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Private Sector Division workplan and proposed budget for 2007**

Summary

The Private Sector Division (PSD) workplan and proposed budget for 2007 is presented to the Executive Board for approval.

It is estimated that in 2007, PSD will generate $689.1 million in net consolidated income, of which $352.8 million will be for regular resources and $336.3 million for other resources. This will be achieved with expenditures of $110.5 million.

It is recommended that the Executive Board adopt the draft decisions in Section VI.

* E/ICEF/2007/1.
** This document was submitted late because of need for internal consultation.

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Contents

I. Overview

A. Introduction – Outlook for 2006

1. The year 2006 presented the Private Sector Division with the challenge of maintaining and increasing the revenue stream in a post-tsunami environment. This task was fulfilled, and the total net consolidated income is estimated to surpass the original targets set in the 2006 approved budget by $34.8 million, to reach $619.2 million. This compares favourably with the 2005 actual results of $1,058.2 million including the tsunami emergency funds ($483.4 million), or $574.8 million net of the tsunami emergency funds.

2. The key PSD achievements in 2006 are projected as follows:

(a) Completion of the global private sector fund-raising (PSFR) strategy for 2006-2010 that includes ambitious revenue targets and aims to reach 10 million individual donors. These targets will be attained by increased innovation and investment and by the development of fund-raising "products" for global adoption;

(b) Development and market-testing of a new web-based pledge product to raise funds for the global "Unite for Children, Unite against AIDS" campaign;

(c) Expansion of the "School for Africa" fund-raising programme, which is expected to become a showcase in venture philanthropy, raising over $10 million in 2006;

(d) Continued growth of country offices' revenue stream by developing local resources and conducting tests to build knowledge in new markets such as the Russian Federation, India and China;

(e) Expansion of corporate and multisector partnerships, locally, regionally, and globally, beyond fund-raising to include corporate investment in issues affecting children, in-kind assistance programmes, emergency preparedness, and other areas;

(f) Launch of a strategic positioning study on corporate engagement, with the objective of strengthening UNICEF partnerships with the corporate sector beyond fund-raising;

(g) Streamlining of guidelines, systems, and processes governing alliances with the business community;

(h) Re-launch of a corporate alliances intranet site, designed as a complete online resource for National Committees for UNICEF and country offices seeking to build corporate alliances.

B. 2007 objective

3. For 2007, the objective of PSD is to achieve net consolidated income of $689.1 million, which is 11.3 per cent higher than the 2006 latest estimates. This net consolidated income comprises $352.8 million for regular resources (6.9 per cent higher than the 2006 latest estimates) and $336.3 million for other resources (16.3 per cent higher than the 2006 latest estimates). See tables 1 and 1A.

C. Consolidated income and expense projections for 2007

4. Two formats of the PSD income statement are included in the present workplan and budget document: table 1 — PSD income statement; and table 1A — net income after allocation of operating expenses by revenue-generating activity (Management statement – supporting table 1).

5. Table 1 reflects PSD results contained in the financial report that is submitted to and noted by the UNICEF Executive Board. This table is prepared in accordance with statutory requirements. Table 1A is a management statement showing the PSD operating results of its two revenue-generating activities: fund-raising and sales of cards and gifts. This statement presents the allocation of costs of both marketing and support services between fund-raising and sales to measure the net contribution of each activity.

6. As indicated in table 1, the PSD net consolidated income for 2007 is projected at $689.1 million. Without allocating operating expenses between the two revenue-generating activities, the projected 2007 net PSD income (regular resources) of $352.8 million comprises net operating income from private sector fund-raising of $317.2 million and from card and gift sales of $57.0 million, offset by the cost of investment funds of $21.4 million to support fund-raising and sales initiatives.

7. In 2007 (see table 1A), 83 per cent ($291.8 million) of the regular resources income is attributable to fund-raising activities, and 17 per cent ($61.0 million) to sales of cards and gifts.

8. In fund-raising, the net operating income (before investment funds) for regular resources for 2007 is projected at $310.0 million, compared to the 2006 latest estimate of $290.8 million (see table 1A). In addition, for 2007, $336.3 million of other resources income is projected.

9. In card and gift sales, for 2007, sales volume is projected at 112 million cards, and gross proceeds are projected at $160.4 million (see table 1). This is an increase of 5 million cards in sales volume and $9.3 million in gross proceeds over the 2006 latest estimates. After allocating operating expenses, the net operating income from card and gift sales (before investment funds) for 2007 is projected to grow to $64.2 million, compared to the 2006 latest estimates of $59.9 million (see table 1A).

10. Consolidated expenditure for 2007, as summarized in table 2, is projected at $110.5 million, which is $8.8 million (8.7 per cent) more than the 2006 latest estimates. This increase comprises:

(a) higher operating expenses of $6.1 million due to a global inflation assumption of 4 per cent, and investment in innovative fund-raising and sales activities;

(b) higher investment funds ($0.7 million) to expand implementation of the fund-raising and sales strategies to existing and new markets and to meet the 2007 income targets;

(c) higher cost of goods delivered ($1.8 million) matching the projected growth in sales;

(d) higher commissions ($0.2 million) due to continued growth in sales at UNICEF country offices.

D. Human resources

11. The total number of posts will increase in 2007 by 1, from 230 to 231. The one new post is an International Professional post at PSD headquarters in Geneva aiming to strengthen the key business areas of fund-raising, notably the development of compelling fund-raising products for UNICEF partners.

Table 1. PSD income statement - 2005 actual, 2006 approved budget, 2006 latest estimates, and 2007 proposed budget

(In millions of United States dollars)

	2005 Actual	%	2006 Approved Budget a/	%	2006 Latest estimates	%	2007 Proposed	%	Variance 2007 vs. 2006 Latest estimates $	%
Gross proceeds - card and gift sales	145.6		161.0		151.1		160.4		9.3	6.2
Less: Retention/commissions and direct expenses at country offices	46.5	31.9	56.0	34.8	52.6	34.8	56.2	35.0	3.6	6.8
Net proceeds - card and gift sales	99.1		105.0		98.5		104.2		5.7	5.8
Less: Cost of goods delivered	27.0	18.5	32.0	19.9	30.1	19.9	31.9	19.9	1.8	6.0
Operating expenses	23.3	16.0	28.1	17.5	27.5	18.2	29.3	18.3	1.8	6.5
Provision for doubtful accounts	1.6		1.0		1.0		1.0		-	-
Add: Other income	16.4		9.2		13.2		15.0		1.8	13.6
Net operating income - card and gift sales	63.6	43.7	53.1	33.0	53.1	35.1	57.0	35.5	3.9	7.3
Net operating income - Private sector fund-raising	255.7		302.7		297.6		317.2		19.6	6.6
Less: Investment funds	16.4		21.4		20.7		21.4		0.7	3.4
Total net operating income	302.9		334.4		330.0		352.8		22.8	6.9
Less: Exchange rate adjustment	14.3									
Net income - regular resources	288.6		334.4		330.0		352.8		22.8	6.9
Add: PSFR other resources	769.6		250.0		289.2		336.3		47.1	16.3
Net consolidated income	1,058.2		584.4		619.2		689.1		69.9	11.3
										%
Card sales volume (millions)	*109*		*118*		*107*		*112*		*5*	4.7

