



Economic and Social Council

Distr.
LIMITED

E/ICEF/1995/AB/L.8
26 April 1995

ORIGINAL: ENGLISH

UNITED NATIONS CHILDREN'S FUND
Executive Board
Annual session 1995
22-26 May 1995
Item 9 (a) of the provisional agenda*

FOR ACTION

GREETING CARD AND RELATED OPERATIONS WORK PLAN AND PROPOSED BUDGET FOR 1995

SUMMARY

The present document presents the Greeting Card and related Operations (GCO) work plan and proposed budget for the 1995 season (fiscal year 1 May 1995 to 30 April 1996).

Chapter I, Overview, presents an introduction, policy issues, the work plan and budget preparation process, consolidated income and expenditure projections for 1995 and human resources.

Chapter II, Director's Office, presents objectives, strategies, budgeted expenditures and human resources.

Chapter III, Product Line and Marketing, presents an introduction, objectives, strategies, budgeted income and expenditures and human resources, as well as a review of the Central and Eastern European National Committees Development Programme and the Market Development Programme.

Chapter IV, Private Sector Fund-raising, presents an introduction, objectives, strategies, budgeted income and expenditures, the Fund-raising Development Programme and human resources.

Chapter V, Operations and Finance, presents an introduction, objectives, strategies, budgeted expenditures and human resources.

Chapter VI, Regional support centres and UNICEF field offices, presents an introduction, objectives, strategies, budgeted income and expenditures and human resources.

Chapter VII, Medium-term plan, 1995-1999, presents planned income and expenditures for the next five years.

Chapter VIII contains the draft resolutions relating to the GCO budget.

The Executive Director recommends that the Executive Board approve the GCO budget and the draft resolutions for the 1995 fiscal year.

* E/ICEF/1995/13.

CONTENTS

	<u>Paragraphs</u>	<u>Page</u>
I. OVERVIEW	1 - 20	4
II. DIRECTOR'S OFFICE	21 - 27	13
III. PRODUCT LINE AND MARKETING	28 - 57	17
IV. PRIVATE SECTOR FUND-RAISING	58 - 80	25
V. OPERATIONS AND FINANCE	81 - 88	32
VI. REGIONAL SUPPORT CENTRES AND UNICEF FIELD OFFICES	89 - 99	38
VII. MEDIUM-TERM PLAN, 1995-1999	100 - 104	44
VIII. DRAFT RESOLUTIONS	105	46

List of tables

1. GCO income statement - 1993 actual, 1994 budget, 1994 latest estimates and 1995 proposed budget	10
1A. Summary of consolidated expenditures - 1994 budget, 1994 latest estimates and 1995 proposed budget	11
2. GCO core and project posts: 1994 budget and 1995 proposed budget	12
3. Director's Office: actual expenditures for 1993, 1994 budget, 1994 latest estimates and 1995 proposed budget	15
4. Director's Office: core and project posts, 1994 budget and 1995 proposed budget	16
5. Product Line and Marketing Group: income and expenditures for 1993 actual, 1994 budget, 1994 latest estimates and 1995 proposed budget	23
6. Product Line and Marketing Group: core and projects posts, 1994 budget and 1995 proposed budget	24
7. Private Sector Fund-raising Group: income and expenditures for 1993 actual, 1994 budget, 1994 latest estimates and 1995 proposed budget	30
8. Private Sector Fund-raising Group: core and projects posts, 1994 budget and 1995 proposed budget	31
9. Operations and Finance Group: expenditures for 1993 actual, 1994 budget, 1994 latest estimates and 1995 proposed budget	36
10. Operations and Finance Group: core and projects posts, 1994 budget and 1995 proposed budget	37
11. Regional support centres and UNICEF field offices: income and expenditures for 1993 actual, 1994 budget, 1994 latest estimates and 1995 proposed budget	42

/...

CONTENTS (continued)

Paragraphs Page

List of tables (continued)

12.	Regional support centres and UNICEF field offices: core and project posts, 1994 budget and 1995 proposed budget	43
13.	GCO medium-term plan, 1995-1999	45

Annexes

I.	RANGE OF BUDGETED INCOME AND EXPENDITURES FOR THE FISCAL YEAR 1 MAY 1995-30 April 1996.....	48
II.	PRIVATE SECTOR FUND-RAISING NET PROCEEDS: 1991-1993 actual, 1994 LATEST ESTIMATES AND 1995 PROPOSED	49
III.	PRODUCT LINE AND MARKETING SUMMARY OF CARD SALES BY REGION, 1991-1995	51
III-A.	PRODUCT LINE AND MARKETING CARD SALES BY REGION, 1991-1995: NATIONAL COMMITTEES	52
III-B.	PRODUCT LINE AND MARKETING CARD SALES BY REGION, 1991-1995 UNICEF FIELD OFFICES	53
IV.	CENTRAL AND EASTERN EUROPEAN NATIONAL COMMITTEES DEVELOPMENT PROGRAMME: 1994 BUDGET AND 1995 PROPOSED BUDGET	54
V.	SUMMARY OF NET OPERATING INCOME BY FUNCTIONAL GROUP SHOWING EFFECT OF ALLOCATION (1 MAY 1995-30 April 1996)	55
VI.	1995 PROJECT POSTS - NEW YORK AND GENEVA	56
VII.	DETAILS OF INTERNATIONAL PROFESSIONAL POST CHANGES (ESTABLISHED/ABOLISHED)	60
VIII.	DETAILS OF INTERNATIONAL PROFESSIONAL POST RECLASSIFICATIONS BY GRADE AND OFFICE: 1995-1996 PROPOSED	61

/...

I. OVERVIEW

A. Introduction

1. The management review of UNICEF has made a number of recommendations related to Greeting Card and related Operations (GCO). At its first regular session in February 1995, it was said that further study by UNICEF management and the involvement of National Committees for UNICEF are required prior to arriving at decisions on the recommendations related to GCO. UNICEF management decided that GCO should submit a comprehensive work plan and proposed budget for fiscal year 1995 as usual to the Executive Board at its annual session. Changes in the GCO work processes or structure resulting from the management review and decided on by the Executive Board in 1995 can be incorporated into the next GCO work plan and budget to be submitted to the Board at its 1996 annual session. This approach is required because GCO has to continue to carry out its business activities without interruption so as not to jeopardize the support it provides to National Committees and UNICEF field offices in generating income for UNICEF programmes. Nevertheless, a number of improvements can and will be made without awaiting a further analysis of the recommendations of the management review. Proposals to that effect will be made and implemented in 1995 whenever possible.

2. Following examination of the report on the "Review of that part of the UNICEF Greeting Card and related Operations located in Manhattan" (E/ICEF/1994/AB/L.10) at the third regular Board session in October 1994, the Executive Board decided that the issue of the relocation of GCO be considered "after the completion of the management review of UNICEF, with due regard for the full range of options and considerations", (E/ICEF/1994/13, decision 1994/R.3/2. While the management review has not evaluated those options, GCO will continue to pursue the evaluation in line with other issues raised in the management review. In the present work plan, GCO proposes to launch various business projects based on concrete studies and research to further improve its profitability, such as developing and implementing strategies to more effectively penetrate markets with proven potential, identifying the most innovative production methods, shortening the product development cycle and maximizing existing human resources.

3. On the basis of a policy platform established by the Executive Board for GCO at its 1993 annual session (E/ICEF/1993/14, decision 1993/24 C, and further supplemented by a number of internal procedural decisions in 1994, GCO is responsible for the mobilization of financial resources from the private sector in industrialized countries with National Committees and in developing countries with regional/country offices. Thus, accountability for all fund-raising from the private sector resides with one division. All activities relating to the sale of UNICEF products and other private sector fund-raising activities, and the financial results derived therefrom, now can be identified with one division, i.e., GCO.

4. In 1994, GCO implemented decision 1994/A/9 C (E/ICEF/1994/13) taken by the Executive Board with regard to the following issues:

- (a) Reduction of 38 posts and internal staff redeployment;
- (b) Renewal of the Fund-raising Development Programme (FDP);
- (c) Establishment of the Market Development Programme (MDP);
- (d) Implementation of a decreasing retention scale for Central and Eastern European National Committees for UNICEF;
- (e) Consolidation of production facilities in North America and Europe;

/...

(f) Issuance of Financial Circular No. 37 (which provides guidelines regarding the retention of funds raised by field offices through private sector fund-raising activities and from product sales for in-country programmes) to implement decision 1993/24 C.1 and C.2;

(g) Incorporation of the latest estimates and five-year performance indicators into work plan and budget;

(h) Expansion of the Central and Eastern European National Committees Development Programme to include Estonia, Latvia, Lithuania and Slovenia.

5. Other initiatives taken in 1994 to improve business effectiveness included strategic work planning with National Committees and implementation of the 1994 work plan; joint work planning with UNICEF field offices, involving UNICEF representatives, in order to accomplish a better integration of GCO-related activities with the other functions of UNICEF field offices and the regional external relations strategy; and implementation of the GCO field office and production facilities studies.

6. The latest GCO estimates for the 1994 fiscal year indicate overall consolidated net revenues for UNICEF of \$234.4 million (\$149.2 million in general resources and \$85.2 million in supplementary funds). This compares to the 1994 budget of \$183.0 million and to the 1993 actual results of \$139.9 million. The increase from the 1993 actual to the 1994 latest estimates is 67.5 per cent. The 1995 proposed budgeted consolidated net revenues are \$244.2 million (\$147.3 million in general resources and \$96.9 million in supplementary funds) which represents an increase over the 1994 latest estimate of 4.2 per cent. Details related to financial projections are included in subsequent chapters of this document.

7. In the area of Product Line and Marketing, despite recessionary trends in many countries in the past few years and increased competition, there was an increase in card sales volume of approximately 4 million cards globally between 1993 and 1994 as in the previous year. While this is not the level and size of increase GCO had targeted, it is, none the less, a considerable achievement. GCO will be working very closely with those markets that have been identified with strong market potential and that have not performed adequately in order to improve sales performance in 1995. The projected card sales volume for 1995 represents a conservative increase again of 4 million. Initiatives such as MDP, the introduction of new card product lines and the opening of new channels of distribution require more than one or two budget cycles to realize returns on investment. The net operating income for the Product Line and Marketing Group in the 1995 proposed budget, after the allocation of costs for Operations and Finance and the Director's Office, but prior to MDP and FDP, is \$71.2 million. This represents 48 per cent of consolidated general resources net income as compared to an estimated 47 per cent in 1994.

8. Private sector fund-raising by international organizations is a relatively new phenomenon in many countries. However, UNICEF, with its network of National Committees and UNICEF field offices as well as with its well-known and well-focused programme goals and activities, has been very successful in attracting private sector donations. Furthermore, UNICEF is known in many countries through the sale of its greeting cards, an activity that has had significant advocacy benefits and contributes to newly developed fund-raising efforts. As a result of more focused management and private sector fund-raising activities, combined with a proper utilization of investment funds, GCO is able to maximize its financial returns with its partners. The net operating general resources income from the Private Sector Fund-raising Group in the 1995 proposed budget, after the allocation of costs for Operations and Finance and the Director's Office, but prior to MDP and FDP, is \$90.7 million. This represents 62 per cent of consolidated general resources net income as compared to an

/...

estimated 55 per cent in 1994. Additionally, GCO is projecting \$96.9 million of supplementary funds income from private sector fund-raising activities.

9. Non-operating expenses, which include FDP, MDP and the Central and Eastern European National Committees Development Programme for 1995, are projected at \$14.6 million. This represents 10 per cent of the consolidated general resources net income of GCO compared to an estimated 2 per cent in 1994, the difference being mainly due to a favourable exchange rate adjustment in 1994.

B. Policy issues

10. GCO proposes that the following policy issues be reviewed and approved:

(a) Central and Eastern European National Committees Development Programme. Based on the Executive Board request to consider the extension of the Central and Eastern European National Committees Development Programme and the need to finance business building plans to initiate product sales and private sector fund-raising activities, the programme has been expanded to include Estonia, Latvia, Lithuania and Slovenia. GCO, in collaboration with other UNICEF divisions, has established an annual programme and work plan review of the National Committees covered by this development programme. The aim of this review is to evaluate information, advocacy and business plans and to gradually reduce the 100 per cent retention down to 25 per cent, which is the objective for all National Committees. The 1995 work plan and budget includes a proposal of \$200,000 for expanding the programme to these four National Committees.

(b) Market Development Programme. In industrialized countries, GCO has invested \$2.5 million of the \$5 million of MDP funds that were approved by the Executive Board in 1994 for the first year of the programme. This fund was established to facilitate the identification of new opportunities to increase sales volume and test new channels of distribution, with the goal of maximizing income. The projects include expansion of sales to the business sector, establishment of a network of UNICEF card and gift shops in certain countries, expanded mail order strategies and testing the viability of single card sales. From the conception of MDP, it was envisioned that results would take three to five years to materialize as competition in the product sales market is very keen. The experience of the first year indicates that a number of National Committees in markets with strong growth potential did not make full use of this investment provision. This was due in part to the fact that their marketing plans were already in place for 1994 by the time MDP had been approved. In 1995, GCO will work closely with National Committees to ensure that those which are not realizing their full market potential take advantage of MDP to pursue more aggressively ways to significantly increase products sales. Due to the need to improve net income performance of the Product Line and Marketing Group, this investment fund is limited to \$4 million.

(c) Fund-raising Development Programme. National Committees for UNICEF and UNICEF field offices continued to utilize FDP to attract new donors, upgrade existing donors and undertake new fund-raising initiatives. Given the substantial potential for such expansion in both mature and emerging markets, the high level of well-justified demand for such investment, and the sustained growth in private sector fund-raising income over the last three years, the 1995 work plan and budget includes a recommendation for sustaining FDP funding at the 1993 level of \$7 million. A detailed status report on FDP is included in the GCO provisional report (E/ICEF/1995/AB/L.7).

(d) Travel costs. In order to reduce the overall GCO travel budget, and in line with UNICEF general practice that travel expenses are paid from the budget of the National Committees for attendance of all joint National Committee/secretariat meetings, it is decided that UNICEF will no longer pay for the travel and per diem costs of National Committee participants at annual

/...

greeting card workshops and related meetings. This is also in line with a general effort in all external relations divisions to reduce travel-related costs as well as with audit observations on this issue.

C. Preparation of work plan and budget

11. The GCO work plan and proposed budget for 1995 has been prepared taking into account the recommendations of the various studies and policy reviews mentioned above. The budget for the 1995 fiscal year is based on a strategy of implementing 1994 Executive Board decisions to establish a restructured GCO presence in UNICEF field offices and decentralize to regional support centres; to provide continued investment in the expansion of card and other product sales; and to maintain the expanding growth in private sector fund-raising with the added support of investments such as the MDP and FDP. The GCO work plan and proposed budget was reviewed initially by the GCO Budget Committee. It was then reviewed and approved by the GCO Management Committee and the UNICEF Budget Planning and Review Committee (BPRC), chaired by the Deputy Executive Director, Operations. The budget proposals have been made within the framework of the Financial Regulations and Rules of UNICEF (E/ICEF/FINANCIAL RULES/1), including the special supplement, Greeting Card Operation (E/ICEF/FINANCIAL RULES/1/Add.1).

