

IFWEA's Financial Strategy 2004-2007

SUMMARY OF KEY POINTS

Assuming that the General Conference agrees to establish the Secretariat in Manchester, IFWEA's cash flow will not be supported by a 'host' affiliate, and the Secretariat will have to be entirely self-reliant. It will be directly responsible for payment of salaries and all bills, and will therefore have to have a positive bank balance at all times. Without money in the account, the Secretariat will simply close.

Without a substantial increase in affiliation income and/or regular additional contributions from affiliates, core essential expenditure will not be covered.

Recommendations: expenditure

1. Reduce core budget commitment to regional activities, and replace with externally generated project funding.
2. Restrict EC meetings to one per year, unless costs met externally.

Recommendations: income

1. Increase affiliation fees to maximum acceptable level.
2. Attract new affiliates.
3. Reduce bad debts / disaffiliations
4. Maximise potential for external funded project contributions to core budget
5. Maximise potential for consultancy income
6. Secure immediate agreement with affiliates prepared to offer additional financial support, sufficient to achieve balanced budget.

Dave Spooner, August 2003 (Revised September 2003).

IFWEA's Financial Strategy 2004-2007

This is a draft paper on IFWEA's financial strategy for the period 2004-07 for discussion at the EC, and for presentation (in entirety or summary) to General Conference. It is based on the assumption that the General Conference agrees to base the Secretariat in Manchester.

From January 1 2004, IFWEA's Secretariat stands on its own, and will no longer have institutional support from a 'host' IFWEA affiliate as has been past practice (AOF Norway, Histradut etc).

IFWEA will be the direct employer of staff, and will be directly responsible for the regular payment of rent and services. If no money is in the IFWEA bank account, the Secretariat will simply cease to function within a matter of days. In addition to the need for a balanced income / expenditure at the end of the year, IFWEA will need to maintain a healthy cash flow.

Strategic Objective	Proposed Action	Timescale
A. Control Expenditure		
Financial Accountability. A freestanding IFWEA Secretariat requires that the EC put in place systems for day-to-day financial regulation and procedures, normally hitherto undertaken by 'host' affiliates on IFWEA's behalf.	The EC to appoint a small Finance & Administration Committee to oversee day-to-day operations, including budgeting, financial reporting, and terms and conditions of staff.	2003 GC
	The Finance & Administration Committee to draw up a set of Financial Regulations for IFWEA staff, project workers and Regional Co-ordinators.	October 2003 – January 2004

Strategic Objective	Proposed Action	Timescale
<p>Salaries.</p> <p>The largest single area of expenditure is the salary bill. Provisional figures included in the budget are based on salary levels paid by the Workers' Educational Association (England & Scotland) for jobs of roughly comparable responsibility/seniority.</p>	<p>The Finance & Administration Committee to assess and negotiate terms and conditions of staff, including appropriate salary levels.</p>	<p>October-November 2003</p>
<p>Regional Activities.</p> <p>The current arrangement of 20% of European affiliation fees paid to Euro-WEA, and a flat-rate contribution (US\$10,000 per year) to all other regions is a crude instrument for stimulating regional development, and does not take into account major variations between regions¹.</p> <p>In particular, the current arrangement ignores the fund-raising capacity of co-ordinators and affiliates within the regions, and the potential of the Secretariat to undertake central project fund-raising for regional activities.</p> <p>It is recognised that there are unique problems faced in Europe, due to high labour costs and difficulties presented by strict co-financing requirements from donor agencies (notably the EU).</p>	<p>Reduce the total core budget commitment to regional development</p>	<p>2004 onwards</p>
	<p>Increase support to regional activities through externally financed project activity.</p>	<p>2004 onwards</p>
	<p>Undertake an urgent review of financial support to regional activities to ensure that support to regions is based on a more equitable and rigorous analysis of developmental need and potential</p>	<p>October- December 2003</p>

¹ Levels of regional capacity, the financial capacity of affiliates and regional co-ordinators' organisations, the number of countries and number of affiliates (or potential affiliates) involved, the costs of staff and travel within the regions, the developmental needs and so on.