PSFR = private sector fund-raising

a/ As approved by the Executive Board (decision 2006/5, paragraph 2)

Table 1A Net income after allocation of operating expenses by revenue generating activity 2005 actual, 2006 approved budget, 2006 latest estimates, and 2007 proposed budget Management statement - supporting table 1

(In millions of United States dollars)

	2005 Actual			2006 Approved Budget			2006 Latest estimates			2007 Proposed		
	Card and Gift Sales	Private Sector Fundraising	Total	Card and Gift Sales	Private Sector Fundraising	Total	Card and Gift Sales	Private Sector Fundraising	Total	Card and Gift Sales	Private Sector Fundraising	Total
Gross proceeds	**145.6**		**145.6**	**161.0**		**161.0**	**151.1**		**151.1**	**160.4**		**160.4**
Less: Retention/commissions and direct expenses at country offices	**46.5**		**46.5**	**56.0**		**56.0**	**52.6**		**52.6**	**56.2**		**56.2**
Net proceeds	**99.1**	**268.4**	**367.5**	**105.0**	**320.0**	**425.0**	**98.5**	**314.3**	**412.8**	**104.2**	**337.5**	**441.7**
Less: Cost of goods delivered	**27.0**		**27.0**	**32.0**		**32.0**	**30.1**		**30.1**	**31.9**		**31.9**
	72.1	**268.4**	**340.5**	**73.0**	**320.0**	**393.0**	**68.4**	**314.3**	**382.7**	**72.3**	**337.5**	**409.8**
Less: Marketing expenses	**6.0**	**12.7**	**18.7**	**7.1**	**17.3**	**24.4**	**7.1**	**16.7**	**23.8**	**7.5**	**20.3**	**27.8**
	66.1	**255.7**	**321.8**	**65.9**	**302.7**	**368.6**	**61.3**	**297.6**	**358.9**	**64.8**	**317.2**	**382.0**
Less: Support services	**12.0**	**5.3**	**17.3**	**14.3**	**6.7**	**21.0**	**14.1**	**6.3**	**20.4**	**15.1**	**6.7**	**21.8**
Provision for doubtful accounts	**1.3**	**0.3**	**1.6**	**0.5**	**0.5**	**1.0**	**0.5**	**0.5**	**1.0**	**0.5**	**0.5**	**1.0**
	52.8	**250.1**	**302.9**	**51.1**	**295.5**	**346.6**	**46.7**	**290.8**	**337.5**	**49.2**	**310.0**	**359.2**
Add: Other income	**9.5**	**6.9**	**16.4**	**9.2**		**9.2**	**13.2**		**13.2**	**15.0**		**15.0**
Net operating income before investment funds	**62.3**	**257.0**	**319.3**	**60.3**	**295.5**	**355.8**	**59.9**	**290.8**	**350.7**	**64.2**	**310.0**	**374.2**
Less: Investment funds	**1.5**	**14.9**	**16.4**	**3.4**	**18.0**	**21.4**	**2.7**	**18.0**	**20.7**	**3.2**	**18.2**	**21.4**
Total net operating income	**60.8**	**242.1**	**302.9**	**56.9**	**277.5**	**334.4**	**57.2**	**272.8**	**330.0**	**61.0**	**291.8**	**352.8**
Less: Exchange rate adjustment	**5.0**	**9.3**	**14.3**	**-**		**-**						**-**
Net income - regular resources	**55.8**	**232.8**	**288.6**	**56.9**	**277.5**	**334.4**	**57.2**	**272.8**	**330.0**	**61.0**	**291.8**	**352.8**
Add: Other resources		**769.6**	**769.6**		**250.0**	**250.0**		**289.2**	**289.2**		**336.3**	**336.3**
Net consolidated income	**55.8**	**1,002.4**	**1,058.2**	**56.9**	**527.5**	**584.4**	**57.2**	**562.0**	**619.2**	**61.0**	**628.1**	**689.1**

Operating expenses												
Marketing expenses	**6.0**	**12.7**	**18.7**	**7.1**	**17.3**	**24.4**	**7.1**	**16.7**	**23.8**	**7.5**	**20.3**	**27.8**
Support services	**12.0**	**5.3**	**17.3**	**14.3**	**6.7**	**21.0**	**14.1**	**6.3**	**20.4**	**15.1**	**6.7**	**21.8**
Provision for doubtful accounts	**1.3**	**0.3**	**1.6**	**0.5**	**0.5**	**1.0**	**0.5**	**0.5**	**1.0**	**0.5**	**0.5**	**1.0**
Investment funds	**1.5**	**14.9**	**16.4**	**3.4**	**18.0**	**21.4**	**2.7**	**18.0**	**20.7**	**3.2**	**18.2**	**21.4**
Total operating expenses and investment funds	**20.8**	**33.2**	**54.0**	**25.3**	**42.5**	**67.8**	**24.4**	**41.5**	**65.9**	**26.3**	**45.7**	**72.0**
% to total operating expenses and investment funds	**38.5**	**61.5**	**100.0**	**37.3**	**62.7**	**100.0**	**37.0**	**63.0**	**100.0**	**36.5**	**63.5**	**100.0**

TABLE 2. Summary of expenditures -
2005 approved budget, 2005 actual, 2006 approved budget, 2006 latest estimates and 2007 proposed budget

	2005 Approved budget a/	2005 Actual	2006 Approved budget b/	2006 Latest estimates	2007 Proposed	Variance 2007 vs. 2006 Latest estimates	
						$	%
MARKETING							
Commissions - country offices	1.2	0.9	1.5	1.6	1.8	0.2	12.5
Cost of goods delivered	34.3	27.0	32.0	30.1	31.9	1.8	6.0
Operating expenses	25.2	23.9	29.4	28.9	33.6	4.7	16.3
Subtotal	60.7	51.8	62.9	60.6	67.3	6.7	11.1
SUPPORT SERVICES							
Operating expenses	19.1	17.3	21.0	20.4	21.8	1.4	6.9
INVESTMENT FUNDS	17.1	16.4	21.4	20.7	21.4	0.7	3.4
TOTAL EXPENDITURES	96.9	85.5	105.3	101.7	110.5	8.8	8.7

a/ As approved by the Executive Board (decision 2005/2, para 2).
b/ As approved by the Executive Board (decision 2006/5, para 2).