12. Consistent with efforts to make GCO work plans and proposed budgets more transparent, the income, expenditures and staffing projections for each of the two GCO income-producing areas, Product Line and Marketing and Private Sector Fund-raising, as well as Operations and Finance support functions and the Director's Office are presented separately. In addition, for the 1995 work plan and budget, a separate income statement has been prepared for consolidated GCO activities in UNICEF field offices and regional support centres and is presented in table 11 of the present report. The target for net income as a percentage of gross proceeds for Product Line and Marketing is presented in table 5. The expenditure estimates for the Director's Office and for Operations and Finance support functions are allocated to the two income-generating activities on the basis of head count for rent and communication costs and on the basis of net proceeds for all other expenditures except for the costs related to the two GCO production centres - Secaucus, New Jersey (United States) and Huningue (France) - which are charged directly to product sales (see annex V). For financial reporting purposes, the 1995 GCO income statement is presented consistent with the presentation of financial information in the work plan and budget. In table 1, the budget proposed for 1995 is based on the medium projection. High and low projections also are provided in annex I for information. The presentation of information on posts is shown combined for core and project posts since the funding source for both categories is GCO net proceeds. However, a listing of all project posts at headquarters locations is presented in annex VI.

D. Consolidated income and expenditure projections for 1995

13. As indicated in table 1, the GCO consolidated net revenues for UNICEF for 1995 (general resources and supplementary funds) are projected at \$244.2 million, an increase of \$9.8 million (4.2 per cent) over the 1994 latest estimate and \$104.3 million (74.6 per cent) more than 1993 actual. This includes the total net operating income - general resources of \$161.9 million from the two GCO income-generating activities (greeting cards and other products (\$71.2 million) and private sector fund-raising (\$90.7 million)), supplementary funds income of \$96.9 million, less investment funds of \$4.0 million for MDP, \$7.0 million for the FDP, \$1.5 million for the Central and Eastern European National Committees Development Programme and other non-operating expenses, including exhibits of \$0.1 million, office move-related costs in New York and Geneva of \$1.8 million (\$0.8 million for the write-off of the net book value of the leasehold improvements for current GCO premises in New York and \$1.0 million for the GCO share in the costs related to the new UNICEF office in Geneva).

/...

14. Consolidated expenditures for 1995 as summarized on table 1A are projected at \$86.7 million, \$12.0 million or 16.1 per cent above the 1994 latest estimates. These expenditures include the operating costs of the two GCO revenue-generating activities, i.e., Product Line and Marketing and Private Sector Fund-raising, the operating costs of the Director's Office and the Operations and Finance Group and other non-operating expenses. The increase in the proposed 1995 expenses compared with the 1994 latest estimates is attributable to the negative effect of the difference in the exchange rates used for the 1994 and the 1995 budgets of \$3.2 million (substantially because of the strengthening of the Swiss franc); increased investment funds of \$3.5 million (\$2.0 million for FDP and \$1.5 million for MDP) to be made available to National Committees and other partners to maintain the momentum for income growth; mandatory salary increases of \$1.1 million; field office expenses of \$1.5 million to support the substantial income growth projected for 1995; increase in commissions paid by UNICEF field offices of \$0.6 million due to higher sales; costs related to the planned moves of the GCO offices both in New York and Geneva of \$1.8 million; and increased cost of goods of \$0.5 million to support the higher volume and the changed product mix. All other increases have been offset by cost reductions in other areas. Thus, excluding increases due to mandatory adjustments, exchange rate fluctuation, investment funds and office moves, the resulting increase in operating expenses is only \$2.6 million, or 3.5 per cent over the 1994 latest estimates.

15. The projected 1995 net consolidated income to UNICEF from the private sector of \$244.2 million (\$147.3 million for general resources and \$96.9 million in supplementary funds), as indicated in table 1, will depend on the adjustments required due to possible exchange rate variations. GCO income and expenditures are subject to currency fluctuations in relation to the United States dollar. In the present document, the December 1994 United Nations exchange rates have been used.

16. GCO plans to procure equipment for the Secaucus Production Centre (\$0.1 million), racking system for the Huningue warehouse extension (\$0.2 million), furniture for the anticipated office move (\$0.2 million) and computer hardware related to the migration from the existing WANG system (\$0.3 million) as capital expenditures. The corresponding depreciation of these assets has been included in the budgeted expenditures (see table 9).

E. Human resources

17. Over the last five years, GCO has been very successful in professionalizing its human resources by recruiting staff with the appropriate technical qualifications. This has been accomplished in all three functional groups: Product Line and Marketing; Private Sector Fund-raising; and Operations and Finance. Efforts to professionalize GCO staff in UNICEF field offices and regional support centres continue to be implemented. For the ten 10 offices on which GCO is focusing its efforts, approximately 20 national Professional officers have been recruited and trained. In the period October 1990 to January 1995, in Geneva, New York, Rio de Janeiro and Singapore, 89 professional posts have been filled, of which over one third were external recruitment. A training and orientation workshop was held in August 1994 to provide a number of new staff with an introduction to GCO. However, given this significant number of new staff and the need to stay abreast of developments, training will continue to be a high priority. It should be noted that while the total number of posts in GCO has decreased from 288 in 1993 to 246 proposed for 1995, the consolidated net revenues for UNICEF in the corresponding period increased from \$139.9 million to a projected \$244.2 million.

18. During 1994, two UNICEF field offices, Ecuador and the Philippines, met the criteria established and supported by the Executive Board based on which GCO could fund two national officer posts and one General Service post in each of the countries. However, it has been decided not to establish these posts until

/...

the implications for GCO of the management review are examined in greater detail. However, funds will be made available to ensure that the agreed work plans are carried out and the anticipated income level is achieved.

19. Management, in its submission to the Executive Board on the GCO accommodation issue had indicated, along with its recommendation to continue to have staff in New York and Geneva, a possible reduction of 20 posts if the existing two GCO offices in New York and Geneva were to be consolidated at one location (E/ICEF/1994/AB/L.10). The Executive Board, in its decision E/ICEF/1994/R.3/2, had decided "to reconsider this issue after completion of the management review study of UNICEF, with due regard for the full range of options and considerations". The management review has not evaluated these options. GCO will continue to pursue this evaluation in line with other issues raised in the UNICEF management review.

20. The GCO Personnel Unit is to be abolished effective 31 December 1995, resulting in a net reduction of 4 posts in GCO (1 international Professional and 3 General Service). These posts will be transferred to the Division of Personnel to maximize the use of human resources.

/...

Table 1. GCO Income statement - 1993 actual, 1994 budget, latest estimates and 1995 proposed budget

	(In millions of United States dollars)								Variance	
	1993 Actual a/	%	1994 Budget g/	%	1994 Latest estimates	%	1995 Proposed	%	1996 vs. 1994 latest estimates	
									\$	%
PRODUCT LINE AND MARKETING										
Gross proceeds	138.1	100.0	167.0	100.0	148.0	100.0	166.1	100.0	8.1	6.5
Less: Commissions (including retention)	31.0		36.8		34.0		37.0		3.0	8.8
Net proceeds	107.1		120.2		114.0		119.1		5.1	4.5
Less: Cost of goods delivered	29.3		31.0		31.0		33.1		2.1	6.8
Operating costs	9.9		11.8		11.8		12.6		0.8	6.8
Allocated operating costs	8.4		10.2		9.0		9.7		0.7	7.8
Add: Other income - net	7.4		8.6		7.5		7.5		-	-
Net operating income - Product Line and Marketing	66.9	48.5	75.8	48.3	69.7	47.1	71.2	45.6	1.5	2.2
PRIVATE SECTOR FUND-RAISING										
Net proceeds - general resources	59.2		57.0		94.3		105.2		10.9	11.6
Less: Operating costs	5.3		7.6		7.6		9.1		1.5	19.7
Allocated operating costs	3.6		3.6		4.8		6.4		0.8	12.5
Net operating income - Private Sector Fund-raising b/	50.3		45.8		81.9		90.7		8.8	10.7
Net operating income - consolidated	117.2		121.6		161.6		161.9		10.3	6.8
Non-operating expenses:										
Less:										
Market Development Programme			6.0		2.5		4.0		1.5	60.0
Fund-raising Development Programme	7.0		5.0		5.0		7.0		2.0	40.0
Exchange rate adjustment	8.5		-		-6.5		-		6.5	0.0
Prior years' adjustments	1.3		-		-		-		-	0.0
Exhibits	0.2		0.1		0.1		0.1		-	0.0
Office move related costs	-		-		-		1.8		1.8	100.0
GCO share in UNICEF administrative costs	-		-		-		0.2		0.2	100.0
Others:										
Central and Eastern European National Committees	0.8		1.3		1.3		1.5		0.2	15.4
Development Programme										
Net consolidated income - general resources	99.4		110.2		149.2		147.3		-1.9	-1.3
Add: Supplementary funds - private sector fund-raising b/	40.5		72.8		85.2		96.9		11.7	13.7
Net consolidated revenues - general resources and supplementary funds	139.9		183.0		234.4		244.2		9.8	4.2
Card sales volume (millions)	164		165		168		162		4	2.5

a/ The comparative figures for 1993 and 1994 were restated to conform with the presentation of the 1996 proposed budget.

b/ Total private sector fund-raising income includes general resources and supplementary funds.

/...

**TABLE 1A. Summary of consolidated expenditures -
1994 budget, 1994 latest estimates and
1995 proposed budget**

	1994 Budget	1994 Latest estimates	1995 Proposed	Variance 1995 vs. 1994 latest estimates	
				\$	%
DIRECTOR'S OFFICE					
Operating costs	1.0	1.0	0.7	-0.3	(30.0)
PRODUCT LINE AND MARKETING					
Commissions - field offices	1.4	1.6	2.2	0.6	37.5
Cost of goods delivered	31.0	31.0	33.1	2.1	6.8
Operating costs	11.8	11.8	12.7	0.9	7.6
Subtotal	44.2	44.4	48.0	3.6	8.1
PRIVATE SECTOR FUND-RAISING					
Operating costs	7.6	7.6	9.1	1.5	19.7
OPERATIONS AND FINANCE					
Operating costs	12.8	12.8	14.3	1.5	11.7
OTHER NON-OPERATING ADJUSTMENTS					
Market Development Programme	5.0	2.5	4.0	1.5	60.0
Fund-raising Development Programme	5.0	5.0	7.0	2.0	40.0
Exhibits	0.1	0.1	0.1	-	-
Office move related costs	-	-	1.8	1.8	100.0
GCO share in UNICEF administrative costs	-	-	0.2	0.2	100.0
Central and Eastern European National Committees Development Programme	1.3	1.3	1.5	0.2	15.4
Subtotal	11.4	8.9	14.6	5.7	64.0
TOTAL EXPENDITURES	77.0	74.7 a/	86.7	12.0	16.1

a/ An exchange gain of \$6.5 million is shown in table I.

/...

**Table 2. GCO core and project posts:
1994 budget and 1995 proposed budget**

Category and level	1994 Budget	1995 Proposed	Variance 1995 vs. 1994
I. International Professional posts			
D - 2/L - 7	1	1	-
D - 1/L - 6	3	3	-
P - 5/L - 5	15	14	(1)
P - 4/L - 4	24	25	1
P - 3/L - 3	31	31	-
P - 2/L - 2	15	14	(1)
P - 1/L - 1	1	1	-
Total international Professional posts	90	89	(1)
II. Local posts			
General Service	135	132	(3)
National Officer	25	25	-
Total local posts	160	157	(3)
Total posts	250	246	(4)

/...

II. DIRECTOR'S OFFICE

A. 1995 objectives

21. The Director's Office provides managerial leadership to the division for the definition of overall objectives for GCO; and for the development, implementation and regular review of GCO policy decisions and their harmonious integration into the overall corporate priorities and objectives. The Director, GCO, ensures regular dialogue on the overall strategic direction of the division with GCO staff, National Committee partners, UNICEF field offices and other UNICEF divisions, especially the other divisions of the External Relations Group (Division of Information, Division of Public Affairs, the Programme Funding Office), as well as with the Division of Financial Management and the Programme Division.

22. The primary objective of the Director, GCO, during the 1995 GCO fiscal year, is to maximize income (from the private sector worldwide) for UNICEF programmes by focusing particular attention on markets with the highest unrealized revenue potential, improving the cost-effectiveness of the overall operation and shortening the design selection and product development cycle. With this in mind, the Director will oversee and manage the strategic planning process of the three functional groups of GCO, closely monitoring the progress and implementation of the GCO work plan, and ensure that the division achieves its established objectives within the budget approved by the Executive Board.

23. The 1995 financial objectives of GCO are to generate consolidated net revenues for UNICEF of \$244.2 million from Product Line and Marketing and Private Sector Fund-raising (\$147.3 million in general resources and \$96.9 million in supplementary funds), an increase of \$9.8 million over the latest 1994 estimates and \$104.3 million over 1993 actual. (Details for the two income-generating activities are described in sections below).

B. 1995 strategies

24. The strategies for achieving the above-mentioned objectives are:

(a) To oversee and manage the strategic planning process of the three functional groups, closely monitoring the progress and implementation of the GCO work plan, and to ensure that the division achieves its established objectives within the budget approved by the Executive Board;

(b) To organize the GCO Management Committee and to participate in the UNICEF BPRC with regard to GCO issues;

(c) To continue to make consistent efforts to place highly competent people with specialized technical expertise and relevant experience in all posts, giving due attention to human resources training and updating of skills at all levels in order to assist partners in National Committees and UNICEF field offices to reach agreed goals and revenue objectives;

(d) To ensure implementation in GCO of UNICEF human resource policies and plans and to continue the effective staff/management dialogue by chairing regular staff meetings and other institutional mechanisms of performance monitoring.

C. Analysis of 1995 budget expenditures

25. Budgeted expenditures for the Director's Office include the costs of the Office of the Director, the Personnel Unit (until December 1995) and support staff. Total costs for 1995 are forecast at \$0.7 million, a decrease of \$0.3 million when compared to the 1994 budget. This reduction is a result of the following:

/...

(a) Reflecting the salary and related expenses of the post of internal auditor (\$0.2 million) as non-operating expenses on the GCO income statement. The expenses of this post (which reports to the Director, Office of Internal Audit), previously were included in the GCO Director's Office;

(b) The posts of the GCO Personnel Unit are being abolished effective 31 December 1995. This will result in a reduction of related expenses of \$0.1 million for GCO in 1995.

D. Human resources

26. As mentioned in paragraph 20 above, the GCO Personnel Unit will be abolished effective 31 December 1995.

27. In addition, with the division's three functional groups fully staffed, the posts of Executive Assistant to the Director, GCO (international Professional at the P-3 level) and a secretary are being abolished and will be replaced by an Administrative Assistant, a senior General Service post.

/...

**Table 3. Director's Office: actual expenditures for 1993,
1994 budget , 1994 latest estimates
and 1995 proposed budget**

(In thousand of United States dollars)						
Expenditures	1993 Actual	1994 Approved budget	1994 Latest estimates	1995 Proposed budget	Changes 1995 vs. 1994 latest estimates	
					\$	%
Semi-fixed costs						
Professional project staff	-	-	-	-	-	-
General Service project staff	-	-	-	-	-	-
Short-term assistance	47	38	47	38	(9)	(19.1)
Travel, conference and liaison	45	48	48	48	-	-
Communications	20	28	28	31	3	10.7
Office supplies and services	12	8	8	8	2	33.3
Furniture and office equipment	4	5	4	5	1	25.0
Staff training	5	5	1	5	4	100.0
Others	13	13	10	11	1	10.0
Total semi-fixed costs	146	145	144	146	2	1.4
Fixed costs						
Core posts	533	518	537	319	(218)	(40.6)
Other benefits	233	229	211	151	(60)	(28.4)
Rent	48	96	96	120	24	25.0
Total fixed costs	814	843	844	590	(254)	(30.1)
Total expenses	960	988	988	736	(252)	(26.0)
Less allocation						
Product Line and Marketing	616	664	551	411	(140)	(25.3)
Private Sector Fund-raising	344	324	437	325	(112)	(25.6)
Total expenses after allocation	-	-	-	-	-	-

/...

