

P3 Financial Plan 2022-2023

Proposer: FYEG
Agenda item: 2. Plans

Plan text

1 **FYEG - Financial Plan 2022 - 2023**

2 **Note: This is the written financial plan for the budgets of 2022 and 2023. They**
3 **run from:**

4 • **January 2022 - December 2022**

5 • **January 2023 - December 2023**

6 **1. Summary**

7 **FYEG's Executive Committee and Secretariat planned the activities for 2022 after**
8 **a lot of thoughtful and strategic consideration but also under very uncertain**
9 **and stressful financial circumstances.**

10 **One of FYEG's biggest administrative grants is the Erasmus+ grant of the**
11 **European Commission. As explained in detail in various other reports presented,**
12 **because of the political decisions of the European Commission, the fundings the**
13 **youth organisations receive are more precarious and unstable than ever. Thanks**
14 **to the hard work and the expertise of the FYEG Secretariat, FYEG was able to**
15 **receive an increased administrative grant from the European Commission for the**
16 **year of 2022. However, among 130 organisations that applied, only 30 received**
17 **this grant. Only 8 out of 20 members of the European Youth Forum have received**
18 **the grant. First, FYEG has no guarantee of receiving the grant for 2023 as the**
19 **grant format will change again and the assessments can vary a lot from a year to**
20 **the next. Moreover, because of the high number of European youth organisations**
21 **that did not receive the grant, the Commission is considering decreasing the**
22 **annual grants starting from next year.**

23 FYEG's 2022 budget plan shows the growth and strength of the organisation. With
24 its increased revenues for 2022, FYEG will have more capacities and organise
25 more activities, especially this fall. However, because of the reasons explained
26 above and inflation rates, FYEG's financial stability is far from solid and the
27 same challenges will also affect 2023 planning. This means FYEG Secretariat and
28 Executive Committee will have to focus a lot of their capacities on fundraising
29 in 2022, in order to provide more stability and sustainable incomes to the
30 organisation.

31 FYEG's financial plans for 2022 and 2023 are presented below. In order to
32 increase the accessibility of the information the 2022 budget plan is first
33 presented through a simplified version with a few important comments and then
34 through a detailed version with both a narrative breakdown and the full budget
35 plan in Annex. This financial plan also includes a section on gender budgeting
36 and the new participation fee system. The 2023 budget plan annotated is
37 presented in Annex.

38 2. 2022 Budget plan

39 1. Simplified version

40 Below you will find a simplified version of FYEG 2022 budget plan annotated to
41 briefly explain the difference between the provisional budget voted by the
42 General Assembly in 2021 and the updated budget.

43 Explanation of the difference between the budget voted and the budget report:

- 44 1. FYEG increased salaries and working hours in the administrative unit
- 45 2. Administrative expenditures will be higher because FYEG plans to open an
46 additional bank account and budget slightly more for extraordinary costs
47 to allow more flexibility
- 48 3. Expenses will increase towards training, support for CDN and
49 representation at partners meetings, in line with the Activity Plan
- 50 4. Expenses will increase as FYEG will organise more ad hoc activities (see

51 details below)

52 5. Allocation to the payroll safety fund will increase to reflect the raise
53 in salary and the Erasmus+ operational grant situation

54 6. Revenues from this category will increase due to the carry over from joint
55 activities with EGP and the raise in the Erasmus+ operating grant

56 7. Revenues from this category are lower as they are not needed to organise
57 FYEG's activities this year, given the increase in other funding sources

58

8. Detailed version

59 Annexed to this plan you will find a table with the detailed budget plan for
60 2022. The difference between the budget voted at the GA 2021 and the updated
61 budget plan is briefly explained in the 'Comment' column, only when it diverges
62 by more than 10%. Below is the detailed narrative version.

63 Expenditures - Category 1: Personnel costs

64 This budget category includes all the personnel costs for FYEG: salaries,
65 benefits, social security and other employment tax contributions, payroll
66 service fee, worker's insurance, etc.

