

**Report to the 37<sup>th</sup> World Scout Conference  
Hammamet, Tunisia**

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Madam Chairwoman, dear Scouting friends, ladies and gentlemen,

This is the first time that I present the Treasurer's report to the World Conference, and I am both delighted and honored to be doing so. My report covers the financial activity of the World Scout Bureau since the last meeting of the World Conference in Thessaloniki in 2002. I am aware of the importance of this analysis and the many purposes it must serve, namely:

- 1- It gives you a precise, factual account of the Bureau's financial situation, which no one else will do during this Conference
- 2- It relates this financial situation to the Movement's targets and ambitions
- 3- It details measures that have been taken and will be taken in order to finance these targets and ambitions

To start off with, I would like to follow on from my predecessors in Bangkok, Oslo, Durban, and Thessaloniki by reminding you of the precarious level of resources currently at the Movement's disposal to meet its objectives and fulfill its role as a global, multicultural organization with some 28 million members. We mustn't try to hide our heads in the sand. The Scout Movement is currently experiencing financial difficulties, and I will not be in a position to say that things are on the mend until we see the results of our most recent measures. My predecessors warned you about the situation. Today, in my turn, I would like to **further reinforce** the message that only the solidarity of each of these organizations and each of the members of the World Organization of the Scout Movement will guarantee the Movement the kind of future it deserves and to which we all aspire.

I would like to add that when I joined the organization after the last Conference in Thessaloniki, I found that although it was small, with barely one hundred professional staff members, it was also extremely complex, in spite of its very slim budget. In honor of the country where the Bureau is headquartered, I will compare the organization to the intricate mechanism of a Swiss watch. Our accounting system can be divided into seven different systems in seven different places, and even though common procedures have been set out, making it all run like clockwork is a highly skilled task. I would therefore like to congratulate our Deputy Secretary General, Mr. Luc Panissod and all of his team for achieving this difficult job year after year, but at the same time I would like to ask all of you to do everything in your power to make their task easier.

I would now like to turn to the figures.

**1- CONSOLIDATED RESULTS SINCE THE THESSALONIKI CONFERENCE  
(Situation as at September 30, 2004)**

The three financial years since the Thessaloniki Conference ended with :

- a surplus of CHF 153,156 for 2001-2002, a loss of CHF 8,303 for 2002-2003, and a surplus of CHF 21,376 for 2003-2004

The World Bureau has thus been able to balance its budget for the three years under review. The loss posted in 2003 is not considered significant.

More specifically, the Geneva Bureau managed to generate a surplus in each of the three financial years.

In the regional offices, the results varied from office to office and from year to year. The consolidated results for the six regional offices – Africa, Arab, Asia-Pacific, Eurasia, European, and Inter-American Regions – are as follows:

- a surplus of CHF 141,812 for 2001-2002, a loss of CHF 34,484 for 2002-2003, and a surplus of CHF 701 for 2003-2004
- As I mentioned in my preliminary remarks, we must bear in mind the difficult financial environment in which the World Bureau is operating. If you look at the trends in the net

results of each of the six regional offices, you will quickly see that the regions Africa, Asia-Pacific, Eurasia, and Europe all posted a loss for one or the other of the years under review.

The World Bureau's consolidated operational revenue, that is, all revenue excluding special projects, remained extremely stable in the last three years, at around CHF 8 million. However, I'd like to draw your attention to several very important points:

- 1- Operational revenue, which reached an encouraging high of CHF 8.7 mn in 2000-2001, has since fallen to around CHF 8 mn, which is closer to the amounts recorded for the period 1998-2000.
- 2- Fees for the current year and fees in arrears, which are the Bureau's greatest source of revenue, rose from 56% to 65% of revenue between 2002 and 2004
- 3- At the same time, the grant from the World Scout Foundation fell from CHF 2,100,000 in 2002 to CHF 1,500,000 in 2004. This amount of CHF 1,500,000 has in fact been stipulated for both the current financial year 2005 and for 2006. Subsidies from the Foundation only accounted for 19% of the World Bureau's operational revenue in 2004, compared with 26% in 2002.