**Table 4. Director's Office: core and project posts,
1994 budget and 1995 proposed budget**

Category and level	1994 Budget	1995 Proposed <u>a/</u>	Variance 1995 vs. 1994
I. International Professional posts			
D - 2/L - 7	1	1	-
D - 1/L - 6	-	-	-
P - 5/L - 5 <u>b/</u>	1	1	-
P - 4/L - 4	1	-	(1)
P - 3/L - 3	1	-	(1)
P - 2/L - 2	-	-	-
P - 1/L - 1	-	-	-
Total international Professional posts	4	2	(2)
II. Local posts			
General Service	5	2	(3)
National Officer	-	-	-
Total local posts	5	2	(3)
Total posts	9	4	(5)

a/ GCO Personnel Unit will be abolished effective 31 December 1995.

b/ This refers to the post of internal auditor funded from the GCO budget.

/...

III. PRODUCT LINE AND MARKETING

A. Introduction

28. In 1995/1996, the Product Line and Marketing Group will address a number of continuing challenges in structurally different settings.

29. In 1993, growth in sales volume was achieved for the first time since 1990. This was a much welcomed breakthrough from the previous stagnation in global sales due to the changes affecting Central and Eastern Europe as well as the world-wide recession. In 1993, sales volume increased 3 per cent over 1992. This resulted in an increase of 4 million additional cards sold over 1992 actuals.

30. Based on the latest estimates for the 1994 sales campaign, GCO partners reported 158 million cards sold, which is an increase of 4 million cards over 1993 actuals. Thus, it is clear that the trend away from stagnant sales is strengthening.

31. Regionally and nationally, the growth in sales volume has been uneven; in 1993, growth in all regions was achieved except in North America. The 1993 results demonstrated a revised trend of sales stagnation with increased sales volume over 1992 actuals in Europe of 1.6 per cent; in Latin America/Caribbean of 13.4 per cent; in Asia of 5.3 per cent; and in Africa/Middle East and North Africa of 1.9 per cent (see annex III).

32. Again, based on 1994 provisional results, increases in sales volumes are expected in all regions, including North America.

33. For the first time, UNICEF field offices will benefit from focused marketing expertise and guidance and also be regionally supported by the two regional support centres located in Brazil and Singapore. The increase in sales volume in UNICEF field offices as compared to 1994 latest estimates is expected to be 1.2 million cards (see table 11) and \$3.9 million in gross proceeds.

34. Changing emphasis in tax legislation has had an influence on the direction of GCO product line development which has been tailored to GCO core competencies in the paper-based area. Additionally, and in support of expanded marketing activities in the retail area by its partners, GCO is developing a targeted product line for this specific sales channel.

35. Provisional results from MDP investments, which support National Committee sales expansion strategies are encouraging. The matched funding through National Committees' MDP sales expansion activities are an opportune instrument to test the value of investments into market development strategies, with a year-end evaluation of benefits and effectiveness.

36. The fully staffed Market Research Section will provide the Product Line and Marketing Group with a first-hand analysis of the markets, customers, competitive environment and future potential.

B. 1995 objectives

37. The Product Line and Marketing Group will have a better platform for decision-making in 1995/1996 based on market research and on the analysis of tests both in product and market development carried out in 1994 and 1995.

38. The objectives of the Product Line and Marketing Group, in coordination with National Committees and UNICEF field offices and other partners, are as follows:

/...

- (a) To achieve global sales of 162 million cards, a projected increase of 4.0 million cards, or 2.5 per cent over the latest 1994 estimates;
- (b) To increase gross proceeds to \$156.1 million, a projected increase of \$8.1 million, or 5.5 per cent over the latest 1994 estimates;
- (c) To increase net operating income after the allocation of operating costs, (excluding MDP) to \$71.2 million, a projected increase of \$1.5 million (2.2 per cent) over the latest 1994 estimates;
- (d) To continue the shared investment in sales expansion strategies through MDP by increasing the number of National Committee participants and the funds invested;
- (e) To strengthen the management of the forecasting, order and distribution systems, with a continuing emphasis on the effective use of inventory products;
- (f) To approach the selling of cards and other products more dynamically in key markets which have not yet developed their full potential market share.

C. 1995 strategy

39. In order to achieve the objectives set for 1995, the following strategies have been developed:

- (a) In the area of card and other product development:
 - (i) To continue to direct the GCO card and product ranges towards year-round operation;
 - (ii) To source special product lines specifically geared towards the retail sector (National Committee shops);
 - (iii) To approach corporations proactively for partnerships, in cooperation with Private Sector Fund-raising, in addition to responding to approaches by corporations with a view to establishing multi-year income-generating alliances. This is intended to open up new and additional venues for income generation;
 - (iv) To further develop and expand a licensed additional product line;
 - (v) To finalize the new GCO packaging for cards and products in collaboration with market research;
 - (vi) To evaluate corporate partnership proposals and negotiate legal agreements ensuring that UNICEF is fully protected and derives optimum benefits;
 - (vii) To develop advocacy material for all card and non-card products;
 - (viii) To implement the new technology for art search, archiving, inventory access and design selection/voting both within GCO and at National Committee/UNICEF field office levels;
 - (ix) To collaborate with partners on themed product development and promotional approach;
 - (x) To expand products developed in UNICEF-supported programmes while ensuring GCO profitability and quality standards;

/...

- (xi) To expand the card product line, which exploits lucrative single card sales and special occasion market;
- (xii) To introduce a limited global core card and product collection for 1996;
- (b) In the area of market development:
 - (i) To define and implement marketing strategies aimed at expanding sales to the business/corporate sector;
 - (ii) To continue the emphasis on sales channel development, with a special focus on the expansion of National Committee shops;
 - (iii) To expand the testing of single card sales as well as special occasion card sales;
 - (iv) To expand MDP investment activities by increasing the number of National Committee participants in accordance with the test results of the GCO evaluation of 1994 MDP-supported tests;
 - (v) To use market research in identifying appropriate global strategies for the creative direction of promotional and publicity materials;
 - (vi) To improve, in collaboration with the Operations and Finance Group, the adequate and timely flow of products to sales partners, and to strengthen order monitoring from sales partners with enhanced forecasting and ordering systems to reduce inventory return ratios;
 - (vii) To ensure global forecasting, ordering and distribution systems with strengthened monitoring;
 - (viii) To fully integrate sales development strategies and activities for priority UNICEF field offices/regional support centres within the overall GCO marketing development management;
- (c) In the area of market research:
 - (i) To continue efforts with National Committees and UNICEF field offices to undertake an analysis of market potential with a view to identifying opportunities for increased income to UNICEF;
 - (ii) To develop and systematize research and testing done by GCO, National Committees and priority UNICEF field offices in order to accurately analyse the respective target groups and, in this context, to set up "barometers", i.e., yearly standardized measures of consumer attitudes and behaviours;
 - (iii) To develop a market research database for use by GCO, National Committees and priority UNICEF field offices. This database will cover the needs for both Product Line and Marketing and Private Sector Fund-raising;
 - (iv) To evaluate cross-over potential of Private Sector Fund-raising and Product Line and Marketing;
 - (v) To continue to build a library of relevant research material and to organize/analyse already collected data and share it regularly with partners;
 - (vi) To evaluate single card test results, both qualitatively and quantitatively, and test market reaction to the commercial distribution of single cards.

/...

D. Central and Eastern European National Committees Development Programme

40. A three-year Central and Eastern European National Committees Development Programme (see E/ICEF/1992/AB/L.6) was approved by the Executive Board in 1992 (E/ICEF/1992/14, decision 1992/40) to assist National Committees in covering their management costs and expenditures for raising awareness, general advocacy, information dissemination, sales network expansion and donor constituency-building. Originally, it was expected that these National Committees could be self-sustaining within a three-year period. The 1992 Executive Board approved an amount of \$530,000 from the GCO budget for investments and permitted the concerned National Committees to retain up to 100 per cent of the gross proceeds for the next three years.

41. As a result, the Committees' marketing and organizational capabilities were developed substantially, and the money was invested in business-building activities (Bulgaria, Czech Republic, Hungary, Poland, Romania, Slovakia). Some additional funds were directed to cover expenditures in advocacy and information dissemination, as well as overall operational costs. The cost of implementing the programme in 1993 amounted to \$0.8 million, which compares with a \$1.3 million projection for 1994.

42. As a result of market expansion in the region, sales of cards in Central and Eastern European countries have grown from 4.8 million in 1992 to 6.3 million in 1993, and are estimated at 6.8 million in 1994. Due to an active pricing policy and substantial product and cards expansion, gross proceeds have been growing even faster, from \$1.8 million in 1992 to \$2.3 million in 1993, and to an estimated \$3.3 million in 1994.

43. The number of National Committees in the region has increased from 6 (Bulgaria, Czech Republic, Hungary, Poland, Romania, Slovakia) to 10, and now includes the three Baltic States - Estonia, Latvia, Lithuania - as well as Slovenia.

44. According to the Development Programme formula approved by the Executive Board, the 6 countries presently benefiting from it will start contributing 20 per cent of their gross proceeds to UNICEF in 1995. Long-term work plans and budgets, including financial and volume targets, were developed for each country to the year 2000 and are being monitored regularly. Plans for 1995 call for further growth in card sales to 6.8 million units and gross proceeds of \$3.4 million. Based on those estimates, GCO is budgeting \$1.5 million for 1995. These costs are reflected under non-operating expenses in table 1.

E. Market Development Programme

45. In 1994, the Executive Board approved the five-year MDP with a budget of \$5 million for the first year (1994). This was to be used as investment funds to expand markets and increase product sales. To ensure maximum results, it was agreed that the MDP funds provided by GCO would be matched equally by the benefiting National Committee (see E/ICEF/1994/AB/L.6 for details).

46. In 1994, the first year of MDP, a total of 16 National Committees used MDP in support of 27 sales expansion projects. A total of \$2.5 million of MDP funds were used, which were matched equally by the National Committees for a total investment of \$5.0 million. The objectives were to increase card sales by an additional 9 million cards and produce additional gross proceeds of \$8 million. For 1995, with increased National Committee interest in this investment fund, \$4.0 million is proposed. Market development officers, using the positive results of tests done in 1995, will assist other National Committees with opportunities that proved successful in 1994 to either be tested in new markets or expanded in markets where the tests proved successful. (See the GCO

/...

provisional report for the 1994 season (E/ICEF/1995/AB/L.7) for a more detailed status report on the first year of MDP).

F. Budgeted income levels

47. Sales volume for 1995 is projected at 162 million cards, an increase of 4 million cards (2.5 per cent) when compared with the 1994 latest estimate of 158 million (see table 5). The increase in the 1995 sales volume is projected based on a strengthened world economy, MDP investments made in key markets during 1994 and new strategies initiated in 1994 and planned for in 1995. Annex III summarizes the 1995 card sales volume forecast for each major market by GCO sales region compared with the 1994 budget, the latest estimates for 1994 and 1993 actual. Annex III-A provides the details for National Committees, while annex III-B provides the details for major markets at UNICEF field offices.

48. Gross proceeds from product sales for 1995 are expected to range from a low of \$152 million to a high of \$160 million (see annex I). The medium projection is \$156.1 million, an increase of \$8.1 million (5.5 per cent) when compared to the latest 1994 estimates.

49. The net proceeds for 1995 are projected at \$119.1 million, \$5.1 million (4.5 per cent) higher than the 1994 latest estimates. This is after the amounts retained by National Committees (\$34.8 million) and commissions paid to consignees by UNICEF field offices (\$2.2 million).

50. "Other income - net" for 1995 is projected at \$7.5 million, the same as the latest 1994 estimate. This includes royalties from the Pressed Flower Programme in Japan, royalties from the sale of other licensed products, donations generated from brochures, and order forms, bank interest and discount on purchases.

51. For 1995, the net operating income from the Product Line and Marketing Group (after the allocation of operating costs, but excluding MDP) is projected at \$71.2 million (45.6 per cent of gross proceeds), an increase of \$1.5 million (2.2 per cent) and \$4.2 million (6.3 per cent) when compared to the 1994 latest estimate and 1993 actuals, respectively.

G. Analysis of 1995 budgeted expenditures

52. For 1995, total expenses for the Product Line and Marketing Group, including commissions paid to consignees by UNICEF field offices (\$2.2 million), are projected at \$48.0 million. This compares with the latest estimates for 1994 of \$44.4 million, comprising total expenses (\$42.8 million) and commissions paid to consignees by field offices (\$1.6 million). This increase is due primarily to the negative effect of the difference in exchange rates used for the 1994 and 1995 budgets of \$1.9 million, higher cost of goods for increased volume and changed product mix of \$0.5 million, the increase in commissions paid to consignees by field offices of \$0.6 million and field office expenses of \$0.6 million. All other increases in costs, including mandatory salary increases, have been offset by cost reductions in other areas, including travel, conference and liaison, and market research and development.

53. To make the review of the performance of the Product Line and Marketing Group more transparent, the field offices' expenses related to Product Line and Marketing have been included under operating expenses in table 5. The increase in UNICEF field office costs are essential initial investments to strengthen infrastructure in preparation for their accelerated future growth.

/...

H. Human resources

54. The Product Line and Marketing Group has 56 posts, comprising 25 international Professional (the same as in 1994) and 31 General Service (29 in 1994).

55. In 1995, in order to strengthen the marketing effort in markets with high potential, a post of senior market development officer at the L-4 level in New York will be established. This will be an offset against the post of chief, market research, planning and analysis, L-5, in Geneva which is being abolished and is currently vacant.

56. Due to the shift of marketing responsibilities from New York to the regional support centres, the L-2 post of assistant market development officer in New York will be abolished. As an offset, an L-2 post as assistant, order and distribution officer will be established in New York. The globalization of forecasting, order and distribution, as well as improved inventory management, make the additional staff resources in this area indispensable. This post will ensure the accurate and timely distribution of products to National Committees and UNICEF field offices.

57. Two General Service posts, which were previously in the design studio (Private Sector Fund-raising Group) but worked predominantly with product line and marketing, have been internally redeployed to the Product Line and Marketing Group.

/...

