



## Economic and Social Council

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**For decision**

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### United Nations Children's Fund

Executive Board

**Second regular session 2021**

7–10 September 2021

Item 13 of the provisional agenda\*

### **Private Fundraising and Partnerships: Financial report for the year ended 31 December 2020**

#### *Summary*

The present report provides the financial and non-financial results achieved by the Private Fundraising and Partnerships Division, together with the National Committees for UNICEF and country offices, in respect of the 2020 Private Fundraising and Partnerships Division budget.

It also contains an annex that provides the review of the impact of the investment funds requested by the Executive Board in its decision 2018/4.

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

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\* E/ICEF/2021/23.

## **I. Overview**

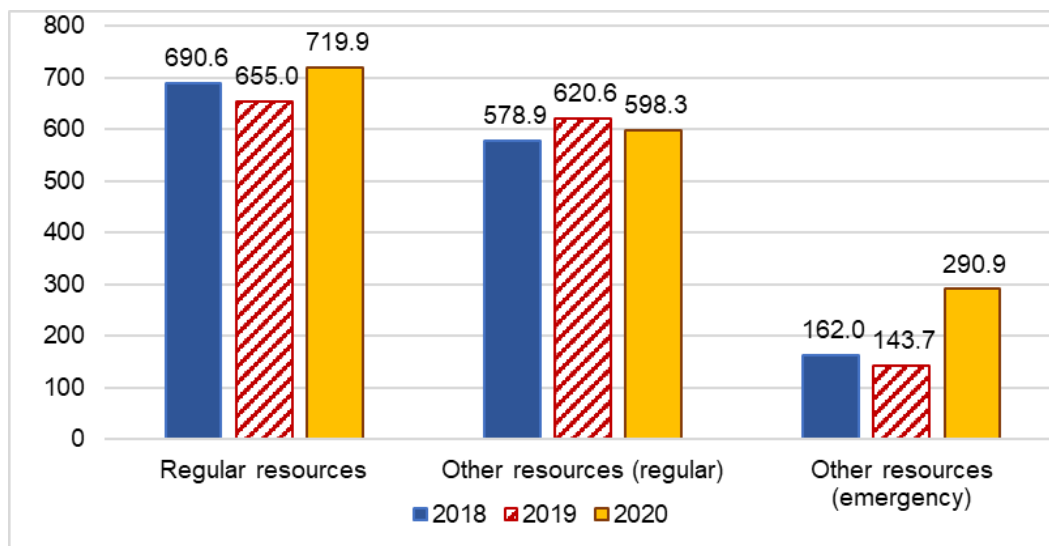
1. The Private Fundraising and Partnerships Division (PFP or “the Division”) aims to achieve results for children by maximizing private fundraising and advocacy efforts carried out by UNICEF around the world. Despite 2020 being a challenging year marred by the global coronavirus disease 2019 (COVID-19) pandemic, UNICEF continued to significantly grow its engagement with private sector supporters.
2. In 2020, total private sector revenue was \$1.61 billion, of which regular resources represented \$719.9 million and other resources represented \$889.2 million. Overall private sector revenue was \$154.8 million (10.6 per cent) more than the 2020 target of \$1.45 billion and 13.4 per cent more than in 2019.
3. UNICEF engaged 128.5 million supporters in 2020, including 8.7 million individual cash, pledge and legacy donors. UNICEF also significantly enhanced its work with the business sector, reaching 133 million children through partnerships and engagement.
4. National Committees and country offices demonstrated agility and commitment to innovate, pivot and adapt fundraising strategies in light of the global pandemic. The results achieved reflect the loyalty of supporters and partners who give regularly to UNICEF; it speaks to the strength of the UNICEF brand for new individual and institutional donors, who gave for the first time to global and local emergencies, including COVID-19 efforts, as well as the emergency in Lebanon.
5. The Division continues to lead the global implementation of the Supporter Engagement Strategy to drive revenue generation in high-potential country offices. That strategy was successfully launched in India in 2020.
6. The continued successful relationship between UNICEF and the National Committees in 2020 helped to strengthen joint strategic planning, internal controls and governance in National Committees. The advocacy efforts undertaken by UNICEF and the National Committees have led to increased budgets, policy reforms, strengthened systems and reduced inequalities at all levels.

## **II. Results achieved**

### **A. Financial results by fund type, market and audience**

7. Private sector revenue totalled \$1.61 billion in 2020 compared to \$1.42 billion in 2019, an increase of \$189.8 million (13.4 per cent).
8. Within total private sector revenue, regular resources revenue totalled \$719.9 million, an increase of \$64.9 million (9.9 per cent) compared to 2019; other resources revenue totalled \$889.2 million, an increase of \$124.9 million (16.3 per cent) compared to 2019. Within other resources revenue, other resources (regular) revenue was \$598.3 million, a decrease of \$22.3 million (3.6 per cent) compared to 2019; other resources (emergency) revenue was \$290.9 million, an increase of \$147.2 million (102.4 per cent) compared to 2019.

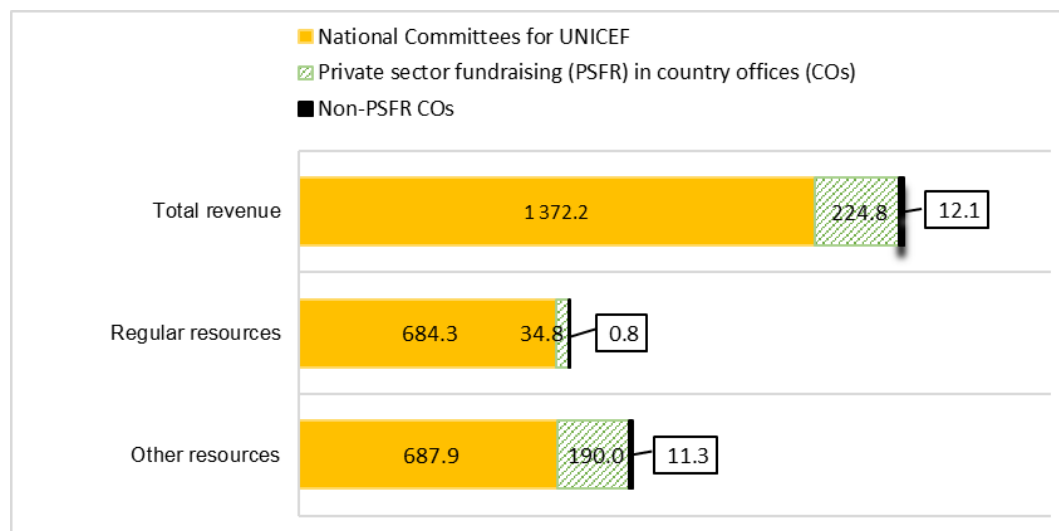
Figure I  
**Total revenue to UNICEF, 2018–2020**  
*(in millions of United States dollars)*



9. In 2020, private sector revenue was generated in the 33 National Committees, 21 UNICEF country offices with structured private sector fundraising activities (PSFR COs) and 30 other country offices raising funds either locally or through the UNICEF global giving online platform (non-PSFR COs).