II. Marketing

A. Introduction

12. PSD is responsible for revenue generation in collaboration with National Committees for UNICEF and other partners from fund-raising and sales initiatives.

B. Objectives for 2007

13. The objectives for 2007 are to achieve:

(a) Net consolidated income from fund-raising of $628.1 million (including $291.8 million for regular resources and $336.3 million for other resources) and $61.0 million from sales of cards and gifts;

(b) Net proceeds from fund-raising for regular resources of $337.5 million (7.4 per cent higher than the 2006 latest estimates);

(c) Gross proceeds from product sales of $160.4 million (6.2 per cent higher than the 2006 latest estimates), with a card sales volume of 112 million cards (4.7 per cent higher than the 2006 latest estimates).

C. Strategies for 2007

14. PSD income-generation strategies for 2007 are the following:

(a) Further build income from and learning about the four fund-raising pillars: pledges (regular monthly giving), major donors, legacies and corporate partnerships;

(b) Revisit PSD's core income stream and the fifth pillar, i.e. cash appeals, as a recruitment base for pledges, major donors and legacies;

(c) Develop a venture philanthropy strategy, tapping into this new and potentially significant revenue stream;

(d) Continue the successful expansion of UNICEF cards and gifts in the retail channel while step-changing the ability of UNICEF to attract new buyers through the internet;

(e) Build innovation by developing new fund-raising ideas, offers and products exploiting UNICEF Unique Selling Propositions;

(f) Develop a learning culture, especially with the re-launch of the PSD internet site for fund-raising and sales.

Table 3. Marketing: expenses for 2005 actual, 2006 approved budget, 2006 latest estimates and 2007 proposed budget

(In thousands of United States dollars)

Expenditures	2005 Actual	2006 Approved budget	2006 Latest estimates	2007 Proposed budget	Changes 2007 vs. 2006 Latest estimates	
					$	%
Commissions - country offices	890	1,509	1,607	1,816	209	13.0
Operating expenses						
International posts	5,390	7,502	6,170	7,902	1,732	28.1
Local posts	1,787	1,998	1,794	2,060	266	14.8
Other post-related costs a/	404	522	669	317	(352)	(52.6)
Staff training	65	155	155	156	1	0.6
Other staff costs b/	1,241	975	1,487	1,958	471	31.7
Consultants	246	580	570	770	200	35.1
Travel	980	1,271	1,160	1,367	207	17.8
Other operating expenses c/	594	654	733	741	8	1.1
Furniture and equipment d/	28	85	88	101	13	14.8
Research and development	2,688	3,603	3,840	4,057	217	5.7
Country office expenses - product sales	3,562	3,945	4,099	4,833	734	17.9
Country office expenses - PSFR	4,157	5,551	5,531	6,683	1,152	20.8
Regional support centre expenses	1,100	1,593	1,632	1,633	1	0.1
Provision for doubtful accounts	1,643	1,000	1,000	1,000	-	-
Subtotal operating expenses	23,885	29,434	28,928	33,578	4,650	16.1
Total expenses	24,775	30,943	30,535	35,394	4,859	15.9

PSFR = private sector fund-raising.
a/ Terminination indemnity and reimbursement of taxes.
b/ Short-term assistance, staff welfare and overtime.
c/ Contractual services, rent and maintenance of premises, rental and maintenance of furniture, equipment, communications, supplies and materials, hospitality and miscellaneous services.
d/ Office equipment, computer equipment and computer software.

D. Analysis of the 2007 proposed budget

15. Net proceeds from PSFR activities for 2007 are projected at $673.8 million, of which $337.5 million are for regular resources and $336.3 million for other resources (see table 1A). This represents an increase of $70.3 million (11.6 per cent) compared to the 2006 latest estimates (see table 1A).

16. Gross proceeds from card and gift sales for 2007 are projected to range from a low of $157.4 million to a high of $163.4 million (see table 7). The medium projection is $160.4 million, an increase of $9.3 million (6.2 per cent) over the 2006 latest estimates.

17. Sales volume for 2007 is projected at 112 million cards, an increase of 5 million cards (4.7 per cent) over the 2006 latest estimates.

18. Net proceeds from card and gift sales for 2007, after deducting the amounts ($56.2 million) retained by National Committees, commissions paid to consignees

and direct expenses at UNICEF country offices, are projected at $104.2 million, $5.7 million (5.8 per cent) higher than the 2006 latest estimates.

19. Other income for 2007 is also projected to grow, to $15.0 million, an increase of $1.8 million (13.6 per cent) over the 2006 latest estimates. This other income includes revenues on card sales in the United States market by Hallmark, as well as royalties from the sale of licensed gifts, the sale of National Committee products, donations generated from brochure and order forms, and bank interest.

20. Total operating expenses to support the fund-raising and sales activities in 2007 are projected at $33.6 million (see table 3), an increase of $4.7 million (16.3 per cent) when compared to the 2006 latest estimates. This is due to several factors: (a) the increase in the number of regular and short-term staff, the filling of vacancies on existing posts, and inflation ($2.2 million); (b) an increase in the expenses of UNICEF country offices and regional support centres ($1.9 million), mainly due to the strengthening of fund-raising and sales activities, especially in the markets with high potential such as Brazil; (c) the expansion of research and development in the most promising initiatives of the UNICEF National Committees ($0.2 million); (d) higher travel costs due to business expansion, previous-year travel savings due to vacancies, and the oil price hike impact on air fares ($0.2 million); and (e) additional consultancy required to support the revised role of the Global Initiative for Fund-raising Technique (GIFT) groups and for licensing services ($0.2 million).