Table 5. Product Line and Marketing Group:
income and expenditures for 1993 actual,
1994 budget, 1994 latest estimates
and 1995 proposed budget

	1993 ^{a/} Actual	%	1994 ^{a/} Approved budget	%	1994 Latest estimates	%	1995 Proposed budget	%	Changes 1995 versus 1994 latest estimates	
Card sales volume (millions)	154		165		158		162		4	2.5
(In thousands of United States dollars)										
Gross proceeds	138,093	100	157,000	100	148,000	100	156,100	100	8,100	5.5
Less: National Committees' retention	29,434	21.3	35,408	22.6	32,355	21.9	34,766	22.3	2,411	7.5
Commissions paid by field offices	1,484	1.1	1,439	0.9	1,645	1.1	2,234 ^{b/}	1.4	589	35.8
Net proceeds	107,175	77.6	120,153	76.5	114,000	77.0	119,100	76.3	5,100	4.5
Direct production costs	19,553	14.2	20,251	12.9	20,251	13.7	22,020	14.1	1,769	8.7
Indirect production costs										
Freight, duties and taxes	2,967		3,678		3,678		3,775		97	2.6
Storage	273		192		192		222		30	15.6
Indirect labour and benefits	330		295		295		396		101	34.2
Maintenance, supplies and services	407		561		561		334		(227)	(40.5)
Promotional materials	5,848		6,061		6,061		6,350		289	4.8
Total indirect production costs	9,825	7.1	10,787	6.9	10,787	7.3	11,077	7.1	290	2.7
Semi-fixed costs										
Professional project staff	2,008		2,400		2,400		2,568		168	7.0
General Service project staff	1,912		2,055		2,055		2,434		379	18.4
Short-term assistance	201		223		223		228		5	2.2
Travel, conference and liaison	686		663		663		400		(263)	(39.7)
Communications	123		165		165		183		18	10.9
Office supplies and services	19		42		42		58		16	38.1
Product research and development	1,391		792		792		792		-	-
Furniture and office equipment	30		50		50		50		-	-
Staff training	19		50		50		50		-	-
Market research and development	-		1,000		643		500		(143)	(22.2)
Field office expenses	2,733		2,341		2,598		2,978		380	14.6
Regional support centres' expenses	-		874		974		1,207		233	23.9
Others	31		33		33		25		(8)	(24.2)
Total semi-fixed costs	9,153	6.6	10,688	6.8	10,688	7.2	11,473	7.3	785	7.3
Fixed costs										
Core posts	218		259		259		312		53	20.5
Other benefits	88		175		175		200		25	14.3
Rent	402		644		644		658		14	2.2
Depreciation	-		30		30		-		(30)	(100.0)
Total fixed costs	708	0.5	1,108	0.7	1,108	0.7	1,170	0.7	62	5.6
Total expenses	39,239	28.4	42,834	27.3	42,834	28.9	45,740 ^{b/}	29.3	2,906	6.8
Add: Other income	7,459	5.4	8,560	5.5	7,500	5.1	7,500	4.8	-	-
Net operating income before allocation	75,395	54.6	85,879	54.7	78,666	53.2	80,860	51.8	2,194	2.8
Less: Allocation of operating costs										
Director's Office	616		664		551		411		(140)	(25.3)
Operations and Finance	7,784		9,510		8,416		9,250		834	9.9
Net operating income after allocation	66,995		75,705		69,699		71,199		1,500	2.2
Less: Market Development Programme (MDP)	-		5,000		2,500		4,000		1,500	60.0
Net operating income after allocation and MDP	66,995		70,705		67,199		67,199		-	-
Percentage of gross proceeds before MDP	48.5		48.2		47.1		45.6			
Percentage of gross proceeds after MDP	48.5		45.0		45.4		43.0			

^{a/} The figures for 1993 and 1994 have been restated to conform with the 1995 presentation.

^{b/} Excludes commissions paid by field offices of \$2.2 million which are reflected as commissions above. Thus, total expenses for Product Line and Marketing, including commissions paid by field offices, amount to \$48.0 million (see table 1A).

/...

**Table 6. Product Line and Marketing Group:
core and project posts,
1994 budget and 1995 proposed budget**

Category and level	1994 Budget	1995 Proposed	Variance 1995 vs. 1994
I. International Professional posts			
D - 2/L - 7	-		-
D - 1/L - 6	1	1	-
P - 5/L - 5	5	4	(1)
P - 4/L - 4	4	5	1
P - 3/L - 3	9	9	-
P - 2/L - 2	6	6	-
P - 1/L - 1	-	-	-
Total international Professional posts	25	25	-
II. Local posts			
General Service	29	31	2
National Officer	-	-	-
Total local posts	29	31	2
Total posts	54	56	2

/...

IV. PRIVATE SECTOR FUND-RAISING

A. Introduction

58. During 1994, a large number of National Committees for UNICEF showed sustained growth in their private sector fund-raising income despite difficult economic conditions in industrialized countries and the increased competition for private sector funding, particularly in Europe and North America. This was achieved through improved joint planning and increased professionalism within the National Committees; closer cooperation between the fund-raising support team in GCO with their National Committee counterparts; improved knowledge of respective markets and the competition; the timely provision of fund-raising materials to meet their needs; increased investments in National Committee fund-raising programmes from the Board-approved FDP and research and development funds; and training and orientation in private sector fund-raising methods provided to National Committee staff.

59. Special attention has been given to providing support to National Committees that in the past have been less active in private sector fund-raising and expressed the wish to work hand-in-hand with GCO to better understand the potential of their markets and expand their private sector fund-raising initiatives. In addition to the traditionally strong private sector fund-raising committees, it is worth mentioning that Australia, Denmark, Finland, New Zealand, Norway and Portugal, who should be commended for their efforts in this regard. It is anticipated that private sector income from each of those National Committees should show substantial growth in 1995.

60. A major step has been taken by the Japan Committee for UNICEF in the funds raised from the private sector, especially in the area of direct appeals. The Japan Committee for UNICEF expanded its donor base from 90,000 to 300,000 households and increased the private sector income generated by direct response appeals alone from \$3.0 million in 1993 to an estimated \$15 million in 1994. This increase was achieved largely as a result of a decision by the Committee to institute joint international appeals to the Japanese public from the Executive Director of UNICEF and the Chairman of the Japan Committee for UNICEF.

61. Efforts to consolidate private sector fund-raising activities in developing countries where this was already in progress have provided tangible proof of the potential of these markets, and the willingness of individuals and corporations to support UNICEF in its efforts to help children in developing countries was well documented. This has been particularly notable in a number of countries in Latin America, including Argentina, Brazil, Ecuador and Mexico. The priority given to private sector fund-raising by the UNICEF Regional Director for Latin America and the Caribbean and the representatives in this region, coupled with the efforts of the now fully functional/operational GCO regional support centre in Rio de Janeiro, have resulted in real and substantial gains. Tapping this potential will enable UNICEF and the Governments of the region to make available to programmes for children, financial resources beyond those available through national budgets, UNICEF general resources contributions and funds made available to these countries by donor Governments and other donor agencies. While progress in Asia has been slower owing to a lack of prior experience in fund-raising, tangible progress is under way with the Singapore regional support centre in full operation and the post of private sector fund-raising officer is now filled.

62. With national private sector fund-raising officers in place in most of the 10 GCO priority countries, and with most of them having received initial orientation and training in private sector fund-raising, situation analyses of the opportunities for private sector fund-raising in each of these countries is well under way. The preliminary findings of the studies have been instrumental in preparing the work plans, expenditures and projections of income for 1995.

/...

63. Progress in private sector fund-raising in Central and Eastern Europe by UNICEF National Committees is being made. These transitional markets create new challenges and opportunities and require time and patience to develop.

64. With the growing importance of the private sector as a source of additional funding for UNICEF-supported programmes, the need is increasing for additional research and development and FDP resources to help National Committees and UNICEF field offices develop their market potential, expand their respective donor bases and extend their capacity to raise more funds on a sustainable basis. In spite of these efforts, the present work plan and budget makes additional savings in GCO private sector fund-raising operational costs, while expanding the investment funds available to help partners.

65. To better meet the needs of National Committees for fund-raising materials, GCO undertook an in-depth review of country, thematic and emergency fund-raising and how they can be improved to better serve this important function. The outcomes of this evaluation were reviewed and discussed at the November 1994 meeting of the Working Group on Private Sector Fund-raising of National Committees and will allow for improved support to partners in this critical area.

B. 1995 objectives

66. The overall objective of the Private Sector Fund-raising Group in GCO in 1995 will continue to be to provide technical, financial and material support and guidance, when desired and solicited, to National Committees, UNICEF field offices and other partners in the planning and implementation of their private sector fund-raising activities.

67. Given the positive results achieved in 1993 and projected for 1994, the target for 1995 is to increase funds raised by the National Committees and UNICEF field offices from the private sector from the latest 1994 estimates of \$179.5 million (\$94.3 million for general resources and \$85.2 million in supplementary funds), to \$202.1 million (\$105.2 million for general resources and \$96.9 million in supplementary funds) in 1995. The net operating income (general resources only) after the allocation of operating costs, but excluding FDP costs is projected to rise from the latest 1994 estimates of \$81.9 million to \$90.7 million in 1995, an increase of \$8.8 million (10.8 per cent). The net operating income, including supplementary funds contributions, is forecast at \$180.6 million, an increase of \$18.5 million (11.4 per cent) over the latest 1994 estimates. The target amount is based on consultations with National Committees, UNICEF field offices and other partners and long-term actions currently being implemented. Raising funds for UNICEF general resources will remain, however, the priority wherever conditions and circumstances allow.

68. GCO will maintain its support to partners in achieving the above results through targeting of the human and financial resources at its disposal towards those areas that would provide highest growth potential, with a particular focus upon sustainability. GCO cost increases to support private sector income generation will be maintained at existing levels, after making allowances for inflation. At the same time, GCO is calling for increases in funds available for investments by National Committees and UNICEF field offices, in line with the projected increases in net proceeds from these private sector partners.

C. 1995 strategies

69. GCO will achieve the overall objectives in private sector fund-raising through the following strategies:

/...

- (a) By further strengthening the collaborative strategic planning process with National Committees, in line with the recommendations of the Working Group on Private Sector Fund-raising as well as with field offices;
- (b) By identifying earlier, the needs of partners for support to enable better planning of human and financial resource mobilization;
- (c) By keeping abreast of developments and opportunities in private sector fund-raising, identifying and testing, with partners, those methodologies that have the potential to increase contributions from the private sector;
- (d) By developing fund-raising materials to better meet the fund-raising needs of partners, capitalizing on the outcome of the evaluation to assess the impact of the kits, the "Review of the Year", the pocket diary and other materials on increasing income;
- (e) By conceptualizing and providing materials that would build donor loyalty, strengthen the efforts of partners to upgrade individual donors and satisfy the needs of corporate supporters;
- (f) By assisting partners to strengthen their approaches to corporations interested in or with potential for cause-related marketing in conjunction with UNICEF and by helping these National Committees and field offices to develop partnerships attractive to these donors and to research corporations to be targeted, working with them to meet the marketing needs of these corporations while safeguarding the interests of UNICEF;
- (g) By supporting the computerization of the donor bases of partners, professionalizing the analysis and segmentation of donors, automating their receipt and acknowledgment of funds, and planning and analysing results of all campaigns;
- (h) By identifying ways in which to capitalize on exhibits for fund-raising purposes and employing interactive technologies in their production;
- (i) By strengthening cooperation between UNICEF and its partners, as well as among the partners themselves, through clearing-house functions and serving as the secretariat for the organization of the meeting of the National Committees Working Group on Private Sector Fund-raising;
- (j) By providing opportunities for private sector fund-raising staff from National Committees to visit field offices to get acquainted with the work of UNICEF at the field level and to be better equipped to plan and implement their campaigns;
- (k) By organizing training workshops and other training opportunities for UNICEF field office and regional staff as well as National Committee staff, as required, who play a lead role in private sector fund-raising;
- (l) By continuing to liaise with other United Nations agencies engaged in private sector fund-raising and co-hosting the annual meeting of these agencies to ensure coordination of efforts, clarity of messages within respective mandates and to avoid confusion of private sector donors.

D. 1995 budgeted income levels

70. Net proceeds from UNICEF private sector fund-raising activities are projected at \$202.1 million, of which \$105.2 million are for general resources and \$96.9 million in supplementary funds. The general resources component of this amount represents an increase of \$46 million (77.8 per cent) over 1993 actual, and \$10.9 million (11.6 per cent) above the latest 1994 estimates.

/...

71. The net operating income for the Private Sector Fund-raising Group for 1995, prior to the allocation of operating costs and FDP, is projected to be \$193.0 million (\$96.1 million for general resources and \$96.9 million in supplementary funds). This represents an increase of \$98.6 million (104.5 per cent) when compared to 1993 actual, and \$21.0 million (12.2 per cent) higher than the latest 1994 estimates. After the allocation of operating costs and the investment in FDP, the net operating income for this group is projected at \$180.6 million (\$83.7 million for general resources and \$96.9 million in supplementary funds). The \$83.7 million for general resource represents an increase of \$6.8 million (8.9 per cent) over the latest 1994 estimates and \$40.4 million (93.3 per cent) higher than 1993 actual. Detailed projections for 1995 compared with the 1994 latest estimates of net proceeds by country (National Committees and UNICEF field offices) are presented in annex II.

E. Analysis of 1995 budgeted expenditures

72. For 1995, GCO has budgeted expenditures of \$9.1 million for private sector fund-raising (excluding FDP), an increase of \$1.6 million (20.8 per cent) over the latest 1994 estimates. The increase is due mainly to mandatory salary increases (\$0.6 million), UNICEF field offices expenses (\$0.8 million), research and development costs (\$0.1 million) and rent (\$0.1 million).

73. For increased transparency, and to facilitate the review of the profitability of the Private Sector Fund-raising Group, the UNICEF field office expenses related to private sector fund-raising have been included in table 7. They are budgeted on the basis of detailed fund-raising activities planned for the 10 priority countries which are projected to generate net proceeds of \$20.1 million for UNICEF programmes in 1995, an increase of \$7.5 million (59.5 per cent) over the 1994 latest estimates (see table 11). The UNICEF field office expenses include staffing costs, travel and other related expenses necessary to support the planned fund-raising activities. The research and development costs are budgeted to provide support to both National Committees and UNICEF field offices in generating income from the private sector.

F. Fund-raising Development Programme

74. FDP was initially approved by the Executive Board in 1991 for a three-year period (1991-1993) (E/ICEF/1991/15, decision 1991/35). However, because of its success and invaluable support to GCO partners, the 1994 Executive Board extended FDP for an additional five years (E/ICEF/1994/13, decision 1994/A/9).

75. Based on the very encouraging results from the Fund-raising Development Programme investments to date (for a detailed status report, please refer to the GCO provisional report for 1994 E/ICEF/1995/AB/L.7), GCO proposes a budget of \$7.0 million for 1995. This will enhance opportunities for expanding donor constituencies without which this may not be possible.

G. Human resources

76. To continue to provide technical support from headquarters to National Committees in North America and the Pacific regions, an L-3 fund-raising officer post is being established in New York. This post will be an offset against the P-3 post of executive assistant in the Director's Office which has been abolished.

77. As indicated in the human resources changes for Product Line and Marketing, two General Service posts are being transferred from Private Sector Fund-raising (typesetter and design/graphic assistant) to the Product Line and Marketing Group.

/...

78. To support the Chief, Celebrities and Events Officer in Geneva, a G-5 assistant post is being established. As an offset, the post of fund-raising assistant in Geneva will be abolished.

79. In addition, the General Service post of the Visitor Centre Assistant in New York has been abolished.

80. Given that the market research officers serve both Product Line and Marketing and Private Sector Fund-raising, and to ensure transparency, 50 per cent of the staff costs related to market research are now charged to the Private Sector Fund-raising budget.

/...