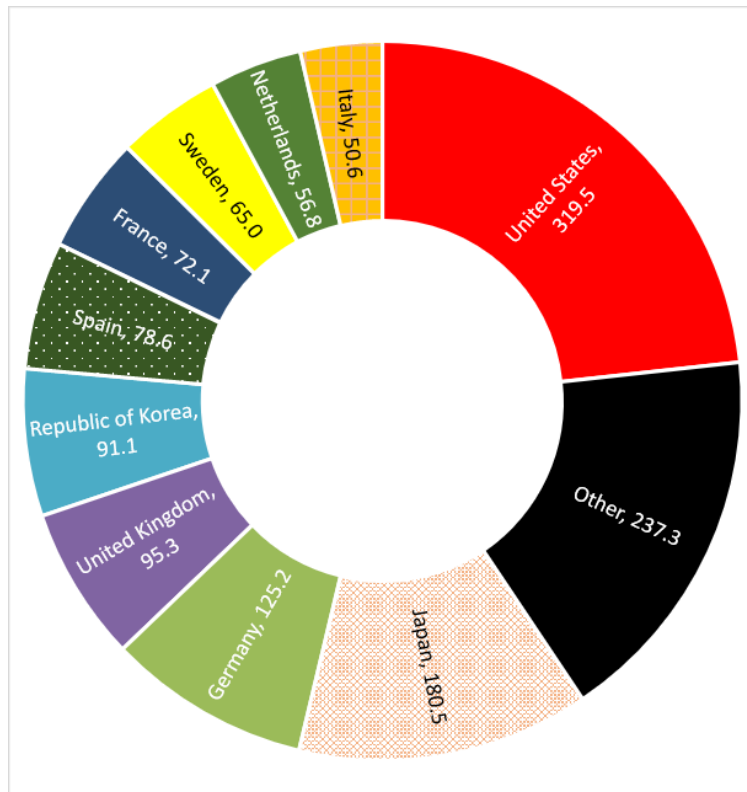
10. Total private sector revenue generated by National Committees, PSFR COs and non-PSFR COs was \$1,372.2 million, \$224.8 million and \$12.1 million, respectively. Of this total, regular resources revenue from National Committees, PSFR COs and non-PSFR COs was \$684.3 million, \$34.8 million and \$0.8 million, respectively, and other resources revenue \$687.9 million, \$190.0 million and \$11.3 million respectively.

Figure II  
**2020 revenue generated by UNICEF National Committees and country offices**  
*(in millions of United States dollars)*



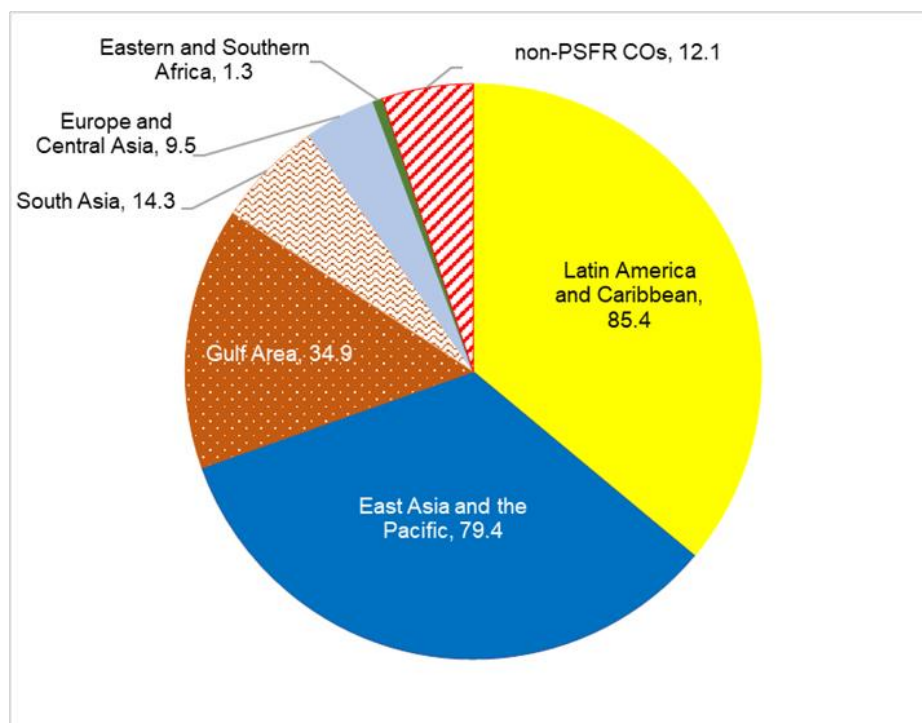
11. Revenue generated by National Committees increased by \$138.5 million (11.2 per cent) in 2020 compared to 2019, largely in the individual pledge and cash revenue streams. The 10 largest National Committees generated revenue amounting to \$1,134.9 million, which represented 82.7 per cent of the total revenue generated by the National Committees in 2020.

Figure III  
**2020 revenue from National Committees**  
*(in millions of United States dollars)*



12. Revenue generated by PSFR COs increased by \$47.7 million (26.9 per cent) in 2020 compared to 2019, largely in the individual pledge and foundations revenue streams. Additionally, the revenue generated in non-PSFR COs increased by \$3.6 million (42.4 per cent).

Figure IV  
**2020 revenue from country offices, by region and sub-region**  
*(in millions of United States dollars)*



13. By audience, revenue from individuals – pledge, cash and legacy – represented 62.3 per cent of the total 2020 private sector revenue and almost 100 per cent of the regular resources. Of the other audiences, key influencers represented 22.6 per cent, business 13.2 per cent and Governments providing funding to UNICEF programmes through the National Committees, 1.6 per cent of total revenue.

Table 1  
**Private sector fundraising revenue by audience, 2019–2020**  
*(in millions of United States dollars)*

	2019	2020	Variance	
			Amount	Percentage
Individuals	875.9	1 002.6	126.7	14.5%
Key influencers	311.8	363.1	51.3	16.5%
Business	212.6	211.6	-1.0	-0.5%
Governments	16.4	25.2	8.8	53.7%
Other	2.6	6.6	4.0	153.8%
<b>Total</b>	<b>1 419.3</b>	<b>1 609.1</b>	<b>189.8</b>	<b>13.4%</b>

14. Variances between financial years in the funds received result from the sometimes-unpredictable timing of negotiation processes with some audiences.

## **B. Financial and non-financial results, by outcome and output**

### **Outcome 1: Individuals – 81.4 million people are changing the world with UNICEF through their voices and donations**

15. Despite the challenging private sector fundraising landscape, UNICEF was able to engage a total of 128.5 million supporters in 2020 – 110.2 million digital supporters, 9.6 million volunteers, over 8.7 million individual donors. A total of almost 7.0 million children were reached with education to be advocates for their rights.

16. Revenue from individuals totalled \$1 billion dollars, an increase of \$126.7 million compared to 2019, and almost reached the ambitious Private Sector Plan 2018–2021: IMPACT for Every Child (IMPACT Plan) goal of \$1.03 billion. More children and young people were engaged as agents of change in 2020 as compared to 2019.

17. In order to continue to mobilize people – both adults and children – for children’s rights, more work is needed to ensure that digital supporters are contactable and given the opportunity to donate and volunteer for UNICEF. This will also help to increase their satisfaction and loyalty to and long-term support of the organization.

