



**MERCY
CORPS**



MERCY CORPS NETHERLANDS

Annual Report and Accounts

For the year ended 30 June 2023

(1 July 2022 - 30 June 2023)



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Cover photograph: March 2019, Ngangu, Zimbabwe. Mercy Corps WASH Specialist Vimbayi Mazanhi helps to distribute jerrycans, water purification tablets, water storage buckets and soap to families taking shelter in a church. Ngangu, Zimbabwe. 2019-03-25. Photo by Ezra Millstein.

Photograph: March 2019, Hartasheik, Ethiopia. Farhan, 12, holds a goat in front of his family's house. His mother Safiya, 45, is a community leader in Hartasheik, Ethiopia. Mercy Corps trained her and several others in her community to help change dangerous traditional behaviors about women's health and natural resource management. Now the community is connected to health services and protecting the vital land that provides for them.

WHO WE ARE - OUR PURPOSE AND MISSION

Mercy Corps supports communities – and the most marginalised within them – to emerge from crisis in the face of conflict and climate change, and build towards a more inclusive, resilient future.

Mercy Corps works on the front lines of crises as a multi-mandate organisation that provides access to humanitarian aid, development, and peace assistance in places affected by conflict and climate change.

Our mission is to alleviate suffering, poverty and oppression by helping people build secure, productive and just communities. Beyond delivering aid to meet urgent needs, we develop long-term solutions to make lasting change possible, making it easier for affected communities to access resources, services, and opportunities that support them to cope, adapt, and ultimately thrive.

In more than 40+ countries around the world, over 5,400+ team members work side by side with people living through poverty, disaster, violent conflict, and the acute impacts of climate change. We're committed to creating global change through local impact – 84% of our team members are from the countries where they work.

As conflict and the climate crisis further deepen challenges across the globe, Mercy Corps is steadfast in our commitment to sparking new possibilities alongside our partners, communities we serve, and dedicated supporters. This last year, we have come together to support people as they overcome challenges and create lasting change.

We know that however complex or daunting the barrier, a path forward can be built with greater connection – to clean water, to nutritious food, to better economic opportunities, and to activities and solutions that foster peace within communities. Every person, family, and community we work with is on their own journey forward, and our teams provide support so they can better cope in the midst of crisis, adapt to evolving challenges, and thrive into the future. When communities face displacement, hunger, and other consequences of conflict and climate-driven disasters, Mercy Corps responds quickly.

In this financial year we reached over 38 million people through over 300 programmes in over 40 countries around the world.

Mercy Corps Netherlands (MCNL) is part of the global Mercy Corps organisation and exists to ensure effective stewardship and management of European resources, raise income, build influence and demonstrate impact in Europe to contribute to the mission of the global organisation, as stated above.

In this report, we use 'Mercy Corps Netherlands' when referring to the Netherlands-based organisation, and 'Mercy Corps' to refer to the global organisation.

MERCY CORPS NETHERLANDS

Mercy Corps Netherlands (MCNL) was established in December 2017 as a separate legal entity with its own constitution, operating as a part of the global organisation, Mercy Corps.

Mercy Corps Netherlands is part of a unified global organisation, Mercy Corps, which consists of:

- Mercy Corps Global (MCG), a US entity registered in Washington State and its field operations, including branches and local organisations located in approximately 40 countries;
- Mercy Corps Europe (MCE), a UK entity registered in Scotland with offices in Edinburgh and London;
- Mercy Corps Netherlands (MCNL) a Dutch entity registered in the Netherlands with offices in The Hague and Geneva.
- Other affiliated entities of the global organisation.

Mercy Corps Netherlands shares the global organisation's mission, vision, core values, and charitable objectives, as well as operational resources for the implementation of programme activities. MCNL maintains an independent governance structure and decision making in relation to those programmes for which it is directly responsible

STRATEGIC FRAMEWORK

In July 2022, we launched our new 10-year strategy – Mercy Corps’ Pathway to Possibility. This strategy reflects our ambitions to not only meet the basic needs of communities affected by conflict and climate change, but to achieve lasting, transformational change at scale.

Enhancing resilience is at the heart of what Mercy Corps does and how we work. Resilience means that people and systems can protect and improve wellbeing in the face of shocks and stresses. Mercy Corps strengthens sources of resilience to enhance the capacities of people, markets, and institutions to handle shocks, reduce risk, build more equitable and responsive systems, and improve wellbeing. Through our programmes, partnerships, and influence, we support communities to cope, adapt, and ultimately thrive.

We work towards four connected and reinforcing outcomes that determine people’s wellbeing and support them to cope, adapt, and thrive:

1. **Food Security:** People are well-nourished at all times, with access to sustainably produced, safe, and nutritious food.
2. **Water Security:** People have equitable and sustained access to clean and safe water to meet their everyday needs.
3. **Economic Opportunities:** People grow and sustain their assets and income.
4. **Peace and Good Governance:** People reduce or prevent violence, contribute to advancing sustainable peace, and participate meaningfully in inclusive and responsive governance systems.

The following five commitments underpin all that we do – regardless of programming interventions or context – and challenge us to be more accountable and to continuously push the boundaries of what is possible:

1. **Climate Smart:** We take bold action to meet the urgency of the climate crisis.
2. **Evidence Driven:** We use data, evidence, and analytics to drive impact, scale what works, and influence others.
3. **Innovative and Creative:** We innovate and work with change-makers to test, co-create, and scale more effective solutions.
4. **Locally Led:** We are intentional about sharing and ceding power, building meaningful partnerships, and centring communities’ voices in all we do.
5. **Safe, Diverse, and Inclusive:** We help create a culture of inclusion for all people that protects, enables, and elevates diverse community members and groups.

OUR PEOPLE

MCNL is managed by a Board of Directors responsible for the oversight of MCNL’s overall performance and development, internal risk management and control systems, as well as the efficient management of financial resources. All powers which are not vested in the Management Board pursuant to the law or the Articles of Association are vested in the General Meeting.

Mercy Corps Netherlands Board of Directors:

Ludovic Subran - Board Chair
Scott Brown – Treasurer (Resigned 31 March 2023)
Kito de Boer
Carin Beumer
Iman Dakhil (Term ended 30 June 2023)
Pepijn van Dijk
Lucy Helm (appointed 1 July 2022)

Mercy Corps Netherlands General Meeting Members:

Emmanuel Lulin (Appointed 1 July 2022)
Iman Dakhil (Resigned 30 June 2023)
Lucy Helm
Gisel Kordestani (Resigned 30 June 2023)
Tjada D’Oyen McKenna
Melanie Thomas Armstrong
Cecily Joseph
Lesley Ndlovu (Appointed 1 July 2022)
Alan Hartley

MCNL Team

At the end of FY23, MCNL team included 39 positions covering support to the existing programmes, new programme development, and administrative and operational needs of the organisation. 25 team members were based in The Hague, five in Brussels, four in Geneva, four in France and one in Ireland. We have increased our presence and engagement in Brussels, in line with our strategic goal of growing our funding and influence with the EU institutions.