Strategic Objective	Proposed Action	Timescale
<p>Travel.</p> <p>All opportunities should be taken to reduce travel costs, including travel to and from meetings of the EC.</p>	<p>One EC meeting per year to be financed from core budgets. Other meetings of the EC to be hosted by affiliates or subsidised from project activities.</p>	<p>Ongoing</p>
<p>B. Raise Income</p>		
<p>Affiliation Fees Payable.</p> <p>It is generally agreed that IFWEA's affiliation fees are too low. Each percentage point increase has a significant positive impact on IFWEA finances. It is understood however that a significant number of affiliates will face organisational and/or financial difficulties with a sequence of fee increases that is set too high.</p> <p>Significantly higher fees can only be justified through demonstrable improvements in IFWEA's services and programmes.</p> <p>Important additional income is also to be gained through recruitment of new affiliates, particularly (in strictly financial terms) in Categories 1 & 2.</p> <p>It is also worth exploring whether some affiliates may be willing to consider raising their affiliation category.</p>	<p>Ensure that the 2004-2007 Strategic Plan ensures maximum 'value for money' for affiliates, through improved and increased services and programmes.</p>	<p>GC and thereafter</p>
	<p>Increase affiliation fees to the maximum level organisationally and financially acceptable to affiliates, to be determined at 2003 GC.</p>	<p>GC</p>
	<p>Attract new affiliates, particularly in Categories 1 & 2.</p>	<p>Ongoing</p>
	<p>Encourage affiliates to consider increasing their affiliation category, as and when appropriate.</p>	<p>Ongoing</p>

Strategic Objective	Proposed Action	Timescale
<p>Bad debts / disaffiliations.</p> <p>Approximately 20% of affiliation fee invoices issued from the Secretariat are not paid, either through financial problems faced by affiliates (especially in Category 4), through the closure of organisations, or through disaffiliation. This poses a serious financial problem. Any reduction in non-payment would have a significant positive effect on IFWEA's overall finances, and needs to be addressed urgently.</p>	<p>Improved regular communications between the Secretariat, the Regional Co-ordinators, and the affiliates.</p>	<p>January- June 2004 and maintain thereafter.</p>
	<p>Expansion and improved maintenance of mailing lists, ensuring that the primary contacts in each affiliate are the most appropriate to IFWEA's work.</p>	<p>January- June 2004 and maintain thereafter.</p>
	<p>Improved internal marketing of IFWEA's programmes and activities, including translated materials in IFWEA's major languages.</p>	<p>January- June 2004 and maintain thereafter.</p>
<p>Project grants.</p> <p>External grants for projects will not directly solve IFWEA's core budget problem. Nevertheless, they can provide a useful contribution to core costs, where donor rules permit.</p> <p>Project funding is of course of enormous indirect financial value to IFWEA, by the (potentially very substantial) expansion in the overall offer of activities to affiliates, and thus improving the 'value for money' of higher affiliation fees.</p> <p>There is an urgent need for the Secretariat to secure grant support for global project activities to further the objectives of the 2004-2007 Plan of Action, whether directly, through support for regional co-ordinators, or in partnership with key fraternal organisations.</p>	<p>Develop project designs to support the Plan of Action, and submit to key identified donor agencies.</p>	<p>November 2003 – June 2004</p>
	<p>Develop partnership projects with major fraternal organisations (most notably Solidar, ICFTU and GUFs) and inter-governmental agencies.</p>	<p>2004 onwards</p>
	<p>Ensure that the design of project proposals for presentation to donor organisations maximises the potential for contributions to core budgets.</p>	<p>Ongoing</p>

Strategic Objective	Proposed Action	Timescale
<p>Grants from affiliates.</p> <p>IFWEA will not survive unless a number of relatively well-resourced affiliates provide additional grant support to the core budget. The need for this external support will reduce significantly during the period as other financial measures, particularly rises in affiliation fees and affiliate 'retention rates' take effect.</p> <p>Grants from affiliates may either be cash contributions to the core budget, or firm agreements to directly cover the costs of specific core budget items.</p> <p>It is essential that the additional financial support from affiliates is firmly agreed in advance of the opening of the new Secretariat on January 1 2004.</p>	<p>Identify IFWEA affiliates who, in principle, demonstrate a willingness to consider providing additional support to IFWEA's core budget.</p>	<p>Immediate</p>
	<p>Enter immediate discussions on the basis of this financial strategy and budget.</p>	<p>Immediate</p>
	<p>Finalise discussions, and secure agreements in advance of the presentation of the budget at GC.</p>	<p>September - October 2003</p>
	<p>Reach agreement on payment schedules over the 2004-2007 period, including sufficient advance payments to cover immediate cash-flow needs in 2004.</p>	<p>October – November 2003</p>
<p>Consultancy.</p> <p>As demonstrated by the IFWEA Projects Office in the last GC period, there is considerable potential for additional income to IFWEA through consultancies and contracts for specialist education services (both to major IFWEA affiliates and to external organisations), such as the provision of training, education material and project management. These may be undertaken by, or subcontracted to, affiliates or specialists on IFWEA's behalf, or by IFWEA staff members. Nevertheless, this needs to be treated with considerable caution, particularly if diverting Secretariat staff time from IFWEA's own priorities.</p>	<p>In the short term, restrict consultancies to a modest scale, and prioritise consultancy services to affiliates and major partner organisations.</p>	<p>2004-2005</p>
	<p>In the longer term, assuming that project funding enables the Secretariat and Regions to recruit fixed-term contract project staff, increase consultancy income as staff capacity expands.</p>	<p>2006-2007</p>