### **Output 1.1: By 2020, 11.3 million people are donating private sector revenue of \$891.5 million**

18. Over 8.7 million individual donors contributed \$1 billion dollars to UNICEF in 2020. This amount exceeds the target. The cash channel grew by 50.4 per cent, to \$225.9 million, and the pledge channel grew by 8.4 per cent, to \$678.6 million. Efforts towards digital fundraising and optimizing individual giving were successful in 2020, with digital channels emerging as the largest source of donors for the first time, and UNICEF signing up a digital donor every 29 seconds. Product development supported by innovation funds generated new and promising results, and a continued focus on directing ‘hand raisers’, or people who express an interest in leaving a gift towards future legacy gifts, was equally successful.

### **Output 1.2: By 2021, 100 million people (including children) are mobilized for children’s rights, with 50 million people on the road to giving**

19. UNICEF already achieved the target set for 2021 of mobilizing 100 million individual supporters – who volunteer, advocate and donate for the cause of children – reaching a total of 128.5 million individuals supporters, an increase from 95.5 million in 2019. Out of these, 110.2 million were digital supporters through social media and U-Report.

20. Young people were agents of change through U-Report (12.7 million) and social media channels, especially Instagram. In 2020, 6.97 million children were engaged through child rights education efforts, an increase of 28 per cent from 2019 and already reaching the target set for 2021.

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

21. In 2019, the largest decrease was seen in revenue from key influencers, but in 2020, key influencers stepped up with increased and more flexible funding to face the challenges of the COVID-19 pandemic. Philanthropists and foundations gave \$291.8 million to UNICEF in 2020, while membership-based and faith-based organizations gave \$71.3 million. More than 1,000 philanthropic partners participated in virtual field trips and other events.

**Output 2.1: Leading philanthropic partners commit to working with UNICEF and investing \$392 million annually by 2020 to achieve transformational change for children**

22. UNICEF mobilized \$363.1 million from philanthropic partners, in support of its transformative programmes around the world. Of this total, \$204.7 million came from foundation partners and \$158.4 million from philanthropists, faith-based organizations and membership-based organizations, as compared to \$160.6 million and \$151.2 million, respectively, in 2019.

23. The retention and growth of several key high-value partnerships – the Bill & Melinda Gates Foundation, the Children’s Investment Fund Foundation, the Mastercard Foundation and Dubai Cares – led to a dramatic increase in income, as did the development of new high-value partnerships with the Eleanor Crook Foundation, the Ford Foundation and the Stavros Niarchos Foundation. A total of \$37 million was raised from foundation partners in support of direct and related UNICEF programming around the COVID-19 response. Additionally, over 70 philanthropists, faith-based organizations and membership-based organizations gave more than \$100,000.

**Output 2.2: Key influencers amplify UNICEF advocacy messaging on priority issues affecting children**

24. UNICEF and the Bill & Melinda Gates Foundation helped Gavi, the Vaccine Alliance to raise \$8.8 billion to replenish their funds in 2020 through joint advocacy to key donor Governments, leveraging the voice of UNICEF Executive Director Henrietta H. Fore and stepping up the organization’s global communication reach. UNICEF and Fondation Botnar used the African Digital Innovation Platform to encourage youth to contribute innovative solutions to COVID-19 challenges. Joint advocacy by the Eastern and Southern Africa Regional Office, UNICEF Nigeria and Fondation Botnar resulted in leveraging an additional \$1 million contribution from the Government of Germany to the digital youth marketplace, YOMA.

25. The Division briefed more than 1,000 philanthropists on the COVID-19 pandemic and other topics affecting children. It organized six virtual field trips: on nutrition, the Beirut explosions, immunization, education and climate change, offering each trip twice to maximize participation. Philanthropists were informed about the situation of child rights and children’s needs in each context. In conjunction with the seventy-fifth session of the United Nations General Assembly, the Canadian UNICEF Committee virtually brought philanthropists, corporate partners and other key influencers from around the world to New York City for the United Nations General Assembly live 2020 event, for an opportunity to learn about UNICEF global impact and network with international speakers and influencers.

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

26. In 2020, UNICEF accelerated the shift from transactional relationships to engagements based on shared objectives. Positive results were achieved by tapping into the income, influence, innovation and technical expertise of the business sector as a partner in delivering UNICEF programmes.

27. UNICEF raised \$211.6 million from business in 2020. Over half of the private sector revenue raised for the COVID-19 response came from business. The number of national high-value partnerships increased from 198 to 253, and the value from \$148 million to \$201 million in 2020. In addition, 91 per cent of international high-value partnerships (with \$54 million in total contract value) were successfully renewed or agreed in principle.

28. Significant progress was made in securing collaboration with business to drive instrumental change for children. In 2020, 133 million children were reached through partnerships with business, compared to 34.3 million children in 2019. There was an increase in the number of businesses that donated more than just cash – more than 2,000 businesses were engaged by contributing their core assets and advocating on child rights and business. This translated into an increase in the number of shared-value partnerships from 15 in 2019 to 21 in 2020.

29. The Business for Results (B4R) initiative continued to develop the knowledge, resources and skills across UNICEF to ensure the relevance of business is mainstreamed into programmes to achieve results for children with speed and at scale. National Committees and 121 UNICEF offices worked with businesses on advocacy activities and integration of children’s interests into responsible business conduct. Business for results training has been rolled out in 25 countries, including through 20 virtual sessions delivered in 2020. UNICEF continued to work on child rights and business with 49 country offices and 12 National Committees.

**Output 3.1: Partnerships with businesses maximize results for children, delivering revenue (projected to be \$170.8 million in 2020), influence, reach, the protection of children’s rights and/or core business and assets**

30. UNICEF raised \$211.6 million from business in 2020. A continued focus on priority markets produced results, as \$39 million (or 92 per cent) of the global revenue growth was driven by 15 priority markets. The top-level international partnerships, including shared-value partnerships, accounted for \$14 million of the growth. From existing partners, an additional \$25 million of new contracted income was secured for 2020 and beyond. The COVID-19 pandemic was a catalyst for some of this growth, with key partners such as ING, Unilever, LIXIL and the LEGO Foundation making significant financial and in-kind contributions.

31. The number of highly technical shared-value partnerships increased from 15 to 21. UNICEF announced a global partnership with Ericsson to help to map school connectivity in 35 countries by the end of 2023. PwC and UNICEF joined forces to boost youth skills worldwide. Through the Learning Passport partnership with Microsoft, UNICEF brought the power of learning to children with no access to a physical school. Facebook and UNICEF launched a first-of-its-kind global partnership in support of UNICEF immunization campaigns and school connectivity. UNICEF partnered with LIXIL as a response to the pandemic, to develop an innovative off-grid handwashing station, the SATO tap, which will bring improved hygiene to millions around the world. The LIXIL SATO tap was voted as one of the best inventions of 2020 by *Time* magazine.

**Output 3.2: Businesses take sustainable action to respect children’s rights in all business activities and relationships**

32. Sixty-one UNICEF offices (49 country offices and 12 National Committees) engaged 2,859 businesses – as well as governmental bodies, business associations, multi-stakeholder platforms and financial institutions – to address the risks to children posed by business activities in the workplace, supply chain, marketing and advertising, digital space and the wider environment.