These figures should bring home to you much more clearly than any comments that the Treasurer or the World Bureau staff might make just how important fees are to the efficient running of the Movement. It is my duty to remind you that these fees are due at the start of the year, and that collecting fees in arrears costs the World Bureau a great deal of time and effort. This could be dramatically reduced if everyone stuck to these rules.

Operational expenditure for special projects has proven extremely stable at CHF 7.6 million in the last three financial years, reflecting the stability in revenue. The largest expenditure position, "Management and Support", also remained very stable at 60% of all consolidated operational expenditure in 2002 and 62% in 2003 and 2004.

## **2- RESULTS OF THE GENEVA BUREAU AND REGIONAL OFFICES SINCE THE THESSALONIKI CONFERENCE**

### **(Situation as at September 30, 2004)**

The Geneva Bureau generated 69% of operational revenue on average, compared with 54% for 1999-2001, and 80% for 1996-1998. It accounted for 41% of expenditure after transfers to the regional offices.

As you know, the fee payment rate has increased substantially in recent years, following the introduction of the new fee payment system in 1997 after the Oslo Conference. In the last three years, the average fee payment rate reached 88% of fees due. Nevertheless, this represents a slight drop from a rate of more than 90% in the preceding three years. This deterioration will undoubtedly seem insignificant to many of you, but it represents a shortfall of some CHF 100,000 per year compared with the three preceding years and is a great source of concern to those in charge of balancing the budget.

Nonetheless, the fee payment system is the cornerstone of the World Scout Bureau's finances, which provides it with both stable and predictable revenue. I would therefore like to thank all the member organizations who complied with this system in the last three fiscal years. To be absolutely precise, this system allowed us to collect CHF 4.4 million in the first year and CHF 4.6 million in the following years in fees for the current year, that is, fees due and settled in the same year.

The Geneva Bureau thus closed its financial years 2002, 2003, and 2004 with surpluses of CHF 11,344, CHF 26,181, and CHF 20,675 respectively.

However, we mustn't let these encouraging results distract us from the reality of the situation, which, as you all know, is marked by a difficult economic and geopolitical environment, whose consequences will continue to impact world growth and foreign exchange rates. This does not make things any easier for a certain number of our member organizations who sometimes struggle to pay their fees. We are well aware of this, but feel obliged to draw your attention to it to remind you how delicate our financial situation is.

Against this difficult backdrop, I would like to stress that the World Scout Foundation has been forced to considerably cut back its annual contribution – from CHF 2,100,000 in 2002 to CHF 1,500,000 in 2004 – as I mentioned a little earlier. However, I would still like to thank the Foundation for its efforts.

Other sources of finance accounted for some 16% of operational revenue on average for the last three years, remaining relatively stable throughout the period. Likewise, operational expenditure also remained at practically the same level.

Given that I have painted a rather gloomy economic picture, it will come as no surprise to you that the amount of contributions paid to regional offices fell overall during the period. After maintaining its contributions at CHF 2,700,000 in 2002, that is, at a level similar to that of 2001, the Bureau trimmed them by 12% to CHF 2,400,000 in 2003 and by a further 9% to CHF 2,200,000 in 2004. This reflects the difficult financial climate that we are currently experiencing, but in no way alters our continuing strategy of prioritizing field activities.

My report would not be complete if I did not describe the complex changes that the World Scout Bureau is facing. As you probably know, the World Scout Bureau receives fees from its member organizations in Swiss francs, and is a net purchaser of dollars. If the dollar falls, the Bureau finds itself able to buy dollars at a more favorable rate than that set out in its budget. This leaves it a little scope to raise its contributions to the regions. This financial period has been exceptionally difficult partly because the dollar has proven very volatile in the last three years, and partly because the Bureau has no margin for error, that is, to pay contributions to the regions with dollars 10% or 20% more expensive than anticipated in its budget. By adopting conservative working assumptions, the Bureau has managed its finances very well in the last three years, a period marked by a falling dollar. However, all good things come to an end. After dropping much more rapidly in the last quarter of 2004, the dollar bucked this trend to climb nearly 10% to 1.25 against the Swiss franc since January 1. Fortunately, the budget had wisely been calculated using a rate of 1.30, so the contributions to the regions will not suffer. Nevertheless, please bear in mind the fact that the dollar's appreciation and the drop in contributions received from the World Scout Foundation make any future increase in contributions to the regions a delicate issue.

