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Private Fundraising and Partnerships: 2021 workplan and proposed budget

Summary

The present report provides an overview of the Private Fundraising and Partnerships workplan and proposed budget for 2021. The workplan describes the financial and non-financial activities and results to be achieved in 2021 based on the UNICEF Strategic Plan, 2018–2021, the UNICEF integrated budget, 2018–2021 and the revised Private Sector Plan 2018–2021: IMPACT for Every Child (IMPACT Plan).

Elements of a decision for consideration by the Executive Board are provided in section VI.

* E/ICEF/2021/1.



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I. Overview

1. The Division of Private Fundraising and Partnerships (PFP) coordinates and provides global guidance and support to the National Committees for UNICEF and UNICEF country offices in all private sector fundraising and private sector engagement and partnership activities, in cooperation with regional offices and other headquarters divisions.

2. In 2021, PFP will:

(a) Raise \$1.5 billion from individuals, foundations, philanthropists, corporations and membership-based organizations, including \$672.6 million in regular resources (RR);

(b) Increase the number, quality and longevity of supporters and donors, using technology and data to maximize existing relationships and prospect for new opportunities;

(c) Maximize engagement with businesses across UNICEF to deliver results for children through financing, core assets, innovations, advocacy and programmes for children, while enhancing the practices and policies of these businesses in support of child rights;

(d) Empower and support National Committees by improving their country-level planning processes and results frameworks for advocacy programming and by developing a coordinated Programme Strategy for 2022–2025 by mid-2021, documented and managed through enhanced joint strategic planning, including outcome-level results for children domestically and contribution to global results;

(e) Continue to implement global digital systems and platforms to maximize global donor prospecting, engagement and maintenance, enhance efficiencies, drive global coordination and mitigate data and cybersecurity risks;

(f) Design, test and implement innovative investment funding modalities for private sector fundraising to reduce the dependence on UNICEF regular resources for investment funds.

3. In 2020, National Committees and country offices demonstrated extraordinary agility and commitment to innovate, pivot and adapt fundraising strategies in light of the coronavirus disease 2019 (COVID-19) pandemic. Despite the adverse circumstances, total private sector revenue is projected to reach \$1.5 billion for 2020. This is an increase of \$81.3 million (6 per cent) compared with actual total revenue in 2019. It reflects the loyalty of individuals and institutions who give regularly to UNICEF; it speaks to the strength of the UNICEF brand for new individual and institutional donors giving for the first time to global and local emergencies.

4. Total private sector revenue is projected to reach \$1,503 million in 2021, including regular resources (RR) revenue of \$672.6 million. This represents no change from the latest total revenue projections for 2020 and reflects the prudent approach to planning taken by most fundraising markets given continuing uncertainty about the global economic outlook resulting from the ongoing COVID-19 pandemic. The budget proposed to achieve this revenue target is \$223.9 million; this is maintained at the same level as the 2020 approved budget.

5. The PFP budget comprises the institutional budget and the special purpose budget. It covers the direct and indirect costs associated with generating private sector revenue and achieving results for children through engagement and partnerships.

6. The 2021 approved PFP institutional budget amounts to \$12.5 million, a modest decrease of \$0.1 million compared with 2020.

7. The 2021 proposed PFP special purpose budget, approved annually by the Executive Board, is \$211.4 million and is maintained at the same level as the 2020 approved budget. It includes a \$153 million budget funded by RR, comprising \$85 million in investment funds and \$68 million in operational costs, along with a \$58.4 million ceiling funded by other resources (OR).

8. The OR ceiling of \$58.4 million for 2021 is \$1.5 million lower than the approved ceiling for 2020.

9. The most significant risks that could prevent PFP from reaching its objectives in 2021 are (a) the prolonged impact and unprecedented scale of the COVID-19 pandemic on the global economy and global private sector fundraising markets, despite evidence from previous recessions demonstrating the resilience of private sector fundraising channels; (b) the availability of financing for investments in private sector fundraising, and (c) potential reputational crises in any market in which UNICEF manages financial and non-financial private sector partnerships. Strategies to mitigate these risks and identify new opportunities include increased, targeted investment in digital fundraising and individual giving strategies, active prospecting for external and innovative sources of fundraising investment solutions and a continued focus on risk prevention.

II. Results for 2020

10. In 2020, National Committees and private sector fundraising (PSFR) country offices faced the unprecedented task of raising funds and awareness during the COVID-19 pandemic and subsequent economic challenges. National Committees and country offices responded with agility by rapidly adapting donor acquisition strategies for regular programmes and raising funds for global emergencies – including COVID-19 efforts, as well as the emergency in Lebanon. As a result, UNICEF private sector fundraising is faring well despite the circumstances, expanding in several National Committees and PSFR country offices and in most income streams in local currency.

11. PFP continues to streamline financial reporting with countries to ensure projections are accurate and as real-time as possible by holding monthly consultations with the 21 markets that represent 85 per cent of UNICEF PFP revenue. Therefore, revenue projections have been formulated in conjunction with countries to reflect what can be achieved – with strategic focus and investment – in the context of the continuing challenges in the global economic climate.

12. The 2020, total private sector revenue is expected to be \$1.5 billion, which is \$48.9 million (3 per cent) above the goals detailed in the 2020 approved budget. It is also an increase of \$81.3 million (6 per cent) compared with 2019 actual revenue.