**Table 7. Private Sector Fund - raising Group:
income and expenditures for 1993 actual,
1994 budget, 1994 latest estimates
and 1995 proposed budget**

(In thousands of United States dollars)										
	1993 Actual	%	1994 Budget	%	1994 Latest estimates	%	1995 Proposed budget	%	Changes 1995 vs. 1994 latest estimates	
									\$	%
<i>Net proceeds (general resources)</i>	59,211	100	57,000	100	94,300	100	105,248	100	10,948	11.6
<u>Operating costs</u>										
Professional project posts	1,691		1,318		1,318		1,724		406	30.8
General Service project posts	813		873		873		1,030		157	18.0
Short - term assistance	34		40		40		52		12	30.0
Travel, conference and liaison	351		319		319		319		-	0.0
Communications	71		93		93		105		12	12.9
Office supplies and miscellaneous services	203		306		306		235		-71	-23.2
Furniture, office and equipment	86		64		64		33		-31	-48.4
Rent and maintenance of equipment	38		20		20		33		13	65.0
Staff training	26		50		50		50		-	0.0
UNICEF House Gift Shop	16		40		40		-		-40	-100.0
Field office expenses	200		1,387		1,537		2,396		859	55.9
Regional support centres' expenses			1,107		1,227		1,234		7	0.6
Others	23		40		40		36		-4	-10.0
Core posts	141		132		132		147		15	11.4
Other benefits	87		83		83		95		12	14.5
Rent	286		327		327		410		83	25.4
Total operating costs	4,066	6.9	6,199	10.9	6,469	6.9	7,899	7.6	1,430	22.1
Research and development costs	1,253		1,350		1,080		1,220		140	13.0
Total expenses	5,319	9.0	7,549	13.2	7,549	8.0	9,119	8.7	1,570	20.8
<i>Net operating income before allocation</i>	53,892		49,451		86,751		96,129		9,378	10.8
Less: Allocation of operating costs										
Director's Office	344		324		437		325		-112	-25.6
Operations and Finance	3,209		3,324		4,418		5,070		652	14.8
<i>Net operating income after allocation</i>	50,339		45,803		81,896		90,734		8,838	10.8
Less: Fund-raising Development Programme (FDP)	7,033		5,000		5,000		7,000		2,000	40.0
<i>Net operating income after allocation and FDP</i>	43,306	73.1	40,803	71.6	76,896	81.5	83,734	79.6	6,838	8.9
Add: Supplementary funds contributions	40,479		72,806		85,200		96,856		11,656	13.7
<i>Net operating income including supplementary funds</i>	83,785		113,609		162,096		180,590		18,494	11.4

a/ The comparative figures for 1993 and 1994 were restated to conform with the 1995 presentation.

/...

**Table 8. Private Sector Fund - raising Group:
core and project posts,
1994 budget and 1995 proposed budget**

Category and level	1994 Budget	1995 Proposed	Variance 1995 vs. 1994
I. International Professional posts			
D - 2/L - 7	0	0	-
D - 1/L - 6	1	1	-
P - 5/L - 5	2	2	-
P - 4/L - 4	3	3	-
P - 3/L - 3	5	6	1
P - 2/L - 2	2	2	-
P - 1/L - 1	1	1	-
Total international Professional posts	14	15	1
II. Local posts			
General Service	17	14	(3)
National Officer	-	-	-
Total local posts	17	14	(3)
Total posts	31	29	(2)

/...

V. OPERATIONS AND FINANCE

A. Introduction

81. The Operations and Finance Group will provide support to the Director and to the two GCO income-generating activities in transforming GCO into a high-tech operation as it emerges as a major income source for UNICEF. This transformation has already commenced with the acquisition of the most modern financial and manufacturing software package from Oracle systems which is now being adapted to GCO user requirements. Art imaging on compact disks, used in art selection and voting, has been implemented. The next phase will be its expansion into inventory management and production. Electronic communications, widely used and tested in many organizations, are currently being used in GCO New York, Geneva, Rio de Janeiro and Singapore, and will soon be expanded to National Committees and UNICEF field offices in GCO priority countries. This communication technology enables the immediate and cost-effective electronic transfer of text and data information. In 1993-1994, GCO carried out a production facilities study that evaluated where GCO should produce its products; in 1995, GCO will examine how to improve upon the complete production cycle. The possibility of procuring and/or acquiring new product lines, especially for the single card market, will be examined. GCO must identify and implement new methods of bringing the product from the producer to the ultimate consumer given its entrance into the single card market. The concept of establishing internal task forces to support team-building, while addressing major challenges such as opening new business approaches in markets with high potential but low UNICEF penetration, the migration from the existing GCO computer hardware and software systems and modernizing inventory forecasting and its impact on inventory management will be encouraged vigorously.

B. 1995 objectives

82. The objectives of the Operations and Finance Group are to provide services and support to the division in its efforts to generate maximum income from the private sector and to secure a stable internal source of funding for UNICEF programmes. With this overall objective in mind, the operational objectives of the Operations and Finance Group are:

(a) To provide support in all aspects of managing the division in areas such as policy and procedure development, corporate planning, and monitoring and evaluation of all corporate strategies and work plans to assure the maximization of income and assist in coordination with other UNICEF divisions, especially on financial, technical and legal aspects;

(b) To further streamline work plan processes and monitoring mechanisms to ensure that GCO targets are achieved and provide adequate coordination;

(c) To provide financial and administrative services such as financial planning, budgeting and accounting consistent with overall financial regulations and rules (and the GCO supplement) of UNICEF;

(d) To implement and complete critical management information systems projects such as migration from WANG VS to local area networks, updating and revising all commercial system applications, expanding the GCO art imaging system to image selection and inventory management for cards and other products, improving telecommunications and developing an inventory/reservation system worldwide;

(e) To complete GCO policy and procedure manuals for GCO headquarters, regional support centres and UNICEF field offices;

(f) To produce and procure quality cards and other products for sale in a timely and cost-efficient manner, and to rationalize the production and

/...

distribution of products on a global scale through adequate inventory, warehousing, shipment and procurement systems;

(g) To provide leadership and management support to the two regional support centres in Singapore and Rio de Janeiro, and to provide guidance to these centres and UNICEF field offices to achieve the targeted income projections.

C. 1995 strategies

83. In order to meet the objectives set for 1995, the following strategies have been developed:

(a) In the area of planning and coordination:

- (i) To engage in the research and analysis of strategic corporate planning approaches with the goal of introducing more practical "planning concepts" into the work planning process;
- (ii) To redesign the 1996 fiscal year work planning package, reflecting the changes in GCO work plan and budget processes involving National Committees and UNICEF field offices;
- (iii) To provide support and coordination on work plan development, implementation, monitoring and evaluation of various sections and units;
- (iv) To advise GCO management regarding any substantive deviation from the plan and the potential impact on financial and operational results;
- (v) In coordination with the regional support centres, to develop a manual on GCO-related activities for their use and the use of UNICEF field offices;

(b) In the area of finance and administration: This incorporates financial monitoring to enhance GCO profitability by controlling expenses against budget, recommending financial feasibility and implications of policies and procedural decisions, including the use of MDP, FDP and research and development funds:

- (i) To provide GCO management with accurate and timely financial reports and analysis to assist and facilitate financially sound decision-making;
- (ii) To provide management with performance indicators by lines of business and partners to maximize UNICEF income;
- (iii) To provide financial analysis for prospective business opportunities for incremental income for UNICEF;
- (iv) To facilitate implementation of UNICEF financial instructions (Financial Circular No. 37) that enable the utilization of income from the private sector for in-country programmes at the UNICEF field office level;
- (v) To provide guidance to the regional support centres on financial and administrative issues in order to facilitate the monitoring of GCO-related activities at UNICEF field offices;

/...

- (vi) To coordinate with the Management Information Systems Section on the computer migration project and in updating and revising all financial systems applications globally;
- (vii) To cooperate with the Planning and Coordination Unit in completing the finance and administration-related section of the Policy and Procedure Manual;
- (c) In the area of operations:
 - (i) To harmonize the forms and procedures used in New York and Geneva for order fulfilment, collating, packaging and shipping in order to establish a global common system;
 - (ii) To streamline production processes in New York and Geneva with the aim of improving product quality and timely delivery and reducing the cost of goods delivered by maintaining appropriate inventory levels;
 - (iii) To review and monitor adherence to the return policy with National Committees;
 - (iv) To conduct a review of GCO warehouse utilization, taking into consideration the storage capacity of National Committees, with the aim of improving inventory management;
 - (v) To review and improve current delivery system in order to streamline the procedures for the transfer of cards and non-card products between New York and Geneva;
 - (vi) To conduct a global search of product manufacturers who satisfy GCO requirements of product quality and quantity, competitive pricing and reliable timely delivery schedule;
 - (vii) To coordinate with the Management Information Systems Section to implement the computer system of procurement, production and warehouse on the new local area network;
 - (viii) To review office space requirements and provide GCO management with estimates of office space and storage facilities, to assist in space layout and design, and to coordinate the move to new locations in both Geneva and New York;
 - (ix) To cooperate with the Planning and Coordination Unit to complete the section related to operations of the GCO Policy and Procedure Manual;
- (d) In the area of management information systems:
 - (i) GCO art imaging system: To operationalize the system on the local area network, to stabilize the art search module and to develop the marketing module and production/inventory module;
 - (ii) Regional support centre systems: To convert the system from a stand-alone to a local area network version and to train the regional support centre staff appropriately;
 - (iii) GCO field office system (GCFOS): To explore the feasibility of providing GCFOS to all UNICEF field offices and to study the possibility of converting the system to a local area network;

/...

- (iv) Migration project: To implement a parallel run of the Wang VS system and the new Oracle system on the local area network, and to install the system in Geneva in order to incorporate the Geneva requirements into the system development process;
- (v) Electronic mail: To make CC:MAIL operative in both New York and Geneva and facilitate the use of Internet for communication with the National Committees and UNICEF field offices;
- (vi) Coding Task Force: To modify current coding systems in order to optimize the use of the newly designed computer applications.

D. Analysis of 1995 budgeted expenditures

84. Total expenditures (before allocation) of \$14.3 million are projected for 1995, an increase of \$1.5 million (11.6 per cent) when compared to the 1994 latest estimates (see table 9). The major part of the increase is attributable to the negative effect of the difference in the exchange rates used for the 1994 and the 1995 budgets of \$0.6 million, the mandatory salary increase of \$0.4 million and costs related to the computer migration project of \$0.3 million. Thus, excluding the mandatory and exchange impact, the Operations and Finance Group expenditures increased by \$0.5 million or 3.9 per cent over the 1994 latest estimates.

85. The increases in expenses related to the GCO computer migration project from the WANG platform (\$0.3 million) to Oracle, the new computer platform for GCO, include ongoing customization costs (\$0.2 million) and the cost for computer services and maintenance (the conversion cost of data from WANG to Oracle - \$0.1 million). It should be noted that the investments in both staff training and computer software are indispensable in order to enhance and maintain human resources with management information systems' capabilities. Constant investment is essential to ensure productivity with corporate growth.

86. The increase in volume and the expanded product mix have necessitated the expansion of GCO warehouse facilities in Huningue, France. In addition to the contributions that would be made by the French National Committee to UNICEF programmes, 4.0 million French francs have been set aside by the Committee for the Chamber of Commerce (the landlord of the warehouse) to finance the extension of the warehouse in Huningue. This assistance by the Committee will have a very favourable impact on rental expenses that would be paid by UNICEF/GCO for the use of the warehouse.

E. Human resources

87. To strengthen the Management Information Systems Unit, necessary to support the new GCO Oracle environment, the P-2 post of the computer programmer in New York is being abolished and a new post of a systems analyst at the P-4 level is being established. In addition, the existing P-3 post in Geneva is being upgraded to P-4. Both systems analysts will function as database administrators, is required by the GCO future Oracle system, an industry standard for organizations that use industrial-strength systems such as Oracle.

88. With the additional workload of supervising and supporting the two regional support centres and the priority countries, a General Service post of administrative assistant is being established through an internal redeployment from the Director's Office to the office of the Deputy Director, Operations and Finance group.

/...

**Table 9. Operations and Finance Group:
expenditures for 1993 actual, 1994 budget,
1994 latest estimates and 1995 proposed budget**

(In thousands of United States dollars)						
Expenditures	1993 Actual	1994 Budget	1994 Latest estimates	1995 Proposed budget	Changes 1995 versus 1994 latest estimates	
					\$	%
Semi-fixed costs						
Professional project staff	1,161	1,244	1,244	1,304	60	4.8
General Service project staff	1,626	1,798	1,798	2,170	372	20.7
Short - term assistance	574	401	401	485	84	20.9
Travel, conference and liaison	279	364	364	364	-	0.0
Communications	207	283	283	283	-	0.0
Office supplies and services	189	270	270	288	18	6.7
Product development and design samples	3	30	30	30	-	0.0
Furniture and office equipment	216	180	180	92	-88	-48.9
Computer software	163	500	500	680	180	36.0
Computer services and maintenance	273	657	657	697	40	6.1
Staff training	28	100	100	100	-	0.0
Others a/	342	432	432	527	95	22.0
Total semi-fixed costs	5,061	6,259	6,259	7,020	761	12.2
Fixed costs						
Core posts	3,036	3,008	3,008	3,378	370	12.3
Other benefits	1,271	1,472	1,472	1,716	244	16.6
Rent	1,305	1,452	1,452	1,549	97	6.7
Depreciation	216	523	523	537	14	2.7
Payments to UNICEF b/	105	120	120	120	-	0.0
Total fixed costs	5,932	6,575	6,575	7,300	725	11.0
Total expenses before allocation	10,993	12,834	12,834	14,320	1,486	11.6
Less: allocation						
Product Line and Marketing	7,784	9,510	8,416	9,250	834	9.9
Private Sector Fund-raising	3,209	3,324	4,418	5,070	652	14.8
Total expenses after location	-	-	-	-	-	-

a/ Insurance, diplomatic pouch, external auditors, legal fees, etc.

b/ For common services, e.g., electronic data, information, legal.

/...

**Table 10. Operations and Finance Group:
core and project posts,
1994 budget and 1995 proposed budget**

Category and level	1994 Budget	1995 Proposed	Variance 1995 vs. 1994
I. International Professional posts			
D - 2/L - 7	-	-	-
D - 1/L - 6	1	1	-
P - 5/L - 5	4	4	-
P - 4/L - 4	9	11	2
P - 3/L - 3	16	15	(1)
P - 2/L - 2	7	6	(1)
P - 1/L - 1	-	-	-
Total international Professional posts	37	37	-
II. Local posts			
General Service	54	55	1
National Officer	-	-	-
Total local posts	54	55	1
Total posts	91	92	1

/...

VI. REGIONAL SUPPORT CENTRES AND UNICEF FIELD OFFICES

A. Introduction

89. In 1993, the Executive Board decided that funds raised by UNICEF field offices through private sector fund-raising activities and GCO product sales could be used to finance unfunded Board-approved supplementary-funded programmes within that country (decision 1993/12 C.1 and C.2). This landmark decision has now given UNICEF field offices a tremendous impetus to raise funds from the private sector for their respective country programmes; this includes many of the markets in developing countries with very strong potential. In 1994, GCO put in place the structure that would support implementation of the decision. A direct consequence of the decision is a very significant increase in projected income from GCO activities at the field level.

90. On 20 May 1994, the Executive Director issued executive directive CF/EXD-IC/1994-005 on the clarification and focusing of GCO activities in UNICEF field offices. The directive discusses, *inter alia*, the appropriation of net income from product sales and gross income from private sector fund-raising for in-country programmes. On 17 October 1994, the Controller issued Financial Circular No. 37 (CF/DFM/1994/29), which prescribes the guidelines regarding the allocation of funds raised through GCO-supported activities to Board-approved programmes in the country in which the funds were raised.