Although I have mainly focused my report on a detailed analysis of the profit and loss account for the past three years, I will not exclude the balance sheet, which shows that the World Scout Bureau's own capital and assets are reassuringly stable.

From a technical point of view, I am happy to be able to confirm that the World Scout Bureau's financial statements are healthy, in spite of the difficulties to which I have tried to draw attention and which must necessarily be a prime source of concern for those with lofty ambitions for the Scout Movement.

In view of what I would term a chronic lack of funds, we need to find means of diversifying our sources of revenue, as our new Secretary General has pointed out on several occasions. Some measures have already been implemented. For example, a specialist has been employed on a part-time basis to collect funds and monitor costs systematically. With respect to cost control, I would particularly like to mention the option of employing young staff members on fixed-term contracts. This allows us to take on qualified, motivated young people at reasonable salary levels, while offering them the chance to make their first steps in the professional world and to find out all about the Movement.

I am also happy to confirm that the financial operations of the Geneva Bureau and the regional offices have been running well. They continue to use common accounting and financial management systems. I could talk at length about the special efforts that have been made in this area in the last three years. However, I will merely draw attention to three specific projects that are sufficiently important to be mentioned here.

- Firstly, I would like to point to the work that has been done in analytical accounting so that the World Bureau's expenditure could be allocated according to the seven strategic priorities defined at the Thessaloniki Conference. The accounting system now allows us to identify, analyze, and compare the amounts allocated to youth development programs, volunteers, and management, as well as to boosting the image of the Scout Movement – basically, accounting at the service of operations.
- The second key proposal, which was launched by our new Secretary General, aims to enable the Bureau's staff to adopt a project-based approach to their work. From now on, costs will be allocated to the projects they are used for. This approach offers numerous advantages, the most important of which are tighter control of expenditure, higher-quality information for the members of the World Committee, who will thus be more able to assess how well the Conference resolutions are being applied, and, finally, the opportunity to better target fund-raising by giving sponsors the chance to finance certain projects in a very specific manner.

- Finally, I would like to draw attention to the implementation of an internal audit halfway between an accounting audit and an operational audit, thanks to voluntary assistance from John Neysmith. This kind of procedure did not exist in the past, and I am happy to confirm that John Neysmith's initial conclusions are positive overall. In the longer term, the project aims to better integrate all the offices and information flows. In this respect, the Bureau is working to draw up a manual that describes all the accounting and financial procedures and that will be binding on all units of the World Scout Bureau. Finally, special efforts will be made to train the accountants in the regional offices so that they can make optimum use of the tools at their disposal.

### **3- CURRENT YEAR 2004-2005**

I would now like to say a few words about the budget for the current financial year. As usual, the World Committee has adopted a balanced budget, with a total expenditure of CHF 7,409,050, primarily for operational expenses.

The budget for 2004-2005 must allow the Bureau to continue to function as efficiently as it has been doing in recent years, maintaining, or, as I just mentioned, improving world and regional infrastructures where appropriate. The budget includes a 2% salary raise for the staff in Geneva, which corresponds to inflation of 1.6% plus a raise of 0.4% for performance, as well as a similar raise of 2% for staff outside Switzerland. All in all, the budget maintains the contributions to the six regional offices in dollars as well as the contributions to finance field activities.

Although the budget once again allows us to respect the strategic priorities defined by the World Conference, we would be quite justified in worrying about the lack of resources at the disposal of the World Bureau and the World Committee at a time when the workload in the Geneva Bureau and the regional offices is constantly increasing.