MCNL activities in the Netherlands are managed by Marina Antunovic, MCNL Managing Director, who reports to the MCNL Board of Directors and the European Executive Director and serves on the European Senior Leadership Team.

STRATEGIC REPORT

In 2022, we saw unprecedented shocks and stressors as rising conflict, the compounding effects of climate change, and unrelenting hunger affected communities around the world. The past year has been dominated by the headlines from Eastern Europe, with Russia's full-scale invasion of Ukraine and the mass exodus of millions of refugees into neighbouring countries and the widespread internal displacement of Ukrainian families. Mercy Corps' response to the crisis gathered pace during the year, from initial mobilisation in March 2022, reaching more than 120,000 individuals across Poland, Moldova and Ukraine with activities such as providing cash assistance and non-food-items, and protection activities which included psychological support, psychological first aid, legal aid, and access to information.

The impact of the war in Ukraine was felt far and wide, as disruption to the substantial grain and fertilizer supply chain exacerbated the global food crisis created by climate change and economic fallout caused by the pandemic. At the start of FY23, over 345 million people faced high levels of food insecurity and were in need of urgent assistance. An estimated 691 to 783 million people experienced hunger in 2022, an increase of 122 million compared to 2019. Nowhere was this felt more acutely than in the Horn of Africa where Mercy Corps has been strengthening the resilience of communities to the recurring shocks and stresses of climate change, specifically drought. Since late 2020, four consecutive failed rains led to increasing food insecurity, malnutrition and risk of famine, with an estimated 20 million people affected across Ethiopia, Kenya and Somalia. Mercy Corps has been active in this region for many years and was able to respond in the most-affected locations with interventions spanning: cash assistance to support enhanced food security, nutrition and basic needs; increasing access to water through the development or rehabilitation of strategic water points, as well as hygiene promotion; and supporting pastoral and agricultural livelihoods with market-based interventions to protect assets and safeguard income.

Across the Middle East region, the war in Ukraine continued to worsen some of the most alarming humanitarian situations, prompting political destabilisation, weakening opportunities for economic recovery, and forcing many more into a dependence on international or state-funded relief. Where Mercy Corps operates, countries are heavily dependent on food and energy imports from Ukraine and Russia exacerbating severe humanitarian crises and heightening food insecurity, in places such as Yemen, Syria and Lebanon. Mercy Corps' teams who were on the ground responded with immediate support through cash distributions, as well as longer-term support to small and medium-sized enterprises (SMEs) and market systems to bolster the struggling economy and create or sustain employment.

Our global team works with communities to support them as they cope with and adapt to today's toughest challenges while developing shared solutions to thrive into the future. Because we believe all communities — and the people within them — can generate the power to create transformational change, withstand the unexpected, and ignite the power of possibility.

The support of our global community helped us reach more than 38 million participants across nearly 300 programmes in 40+ countries last year, many of them driven by their own strength and determination to overcome challenges they did not create.

Mercy Corps Netherlands programmes reached over three million people during this period, with the majority participating in agriculture and food security initiatives, followed by water, sanitation and health, and cash and voucher programming. Our impact has been concentrated in the north east of Africa and the Sahel regions (over 80% of activities), Ukraine and neighbouring countries (10%), and the rest spread over our Asia, Middle East and Americas programmes.

Humanitarian Response Capacity, Governance Saving lives from the beginning: protecting maternal health in Venezuela

Venezuela is in the midst of an unprecedented socio-economic and humanitarian complex emergency—the result of political conflict, economic inflation, and climate-induced shocks—that has led to food insecurity, the second largest migration crisis in the world, and regional instability. Poverty, loss of livelihoods, lack of access to essential services (health, education and food), and vulnerabilities to abuse and/or violence increased in the recent years, particularly during the COVID-19 pandemic. The humanitarian crisis continues to strain the Venezuelan health system. The ability to provide specialized health assistance is especially affected by the departure of qualified personnel, disruptions to hospital infrastructure, interruptions in water and electricity supplies, and shortages of specialized drugs and medical supplies. Mercy Corps' ongoing response, funded by ECHO, aims to contribute to the reduction of risks of mortality and morbidity of pregnant women and newborns affected by the humanitarian crisis in Venezuela by strengthening the capacities of the health system through a multisectoral approach in areas affected by complex humanitarian crisis and strengthening governance, resilience and response capacity of local actors and the humanitarian community in the country through the production and analysis of information.

Multisectoral humanitarian assistance is provided to improve access to health services for vulnerable populations, pregnant women and (healthy) newborns, in areas affected by the crisis in Venezuela, while communities and local partners have improved their capacity and understanding to respond to the needs and reduce the vulnerabilities of the target group.

The project will assist with and provide protection services to 922 pregnant and lactating women and newborns affected by the complex humanitarian crisis in border areas of Miranda and Sucre by providing multisectoral humanitarian aid including the strengthening of local capacities of communities and partners on maternal health, sexual and reproductive health, GBV protection, child wellbeing and maternal breastfeeding through awareness raising targeted actions (22.605 adult women and men).

Peace and Good Governance COMITAS, Mitigating conflict over natural resources in Nigeria.

Clashes between farmer and herder communities in Nigeria are often understood in ethno-religious terms due to the spread of unreliable information. However, competing claims to land, water and other natural resources are at the root of growing tensions. Pressure on natural resources has increased due to demographic growth, expanding human settlements, privatization of land, year-round farming practices, environmental degradation, and climate change. In the absence of mutually agreed upon solutions, disputes over crop damage, livestock theft, and water pollution have increasingly turned violent. Traditional conflict resolution mechanisms have been pushed beyond their breaking point and trust in authorities is at an all-time low due to widespread inaction, impunity and a perceived bias.

The International Organization for Migration (IOM), Search for Common Ground (Search), and Mercy Corps designed a comprehensive and integrated approach entitled "Contributing to the mitigation of conflict over natural resources between farmer and herder communities in Adamawa state, Nigeria (COMITAS)" to support the communities in addressing some of these challenges. The project is funded by the European Union (EU) Instrument contributing to Stability and Peace (IcSP) that responds quickly and flexibly to conflicts and crises. COMITAS is empowering communities to prevent and respond to violence by strengthening collaboration on Natural Resource Management, foster trust through community dialogue, and promote positive perceptions through reliable information and peace messaging. 2,750 community members participated in community awareness-raising events and acquired knowledge to solve environmental degradation issues and other resource gaps through sustainable agricultural practices, cattle/stock route management, and land use and tenure management.

Representative of local authorities trained on interest-based negotiation, mediation, and natural resource planning have contributed to an overall reduction in violent conflict by 29%. 231 members of the 10 COMITAS Natural resource management committees completed Interest-Based Negotiation & Mediation (IBN+M) training. 124 representatives of government authorities from the 5 implementation local councils completed IBN+M training. 13 communities benefited from the quick impact projects.

Communities have access to seasonal climate predictions, flooding alert information and possible management practices both in English and local language with the support of Nigeria Meteorological Agency (NIMeT) SCP Application.

