EXPLANATORY NOTES
BUDGET 2013-2014

FOR INFORMATION
GENERAL ASSEMBLY
MARIBOR, SLOVENIA, 22-25 NOVEMBER 2012
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INTRODUCTORY NOTES

This document intends to give a clear overview of the proposed Youth Forum Budget for 2013 and 2014 (document 0665A-12).

Following the process of definition of the end of Youth Forum Strategic Priorities for 2007-2013 and beginning of the cycle for 2013-2018, the planning and budgetary processes were developed with these priorities as a basis.

For that reason the budget seeks to better reflect how these priorities are tackled for the biennium 2013-2014. In this way, it is expected to facilitate a clear overview of the financing and management of our activities, both to the Member Organisations and the institutional partners.

The same structure still keeps similarities to the previous budgets in order to maintain the transparency of the operations and to facilitate the overall evaluation of the execution of the Budget.

The origin of the funds and its allocation maintains the same logic as it gives a good overview of the expected revenues. These consist of:
1) General Funds;
2) Fund-raising;
3) Volunteer Time Contributions.

1. BUDGET 2013/2014 (For adoption)

The budget of the Youth Forum presented for adoption (document 0665A-12) constitutes the basis for the execution of the Youth Forum Work Plan and the running of the organisation, reflecting the expectations of the Member Organisations.

Therefore, this document is also the basis for the annual grant request procedures with the institutional partners. Shortly after the adoption of the budget, the Youth Forum needs to forward the document to the institutional partners, namely the European Commission, as part of its grant application.

2. BUDGET & WORK PLAN

The budget and the Work Plan are strongly linked to each other. Activities and actions referred to in the Work Plan correspond to each of the Budget Headings.

3. BUDGET STRUCTURE

The Budget for 2013 and 2014, presented in document 0665A-12 (page 2) represents the total budget of the Youth Forum, meaning that it also includes a small portion of the budget that is not included in the annual operating grant agreement with DG EAC, nor for other institutional partners, such as the Council of Europe.
The total Budget 2013-2014 foresees total expenditures of EUR 3.182,500 for the first year and EUR 3.238,500 for the second.

On the other hand, the total Budget to be submitted to the institutional partners amounts to EUR 3.125,000 for 2013, out of which EUR 2.500,000 come from the DG EAC grant for each of the years and the remaining EUR 625,000, respectively for 2013, from alternative sources of co-funding.

This is presented in detail for each of the budgetary years in the “Income Allocation” tables, on document 0665A-12 (pages 4 and 5).

The allocation of the different incomes into the foreseen costs is presented in the following way:

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**TOTAL EUROPEAN YOUTH FORUM BUDGET**

The budget columns ‘General Funds’, ‘Fund-raising’ and ‘Volunteer Time’ are intended to give an overview of the foreseen allocation of income. The total of these three columns represents the total of the budgeted expenditures to be submitted to the DG EAC Grant.

**General Funds**
Includes the DG EAC Operating Grant (“DG EAC OG”), the Council of Europe Administrative Arrangement (“CoE AA”), the Council of Europe Category C Grant (“CoE C”) and Membership Fees (“Memb. Fees”).

**Fund-raising**
Includes Participants contributions (“Part. Cont.”) and Partnership Projects (“Part. Projects”).

**Volunteer Time**
Includes an evaluation of the Volunteer Time Contribution (“VTC”) expected by the representatives and participants of the Youth Forum Member Organisations - meaning the time they dedicate for Youth Forum activities and events. This is defined based on the calculation procedure agreed with DG EAC during 2005, and based on the best market value for this kind of contribution.

The ‘Total for Oper. Grant’ plus the ‘Costs NECG’ (Costs non-EC Grant) constitute the **TOTAL EUROPEAN YOUTH FORUM BUDGET**, to be approved.
The ‘Costs NECG’ column represents the expenditures foreseen in the overall budget of the Youth Forum, but not submitted to the DG EAC Grant due to the fact that they may represent non-eligible costs according to European Commission regulations. These expenditures may include partnership activities that have applied or may apply for EU funding, or even other non-eligible costs like bank interest.

4. ACTIVITY-BASED COSTING

The budgetary process of the Youth Forum applies the concept of “Activity-Based Costing”.