91. Within the context of the GCO work plan and budget for 1994 (E/ICEF/1994/AB/L.6) that was approved by the Board at its 1994 annual session, GCO production and distribution facilities in Singapore and Rio de Janeiro were transformed into two regional support centres. One centre in Singapore supports UNICEF offices in Asia and the centre in Rio de Janeiro supports UNICEF offices in Latin America and the Caribbean. Both centres are now fully operational and staffed with international Professionals who provide expert technical support and training for all functional areas, including marketing, sales, private sector fund-raising, operations and finance. The regional support centres also are responsible for processing all transactions for the country offices within the region and reporting to headquarters on their behalf, thus ensuring timely review and decision-making. It is expected that the full decentralization of work planning, forecasting, order processing, accounting, statistical data-gathering, etc., for the countries within the respective regions to the regional support centres will be completed in 1995.

92. To achieve a better integration of GCO-related activities with the other functions of the UNICEF country offices and the regional external relations strategy, the Executive Director decided that GCO should prepare its work plans and budgets related to UNICEF field offices in consultation with the UNICEF representatives, their teams and the respective regional offices. In 1994, the GCO Deputy Director, Operations and Finance, along with the two managers of the GCO regional support centres, met with UNICEF representatives, regional directors and their staff and successfully completed for 1995 the first joint GCO work planning and budget exercise with UNICEF field offices.

93. Detailed work plans and budgets were prepared for the two regional support centres and the priority countries: Argentina, Brazil, Colombia, India, Indonesia, Mexico, Morocco, Nigeria, Pakistan and Peru. Also included were Ecuador and the Philippines, which achieved priority status in 1994. The regional support centres will be interacting with and monitoring the performance of the countries in their region to provide them with ongoing support. UNICEF field offices in countries that have not met the Board-approved criteria for GCO priority support also will be given the necessary guidance and assistance to enable them to reach priority status, particularly those that have strong market potential.

/...

B. 1995 objectives

94. The overall objectives of the regional support centres are to assist UNICEF field offices in all activities related to financial resource mobilization from the private sector and to provide technical support in order for each UNICEF field office to achieve its objectives for GCO-related activities. Regional support centres also will assist UNICEF field offices to integrate their activities into a regional context and ensure that GCO activities are closely linked with country programmes and the regional external relations strategy in terms of advocacy, policy and regional private sector resource mobilization. Specific operational objectives of regional support centres are:

- (a) To provide the necessary technical assistance, including proper implementation of Financial Circular No. 37, to support UNICEF field offices to implement agreed work plans and achieve goals, and to enhance the technical skills of product line and marketing and private sector fund-raising officers in the regions;
- (b) To increase income from the sale of cards and other products by expanding the distribution network and introducing a wider product range and flexible selling prices;
- (c) To improve profitability from product sales in UNICEF field offices;
- (d) To increase revenue and cost-effectiveness of private sector fund-raising activities;
- (e) To work with regional directors' offices and each UNICEF field office to periodically review the current year's work plan, make adjustments and institute corrective measures, where necessary, and to establish jointly a work plan and budget for 1996;
- (f) To assist countries to achieve priority status regarding GCO-related activities;
- (g) To further develop resource mobilization from the private sector, with a special emphasis on the Middle East and North Africa and particular focus on the Gulf area countries.

C. 1995 strategies

95. The strategies for achieving the above-mentioned objectives are:

- (a) Overall:
 - (i) To coordinate with regional and field offices for the purpose of establishing 1996 Product Line and Marketing/Private Sector Fund-raising work plans, experience exchange, provide training, review 1995 results, etc.;
 - (ii) To follow-up with regional and field offices on all Product Line and Marketing/Private Sector Fund-raising research/surveys;
- (b) In the area of Product Line and Marketing:
 - (i) To conduct market research in order to determine the potential market size, adequate growth potential and consumer preference;
 - (ii) To develop a regional marketing strategy based on market needs with the aim of expanding geographic coverage and identifying unexplored opportunities;

/...

- (iii) To develop the regional product selection, including participation in the annual Greeting Card Workshop for National Committees;
- (iv) To focus attention in developing special markets with strong potential;
- (c) In the area of Private Sector Fund-raising:
 - (i) To finalize the situation analysis and market research of Private Sector Fund-raising potential in each of the priority countries and use this as the basis for work planning for 1996;
 - (ii) To initiate the strategic planning process for Private Sector Fund-raising in 1996 in time to allow for the preparation and review of work plans in consultation with the Private Sector Fund-raising Group in GCO;
 - (iii) To provide GCO priority countries in UNICEF field offices with the technical and financial support they require to implement their private sector fund-raising work plans and meet established targets;
 - (iv) To provide guidance and support to GCO priority countries in UNICEF field offices in the development and testing of their direct mail and other fund-raising packages, including how to produce and use them in a cost-effective manner;
 - (v) To capitalize on unforeseen opportunities to maximize income;
 - (vi) To promote exchanges of experience among UNICEF field offices;
 - (vii) To enhance the skills of the private sector fund-raising officers at UNICEF field offices through orientation and training;
- (d) In the area of Operations and Finance:
 - (i) To establish transparent financial and accounting procedures for all GCO-related activities within the region with the aim of ensuring an accurate measurement of income;
 - (ii) To develop a GCO policies and procedures manual for UNICEF field offices and the regional support centres;
 - (iii) To assist country offices in the implementation of Financial Circular No. 37;
 - (iv) To provide support in administering regional support centres in line with overall UNICEF administrative rules and regulations;
 - (v) To review management information systems' requirements with GCO/Management Information Systems Section and assist in the further development of systems such as accounting and electronic mail communication links;
 - (vi) To promote and technically support the use of GCFOS and Donor Perfect in priority countries.

D. 1995 budgeted income levels

96. Following implementation of the Executive Board-approved structure for GCO-related activities in UNICEF field offices during 1994, detailed work plans for 1995 were developed jointly by GCO headquarters, the regional support centres, regional offices and the field offices. This helped to confirm the

/...

identified priority countries as markets with high potential. However, it will be necessary for GCO to provide the technical and financial support to enable the markets to meet the ambitious but achievable targets. For 1995, UNICEF field offices are projected to generate \$41.6 million in gross proceeds (\$21.5 million from product sales and \$20.1 million from private sector fund-raising), an increase of \$11.4 million (37.7 per cent) over the latest 1994 estimates. Of this increase, \$3.9 million (22.2 per cent) is projected from product sales and \$7.5 million (59.5 per cent) from private sector fund-raising activities. In product sales, card sales volume is projected to increase to 32.1 million cards in 1995 (see annex III-B), an increase of 6.2 million (23.8 per cent) over the 1994 latest estimates. However, for budgetary purposes, a conservative projection of 27.2 cards million was established (as shown on table 11) for which purpose an adjustment was made to the target volume. The 1995 conservative projection is 1.2 million cards higher than the 1994 latest estimate.

97. The net operating income from UNICEF field offices from both product sales and private sector fund-raising is projected at \$24.4 million, an increase of \$8.3 million or 51.7 per cent over the latest 1994 estimates. Of this increase, \$6.6 million is attributable to private sector fund-raising activities and \$1.7 million to product sales.

E. Analysis of 1995 budgeted expenditures

98. Total operating costs for UNICEF field offices and the GCO regional support centres are projected at \$8.4 million, an increase of \$1.3 million (18.0 per cent) compared to the 1994 latest estimates. The operating costs include the costs of staffing, travel, conference and liaison service, and for supporting new initiatives in private sector fund-raising activities and product sales. The increase in expenditures includes mandatory salary increases of \$0.5 million, additional staff costs for countries which met priority country criteria (but where posts are not being established during the 1995 GCO fiscal year) of \$0.3 million, private sector fund-raising development costs of \$0.4 million and other support costs of \$0.3 million. These increases are essential to provide the support for the substantial income growth projected from GCO-related activities at UNICEF field offices.

99. For increased transparency, the cost of goods delivered and indirect costs related to UNICEF field office activities also are presented in table 11. For consolidation purposes, income and expenditures are presented separately for the two GCO income-generating activities, i.e., product sales and private sector fund-raising. The applicable income and expenditures also are reflected in table 5 (Product Line and Marketing) and Table 7 (Private Sector Fund-raising), respectively.

/...

Table 11. Regional support centres and UNICEF field offices :
income and expenditures for 1993 actual, 1994 budget,
1994 latest estimates and 1995 proposed budget

	(In thousands of United States dollars)									
	1993 <i>a/</i> Actual	1994 <i>a/</i> Budget	1994 Latest estimates			1995 Proposed budget			Changes 1995 vs. 1994 latest estimates	
			PLM	PSFR	Total	PLM	PSFR	Total	\$	%
Volume of card sales	24,506	26,225	25,961		25,961	27,210		27,210	1,249	4.8
Gross proceeds	15,224	17,972	17,570	12,645	30,215	21,465	20,131	41,596	11,381	37.7
Less: Commissions paid to consignees	1,484	1,439	1,645	-	1,645	2,234	-	2,234	589	35.8
Net proceeds	13,740	16,533	15,925	12,645	28,570	19,231	20,131	39,362	10,792	37.8
Costs of goods delivered	3,556	4,117	4,169	-	4,169	5,220	-	5,220	1,051	25.2
Publicity materials	392	488	476	-	476	565	-	565	89	18.7
Freight from GCO warehouses	708	851	827	-	827	1,007	-	1,007	180	21.8
Duties and taxes	9	-	-	-	-	-	-	-	-	-
Total cost of goods delivered	4,665	5,456	5,472	-	5,472	6,792	-	6,792	1,320	24.1
Operating expenses:										
<i>Indirect costs</i>										
Freight - Internal	233	338	428	-	428	241	-	241	-187	(43.7)
Production supplies	-	20	17	-	17	-	-	-	-17	(100.0)
Storage	143	191	232	-	232	197	-	197	-35	(15.1)
Publicity materials	71	31	67	-	67	102	-	102	35	52.2
Total Indirect costs	447	580	744	-	744	540	-	540	-204	(27.4)
<i>Semi-fixed costs</i>										
Professional project staff	449	2,260	1,300	872	1,972	1,357	1,001	2,358	386	19.6
General Service project staff	1,387	724	269	156	425	524	215	739	314	73.9
Short - term assistance	0	220	361	152	513	508	165	673	160	31.2
Travel, conference and liaison	165	210	174	93	267	219	133	352	85	31.8
Communications	96	129	114	25	139	130	56	186	47	33.8
Office supplies and services	228	163	173	107	280	181	148	329	49	17.5
Private sector fund-raising development		612	-	1,239	1,239	-	1,651	1,651	412	33.3
Equipment and maintenance services	90	94	88	41	129	99	26	125	-4	(3.1)
Sales development costs		690	683	-	683	711	-	711	28	4.1
Others	47	54	35	100	135	43	24	67	-68	(50.4)
Total semi-fixed costs	2,462	5,156	3,197	2,585	5,782	3,772	3,419	7,191	1,409	24.4
<i>Fixed costs</i>										
Core posts and other benefits	278	230	110	111	221	144	143	287	66	29.9
Depreciation	-	-	-	-	-	5	5	10	10	-
Rent	193	324	265	68	333	264	63	327	-6	(1.8)
Total fixed costs	471	554	375	179	554	413	211	624	70	12.6
Total operating expenses	3,380	6,290	4,316	2,764	7,080	4,725	3,630	8,355	1,275	18.0
Other income	926	-	100	-	100	234	-	234	134	134.0
Net operating income	6,621	4,787	6,237	9,881	16,118	7,948	16,501	24,449	8,331	51.7
Percentage of gross proceeds	43.5	26.6	35.5	78.1	53.3	37.0	82.0	58.8		
Summary of expenditures:										
Commissions	1,484	1,439	1,645	-	1,645	2,234	-	2,234	589	35.8
Cost of goods delivered	4,665	5,456	5,472	-	5,472	6,792	-	6,792	1,320	24.1
Total operating expenses - (Indirect costs, semi-fixed and fixed costs)	3,380	6,290	4,316	2,764	7,080	4,725	3,630	8,355	1,275	18.0

PLM = Product Line and Marketing; PSFR = Private Sector Fund-raising.

a/ The figures for 1993 and 1994 have been restated to conform with the 1995 presentation.

/...

**Table 12. Regional support centres and UNICEF field offices:
core and project posts, 1994 budget and
1995 proposed budget**

Category and level	1994 Budget	1995 Proposed	Variance 1995 vs. 1994
I. International Professional posts			
D - 2/L - 7	-	-	-
D - 1/L - 6	-	-	-
P - 5/L - 5	3	3	-
P - 4/L - 4	6	6	-
P - 3/L - 3	1	1	-
P - 2/L - 2	-	-	-
P - 1/L - 1	-	-	-
Total international Professional posts	10	10	-
II. Local posts			
General Service	30	30	-
National Officer	25	25	-
Total local posts	55	55	-
Total posts	65	65	-

/...

VII. MEDIUM-TERM PLAN, 1995-1999

100. The GCO medium-term plan (see table 13) is part of the medium-term plan of the UNICEF External Relations Group. The divisions in this group, comprising the Division of Information, the Division of Public Affairs, the Programme Funding Office and GCO, are mutually supportive and united by a common purpose.

101. The GCO medium-term plan is based on the GCO mandate in its two income-generating areas, i.e., product line and marketing and private sector fund-raising.

102. The overall purpose of GCO-related activities is to help raise funds for UNICEF from the private sector; to increase awareness of UNICEF and its programmes of cooperation; and to encourage the active participation of individuals, organizations and corporations through volunteerism, product purchase and donations.

103. Table 13 presents the medium-term plan for GCO for the period 1995-1999. The plan is based on market trends, previous years' financial results and strategic plans developed and implemented in cooperation with National Committees for UNICEF and UNICEF field offices within the broader context of GCO corporate goals and UNICEF private sector income objectives and projections.

104. GCO objectives, as per the medium-term plan, are to achieve by 1999:

(a) From product line and marketing:

- (i) Card volume of 208 million cards;
- (ii) Gross proceeds of \$203 million;
- (iii) Net operating income (after allocation but before MDP) of \$102.1 million;

(b) From private sector fund-raising:

- (i) Net proceeds of \$340.9 million (\$169.6 million for general resources and \$171.3 million in supplementary funds);
- (ii) Net operating income (after allocation but before FDP) of \$320.1 million (\$148.8 million for general resources and \$171.3 million in supplementary funds);

(c) To generate consolidated net revenues for UNICEF from the private sector of \$403.8 million, comprising \$232.5 million for general resources and \$171.3 million in supplementary funds.

/...