Economic Opportunity and Climate Resilience Enter Energy Ethiopia Program

Conflict and climate change are increasingly driving population displacement and large-scale humanitarian crises. While the humanitarian crises continue to grow, limited resources have been allocated to energy access, which is critical for improving the lives and livelihoods of people in humanitarian settings. Energy access plays a crucial role for the development of livelihoods, supporting health, wellbeing and ensuring safety, as articulated across the Sustainable Development Goals (SDGs). However, displaced communities continue to be left behind; governments are reluctant to install permanent infrastructures to serve displaced people, partially to avoid fomenting friction with host communities that are often receiving low standards of public services.

Ethiopia has the second largest refugee population in Africa, who are living under difficult conditions. The scale of the refugee numbers, and the long-term nature of the challenge, requires new thinking and innovative solutions. To date, donor and non-governmental organization support has focused on delivering crucial life-saving assistance and essential services for refugees in Ethiopia, but there has been little focus on stimulating sustainable economic opportunities for refugees and host communities to find 'durable' solutions. In refugee camps, access to energy is mixed. Most of the camps lack basic services across different sectors; thus, technological solutions that could provide integrated access should be prioritized. Thus, Ethiopia provides an important opportunity to test innovative approaches to energy delivery for refugee and host communities.

Enter Energy Ethiopia (EE-E) initiative in Sheder Refugee Camp, in the Somali Region of Ethiopia, is designed to develop a scalable, sustainable, reliable, and affordable market-based model for clean energy access that improves living conditions and livelihoods of refugees and host communities in Ethiopia.

The program will test an energy access model for long term service provision that can be replicated and scaled up. To achieve such an ambitious goal, Mercy Corps has partnered with national stakeholders through a ground-breaking approach with the incorporation of a commercial Special Purpose Vehicle (SPV), called Humanitarian Energy (HumEn). HumEN is established to design, finance, deploy, and operate on a semi-commercial base, mini-grids and ESCO/leasing models for households, small businesses and humanitarian facilities and operations. The Ethiopia Petroleum and Energy Authority (PEA) has granted the country's first commercial mini-grid license under its new mini-grid directive to HumEn, which will allow HumEn to deploy and commercially operate solar PV mini-grid to provide service for refugee and host communities.

The first mini-grid project under the Enter Energy Ethiopia program is currently being developed for the Sheder Refugee Camp to serve about 12,000 refugees, providing community lighting, productive uses of energy (mills, commerce, small business, etc.) and additional installations for captive uses for selected humanitarian organisations and operations in Sheder and other locations in the Somali Region. In February 2023, a ground-breaking and cornerstone laying ceremony was held for the mini grid in the presence of high-level government officials from federal and regional levels.

Mercy Corps and HumEn are exploring opportunities to expand the model to other camps in Ethiopia. A feasibility study is completed assessing electrical and clean cooking needs in three refugee camps: Melkadida, Kobe, and Hilowayn, and associated host communities in the Bokolmayo and Dollo-ado Districts of Liben Zone.

Water Security HAF Volcano Response, Democratic Republic of the Congo

The eruption of the Nyiragongo volcano caused several damages in May 2021, including the destruction of the Bushara and Mont Goma reservoirs. As a result, more than 500,000 people had no access to drinking water. In March 2022, with the financial support of various donors, including the Heineken Africa Foundation, Mercy Corps successfully repaired the Bushara reservoir, thus restoring access to drinking water in the northern part of the city of Goma.

Despite the Bushara reservoir's repair, access to water issues persisted in the Himbi, Murara, Virunga and Kahembe neighbourhoods, where more than 18,500 people are struggling to access drinking water due to the damage to the Mont Goma reservoir. People often go down to Lake Kivu, sometimes covering a distance of seven kilometres, to go up fairly steep slopes with 20, 40, 60 or 80 litres of water on their back. Water has always been a problem in Goma. The lack of a distribution network covering the whole city forces tens of thousands of people every day to collect water from public fountains or to buy water - sometimes of dubious quality - from street vendors. They often do so at much higher prices than the water distributed by the existing network. This has a disproportionate impact on the poorest in society. To address these challenges, the second phase of the project will repair the Mont Goma reservoir.

The security situation around the city of Goma continues to affect the implementation of the project and the cost of materials. To address this challenge, Mercy Corps through its Security and Crisis Analysis Department is closely monitoring the evolving context to see how to adapt activities to restore the water network in the area served by the Mont Goma reservoir. In addition, the project team is focusing on local recruitment of labour as it is familiar with the context and can easily cope with operational challenges to avoid losing more time.

Humanitarian Response Capacity Pakistan Emergency Support to Meet the Immediate Needs of Flood Affected Communities

Across southern Pakistan, heavy monsoon rainfall caused devastating flash floods from July to October of 2022. The floods affected more than 33 million people—15% of the population—killed over 1,700 people, and left hundreds of thousands without homes. While seasonal monsoon rains are expected and support agriculture in Pakistan, the 2022 season was unlike any other in recent memory—with flooding inundating one-third of the country. In the months following the floods, many families were living in makeshift tents by the side of the road and were at risk for communicable diseases and infections. Floodwaters remained and had not fully receded, causing disruptions to agricultural production.

In the aftermath of the floods, our teams prioritized providing communities access to water, sanitation, hygiene, primary healthcare, multi-purpose cash, and temporary shelters. We focused on reaching large families, women-led households, and people with disabilities in the Balochistan province, and to assist in early recovery. The intervention was designed to be in line with the UN Flood Response Plan: the most vulnerable flood-affected populations received emergency assistance packages covering their essential needs, affected households have equitable access to safe water, affected communities have access to primary health care through mobile health camps, and flood affected livestock farmers received short term support to restore their livelihoods. Integrated humanitarian assistance has so far been provided to some 12,773 vulnerable individuals who had been affected by the floods in Quetta, Jaffarabad and Sohbatpur districts in the Balochistan province.

DIRECTOR'S REPORT

Governance

Mercy Corps Netherlands (MCNL) is registered in the Netherlands as an Association under the Dutch Trade number 70333564 and came into operation on 19 December 2017. The relationship between Mercy Corps Europe (MCE) and MCNL is governed by a Governance Agreement and Memorandum of Understanding (MOU) that also includes Mercy Corps Global (MCG) and which covers matters relating to programmes, funding, governance, intellectual property and other legal affairs. The MOU was updated in January 2021 to reflect MCNL's updated structure and capacity to manage programmes and operations.

MCNL's Board of Directors welcomed Ludovic Subran as Board Chair in July 2022. One Board Director resigned in March 2023 and a new Director was appointed to start their term in July 2023. The balance and diversity of Board Directors is closely reviewed by the Boards and the Joint Nominating and Governance Committee, with an emphasis on ensuring that Board Directors provide the specific mix of skills that have been identified as important to the charity's objectives and activities. All new Board Directors receive a full induction programme to ensure they understand their role and responsibilities, including with respect to safeguarding (which is also provided on an annual basis thereafter).