33. UNICEF, together with the International Labour Organization and the United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women), published a comprehensive family-friendly policy guidance document for both business and policymakers, followed by a series of webinars aimed at businesses in Asia and the Americas. Public webinars were co-organized with the International Chamber of Commerce and the International Organization of Employers, and business tools were issued jointly with United Nations Global Compact. In many countries, businesses and business platforms implemented measures to support the protection of children, both online and offline.

34. The drive towards regulation and focus on human rights-based approaches in environmental, social and governance reporting by major investors continued. Progress was made on integrating children's rights into the drafting process of mandatory human rights due diligence regulations at the European Union and in Germany and Switzerland. UNICEF and partners continued to develop tools to mobilize the influence of investors in reducing business risk to children. For example, the partnership with Norges Bank Investment Management, the world's largest sovereign wealth fund, led to increased investor scrutiny on supply chain management and children in the garment and footwear sectors.

### **Output 3.3: Businesses and business stakeholders advocate for children**

35. UNICEF saw an increase in businesses, foundations, Governments and multilateral institutions convening in multi-stakeholder initiatives on global issues, including those relating to the Sustainable Development Goals, and expanded its collaboration with several multi-stakeholder platforms. Amid the COVID-19 pandemic and the resulting momentum to 'build back better', there was an increased trend towards collectively advocating for more purposeful and sustainable business models and economies as well as multi-stakeholder engagement – moving from a shareholder to a stakeholder perspective. The platforms used their reach and influence to bring together public sector and private sector stakeholders and served as conveners, coordinating needs in the COVID-19 response, linking demand and supply and facilitating exchange to speed up collaboration.

36. For example, the Global System for Mobile Communications advocated with its more than 750 mobile network operator members to provide free text messages with COVID-19 information to its customers, as well as zero-rating access or Internet access at no-cost for educational content in the context of remote learning – supporting Reimagine Education and Giga Initiative objectives. Through the World Economic Forum, UNICEF and partners, executive officers and senior leadership of PwC, the LEGO Foundation, Dubai Cares and Microsoft advocated for actions businesses can take to reimagine education. UNICEF and the World Economic Forum Supply Chain and Transport Industry Action Group co-developed a charter in support of UNICEF and COVID-19 Vaccine Global Access (COVAX) Facility vaccine distribution. The charter was signed by 18 businesses that committed support to planning, preparedness and prioritized transportation and distribution of COVID-19 vaccines and related supplies.

### **Outcome 4: Governments – 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**

37. The COVID-19 pandemic had an unprecedented impact on the lives of children and their families around the globe, including those living in high-income countries. While children were largely spared from the immediate health impacts of the pandemic, they continued to be affected by containment measures and the socio-

economic impacts of the crisis. In addition to deeper poverty and risks to living standards, social isolation led to challenges for many children.

38. The pandemic triggered a significant shift in the operating environment of National Committees and the first activation by UNICEF of a global Level-3 emergency. National Committees responded by addressing the impact of lockdowns and school closures, curfews, stay-at-home orders, widespread unemployment and the suspension of essential services for vulnerable families, which generated new child rights challenges and created newly vulnerable groups of children whose families and caregivers struggled to cope.

39. To support the responses by the National Committees, UNICEF issued a guidance note for programming responses in the context of the COVID-19 pandemic for high-income countries, specifically those with a National Committee. Thirty National Committees developed strategy notes focusing on social inclusion, social protection, education, child protection and health, and child rights education/communication for development, to add to the Joint Strategic Plans agreed to with PFP. National Committees' programming activities ensured that child rights were prioritized during the pandemic and aimed at protecting the most vulnerable children.

40. Despite this challenging context, National Committees accelerated their efforts to support child rights, with growth in both their child rights education programmes and the Child-Friendly Cities Initiative. Their response helped UNICEF to meet the public sector and private sector demand to respond to COVID-19 domestically, while ensuring support for its global response. National Committees seized new partnerships and advocacy opportunities and enhanced the relevance and visibility of UNICEF as an organization for every child, including those living in high-income countries.

**Output 4.1: Governments maintain and increase budgeting for children domestically and globally**

41. Revenue from Government and intergovernmental organizations to National Committee programmes reached \$25.2 million in 2020 (as compared to \$16.4 million in 2019). This was coupled with increased domestic resource allocations and official development assistance for children.

42. For example, in part thanks to UNICEF Ireland advocacy, the Government of Ireland announced a \$460.1 million (€375 million) financial package to support the reopening of schools in late August. More than 1 million students and 100,000 staff were affected by this announcement.

43. The Spanish Committee for UNICEF engaged in advocacy briefings with the Spanish Congress and mobilized the public to influence the Government ahead of its approval of the new Ingreso Mínimo Vital (Minimum Vital Income) legislation. This introduced a cash benefit for families living in poverty, before and after the government lockdown. The legislation is the main social policy measure supporting families affected by COVID-19 and provides economic protection for the most vulnerable. More than 45 per cent of beneficiaries of this measure are children.

44. National Committees advocacy was supported directly by the UNICEF Office of Research – Innocenti, which published a report on COVID-19 social protection in high-income countries in 2020.

**Output 4.2: Governments increase action to respect, protect and fulfil children’s rights domestically and globally**

45. National Committees reported 141 changes in policies and laws, compared to 175 in 2019. National Committees strategically positioned themselves as partners for Governments facing unprecedented challenges, assisting in gathering evidence and best practices from other high-income countries and providing global guidance and policy to inform decision-making. National Committees had to shift from influencing policy changes to shaping and informing national COVID-19 emergency measures and responses.

46. Raising awareness of COVID-19 as a child rights crisis was at the forefront of National Committees’ advocacy efforts, at the local, national and global level. UNICEF efforts to engage the multilateral system required National Committees to have a dual strategy of raising awareness and commitments to respond to the impacts of COVID-19 on children at home and on children globally. This ‘home and away’ advocacy approach provided opportunities to spotlight the universal mandate of UNICEF and its relevance for all children, everywhere.

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

47. In 2020, UNICEF maintained its second position regarding spontaneous awareness of brand, and ranked first among children’s organizations. The level of trust in UNICEF remained stable in most countries, a reassuring result given the large shifts in public behaviours and attitudes due to the pandemic.

**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**

48. UNICEF second position regarding spontaneous awareness of brand was impressive, given that the world’s focus shifted to a global health pandemic. Due to the efforts of the global communication and fundraising teams, the UNICEF profile and brand positioning was maintained. Its spontaneous awareness ratings were above 20 per cent in 90 per cent of countries, up from 60 per cent of countries in 2017, and in line with the targets set at the start of the IMPACT Plan. The organization’s score on spontaneous association with children among respondents aware of the organization increased, with 52 per cent of countries scoring above 50 per cent.

**Output 5.2: The work of UNICEF has increased recognition and the organization is viewed as one that “gets things done”**

49. UNICEF maintained its 2019 level regarding its association with ‘getting things done/effective’; 45 per cent of countries scored above the average of comparators, a significant increase since 2017. This was not surprising, as UNICEF was not perceived as a global health player, and it was difficult to obtain coverage of programme delivery, with many markets and countries in lockdown.

