



**Local & Regional
Europe**

Sources of income

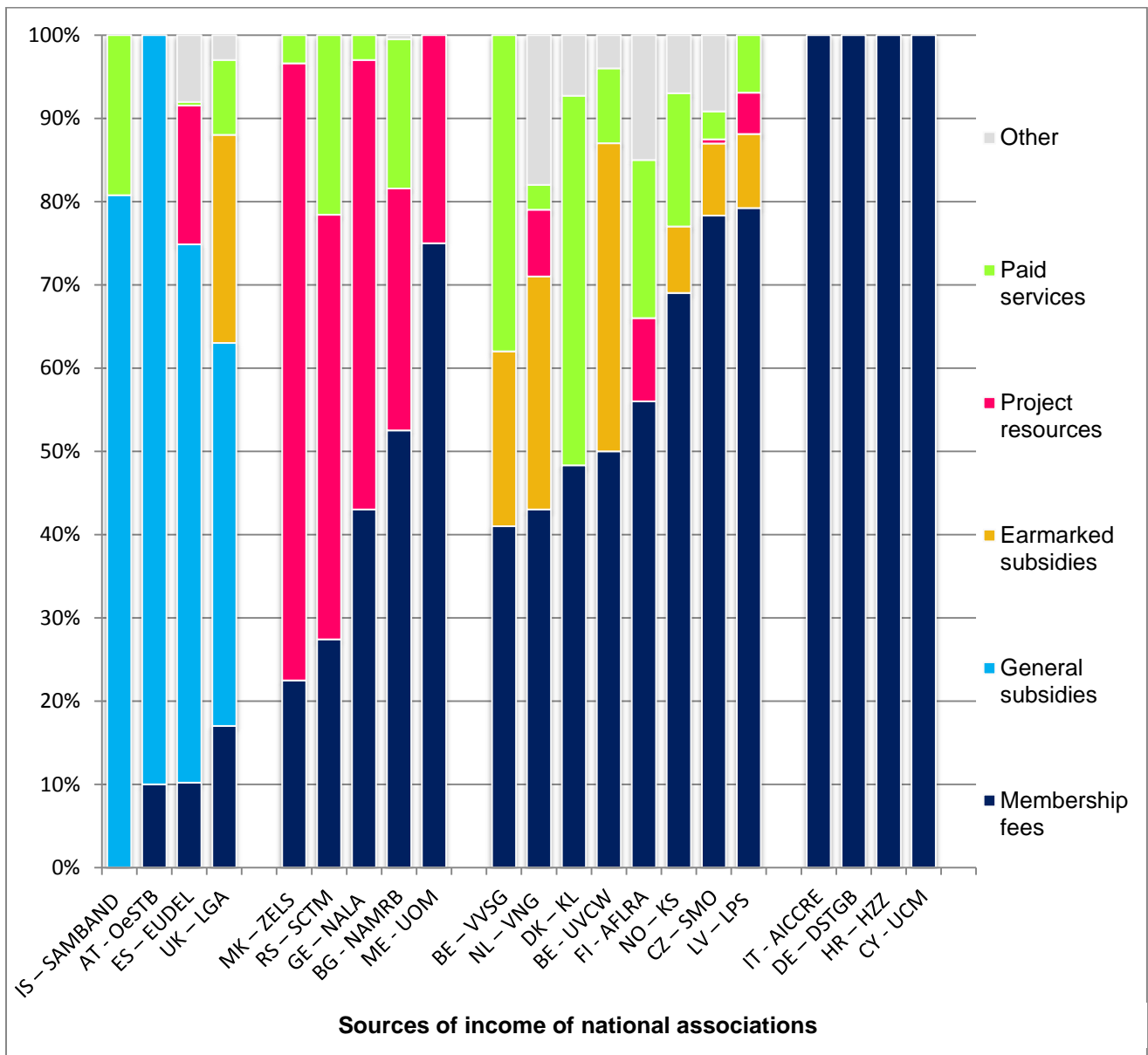
A glance at the budget of national associations

May 2013

Summary

Four main types of financing strategies have been identified from the responses received:

- Some associations have very low or no income from direct membership fees (0–10 % of the total budget). Instead, they are financed by a general subsidy from the national government or national budget (46–90 % of the total budget).
- Associations in the second group, in addition to levying a varying proportion of membership fees (22–75 % of the total budget) also rely to an above-average extent on project financing from external donors (25–74 % of the total budget).
- The third group relies on higher membership fees (41–80 % of the total budget) and fill the remaining share of their budget with paid services to members (up to 44 % of the total budget), either directly or through a wholly-owned subsidiary company.
- The fourth group relies exclusively on membership fees (100 %).



Membership fees

- Most associations receive direct membership fees which are rarely the only source of revenue of the annual budget. The proportion of direct membership fees in the overall budget ranges from 10 % to 100 %.
- In some cases, the system of direct membership fees is, in part or fully, replaced by a general subsidy or grant, often as a proportion of the income tax of local or regional governments.
- Direct and indirect membership fees usually represent 22–100 % of the total budget.

Earmarked subsidies or grants

- Subsidies or grants from national or regional authorities, earmarked for a specific purpose, can represent between 8–28 % of the budget (e.g. a grant for international or European activities).

Project resources

- Short-term projects, lasting anywhere from 12–18 months, or long-term projects usually represent up to 10 % of the budget.
- However, in countries where local or regional governments are being reformed or strengthened thanks to international donors, the proportion of project-based resources may exceed 50 % of association's budget.

Paid services

- Nearly all associations offer additional paid services to their members, which usually account for around 5 % of their total income, but can reach as much as 44 %.
- These paid services may include advisory consulting and services, special missions (e.g. trade union negotiations), registration fees to events (seminars, conferences, general assembly), training of elected representatives and public servants, or publications of interest to local and regional authorities.
- Paid services can be taken over by a subsidiary company wholly-owned by the association. Benefits from these activities usually represent between up to 3 % of the total income, but can constitute as much as 38 %.
- Subsidiary companies undertake diverse activities, such as consultancy on local government issues, special services to members (e.g. online store for local governments), insurance, organisation of events, renting of rooms and conference centres, and publishing of books or periodicals on local and regional governments.

Other resources

- Other sources of financing usually account for only a small part of the total budget (generally up to 7 %) but can sometimes go up to as much as 18 %. They can take on very various forms, such as income from bank interests and financial products, real estate rental income, sale of advertisements in own publications, sponsorship at public events or royalties for publications.
- In one particular case the association has developed a special partnership with a host city that contributes *in-kind* (staff and material) to the overall income.

CEMR would like to thank its member associations who contributed to this information sheet:

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About CEMR

The Council of European Municipalities and Regions (CEMR) is the broadest organisation of local and regional authorities in Europe. Its members are over 50 national associations of municipalities and regions from 41 European countries. Together these associations represent some 150 000 local and regional authorities.

CEMR's objectives are twofold: to influence European legislation on behalf of local and regional authorities and to provide a platform for exchange between its member associations and their elected officials and experts.

Moreover, CEMR is the European section of United Cities and Local Governments (UCLG), the worldwide organisation of local government.

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