13. Private sector revenue is projected to contribute \$672.6 million to RR in 2020. This is \$14.9 million more than the 2019 actual revenue but \$31.1 million less than the 2020 RR goal in the approved workplan and budget. The reason for the decrease compared with the approved budget, based on recent feedback from major fundraising markets, is that some individual giving income is now projected to be raised as other resources – emergency (ORE) instead of RR. The justification is based on the COVID-19 pandemic response and on the stronger fundraising performance linked to other protracted or sudden-onset crises (for example, in Beirut, Lebanon, the Syrian Arab Republic and Yemen).

14. The private sector contribution to OR in 2020 is estimated at \$830.7 million. This is \$80.1 million more than the 2020 budgeted goal of \$750.6 million and \$66.5 million more than 2019 actual revenue. Private sector contribution to emergency revenue (other resources – emergency) for 2020 is projected at \$234.1 million, a \$134.1 million increase over the 2020 budgeted figure of \$100 million and \$90.3 million more than 2019 actual revenue. These projected results are due to rapid adaptation of previously planned strategies for acquiring individual donors when the COVID-19 pandemic hit (as PFP was unable to pursue its usual activities due to lockdowns in many countries), as well as effective partnering with high-value donors in response to the pandemic. These results also reflect high fundraising performance achieved to benefit other emergencies, as described in paragraph 13 above. The increase in other resources – emergency is counterbalanced by a projected decrease of \$53.7 million in other resources – regular compared with the projected 2020 budget.

15. The estimated PFP expenditure for 2020 is \$216.7 million as of October 2020, compared with an approved budget of \$223.9 million. The use of the RR-funded budget, including investment funds, is projected to be 100 per cent of funds allocated to PFP to maximize investment in revenue generation. The OR ceiling may not be used in full to the extent that income projections of country offices are not realized. However, investments will be optimized wherever possible.

16. PFP continues to lead the global implementation of the Supporter Engagement Strategy (SES) to drive revenue generation in high-potential country offices. SES was successfully launched in India in 2020.

17. In 2020, growing inequalities, challenging political environments, attacks on human rights commitments and the prevalence of multiple and overlapping crises presented significant challenges to the National Committees in their advocacy work. PFP has developed new technical guidance around advocacy in this context and will roll out tools to support the National Committees in their advocacy work.

18. The work on child rights education and the Child-Friendly Cities Initiative (CFCI) continues to expand, with a record number of National Committees participating in these platforms. For example, the first CFCI pilot was launched in the United States in 2020. PFP will continue to work with regional offices, Programme Division and other divisions to align these platform initiatives with UNICEF standards, guidance and the comprehensive results framework.

19. There is clear agreement that advocacy with governments in capitals plays a critical role in generating public-sector contributions to UNICEF. Governments rely on UNICEF to communicate the impact of their programmes to their national audiences to drive visibility as well as generate support among taxpayers for official development assistance. Advocacy undertaken by UNICEF and the National Committees has led to increased budgets, policy reforms, strengthened systems and reduced inequalities at the national and subnational levels. Through this work, UNICEF remains relevant in a rapidly changing political and social context.

20. The management of the strategic relationship between UNICEF and the National Committees continued successfully in 2020 and included strengthening systems and protocols relating to joint strategic planning, internal controls and governance in National Committees. PFP has continued to provide guidelines, procedures and one-on-one support to National Committees to ensure financial oversight and ongoing risk mitigation.

21. The Division continues to maintain rigorous oversight of its activities through regular audits, strengthened forecasting and the monitoring and reporting of revenue and expenditures, with the regular risk exercises and review of risk registers in line with UNICEF policy and divisional procedures and business continuity practices.

Table 1

Statement of revenue and expenditure**2019 actual results, 2020 approved budget, 2020 latest estimates and 2021 proposed budget**(Millions of United States dollars^a)

	2019 actual			2020 approved			2020 latest estimates			2021 proposed			2021 vs. 2020 approved	
	Regular resources (RR)	Other resources (OR)	Total	RR	OR	Total	RR	OR	Total	RR	OR	Total	Amount	Percentage
Private sector revenue														
Revenue from greeting cards and products	5.0	—	5.0	7.0	—	7.0	7.0	—	7.0	5.0	—	5.0	(2.0)	-29%
Private sector fundraising contributions	652.7	764.2	1 416.9	696.7	750.6	1 447.3	665.6	830.7	1 496.2	667.6	830.6	1 498.2	50.9	4%
National Committees	617.7	613.6	1 231.3	649.5	566.4	1 215.9	631.9	629.5	1 261.5	634.0	629.8	1 263.8	47.9	4%
Country offices	35.0	150.6	185.6	47.2	184.2	231.4	33.6	201.1	234.8	33.6	200.8	234.4	3.0	1%
Other revenue	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total private sector revenue	657.7	764.2	1 421.9	703.7	750.6	1 454.3	672.6	830.7	1 503.2	672.6	830.6	1 503.2	48.9	3%
Private Fundraising and Partnerships (PFP) expenditures														
A. Development effectiveness costs														
	3.8	—	3.8	4.2	—	4.2	4.2	—	4.2	4.2	—	4.2	—	0%
National Committee relations	3.8	—	3.8	4.2	—	4.2	4.2	—	4.2	4.2	—	4.2	—	0%
B. Management costs														
	7.2	—	7.2	8.4	—	8.4	8.3	—	8.3	8.3	—	8.3	(0.1)	-1%
Director's Office and Strategic Planning	1.4	—	1.4	1.6	—	1.6	1.6	—	1.6	1.6	—	1.6	—	0%
Operations and Finance	5.8	—	5.8	6.8	—	6.8	6.7	—	6.7	6.8	—	6.8	(0.1)	-1%
C. Special purpose costs														
	176.8	45.0	221.8	151.4	59.9	211.3	148.3	55.8	204.1	153.0	58.4	211.4	0.0	0%
Private Sector Fundraising and Partnerships	34.5	0.1	34.6	36.3	—	36.3	34.8	0.4	35.1	36.8	1.2	38.0	1.7	5%
Country office support ^b	6.7	—	6.7	6.9	—	6.9	6.6	—	6.6	7.0	—	7.0	0.1	1%
Country office direct fundraising costs	1.4	44.4	45.8	3.6	57.9	61.5	3.4	55.0	58.5	3.9	56.4	60.3	(1.2)	-2%
Communication and Marketing	10.2	0.2	10.4	10.8	—	10.8	10.3	0.3	10.6	11.1	—	11.1	0.3	3%