21. PSD will continue to provide partners with funds to support innovative fund-raising and sales initiatives for UNICEF. These investments will be used mainly for the implementation and roll-out by National Committees and UNICEF country offices of the new fund-raising and sales initiatives which, if successful, could give above-average returns on investment. For 2007, investment funds amounting to $21.4 million are proposed, a figure that is $0.7 million (3.4 per cent) higher than the 2006 latest estimates and the same as the 2006 approved.

III. Support services

A. Introduction

22. The Support Services Group provides support to all PSD income-generating activities. It includes the Director’s Office, Operations Support Services, Finance and Information Technology.

B. Objectives for 2007

23. Support services plans to achieve the following objectives:

(a) Maintain cost of goods within approved levels;

(b) Enhance information management and use of latest systems and technology development to monitor and manage staff and operations costs;

(c) Harmonize and enhance strategic planning and budgeting procedures along UNICEF medium-term strategic plan (MTSP) and budget principles; formalize financial planning and reporting principles and procedures in collaboration with National Committees and the UNICEF Regional Office for Europe;

(d) Improve forecasting of fund-raising and sales projections via periodic reviews with National Committees;

(e) Harmonize and streamline procedures for monitoring funds and remittances due to UNICEF.

C. Strategies for 2007

24. The following are strategies to achieve the above objectives:

(a) Create a more agile supply chain to maximize efficiency at the lowest possible cost. Evaluate the capacity to supply sales partners more directly in order to reduce global inventory levels and logistics cost;

(b) Focus on long-term arrangements and the standardization of promotional sales materials and displays to better support ever more complex retail initiatives;

(c) Implement strategic planning and budgeting according to internal agreement in 2006; define new processes and procedures accordingly, including new systems; implement enhanced web-based systems for reporting from and monitoring of National Committees;

(d) Enhance procedures, monitoring mechanisms and guidelines to support fund-raising activities at UNICEF country offices; review, select and implement a new sales support system for country offices;

(e) Promote fraud prevention and risk management through the use of self-assessment and audit principles, in collaboration with National Committees and UNICEF regional offices;

(f) Secure required resources and new approaches for support to smaller National Committees.

D. Analysis of the proposed budget for 2007

25. Total expenses for support services are projected at $21.8 million (see table 4), an increase of $1.4 million (7.1 per cent) compared to the 2006 latest estimates. The increase is primarily due to the filling of vacancies on the existing posts ($0.7 million), inflationary factors ($0.4 million), distribution improvements ($0.1 million), replacement of the obsolete plant and warehouse equipment ($0.1 million) and the marginal increase in costs of two regional support centres ($0.1 million).

Table 4. Support services: expenses for 2005 actual, 2006 approved budget, 2006 latest estimates and 2007 proposed budget

(In thousands of United States dollars)

Expenditures	2005 Actual	2006 Approved budget	2006 Latest estimates	2007 Proposed budget	Changes 2007 vs. 2006 Latest estimates	
					$	%
International posts	4,574	5,349	5,064	5,536	472	9.3
Local posts	2,832	3,564	3,340	3,615	275	8.2
Other post-related costs a/	255	691	450	444	(6)	(1.3)
Staff training		5	5	5	-	-
Other staff costs b/	754	897	1,061	1,146	86	8.1
Consultants	94	87	107	107	-	-
Travel	269	390	388	386	(2)	(0.5)
Other operating expenses c/	8,091	9,198	9,137	9,453	316	3.5
Furniture and equipment d/	91	143	139	234	95	68.3
Research and development		100	100	200	100	100.0
Regional support centre expenses	300	564	573	682	109	19.0
Total expenses	17,260	20,988	20,364	21,808	1,445	7.1

a/ Termination indemnity and reimbursement of taxes.
b/ Short-term assistance, staff welfare and overtime.
c/ Contractual services, rental and maintenance of premises, rental and maintenance of furniture, equipment, communications, supplies and materials, hospitality and miscellaneous services.
d/ Office equipment, computer equipment, computer software and plant equipment.

IV. Regional support centres and UNICEF country offices

A. Outlook for 2006

26. Gross proceeds generated by UNICEF country offices from PSD activities in 2006 are projected at $42.4 million (see table 5), with costs estimated at $21.4 million, resulting in a net operating income of $21.0 million. This is an increase of $2.1 million over the 2005 results net of the 2005 tsunami emergency funds ($11.0 million). The increase is driven by growth in both PSFR ($1.2 million)

and sales ($1.2 million), offset by a marginal increase in support services costs ($0.3 million).

B. Objectives for 2007

27. The following are the objectives for 2007:

(a) Total operating income of $27.8 million, including $24.1 million from fund-raising and $4.4 million from sales, offset by expenses of $0.7 million in support services;

(b) Net proceeds from PSFR of $37.9 million (25.8 per cent higher than the 2006 latest estimates);

(c) Gross proceeds from card and gift sales of $14.1 million (15.7 per cent higher than the 2006 latest estimates) with a card sales volume of 13.5 million cards (20.5 per cent higher than the 2006 latest estimates);

(d) The establishment of fund-raising priorities in selected new markets with high medium- and long-term income potential from the private sector.

C. Strategies for 2007

28. The following are strategies to achieve the above objectives:

(a) Based on the global fund-raising and sales strategies, assist UNICEF country offices in the development and implementation of their country strategies;

(b) Support donor acquisition, emphasizing pledge/committed giving and identify and support regional strategies in the development of new distribution channels for card and gift sales, emphasizing sales to the corporate sector;

(c) Focus on the markets with the highest potential such as Brazil, the Russian Federation, India and China, with the objective of dramatically increasing revenues from UNICEF country offices.

D. Analysis of the 2007 proposed budget

29. Total operating expenses for UNICEF country offices and PSD regional support centres in 2007 are projected at $13.8 million, an increase of $2.0 million, or 16.9 per cent, over the 2006 latest estimates. This increase is mainly due to the inflationary factor and in-grade increment of salaries ($0.9 million), as well as an increase in short-term assistance in developing markets ($0.6 million), termination indemnities for the staff on abolished posts ($0.2 million), a further increase in the training of field staff ($0.2 million), and expansion of research and development ($0.1 million).