**Output 5.3: UNICEF mobilizes audiences to take action for children in private sector markets**

50. In 2020, the scores on willingness to donate to UNICEF significantly increased in most countries. A similar trend was observed for key comparative organizations. The context of the global pandemic and appeals from UNICEF and the international community for solidarity were likely to have contributed to this increase. UNICEF remained in the top three organizations regarding consideration to donate in 72 per cent of countries.

**Output 5.4: UNICEF optimizes the use of compelling, engaging and emotive content to build its brand**

51. The Division produced engaging and compelling content for supporters throughout the year, focusing on using market knowledge, insights and social listening to develop a content model and to produce content relating to the COVID-19 crisis as the emergency unfolded in various markets. The social media listening insights were used extensively across the organization, to better understand what audiences were thinking and feeling, and to inform content production. Over the year, PFP produced and curated field content relating to the COVID-19 response as well as other emergencies, including the Beirut explosions and hurricanes and cyclones in other countries.

52. The Division developed a modular multi-channel nutrition package called Unlocking Nutrition and developed the first virtual field trip on nutrition. Virtual field trips were a highly successful way of engaging donors and will be rolled out extensively in 2021. The Division also developed and coordinated, in real time, 72 hours of webinars, in conjunction with the Division of Communication and country office fundraising. The Division also facilitated the climate action task force and the imagery working group.

**Outcome 6: Enablers – By 2020, 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**

53. In 2020, PFP continued to make progress towards addressing and removing the administrative bottlenecks that hinder implementation of the IMPACT Plan and enabling its more effective application. This was achieved by a continued focus on streamlining and improving processes, finding innovative ideas for reduced investments, developing flexible policies and enhancing information systems with more capabilities for seamless access to internal resources, financial reporting and modelling data related to fundraising. The COVID-19 pandemic presented key operational challenges to enablers. Quick adaptation to new ways of working, however, ensured that enablers continued to be well positioned to support results.

**Output 6.1: UNICEF is fit for business, with responsive, transparent and accountable governance**

54. In the context of the COVID-19 global pandemic, business continuity planning and effective risk management were specifically in focus in 2020. The Division continued to strengthen the governance processes in these areas. It also provided expert and tailored support to National Committees to strengthen responsible, transparent and accountable governance and compliance with their respective Cooperation Agreements. There was a renewed, joint focus on ensuring fitness for business through updating the common governance framework for National Committees. Modernized and high-quality principles of good governance were unanimously endorsed.

**Output 6.2: UNICEF plans and delivers as one UNICEF, with the efficient and effective management of results**

55. The management of private sector results by PFP was further enhanced through several initiatives, including improvements to the IMPACT Platform system; the private fundraising, partnership and engagement situation analysis; systematic capturing and sharing of good practices in fundraising and partnerships with business; and knowledge-sharing events, with the main highlight being the first Virtual Skill Share event that brought together over 3,000 UNICEF and National Committee staff, to share and learn the latest skills on private fundraising, partnerships and

engagement. The year 2020 also saw the development of a new situation analysis of UNICEF work with the private sector to inform the development of the next Strategic Plan.

**Output 6.3: Versatile, safe and secure information systems support the delivery of the Private Sector Plan 2018–2021: IMPACT for Every Child**

56. The agility and security of PFP information and communication technology systems was enhanced by building the foundation for the technology architecture that supports the IMPACT Plan, including other critical PFP applications. This was achieved through improved architecture services that allowed better capturing, storing and modelling of data on fundraising markets, to make it available for performance and benchmarking.

57. The security of data and information systems was improved by adopting globally managed cloud services for the Division's critical systems. Some 70 per cent of applications were moved to cloud services. In addition, a series of activities helped to sensitize business stakeholders to security risks and their obligations to comply with required standards, and helped UNICEF to address audit recommendations while preserving the flexibility of fundraising activities and performance. Digital security will continue to be a priority in 2021, given increasing digital activities.

**Output 6.4: The versatile staff of UNICEF and the National Committees collaborate as agents of change with the private sector**

58. The Division provided support to recruiting high calibre staff to meet organizational needs. Effective use of the Staff Selection Policy brought the average time of recruitment to 39 days for the second consecutive year, below the global key performance indicator of 60 days. In 2020, PFP delivered training for 1,271 participants and customized team development sessions for 169 participants, covering over 90 per cent of the division. Training events were redesigned and delivered virtually to adapt to the COVID-19 pandemic.

59. A highlight in 2020 was the redesign of in-person training programmes into virtual programmes, responding to the needs of PFP teams and contributing to their strength. This included the conversion of the UNICEF Management MasterClass to a virtual programme.

## C. Resource utilization

60. The results of PFP, together with the National Committees for UNICEF and UNICEF country offices, are funded by two UNICEF budgets:

- The special purpose budget funded by regular resources for investment and other fundraising activities in PFP in Geneva and its regional support centres in Amman, Bangkok, Nairobi and Panama, and the special purpose ceiling funded by other resources for other fundraising activities in PSFR COs;
- The institutional budget for development effectiveness and management activities.

61. In its decision 2020/7, the UNICEF Executive Board approved a special purpose budget funded by regular resources of \$151.4 million, comprising investment funds of \$85 million and other private sector fundraising costs of \$66.4 million, and a special purpose ceiling funded by other resources of \$59.9 million. The institutional budget allotment to PFP for 2020 totalled \$12.6 million.

**Special purpose budget funded by regular resources*****Investment funds***

62. Investment funds allow PFP, working with National Committees and country offices, to invest strategically in donor retention, quality and acquisition. A more detailed review of the strategy for and impact of the investment funds is provided in annex II.

63. The investment funds budget was decreased in 2020 by \$30 million to \$85 million due to the global fundraising market contraction in 2018 and in 2019 and its impact on the UNICEF financial framework. The reduced resources available for investment were directed to the most-rewarding opportunities that grow regular resources revenue and further develop critical regular resources revenue streams, such as pledge and legacy fundraising, including through digital fundraising activities.

64. Investment fund expenditure in 2020 totalled \$86.3 million and exceeded the budget by \$1.3 million (1.6 per cent), which is within the authority given to the PFP Director, such as moving resources to maximize investment in income-generating activities. This was facilitated by continuous and rigorous review of resource utilization in and reallocation of resources from other areas of PFP activities.

65. Investment funds allocations to the National Committees totalled 66 per cent, to country offices 29 per cent, and to global initiatives managed by PFP, 5 per cent of total investment funds. The decision-making criteria for investment funds allocations included the cost-effectiveness of proposals received and the revenue-generating potential of markets. Investment funds were allocated to 81 projects for fundraising activities in 46 markets in National Committee countries and country offices. This compares to 2019, when investment funds were allocated to 91 projects for fundraising activities in 48 countries.

***Other fundraising activities***

66. The budget for other fundraising activities was decreased in 2020 by \$0.1 million to \$66.4 million. Expenditure on other fundraising activities in 2020 totalled \$63 million, which represented 94.9 per cent of the approved budget. The under-utilization of \$3.4 million (5.1 per cent) resulted from decisions to reallocate \$1.3 million (2 per cent) to investment funds, as well as savings (which are retained centrally) totalling \$2.1 million (3.1 per cent), resulting from vacant posts and the revision to standard post costs.