There are four standing Board Committees made up of Board Directors of MCE, MCNL and MCG and other independent individuals with relevant experience, under specific terms of reference from the Board. Each of the Committee's report to the MCE, MCNL and MCG Boards at the quarterly Joint Board meetings. These Committees are:

Joint Audit and Risk Committee (JARC): The JARC provides assistance to management and to the Boards in fulfilling their oversight responsibility to donors, potential donors, the NGO community and other stakeholders regarding Mercy Corps' financial statements and the financial reporting process. It assists with ensuring the integrity of the Mercy Corps consolidated annual statements; the selection, engagement and dismissal of Mercy Corps' independent auditors and the performance of the Mercy Corps internal audit function. The JARC has oversight of Mercy Corps' enterprise risk and entity-specific risk management frameworks.

Joint Finance Committee (JFC): The JFC provides assistance to management and to the Boards in fulfilling their oversight responsibility with respect to the financial stability, financial strategy and the long-term economic health of Mercy Corps. It reviews the financial condition, policies, and practices of Mercy Corps and provides reports and recommendations with respect to these to the JBEC and as appropriate to the Boards.

The Joint Ethics and Safeguarding Committee (JESC): JESC is chartered to oversee the management and advise the Boards on all ethics matters. The Committee will oversee ethics-related policies, including safeguarding, and management's implementation of ethics systems (reporting, investigation, training, accountability, case resolution and annual ethics reporting to the board). The Committee will also consider specific topic areas that may arise, such as safeguarding; diversity and inclusion; philanthropy ethics; ethics of technology; ethics in human resources; and ethical challenges in crisis management.

Joint Nominating and Governance Committee (JNGC): The JNGC is responsible for making recommendations for membership, as well as providing advice and recommendations regarding corporate governance practices to the respective Boards of Directors of Mercy Corps.

The Joint Committees are chartered to provide assistance to Mercy Corps management and the Board of Directors in fulfilling their oversight responsibilities on the various matters under each Committees' remit.

Our Remuneration Policy

Mercy Corps promotes a workplace that emphasises employee wellbeing, holistically supported through a comprehensive benefit package that helps team members care for themselves and their families.

MCNL's compensation package was reviewed this year following a comprehensive market analysis to ensure we remain competitive in a fast-changing economic situation. Our new compensation package – competitive pay and comprehensive benefits – is designed to both attract and retain high-calibre, diverse, high-performing individuals at all levels. MCNL evaluates external market data and internal organisational context on a regular basis to ensure that our compensation packages are competitive, equitable and represent responsible stewardship of organisational resources. MCNL maintains a banded pay structure that has been established with input by third-party compensation consultants, which reflects differences in the employment markets of our office locations and respects the level of responsibility for each team member. Additionally, team members can expect annual pay increases based on their individual performance, dependent upon the availability of funds, and informed by the current and next year's financial position of MCNL.

MCNL's benefit package includes family friendly and flexible working approaches that assist team members in finding meaningful work-life balance, team member care support, pension scheme and a complementary healthcare programme. An additional day of annual leave was added to the benefits this financial year as well as employer pension contributions increasing too. Next financial year we will do a full review of our benefits to ensure key benefits are enhanced as part of our commitment to support our employees and become an employer of choice within the sector. We continue to support a hybrid working environment, supporting staff to work from home as well as hosting quarterly in-person days to promote our culture, values and behaviours and build team spirit.

Integrity/ Code of Conduct

Mercy Corps' Code of Conduct policy framework applies agency-wide to the Board, management and team members, as well as Partners. Mercy Corps has ten Code of Conduct policies comprising:

- Global Code of Ethics
- Sexual Misconduct Policy;
- Child Safeguarding Policy;
- Preventing Sexual Exploitation and Abuse of Programme Participants and Community Members Policy;
- Ethics Complaints and Whistleblower Policy;
- Anti-Human Trafficking and Exploitation Policy;
- Anti Discrimination, Harassment and Bullying Policy;
- Anti-Fraud and Corruption Policy;
- Conflict of Interest Policy; and
- Preventing Support for and Transactions with Prohibited Parties Policy.

All policies are available in Arabic, English, French and Spanish through our Mercy Corps' digital library. Mercy Corps' approach to Ethics and Code of Conduct policies are also publicly available on our website:

<https://www.mercycorps.org/who-we-are/ethics-policies>

The Code of Conduct policies clearly identify the types of prohibited conduct and clearly state that staff must refrain from any acts of misconduct and include the consequences of engaging in conduct that breaches the Code of Conduct policies. Mercy Corps has a zero tolerance approach for abuse, harassment or exploitation and is committed to ensuring physical and psychological safety within our teams and our programmes.

Mercy Corps internal documents contain commitments to ensure equal treatment and non-discrimination on the basis of race, gender, age, religion, sexuality, culture or disability. Refer to the **Anti-Discrimination, Harassment & Bullying Policy** which confirms the commitment to a work environment in which everyone is treated with respect and dignity and which is diverse and inclusive and where working relationships are based on and built around mutual respect, and are free of bias, prejudice and harassment. The Policy applies globally.

In addition, Mercy Corps has set out clearly its global commitment to Gender Equity and Racial and Ethnic Diversity. Our gender initiative is one important part of Mercy Corps' commitment to creating and maintaining a diverse community and we believe it is our responsibility to model our values by ensuring that as much as possible, our teams represent all people in the communities in which we work. Mercy Corps' **Vision for Racial and Ethnic Diversity** outlines Mercy Corps' commitments to diversifying our global leadership team along racial and ethnic lines and to creating an equitable and inclusive workplace to support our diverse talent globally. It outlines the outcomes we plan to achieve and concrete actions we will take, as well as specifying how we will hold ourselves accountable. See our [Diversity, Equity and Inclusion webpage](#). In 2020, Mercy Corps published our **Gender Equality, Diversity and Social Inclusion Strategy (2020-2023)** which lays out our plan to remove barriers, address root causes of inequalities and model the power of diversity and gender equality in who we are and how we show up as a partner. This document sets out our steps for the next three years for us as an organisation (building on the Vision) and in our programming. Mercy Corps has developed a number of resources to support these commitments, including a **Gender, Diversity and Inclusion (GDI) Diagnostic tool**, **Affinity Group toolkit** and **Mitigating Bias & Advancing Equity in COVID-19 Response**.

Safeguarding Statement

As a global humanitarian organisation working with some of the world's most vulnerable communities, we have an immense responsibility to our programme participants, donors and team members in the countries in which we work. At Mercy Corps, we strive to create an inclusive and safe work environment, where everyone is treated with dignity and respect, free of exploitation, harassment and bias. Central to this commitment is our emphasis on protecting our programme participants and team members from all forms of harm, including any physical, emotional or sexual abuse or exploitation. We take this responsibility seriously and we continue to invest in and strengthen our approach to safeguarding. Mercy Corps Netherlands aligns with Mercy Corps Global's safeguarding approach and code of conduct policies.

The Chief Ethics & Compliance Officer (CECO) leads a stand-alone Ethics and Compliance Department that supports Mercy Corps' global operations and unifies all of our safeguarding and compliance teams. Regarding Safeguarding, the Ethics and Compliance Department includes the Intake and Investigations Team which is responsible for overseeing all investigations relating to safeguarding allegations and the Safeguarding Prevention Team which includes supporting safeguarding prevention efforts across all countries where Mercy Corps operates. As part of that team, there is a European Safeguarding Advisor with a particular focus on European donors, programmes and networks.

