1. Mr. President, Ladies and Gentlemen. I am pleased to present to you the Private Fundraising and Partnerships Division's Financial Report for the year ending 31 December 2012. The Board document reference number for this report is E/ICEF/2013/AB/L.6.

2. Following my remarks regarding the financial results of the Private Fundraising and Partnerships Division (PFP) for 2012, I will update the Executive Board on three key initiatives to improve results related to the private sector: first, continued efforts to improve the efficiency of PFP operations; second, the UNICEF Private Fundraising and Partnerships Plan 2014-2017, and third, the continued leveraging of investment funds to grow regular resources.

3. As the Board is aware, the income from individuals and corporations is generated through the fundraising and sales activities of 36 National Committees in industrialized countries and 43 UNICEF country offices.

4. I am pleased to report that in 2012 UNICEF surpassed its total private sector income target, with net consolidated regular resources and other resources income amounting to US$903 million – 3 per cent higher than planned.

5. Within this overall figure, regular resources income in 2012 increased by 19 per cent over 2011 results, from US$374 million to US$444 million. This is 6 per cent above the planned target and shows a strong return on the investment that has been made in regular resources fundraising by National Committees and country offices.
6. While other resources for regular programmes also increased by 10 per cent from US$341 million in 2011 to US$377 million, overall other resources income was 14 per cent lower than the previous year at US$459 million. This decrease is due to the reduction in other resources income for emergencies compared with 2011, which was a year of exceptional emergency fundraising results for the Horn of Africa crisis.

The gross proceeds from the cards and products business of US$81 million were 14 per cent lower in 2012 than in 2011 due to the continued unfavourable economic climate in Europe and downturn in the greeting cards business globally. An additional four National Committees discontinued sales activities of UNICEF-sourced products. However, the net contribution of sales to regular resources increased from US$7.5 million in 2011 to US$17.5 million in 2012 due to the reduced cost of goods and savings on the cost of outsourced logistics and warehousing services, as well as a positive adjustment of value-added tax.

7. Mr. President, this concludes the 2012 financial report for the Private Fundraising and Partnerships Division. I will now turn to updating the Board on the three key initiatives that I mentioned earlier.

8. First, as the Board is aware, PFP completed a comprehensive review of the efficiency of its operations at the end of 2012. The review recommended moving to a more cost efficient model for the cards and products business, a more integrated approach to strategic partnerships with the private sector and in corporate engagement, and confirmed the importance of increasing investments in pledge, digital, and country office fundraising as the most effective income channels giving the highest return. The review also emphasized the importance of having strengthened brand management and positioning in key fundraising markets, together with a proactive risk management approach and improved knowledge management.
9. The recommendations of the review provided the basis for the UNICEF Private Fundraising and Partnerships Plan for 2014-2017 and its corresponding management plan for the same period, which project considerable further income growth as well as operating budget savings for future years. I will present a summary of the Private Fundraising and Partnerships Plan for 2014-2017 to the Executive Board, together with the PFP 2014 Budget and work plan, in February 2014.

10. This brings me to the second initiative I would like to bring to the attention of the Board. The UNICEF Private Fundraising and Partnerships Plan for 2014-2017 was developed through a consultative process with National Committees, regional and country offices and headquarters divisions. The Plan provides targets and strategies for UNICEF globally to mobilize private fundraising and partnerships in support of the implementation of the new UNICEF Strategic Plan. Preparatory work for implementation of the key priorities identified by the Plan has already started. The Joint Strategic Planning process with the National Committees has been streamlined and aligned with the new Plan. A transition of the cards and products business, from the in-house model managed directly by PFP to licensing and a model managed by the National Committees, is also underway. And we are completing the development of an integrated corporate engagement strategy.

11. Mr. President, the third area I would like to highlight to the Executive Board relates to investment funds. During the informal briefing last week, PFP provided information to the Board on the progress being made in the use of investment funds, which are primarily invested in growing pledge income through regular monthly giving. We are pleased to confirm that pledge income has grown by 72 per cent in the past five years despite challenging economic conditions in many countries. This is a clear indication of a higher-than-expected performance by this fundraising channel, and reinforces the role of pledge in growing regular resources income from the private sector.
12. At the same time, while the criteria for providing investment funds to National Committees is based on achieving a 3:1 return in three years, our analysis shows that pledge donors continue to give to UNICEF for many years afterwards. Half of the pledge donors acquired in 2001 were still giving in 2012. With over 70 per cent of a donor’s contribution received after the initial three-year period, our analysis indicates that the long-term return on investment for pledge donors is approximately 10:1. Given the success of investing in pledge, as also outlined during the informal briefing to the Executive Board last week, we hope to continue to leverage the use of investment funds as a centrepiece of our income growth strategy.

13. Mr. President, this brings me to the end of the 2012 PFP Financial Report. In closing, I would like to express our sincere appreciation to all UNICEF National Committees and country offices and their individual donors worldwide, as well as our corporate and foundation partners, for their continued commitment and support to the mobilization of resources for programmes to benefit children worldwide.

Thank you.