	2019 actual			2020 approved			2020 latest estimates			2021 proposed			2021 vs. 2020 approved	
	Regular resources (RR)	Other resources (OR)	Total	RR	OR	Total	RR	OR	Total	RR	OR	Total	Amount	Percentage
Procurement	1.3	—	1.3	1.3	—	1.3	1.3	—	1.3	1.5	—	1.5	0.1	8%
Private Sector Engagement	6.5	0.3	6.8	7.4	2.0	9.4	7.0	0.2	7.1	7.6	0.8	8.5	(0.9)	-10%
Investment funds	116.2	—	116.2	85.0	—	85.0	85.0	—	85.0	85.0	—	85.0	—	0%
Total PFP expenditures	187.8	45.0	232.8	164.0	59.9	223.9	160.8	55.8	216.7	165.5	58.4	223.9	(0.0)	0%
Licensing/sales expenditures of National Committees	1.2	—	1.2	0.7	—	0.7	0.7	—	0.7	0.7	—	0.7	—	0%
Impairment	0.9	—	0.9	—	—	—	—	—	—	—	—	—	—	0%
PFP foreign exchange gains (losses)	2.7	(0.1)	2.6	—	—	—	—	—	—	—	—	—	—	0%
Net private sector surplus	465.1	719.3	1 184.4	539.0	690.7	1 229.7	511.0	774.8	1 285.9	506.4	772.2	1 278.6	48.9	4%

^a Numbers may not add up due to rounding.

^b Country office support costs include the Country Office Development and Support Unit and regional support centres.

III. Key expected results for 2021 and required resources for the 2021 Private Fundraising and Partnerships budget

22. To meet a revenue goal of \$1.5 billion in 2021, of which \$672.6 million will be RR, PFP proposes (a) a total special purpose budget of \$223.9 million, comprising a \$153 million budget funded by RR and a \$58.4 million ceiling funded by OR; and (b) an institutional budget of \$12.5 million.

23. Below are the updated planned outcomes and strategies for 2021 for the private sector audiences. Given the uncertain impact of the COVID-19 pandemic on future fundraising and partnerships, UNICEF is prioritizing a few key actions to support continued growth in fundraising and results for children through partnerships with businesses and philanthropists. More specifically, PFP will redouble efforts to grow private sector fundraising, particularly from individuals through investing in and enhancing supporter and donor engagement, especially through digital fundraising efforts. The Division will also design and implement alternative and innovative modalities for investment in fundraising. To enhance the delivery of results for children, UNICEF will continue to roll out and mainstream the business for results approach in country offices and in National Committees. To reinforce the global agenda of UNICEF, PFP will strengthen its holistic approach to fundraising, advocacy and programming in high-income countries.

Outcome 1: By 2021, 115 million people are changing the world with UNICEF through their voices and donations¹

- By 2021, 11.3 million people are contributing net private sector revenue of \$905 million annually
- By 2021, 115 million people, including children, are mobilized for children's rights, with 50 million people on the road to giving²

24. For the first planned outcome, a total special purpose budget of \$170.7 million (\$114.3 million RR, \$56.4 million OR) is proposed to meet the revenue goal. Some key private sector fundraising strategies planned for 2021 to achieve this revenue target are:

(a) UNICEF must protect income for programmes in fundraising country offices that comes from individual giving in those countries. To do this, UNICEF has begun to identify a few alternative, innovative investment solutions for fundraising to lessen the burden on regular resources and to secure investment for emerging, high-potential fundraising markets.

(b) Digital acquisition of individual donors is growing strongly, with 27 per cent of pledge and 66 per cent of cash donors acquired through digital/mobile. The Division, working closely with the Division of Communication, the Information and Communication Technology Division, the National Committees and country and regional offices will implement strategies to substantially increase the amount coming through digital acquisition going forward. UNICEF is already strategically dedicating

¹ The original IMPACT Plan target was set at 100 million people changing the world with UNICEF through their voices and donations by 2021. However, due to the methodology changes in defining donor levels and supporter engagement, the target for the year 2021 has been increased to 115 million people.

² The term "people on the road to giving" is defined as individuals whose email addresses or phone numbers were acquired through digital advocacy and made available for fundraising for UNICEF. It does not include those individuals who were simply engaged by UNICEF.

technical capacity to improving retention rates for donors. This digital shift requires additional investment – both in new systems and people and in the delivery of a far higher volume of compelling content to engage supporters and donors.

(c) The Division will continue to focus resources on markets with the highest growth potential for individual giving, including monthly pledge giving, one-off giving and legacies.