The Mercy Corps global Community Accountability Reporting Mechanism (CARM) policy, effective from 1 January 2021, makes it mandatory for all programmes to have systems in place for community members to provide feedback and complaints in a manner that is safe, confidential, transparent, and accessible, enabling Mercy Corps to respond and make any necessary programmatic or safeguarding adaptations and to ensure the safety, security, and empowerment of community members.

Mercy Corps continues to report on our Commitments to Action and progress made following the independent external review into what steps were taken when reports of abuse by Mercy Corps' late co-founder Ellsworth Culver were brought to the organisation's attention in 2018. Mercy Corps' latest report Commitments to Action progress report can be found [here](#).

Mercy Corps' policies related to safeguarding can be found at - <https://europe.mercycorps.org/en-gb/who-we-are/ethics-policies>

Mercy Corps' Global annual Safeguarding Report can be found at - <https://www.mercycorps.org/who-we-are/ethics-policies#safeguarding-approach>

Risk Statement

Mercy Corps works in fast-changing, often insecure and high-risk environments, delivering its mission in some of the toughest and riskiest places in the world. This means that risks are inherently ingrained in our operations - the problems we seek to address are often entrenched and therefore require innovative approaches, many of which carry risks. However, we believe the potential opportunities these solutions offer are worth the risks, and Risk Management is therefore embedded throughout Mercy Corps, across all levels of the organisation. To operate effectively, bring about the changes we aim for, and safeguard our team members and the people we work with, we assess and respond to the risks we face in accordance with our risk management framework.

Mercy Corps operates as one global organisation, with common exposure to financial, operational, reputational and external risks. MCNL therefore works closely with MCE and MCG and our country teams to identify, mitigate and manage risks in our challenging operating environments. Globally, Mercy Corps has an enterprise risk management approach and maintains a global risk register. In addition, MCNL and MCE share an entity-specific risk management framework and accompanying Corporate Risk Register, as both entities are exposed to the same or similar risks. This is reviewed quarterly by the European Senior Leadership Team and with trustees as part of the Audit and Risk Committee. Key risks are discussed and actions being taken scrutinised.

Enterprise Risk Management globally

Globally, Mercy Corps frames Enterprise Risk as any uncertain significant event or circumstance including strategic, preventable and external risks which could impact the achievement of Mercy Corps' mission. Enterprise Risk Management (ERM) is a comprehensive approach to helping leadership ensure the appropriate identification, prioritisation, management, mitigation and/or acceptance of Enterprise Risks. The Global ERM Committee in FY23 consisted of: Mercy Corps' General Counsel, Deputy General Counsel, Chief Financial Officer, Chief Operating Officer, Chief People Officer, Chief Ethics and Compliance Officer, Vice President of Programs, Vice President – Strategy Realization, Chief Development and Marketing Officer, Chief Marketing and Communications Officer, and Mercy Corps Europe Executive Director (plus observers). The ERM Committee meets as frequently as it deems necessary to carry out its duties and responsibilities, and in any case no less than three times a year.

Additionally, on an annual basis, key risks are identified for each of our countries of operation by their relevant teams. Mitigating strategies are subsequently developed and managed throughout the year. Risk management is also a key component of "Programme Management at Mercy Corps" and programmes designated as complex, either by virtue of size, nature or location, are subject to additional rigour. Most Mercy Corps programmes develop programme risk registers as part of the good project governance and are required by most of our donors.

Mercy Corps also has a wider assurance framework which includes associated policies on health and safety, incident reporting, anti-fraud, bribery and corruption, conflict of interest, management of complaints and grievances, prohibited parties, safeguarding, security, and raising concerns (whistleblowing). These policies aim at ensuring that where incidents give rise to risks, these are identified, acted on swiftly, and reported according to our regulatory responsibilities. Throughout the year, risk-based internal audits of country offices are conducted by the Mercy Corps Internal Audit team. In FY23 twelve internal audits were carried out. Internal audits reports are shared with management and the JARC. Agreed actions and recommendations from each audit are followed up throughout the year and reports on their significant findings and implementation of the action plans are also reviewed by management and the JARC. Work continues to aim to reduce the incidence of repeat findings and to determine organisational-wide improvements identified through country internal audits, as well as identifying appropriate resources to support such efforts.

Risk management at MCNL

MCNL shares the European Risk Management Framework relevant for risks applicable to the European entities (some of which overlap or interconnect with risks applicable for Mercy Corps globally). Together with Mercy Corps Europe, MCNL maintains a Corporate Risk Register (CRR) which sets out key business, operational and financial risks facing MCNL. Discussions around key risks takes place regularly during the European Senior Leadership Team meetings. The CRR is shared with the JARC at their meetings no less than three times a year.

The Board of Directors of MCNL are ultimately responsible for the risk management of the European entity. The Board has the opportunity to assess MCNL's position and raise queries relating to individual or collective risks. As at the end of FY23, the significant risks noted by the MCNL Board are assessed to be:

Perennial risks:

- **The external political environment in Europe potentially impacting financial stability of the organization:** We are investing in our policy and advocacy and fundraising capacities, and working to diversify our sources of funding.
- **Potential safeguarding risks which go undetected resulting in significant legal and reputational damage:** We continue to strengthen our mitigation measures around safeguarding, including in relation to awareness, prevention, reporting, response and investigation when issues arise, as well as increasing country and regional resource and capacity. In FY23 a policy review was completed, including of the Anti-Human Trafficking and Exploitation Policy and the Child Safeguarding Policy. The Global Code of Ethics was also rolled out and the Safeguarding Core Standards are in the final stages of development to be rolled out in FY24. We have recruited a European Safeguarding Advisor.
- **Team members are placed at risk of harm, including related to mental health and wellbeing:** We have global security policies and procedures in place and up-to-date, as well as country-specific guidelines. Our global and regional security advisors provide technical support. We have health and safety policies and procedures in place for our work in the Netherlands which are evaluated on a regular basis. Hostile Environment Awareness Training (HEAT) training is available for team members who travel to our field offices. During FY23, we assessed Covid-19 to be endemic and therefore removed the Covid-19 focus from the framing of the risk; however, we continue to monitor the implications on team members and the organisation. In FY23, we hired an experienced interim Director of People team in Europe to support with special projects, including in relation to wellbeing.
- **Fraudulent activity impacting the financial stability and reputation of the organization:** In FY23 the updated Anti-Fraud and Corruption Policy was approved and rolled out. The Conflict of Interest Policy is under review. We have accompanying procedures and internal controls in place, monitored through internal audit. We have online mandatory training for all team members. We have mechanisms in place for reporting allegations, including an integrity hotline and our Community Accountability and Reporting Mechanisms (CARM) systems in the countries where we work. In FY23, following the global Fraud Risk Assessment, we have identified working groups to work through the priorities.
- **Data Protection and specifically non-compliance with GDPR, and cyber-attacks:** We have data protection policies and procedures in place, which were reviewed and updated for compliance with Dutch and EU specific regulations. MCNL sits on the European Data Oversight Group which meets regularly. We have mandatory global responsible data training and in addition we provide specific training on GDPR to Europe based staff as part of onboarding and refreshers thereafter. We maintain an MCNL data schedule for each department and our Data Protection Officer carries out a quarterly review to monitor compliance and support actions. In FY23, we hired a Netherlands based Data Protection Coordinator to bolster our understanding of the Dutch data protection regime. We are constantly updating and strengthening IT and IS policies and cyber security mitigation measures.
- **Unexpected disruption of our programme activities in country or an event impacting European operations:** Measures are in place to ensure strong monitoring of security risks, including an increased emphasis on contingency plans for high risk contexts. Regional security advisors are looking at regional dynamics/trends and the Emergency Preparedness Planning process across all countries. We have been training our senior leaders on crisis management and constituted a Crisis Management Team to stand up in light of a global crisis.
- **Environment and social risks in our programming:** We know there are environmental and social risks associated with our programs. Sometimes, these risks are a result of our program activities, while other times, they stem from the increasingly volatile contexts in which we work. Our donors are also increasingly aware of these challenges and have consistently upgraded the expectations for how we will address them. For these reasons, and as part of the Climate Commitment under our new strategy, we have committed to updating our capacity to manage these risks and developed a new set of environmental compliance and safeguard tools which were rolled out this year to inform the development of our programmes at the country and regional levels.

