

Ref. Agenda: IV. 3

FOR INFORMATION

English only


AER RESOURCES

1) Resources

The Assembly of European Regions is financed:

- ❖ mainly by the yearly contribution of its members and an extra contribution of Alsace
- ❖ since 2007 by an EU Operating grant, which amounts for 150.000 EUR (5,4% of the whole budget)
- ❖ financing linked to the AER led projects (interreg)
 - Interreg IIIC Centurio (finalized in April) = 7.649,98 EUR ERDF Co-financing in 2007
 - Project “Coordinated Alcohol Policy in Europe” = 5.639,55 EUR Co-financing in 2007
 - Support from the Central European Initiative for Peer Reviews = 2.985,00€ received in 2007.

DRAFT BUDGET 2008	BUDGET 07	BUDGET 08	% variation
II INCOME	2 294 254	2 448 877	6,74%
74 SUBSIDIES	30 490	30 490	0,00%
740001 Alsace	30 490	30 490	0,00%
75 OTHER CURRENT MANAGEMENT PR.	2 263 764	2 418 387	6,83%
756000 Subscriptions	2 247 764	2 418 387	7,59%
756001 Subscriptions from past years	16 000	0	-100,00%
758000 Miscellaneous income of running management	0		0,00%

 As AER member, you vote for the repartition of these resources to be allocated to specific goals.

As a non-profit organisation, the Assembly of European Regions is obliged to have a 100 percent balanced budget.

2) European Grant¹

The AER was awarded an operational grant of 150.000 EUR from the European Union, which amounts for **5,4% of the AER total income** in 2007. The European Commission co-finances the AER, which means that it enhances its operating budget, in order to support its activities promoting active European citizenship. The European Commission thus enhances citizens' participation and democracy via NGOs' activities.

Key rules applied to the EC grant

- ✚ **Amount:** the amount granted at first is calculated on the basis of the budget of the organisation, divided in eligible and non-eligible costs². The final amount is only granted after the analysis of the final report and can be reduced in light of the actual implementation of the project.
- ✚ **Non-profit:** the grant should not have the effect of producing a benefit for the organisation. If it is the case, the grant will be reduced.
- ✚ **Co-financing:** Promoters must show their commitment to the project by finding financing sources other than the Community grant.
- ✚ **No double-financing:** Each project is entitled to receive only one grant from the community budget. According to this rule, the costs related to the project "Preventing alcohol-related harm" are non-eligible.
- ✚ **Guarantee:** The EU can require a financial guarantee, in order to limit its financial risks
- ✚ **Non-retroactivity:** the grant supports projects that have not yet been implemented

The Assembly is now bound to comply with a certain number of rules:

- ✚ **Develop its citizens' activities:** At the end of the year, our association needs to report on what activities were undertaken to fulfil our goals. The report handed out is composed of precise information on our activities. The commission adapts the final amount of money received in order to balance the final budget.
- ✚ **Present a balanced budget**
- ✚ **Publicity:** the association must clearly acknowledge the Commission's support on all of its publications and in conjunction with activities for which the grant is used.

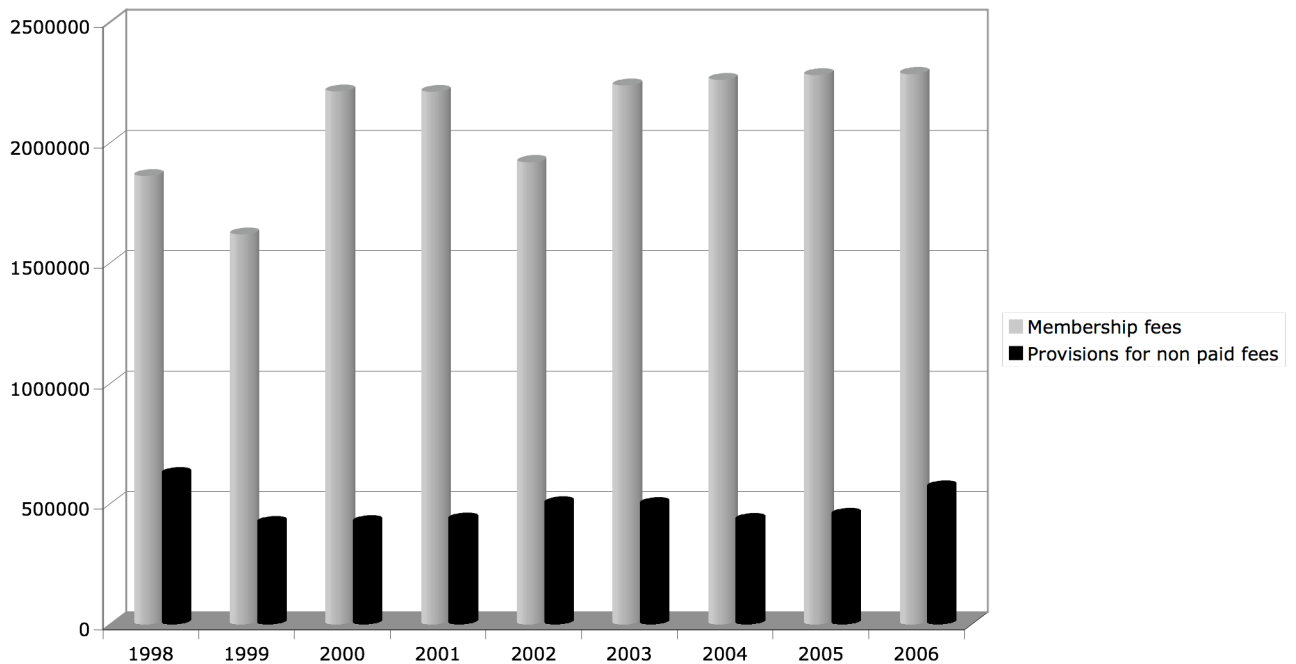
¹ More detailed information on the rules to fulfil to obtain the grant are available on the following website: http://eacea.ec.europa.eu/citizenship/guide/rules_en.htm

² **Eligible costs:** costs of staff assigned to the operation, general expenditure, conferences, travel expenses and rent. **Non-eligible costs:** Durable capital goods, raw materials, unpaid charity work and other

3) Challenges linked to the AER resources

The AER relies on the collection of membership fees to work as an organisation. However, a certain number of regions do not comply with their obligation to pay their yearly fees. In order to ensure the financial stability of the AER, we provision the expected amount of unpaid membership fees each year. The graphics hereunder gives you an overview of the proportion of unpaid membership fees per year for 1998-2006. It is based on the AER annual accounts, i.e the money effectively received.

Annual Accounts - membership fees (1998-2006)



External sources of funding, such as grants from the European Commission, support from foundations are possible extra sources of funding.

- Possible questions to be debated during the meeting:
- The current AER resources based on the collection of membership fees: how should we best address the challenges linked to this financing system? Should we think of incentives to improve the collection rate of the fees?
 - Additional sources of funding may be a solution for the non-collection of membership fees: they provide another ad hoc source of funding. What kind of funds should we seek (corporate sponsorship, foundations, EU fundings)
 - Is the current spending of our resources optimal?
 - Should we use external funds to enhance our efficiency? To increase our activities? To stabilize our income?
 - Should we define ethical guidelines to give an overall framework to the way we resort to external funding?

LK, as at 16/05/2008