Table 5. Regional support centres and UNICEF country offices :
income and expenditures for 2005 actual, 2006 approved budget, 2006 latest estimates and 2007 proposed budget
(In thousands of United States dollars)

	2005 Actual				2006 Approved Budget				2006 Latest estimates				2007 Proposed budget				Changes 2007 vs. 2006 Latest estimates	
	C&G sales	PSFR	O&F	Total	C&G sales	PSFR	O&F	Total	C&G sales	PSFR	O&F	Total	C&G sales	PSFR	O&F	Total	$	%
Volume of card sales (in millions)	9.9		-	9.9	13.1	-	-	13.1	11.2		-	11.2	13.5	-	-	13.5	2.3	20.5
Gross proceeds (RR + OR)	10,308	35,744		46,052	12,310	26,341		38,651	12,178	30,173		42,351	14,086	37,943		52,029	9,678	22.9
Less: Commissions paid to consignees	890			890	1,509			1,509	1,607			1,607	1,816			1,816	209	13.0
Net proceeds	9,418	35,744	-	45,162	10,801	26,341	-	37,142	10,571	30,173	-	40,744	12,270	37,943	-	50,213	9,469	23.2
Costs of goods delivered	2,843			2,843	1,685			1,685	2,016			2,016	2,326			2,326	310	15.4
Operating expenses:																		
International posts	274	340	164	778	438	783	298	1,519	453	761	318	1,532	489	783	402	1,674	142	9.3
Local posts	1,462	1,519	52	3,033	1,610	2,123	64	3,797	1,635	1,991	65	3,691	1,741	2,350	72	4,163	472	12.8
Other post related costs a/	5			5	1			1	4			4	168			168	164	4,100.0
Staff training	13	73	24	110	36	117	33	186	33	113	36	182	106	193	59	358	176	96.7
Other staff costs b/	584	611	7	1,202	649	833	11	1,493	694	953	5	1,652	909	1,311	10	2,230	578	35.0
Consultants	106	80		186	102	66		168	107	33		140	98	81		179	39	27.9
Travel	155	221	17	393	203	307	72	582	207	312	72	591	192	350	52	594	3	0.5
Other operating expenses c/	1,257	1,040	33	2,330	1,411	1,194	57	2,662	1,482	1,263	48	2,793	1,523	1,537	58	3,118	325	11.6
Furniture and equipment d/	47	62	3	112	52	82	29	163	61	95	29	185	54	88	29	171	(14)	(7.6)
Research and development	209	762		971	234	849		1,083	234	831		1,065	218	957		1,175	110	10.3
Total operating expenses	4,112	4,708	300	9,120	4,736	6,354	564	11,654	4,910	6,352	573	11,835	5,498	7,650	682	13,830	1,995	16.9
Other income	31	-	-	31	48	-	-	48	71	-	-	71	80	-	-	80	9	12.7
Net operating income before investment funds	2,494	31,036	(300)	33,230	4,428	19,987	(564)	23,851	3,716	23,821	(573)	26,964	4,526	30,293	(682)	34,137	7,173	26.6
Percentage of gross proceeds	24	87		72	36	76		62	31	79		64	32	80		66		
Less: Investment funds	90	3,260	-	3,350	84	5,046	-	5,130	134	5,806	-	5,940	169	6,203	-	6,372	432	7.3
Net operating income after investment funds	2,404	27,776	(300)	29,880	4,344	14,941	(564)	18,721	3,582	18,015	(573)	21,024	4,357	24,090	(682)	27,765	6,741	32.1
Percentage of gross proceeds	23	78		65	35	57		48	29	60		50	31	63		53		
Summary of expenditures:																		
Commissions	890	-	-	890	1,509	-	-	1,509	1,607	-	-	1,607	1,816	-	-	1,816	209	13.0
Cost of goods delivered	2,843	-	-	2,843	1,685	-	-	1,685	2,016	-	-	2,016	2,326	-		2,326	310	15.4
Total operating expenses (international posts, local posts, staff training, other staff costs, travel, other operating expenses, furniture and equipment, research and development, bad debts)	4,112	4,708	300	9,120	4,736	6,354	564	11,654	4,910	6,352	573	11,835	5,498	7,650	682	13,830	1,995	16.9
Investment funds	90	3,260		3,350	84	5,046		5,130	134	5,806		5,940	169	6,203		6,372	432	7.3
Total Expenditure	7,935	7,968	300	16,203	8,014	11,400	564	19,978	8,667	12,158	573	21,398	9,809	13,853	682	24,344	2,946	13.8

PSFR = Private Sector Fund-raising; O&F = Operations and Finance; C&G sales = Card and Gift sales;

RR = regular resources; OR = other resources

a/ Termination indemnity.
b/ Short-term assistance, staff welfare and overtime.
c/ Contractual services, rent and maintenance of premises, rental and maintenance of furniture, equipment, communication supplies and materials, hospitality, information support services and miscellaneous services.
d/ Office equipment, computer equipment and computer software.

V. Medium-term plan, 2008-2011

30. Table 6 presents PSD's medium-term plan for the period 2008-2011. The plan is based on market trends, the previous years' financial results, and strategic plans developed and implemented in cooperation with National Committees and UNICEF country offices in PSD priority countries.

31. PSD objectives in the medium-term plan are to achieve by 2011:

(a) PSD net consolidated income for UNICEF of $894.0 million, comprising $454.0 million in regular resources and $440.0 million for other resources;

(b) Net operating income from private sector fund-raising of $406.0 million for regular resources;

(c) Net operating income from private sector fund-raising of $440.0 million for other resources;

(d) Net operating income from sales of cards and gifts of $72.0 million for regular resources;

(e) Gross proceeds from card and gift sales of $188.0 million;

(f) Card sales volume of 132 million.

Table 6. PSD medium-term plan: 2005 actual, 2006 approved budget, 2006 latest estimates, 2007 proposed budget and 2008-2011 projections

(In millions of United States dollars)

	2005 Actual	2006 Approved Budget a/	2006 Latest estimates	2007 Proposed	2008	2009	2010	2011
					Medium-term projections			
Gross proceeds - card and product sales	145.6	161.0	151.1	160.4	167.0	174.0	181.0	188.0
Less: Retention/commissions and direct expenses at country offices	46.5	56.0	52.6	56.2	58.0	60.0	61.5	63.0
Net proceeds - product sales	99.1	105.0	98.5	104.2	109.0	114.0	119.5	125.0
Less: Cost of goods delivered	27.0	32.0	30.1	31.9	32.5	33.5	34.5	35.5
Operating expenses	23.3	28.1	27.5	29.3	31.0	33.0	34.5	36.0
Provision for doubtful accounts	1.6	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Add: Other income	16.4	9.2	13.2	15.0	16.0	17.0	18.0	19.5
Net operating income - PSD card and product sales	63.6	53.1	53.1	57.0	60.5	63.5	67.5	72.0
Net operating income - Private sector fund-raising	255.7	302.7	297.6	317.2	340.5	360.5	383.5	406.0
Less: Investment funds	16.4	21.4	20.7	21.4	22.0	22.5	23.0	24.0
Net operating income	302.9	334.4	330.0	352.8	379.0	401.5	428.0	454.0
Less: Exchange rate adjustment	14.3							
Net income - regular resources	288.6	334.4	330.0	352.8	379.0	401.5	428.0	454.0
Add: PSFR other resources	769.6	250.0	289.2	336.3	360.0	385.0	410.0	440.0
Net consolidated income	1,058.2	584.4	619.2	689.1	739.0	786.5	838.0	894.0
Card sales volume (millions)	*109*	*118*	*107*	*112*	*117*	*122*	*127*	*132*

