
GUIDANCE NOTE FOR THE 2018-2020 BUDGET

The 2018-2020 budget is the financial representation of our political and operational strategy for the same period. To help you prepare this budget, we would like to draw your attention to the following aspects:

- 1) Horizon 2025 and changes
- 2) Guidelines from the Board
- 3) Unrestricted funds
- 4) Schedule

Additional information will be provided throughout the budget construction process.

1. HORIZON 2025 AND CHANGE MANAGEMENT

The **mission statement** adopted at the General Assembly in 2015 is our reference document, containing our vision and fundamental principles: social justice, community empowerment, political independence, commitment and balance.

As you know, this mission statement was developed into the Strategic Plan 2016-2020, followed by an action plan. This is the first step in our 'evolution' towards our goal of Horizon 2025.

To recap, the **Strategic Plan** is structured around five main lines: our battles, the place of our users, the role of our partners, our association model and our independence. To this is added the dual requirements of quality and innovation.

Our fights are organised around **five priority themes** ('emergencies and crises', 'sexual and reproductive health', 'harm reduction', 'migration, rights and health' and 'health and environment'), with a cross-cutting focus on approaches to mental health, gender and vulnerable children, and often based on access to primary healthcare.

The plan crucially reiterates the importance of partnerships, decentralisation from MdM Headquarters and regionalisation.

Horizon 2025 is MdM's goal as it seeks to **adapt to a humanitarian world** undergoing fundamental change. To this end, MdM must evolve so that we can consolidate **our political independence** and strengthen **our social impact**.

The Board has identified **seven priority areas**:

1. Continuing the revitalisation and development of the Associational life
2. Implementation of the Human Project
3. Decentralisation and regionalisation
4. Operational dynamics of projects, focusing on public participation in France and the community approach at the international level
5. Continuing the implementation of the Network's Roadmap
6. Strengthening the organisation's effectiveness, including the implementation of the Information Systems Master Plan (SDSI, for its acronym in French).

The 2018 budget must cover the implementation of these work areas, while conforming to the guidelines set out by the Board.

2. GUIDELINES SET OUT BY THE BOARD

Underpinned by the political vision of the mission statement and taking into account the strategic guidelines reasserted at the GA, the Board has set out the following points:

Rolling forecast

A three-year rolling budget will be prepared: the years 2019 and 2020 will be reviewed in 2018.

Balanced budget

MdM recorded financial losses in 2013 and 2014 before regaining financial equilibrium, albeit fragile, in 2015, a situation which was strengthened slightly in 2016. However, the level of reserves remains inadequate with respect to our current level of activity. At the end of 2016, our reserves represented around two months worth of annual operations, although according to the Board's guidelines, the preference is for the reserves to cover at least three months of operations.

Rebuilding our own funds remains a vital objective.

The Board is calling for the preparation of a budget which is at least balanced. This must take into account the potential to respond to extreme and unexpected emergencies and crises. A fund of EUR 500,000 will be set aside for this purpose in the budget for the international missions.

Growth

Last year we forecast growth of 6% in 2018 and 2019. Since then, the Board has become aware that the missions in Turkey and Ukraine, although they are managed by members of the network and for reasons not connected to the International Operations Directorate (DOI), will have an impact on the organisation's overall growth.

Nonetheless, the Board reiterates its wish to see controlled and sustainable growth, as developing operations always involves an increase in operational costs. The Board indicated its desire to focus on regionalisation and decentralisation of activities.

Growth must be supported by a strengthening of our policy of diversifying funding sources to ensure greater financial security.

Fundraising strategy

The Board recommends the implementation as soon as possible of a fundraising strategy which will facilitate a reduction in HQ costs, currently financed from unrestricted funds, as well as operational costs and investment in the network. The aim is to regain some room to manoeuvre from our unrestricted funds, while ensuring our political independence.

From now on, every project submission should therefore include (unless the donor disagrees) the administrative costs, coordination costs and HQ costs directly associated with the project (salaries for desk officers / medical advisors etc.).

Payroll and staffing

In order to control increases in payroll and staffing, a number of guidelines must be followed:

- Any new or expanded activity must be assessed with the HR Director in order to establish whether the resources required are essential. This will be an opportunity to assess whether there may be potential for certain activities to be reorganised, redistributed or shared.
In addition, each request for additional resources must be accompanied by a written submission. These requests will be analysed by the HR Director who will also check whether the demands can be met from the available resources, possibly by means of redeployments (as part of career development, staff awaiting assignment following closures, reorganisations etc.).
- Whenever anyone leaves a directorate or a service (due to retirement, mutually agreed termination of contract, resignation, leave of various kinds), it should be seen as an opportunity to re-examine the organisation. There will be no automatic staff replacement. The decision about whether or not to replace a member of staff will ultimately be taken by the Human Resources Directorate and the Directorate General.
- Within the context of the decentralisation and regionalisation process, no additional resources will be given to MDM Headquarters. The aim of this process is to transfer skills closer to the field context.

3. UNRESTRICTED FUNDS

The experience of previous budgets has demonstrated the benefit of assigning a budget of unrestricted funds to the different sectors of the organisation:

- International Missions
- Missions in France
- International Network
- HQ support
- Adoption
- Investment in fundraising

This method enables thematic and geopolitical groups as well as operational officers to make strategic and policy choices which will then be assessed at the International Joint Committee (IJC) and National Joint Committee (NJC), with the Board taking the final decisions.

INTERNATIONAL MISSIONS

The next two years should be a time for programme reviews. The action plan requires a review of activities if we are to be able to respond to the policy choices made by the organisation.