Monitoring and Evaluation

Mercy Corps believes that strong monitoring, evaluation, and learning (MEL) contributes to improved program quality, performance, results and impact; advances Mercy Corps' mission; and increases accountability to program stakeholders. The updated MEL Policy from January 2022 clarifies Mercy Corps' fundamental expectations regarding MEL practices in all stages of the program management cycle. The Minimum Standards outlined in this MEL Policy are consistent with Program Management Policy Minimum Standards and are integrated within the Program Management Policy. The MEL Policy outlines the elements (referred to as "Minimum Standards" below) necessary to promote a culture of learning and innovation within the scope of every program and across the agency, based on credible evidence derived from program implementation. With adherence to the MEL Policy, our programs are better positioned to define and measure success, identify challenges for improvement and learning, generate higher quality programmatic evidence, and use that evidence to drive greater lasting impact in the world.

As part of good program management, the MEL Minimum Standards help all programs to:

- Ensure that strong MEL is adequately planned and resourced;
- Establish an effective MEL system to monitor and evaluate program implementation;
- Generate credible evidence to understand and substantiate impact;
- Use evidence generated through program monitoring and evaluation to learn about and improve current and future programming;
- Support accountability, meet donor expectations, and mitigate data quality risks, including passing data quality assessments (DQAs); and
- Improve and maintain Mercy Corps' reputation as a thought leader internally and externally through reporting program results to stakeholders.

MCNL Programme, Compliance and Finance Officers, working closely with country teams, are responsible for the monitoring and oversight of programme implementation, including spending and compliance with donor rules and procedures. This includes internal reporting from country offices to MCNL, regular video/tele conferences with the team in country and in-country visits. Mercy Corps works with country teams to set up monthly internal reports for programmes so that Programme Officers can review progress on the programme, and support with any upcoming needs. Also, this allows Programme Officers to keep track of any delays or issues which might need further support from relevant technical teams, and/or need to be communicated to a donor.

At the country level, our Monitoring, Evaluation and Learning (MEL) team helps Mercy Corps programme teams to make data-driven decisions and ensures that teams always have the ability to capture data, effectively measure change, and learn from programme outcomes. Our wealth of tools include the DIG (indicator guide), MEL Wiki, TOLA Data (indicator tracking) Wikimedia site and programme examples in the digital library. Our Programme Performance and Quality (PaQ) Unit, globally and with dedicated team members regionally and in-country, supports and enables quality programme implementation by establishing and maintaining standards for excellence, championing an evidence-based practice to strengthen programme performance, and leading multi-departmental processes to improve programme management and quality across the agency.

Communication with Stakeholders

MCNL monitors and fulfils its contractual reporting obligations to all donors based on well-established programme management procedures applied throughout its operations. Relationships with donors and other stakeholders are managed collaboratively by the MCNL teams based in Europe and the country programme teams. Regular reporting on activities is in place for all donor funded activities.

Information about our activities is shared through our website, social media, and through organisation of and participation in thematic events, contributing to public awareness of our activities and impact. Our past annual reports and financial statements, integrity policies, strategy and governance information are available on the new website. The website includes links to our integrity hotline as well as a general contact information for suggestions, remarks or complaints.

Our information is also available on the designated CBF page and through links on the websites of membership organisations such as Partos, VOICE and EPLO. MCNL's team in the Netherlands engages with peer agencies and other stakeholders by participating in and hosting targeted events showcasing our programme activities, research and analysis.

Donors and Partners

MCNL's fundraising was focused on institutional donors and foundations. Programmes in FY23 have been supported by and implemented in partnership with these organisations:

- Bayer Foundation
- Carbon Trust
- Cooperative for Assistance and Relief Everywhere (CARE) Netherlands
- Cooperazione Internazionale (COOPI)
- Danish Refugee Council (DRC)
- Dubai Cares
- Dutch Ministry of Foreign Affairs
- East West Tea Company
- European Commission (EC)
- European Humanitarian Aid and Civil Protection (ECHO)
- International Rescue Committee Germany (IRC)
- International Organisation for Migration (IOM)
- Irish Aid
- Italian Development Cooperation
- Heineken Africa Foundation
- Netherlands Enterprise Agency and Dutch Ministry of Foreign Affairs (RVO)
- Norwegian Refugee Council
- Novo Nordisk Foundation through the consortium managed by the Danish Refugee Council (DRC)
- Oxfam
- Shell International
- Solidarités International
- SPARK
- SNV
- Swiss Development Cooperation (SDC) through a consortium managed by the Wageningen Centre for Development Innovation.

Plans for the Next Fiscal Year

Looking towards the next fiscal year, Mercy Corps will be launching a Strategic Plan for Europe. This will bring to life how Mercy Corps will deliver the Pathway to Possibility over the next three years in Europe, aligning activities to our Pathway to Possibility and country strategies, and focussing teams on the delivery of Mercy Corps' mission. This will include the development of an updated three-year strategic plan for Mercy Corps Netherlands.

We have agreed four outcomes for the next three years:

Outcome 1: New ideas & innovations are thriving in Mercy Corps due to financial stability & increased unrestricted income

Outcome 2: Mercy Corps is the 'Go-To' partner for European Stakeholders, delivering climate resilience programming in fragile places

Outcome 3: We have a healthy and happy workplace full of creativity, experience and positive energy which is mission driven

Outcome 4: Our country and regional programming are thriving with funding aligned to P2P and country strategies, with efficient and clear support structures in place

We aim to strengthen our partnerships, increase our brand visibility in Europe and build our reputation as an organisation supporting communities to cope, adapt and thrive in countries impacted by conflict and climate. We will undertake deep engagement with European donors and policy makers, ensuring our research and learning is widely shared with them to inform future policy and practice, as well as learning from the sector more widely too. We will continue to support our country and regional teams to thrive, delivering quality, impactful programming with access to funding aligned to their country strategies.

