



## Notes on the draft budget 2021

### Background

For the reasons for the unprecedentedly huge carry-over from 2020 see the separate Notes to the draft revised budget 2020. This has in turn led to substantial changes to the TOTAL budget 2021.

According to the rules for EP grant applications, we are free to plan with a considerable carry-over but had to split the total budget (which it is for us): into the “core” budget for the EP grant 2021 only and a “carry-over” budget for the 2020 surplus including provision to co-fund this from own resources (see separate columns in the budget 2021 document).

With a carry-over that is more than 1/3 of the EP grant budget, we are presenting the budget to Council in this format (core EP grant budget + carry-over budget = total budget 2021) also for internal transparency reasons. Council has to be able see the dynamics and will vote on the whole package.

### Core EP budget

The EP has once more increased the overall budget for the European political parties to now 46 million EUR. This is more than ever. And while the number of EUPPs stays the same (10 are registered with the Authority), the number of MEPs affiliated to an EUPP is decreasing constantly. This leads to the fact that more money will be distributed among the EUPPs than in recent years (except for the EU election year). As there are now 57 MEPs signed up to the EGP (more than ever before) and the amount per MEP is higher, our maximum possible grant increases considerably even in this period between election campaigns.

### Outcome

The total budget expenditure in 2021 will consist of an unprecedented 6.536.600 EUR – 4.987.900 EUR linked to the EP grant plus 1.548.700 EUR in the carry-over budget. With income of 4.987.953 EUR + 1.548.707 EUR = 6.536.660 EUR we will achieve a balanced budget based on the application for the maximum possible grant. It requires a range of measures detailed in both budgets to raise enough own resources for the maximum EP grant both in 2021 and the carry-over from 2020.

### Funding mechanism: generating enough own resources

**The core EP budget** foresees income of 481.000 EUR from membership fees (budget line D.2) based on the amount to be invoiced to member parties for 2021 (see also the separate voting paper with the amounts for each party according to the agreed formula). This was the amount we had calculated to invoice before the deadline for submitting the grant application to the EP; for the additional amount in the carry-over budget see below. The only other substantial items of income are donations (50.000 EUR, budget line D.3) and participation fees (60.000 EUR, budget line D.4.2). The



remaining 30.000 EUR are Invoiced costs and Other (budget line D.4.4 and D.4.5), both of which are largely out of our control.

With a fundraiser now part of the EGP staff team, we are going to implement a more systematic and professional approach to fundraising than was possible in the past; this clearly is a longer-term project as it is largely uncharted territory at European level and will be handled with much care. The participation fees are an integral part of raising own resources to co-fund the grant – so thank you to all member parties who have paid the regular 180 EUR fee for the online Councils in 2020!

Overall there is virtually no leeway on the own resources side of the budget and we will have to apply a close budget monitoring next year to manage this process.

In order to fund **the carry-over budget**, we would need to dissolve a total of 176.982 EUR from the Operational Reserve (budget line D.4.1): the 46.982 EUR that were already in there and the 130.000 EUR from the surplus own resources in 2020. These 130.000 EUR should be transferred into the fund at the end of 2020 and dissolved again in 2021. This procedure has been verbally cleared with DG FINS. We would then aim to start refilling the Operational Reserve to its 2019 level from 2022 onwards.

We are expecting to raise a total of 33.000 EUR in additional membership fees (budget line D.2) in this part of the budget. This consists of another 5.000 EUR in invoiced membership fees. The reason for this is a positive one: Green electoral successes after the deadline for the EP grant application have meant that we can expect to raise a total of 486.000 EUR in membership fees from parties in EU member states. In addition, there is a provision for additional income from membership fees of 28.000 EUR in the carry-over budget. These are NOT additional membership fees applied to all member parties – as usual only the fees that are contained in the core EP budget will be invoiced to all member parties according to the agreed formula. These are VOLUNTARY top-up fees which we would only ask certain member parties to contribute as part of our cash-flow management.

### Provision to Funds

The only new provision to the funds in 2021 will be 100.000 EUR to the Campaign Fund as an agreed priority. Because of the immediate funding needs for 2021, it is not possible to foresee a provision to the Congress Fund in 2021. However, with the Congress Fund at a total of 225.000 EUR at the end of 2020, this should be sufficient for its purpose/our own resources in 2022 when this Fund will be dissolved for our European Congress.

For our mid-term financial planning, the aim is to gradually re-fill both the Operational Reserve and to a lesser extent the Congress Fund until 2024 (while the Campaign Fund will be dissolved in 2023 and 2024). More so than in past years, this mid-term perspective is an aim – but its implementation depends very much on developments that are currently unpredictable. The plan will therefore be adapted with each year's budget as required (this has always been the case but the challenges are only different from the past with a much lower grant).



## **Technical notes - Expenditure**

### Category 1: Personnel costs

The proposal is to enlarge the EGP office by 6,5 full time equivalents, split between 4,5 in the core budget and 2 in the carry-over budget to increase our capacities in the areas of social media and policy work (see also the draft activity plan), as well as additional support for the administration in our growing organisation. Hiring more staff also includes foreseeing more expenditure for the personnel side costs (insurance, meal cheques etc.), mainly included in 1.5.2.

### Category 2: Infrastructure

2.1 Rent: The amount allocated in 2020 was 150.000 EUR because we paid 2 rents (Rue Wiertz and Taciturne) in the first half of the year. The annual rent of Rue Taciturne is 105.000 EUR.

2.2 Equipment: following the proposal to enlarge the EGP office, additional expenditure will have to be foreseen for office furniture and other office equipment (software licenses etc.).

2.3 Depreciation: in addition to equipping the newly hired staff with computers, this budget line takes into account the depreciation of the renovation works in Rue Taciturne (as required by Belgian accounting standards). Further, we suggest to fully re-design the EGP web page, with maximum costs of 200.000 EUR. The website has to be depreciated in a linear scheme over four years. Additionally, the current website hasn't been fully depreciated yet.

### Category 3: Administration

All budget lines are continuations of the previous allocations except for 3.2, Research costs which is new.

### Category 4: Meetings

Financially this is by far the biggest part of our activities as laid out in the activity plan. In the past few years we have not been able to fully spend the funds allocated to Category 4; with the considerable increase in staff it should be possible to improve on this.

4.1.2/3: Councils: the increase in the budget allocation for Councils is necessary given the fact that in the future, we will have to hire bigger venues to allow for sanitary spacing.

### Category 5: Information

All budget lines are continuations of the previous allocations.



### **Membership fees from member parties outside the EU**

Because of changes to the funding rules from the EP, membership fees from parties outside the EU can no longer be included in our budget – but they should not be forgotten! These fees, calculated according to the same formula as all fees, are paid directly to the Global Greens instead to cover the European contribution to the Global Greens and as such they constitute an equally important part of our overall scope of activities for which we are grateful.

Ute Michel, Treasurer  
06.11.2020