

Procedure for Funding the ACT Alliance Secretariat 2019

The ACT Alliance brings together 155 churches and church related organizations, which have a combined income of over US\$ 3 billion. For the alliance, to reach its potential of working together in development, humanitarian assistance and advocacy, it is important that the Secretariat is well resourced and has an adequate and stable income.

As per the membership agreement, members agree to pay annual fees to the ACT Alliance as determined by the ACT Governing Board:

ACT governance has agreed that the following elements will comprise the funding base for the ACT secretariat:

- A **Membership Fee** that is paid by all members and observers.
- An **Income Based Fee (IBF)** that is paid by all organizations whose income is over US\$1 million. The income-related fee would be based on a percentage of the total income of the organization (see definition below) as set by the Governing Board.
- An **International Coordination Fee (ICF)** which is levied on appeals issued by the ACT secretariat.
- **Voluntary contributions** over and above the fees will be sought for specific programmes in order to ensure the adequate funding of the core budget.

All contributions are equally important, although the total amount generated from each will be different. Payment of contributions will be a condition of membership.

It is important to note that 2019 is a transitional year and that as of 2020 and as approved by the 2018 General Assembly, the following rules will apply for payment of fees :

- Membership fees are paid by all members, but in line with the membership engagement model approved at the 2018 General Assembly will be in form of a forum fee.
- The ceiling of total annual for income based fees will be increased from USD 1million to USD 5 million.

During 2019, an implementation plan will be put in place to ensure the smooth transition to the revised model in 2020.

1. Setting the Fees

The Governing Board will set the level of the membership fee, income-based fee and international coordination fee.

The fees are set for the current strategic period in order to provide stability and assist both members and the Secretariat with their planning.

2. Fees for 2019

Membership fee for 2019

Members: US\$ 1,000

Observers: US\$ 500

2019 income-based fees

All organisations with a total income of over US\$1 million will also pay an income-based fee. This fee is additional to the membership fee.

The fee uses the member's total income as a base (averaged over the past two years), and is levied as follows:

- a. Members with an income between US\$1 million and US\$ 20 million will pay 0.10% of their total income
- b. Members with an income between US\$20 million and US\$ 125 million will pay 0.15% of their total income
- c. Members with an income of more than US\$5 million will be banded as follows:

Total Income (US\$ million)	Income Based Fee (US\$)
Over 125 million	200,000
100 million - 125 million	168,750
75 million - 100 million	131,250
50 million - 75 million	93,750
25 million - 50 million	56,250
20 million - 25 million	33,750
15 million - 20 million	17,500
10 million - 15 million	12,500
5 million - 10 million	7,500

This banding system has been introduced to allow for minor fluctuations in a member's income from year to year and to assist with administering the fee.

International Coordination Fee

An international coordination fee will continue to be levied at 3% of income on appeals issued by the Secretariat.

Voluntary contributions

Voluntary contributions over and above the Income Based Fee to help fund the approved 2019 – 2026 strategy of the Alliance are welcome and necessary. These will be solicited through the annual budget process, as well as during the course of the year for particular projects or programmes.

3. Procedures for paying the fees

a) Membership Fee

Members will be notified of their fees each year, according to their membership status. The due date for payments will be **March 31, 2019**.

Membership fees of new applicants would be due once ACT governance has approved the membership.

Non-payment of Membership Fee

If a member fails to pay its membership fee, it will be notified that, unless payment is forthcoming, the member risks suspension of its membership from the Alliance (See section 4).

b) Income-based Fee

The income based fee will be based on a percentage of the total income of the organization, averaged over the previous two years, as set by the Governing Board. The income based fee is payable annually for all organizations with a total income over US\$1 million. As of 2020, the ceiling will be lifted to US\$ 5million.

The due date for payment of the income based fee will be **March 31, 2019**. Organisations who have difficulty paying annually may agree with the Secretariat to pay by instalments over the course of the year.

Non-payment of Income Based Fee

If a member fails to pay its annual income based fee, it will be notified that, unless payment is forthcoming, that the member risks suspension of its membership from the Alliance. (See section 4).