The Board is calling on the International Operations Directorate to develop a new 'operational dynamic' which should be implemented by means of the operational rotation of certain missions. This means the **strategic reorientation or closure of programmes or transferring them to partners.**

In order to comply with our mission statement and our desire to control our growth, keeping in mind the fact that we have limited resources, tough decisions must be made by the IJC.

We must also **question our presence in the 14 countries where other MdM chapters are also present.**

In addition, we must ensure we work more closely and in new ways with NGOs in the South, as was announced at the GA.

The Board approved **EUR 9 million of unrestricted funds** and a budget for exploratory missions / emergencies of EUR 500 000.

MISSIONS IN FRANCE

This sector has already undergone a period of reflection and undertaken work on strategic reorientation and operational rotation – a process which should be continued.

The Board approved **EUR 5 million of unrestricted funds** to cover the expected reduction in public subsidies. The budget for the missions in France should remain stable in 2017 except for the Alternatives to Imprisonment project in Marseille.

INTERNATIONAL NETWORK

The Network has reached a pivotal moment in its history. The International Network Directorate (DRI) is to be restructured in order to adapt to the requirements of the network's roadmap, as well as to the needs of MdM France. The President and the Executive Director will present the reforms in the autumn.

The roadmap should continue to be followed and is organised around four areas: Identity and Governance, Shared Operations, Growth and Fundraising, and Shared Positions. The meeting of the presidents and executive directors of the Network, to be held in Montreal at the end of October 2017, should approve the achievements of this first year of the roadmap and define the priorities for the future.

The operational subsidies for the network should be stabilised at the level of the 2017 revised budget. Further investment in fundraising and direct marketing could be made on the basis of contracts setting out the size of such investment and the expected results.

The partnership contracts between MdM chapters relating to public and private funds will all be reviewed in order to clarify:

- The distribution of Administrative Costs in the private and public funding contracts
- The inclusion of Direct Operational Costs in public contracts
- Operational funding from the International Network Directorate

These new rules should enable us to reduce the excessive burden on unrestricted funds in relation to the operations of the MdM France HQ.

HEADQUARTERS

In 2018 we will continue to focus on regionalisation in France and devolution at the international level. The aim is to establish a regional base in geographical areas where possible.

As mentioned above, the aims for the 'HQ' budget are to ensure better coverage of expenditure from donors and to control the increase in structural costs, especially human resources.

ADOPTION

Adoption placements should end by 31 December 2017. Follow-up activities will be continued until the end of 2019. The budget for the Adoption Mission should therefore be reduced considerably in 2018 and 2019.

FUNDRAISING

The Board would like greater investment in fundraising.

France:

- Direct debits: continue and increase investment in fundraising, explore new means of finding donors, re-balance the budget between the different service providers.
- Develop the 'intermediate donors' sector and launch an ambitious strategy for the 'large-scale donors' sector, based on the current database and new methods of finding donors
- Secure legacies by increasing investment in marketing and in relationships with declared testators
- Develop our portfolio of private partners in France and internationally, while continuing our support for the Network teams.

International:

- Continue to support the development of fundraising by the Network, based on an objective of return on investment
- Have a global vision, shared with the Network, of potential sources of funding.

4. SCHEDULE

The three-year budget, set out in the context of the allocation of unrestricted funds to directorates, requires a joint approach.

The Board continues to be the decision-making body with regard to budget arbitration, to ensure the organisation's financial sustainability, the desired financial equilibrium and the priorities for action and advocacy. The Board will meet on **8 and 16 December** to discuss and then vote on the three-year budget.

In September the Financial Management and Information Systems Directorate (DFSI) will send out the additional **formats and budgetary assumptions** (exchange rates, inflation rates etc.)

INTERNATIONAL MISSIONS

- Mid-July > 5 September: work on the three-year country strategies, based on the versions previously sent from the field.
- 15 September: country strategies and overall budgets finalised
- 20 September > 26 September: debriefing by unit ('pre-IJC')
- 30 September > 14 October: joint working period
- 18 October: first internal assessment by the DOI
- 30 October > 15 November: receipt of budgets from the field for 2018-2020 and feedback and discussion between HQ and field
- 15 November: compilation of budgets
- 17 November: second internal assessment by the DOI
- 18 to 20 November: feedback and exchange with group officers on the final assessments
- **24 November: International Joint Committee (IJC)**

MISSIONS IN FRANCE

- 15 June - 15 October: organisation of Regional Joint Committees (RJC)
- 30 September: first feedback to the France group on the regional strategies presented at the RJC
- Early October: receipt at HQ of 2018/2021 budgets
- Week of 16 October: debriefing French Operations Directorate (DOF) (1 day)
- Week of 23 October: feedback from France group representatives on work of DOF/DFS/ HRD before the NJC
- **10 November: National Joint Committee (NJC)**

DIRECTORATES, HEADQUARTERS, NETWORK, FUNDRAISING

End of September

Preparation of **revenue** budget: Network, Fundraising, Legacies, Private Funding

16 to 19 October

Determining of **expenses** budget **by directorate**

(first versions, subject to amendments following IJC / NJC)

End of November

Final version of budgets following IJC and NJC: DOI, DOF, HRD, DFS

Paris, 1 September 2017,

Françoise Sivignon – President

Joël Weiler – Executive Director

Philippe de Botton - Treasurer – Board Member

Julien Bousac – Deputy Treasurer – Board Member

Florence Hordern – Human Resources Director

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