67 The total personnel costs for 2022 will see a raise compared to 2021. Thanks to
68 the increase in the Erasmus+ operational grant FYEG will be able to: (1) raise
69 the salaries of all employees to be closer to the wages in the non-profit sector
70 in Belgium (the raise in gross monthly revenue will be between 11 and 23%); (2)
71 raise the working hours for it's Administrative Assistant to 65% (from 50%); and
72 temporarily raise the working hours for it's Office Manager to 80% (from 70%)
73 until the end of the year. The raise in working hours will allow the FYEG
74 Secretariat to better manage the workload and tasks for the year, especially
75 toward fundraising and organisational growth.

76 Please note that under Belgian regulation, salaries are automatically indexed to
77 follow inflation. The salary raise and the total personnel costs for 2022 were

78 calculated to take this into account, with an estimated 8% indexation compared
79 to January 2022 as basis, in line with the current inflation rate in Belgium and
80 official projections. These calculations and the proposed budget for 2022 might
81 however need to be adapted following the evolution of the inflation rate.

82 Expenditures - Category 2: Infrastructure and operating costs

83 This budget category includes all office-related expenses: rent, office meetings
84 and retreats, staff training, softwares and equipment, office supplies, postal
85 charges and utilities, etc.

86 The total infrastructure and operating costs for 2022 will marginally increase,
87 mainly because of an increase in the IT budget to cover the costs of new digital
88 tools such as an accounting software, a password manager and a CRM tool. The
89 addition of these new tools will help streamline and improve the work of the
90 Secretariat, thereby increasing efficiency and reducing the workload. In
91 addition and following the recommendation of the FCAC, the Staff Training budget
92 line will no longer include the consultancy budget (moved to the Ad-hoc project
93 budget line) and will only be dedicated to training. Through this budget line,
94 the Secretariat will get training on the new accounting software and will get
95 the opportunity to receive training to improve specific competences related to
96 their job position.

97 Expenditures - Category 3: Administrative expenditure

98 This budget category includes all FYEG's general administrative expenses:
99 extraordinary administrative costs (such as work-permit costs, costs related to
100 the internships, etc.), external accountant, official registration of newly
101 elected Executive Committee members, bank account fees and insurances.

102 The total administrative expenditures for 2022 are expected to be relatively
103 stable compared to 2021. FYEG plans to open a second bank account to get better
104 services and have a safety net, given the shrinking financial services offered
105 to small nonprofits in Belgium. A bit more budget was also allocated to
106 extraordinary costs to allow more flexibility.

107 Expenditures - Category 4: Meeting and representation costs

108 This budget category includes all expenses related to the meetings of FYEG's
109 network and bodies, as well as representation in partners meetings: Executive
110 Committee meetings and allowances, the General Assembly, Member Organisations
111 training, Young Greens Forum, FCAC meeting, membership fee to EYF, contribution
112 to CDN, visits to Member Organisations and representation to meeting of the
113 European Green Party, the Greens/EFA Group in the European Parliament and other

114 **partners.**

115 **The total meeting and representation costs for 2022 will be higher than**
116 **previously planned for three main reasons: (1) the implementation of the new**
117 **Young Greens Decentralised Training (see Activity Plan for details); (2) the**
118 **increase of FYEG's contribution to CDN for 2022, permitted by the increase in**
119 **membership fee and other administrative revenues; (3) the implementation of**
120 **bigger youth events during the European Green Party's Councils held this year in**
121 **Riga and Copenhagen. These changes are respectively in line with FYEG's new**
122 **strategic objectives and focuses towards capacity building, strengthening its**
123 **network and membership coordination and bringing forward the youth perspective.**