Definition of Total Income

All organizations are different, undertake different activities and have different ways of presenting their income. For all ecumenical organizations and specialized ministries/agencies, the income based fee is based on the **'total income'** of the organization according to their audited accounts. This includes income from 'back donors' (i.e. government and other restricted funding) but not the gifts in kind.

Churches would calculate the total income of the department(s) which deal with humanitarian assistance and development and therefore would exclude income for other matters such as the salary of clergy. In order to mitigate against fluctuations in income, an average of the previous two years will be used as a basis for calculating the income based fees.

c) International Coordination Fee

The international coordination fee will be set as a percentage of income received for each appeal.

The international coordination fee will apply to all appeals issued by the ACT secretariat with the following exceptions:

- ACT evaluation components in an appeal
- ACT special initiatives including the current Rapid Response Fund and Revolving Fund

The international coordination fee will apply to the following:

- All cash contributions to the appeal sent through the ACT secretariat
- All cash contributions to the appeal sent directly to the requesting member
- All back donor contributions to the appeal
- All cash contributions to the appeal sent by non-ACT members, including locally raised funds

The international coordination fee will not be applied to:

- In kind contributions (material aid and personnel seconded to assist a member in implementing the planned programmes in an appeal)

Payment of the international coordination fee

The international coordination fee will be an expense line in the appeal proposal. It will be included when the appeal is being prepared for approval. Where several members implement one appeal, each member component will have its own international coordination fee.

As contributions are received, the ACT secretariat will deduct the agreed percentage for the international coordination fee and forward the balance to the requesting member.

Where contributions are sent directly and not via the ACT secretariat, the international coordination fee should be paid in one of two ways:

- a. The contributing member deducts the international coordination fee and sends it to the ACT Secretariat.
- b. The requesting member informs the ACT secretariat that they have received funds and send the international coordination fee to the secretariat or requests the secretariat to deduct the amount from future contributions passing via Geneva for the appeal.

When funds are sent direct, the requesting member should establish upfront who is responsible for paying the ICF and make a financial provision to meet its financial obligation to the secretariat. The requesting member cannot assume that the contributing member will send the percentage to the ACT secretariat, unless the contributing member has specifically stated that it will be responsible for paying the ICF directly to the secretariat.

When the appeal is closed the Secretariat will review contributions made and reconcile international coordination fee contributions to ensure the correct amount has been contributed.

Non-payment of International Coordination Fee

Should a requesting member fail to pay the international coordination fee the ACT secretariat will not issue any future appeal proposals from that member until the outstanding fee is settled.

4. Non-Payment of Fees

If the membership fees or income based fees are not received, members will be sent reminder letters stating that non-payment of fees risks suspension of membership and thus exclusion of participation of life in the Alliance. The Membership and Nominations Committee will make recommendation to the ACT Governing Board on suspension of members failing to comply with financial obligations to the Alliance.

Following ACT policies, once an ACT member has been suspended it cannot:

- Participate in ACT forums, cannot play role of forum convenor/chair/coordinator, its voting rights in the forum are suspended;
- Access humanitarian funds channelled through ACT secretariat, neither RRFs nor appeals;
- Participate in ACT structures, including governance, Advisory Groups and Communities of Practice, it will also have to step down from the groups at time when suspended;
- Benefit from travel, accommodation or other expenses subsidies paid from ACT's budget;
- Be nominated by the secretariat or ACT members to represent ACT in external meetings, programmes, consultations, etc.

Failure to pay the international coordination fee contribution will result in exclusion from appeals.

Members are encouraged to engage with the Secretariat in order to reach an agreement related to the settlement of non-payment of fees. Full membership rights for suspended members will be restored as soon as payment or agreement on payment is made.

Exceptions

It is recognised that there may be very good reasons why members cannot pay their contributions on time. Should any member not be able to pay their membership fee or income based fee they should agree on a payment plan with the ACT secretariat. Their membership will then not be suspended and they would retain full membership rights as long as the payment plan is implemented. In cases where the secretariat needs guidance in processing exceptions it may consult the Membership and Nominations Committee.