67. Expenditure on other fundraising activities comprises the cost of the technical expertise provided by PFP in global fundraising support to the National Committees (\$34.8 million) and country offices (\$8.1 million); marketing and communications (\$12.1 million); engagement with the private sector (\$6.9 million); and procurement (\$1.1 million). Significant components of the cost of global fundraising support are technical expertise on individual giving of \$17.8 million; corporate partnerships of \$9.5 million; and global philanthropy of \$7.5 million.

**Special purpose ceiling funded by other resources*****Other fundraising activities***

68. The ceiling for other fundraising activities provides for the direct costs of country office fundraising activities and is established based on projected revenue targets. Country offices are guided to invest up to 25 per cent of their gross private sector revenue raised in-country in any calendar year in fundraising activities. The ceiling represents the maximum cost level permitted by PFP guidelines. Expenditure will not be incurred and utilization within the ceiling will not be reported unless

revenue is raised. Therefore, lower than expected ceiling utilization does not result in savings to UNICEF.

69. Expenditure on other fundraising activities totalled \$53.4 million in 2020 compared to the approved budget of \$59.9 million.

#### ***Institutional budget***

70. The institutional allotment for development effectiveness and management activities totalled \$12.6 million in 2020, as in 2019. Expenditure related to the PFP Director's Office and the strategic planning, finance and National Committee relations functions totalled \$11.1 million. The underutilization of \$1.5 million (11.9 per cent) comprised savings from vacant posts and revised standard post costs which, based on UNICEF policy, are retained and managed centrally.

### **D. Net surplus**

71. The net private sector surplus was \$1,389.3 million, or 13 per cent higher than planned for 2020, and \$204.9 million, or 17.3 per cent higher than in 2019. The net private sector surplus represents 86.3 per cent of the private sector revenue and is higher than the budgeted ratio for 2020 and the actual ratio for 2019 of 84.6 per cent and 83.3 per cent, respectively.

### **E. Strategic priorities**

72. The key strategic priorities for UNICEF private sector work that aim to ensure sustainability towards achievement of the Sustainable Development Goals and beyond, where additional emphasis will be placed are:

- Scaling up digital fundraising (as the largest acquisition channel for new donors);
- Accelerating financing for children, including innovative finance, blended finance and public-private partnerships;<sup>1</sup>
- Sustainably supporting key 'frontier markets' transitioning from middle- to high-income status to ensure the continued fulfilment of the universality of the Sustainable Development Goals and the Convention on the Rights of the Child; and
- Tapping into the highest-value channels at the very top of the philanthropic pyramid.

## **III. Draft decision**

#### *The Executive Board*

*Takes note* of the Private Fundraising and Partnerships: financial report for the year ended 31 December 2020 ([E/ICEF/2021/AB/L.8](https://www.unicef.org/icef/2021/AB/L.8)).

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<sup>1</sup> See Executive Board decision 2021/5, [https://www.unicef.org/executiveboard/media/4471/file/2021-8-Compendium\\_of\\_decisions\\_FRS-EN-2021.02.19.pdf](https://www.unicef.org/executiveboard/media/4471/file/2021-8-Compendium_of_decisions_FRS-EN-2021.02.19.pdf), retrieved 21 June 2021.

## Annex I

## Revenue and expenditure, 2019–2020

<i>(in millions of United States dollars)</i>	2019 actual			2020 approved budget			2020 actual			2020 actuals vs. 2020 approved budget	
	Regular resources	Other resources	Total	Regular resources	Other resources	Total	Regular resources	Other resources	Total	Amount	Percentage
<b>Private sector revenue*</b>											
Revenue from licensing	5.0	-	5.0	7.0	-	7.0	4.1	-	4.1	(2.9)	-41.4%
Private sector fundraising revenue	650.0	764.3	1 414.3	696.7	750.6	1 447.3	715.8	889.2	1 605.0	157.7	10.9%
National Committees	615.0	613.7	1 228.7	649.5	566.4	1 215.9	680.2	687.9	1 368.1	152.2	12.5%
Country offices	35.0	150.6	185.6	47.2	184.2	231.4	35.6	201.3	236.9	5.5	2.4%
<b>Total private sector revenue</b>	<b>655.0</b>	<b>764.3</b>	<b>1 419.3</b>	<b>703.7</b>	<b>750.6</b>	<b>1 454.3</b>	<b>719.9</b>	<b>889.2</b>	<b>1 609.1</b>	<b>154.8</b>	<b>10.6%</b>
<b>PFP expenditure</b>											
<b>A. Development effectiveness:</b>	<b>3.8</b>	<b>-</b>	<b>3.8</b>	<b>4.2</b>	<b>-</b>	<b>4.2</b>	<b>3.9</b>	<b>-</b>	<b>3.9</b>	<b>(0.3)</b>	<b>-6.6%</b>
National Committee Relations	3.8	-	3.8	4.2	-	4.2	3.9	-	3.9	(0.3)	-6.6%
<b>B. Management:</b>	<b>7.2</b>	<b>-</b>	<b>7.2</b>	<b>8.4</b>	<b>-</b>	<b>8.4</b>	<b>7.2</b>	<b>-</b>	<b>7.2</b>	<b>(1.3)</b>	<b>-14.0%</b>
Director's Office and Strategic Planning	1.4	-	1.4	1.6	-	1.6	1.3	-	1.3	(0.3)	-16.1%
Finance and Operations	5.8	-	5.8	6.8	-	6.8	5.9	-	5.9	(0.9)	-13.4%
<b>C. Special purpose:</b>	<b>176.8</b>	<b>45.0</b>	<b>221.8</b>	<b>151.4</b>	<b>59.9</b>	<b>211.3</b>	<b>149.3</b>	<b>53.4</b>	<b>202.7</b>	<b>(8.6)</b>	<b>-4.1%</b>
Fundraising	34.5	0.1	34.6	36.4	-	36.4	34.8	0.3	35.1	(1.3)	-3.6%
Country Office Support	6.7	-	6.7	6.9	-	6.9	5.6	-	5.6	(1.3)	-18.8%
Country Office Direct Fundraising Costs	1.4	44.4	45.8	3.6	57.9	61.5	2.5	52.6	55.1	(6.4)	-10.4%
Marketing and Communication	10.2	0.2	10.4	10.9	-	10.9	12.1	0.3	12.4	1.5	13.8%
Procurement	1.3	-	1.3	1.3	-	1.3	1.1	-	1.1	(0.2)	-15.4%
Private Sector Engagement	6.5	0.3	6.8	7.4	2.0	9.4	6.9	0.2	7.1	(2.3)	-24.5%
Investment Fund	116.2	-	116.2	85.0	-	85.0	86.3	-	86.3	1.3	1.6%
<b>Total PFP expenditure</b>	<b>187.8</b>	<b>45.0</b>	<b>232.8</b>	<b>164.1</b>	<b>59.9</b>	<b>223.9</b>	<b>160.4</b>	<b>53.4</b>	<b>213.8</b>	<b>(10.1)</b>	<b>-4.5%</b>
National Committees' licensing/sales expenditure	1.2	-	1.2	0.7	-	0.7	0.8	-	0.8	0.1	14.3%
Impairment	0.9	-	0.9	-	-	-	5.1	0.1	5.2	5.2	0.0%
<b>Net private sector surplus</b>	<b>465.1</b>	<b>719.3</b>	<b>1 184.4</b>	<b>539.0</b>	<b>690.7</b>	<b>1 229.7</b>	<b>553.6</b>	<b>835.7</b>	<b>1 389.3</b>	<b>159.6</b>	<b>13.0%</b>

\* The revenue figures for 2019 have been restated to ensure comparability with 2020 as the foreign exchange gain or loss related to the revenue is included in these figures.