124 **Expenditures - Category 5: Direct Costs: projects and campaigns**

125 **This budget category includes all expenses related to projects and campaigns:**
126 **the Annual EYF work plan, the Spring Conference organised together with the**
127 **General Assembly, the activities organised around COP, Study Session organised**
128 **with the Council of Europe's Youth Department, Campaigns, Ad Hoc projects and**
129 **working group projects.**

130 **The total direct costs for projects and campaigns in 2022 will be higher than**
131 **originally planned because of the higher costs of ad hoc projects in this year's**
132 **budget.**

133 **Expenses for seminars and conferences will be overall lower than expected,**
134 **mainly because COP will happen outside of Europe in 2022 and FYEG will only send**
135 **a delegation and not organise an AlterCOP event.**

136 **Ad hoc expenses will be very high this year as a lot of activities specific to**
137 **2022 will take place: (1) Consultancy for the renewal of FYEG Strategy; (2)**
138 **through the Erasmus+ operational grant FYEG will organise activities for the**
139 **European Year of Youth, including a big event in the fall; (3) FYEG will update**
140 **its website; (4) FYEG will organise small ad hoc projects with GEF and EGP.**

141 **In addition, following the Activity Plan, Working Group projects for 2022 have**
142 **been integrated as part of educational activities and this is also reflected in**
143 **the budget plan.**

144 **Expenditures - Category 6: Allocations to the next year and reserves**

145 **This budget category includes allocations and reserves for next years. As of**
146 **2022 FYEG only has two strategic reserves: a campaign fund for the 2024 EU**
147 **elections and a payroll safety fund as a safety net for salaries in case of a**
148 **decrease in administrative grants.**

149 The allocations and reserves for 2022 are much higher than the budget plan
150 adopted at the 2021 GA. Indeed, FYEG will continue to allocate an additional 5
151 000 EUR yearly to its Campaign Fund, on track to collect the 20 000 EUR planned
152 for 2024. But FYEG will also increase its payroll safety fund to reflect the
153 raise in salary and the continued uncertainties related to the transformation of
154 the Erasmus+ operational grant.

155 Revenues - Category 1: Administrative Income

156 This budget category includes all of FYEG's administrative grants and revenues
157 as well as the funds available for joint activities with EGP. The total of this
158 category for 2022 is significantly higher than previously planned, mainly
159 because of the increase of the Erasmus+ operational grant.

160 The application process for the 2022 Erasmus+ operational grant has drastically
161 changed last year and has been one of the Secretariat's biggest challenges ever
162 since. For 2022, the grant amount has more than doubled but the application
163 process now covers only 1 year instead of 4, the work needed to apply also more
164 than doubled with shorter deadlines and longer waiting periods for the results
165 which were announced only at the end of April 2022. In addition it looks like
166 the application process will again change completely for 2023. This puts FYEG
167 and other European youth organisations in a very complicated and uncertain
168 position. Nevertheless, for 2022 this will allow a significant increase in
169 FYEG's capacities through raises in salaries, working hours, infrastructure and
170 operating expenses, as well as additional autonomy in funding activities.

171 In addition, FYEG was able to carry over the funds available for joint
172 activities with EGP that were not used in 2021, this explains the difference
173 with the budget plan voted by the GA in 2021. FYEG also expects an increase in
174 the membership fee collected for 2022, following the trends from the past few
175 years.

176 Finally, in order to improve transparency and compliance with accounting
177 requirements, FYEG will delete budget line 7.3.5 (Allocations from previous
178 years) from the revenue section of its budget. In the past, this budget line was
179 used to indicate the amount of savings used to balance budget plans and be able
180 to present a budget plan with a zero balance (profit or loss). FYEG will from
181 now on present its budget plan with a negative or positive balance when
182 applicable, the result of the year's balance will then be reflected in the
183 allocation and reserve section at the end of the budget, under section 6.4.