Outcome 2: The impact and effectiveness of key influencers are maximized to advance children’s rights and well-being

- Leading philanthropic partners commit to working with UNICEF and investing \$387 million annually by 2021 to achieve transformational change for children
- Key influencers amplify UNICEF advocacy messaging on priority issues affecting children

25. For the second planned outcome, a total special purpose budget of \$6.2 million in RR is proposed to continue engaging with global foundation prospects, cultivate major donors and engage partners and their networks to influence public and private sector alignment with UNICEF messaging on key issues. In 2021, PFP will design and launch a high-value capital campaign and continue capacity-building to provide wider prospecting in markets at the local and global level, both with high-net-worth individuals and with the new UNICEF interfaith initiative.

Outcome 3: The power, reach and influence of business are fully harnessed for children

- Partnerships with businesses maximize results for children, delivering revenue (projected to be \$190 million in 2021), influence, reach, the protection of children’s rights and/or core business and assets
- Businesses take sustainable action to respect children’s rights in all business activities and relationships
- Businesses and business stakeholders advocate for children

26. For the third planned outcome, a total special purpose budget of \$16.8 million (\$14.8 million RR, \$2.0 million OR) is proposed.

27. Corporate partnerships performed well in response to the COVID-19 pandemic, securing more than \$100 million (at the time this report was drafted) from the private sector. The majority of this is from high-value channels (companies, foundations, philanthropists), and most of these contributions are new and one-year donations. To ensure continued support from these high-value channels, UNICEF is developing a post-pandemic narrative that positions the organization as the partner of choice for delivering for children and families. UNICEF will be proactive in promoting this narrative to convert new donors from emergency donors to multi-year partners.

28. The Division of Private Fundraising and Partnerships will also continue to roll out the business for results approach in country offices and with National Committees. The vision for this approach is to achieve results for children by mainstreaming the potential and relevance of business into UNICEF policies, programmes, guidance and practices. The outcome will be having an estimated 100 per cent of all UNICEF programme and partnership staff and managers participate in capacity-building sessions on working with business. The goal is for these staff members to acquire and

measurably apply competencies, skills and tools to normalize engaging with business at all levels of the organization by the end of 2022. This result will be achieved using PFP and other UNICEF resources.

Outcome 4: Governments at all levels in countries with a National Committee presence deliver on UNICEF priorities for children, as defined in the Strategic Plan, 2018–2021, both domestically and globally

- Governments maintain and increase budgeting for children domestically and globally
- Governments increase action to respect, protect and fulfil children’s rights domestically and globally

29. For the fourth planned outcome, a total special purpose RR budget of \$1.6 million is proposed. The Division will continue to provide inputs and evidence to support National Committee efforts to effectively engage with their own governments to integrate child rights into standards, laws, policies, budgets, national covenants and international agreements.

Outcome 5: By 2021, UNICEF is the most trusted and engaging organization improving the lives of children around the globe

- The public has increased awareness of and familiarity with the work of UNICEF as the leading organization for children in private sector markets
- The work of UNICEF has increased recognition and the organization is viewed as one that “gets things done”
- UNICEF mobilizes audiences to take action for children in private sector markets
- UNICEF optimizes the use of compelling, engaging and emotive content to build its brand

30. For the fifth planned outcome, a total special purpose budget of \$5.5 million in RR is proposed. Priorities for 2021 include the following: analysing trends (economic, political, social and technological) resulting from the COVID-19 pandemic and the opportunities they present to UNICEF, particularly for fundraising, business engagement, brand and campaigns; conducting research to showcase outcomes UNICEF has achieved through successful brand-building and fundraising initiatives, including partnerships with business using the priority shared-value partnership model, whose aim is to focus together on solving the social problems in our society; facilitating consultations with National Committees and ensuring decisions on communication and brand are informed by systematic data collection and monitoring; and continued planning and the implementation of global integrated campaigns that maximize opportunities for supporter recruitment, engagement and fundraising.

Outcome 6: By 2021, UNICEF is well positioned, with a common culture, to deliver on ambitious results with the private sector and with the public sector in National Committee countries

- UNICEF is fit for business, with responsive, transparent and accountable governance
- UNICEF plans and delivers as one UNICEF, with the efficient and effective management of results
- Versatile, safe and secure information systems support the delivery of the Private Sector Plan 2018–2021: IMPACT for Every Child
- The versatile staff of UNICEF and the National Committees collaborate as agents of change with the private sector

31. For the sixth planned outcome, a total of \$23.0 million in RR is proposed, of which \$10.5 million is from the special purpose budget and \$12.5 million is from the institutional budget. This will help to assure financial and operational excellence within the Division and to support global fundraising operations. It will also be used to strengthen coordination, oversight and risk-management activities with and by the National Committees, including joint strategic planning and monitoring the implementation of cooperation agreements. The Division will continue to guide the governing boards and executive management teams of the National Committees in implementing the principles of good governance relating to management and operations, board activities, disclosure and transparency, ethics, audit, risk management and compliance. Management and operations support will focus on the overall guidance and strategic direction of all aspects of UNICEF private sector fundraising and partnerships; the continued strengthening of the management of PFP activities; the design and use of cutting-edge customer relationship management technology and optimized cybersecurity; the provision of seamless financial reporting for private sector revenue generation and on the use of investment funds; collaboration to respond to findings from oversight bodies; and robust human resource management to ensure the timely recruitment, development and retention of high-calibre staff in addition to implementing the recommendations of the Independent Task Force.