This means that costs are allocated to a specific activity or action only when the expenditure can be clearly related as a direct cost, i.e. flights, board & lodging, mail delivery service, mobile phone costs, inconvenience compensation or staff overtime. Costs that may be related to an activity or action but which cannot be directly allocated (non-direct costs) are included in the overheads, i.e. regular staff costs, office lease, fixed telephone & fax, franking (when using the facilities of the Secretariat).

This is done through an analytical accountancy system (cost-centers), which is parallel, though integrated with the main accountancy system; as defined by Belgian Legislation.

5. RATES & LUMP SUMS

For the calculation of the costs of activities, a rates/lump sum-based system has been used. However, experience has shown that costs can differ quite substantially because of various reasons, e.g.:

- **Size** - General Assemblies and Council of Members meetings usually have a completely different number of participants from that anticipated. Due to the nature of these meetings and the technical requirements, daily rates differ.
- **Date** - some meetings take place during the week, others at the weekend. Though participants have to choose the most economical way of traveling, travel costs during the week tend to be higher.
- **Venue** – the choice of the venue has an impact on the costs, both in terms of travel and meeting costs. Due to a number of reasons, the Youth Forum organises events in different countries, which clearly has an impact on the rates applied.
- **Point of departure of participants** – Costs of activities depend very much on the travel costs. These depend on the period of the year and of the week but mainly on the departure point. Travel costs from peripheral areas or from minor cities can be up to double that of the average rate.
- **Age and status** – travel costs can differ substantially depending on whether a person is over or less than 26 years of age or is a student.

Therefore the amounts used must be considered as reference values for the different areas, and which will need to be reviewed and clarified as the concept, timing, duration, venue and size of the different activities is made clear.
6. TOTAL INCOME & CO-FUNDING

The expected annual grant of the European Commission is EUR 2,500,000 for 2013, based on the information provided in advance by the EC services. Nevertheless, this amount may still vary, depending on the final decision on the Youth in Action budget for 2013 namely for action 4.2, the Budget Line dedicated for the Youth Forum grant.

According to current requirements, the Youth Forum needs to raise non-EU funding. For a total EU grant of respectively EUR 2,500,000, this amount cannot be lower than EUR 625,000.

The co-funding comes from different sources, such as general funds (membership fees, Council of Europe grants), and fund-raising (support for partnership projects, including the hosting of meetings and other contributions). It also includes the volunteer time contribution, which is the amount equating to the time spent by representatives from Member Organisations for Youth Forum work.

The Youth Forum also needs to cover the amount of its budget that is not submitted for the DG EAC grant from other sources. These are the costs not included in the DG EAC Grant (‘NECG’), mainly due to the fact that some of these costs could represent non-eligible costs according to EU regulations. These costs are covered by a part of the membership fees and other contributions, such as reimbursements for meetings (e.g. EU Presidency Youth Events).

7. WORK PLAN IMPLEMENTATION

STRUCTURE

The work plan 2013-14 is structured following three headings. This corresponds to the way the budget of the platform is organised.

A. Advocacy and Policy Development. This is the core area of work of the European Youth Forum as an agenda-setter in youth affairs and from its adoption of a rights-based approach. Special attention will be given to monitoring the quality of the policies and advocacy initiatives. The budget percentage includes the total costs of the work that will be executed under this heading: activities, advocacy, policy development, communication actions, and human resources.

Budget allocation: 48%

B. An Inclusive Platform. Governance shall be further strengthened in order to empower member organisations as stated in the Strategic Priorities, as well as implement and monitor the progress of the Strategic Priorities. The budget percentage includes the total costs of the work that will be executed under this heading: statutory meetings, the various working structures, and membership services.

Budget allocation: 19%

C. An Operational Platform. Organisational structures have to be permanently adapted so as to best support the work of the platform. The budget percentage includes the total costs of the work that will be executed under this heading:
structural functioning of the Forum in terms of office administration, human resources, partnerships and legal development.

**Budget allocation: 33%**

### A. ADVOCACY AND POLICY DEVELOPMENT

#### A.1. Youth Participation

#### A.2. Strong Youth Organisations

#### A.3. Autonomy and Inclusion

These Budget lines includes all events, meetings and activities that constitute part of our policy and advocacy work according to the three chapters of the workplan (such as, for example, events organised by our institutional partners that we usually attend, advocacy meetings, invitations, partnerships at the Global and Regional level, etc.).