Our programming will seek to incorporate climate sensitive approaches, as well as ensure we are working with and through partners where possible as a first priority. We will continue to strengthen our financial systems to ensure greater efficiency and effectiveness in how we deliver our programming, as well as establishing a strong data and evidence base to strengthen our ability to evaluate our reach and impact. Mercy Corps remains committed to increasing diversity and supporting inclusion at all levels within the organisation and will continue to set targets which encourage us to stretch ourselves to improve diversity, and support equity and inclusion.

We will also continue to improve our systems, benefits, policies and procedures to support our people, ensure the recruitment and retention of highly skilled talent within Europe and build our culture which aligns with our values and behaviours.

This year we will focus on ensuring we have a range of benefits available to staff, building on the work started in FY23 as part of the compensation review, as well as ensure our staff compensation remains competitive for the sector in the markets in which we recruit. We will also work to action the plans identified as priority from our all staff survey and ensure we invest in teams as required to meet our strategic goals over the next three years.

P2P Commitments

As part of our Global Strategy 'Pathway to Possibility', these five commitments underpin all that we do – regardless of programming interventions or context – and challenge us to be more accountable and to continuously push the boundaries of what is possible:

- **Climate Smart:** We take bold action to meet the urgency of the climate crisis.
- **Evidence Driven:** We use data, evidence, and analytics to drive impact, scale what works, and influence others.
- **Innovative and Creative:** We innovate and work with change-makers to test, co-create, and scale more effective solutions.
- **Locally Led:** We are intentional about sharing and ceding power, building meaningful partnerships, and centering communities' voices in all we do.
- **Safe, Diverse, and Inclusive:** We help create a culture of inclusion for all people that protects, enables, and elevates diverse community members and groups.

Our strong integrity, safeguarding, diversity and inclusion policies and practices, as well as the operational policy frameworks for the effective stewardship of the financial resources entrusted to us ensure that these commitments are embedded in our operations in the Netherlands and the countries where we implement programmes.

Our environmental policy sets out measures to reduce the impact of our operations on the environment and engage with team members, partners, funders and suppliers to ensure sustainable practices are ingrained in our European operations. By ensuring the sustainability of our operations, we strive to build a greener and more resilient way of working. In FY23 Mercy Corps globally released our first Sustainability 'Greening Mercy Corps' Report which represents an important step to bring transparency to our sustainability journey and a critical moment for our commitment to be climate-smart. Available here:

<https://www.mercycorps.org/sites/default/files/2023-02/2022-Sustainability-Report-EN-External-Final.pdf>

<https://europe.mercycorps.org/sites/default/files/2023-03/Carbon-Reduction-Plan-Mercy-Corps-Europe-FY22.pdf>

FINANCIAL REVIEW

Full results for the year to 30 June 2023 are set out in the financial statements on pages 24-43. The annual accounts have been prepared primarily in accordance with the Guideline RJ650 in combination with other applicable accounting standards for providing the required insight, which applies to Dutch charitable organisations. The applicable accounting policies are set out on pages 29-33.

Mercy Corps Netherlands (MCNL) is registered in the Netherlands as an Association under the Dutch Trade number 70333564 and came into operation on 19 December 2017. The relationship between Mercy Corps Europe (MCE) and MCNL is governed by a Governance Agreement and Memorandum of Understanding (MOU) that also includes Mercy Corps Global (MCG) and which covers matters relating to programmes, funding, governance, intellectual property and other legal affairs.

MCNL's funding portfolio is primarily made up from EC funding (direct and in partnerships with peer agencies), corporates, foundations and trusts, European governments, and other INGOs. We continued to have a strong financial performance. Net income -€0.2m (FY 2022: €3.0m) continues to be due to Ukraine Emergency Response income recognised in FY22 for which expenditures were recognised in FY23.

Income

Total income for the year was €21.3m, an increase of €5.1m (FY 2022: €16.2m), restricted entirely for international programmes. Progress was made during the year to further diversify MCNL's donor base, through new partnerships with peer agencies, corporates, trusts and foundations, as well as a launch of new Dutch government funded projects. The increase in income was largely generated through activities funded by the EC/ECHO.

Charitable Expenditure

The overall expenditure was €21.7m and total expenditure relating to projects in the year were €19.9m (FY 2022: €12.2m). Our programmes continued to reach communities in the world's most fragile and challenging places, delivering critical assistance in more than 25 countries including Ukraine, Syria, Pakistan, Yemen, and DRC. Our growing partnerships with the EC resulted in increased support for programmes in these countries. We continued to expand our network of partners and supporters from the private sector, peer organisations, local communities and community based organisations, mobilising support and resources needed to deliver our programmes across key sectors addressing the challenges driven by conflict and climate change.

Total management and administration costs was €697k (FY 2022: €398k) and reflects continued investment in MCNL resources to further grow our operational capacity, specifically on finance and compliance, data protection and HR.

Financial Risk and Cash

Financial risk is managed by continuously monitoring the cash flow sensitivity resulting from timely delivery of international programmes and timely recognition of unrestricted income. We monitor our global risks closely with oversight by the Enterprise Risk Management Committee and Board oversight.

We continue to deliver all our programmatic commitments and agreed on no cost extensions where risk based decisions were agreed with donors. In all circumstances we follow the Dutch Government guidelines and continue to work from home with the aim to safeguard the health and wellbeing of our staff. Globally we are continually reviewing our preparedness and mitigation measures to safeguard the health and well-being of our teams and the communities with which we work.

MCNL holds cash in current and deposit accounts with Rabobank and Wells Fargo. Cash is held in donor currencies and the equivalent EUR holdings stand at €19.4m (FY 2021: €9.7m). The increase in programme funding has increased cash advances by EU donors which constitutes the majority of the cash in the bank.

MCG advances cash to the country operations for MCNL donor funded programmes, and is subsequently reimbursed by MCNL after field teams spend and reconcile the advances. There is also an intercompany payable due to MCE for advances and for expenditures relating to HQ and payroll costs. The net intercompany payable balance to related parties is €7.9m (FY 2022: €2.6m).

Reserve and Going Concern

Further cash flow risk mitigation is provided by the annual review of the reserve policy and the setting of our working capital level. The general and continuity reserves provide comfort that the entity will be able to meet its obligations in case of a significant reduction to sources of funding.

The charity has best practices in place to manage its reserves, and aims to hold reserves against the risk of unexpected losses and to help ensure the ongoing concern of the organisation and any other unanticipated financial risks. The total reserves stand at €3.8m (FY 2022: €4.0m). The decrease in restricted reserves is due to the Ukraine Emergency Response programme income being recognised in FY22 but programme activities taking place during FY23.

