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UNICEF Executive Board
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Mr. President, distinguished members of the Executive Board,

I am pleased to present to you the Private Fundraising and Partnerships work plan and budget for 2013, referenced under Board document E/ICEF/2013/AB/L.1.

This document sets out the financial objectives and strategies of the Private Fundraising and Partnerships Division for 2013.

Mr. President, the income to UNICEF from individuals and corporations is in large part generated through the fundraising and sales activities of the network of 36 National Committees in industrialized countries as well as 43 UNICEF Country Offices.

SLIDE: Presentation Outline

In this presentation, I will highlight the key results, strategies and resource requirements relating to private sector income growth in 2013. The presentation begins with an outline of the latest 2012 results, together with the forecast for private sector income for 2013 and PFP resource requirements for the year. I will then review the key strategies to achieve the planned results. Finally, I will share with you the efforts taken by PFP to achieve efficiency and effectiveness in our operations.

I will begin with a summary of the 2012 financial results to date.

SLIDE: Performance in 2012
Estimates of projected income for 2012 are indicated on the slide being shown.

I am pleased to report that UNICEF is expected to exceed the total private sector income target that was set for 2012. Final end-of-year figures are expected to show total income to reach $896 million, 2 per cent higher than the planned target.

Within this overall figure, regular resources income in 2012 increased by 18 per cent over 2011 results, from $374 million to $440 million. This is 8 per cent higher than the planned budget target and shows a strong return on the investment that has been made in regular resources fundraising by National Committees and country offices.

While other resources for regular programmes also increased by 11 per cent from $341 million in 2011 to $377 million, overall other resources income was 14 per cent lower than the previous year at $456 million. This decrease is due to the reduction in other resources income for emergencies in comparison to 2011, which was a year with exceptional emergency fundraising results for the Horn of Africa crisis.

The final 2012 private sector income figures will be presented to the Board in its second regular session in September this year.

The next slide provides an overview of income projections for 2013.

SLIDE: Forecast for 2013

As in 2012, we are continuing to adopt a cautious approach to income forecasting this year.
Three planning scenarios are outlined in Table 3 on page 21 of the Executive Board document. In the context of the organization-wide review of efficiency and effectiveness, and continued concern to maintain the overall level of regular resources income, the planning assumptions for the 2013 PFP budget are utilizing a low projection scenario, as was the case in 2012.

Using this scenario, it is forecast that total net income will reach $932 million, a 4 per cent increase over latest estimates for 2012. Income for regular resources is projected conservatively at $420 million, a modest increase over the planned budget target of $406 million for 2012. This includes $7.4 million projected as net income from the sale of cards and products.

It is expected that the upward trend in regular resources that we have seen in 2012 will continue, primarily driven by the robust results we have seen in regular donor giving (or pledge donations) and an increase in the return on investment funds. I will further highlight these trends later in this presentation.

A positive trend in other resources income for regular programmes is also projected for 2013, reaching $512 million or an increase of 8 per cent over 2012 budget target. Efforts will be made to further increase the proportion of un-earmarked other resources from the private sector, allowing for more flexible programming at the country level. At the same time, we are maintaining a low projection scenario for other resources income for emergencies.

This brings us to the 2013 PFP budget, which is summarized in the next slide.
The proposed budget amounts to $132 million. This includes operating costs of $95 million and investment funds of $37 million. A small reduction is expected in the operating expense to proceeds ratio, excluding investment funds, from 9.1 per cent in 2012 to 9 per cent in 2013.

Operating expenses of PFP Geneva in 2013 are budgeted to increase by 5 per cent, or $4 million. This is entirely due to the mandatory increase in the cost of posts, and increases in rent and utilities for office premises. This increase has been partially offset by cost savings in other areas, including reductions of approximately 20 per cent in the travel budget and 10 per cent in the consultancy budget.

While investment funds continue to generate significant regular resources income for children and are critical to the positive income trends we have been seeing in the past two years, in an effort to contain the overall PFP budget from additional increases beyond mandatory costs, investment funds will be reduced by 5 per cent, from $39 million in 2012 to $37 million this year.

At the same time, PFP is continuing to review how it can further and more systematically reduce operating costs. As part of a broader organizational process, the Division has undertaken a comprehensive efficiency and effectiveness review over the last several months. The review builds on the prudent management practices of the Division that have resulted in significant savings of $24 million in the 2012 PFP budget and nearly $7 million in the 2012 final expenditures. I will
elaborate briefly on the results of the efficiency and effectiveness review at the end of this presentation.