PSFR = private sector fund-raising

a/ As approved by the Executive Board (decision 2006/5, para 2)

TABLE 7. RANGE OF BUDGETED INCOME AND EXPENDITURES FOR THE FISCAL YEAR 1 JANUARY - 31 DECEMBER 2007

(In millions of United States dollars)

	I Low projection	II Medium projection	III High projection
Budgeted income			
Gross proceeds - product sales	157.4	160.4	163.4
Deduct: National Committees' retention a/	49.2	49.6	50.0
Net proceeds	108.2	110.8	113.4
Add: Other income - net (table 1A)	14.7	15.0	15.7
Net proceeds - product sales	122.9	125.8	129.1
Private sector fund-raising - regular resources (table 1A)	327.5	337.5	347.5
Total net proceeds - regular resources	450.4	463.3	476.6
Budgeted expenditures			
Commissions - country offices	1.7	1.8	1.9
Cost of goods delivered	31.3	31.9	32.5
Marketing expenditures	32.7	33.6	34.6
Support Services	21.3	21.8	22.5
Investment funds	20.4	21.4	22.0
Total expenditures - consolidated (table 2)	107.4	110.5	113.5
Net consolidated income - regular resources (table 1)	343.0	352.8	363.1
Add: Other resources - private sector fund-raising (table 1)	328.2	336.3	344.4
Net consolidated income - regular resources and other resources	671.2	689.1	707.5

a/ Excludes country office commissions - budgeted in expenditures.

VI. Draft decisions

32. The draft decisions for Executive Board approval relating to the PSD budget for 2007 are presented below.

A. Private Sector Division budgeted expenditures for the 2007 fiscal year

The Executive Board

1. *Approves* for the fiscal year 1 January to 31 December 2007 budgeted expenditures of $110.5 million as detailed below and summarized in column II of table 7 to document E/ICEF/2007/AB/L.3:

	(In millions of United States dollars)
Commissions – field offices	1.8
Cost of goods delivered	31.9
Marketing expenditures	33.6
Support services expenditure	21.8
Investment funds	21.4
Total expenditures, consolidated	**110.5**

2. *Authorizes* UNICEF:

(a) To incur expenditures as summarized in column II of table 7 to document E/ICEF/2007/AB/L.3 and to increase expenditures up to the level indicated in column III of the same table should the apparent proceeds from fund-raising and/or card and gift sales increase to the levels indicated in column III, and accordingly, to reduce expenditures below the level indicated in column II to the extent necessary, should the net proceeds decrease;

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

(c) To spend an additional amount between Executive Board sessions, when necessary, up to the amount caused by currency fluctuations, to implement the 2007 approved workplan.

B. Budgeted income for the 2007 season

The Executive Board

Notes that for the period 1 January to 31 December 2007, Private Sector Division net proceeds are budgeted at $463.3 million (regular resources) as shown in column II of table 7 in document E/ICEF/2007/AB/L.3.

C. Policy issues

The Executive Board

1. *Renews* investment funds with $21.4 million established for 2007;

2. *Authorizes* UNICEF to incur expenditures in the 2007 fiscal period related to the cost of goods delivered (production/purchase of raw materials, cards and other products) for the 2008 fiscal year, up to $32.5 million as indicated in the Private Sector Division medium-term plan (see table 6 of document E/ICEF/2007/AB/L.3).

D. Medium-term plan

The Executive Board

Approves the Private Sector Division medium-term plan as reflected in table 6 to document E/ICEF/2007/AB/L.3.

Annex I

PRIVATE SECTOR DIVISION: SUMMARY OF POST CHANGES PROPOSED FOR 2007

Detail	Posts level D2	D1	P5	P4	P3	P2	P1	Total IP	NO	GS	Grand total
Base PAT 2006	1	4	8	27	31	15	0	86	27	117	230
Establish and abolish											
Marketing				1				1			1
Total establish and abolish, PSD	0	0	0	1	0	0	0	1	0	0	1
Reclassifications, PSD											
Support Services					-1	1		0			0
Total reclassification, PSD	0	0	0	0	-1	1	0	0	0	0	0
Total changes, PSD	0	0	0	1	-1	1	0	1	0	0	1
Total, Proposed 2007	1	4	8	28	30	16	0	87	27	117	231

IP = international Professional; NO = national officer; GS = General Service;
PAT = post authorization table; RSCs = regional support centres.

Annex II

PRIVATE SECTOR DIVISION
COMPARISON OF POSTS:
2006 APPROVED BUDGET VERSUS 2007 PROPOSED BUDGET

	Posts level							Total			Grand
	D2	D1	P5	P4	P3	P2	P1	IP	NO	GS	total
Marketing											
Approved 2006		3	3	15	17	6		44		19	63
Proposed 2007		3	3	16	17	6		45		19	64
Change	0	0	0	1	0	0	0	1	0	0	1
Support Services											
Approved 2006	1	1	3	8	13	5		31		37	68
Proposed 2007	1	1	3	8	12	6		31		37	68
Change	0	0	0	0	-1	1	0	0	0	0	0
Total, PSD headquarters											
Approved 2006	1	4	6	23	30	11	0	75	0	56	131
Proposed 2007	1	4	6	24	29	12	0	76	0	56	132
Change	0	0	0	1	-1	1	0	1	0	0	1
RSCs and UNICEF country offices											
Approved 2006			2	4	1	4		11	27	61	99
Proposed 2007			2	4	1	4		11	27	61	99
Change	0	0	0	0	0	0	0	0	0	0	0
Total, PSD headquarters, RSCs and UNICEF country offices											
Approved 2006	1	4	8	27	31	15	0	86	27	117	230
Proposed 2007	1	4	8	28	30	16	0	87	27	117	231
Change	0	0	0	1	-1	1	0	1	0	0	1

IP = international Professional; NO = national officer; GS = General Service; RSCs = regional support centres

Annex III

Private Sector Division business plan, 2007–2010

1. The Executive Board, at its first regular session of 2002, requested PSD to submit, as part of its workplan and budget proposal for 2003, a comprehensive business plan to be updated annually (decision 2002/6, E/ICEF/2002/8/Rev.1), detailing the Division's contribution to the UNICEF MTSP. The current update of the business plan covers the years 2007- 2010.