## **Annex II**

### **Impact of investment funds**

#### **I. Introduction**

1. This annex provides a review of the impact of the investment funds, as requested by the Executive Board in its decision 2018/4.

#### **II. Summary**

2. Private sector fundraising requires investment to maintain current income and to grow future income. Total investment in UNICEF private sector fundraising is financed in part by the National Committees for UNICEF and country offices with established private sector fundraising operations (PSFR COs) using up to 25 per cent of funds raised in their markets, and in part by the investment funds approved by the Executive Board for strategic deployment across all UNICEF fundraising markets. This review is focused only on the impact of investment funds.

3. In the period 2016 to 2020, the Private Fundraising and Partnerships Division (PFP or “the Division”) allocated investment funds totalling \$440 million for use in some 50 fundraising markets in National Committee countries and PSFR COs fundraising markets.

4. These investments have not yet fully matured, but they have already generated revenue totalling more than \$1 billion and, cumulatively, are expected to have generated projected revenue totalling more than \$2 billion by 2025. The required rate of return, of 3:1 over 36 months, has been consistently met or exceeded for investment fund allocations made in the period 2016 to 2020.

5. Investment funds have been a critical success factor in UNICEF securing its place as a world leader in private sector fundraising. Gross revenue from the private sector has grown at a steady rate of 5.5 per cent since 2016. Net revenue totalled \$1.6 billion in 2020.

6. Investment performance has been further enabled by a systematic approach to investment fund allocation, risk management, revenue monitoring and reporting across UNICEF, and facilitated by technical resources and systems.

7. Opportunities and challenges in the private sector fundraising environment change continuously and UNICEF recognizes, despite its success, the need to adapt to maximize private sector revenue in support of the 2030 Agenda for Sustainable Development. The Division has completed a comprehensive review of its private sector fundraising investment strategy and, based on a detailed analysis of investment performance and lessons learned to date, and taking into consideration current trends in private sector fundraising and innovative and sustainable investment financing options, aims to develop a revised investment strategy to accelerate and grow UNICEF private sector fundraising activities through the next Strategic Plan period.

#### **A. Scale of investment**

8. Based on its experience and the lessons learned from the previous investment funds strategy, PFP had proposed to increase total investment funds to \$450 million and targeted ambitious regular resources revenue growth of \$1.2 billion for the

UNICEF Strategic Plan period, 2018–2021<sup>2</sup> (compared to the previous Strategic Plan period, 2014–2017). In 2018, the global fundraising market contracted for the first time in more than a decade. This contraction continued into 2019 and led UNICEF to review its financial framework and subsequently reduce total investment funds for the current strategic plan period from \$450 million to \$390 million.

9. The Director, PFP has the authority to redeploy resources between lines of the PFP budget and augment investment funds in any financial year by an amount of up to 10 per cent. As a result, cumulative investments for the period 2018–2020 totalled \$305 million and cumulative investments for the period 2018–2021 are projected to total \$395 million.

## **B. Strategy for investment**

### **1. Overview**

10. Private sector fundraising requires investment to maintain current income and to grow future income. Total investment in UNICEF private sector fundraising is financed in part by the National Committees and PSFR COs using up to 25 per cent of funds raised in their markets, and in part by the investment funds approved by the Executive Board for strategic deployment across all UNICEF fundraising markets.

11. In summary:

- The National Committees and PSFR COs invest from their own funds raised primarily to maintain current income streams; and
- The Division works with the National Committees and PSFR COs to allocate investment funds to further maintain current income streams, if required, and also to grow future income streams, prioritizing regular resources income streams and pledge and legacy fundraising channels.

12. In addition, PFP uses a small proportion (3.5 per cent) of investment funds to support fundraising innovation across all markets.

### **2. Pledge**

13. Investments are made in campaigns and activities to retain and acquire new pledge donors.

14. UNICEF has over 5 million pledge donors, who are individuals who give on a regular basis and collectively comprise the largest source of regular resources revenue. Despite their loyalty to UNICEF, a number of pledge donors are lost to natural attrition every year. A critical component of the fundraising investment strategy is to either influence these donors to give again or to replace them. If more donors are lost than can be acquired, revenue will decline. This is a real risk in the current global fundraising environment.

15. A total of 739,000 UNICEF pledge donors stopped giving funds to the organization in 2019. Investments made by National Committees and PSFR COs from their own fundraising were successful in replacing 167,000 of these donors. If these were the only investments made, the impact would have been a net loss of 572,000 donors, or decreased revenue of some \$108 million annually. However, investment

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<sup>2</sup> The regular resources revenue growth target in the years noted – 2018, 2019 and 2020 – proved unattainable due to the global fundraising market contraction in 2018–2019 and the COVID-19 pandemic in 2020. However, given the agile and innovative responses to these crises made possible by the availability of investment funds, UNICEF is projecting regular resources revenue in 2021, which establishes a robust platform for continued growth in the next Strategic Plan period.

funds were used to acquire 805,000 new donors. As a result, there was a net gain of 233,000 donors and increased revenue of some \$13 million annually.

### **3. Legacy**

16. Investments in the legacy fundraising channel drive long-term regular resources revenue. Leaving a gift in a will is an already-established means of raising money in many fundraising markets, and there are opportunities in additional markets. Investments are made in targeted communications that make the case for legacy giving to UNICEF and nurture individuals who express an interest in doing so.

17. There are usually many years between a person deciding to give and making a gift by legacy, so proxies are used to measure immediate marketing success. The fundraising industry standards are the number of ‘hand raisers’, or people who express an interest in leaving a gift and the average value of such gifts. Some \$45 million was invested in legacy marketing between 2016 and 2020, during which period the number of hand raisers increased from 25,000 to 176,000, with a projected revenue of \$488 million over the next 10 years.

### **4. Innovation**

18. While most investment funds are allocated for proven fundraising activities with predictable returns on investment, \$3 million has been allocated annually since 2018 for fundraising innovation and investment in high-risk activities that have not been tried before. These investments have no immediate expectation of return, but all have the potential to be breakthrough new ideas.

19. Since 2018, a total of 31 innovations have been funded by PFP, using investment funds, and a number have already been successful. Paddington’s Postcards is a product based on a subscription business model that was introduced to the highly competitive fundraising market in the United Kingdom of Great Britain and Northern Ireland in 2019 by the United Kingdom Committee for UNICEF. It quickly became a transformational product, leading to the acquisition of 44,000 new donors and generating actual revenue of \$2.4 million to date and projected revenue of \$5.3 million by the end of 2021. Six other markets are now testing this product and the potential for global scale up.