#### A.4. Strategic Communication

This Budget Line refers to the costs for managing and developing the strategic communications linked to our advocacy and overall branding related to the Youth Forum and Youth work – namely through publications and web sites and other innovative online and offline tools; and also for managing and developing internal communications tools, such as the Youth Forum intranet. This line also includes the publication of the *Youth Opinion* and the acquisition of documentation for Youth Forum work.

#### A.5. Human resources costs

The costs for the employment of the Youth Forum Secretariat, based on the existing staff working directly on policy and advocacy during 2012 within the Advocacy and Policy Department and the Secretary-General's Office:

- Head of the Policy Development and Advocacy Department;
- Coordinator for the European Union Relations;
- Coordinator for UN & Global Affairs Relations;
- Coordinator for the Council of Europe Relations;
- Policy Assistant;
- Executive Policy Officer;
- Executive Policy Officer Education;
- Policy Officer Participation;
- Policy Officer Employment & Social Affairs;
- Policy Officer Equal. & Human Rights;
- Policy Officer on Youth Work Development;
- Communications Coordinator;
- Communications Officer;
- Intern Policy Monitoring and Communication.

This Budget Line also includes the Social Security contributions (ONSS), according to the Belgian social legislation.
A.6. General Representation

This item includes costs related to Youth Forum participation in events directly organised by Member Organisations or other youth organisations, as well as events organised by external bodies, in which Youth Forum policies can be presented. It also includes the hosting of members (bilateral meetings with Member Organisations) and other representation costs linked to the daily work of the Youth Forum. Finally, it incorporates also the different membership costs of the Youth Forum in other structures.

A.7. Other costs

This Budget Line is aimed at covering unforeseen costs within the 3 main areas mentioned previously (A.1 to A.3).

A.8. 1% Solidarity Fund

"1% of the Annual European Youth Forum Budget would be allocated to finance concrete development projects involving young people". This item includes the support from the Youth Forum to regional and inter-regional activities aimed at promoting representative, democratic and sustainable Regional and National Youth Platforms and the development of youth co-operation at global, regional or sub-regional level.

B. AN INCLUSIVE PLATFORM

B.1. General Assembly

A General Assembly will only take place in 2014, and was budgeted on the basis of an attendance of 170 official delegates; plus around 40 additional delegates; 5-10 guests; 12 Board members; around 20 staff members; and also volunteers and contact people from the hosting organisation (if held outside Brussels, as expected). The level of co-funding expected for this meeting amounts to EUR 90,000, coming from the hosting organisation and the charges for extra-delegates. The funds should cover the local costs, while the remaining costs, mainly the travel expenses of the delegates, would be covered by ‘General Funds’.

B.2. Council of Members

Council of Members meetings (COMEM) have been budgeted for in expectation of two meetings in 2013 and only one in 2014. Each COMEM is expected to involve approximately 90 official delegates; plus around 40 additional delegates; about 5-8 guests; 12 Board members; around 20 staff members; and also volunteers and/or contact people from the hosting organisation (if held outside Brussels, as expected for 2013 and 2014). The level of co-funding expected for each of the 2013 COMEMs amounts to approximately EUR 66,500 and for the 2014 Spring COMEM amounts to EUR 63,600. These amounts are coming from the hosting organisations and the charges for extra-delegates. The funds should cover the local costs, while the remaining costs, mainly the travel expenses of the delegates, would be covered by ‘General Funds’.

The costs of the meetings also vary widely according to the location. COMEMs are nonetheless budgeted for considering the local costs of holding them in Brussels. When organising a COMEM abroad there is a shift in the local costs
(these are usually lower than in Brussels) and an increase in transportation costs (there are more flights to cover, considering the number of participants based in Brussels).

B.3. Board
This item includes all the costs (travel, accommodation etc.) for six Board meetings per year, as well as the costs related to the work of individual Board members, which do not fall under any specific activity. The latter includes, for example, certain telecommunication costs and working meetings with staff in Brussels. It is foreseen that the Board will meet mostly in Brussels, but some meetings are expected to be held abroad, provided sufficient co-funding is secured. The Budget reflects an expectation of three co-funded meetings for 2013 and two for 2014. This item includes costs borne by the President when devoting time and making personal sacrifice to represent the Forum at meetings around Europe and globally.

B.4. FCC - Financial Control Commission (Internal auditors)
There are two annual meetings budgeted for, considering the participation of four elected members, one or two Board Members responsible for Finance, the Secretary General plus the Administrative and Financial Director and the accountant. The FCC meets in Brussels; in spring (internal audit) and in autumn (intermediate audit budget monitoring and planning).