I. Introduction

2. This business plan is the fourth update to the plan that was presented to the Executive Board in January 2003 and incorporates a series of strategic reviews that took place within PSD during the workplan and budget preparation. It is, however, prepared at a time when a number of factors are likely to have an impact (yet unclear) on the work of the Division. The nature of private sector fund-raising is changing, with both individual donors and corporate entities seeking more substantive partnerships as well as greater accountability and clarity on results. There are growing opportunities to leverage non-financial resources of the corporate world to benefit children, and there is a growing need to partner on the issues of Corporate Social Responsibility as these pertain to children. The organizational review process may provide further guidance on key strategic issues such as potential linkages between income streams within the organization. In addition, the results of Divisional reviews of procurement, logistics, and strategic sales partnerships will be known in the first half of 2007. Within a context of private sector fund-raising and partnership, these factors will have an impact on the business model and plan of the Division.

The current version of the business plan is based on:

(a) The **MTSP** and the **Millennium Development Goals**, which determine the overall organizational and strategic priorities of UNICEF and guide PSD and National Committee fund-raising activities;

(b) The newly adopted **global private sector fund-raising strategy for 2007-2010**, which addresses, within the private sector, individual donors, corporations and organizations;

(c) The **global cards and gifts strategy**, which recognizes sales as an important source of regular resources, by which individuals and corporations move from being buyers to being donors. Growth will be achieved via the development of strategic partnerships in both the retail and wholesale sectors;

(d) The revised and strengthened **Joint Strategic Planning process**, which provides an assessment and forward-looking strategic action plan for each National Committee;

(e) The **brand model for UNICEF**, launched in 2003, which defines the vision, positioning, values and essence of UNICEF. It provides the framework for the relationship between the brand properties, the MTSP, communication and the fund-raising strategies.

II. Fund-raising

A. The global private sector fund-raising (PSFR) strategy

3. The year 2006 saw the adoption of a global PSFR Strategy. The long-term financial goal is an ambitious target to deliver $1 billion from private sources to UNICEF for its programmes, drawing on all sources of private sector income (PSFR regular resources plus other resources, including income related to emergencies and the global AIDS campaign as well as net income from sales of cards and gift items).

4. The global PSFR strategy aims for an increasing growth rate. To achieve the target set, PSD will have to deliver in four key areas: Expansion, Direction, Innovation and Satisfaction.

5. **Expansion**. Doubling income in five years means serious expansion, both in terms of finances and outreach. A target has been set of securing 10 million supporters of UNICEF by 2010, an increase from the current 7 million.

6. **Direction**. The aim is to triple income from UNICEF country offices, with most of that growth to be generated in the BRIC countries (Brazil, Russian Federation, India and China) where the potential is the greatest. The focus remains on regular monthly giving, corporate partnerships, legacies and major donors, as in the 2003-2005 PSFR strategy; direct response cash appeals have also been added, given the tsunami experience. The strategy also recognizes the importance of reaching out more effectively to a younger audience.

7. **Innovation**. The PSFR strategy emphasizes the need for PSD to assume a leading role in creating new fund-raising “products”, ensuring that UNICEF stays on the cutting edge in the development of attractive offers while making the most of UNICEF Unique Selling Propositions. There is also the need to creatively tackle the raising of more regular resources funds.

8. To help to meet this demand, a dedicated fund-raising development unit in PSD is proposed, mandated to research and develop new fund-raising offers and products from scratch, from testing to roll-out to National Committees and UNICEF country offices.

9. **Satisfaction**. A key component of the strategy is to listen to private sector donors, and in particular to private individuals who support UNICEF. The aim is to better understand their needs and demands and to better serve them the “products” they are ready for as well as to provide the reporting about UNICEF that will help to keep them loyal. The goal is to become much more donor friendly and donor responsive.

B. Fund-raising strategies

10. Fund-raising targets will be reached by implementing the strategies described below.

11. **Cash appeals**. Direct mail remains the most effective tool to generate funds from individuals. In 2005, $296 million was raised through cash appeals sent to more than 7 million donors. Online donations will form an increasing share of cash appeal

income. Emergencies will most likely continue to have a major impact on income from cash appeals.

12. **Regular monthly giving**. Monthly committed gifts made by automatic funds transfer (“pledge income”) represents a prioritized source of revenue growth. In 2005, pledge donations generated $167 million, and are projected to increase considerably, becoming 30 per cent of the total income by 2010. New recruitment methods include face-to-face fund-raising in city centres and television telethons. The development of new “pledge product offers” combining advocacy and fund-raising is expected to attract younger supporters. One such offer linked to the global AIDS campaign will be tested early in 2007.

13. **Major gifts**. Major gifts represent an important growth area. In 2005, $40 million of net contribution came from major gifts given by private individuals. Only two National Committees (the United States and the United Kingdom) have a fully developed and properly staffed major gifts programme in operation. With the planned launch of a Philanthropic Donor Programme, total major gift income could double.

14. **Legacies**. The strategy calls for increased investment in legacies in key markets where opportunities have been identified. The implementation of this strategy is expected to double legacy income from 4 per cent of net contributions in 2005 to 8 per cent of the total in 2010.

15. **Corporate fund-raising**. Capacity-building will remain a high priority in the pursuit of successful alliances with the corporate sector. PSD will work with key partners to grow existing national relationships into more lucrative regional or global partnerships. Corporate fund-raising proceeds were $138 million in 2005, up from $84 million the previous year. While a substantial part of that income stream was tsunami-related, the experience has triggered new momentum among companies to demonstrate good citizenship and corporate social responsibility, a trend that will continue.

16. **Collections**. Collections, or donations that do not generate a name and address that allow follow-up with renewed appeals, are a complementary source of income. In 2005, this income amounted to $78 million, up from $58 million in 2004; again, the growth was mostly tsunami-related.