Table 13 . GCO medium-term plan, 1995 - 1999

	1993 Actual \$/	1994 Budget \$/	1994 Latest estimates	1995 Proposed	Medium-term plan projections			
					1996	1997	1998	1999
PRODUCT LINE AND MARKETING								
Gross proceeds	138.1	167.0	148.0	155.1	165.0	176.0	188.0	203.0
Less: Commissions (including retention)	31.0	36.8	34.0	37.0	38.7	40.7	42.8	46.7
Net proceeds	107.1	120.2	114.0	118.1	126.3	135.3	145.2	156.3
Less: Cost of goods delivered	29.3	31.0	31.0	33.1	34.1	36.5	37.2	39.0
Operating costs	9.9	11.8	11.8	12.6	13.6	14.7	15.8	16.9
Allocated operating costs	8.4	10.2	9.0	9.7	9.4	9.9	10.6	11.3
Add: Other income - net	7.4	8.6	7.5	7.5	8.5	9.5	11.0	13.0
Net operating income - Product Line and Marketing	66.9	75.8	69.7	71.2	77.7	84.7	92.6	102.1
PRIVATE SECTOR FUND-RAISING								
Net proceeds - general resources	69.2	67.0	94.3	105.2	118.1	132.9	149.9	169.6
Less: Operating costs	5.3	7.6	7.6	9.1	9.9	10.8	11.7	12.7
Allocated operating costs	3.6	3.6	4.8	5.4	6.0	6.7	7.4	8.1
Net operating income - Private Sector Fund-raising ^{b/}	50.3	45.8	81.9	90.7	102.2	115.4	130.8	148.8
Net operating income - consolidated	117.2	121.6	151.6	161.9	179.9	200.1	223.4	250.9
Non-operating adjustments:								
Less:								
Market Development Programme	-	6.0	2.5	4.0	6.0	6.0	6.0	6.0
Fund-raising Development Programme	7.0	6.0	6.0	7.0	7.9	9.0	10.3	11.8
Exchange rate adjustment	8.5	-	-5.5	-	-	-	-	-
Prior years' adjustments	1.3	-	-	-	-	-	-	-
Exhibits	0.2	0.1	0.1	0.1	-	-	-	-
Office move related costs	-	-	-	1.8	-	-	-	-
GCO share in UNICEF administrative costs	-	-	-	0.2	-	-	-	-
Others:								
Central and Eastern European National Committees Development Programme	0.8	1.3	1.3	1.6	1.5	1.5	1.6	1.6
Net consolidated income - general resources	99.4	110.2	149.2	147.3	165.5	184.6	206.5	232.5
Add: Supplementary funds - private sector fund-raising ^{b/}	40.5	72.8	85.2	95.9	110.9	127.3	146.7	171.3
Net consolidated revenues - general resources and supplementary funds	139.9	183.0	234.4	244.2	276.4	311.9	353.2	403.8
Card sales volume (millions)	154	165	158	162	170	180	193	208

^{a/} The comparative figures for 1993 and 1994 were restated to conform with the revised presentation of the 1995 proposed budget.

^{b/} Total private sector fund-raising income includes general resources income and supplementary funds contributions .

VIII. DRAFT RESOLUTIONS

105. The draft resolutions for Executive Board approval relating to the GCO budget for the 1995/1996 fiscal year are presented below.

A. Greeting Card and related Operations budgeted expenditures for the 1995 season

The Executive Board

1. Approves for the fiscal year 1 May 1995 to 30 April 1996 budgeted expenditures of \$86.7 million as detailed below and summarized in column II of annex I to document E/ICEF/1995/AB/L.8:

(In millions of
United States dollars)

Director's Office	0.7
Product Line and Marketing	48.0
Private Sector Fund-raising	9.1
Operations and Finance	<u>14.3</u>
Subtotal <u>a/</u>	<u>72.1</u>
Non-operating expenses: <u>b/</u>	
Market Development Programme	4.0
Fund-raising Development Programme	7.0
Exhibits	0.1
Office move-related costs	1.8
GCO share in UNICEF administration costs	0.2
Central and Eastern European National Committees Development Programme	<u>1.5</u>
Subtotal	<u>14.6</u>
Total expenditures, consolidated	<u>86.7</u>

2. Authorizes the Executive Director:

(a) To incur expenditures as summarized in column II of annex I to document E/ICEF/1995/AB/L.8 and to increase the expenditures up to the level indicated in column III of annex I to the same document, should the apparent net proceeds from product sales and/or private sector fund-raising increase to the levels indicated in column III of annex I, and, accordingly, to reduce expenditures below the level indicated in column II to the extent necessary, should the net proceeds decrease;

(b) To transfer funds when necessary between the various budgets as detailed under paragraph 1 above;

(c) To spend an additional amount between Executive Board sessions, when necessary, owing to currency fluctuations, to ensure the continued operation of GCO.

a/ For details, see tables 1A.

b/ For details, see table 1.

B. Budgeted income for the 1995 season

The Executive Board

Notes that for the fiscal year 1 May 1995 to 30 April 1996, GCO net proceeds are budgeted at \$234.0 million as shown in column II of annex I to document E/ICEF/1995/AB/L.8.

C. Policy issues

The Executive Board

1. Approves the changes in posts with a net reduction of 4 posts as indicated in table 2 in document E/ICEF/1995/AB/L.6;
2. Renews FDP with \$7 million established for 1995;
3. Renews MDP with \$4 million established for 1995;
4. Authorizes the expansion of the Central and Eastern European National Committees Development Programme to include four additional National Committees, i.e., Estonia, Latvia, Lithuania and Slovenia, as recommended in paragraph 11 of document E/ICEF/1995/AB/L.8, and for this purpose, approve a budget of \$1.5, million of which \$0.2 million is for one-time investments.

/...

Annex I
RANGE OF BUDGETED INCOME AND EXPENDITURES
FOR THE FISCAL YEAR 1 MAY 1995 - 30 APRIL 1996

	I Low projection	II Medium projection	III High projection
<i>Budgeted income</i>			
Gross proceeds - GCO products (table 1)	152.0	156.1	160.0
Deduct: Commissions (including retention)	34.0	34.8	35.4
Net proceeds	118.0	121.3	124.6
Add: Other income - net (table 1)	6.5	7.5	8.5
Net proceeds - GCO products (table 1)	124.5	128.8	133.1
Private sector fund-raising (table 7)	100.0	105.2	110.0
Total net proceeds	224.5	234.0	243.1
<i>Budgeted expenditures</i>			
Director's Office	0.7	0.7	0.7
Product Line and Marketing Group	47.3	48.0	49.3
Market Development Programme (table 5)	4.0	4.0	5.0
Private Sector Fund-raising Group (table 7)	9.1	9.1	9.5
Fund-raising Development Programme (table 7)	7.0	7.0	8.0
Operations and Finance Group (table 9)	14.3	14.3	14.7
Exhibits	0.1	0.1	0.1
Office move related costs	1.8	1.8	1.8
GCO share in UNICEF administrative costs	0.2	0.2	0.2
Central and Eastern European National Committees Development Programme (annex IV)	1.4	1.5	1.6
Total expenditures - consolidated (table 1)	85.9	86.7	90.9
Net consolidated income - general resources (table 1)	138.6	147.3	152.2
Add: Supplementary funds - private sector fund-raising	92.0	96.9	102.0
<i>Net consolidated revenues - general resources and supplementary funds</i>	230.6	244.2	254.2

/...

Annex II
PRIVATE SECTOR FUND-RAISING NET PROCEEDS
1991-1993 ACTUAL, 1994 LATEST ESTIMATES AND 1995 PROPOSED

(In thousand of United States dollars)															
	1991 Actual			1992 Actual			1993 Actual			1994 Latest estimates			1995 Proposed		
	General resources	Supplementary funds	Total	General resources	Supplementary funds	Total	General resources	Supplementary funds	Total	General resources	Supplementary funds	Total	General resources	Supplementary funds	Total
National Committees															
Australia							479	130	609	600	176	676	600	260	760
Austria										482	160	642	607	120	727
Belgium	2,646		2,646	1,192		1,192	672		672	3,260		3,260	3,640		3,640
Canada											6,037	6,037		6,186	6,186
Cyprus	9	9	9	33 a/		33	17		17	18		18	20		20
Denmark	10	10	10	184		184	166	186	342	169	201	370	199	236	436
Finland				8		8	20	1,228	1,248	367	1,072	1,429	373	1,120	1,493
France	10,774		10,774	14,694	a/	14,694	14,200		14,200	16,733		16,733	17,496		17,496
Germany	7,667	796	8,362	9,876	4,764	14,629	9,613	6,409	16,022	26,620	17,080	42,700	27,360	18,240	46,600
Greece	189		189	4	703	707	679	10	689	699	10	699	668	11	669
Hong Kong	72	72	72	1,066	a/	1,066	1,482	747	2,229	1,700	800	2,500	2,000	1,000	3,000
Hungary							31		31	140		140	190		190
Ireland										116		116	128		128
Italy	8,263	2,694	10,957	11,476	a/	12,428	9,843	1,068	10,901	10,539	1,132	11,671	11,967	1,286	13,252
Japan	317		317	1,649	a/	1,649	16,811	6,984	22,796	26,600	8,400	36,000	27,000	13,000	40,000
Luxembourg	60		60	67		67	227	142	369	246	164	399	274	172	446
Netherlands	906		906	4,939	a/	1,931	6,870	3,242	3,242		3,863	3,863		3,993	3,993
New Zealand				67		67	106	63	168	160	80	230	170	80	250
Norway							22	62	74	24	66	78	27	62	89
Poland										90		90	180		180
Portugal	80	710	790	117	a/	276	161	270	421	183	327	510	187	336	622
Republic of Korea	90		90	1,464	a/	39	1,627	462	1,989	1,000	500	1,500	1,300	700	2,000
Spain				82		82				942	12,668	13,600	942	12,668	13,600
Sweden	73		73	107	424	531	18	186	204	140	562	702	199	798	997
Switzerland	2,818		2,818	2,739		2,739	4,073	3,799	7,872	4,670	4,268	8,828	4,436	4,136	8,572
Turkey	27		27	31	a/	31	10		10	10		10	12		12
United Kingdom	107	677	784	463		619	149	4,691	4,740	168	4,869	5,017	184	6,644	6,828
United States		663	663	130	13,130	8,886	8,886	a	8,886	11,300	11,300	11,300	6,200	7,900	13,000
Total National Committees	33,987	6,429	39,416	60,166	22,727	72,893	89,186	38,444	97,629	94,336	72,673	166,908	106,248	76,726	181,973

a/ Includes contributions from special fund-raising events.

b/ Excludes \$17.6 million, gifts in kind reported by the United States Committee.

Annex II (continued)

(in thousand of United States dollars)

	1991 Actual		1992 Actual		1993 Actual		1994 Latest estimates		1995 Proposed	
	General resources	Supplementary funds	General resources	Supplementary funds	General resources	Supplementary funds	General resources	Supplementary funds	General resources	Supplementary funds
UNICEF field offices										
Argentina					442	442	2,342	2,342	2,223	2,223
Brazil			348		1,082	1,082	2,600	2,600	9,928	9,928
Chile	87	87							100	100
Colombia							82	82	282	282
Dominican Republic									60	60
Ecuador					15	15	400	400	486	486
Guatemala					1				70	70
India									500	500
Indonesia										
Mexico					428	428	824	824	2,170	2,170
Morocco							113	113	500	500
Nigeria							120	120	500	500
Pakistan									500	500
Peru							104	104	530	530
Philippines									900	900
South Africa									250	250
Thailand										
Venezuela					4	4	160	160	345	345
Other countries			10	39	21	68			778	778
Total UNICEF field offices		87	107	387	26	2,036	2,061	12,645	20,131	20,131
Total National Committees	33,987	5,429	50,156	22,727	69,185	38,444	94,336	72,673	105,248	76,726
GRAND TOTAL	33,987	5,516	50,263	23,114	69,211	40,479	94,336	85,218	105,248	96,856
										202,104

a/ Includes contributions from special fund-raising events.

Annex III
PRODUCT LINE AND MARKETING
SUMMARY OF CARD SALES BY REGION , 1991 - 1995

Region	(In thousands of cards)					1995 Forecast		
	1991 Actual	1992 Actual	1993 Actual	1994 Budget	1994 Latest estimates a/	Low	Medium	High
National Committees	15,109	14,515	13,854	17,500	14,300	14,700		
UNICEF field offices	-	-	-	-	-	-		
Total North America - Region I	15,109	14,515	13,854	17,500	14,300	14,000	14,700	15,400
National Committees	-	-	-	-	-	-		
UNICEF field offices	9,949	9,330	10,581	11,075	11,450	11,525		
Total Latin America & Caribbean - Region II	9,949	9,330	10,581	11,075	11,450	11,000	11,525	12,500
National Committees	6,517	6,957	7,773	8,550	6,810	7,625		
UNICEF field offices	2,280	3,031	2,711	3,000	2,979	3,055		
Total Asia - Region III	8,797	9,988	10,484	11,550	9,789	10,000	10,680	11,800
National Committees	2,504	2,286	1,931	2,370	1,810	2,120		
UNICEF field offices	6,796	5,276	6,269	7,150	6,950	7,580		
Total Pacific, India & Pakistan - Region IV	9,300	7,562	8,200	9,520	8,760	8,900	9,700	10,350
National Committees	103,978	103,891	105,607	110,500	109,565	110,840		
UNICEF field offices	-	-	-	-	-	-		
Total Europe - Region V	103,978	103,891	105,607	110,500	109,565	109,500	110,840	112,000
National Committees	-	-	-	-	-	-		
UNICEF field offices	4,381	4,853	4,945	5,000	4,582	5,050		
Total Africa & MENA - Region VI	4,381	4,853	4,945	5,000	4,582	4,500	5,050	5,500
Total all regions - National Committees	128,108	127,649	129,165	138,920	132,485			
Total all regions - field offices	23,406	22,490	24,506	26,225	25,961			
GRAND TOTAL - ALL REGIONS	151,514	150,139	153,671	165,145	158,446	157,900	162,495	167,550

MENA = Middle East and North Africa.
a/ As of 3 February 1995.

/...

Annex III - A
PRODUCT LINE AND MARKETING
CARD SALES BY REGION, 1991 - 1995 :
NATIONAL COMMITTEES

Country/region	(in thousands of cards)					1995 Forecast		
	1991 Actual	1992 Actual	1993 Actual	1994 Budget	1994 Latest estimates a/	Low	Medium	High
Canada	5,573	5,449	5,188	5,500	5,100	5,250		
United States of America	9,536	9,066	8,666	12,000	9,200	10,000		
Subtotal	15,109	14,515	13,854	17,500	14,300	15,250		
Less: Adjustment						-550		
Total North America - Region I	15,109	14,515	13,854	17,500	14,300	14,000	14,700	15,400
Hong Kong	600	753	830	850	799	920		
Japan	5,917	6,204	6,508	7,000	5,431	7,200		
Republic of Korea b/			435	700	580	475		
Subtotal	6,517	6,957	7,773	8,550	6,810	8,595		
Less: Adjustment						-970		
Total Asia - Region III	6,517	6,957	7,773	8,550	6,810	7,000	7,625	8,000
Australia	2,093	1,951	1,667	2,000	1,547	2,000		
New Zealand	411	335	264	370	263	310		
Subtotal	2,504	2,286	1,931	2,370	1,810	2,310		
Less: Adjustment						-190		
Total Pacific, India & Pakistan - Region IV	2,504	2,286	1,931	2,370	1,810	1,900	2,120	2,350
Austria	1,814	1,625	1,659	1,950	1,500	1,750		
Belgium	2,283	2,473	2,323	2,500	2,253	2,950		
Denmark	2,017	2,001	1,865	2,100	1,730	1,980		
Finland	2,039	1,994	1,811	2,250	1,804	1,995		
France	15,360	16,633	16,336	17,400	17,073	18,000		
Germany	16,942	17,914	18,405	18,600	19,188	19,500		
Greece	3,251	3,977	3,275	4,400	2,942	4,000		
Ireland	502	456	477	550	485	525		
Italy	10,177	10,319	11,507	10,900	12,146	12,500		
Netherlands	7,229	7,160	7,120	7,450	7,014	7,500		
Norway	2,073	1,938	1,892	2,100	1,800	2,000		
Portugal	2,578	2,588	2,754	2,700	2,934	3,000		
Spain	16,027	15,752	16,235	16,300	18,124	18,500		
Sweden	2,762	2,347	2,271	2,450	2,247	2,500		
Switzerland	4,633	4,271	3,969	4,450	3,980	4,400		
Turkey	4,229	4,230	4,182	4,450	4,190	4,500		
United Kingdom	2,623	2,338	2,153	2,750	2,400	2,550		
Central and Eastern European countries	6,479	4,812	6,278	6,200	6,755	6,900		
Other countries	960	1,063	1,095	1,000	1,000	1,000		
Subtotal	103,978	103,891	105,607	110,500	109,565	116,050		
Less: Adjustment						-5,210		
Total Europe - Region V	103,978	103,891	105,607	110,500	109,565	109,500	110,840	112,000
Total all regions - National Committees	128,108	127,649	129,165	138,920	132,485	132,400	135,285	137,750

a/ As of 3 February 1995.

b/ Republic of Korea became a National Committee starting with the 1993 campaign.

