

PROPOSAL FOR AN INCREASE OF EQUINET MEMBERSHIP FEES

AGM 2020 Voting Proposal (16 October 2020)

The Equinet Board is proposing to keep the 3-tier system and to increase Membership fee amounts across the board by 20%.

This would give this new three-tier system, still based on the annual level of budget each Member dedicates to Equality activities (including salaries):

1. Less than 1,000,000€ => Annual Membership Fee = 1,200€
2. Between 1,000,000€ and 2,500,000€=> Annual Membership Fee = 2,400€
3. More than 2,500,000€ => Annual Membership Fee = 3,600€

Such an increase would ensure sizable additional resources to the Secretariat (see Annex table 1 "20% increase" column) while keeping any **additional financial pressure** on Members at a reasonable rate. It also seems that keeping a same magnitude of increase is a **fair way** to proceed with all Members.

On an annual basis, Equinet currently collects around **70,000€**. With the proposal, Equinet would raise around **85,000€**. Therefore, instead of roughly 10,000€/year, Equinet could annually raise around **25,000€/year** of funds falling outside the EC Grant co-funding requirement (at current level) and that could be set aside or used to different ends.

Proposal by the Equinet Board to revise the Membership fee system

CONTEXT AND RATIONALE FOR CHANGE

Equinet Membership Fees (current system)

When Equinet was formally established in 2007 (with the subsequent creation of the Secretariat in 2008), a Membership fee system was established to determine the membership fee amounts each Member would be requested to pay. The system was designed to take into account the diverse levels of funding among Equinet Members, the better-funded ones paying more than those with a lower level of funding. This system has **remained in place to this day**.

It is based on **3 tiers** of operating budget (dedicated to equality activities and including salaries):

1. Less than 1,000,000€ => Annual Membership Fee = 1,000€
2. Between 1,000,000€ and 2,500,000€ => Annual Membership Fee = 2,000€
3. More than 2,500,000€ => Annual Membership Fee = 3,000€

Traditionally, the budget was established based on a formal annual declaration by Members. In the last few years, this collection of budgetary data was replaced by the introduction of the online

[European Directory of Equality Bodies](#) on the Equinet website, where annual budgetary data for each Member are available and regularly updated by Members themselves.

What is the role of the Membership fees?

Equinet's main source of funding comes from an annual grant from the European Commission. Currently, Equinet needs to **raise around 60,000€ (5%) annually** in membership fees in order to meet its **co-funding requirement** for the annual EC grant (currently around 1,200,000€ or 95% of total annual budget). This means, at the current rate of fee collection (around 70,000€/year), that Equinet can set aside annually around 10,000€ as financial reserves. These reserves were used to erase the debt build up that was accumulated before 2017.

Please bear in mind that in the last few years Equinet has been in an **exceptional situation** regarding its co-funding requirements (5%) for the core EC operating grant funding. Other organisations generally must come up with a 20% co-funding rate. Before 2015, Equinet was also requested to come up with a 20% co-funding rate, which led to financial challenges and the buildup of debt. Should there be an unfavorable change at EC level regarding our co-funding requirements, available reserves will need to be used.

The Equinet reserve fund currently sits at 31,208.73€.

Rationale for raising additional reserves

Reserves can become essential in ensuring the further consolidation and/or expansion of Equinet and its operations:

- Indeed, the funds could be instrumental in obtaining **additional project-based grants** from other sources, as they generally have **higher co-funding requirements** (15-20%). One recent example is the EEA Norway Grant where extra resources would have been necessary in order to match co-funding requirements. Equinet's Grant bid was unsuccessful.
- Reserves can also be used to **directly finance activities** that are not covered under our different sources of funding. This also becomes important in view of the distinction recently made clear by the EC between EU-based Members (eligible for funding under our EC Grant) and non EU-based Members (non-eligible for funding).
- Reserves can also serve as a **"buffer" fund** to be tapped into in case of adversarial financial occurrences, like corrections and reimbursements following a financial audit.
- Under Belgian law (Equinet is incorporated in Belgium), non-profits are encouraged to set up a **social reserve fund** (not compulsory). This fund, mandatory for commercial ventures, ensures that employees get the full legal severance package in case the association folds. The fund should ideally cover 3 months of salary payment for the staff of the association. In Equinet's case, that would amount to roughly 162,000€. Funds allocated to this reserve may not be (at least easily) reassigned to any other end.

In order to strengthen the Equinet Network and its operational centre (the Secretariat) and to consolidate its financial structure, it is the conviction of the Equinet Board that further reserves need to be raised over time.

Therefore, the Equinet Board is proposing a revision of the current system, to be put to the vote of the General Assembly of Equinet Members at AGM 2020.

The Equinet Board and secretariat remain available to discuss any question or clarification Members might have about the proposal. Members are invited to send their questions and remarks to the Finance and Administration Officer by email (Yannick.godin@equineteurope.org), as possible by no later than 9 October.

Concrete consequences if Board Proposal is adopted

As a result of a 20% across the Board increase in the Membership fee level for all Equinet Members, all the new Membership fee amounts that will be requested from each Member starting in 2021 have been compiled in a table that will be made available to Members before the AGM.

Members are invited to review their allocated figures and report any inconsistency to the Finance Officer (yannick.godin@equineteurope.org).