17. **Foundations/non-governmental organizations (NGOs)**. This category incorporates grant-giving foundations and NGOs as well as service organizations such as Rotary International and Lions Clubs. This channel was also heavily impacted by the tsunami in 2005, growing from $32 million in 2004 to $60 million in 2005.

III. Marketing and sales overview

A. Introduction

18. The global cards and gifts sales goal is to deliver $181 million in gross proceeds, $68 million of net operating income and 127 million cards sold by 2010. This corresponds to an average annual growth of 4 per cent in gross proceeds, 7 per cent in net operating income and 4 per cent in card sales volume.

19. These stated goals will be met by fully rolling out the strategies outlined in the global cards and gifts strategy. Moreover, and as demonstrated by the results of 2005,

the focus on cost reduction has already positively impacted net income results and, coupled with further cost savings coming from planned changes in the supply chain, will enable achievement of the 2010 net operating income target.

B. Marketing and sales strategies

20. **Focus on cards as the main engine for future growth**. A push for growth will be made both within the consumer and the corporate cards segments. However, the consumer business is expected to grow faster, as this segment offers higher potential and requires lower investment. Capitalizing on the market trend of the growing popularity of electronic greeting cards, the aim is to create a digital e-card business for UNICEF, on top of the existing paper card business. The multi-country pilot test promoting paid e-cards has yielded encouraging results so far and has allowed for the refinement of the offer, the site and services, forming the base for the planned global expansion in 2007.

21. **Turn gifts into a profitable additional source of growth**. The gifts business has continued to grow at a double-digit rate over the past several years. Efforts towards making gifts more profitable have yielded positive results, with the gifts profit margin improving at a rate exceeding the global strategy goals. This profitability, coupled with significant innovation year after year in the gifts collection, forms a solid basis for this area to become an attractive complement to the cards business.

22. **Develop strategic partnerships**. New partnerships will be explored with private sector companies for further developing the design, production, and sales possibilities of both the cards and gifts businesses.

23. **Significantly broaden distribution via retail and internet**. While significant progress was made in 2005 and 2006 in expanding business within the retail channel, exploration of new models of partnership will continue in this sector. It is clear that there is more work to do in the internet area, where business expansion has been slower that planned. This channel will be further developed through reaching out to people who already use the internet and shop online.

24. **Optimize the supply chain**. Upgrading the supply system offers the chance to reduce costs significantly through improved distribution-to-sales ratios and streamlined processes. The introduction of the new market-oriented, 18-month business planning cycle, implemented in 2005, and the focus on reducing the distribution-to-sales ratio have already started to reduce costs and improve customer service. In 2007, PSD will also explore ways to simplify processes through automated forecasting, ordering and fulfilment, introducing improved inventory management systems, and reviewing logistics and procurement systems globally.

IV. Strategic emphasis for operations and finance

A. Operations support services (OSS)

25. For OSS, the business plan for 2007-2010 will be to focus intensely on the key target: to contain the cost of goods at a maximum level of 20 per cent of total sales. The higher costs resulting from the rise in the cost of transportation over the past two years are foreseen to continue in this planning cycle. Towards the end of 2006, the

effect of an increase in pricing of raw materials is also expected to be felt. Furthermore, as market trends confirm, the consumer expects to be offered more complex and costly goods (e.g., more elaborate greeting cards and higher buy-in prices for gift products).

26. Raising the retail prices of cards and gift products will not entirely offset rising costs; it will be necessary to improve procurement and distribution practices. This will involve several strategies:

(a) Take full advantage of the new business planning cycle and order earlier consolidated shipments to partners;

(b) Operate with lower distribution-to-sales ratios;

(c) Optimize the supply chain to increase efficiency and reduce costs by taking advantage of suppliers that are closer to the market and by exploring and implementing direct distribution to sales partners;

(d) Institute system enhancements to improve the overview of inventory and sales: (i) set up online ordering by partners; (ii) improve online visibility of order fulfilment; and (iii) profit from European harmonization and, as a United Nations agency, take advantage of purchases that are free of the value-added tax (VAT) in all product areas, not just paper;

(e) Explore new modalities of operating the business with a view to taking maximum advantage of potential strategic partnerships.

B. Finance and administration

27. During this planning period, the finance section will implement the streamlined and enhanced planning and budgeting procedures. New business processes and web-based technologies will be utilized in financial reporting by partners, as well as in follow-up of all dues to UNICEF from National Committees. Online reporting and forecasting on remittances will enhance both collection of receivables and follow-up of emergency contributions from the private sector.

28. By 2010, PSD will implement relevant changes to the United Nations accounting standards that are driven by International Public Sector Accounting standards. Elevated targets and improved fund-raising strategies for field offices are also creating challenges for better control and monitoring of PSD activities in country offices. Enhanced processes, procedures and new systems must be identified, agreed upon and implemented to support and monitor these activities.

C. Human resources

29. Human resource management and staff relations were strengthened in 2006 through the securing of a full-time post for the Geneva Regional Office common services. This post is responsible for the training and learning activities of all staff in Geneva, bringing necessary resources for this important function.

D. Information technology

30. An SAP consultancy project completed in 2006 provided recommendations in the areas of production and controlling processes, the implementation of which will ultimately lead to harmonized work processes, a simplified income statement, a reduction in year-end processing time, computation of profitability per partner/country, and enhanced cost control.

31. PSD operations in country locations have relied on two systems: Sales Perfect and Donor Perfect. A review of these systems is in progress, with the primary objective to improve the way business is conducted with these systems and to assist country offices in meeting their respective goals and objectives.

32. In a continued drive to improve information-gathering methods and promote transparent reporting, PSD is implementing an enhanced transfer of information between PSD and National Committees. COGNOS Enterprise Planning has been designed and tested, and will be implemented in 2007 through three models: (a) the collection, submission and consolidation of revenue and expenditure information from all offices; (b) the use of an electronic remittance advice (notification) to enhance remittance control and remittance forecasting; and (c) the forecast, ordering and delivery system over the world wide web. Additional areas for COGNOS implementation during the plan period are joint strategic planning and budgeting, and electronic investment fund processing and reporting.

33. The ongoing IT training programme has now become part of all new staff induction and staff duties, with the expectation that this will lead to staff members' continued functioning at a higher performance and efficiency level. While increased individual productivity will remain a primary objective, stronger emphasis is being placed on team productivity, document management, and best practices and policies as a way to continually improve on existing working methods.