**SLIDE: Strategies to achieve results**

The strategies to achieve the results outlined in the 2013 PFP budget include continued investments in pledge donations and in new markets, a proactive approach to corporate and foundation partnerships, and strengthened risk management.

At the core of these strategies will be the continued use of investment funds to increase the number of pledge donors to UNICEF and hence regular resources income. The return on the funds invested in 2012 is projected to generate a total gross revenue of $158 million in three years. It is important to continue this positive trend with stable investments.

As I have previously reported to the Board, PFP had set a target to increase the number of active pledge donors on file to three million over a three-year period from 2010 to 2012. I am pleased to inform the Board that thanks to the efforts of fundraisers in National Committees, country offices, regional support centres and headquarters, the three million mark was surpassed at the end of June, six months ahead of schedule.

National Committees continue to generate high rates of return and provide the largest proportion of private sector revenue. In 2012, the highest rates of return achieved by National Committees on investment funds include examples from the Republic of Korea where every $1 invested in digital fundraising for pledge donor acquisition will return $27 and from Spain where the similar investment in digital
acquisition will return over $7 for every $1. Other positive examples include Hong Kong, where every $1 invested in face to face fundraising is expected to return $5 and the Netherlands where every $1 invested in a TV telethon will return nearly $5.

Moreover, a number of country offices continue to show considerable potential in private sector fundraising and have become the fastest growing markets for UNICEF. The latest estimate shows a 4 per cent increase in gross income from country offices to $94 million in 2012, much of which is being raised by countries in Latin America and Asia, notably in Argentina, Mexico and Thailand.

Country offices contributed $15 million in regular resources from private sector fundraising in 2012. This is estimated to grow to $22 million in 2013, with the forecast that 90 per cent of those funds will be generated in Argentina, Malaysia and Thailand. Country offices hold four of the top 15 places in the global ranking of the size of pledge donor base, and today more than half a million of UNICEF’s 3.2 million pledge donors live in programme countries.

As a second key strategy, UNICEF will continue its proactive approach to corporate and foundation partnerships by focusing new business development both on higher value partnerships and on the most effective funding mechanisms. The latter will include strategic philanthropy, cause-related marketing, licensing and customer giving. At the same time, an integrated approach to corporate engagement will be pursued by leveraging partnerships for their value beyond cash. This includes promoting and advancing child rights in business practices, and building the profile and value of the UNICEF brand.
Finally, as a third key strategy, in follow up to the 2012 internal and external audit recommendations, UNICEF will continue to strengthen its relationship with the National Committees through closer monitoring of the Cooperation Agreement and careful risk management.

SLIDE: Efficiency and effectiveness

This brings me to the final part of this presentation to the Board, to report on our efforts to increase efficiency and effectiveness in PFP. As part of the broader organizational review process noted earlier, PFP has undertaken a comprehensive review of its operations over the last several months. The results of the review will inform the UNICEF Private Fundraising and Partnerships Plan for 2014–2017 and the PFP Office Management Plan for the same period. The objective is to achieve further efficiency gains and cost savings in the PFP budget in 2014 and beyond, and to make the most effective use of the resources entrusted to the Division to invest in growing income from the private sector.

The key outcomes of the review indicate that there is great scope for efficiency and savings in the cards and products business through a transition to cost-efficient local business models in selected National Committees, and an expanded focus on licensing at all levels.

The review also recommends a more integrated approach to strategic partnerships with the private sector and in corporate engagement, and confirms the importance of increasing investments in channels that are most effective in raising income and giving the highest return – namely pledge, digital, and country office fundraising. Finally, the review emphasises the importance of a proactive risk management
approach, improved knowledge management, and strengthened brand management and positioning in key fundraising markets.

Given the positive performance of investment funds, in line with the recommendations of the divisional efficiency and effectiveness review, PFP proposes that a portion of the expected savings be reinvested in growing income through the increased allocation of investment funds as part of the PFP budget in the coming years.

Mr. President, in the current global economic environment, ensuring continued growth in income for UNICEF, whether from the public or private sector, remains challenging. As the organization looks to the future, we must continue to maximize the potential of the fundraising strategies that we employ, ensure that we continue to be ever more effective and efficient in our operations, and seek new and innovative ways of working. With this, we can be cautiously optimistic that the organization will continue to increase income from the private sector to benefit children worldwide.

That being said, in closing Mr. President, I would like to express my appreciation to the UNICEF National Committees, country offices, the millions of individual donors worldwide and our corporate and foundation partners who support our mandate for children and have made these positive fundraising results possible.

Mr. President, distinguished representatives, thank you.