Table 2

Proposed budget, by expected results 1 January–31 December 2021

(Millions of United States dollars)

<i>Expected results</i>	<i>Resource requirements</i>		
	<i>Regular resources</i>	<i>Other resources</i>	<i>Total</i>
<i>Special purpose</i>	153.0	58.4	211.4
Outcome 1: By 2021, 115 million people are changing the world with UNICEF through their voices and donations	114.3	56.4	170.7
Output 1.1: By 2021, 11.3 million people are contributing net private sector revenue of \$905 million annually	113.1	56.4	169.5
Output 1.2: By 2021, 115 million people, including children, are mobilized for children's rights, with 50 million people on the road to giving	1.3	—	1.3
Outcome 2: The impact and effectiveness of key influencers are maximized to advance children's rights and well-being	6.2	—	6.2
Output 2.1: Leading philanthropic partners commit to working with UNICEF and investing \$387 million annually by 2021 to achieve transformational change for children	5.9	—	5.9

<i>Expected results</i>	<i>Resource requirements</i>		
	<i>Regular resources</i>	<i>Other resources</i>	<i>Total</i>
Output 2.2: Key influencers amplify UNICEF advocacy messaging on priority issues affecting children	0.3	—	0.3
Outcome 3: The power, reach and influence of business are fully harnessed for children	14.8	2.0	16.8
Output 3.1: Partnerships with businesses maximize results for children, delivering revenue (projected to be \$190 million in 2021), influence, reach, the protection of children's rights and/or core business and assets	10.0	2.0	12.0
Output 3.2: Businesses take sustainable action to respect children's rights in all business activities and relationships	3.1	—	3.1
Output 3.3: Businesses and business stakeholders advocate for children	1.8	—	1.8
Outcome 4: Governments at all levels in countries with a National Committee presence deliver on UNICEF priorities for children, as defined in the Strategic Plan, 2018–2021, both domestically and globally	1.6	—	1.6
Output 4.1: Governments maintain and increase budgeting for children domestically and globally	1.0	—	1.0
Output 4.2: Governments increase action to respect, protect and fulfil children's rights domestically and globally	0.7	—	0.7
Outcome 5: By 2021, UNICEF is the most trusted and engaging organization improving the lives of children around the globe	5.5	—	5.5
Output 5.1: The public has increased awareness of and familiarity with the work of UNICEF as the leading organization for children in private sector markets	1.4	—	1.4
Output 5.2: The work of UNICEF has increased recognition and the organization is viewed as one that "gets things done"	1.5	—	1.5
Output 5.3: UNICEF mobilizes audiences to take action for children in private sector markets	1.5	—	1.5
Output 5.4: UNICEF optimizes the use of compelling, engaging and emotive content to build its brand	1.1	—	1.1
Outcome 6: By 2021, UNICEF is well positioned, with a common culture, to deliver on ambitious results with the private sector and with the public sector in National Committee countries	10.5	—	10.5
Output 6.1: UNICEF is fit for business, with responsive, transparent and accountable governance	3.4	—	3.4
Output 6.2: UNICEF plans and delivers as one UNICEF, with the efficient and effective management of results	3.9	—	3.9
Output 6.3: Versatile, safe and secure information systems support the delivery of the Private Sector Plan 2018–2021: IMPACT for Every Child	2.2	—	2.2
Output 6.4: The versatile staff of UNICEF and the National Committees collaborate as agents of change with the private sector	0.9	—	0.9
Development effectiveness	4.2	—	4.2
Outcome 6: By 2021, UNICEF is well positioned, with a common culture, to deliver on ambitious results with the private sector and with the public sector in National Committee countries	4.2	—	4.2
Output 6.1: UNICEF is fit for business, with responsive, transparent and accountable governance	4.2	—	4.2
Management	8.3	—	8.3
Outcome 6: By 2021, UNICEF is well positioned, with a common culture, to deliver on ambitious results with the private sector and with the public sector in National Committee countries	8.3	—	8.3
Output 6.1: UNICEF is fit for business, with responsive, transparent and accountable governance	4.8	—	4.8

<i>Expected results</i>	<i>Resource requirements</i>		
	<i>Regular resources</i>	<i>Other resources</i>	<i>Total</i>
Output 6.2: UNICEF plans and delivers as one UNICEF, with the efficient and effective management of results	3.3	—	3.3
Output 6.4: The versatile staff of UNICEF and the National Committees collaborate as agents of change with the private sector	0.3	—	0.3
Total proposed budget for achieving results	165.5	58.4	223.9

IV. Revenue and expenditure projections for 2021

A. Planning methodology

32. The format and presentation of the budget is aligned with the UNICEF integrated budget, 2018–2021. The activities and results of PFP support the achievement of UNICEF development effectiveness, management and special purpose results.

33. The PFP expenditures that fall under the development effectiveness and management categories were indicatively approved by the Executive Board as part of the UNICEF integrated budget, 2018–2021. The PFP expenditures that are budgeted to fall under the special purpose category in 2021 are presented to the Board for approval in this submission.

34. Three revenue and expenditure scenarios are presented to the Executive Board (see table 3): low, medium and high. The medium, most realistic, scenario is based on information received from the fundraising markets in October 2020, exchange-rate projections and the successful implementation of the strategies described previously. The Board is requested to authorize PFP to incur expenditures in line with the medium scenario and to increase expenditures up to the level of the high scenario, should the high projected revenue levels be reached, and to reduce expenditures should the low projected revenue levels be reached. Higher revenue is considered possible if global fundraising market conditions improve. Lower revenue is considered possible if new risks emerge.

35. As indicated in table 1, the indicative net private sector surplus for 2021, after deducting PFP expenditures, investment funds and National Committee licensing expenditures, is projected to be \$1.28 billion. This figure is \$48.9 million higher than the indicative net private sector surplus in the approved budget for 2020.