## **C. Measuring impact**

### **1. Return on investment – rates of return**

20. In all fundraising channels other than legacy, the required rate of return for investments is 3:1 over 36 months. This means that an investment of \$100 must generate gross revenue totalling at least \$300 over 36 months. The rate of return in the legacy fundraising channel is high, typically over 11:1, but over a much longer time period (10 years) and with some unpredictability. For this reason, the 3:1 over 36 months requirement is not applied to investments in the legacy fundraising channel. In addition, investments that maximize regular resources are prioritized.

21. The required rates of return have been met or exceeded for all investments made in the period 2016–2020.<sup>3</sup> Table 2 provides information on the returns on investment over 36 months, excluding legacy allocations. On average, some 70 per cent of revenue was generated by investments by National Committees and some 30 per cent by PSFR COs (as revenue is used first to fund programmes in the country).

<sup>3</sup> The period under review has been extended to include 2016, to allow for analysis of the rate of return on investment realized over 36 months in the years 2018, 2019 and 2020.

Table 2  
Returns on investment over 36 months, 2016–2020

	2016	2017	2018	2019	2020
Gross return	2.93	3.16	3.36	3.36	3.82
Proportion of gross revenue returned as regular resources	61%	56%	48%	55%	50%

## 2. Return on investment – revenue generated

22. Cumulative investments in the period 2016–2020<sup>4</sup> totalled \$440 million, of which \$395 million was allocated to fundraising channels other than legacy.

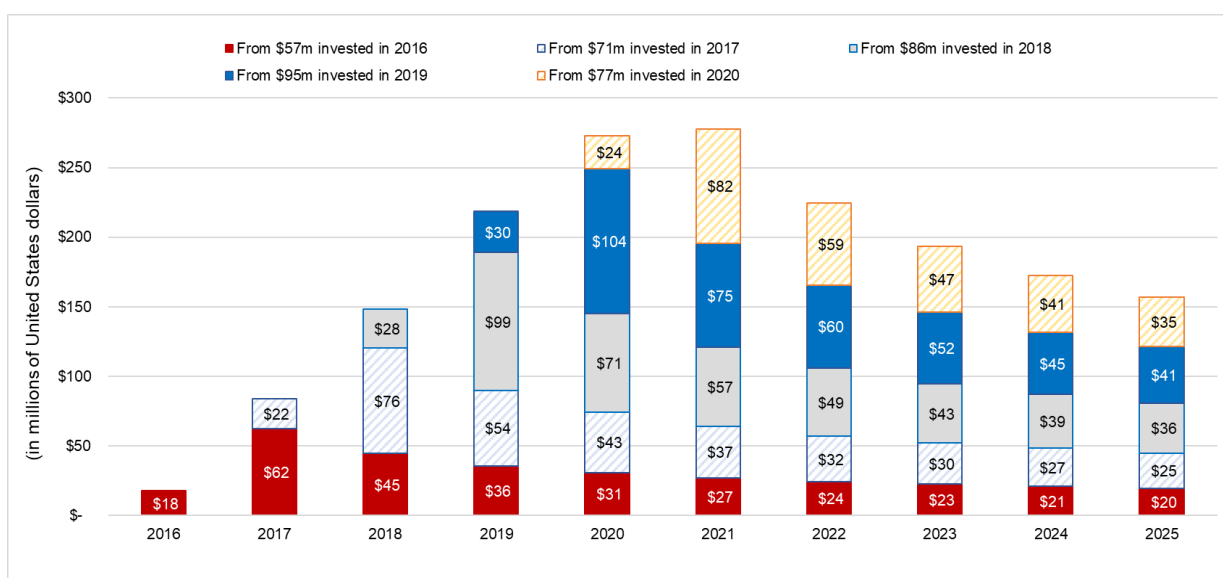
23. Those investments have not yet fully matured. However, figure 5 shows that the investments in fundraising channels other than legacy have generated actual and projected cumulative revenue between 2016 and 2021 totalling \$1,022 million, and are projected to generate further cumulative revenue between 2022 and 2025 totalling \$747 million.

24. In addition, investments in the legacy fundraising channel made in the period 2016 to 2020 totalling \$45 million are projected to generate revenue of \$488 million over the next 10 years. This revenue has been excluded from figure 5, given the unpredictable timing of receipt.

25. In summary, investments made in the period 2016–2020 totalling \$440 million are projected to generate revenue of close to \$2.3 billion in the period 2016–2025.

26. The compound annual growth rate for revenue generated by investment funds from 2016 to 2020 is 5.5 per cent.

Figure V  
Actual/projected cumulative revenue from investments made from 2016 to 2020



<sup>4</sup> The period under review has been extended to include 2016 to allow for analysis of actual and projected revenue generated over 36 months in the years 2018, 2019 and 2020.

## D. Robust risk management

27. In response to the Executive Board's approval to increase investment funds available for allocation in the period 2018–2021, UNICEF made appropriate operational investments to augment and improve technical skills and systems in PFP, National Committees and PSFR COs, to ensure robust risk management and optimal fundraising returns.

### 1. Allocation of investment funds

28. The Division implements a rigorous analysis of applications for investment funds before allocation to National Committees, PSFR COs and income streams.

29. In summary and on average:

- Allocations are made to close to 50 National Committee and country office fundraising markets.
- 65 per cent of investment funds is allocated to National Committees, 30 per cent to PSFR COs, and the remainder to multi-market activities.
- 70 per cent of investment funds is prioritized for use in 15 key markets that are immediately able, or have the future potential, to generate revenue at scale, including France, India, Italy, the Republic of Korea, Spain and the United Kingdom.
- 86 per cent of investment funds is allocated to the pledge income stream (which is prioritized as pledge donations that generate regular resources), 12 per cent to the legacy income stream, and a small proportion to other income streams, such as major donors, foundations and business (which generate high levels of other resources). Table 3 shows investment fund allocations by income stream over the past five years.

Table 3  
**Investment fund allocations by income stream 2016–2020**

	2016	2017	2018	2019	2020
Total allocated, in millions of United States dollars	64.3	83.0	99.9	110.0	83.2
Pledge	88%	85%	85%	83%	88%
Legacies	11%	14%	13%	13%	8%
Major donors and foundations	1%	1%	2%	3%	3%
Business	0%	0%	0%	0%	1%

### 2. Monitoring performance of investment funds

30. The Division monitors investment performance rigorously. National Committees and PSFR COs are required to report on investment performance on a regular basis. This reporting is audited annually.

## **E. Lessons learned**

31. UNICEF investments in fundraising have reached maturity and scale. New and innovative sources of investment are being piloted, including through the use of funds made available through a partnership with the World Bank to unlock the significant private sector fundraising potential in PSFR COs. The Division has learned valuable lessons on how investment funds are best deployed and the impact of the metrics used to allocate investment funds. While the current investment strategy and systematic framework have served UNICEF well, PFP will continue to review its investment model and adjust it to the realities of the new global fundraising market, which include a rapidly evolving switch to digital giving. The Division will align new and emerging ideas with UNICEF private sector fundraising targets and looks forward to updating the Executive Board on its investment strategy in the document Private Fundraising and Partnerships: 2022 workplan and proposed budget.

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