B.5. CBMA - Consultative Body on Membership Applications
This body is expected to meet three to four times per year in Brussels. The CBMA has four elected members plus the Secretary General and the PO responsible for Membership. This Budget Line also includes actions related to the work of the CBMA, such as the study visits expected to take place, which will focus on the analysis of membership applications.

B.6. Working Structures
This item includes costs related to the working structures within the Youth Forum (e.g. Working Groups) established by the board.

B.7. Membership Services
This Budget line includes all costs related to the various of Membership Services the Youth Forum provides. This includes forms of support such as the Pool of Trainers, Membership Contact system, support visits and Regional or thematic Networks, but also specific events as the Membership Support Week, the Secretary-General’s Annual Meeting, the Financial Management Training or the Info & Networking Day on Funding.
C. AN OPERATIONAL PLATFORM

C.1. Office premises
This item includes rent (around 60% of the costs of this Budget Line) plus legally required insurance, electricity, water, alarm and fire protection, cleaning, building renovations and maintenance, plus property tax for the office.

C.2. Equipment
This item includes maintenance of all equipment (mostly by contract), such as IT support, all services connected to IT (hardware and software) and maintenance contracts for the photocopying machines and telephones.

C.3. Depreciations
This item includes the depreciation of Youth Forum equipment and furniture. The total amount includes the full depreciation for assets (equipment, furniture or software) with an acquisition value below €900, the pro-rata for the period for the assets valued over €900, which are depreciated over 36 months.

C.4. Communications
This item includes the non-direct telecommunication costs, such as telephone (land lines and calls, non-direct costs with mobile phones and fax), internet (internet connection and access plus website hosting) and mail (regular, express or registered).

C.5. Office supplies
This Budget Line includes stationary, such as paper, envelopes, toner and small office material (pens, clips, staplers, binders, etc.), the cost of the photocopies done internally, beverages for the office (water, coffee, etc) and IT supplies.

C.6. External audit and legal advice
This item comprises legal and technical consultation costs related to contracts with suppliers, staff issues, and questions regarding the proper functioning of the association. Included, in addition, are the consultation costs for the external audit carried out by the nominated external auditors, Ernst and Young.

C.7. Insurance
This item includes the yearly premium for a “Directors’s and Officers’ Liability Indemnification & Insurance (D&O)”. It aims at covering damages or defense costs in the event that the Youth Forum would suffer losses as a result of a lawsuit for alleged wrongful acts while acting as directors and officers of the organisation. It also comprises an Employee Benefits Insurance including a pension plan and a disability plan for the staff.

C.8. Financial Charges & Other Costs
The financial charges consist of two different kinds of costs:
1) Interest on bank overdrafts. The cash flow of the Youth Forum is likely to be negative during some parts of the year; therefore, in order to keep the organisation functioning, the Youth Forum has to use a bank overdraft, paying interest on this. **This value is not considered for the European Commission Grant.**
2) Other banking costs, such as bank charges or fees. These come from bank transfers to Members, partners and suppliers outside Belgium, as well as from costs related to the running of the accounts. These are included for the EU grant, as they are eligible costs.

Costs referring to previous years (invoices arriving after the year-end or adjustments done for previous years) and other costs that might constitute non-eligible costs, and are therefore not to be included in the proposal for the DG EAC grant, are also included under this item.

C.9. Gross salaries
The costs for the employment of the Youth Forum Secretariat, based on the existing staff during 2012 within the SG’s office and the Financial and Administrative Department:
- Secretary-General;
- Assistant to the Secretary-General;
- Membership & Partnerships Officer;
- Administrative and Financial Director;
- Coordinator of the Administrative Team (50%);
- Translator/Assistant;
- Accountant;
- Assistant/Receptionist;
- IT Coordinator / Webmaster;
- Human Resource Coordinator;

C.10. Social security contributions
This item consists of the Social Security contributions (ONSS), according to Belgian social legislation. The total employer’s costs related to the ONSS contribution differs during the year, so trimester rates were applied for budgeting, with values approximate to 34,5% of the gross salaries.

C.11. Vacation Pay Accrual
The “Vacation pay accrual” is a value reserved for vacation pay for the following year. This is a reserve towards the payment of the vacation pay accrual to employees when leaving the organisation, according to Belgian social legislation. This provision takes into account the age, salary and seniority of the employee. It is difficult to forecast, as it depends highly on any changes to the staff. The forecast reflecting the normal and current increases in staff salaries leads to an estimate of EUR 10.000 in 2013 and EUR 10.000 in 2014.

