CSR advocacy will be a new focus. For UNICEF country offices, the approach will build

on the experience of working with business in advocacy and programme delivery to establish corporate engagement as one of the implementation strategies for UNICEF country programmes.

17. As corporations shift from charitable giving towards strategic investments and structured engagement linked to their core business, they seek new opportunities for philanthropic and programmatic engagement as well as leadership on sustainability issues from non-business partners. This is an important opportunity for UNICEF to maximize resources and to influence core business activities in favour of child rights. UNICEF will engage with business, foundations and multi-stakeholder initiatives to increase the number of UNICEF corporate partnerships that integrate resource mobilization, programme collaboration and CSR. UNICEF will raise awareness of the impact of business on children's rights and position itself as a partner of choice by demonstrating expertise in programming and CSR related to children.

18. UNICEF will support governments to establish and enact legislation and regulation pertaining to children's rights within business operations and spheres of influence; engage in dialogue with business to promote children's rights in business practices and impacts, especially with those companies where financial engagement is not considered; mobilize public understanding of the impact of business on children's rights; and ensure children's rights are represented in multi-stakeholder platforms and initiatives as well as business and corporate responsibility forums. Engagement with business will also include tapping into private sector innovation, resources and expertise to address bottlenecks and strengthen programming to advance the rights of all children, especially those most disadvantaged or excluded.

(b) Advocacy and child rights education in countries with a National Committee presence

19. In countries with a National Committee presence, UNICEF will engage individuals, influencers and decision makers through global, regional and national advocacy and mobilization campaigns and initiatives to actively support child rights, with a particular focus on increasing public awareness and support for child rights in ODA and on the reduction of domestic child poverty and social exclusion.

20. A strategic shift will be made to more fully align the child rights advocacy and child rights education initiatives carried out by National Committees with global UNICEF approaches and priorities, and to further strengthen coordination at the global, regional and national levels. Advocacy and child rights education in countries with a National Committee presence will contribute to prioritization of child rights in domestic and global policies in those countries. The approach will build on the Framework for Advocacy in Countries with a National Committee Presence, the Advocacy Toolkit, and the Child Rights Education Toolkit.

21. UNICEF global advocacy in countries with a National Committee presence will seek to generate increased levels of support and commitment from parliamentarians, policymakers and the public for ODA advocacy priorities across the seven outcome areas of the UNICEF Strategic Plan 2014-2017.

22. UNICEF domestic child rights advocacy in countries with a National Committee presence will seek to garner strengthened political commitment to legislate, plan and budget for improved and equitable fulfilment of child rights, with

a particular focus on preventing and responding to violence, abuse, exploitation and neglect of children, as well as reducing multidimensional child poverty and exclusion.

23. As a complement to child rights advocacy, UNICEF child rights education in countries with a National Committee presence will seek to increase the number of children benefitting from child rights education in school curricula and other learning environments.

Enablers

24. The following cross-cutting enabling strategies will be employed to help to achieve these goals:

(a) *Communication and brand positioning*. The Framework for External Communication and Brand Positioning for UNICEF Private Sector Fundraising and Engagement will provide a common strategic direction for communication in support of fundraising and advocacy objectives. Particular emphasis will be placed on: brand management; digital media; corporate communication and brand positioning; and communication in emergencies.

(b) *Knowledge-sharing*. A culture of knowledge-sharing, supported by collaborative tools and mechanisms to optimize the use and exchange of information and experience.

(c) *Investment capital*. Increased investment capital to expand the supporter base in existing and emerging markets that can provide long-term sustainable and flexible revenue. Reinvesting by countries, increasing PFP investment funds and new and innovative approaches will be explored to source capital for fundraising investment.

(d) *Human resources*. Appropriately skilled, knowledgeable and engaged people are critical to achieving the Plan's objectives. There will be a strong focus on human resources to provide technical expertise in the areas of fundraising, corporate engagement and advocacy.

(e) *Information technology platforms*. Common information technology platforms to support fundraising, including donor databases and platforms that support the exchange of financial information, will be explored to optimize efficiency and effectiveness in sharing data among National Committees and UNICEF and in monitoring performance.

(f) *Risk management*. Risk management in the areas of funding, governance and external stakeholder relations will be better aligned with organizational objectives. Guidance, support and quality assurance of risk management linked to private sector engagement will be strengthened in both National Committees and country offices.

Alignment and coordination among stakeholders

25. The goals, results and strategies of the Plan will be translated through the joint strategic planning process with the National Committees and through the country

programming planning process with country offices, ensuring consistency and synergy between national and global goals.

26. In 2014-2017, UNICEF will continue to reinforce the relationship with National Committees to improve results for children by focusing on the shared vision and greater cohesion, enhanced governance, commitment to efficiency and effectiveness and tailored relationship management.

27. National Committees for UNICEF play a vital role in achieving the goals of this Plan. At the same time, the role of UNICEF country offices in the field of private sector fundraising and partnerships is gaining momentum. In 2014-2017, UNICEF country offices carrying out private sector fundraising activities in high-potential markets will be structured to reflect the following principles: (a) global private sector fundraising as a core role; (b) investment in private sector fundraising capacity to drive growth; (c) synergy between fundraising, programme, communication and advocacy; (d) safeguarding the integrity of programming; and (e) organizational design to enable a transformed role.

28. Strategic alignment within UNICEF — among National Committees, regional and country offices and headquarters divisions — on a shared vision, goals and objectives is critical to achieving the targets of the Plan. Alignment will be ensured through the implementation of the collaboration framework that maps out the division of roles and responsibilities of National Committees, country offices and headquarters divisions to achieve major results and strategic components of the Plan.