184 Revenues - Category 2: Projects & Campaigns income

185 This budget category includes all of FYEG's projects grants and revenues as well
186

187 as the funds available for cooperation with the Greens/EFA Group in the European
188 Parliament. The total of this category for 2022 is lower than previously
189 planned, mainly because the increase in the budget available for joint
190 activities with EGP means FYEG can reduce the number of funding sources needed
191 to organise its activities, thereby also reducing the workload needed to
192 organise said activities. FYEG will nevertheless continue its cooperation with
193 the Greens/EFA Group and GEF, especially in organising its annual EYF work plan
on Mental Health.

194 3. Gender budgeting

195 As a feminist organisation, FYEG believes it is important to realise its budget
196 from a Gender perspective. Through its quota systems and attention to balanced
197 representation within all its bodies FYEG already has the essentials in place
198 for gender budgeting. For 2022 FYEG will also continue to plan its activities
199 and work through the gender budgeting lense by implementing the following
200 measures:

- 201 • Ensure the basis elements of a safe space when budgeting and planning for
202 activities;

- 203 • Improve the working conditions and workload for all its employees;

- 204 • Improve the conditions and workloads for its volunteers, especially
205 amongst volunteers in elected positions;

- 206 • Review the use of the gender budgeting and reporting framework to better
207 fit the needs and vision of FYEG and its member organisations.

208 4. Participation fee system

209 In order to increase the transparency and fairness of its participation fees,
210 FYEG will experiment with a new participation fee format for its educational
211 activities in 2022.

212 In previous years, the participation fee system for educational activities was
213 twofold. On one hand, FYEG collected payment of a fee and participants residing
214 in EU/EEA countries paid a bit more than those residing in non-EU/EEA countries.

215 On the other hand, FYEG collected a percentage of travel costs through lower
216 reimbursement rates and residents from EU/EEA countries got reimbursed 70% of
217 their travel expenses while non-EU/EEA residents were reimbursed 90%. This
218 system was very complicated to implement, it often resulted in misunderstandings
219 with participants who could not easily estimate their participation fee in
220 advance and made budgeting difficult for FYEG. It was also sometimes unfair as
221 the percentage collected on travel expenses put more burden on participants
222 travelling from further away, independently of their socio-economic
223 circumstances.

224 To solve these issues FYEG will implement a new system in 2022. It will no
225 longer be based on travel expenses and will just have one single component, the
226 payment of a fee. The new participation fee will have 3 category to reflect the
227 socio-economic diversity within Europe:

- 228 • Category 1: for Northern and Western European countries resident;

- 229 • Category 2: for Central and Southern European countries resident;

- 230 • Category 3: for Eastern European countries resident.

231 For each category participants will be able to select between a basic fee and a
232 solidarity fee. The basic fee will be calculated as the minimum needed for the
233 funding of the activity and the solidarity fee will allow FYEG to offer a fee's
234 reduction for participants who can not afford to pay.

235 On average this new system will not change the amount participants contribute to
236 the activity but it will be more transparent from the start and outlined in the
237 call for participants. This will increase the fairness of participants'
238 contributions and create a solidarity mechanism between participants and member
239 organisations. The new system will be evaluated when closing the financial year
240 and adapted for 2023 accordingly.

241 5. 2023 Budget Plan

242 In Annex to this plan you will find a table with the detailed budget plan for
243 2023. Given the uncertainty linked to FYEG's administrative funding for 2023,
244 this provisional budget plan is based on a scenario. In this pessimistic
245 scenario, FYEG is only able to secure the Erasmus+ operational grant for 2023
246 and the amount of the grant is reduced by the Commission. If this scenario comes

247 true and as shown in the budget plan, FYEG will still be able to function by
248 limiting its expenses and carefully using around 25 000 EUR of its savings to
249 mitigate the loss in administrative funding. The Executive Committee and
250 Secretariat will be working on securing additional funding for 2023 and will
251 hopefully be able to present an improved budget plan at the next General
252 Assembly.

Explanation

Tables and annexe mentioned can be found here: https://fyeg.org/sites/fyeg.org/files/plan_Financial_GA22.pdf