C.12. Staff to Office Travel Costs
This item includes the home to office travel costs for staff according to the Work rules agreed between the staff and employer. This item also includes a “living abroad compensation” for employees living in Belgium for less than 5 years, as defined in the internal Work Rules agreed between Employer and Employees.

C.13. Staff training
This item includes the costs for staff training (general and individual) and training seminars. The use depends highly on the evaluation of the needs for the on-going year, but may vary from computer training, to language and other courses relevant for the work.
C.14. Recruitment and other expenses
This item includes the costs for the Human resources service (social secretariat), medical service, insurance, recruitment and other staff costs. Most of these costs are related to recruitment costs. The recruitment costs for each post may vary, depending on the relocation costs for the new and former employees and on how many candidates travel long distances for the interviews.

For 2014 this also includes the costs for the eventual recruitment process of the Secretary-General, which is expected to cost around EUR 27,500.

C.15. Partnerships
This item refers to all the costs related to setting up and the implementation of the new Youth Forum Partnership Strategy, covering the creation of a Corporate Identity Package including publications, the setting up of the support structure and possible legal consultancy fees related to this, participation in a number of CSR and foundation networks as well as the hosting of a number of events for and jointly with our Partners.

8. INCOME

A. EUROPEAN COMMISSION GRANT

A.1. Budget Line
This budget is based on the assumption that the Youth Forum will receive an EC grant of EUR 2,50 million in 2013. This is an estimate, based on the proposal done by the EC, as the final figure is dependent on the final approval of the Youth in Action budget for 2013.

B. OTHER FUNDING

The ‘Other Funding’ heading includes the different income sources aside from the DG EAC grant. According to the current requirements, the European Youth Forum needs to raise income from non-EU sources in order to receive the full grant foreseen in the General Budget of the European Union. Most of this income (EUR 625,000 in 2013) therefore represents this required parcel of co-funding.

The remainder comes from different sources of funding allocated to cover the costs not included in the DG EAC operating grant agreement. These incomes cover the potential non-eligible costs or the case of funds for an action or activity also coming from EU funds, e.g. reimbursements for Youth Forum participation in EU Presidency Youth Events, or a concrete project supported by a EU grant, other than the DG EAC operating grant.

B.1. Council of Europe
This item includes the annual grants that the Youth Forum will receive from the Council of Europe.
The Youth Forum usually receives two annual grants from the Council of Europe, the main one based on the Administrative Arrangement that provides support for part of the actions or activities carried out by the Youth Forum; and also a Category C Grant, based on a standard application, as a contribution to cover part of the general administrative costs.

**B.2. Membership fees**

This item includes the membership fees paid by the Member Organisations. According to the Youth Forum membership fee system, this amount is split equally between the two pillars (INGYOs and NYCs). The total value remains at EUR 150,000. This has been taken under consideration due the fact the economic crises context that affects our Member Organizations.

According to the Youth Forum membership fee system, this amount is split equally between the two pillars (INGYO and NYCs), meaning €75,000 for each pillar. The membership fees for International Non-Governmental Youth Organisations to EUR 1,575 (proposed for the 2013/14 budget). The total amount for the pillar (€75,000) is now distributed between the same numbers of organisations (42 full member INGYO in 2010 and 41 in 2012). For the NYCs, the variation differs widely, depending on the solidarity index level in which a given NYC is now placed. This variation comes from the recalculation of the Solidarity Index, with updated data on the GNIpp and the population per country (World Bank data for 2012), and also by the revision of the range applied to the different Solidarity Index levels, in order to better accommodate the current spread.

From the total amount of membership fees proposed, EUR 100,000 is allocated as co-funding for the EU operating grant with the remaining EUR 50,000 allocated to cover Youth Forum costs not included in the aforementioned grant.

**B.4. Partnerships & Other Incomes**

This item includes several types of income – other grants and subsidies, hosting of meetings, donations and other contributions - which are raised in order to meet the Youth Forum fundraising needs:

1) The necessary non-EU funding requirement (EUR 433,375);  
2) The coverage of costs not included in the DG EAC Operating Grant (EUR 7,500 in 2013).

Besides these fundraising amounts, an important part of the ‘Other incomes’ come from the Volunteer Time Contribution, valued at EUR 135,300 for 2013.