B. Revenue

36. Total private sector revenue is projected to reach \$1,503 million in 2021. This represents a modest increase of \$48.9 million (or 3 per cent) compared with the original total revenue projections for 2020 and no change from the latest total revenue projections for 2020.

37. This total revenue projection for 2021 is based on information received from the National Committee and country office private sector fundraising markets in October 2020. It includes projected RR revenue of \$672.6 million. This represents a decrease of \$31.1 million (or a 4 per cent decrease) compared with the original total revenue projections for 2020, but no change from the latest total revenue projections for 2020. This projected RR reflects the prudent approach to planning taken by most fundraising markets. While the evidence from the most recent significant global

economic crisis³ demonstrates the resilience of private sector fundraising, and markets remain confident with their regular giving donor base, there is still general uncertainty about the global economic outlook resulting from the prolonged COVID-19 pandemic.

38. New opportunities emerged and were seized in the early months of the COVID-19 pandemic:

(a) Fundraising markets responded with agility to move financial investments and personnel from face-to-face to digital acquisition of new donors. Data from the past two years show that donors who are acquired digitally are “higher quality” – that is, they give more, and their monthly financial commitment lasts longer. Further, the marked shift to digital acquisition of new donors in 2020 has accelerated implementation of the UNICEF digital fundraising strategy.

(b) Despite the recessionary effects of the extended periods of national and international lockdowns, a significant number of new corporate donors engaged with UNICEF in 2020. Activities are now focused on managing these new relationships with an eye on the longer term and converting them to multi-year partnerships.

(c) UNICEF initiated a “leadership” approach (that is, a single approach across our high-value income streams) and convened prospective donors from across the business sector, foundations and philanthropy. The goal was to leverage their interconnectedness to share knowledge and experience and consider appropriate private sector responses to the pandemic. Underpinning this approach was a programme of “virtual field trips”, which PFP developed quickly in response to travel restrictions. These trips proved a highly successful means of bringing a broader range of UNICEF supporters closer to our programmes and giving them the opportunity to better understand the emerging implications of the COVID-19 pandemic and the changing needs resulting from it.

C. Expenditures

39. Total PFP expenditures for the institutional budget (development effectiveness costs and management costs) and the proposed special purpose budget together are \$223.9 million in 2021. The proposed special purpose budget is maintained at the same level as the 2020 approved budget.

1. Development effectiveness costs (institutional budget)

40. In PFP, development effectiveness costs cover the management of the strategic relationship with the National Committees. The proposed development effectiveness budget for 2021 is maintained at the same level as the 2020 budget (\$4.2 million), and the most recent estimates for the 2020 actual budget remain within the institutional budget ceilings indicatively approved as part of the UNICEF integrated budget, 2018–2021.

2. Management costs (institutional budget)

41. In PFP, management costs cover the activities of the Director’s Office and Strategic Planning and the Operations and Finance sections. The management budget for 2021 will decrease by \$0.1 million, from \$8.4 million in the 2020 budget and latest estimates to \$8.3 million. The decrease comes from a decrease in non-post allocation of \$0.1 million.

³ INGO Peer Review Analysis 2013 shows that three peers of the top five sector performers, including UNICEF, increased their individual giving income in 2008–2009, and there was no major decline in the sector.

3. Special purpose costs

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

43. Special purpose costs in PFP cover the activities of the Private Sector Fundraising and Partnerships, Country Office Support, Communication and Marketing, and Procurement sections. They also include investment fund costs. Special purpose costs are funded by both an RR allotment and an OR ceiling.

44. In 2021, the following main principles were established to prepare the PFP budget: (a) ensuring zero growth in operational costs compared with the 2020 approved budget; (b) protecting and prioritizing fundraising investments to the extent possible; (c) promoting consolidation of previous changes to organizational structure and minimizing additional changes; and (d) implementing ongoing and new organizational initiatives and priorities assigned to the Division.

45. Compared with 2020, the special purpose RR budget for 2021 has increased by \$1.6 million, due mainly to the increase in standard post costs.

46. PFP manages, allocates and monitors investment funds as part of the Division's accountability for increasing private sector revenue in more than 50 markets.

47. Investment funds are required to further grow RR revenue in the current Strategic Plan period and beyond, in the critical individual regular giving and legacy fundraising channels and in alignment with digital fundraising and innovation strategies. Country offices with established private sector fundraising activities also require investment funds to generate and grow resources for their own programmes. Total RR revenue is projected to reach \$2.7 billion in the current Strategic Plan period (2018–2021), an increase of \$286 million compared with the Strategic Plan period 2014–2017. Continued investment in fundraising is a prerequisite for continued growth in total RR revenue from the private sector.

48. Significant annual investments must be accompanied by investment in improving technical skills and systems at headquarters, regional offices and across markets to ensure that investment returns are optimized. Furthermore, investments cannot be successfully managed without the support of global fundraising specialists to monitor fundraising revenue, analyse market potential and manage risks. Continuous improvement in expertise, systems and experience has ensured effective deployment of investment funds to secure growth in RR revenue. Such improvements have helped investments to consistently achieve the benchmark return of 3:1 over 36 months.

49. National Committees and country offices are making their 2021 investment fund requests as this document is drafted. Requests for 2021, as in previous years, exceed available funds. Difficult decisions will be required to allocate funds based on the priority to grow RR revenue now (the vast majority of which is raised by National Committees) rather than on the strategy to develop and maintain emerging country office fundraising markets and their programmes. This means some country office programmes, currently funded by their own private sector fundraising income, will be put in jeopardy.