To mention just one example of the extra work facing the Bureau, let me explain that the Bureau has recently been obliged to alter its entire occupational pensions system. This measure has not just affected all the staff in the Geneva Bureau, but also all the managerial staff in the field. It imposes a considerable administrative burden, and results in a general decrease in pension benefits for Geneva staff, in spite of the fact that they will now be paying higher contributions. However, it considerably reduces the costs and risks incurred by the Bureau, as we have moved from a defined benefits to a defined contribution system.

Finally, as at July 31, 2005, 57 organizations had not yet paid their fees for the current year. This amounts to CHF 1,228,000, or 26% of the total fees. It goes without saying that, as Treasurer, I regret this situation, although I understand it and appreciate the difficulties faced by the member organizations. Nevertheless, I am still confident that the World Bureau will once again be able to collect the amounts due to it, albeit at the cost of considerable administrative work, so that it can close the financial year with a balanced result.

### **4- BUDGET FOR 2005-2006**

Traditionally, in Conference years, the budget for the following year is approved by the World Committee at a meeting held the day before the Conference opens. However, we would be sadly deceived if we thought we could draw up a detailed budget for the coming tax year before the 37<sup>th</sup> World Conference has even taken place. Indeed, some very important issues will be discussed that will naturally affect budgeting for the coming financial year, in particular:

- The strategic priorities defined by the World Conference
- The level of fees, the Movement's main source of funding, in particular the World Committee's proposal to adjust the basic level of fees in accordance with the inflation rate in Geneva. The budget will depend particularly on whether you approve this fee adjustment. The proposal will be presented to you during the course of the Conference. As you might well imagine, given the concerns I expressed about the state of the World Bureau's finances, I can only encourage you to approve it.

The amount of the contribution paid by the World Scout Foundation is already known. It will remain unchanged at CHF 1,500,000.

As a result, we will not be presenting a full budget. Instead, we would like to inform you about the preliminary document that has been submitted to the World Committee, and which will fulfill the

financial and operational aims of the World Scout Bureau while serving the member organizations in an optimum manner and ensuring that the financial results are balanced.

I would once again like to remind you that the financial difficulties I have warned you about throughout my report will not allow the Bureau to go any further than simply meeting its current obligations. The lack of funds is preventing it from aiming higher and thinking about its future development, as well as leaving it at the mercy of unexpected economic, stock market, or monetary developments.

## **5- CONCLUSION**

Throughout my report, I have tried to be as factual as possible in my description of the financial situation of the World Bureau's various units, the efforts made to meet the requirements arising from the strategic priorities defined by the World Conference in Thessaloniki, and the initial measures that will enable the Scout Movement to take this new millennium in its stride.

Like my predecessors, I have warned you about the chronic lack of funds at the Movement's disposal to fulfill the ambitions it ought to have.

This situation is not incurable. Thanks to its irreproachable image, its genuinely global presence, and its extensive network of local units, the Scout Movement is in a position to attract numerous partners at the educational and financial levels. The current debate about the Movement's image shows that these issues are of key import to the World Committee. It ought to ensure that the Scout Movement is the obvious partner for all those who share its underlying values. This is the direction in which the World Bureau is heading, backed up by the World Committee, which is assisting it in its active search for alternative sources of funding.

In spite of everything, the three coming years will once again present an ongoing challenge for those in charge of the World Bureau's finances. Each and every member organization must therefore endeavor, as far as possible, to support the Bureau in its financial and administrative tasks, whether by settling its fees in good time or for example by giving a favorable response to requests from the European and Inter-American Foundations, which contribute to the proper functioning of the World Bureau.

I have probably exceeded my basic remit as Treasurer, which entails approving the activities of the persons responsible for managing our financial assets. I now take pleasure in doing it officially and in once again offering a special thank you to our Deputy Secretary General Luc Panissod and all of his team throughout the world for their exemplary work during these three years.

Finally, I would encourage you all to set out resolutely to meet your aims in Scouting and through Scouting, without forgetting that you will ultimately only be successful if you meet your financial obligations toward the Movement.

Thank you for your cooperation and for your attention.