/...

Annex III - B
PRODUCT LINE AND MARKETING
CARD SALES BY REGION, 1991 - 1995 :
UNICEF FIELD OFFICES

Country/region	(In thousands of cards)					1995 Forecast		
	1991 Actual	1992 Actual	1993 Actual	1994 Budget	1994 Latest estimates a/	Low	Medium	High
Argentina	755	635	705	850	1,000		1,430	
Brazil	4,682	4,242	5,152	5,200	5,550		5,800	
Chile	260	184	188	200	143		250	
Colombia	1,232	1,260	1,271	1,450	1,320		1,450	
Ecuador	399	400	457	450	502		552	
Mexico	670	538	524	700	568		900	
Peru	452	490	583	550	630		800	
Uruguay	402	417	438	450	433		460	
Venezuela	171	160	164	225	145		222	
Other countries	926	1,004	1,099	1,000	1,159		1,291	
Subtotal	9,949	9,330	10,581	11,075	11,450		13,155	
Less: Adjustment							-1,630	
Total Latin America & Caribbean - Region II	9,949	9,330	10,581	11,075	11,450	11,000	11,525	12,500
Indonesia	534	713	806	800	766		1,350	
Malaysia	237	280	252	330	276		350	
Philippines	366	435	471	480	550		620	
Republic of Korea g/	318	543						
Singapore	194	230	241	280	240		300	
Thailand	213	306	322	360	397		500	
Other countries	418	524	619	750	750		700	
Subtotal	2,280	3,031	2,711	3,000	2,979		3,820	
Less: Adjustment							-765	
Total Asia - Region III	2,280	3,031	2,711	3,000	2,979	3,000	3,055	3,800
India	6,253	4,681	5,585	6,500	6,217		8,500	
Pakistan	543	556	653	650	702		770	
Other countries		39	31	0	31		30	
Subtotal	6,796	5,276	6,269	7,150	6,950		9,300	
Less: Adjustment							-1,720	
Total Pacific, India & Pakistan - Region IV	6,796	5,276	6,269	7,150	6,950	7,000	7,580	8,000
Morocco	541	593	615	664	553		750	
Nigeria	669	798	921	980	832		1,030	
Other countries	3,171	3,462	3,409	3,356	3,197		4,091	
Subtotal	4,381	4,853	4,945	5,000	4,582		5,871	
Less: Adjustment							-821	
Total Africa & MENA - Region VI	4,381	4,853	4,945	5,000	4,582	4,500	5,050	5,500
Total all regions	23,406	22,490	24,506	26,225	25,961		32,146	
Less: Adjustment							-4,936	
Total all regions - field offices (after adjustments)	23,406	22,490	24,506	26,225	25,961	25,500	27,210	29,800

MENA = Middle East and North Africa .

g/ As of 3 February 1995.

h/ Republic of Korea became a National Committee starting with the 1993 campaign.

/...

Annex IV
CENTRAL AND EASTERN EUROPEAN NATIONAL COMMITTEES
DEVELOPMENT PROGRAMME:
1994 BUDGET AND 1995 PROPOSED BUDGET

(In thousands of United States dollars)

	1994 Budget	1995 proposed budget		
		Low projection	Medium projection	High projection
Gross proceeds				
Sales in Central and Eastern European countries	1,800.0	1,600.0	1,950.0	2,200.0
Less:				
Retention	450.0	400.0	500.0	550.0
Net proceeds - total cost of the National Committees Development Programme for Central and Eastern European countries	1,350.0	1,200.0	1,450.0 a/	1,650.0

a/ This includes one-time investments of \$0.2 million for the four new National Committees (Estonia, Latvia, Lithuania and Slovenia).

/...

Annex V
SUMMARY OF NET OPERATING INCOME BY FUNCTIONAL GROUP
SHOWING EFFECT OF ALLOCATION
(1 MAY 1995 - 30 APRIL 1996)

(In millions of United States dollars)				
	Product Line and Marketing Group	Private Sector Fund-raising Group	Non-operating expenses	Total
Net operating income before allocation	80.8	96.1		176.9
Less: Allocation of expenditures <u>a/</u>				
Director's Office (table 3)	0.4	0.3		0.7
Operations and Finance Group (table 9)	9.2	5.1		14.3
Total expenditures allocated	9.6	5.4		15.0
Net operating income after allocation	71.2	90.7		161.9
Less: Market Development Programme (table 5)	4.0			4.0
Fund-raising Development Programme (table 7)		7.0		7.0
Exhibits			0.1	0.1
Office move related costs			1.8	1.8
GCO share in UNICEF administrative costs			0.2	0.2
Central and Eastern European National Committees Development Programme (annex IV)			1.5	1.5
Net consolidated income /(expenses) - general resources	67.2	83.7	(3.6)	147.3
Add: Supplementary funds - private sector fund-raising		96.9		96.9
<i>Net consolidated revenues - general resources and supplementary funds</i>	67.2	180.6	(3.6)	244.2

a/ Rent and communications costs allocated based on head count; shipping and warehouse costs charged to Product Line and Marketing; other expenditures based on net proceeds.

/...

Annex VI
1995 PROJECT POSTS - NEW YORK AND GENEVA

PAT number	Level	Post title	Functional unit	Duty station
93655	L - 5	Chief, Fund-raising Support	Fund-raising Support	GE
93481	L - 5	Chief, Special Projects	Special Projects	NY
93476	L - 5	Chief, Product Line Development	Product Line Development	GE
02010	L - 5	Chief, Card Products Development	Product Line Development	GE
02009	L - 5	Senior card products development officer	Product Line Development	NY
93464	L - 5	Chief, Market Development	Market Development	NY
89556	L - 4	Fund-raising support officer	Fund-raising Support	GE
93465	L - 4	Fund-raising material officer	Fund-raising Material	NY
93477	L - 4	Products development officer	Product Line Development	GE
93478	L - 4	Licensing officer	Product Line Development	NY
93470	L - 4	Market research officer	Market Research	GE
GCO 001	L - 4	Market development officer	Market Development	NY
93472	L - 4	Promotional support officer	Market Development	GE
55007	L - 4	Production and quality control officer	Operations	GE
02040	L - 4	Production and quality control officer	Operations	NY
93819	L - 4	Fund-raising support officer	Fund-raising Support	NY
93820	L - 4	Celebrities and events officer	Celebrities and Events	GE
90278	L - 3	Fund-raising support officer	Fund-raising Support	GE
93466	L - 3	Fund-raising support officer	Fund-raising Support	GE
GCO 007	L - 3	Fund-raising support officer	Fund-raising Support	NY
89807	L - 3	Special events officer	Special Events	NY
90381	L - 3	Design officer	Special Projects	NY
84323	L - 3	Product development officer	Product Line Development	NY
93471	L - 3	Market research officer	Market Research	NY
83411	L - 3	Sales development officer	Market Development	GE
83412	L - 3	Sales development officer	Market Development	GE
87510	L - 3	Sales development officer	Market Development	GE
93663	L - 3	Sales development officer	Market Development	GE
90280	L - 3	Sales development officer	Market Development	NY
93473	L - 3	Promotional support officer	Market Development	NY
02033	L - 3	Production/planning officer	Operations	NY
87412	L - 3	Production and quality control officer	Operations	NY
55009	L - 3	Production control officer	Operations	GE
87403	L - 3	Quality control officer	Operations	GE
91543	L - 3	Production control officer	Operations	GE
92630	L - 3	Production control officer	Operations	GE
02004	L - 3	Procurement officer	Operations	NY
02018	L - 3	Assistant shipping officer	Operations	NY

/...

Annex VI (continued)

PAT number	Level	Post title	Functional unit	Duty station
93474	L - 2	Forecasting, order and distribution officer	Market Development	GE
91537	L - 2	Assistant documentation officer	Fund-raising Materials	NY
89809	L - 2	Assistant special events officer	Special Events	NY
92626	L - 2	Assistant card products development officer	Product Line Development	NY
GCO 003	L - 2	Assistant order and distribution officer (part-time)	Market Development	NY
02011	L - 2	Assistant product development officer	Product Line Development	NY
90281	L - 2	Assistant product development officer	Product Line Development	GE
55010	L - 2	Assistant production planning officer	Operations	GE
94417	L - 2	Assistant promotion officer	Market Development	NY
94414	L - 2	Assistant procurement officer	Operations	GE
93468	L - 1	Assistant exhibits officer	Special Projects	NY
84322	G - 7	Senior marketing assistant	Market Research	NY
55028	G - 6	Shipping/warehouse assistant	Operations	GE
02019	G - 7	Senior publicity assistant	Market Development	NY
02277	G - 7	Senior publicity assistant	Operations	GE
02035	TC - 7	Print shop foreman	Operations	NY
02487	G - 6	Senior order and distribution assistant	Market Development	GE
86510	G - 6	Fund-raising analysis assistant	Fund-raising Materials	NY
87453	G - 6	Fund-raising materials assistant	Fund-raising Materials	GE
02042	G - 6	Design/graphic assistant	Market Development	NY
88364	G - 6	Design/graphic assistant	Fund-raising Materials	NY
88363	G - 6	Typesetter	Market Development	NY
02045	G - 6	Card products development assistant	Product Line Development	GE
83410	G - 6	Products development assistant	Product Line Development	NY
02280	G - 6	Products development assistant	Product Line Development	GE
85508	G - 6	Products development assistant	Product Line Development	NY
55045	G - 6	Market research assistant	Market Research	GE
87509	G - 6	Sales assistant	Market Development	NY
55044	G - 6	Promotion assistant	Market Development	GE
86521	G - 6	Promotion assistant (part-time)	Market development	GE
91542	G - 6	Promotion assistant	Market Development	GE
55011	G - 6	Collating assistant	Operations	GE
91544	G - 6	Collating assistant	Operations	GE
02006	G - 6	Procurement assistant	Operations	NY

Annex VI (continued)

PAT number	Level	Post title	Functional unit	Duty station
55019	G - 6	Supervisor, Huningue warehouse	Operations	GE
90283	G - 6	Fund-raising analysis assistant	Fund-raising Support	NY
93469	G - 5	Senior administrative clerk	Special Projects	NY
02013	G - 5	Card products development assistant	Product Line Development	NY
86509	G - 5	Administrative assistant	Product Line Development	NY
93484	G - 5	Promotion assistant	Market Development	NY
02041	G - 5	Quality control assistant	Operations	NY
55018	G - 5	Procurement/bid edit clerk	Operations	GE
03077	G - 5	Procurement/bid edit clerk	Operations	GE
83416	G - 5	Senior shipping clerk	Operations	GE
90284	G - 5	Senior shipping clerk	Operations	GE
02022	G - 5	Senior secretary	Market Development	NY
55017	G - 5	Senior secretary	Product Line Development	GE
55027	G - 5	Senior invoice certification clerk	Operations	GE
GCO 009	G - 5	Assistant to celebrities and events officer	Celebrities and Events	GE
GCO 019	G - 5	Administrative assistant	Operations/Finance	NY
94449	G - 4	Secretary	Market Research, Analysis	GE
89569	G - 4	Secretary	Market Development	GE
86501	G - 4	Secretary	Market Development	GE
87553	G - 4	Secretary	Market Development	GE
83418	G - 4	Secretary	Fund-raising Support	NY
89570	G - 4	Secretary	Fund-raising Support	GE
93467	G - 4	Secretary	Fund-raising Support	GE
89811	G - 4	Secretary	Fund-raising Support	NY
89812	G - 4	Secretary	Fund-raising Materials	NY
93483	G - 4	Secretary	Special Projects	NY
90385	G - 4	Secretary	Special Projects	NY
90288	G - 4	Secretary	Product Line Development	GE
55038	G - 4	Product development clerk	Product Line Development	GE
90384	G - 4	Administrative clerk	Product Line Development	NY
91541	G - 4	Secretary/clerk	Product Line Development	GE
84319	G - 4	Data processing clerk	Market Research	NY
02020	G - 4	Secretary	Market Development	NY
55008	G - 4	Secretary	Operations	GE
02008	G - 4	Secretary	Operations	NY
03086	G - 4	Administrative clerk	Operations	GE

/...

Annex VI (continued)

PAT number	Level	Post title	Functional unit	Duty station
GCO 006	G - 4	Secretary	Operations	GE
55026	G - 4	Administrative clerk	Operations	GE
55022	G - 4	Warehouse control	Operations	GE
94448	G - 4	Secretary	Market Development	GE
02275	TC - 4	Store/warehousing supervisor	Operations	NY
02044	TC - 4	Assistant shipping foreman	Operations	NY
02276	TC - 4	Warehouse controller	Operations	NY
02037	TC - 4	Packaging supervisor	Operations	NY
55020	G - 2	Warehouse clerk	Operations	GE
55023	G - 2	Warehouse clerk, reception	Operations	GE
55024	G - 2	Warehouse clerk, delivery	Operations	GE
02435	G - 1	Warehouseman	Operations	GE
87405	G - 1	Warehouseman	Operations	GE
87406	G - 1	Warehouseman	Operations	GE

International Professional
General Service
Total

49
73

122

/...

Annex VII
DETAILS OF INTERNATIONAL PROFESSIONAL POST CHANGES
(ESTABLISHED/ABOLISHED)

PAT number	Duty station	Post title	Section	Level	Type of action	Count
94415	GE	Chief, Market Research	Market Research	L-5	Abolish	-1
GCO002	NY	Systems analyst	Management Information Systems	P-4	Establish	1
GCO001	NY	Market development officer	Market Development	L-4	Establish	1
02443	NY	Personnel officer	Director's Office	P-4	Abolish	-1
GCO007	NY	Fund-raising officer	Fund-raising Support	L-3	Establish	1
90275	NY	Executive assistant	Director's Office	P-3	Abolish	-1
GCO003	NY	Assistant order/distribution officer	Market Development	L-2	Establish	1
94416	NY	Assistant market development officer	Market Development	L-2	Abolish	-1
91535	NY	Computer programmer	Management Information Services	P-2	Abolish	-1
Total						-1

/...

Annex VIII
DETAILS OF INTERNATIONAL PROFESSIONAL POST
RECLASSIFICATIONS BY GRADE AND OFFICE:
1995 - 1996 PROPOSED

PAT number	Duty station	Post title	Section	1994 Level	1995 Level
91546	GE	Systems analyst	Management Information Systems	P-3	P-4
Total					1