50. The projected return on 2021 investment funds is in line with the 3:1 minimum required for the investment fund portfolio, except for funds relating to legacy giving and innovation. Investment in legacy giving has a longer payback period, with a significantly higher return, but cannot be accurately projected over a three-year period. Limited funds will be available for innovation and for testing new fundraising

techniques, with no immediate return on investment. However, such innovation and testing will ensure that UNICEF remains at the forefront of exploring new fundraising techniques.

51. Given the high dollar value of investment funds, the planning, monitoring and reporting processes linked to them are rigorous and transparent. PFP strives for continuous improvement in investment fund implementation, including in allocation methodologies and associated monitoring and reporting. A full report on investment funds will be provided later in 2021, as requested by the Executive Board.

52. PFP is not requesting the establishment of any posts in 2021.

53. Special purpose costs covered by OR represent a ceiling (as opposed to a budget allotment) and cover direct fundraising costs in country offices that have fundraising programmes. The amount of the budget ceiling is dependent on the fundraising revenue of the country offices, as they may use up to 25 per cent of their gross revenue to cover fundraising costs. However, the maximum ceiling may not be implemented if the corresponding revenue is not achieved.

54. Compared with 2020, the special purpose OR ceiling for 2021 has decreased by \$1.5 million (2 per cent), from \$59.9 million in the 2020 approved budget to \$58.4 million proposed in 2021. The ceiling decrease for 2021 is related to improved expenditure projections based on aligning projected expenses with projected revenue levels, as well as anticipation of a 6 per cent vacancy rate for vacant posts. The number of posts funded by special purpose OR revenue will increase from 270 posts in 2020 to 325 posts in 2021. The Director, PFP and the respective Regional Directors share approval responsibilities for these posts. The posts are included in the organizational structure of the country offices. The special purpose OR ceiling and expenditures for the posts are presented in the PFP Workplan and Budget and PFP Financial Report, respectively.

Table 3
UNICEF Private Sector Plan 2018–2021: IMPACT for Every Child: Range of budgeted revenue and expenditure, 2021
 (in millions of United States dollars^a)

	<i>I (low projection)</i>	<i>II (medium projection)</i>	<i>III (high projection)</i>
Private sector revenue			
National Committees	1 243.4	1 268.8	1 294.2
Country offices	229.7	234.4	239.1
Total private sector revenue	1 473.1	1 503.2	1 533.3
Private Fundraising and Partnerships (PFP) expenditures			
A. Development effectiveness costs	4.2	4.2	4.2
National Committee Relations	4.2	4.2	4.2
B. Management costs	8.3	8.3	8.3
Director's Office and Strategic Planning	1.6	1.6	1.6
Operations and Finance	6.8	6.8	6.8
C. Special purpose costs	208.8	211.4	213.9
Private Sector Fundraising and Partnerships	37.2	38.0	38.8
Country office support ^b	6.9	7.0	7.2
Country office direct fundraising costs	59.1	60.3	61.5
Communication and Marketing	10.9	11.1	11.3
Procurement	1.4	1.5	1.5
Private Sector Engagement	8.3	8.5	8.6
Investment funds	85.0	85.0	85.0
Total PFP expenditures	221.4	223.9	226.4
Licensing/sales expenditures of National Committees	0.7	0.7	0.7
Net private sector surplus	1 251.0	1 278.6	1 306.1

^a Numbers may not add up due to rounding.

^b Country office support costs include the Country Office Development and Support Unit and the regional support centres.

Table 4
Financial projections for the UNICEF Private Fundraising and Partnerships Private Sector Plan 2018–2021: IMPACT for Every Child
 (in millions of United States dollars^a)

	<i>2019 actual results</i>	<i>2020 approved budget</i>	<i>2020 latest estimates</i>	<i>2021 proposed budget</i>	<i>2022^b projection</i>
Private sector revenue					
Revenue from greeting cards and products	5.0	7.0	7.0	5.0	5.0
Private sector fundraising contributions	1 416.9	1 447.3	1 496.2	1 498.2	1 525.0
National Committees	1 231.3	1 215.9	1 261.5	1 263.8	1 282.1
Country offices	185.6	231.4	234.8	234.4	242.9
Other revenue	—	—	—	—	—
Total private sector revenue	1 421.9	1 454.3	1 503.2	1 503.2	1 530.0

	2019 actual results	2020 approved budget	2020 latest estimates	2021 proposed budget	2022 ^b projection
Private Fundraising and Partnerships (PFP) expenditures					
A. Development effectiveness costs	3.8	4.2	4.2	4.2	4.2
National Committee Relations	3.8	4.2	4.2	4.2	4.2
B. Management costs	7.2	8.4	8.3	8.3	8.3
Director's Office and Strategic Planning	1.4	1.6	1.6	1.6	1.6
Operations and Finance	5.8	6.8	6.7	6.8	6.8
C. Special purpose costs	221.8	211.3	204.1	211.4	217.0
Private Sector Fundraising	34.6	36.3	35.1	38.0	38.0
Country office support ^c	6.7	6.9	6.6	7.0	7.1
Country office direct fundraising costs	45.8	61.5	58.5	60.3	64.0
Communication and Marketing	10.4	10.8	10.6	11.1	11.4
Procurement	1.3	1.3	1.3	1.5	1.5
Private Sector Engagement	6.8	9.4	7.1	8.5	9.9
Investment funds	116.2	85.0	85.0	85.0	85.0
Total PFP expenditures	232.8	223.9	216.7	223.9	229.5
Sales/licensing expenditures of National Committees	1.2	0.7	0.7	0.7	0.7
Sales/impairment	0.9	—	—	—	—
PFP foreign exchange gains (losses)	2.6	—	—	—	—
Net private sector surplus	1 184.4	1 229.7	1 285.9	1 278.6	1 299.8

^a Numbers may not add up due to rounding.

^b Projections for the year 2022 are tentative and therefore subject to change.

^c Country office support costs include the Country Office Development and Support Unit and regional support centres.

V. Human resources: Post changes

55. In 2021, the number of posts funded by the PFP budget is proposed to be 616 worldwide. Of this total, 45 posts are funded by the institutional budget, 241 by special purpose RR and 330 by special purpose OR. Of the total number of posts, 204 are in Geneva and 409 are in other headquarters locations and in regional and country offices and support centres.

56. A summary of the post changes proposed for 2021 is provided in the annex to the present document.

VI. Draft decision

57. The following draft decision is provided for consideration by the Executive Board:

The Executive Board

1. *Takes note* of the Private Fundraising and Partnerships: 2021 workplan and proposed budget (E/ICEF/2021/AB/L.1) and the World Bank instrument to facilitate sustained investment in private sector fundraising (E/ICEF/2021/AB/L.1/Add.2);

2. *Notes* the high, medium and low revenue scenarios for 2021, as shown in table 3 of document E/ICEF/2021/AB/L.1;

3. *Approves* a budget for special purpose activities of \$153 million from regular resources, comprising \$85 million for investment funds and \$68 million for other private sector fundraising costs, and the establishment of an other resources ceiling of \$58.4 million based on the medium scenario in table 3 of document E/ICEF/2021/AB/L.1;

4. *Authorizes* UNICEF

(a) To redeploy resources between the various regular resources budget lines (as detailed in paragraph 1, above), up to a maximum of 10 per cent of the amounts approved;

(b) To decrease or increase expenditures up to the levels indicated in columns I and III of table 3 of document E/ICEF/2021/AB/L.1 should the apparent revenue from fundraising decrease or increase to the levels indicated in columns I and III;

(c) To spend an additional amount between Executive Board sessions, when necessary, up to the amount caused by currency fluctuations, to implement the 2021 approved workplan;

5. *Encourages* the Executive Director to identify and respond to new market opportunities, should they arise, between Executive Board sessions and to notify the Board accordingly;

6. *Approves* an interim one-month allocation for January 2022 of \$15.3 million (or 10 per cent of the special purpose regular resources allocation of \$153 million), to be absorbed into the annual Private Fundraising and Partnerships budget for 2022;

7. *Authorizes* the Executive Director, with the advice of the Comptroller, to execute the financial instrument in partnership with the World Bank to raise additional financing for investment in private sector fundraising, leveraging the Bank's expertise in financial markets.

Annex

Summary of post changes proposed for 2021

Detail	Post levels							Total			Grand total
	D2	D1	P6	P5	P4	P3	P2	IP	NO	GS	
Base post authorization table: 2020 approved	1	5	2	22	68	82	14	194	-	46	240
Private Fundraising and Partnerships (PFP) headquarters											
Approved 2020	1	5	2	22	68	82	14	194	—	46	240
Post changes 2021											
Management	—	—	—	—	—	—	—	—	—	—	—
Development effectiveness	—	—	—	—	—	—	—	—	—	—	—
Special purpose	—	—	—	—	—	—	—	—	—	—	—
Proposed 2021	1	5	2	22	68	82	14	194	-	46	240
Change vs. 2020 approved	—	—	—	—	—	—	—	—	—	—	—
Regional support centres and UNICEF country offices											
(special purpose)											
Approved 2020	—	—	—	5	12	10	—	27	7	12	46
Post changes 2021	—	—	—	—	—	—	—	—	—	—	—
Proposed 2021	—	—	—	5	12	10	—	27	7	12	46
Change vs. 2020 approved	—	—	—	—	—	—	—	—	—	—	—
Total PFP regular resources											
Approved 2020	1	5	2	27	80	92	14	221	7	58	286
Proposed 2021	1	5	2	27	80	92	14	221	7	58	286
Change vs. 2020 approved	—	—	—	—	—	—	—	—	—	—	—
PFP headquarters: other resources (special purpose)											
Approved 2020	—	—	—	—	5	—	—	5	—	—	5
Proposed 2021	—	—	—	—	5	—	—	5	—	—	5
Change vs. 2020 approved	—	—	—	—	—	—	—	—	—	—	—
UNICEF country offices: other resources (special purpose)											
Approved 2020	—	—	—	1	9	4	—	14	121	135	270
Post changes 2021 latest estimates	—	—	—	—	2	1	1	4	34	17	55
Proposed 2021	—	—	—	1	11	5	1	18	155	152	325
Change vs. 2020 approved	—	—	—	—	2	1	1	4	34	17	55
Total PFP other resources											
Approved 2020	—	—	—	1	14	4	—	19	121	135	275
Proposed 2021	—	—	—	1	16	5	1	23	155	152	330
Change vs. 2020 approved	—	—	—	—	2	1	1	4	34	17	55
Total PFP											

<i>Detail</i>	<i>Post levels</i>							<i>Total</i>			<i>Grand total</i>
	<i>D2</i>	<i>D1</i>	<i>P6</i>	<i>P5</i>	<i>P4</i>	<i>P3</i>	<i>P2</i>	<i>IP</i>	<i>NO</i>	<i>GS</i>	
Approved 2020	1	5	2	28	94	96	14	240	128	193	561
Proposed 2021	1	5	2	28	96	97	15	244	162	210	616
Change vs. 2020 approved	—	—	—	—	2	1	1	4	34	17	55