Unrestricted reserves increased to €1.8m (FY 2021: €0.8m). The designated portion of this is €0.5m of Continuity Reserve, the remainder are General reserves. The increase is primarily due to a 1m unrestricted donation from a related party (Mercy Corps Europe) in the year, as well as favourable foreign exchange gains as the USD weakened against the Euro. Our funding is primarily in Euros while expenditures are in US dollars, which is managed by holding restricted donor funds in that currency until settled.

The Board of Directors, in arriving at a decision for continuity reserves, have examined the requirement for the fund. The Directors have considered the following points:

- The nature of our work and the vulnerability of grants, contracts, and donation funding flows.
- Quick response to emergencies where immediate mobilisation funds are needed.
- Adequate working capital to meet cash flow needs.
- Cover for potential long-term commitments relating to staff and leases.
- Funders' viability criteria and other financial risks.

The aim of the continuity reserves is to provide sufficient funds to protect MCNL against unexpected loss from the above. The Board of Directors are mindful of the shifting landscape and changing donor environment impacted by economic challenges on a global scale. Consequently, they wish to adopt a prudent approach to reserves. On that basis, the Management Board has maintained a €500k continuity reserve minimum requirement, based on a risk assessment to an equivalent of six months of total operational expenditure.

The Board of Directors are confident that the charity has sufficient funds to meet its liabilities as they fall due and we have prepared these financial statements on a going concern basis. The Strategic Report and Accounts was approved by the Board of Directors on 20th October 2023 and signed on their behalf by:

Ludovic Subran
Board Chair, Mercy Corps Netherlands

FINANCIAL STATEMENTS

Balance sheet as at 30 June 2023

(after proposed appropriation of result)

	Note	30 June 2023 EUR	30 June 2022 EUR
Receivables	1	9,166,766	2,432,665
Cash and cash equivalents	2	19,418,812	9,720,037
Total Assets		28,585,578	12,152,702
Reserves			
General Reserve	3	1,283,501	319,072
Designated Reserve	3	2,016,451	3,211,374
Continuity Reserve	3	500,000	500,000
Short-term liabilities	4	24,785,626	8,122,256
Total liabilities		28,585,578	12,152,702

Statement of income and expenses for the year 2023

	Note	2023 BUDGET	30 June 2023 EUR	30 June 2022 EUR
Income				
Corporate Foundations & Trusts	5	16,006,080	12,842,674	8,085,549
Government grants	6	9,272,817	7,440,158	8,150,128
Other income	7		1,002,202	-
Total fundraising income			21,285,034	16,235,677
Sum of income			21,285,034	16,235,677
Objectives Expenses				
<i>Project Activities</i>	8			
Civil Society		5,796,956	5,946,886	3,577,285
Economic Development		5,377,632	6,015,480	5,069,732
Public Health, Water and Environment		7,932,494	4,898,541	2,569,240
Disaster Management		3,677,602	3,075,459	997,934
Policy and Advocacy		114,532	100,796	116,624
Strategy and programmes		431,5814	1,025,480	313,492
Sum of expenses on objectives			21,062,642	12,644,307
Fundraising Expenses	9	50,000	13,147	34,141
Management and administration expenses	10	914,328	696,800	398,401
Sum of expenses			21,772,589	13,076,849
Sum before financial income/costs			(487,555)	3,158,828
Financial gain/(loss)	11		257,062	(160,111)
Net income			(230,493)	2,998,717

Statement of Cashflow for the year 2023

	30 June 2023 EUR	30 June 2022 EUR
Cashflow from operating activities		
Net income	(230,493)	2,998,717
(Increase) in debtors	(6,734,102)	(2,184,295)
Increase in creditors	16,663,370	3,591,430
Cash provided by / (used in) operating activities	9,698,775	4,405,852
Increase / (decrease) in cash and cash equivalents at the end of the year	9,698,775	4,405,852
Cash and cash equivalents at the beginning of the year	9,720,037	5,314,185
Total cash and cash equivalents at the end of the year	19,418,812	9,720,037
Cash and cash equivalents comprise:		
Bank Accounts	19,418,812	9,720,037

Appropriation of the result for the year 2023

	30 June 2023 EUR	30 June 2022 EUR
Addition to (withdrawal from):		
General reserve	964,431	3,211,374
Designated Reserve	(1,194,923)	(212,657)
Continuity reserve	-	-
Total change in reserves and funds	(230,492)	2,998,717

The notes to the balance sheet provide further information about the composition of reserves and funds.

NOTES TO THE 2023 ANNUAL ACCOUNTS

General

These are the annual accounts of Mercy Corps Netherlands. Mercy Corps Netherlands (MCNL) is registered in The Hague, Netherlands as an Association under the Dutch Trade number 70333564 and came into operation on 19 December 2017. MCNL is registered in The Netherlands and recognised as an ANBI (Algemeen Nut Beogende Instelling) by the Dutch tax authorities. MCNL is located in The Hague at The Humanity Hub, Fluwelen Burgwal 58, 2511 CJ The Hague.

MCNL was established as an independent, non-profit association and operates in collaboration with its affiliate organisations, Mercy Corps Europe (MCE) and Mercy Corps Global (MCG) as one global organisation. All three entities share the same mission, vision, core values and charitable objectives.

The relationship between MCNL and MCE is governed by a Governance Agreement and Memorandum of Understanding that also includes MCG and which covers matters relating to programmes, funding, governance, intellectual property and other legal affairs. MCNL is an affiliated entity and is consolidated into MCE. The activities of MCNL consist mainly of providing humanitarian aid, economic opportunities, food security and peacebuilding and conflict mitigation support to communities affected by conflict and climate change. MCNL delivers this through local country offices operating projects and programmes in country. MCNL believes that secure, productive and just communities emerge and endure when the private, public and civil society sectors interact with accountability, inclusive participation and mechanisms for peaceful change.

Basis of preparation

The annual accounts 2023 are dated 30 June, 2023. The annual accounts have been prepared primarily, as much as possible, in accordance with the Guideline RJ650 in combination with other applicable RJ for providing the required insight, which applies to Dutch fundraising organisations. The accounting policies have been consistently applied to all the years presented.

The valuation of assets and liabilities and of income and expenses is based on historical cost, unless otherwise stated in the further accounting principles. The assumption of continuity was applied for the preparation of the annual accounts. The financial statements of MCNL have been prepared on the basis of the going concern assumption.

Budget

The budget forecasting process identifies relevant costs for the financial year ahead and is approved at Board level. The process takes into account current operations and any expected increase or decrease in activity, expected successful proposal developments for new grants, impact of changes in existing grants and expected HQ resource requirements. The budget is reported and compared to actuals on a monthly basis.

There continues to be difference between the budget to actual performance. This is due to the continued growth phase of the organisation, unpredictable nature of securing projects, timing of project expenditure and ability to engage resource in a timely manner.

Financial reporting period
MCNL financial year runs from 1 July 2022 to 30 June 2023.

ACCOUNTING POLICIES FOR THE MEASUREMENT OF ASSETS AND LIABILITIES AND THE DETERMINATION OF THE RESULT

General

Unless stated otherwise, assets and liabilities are shown at historical costs.

An asset is recognised in the balance sheet when it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably. Assets that are not recognised in the balance sheet are considered as off-balance sheet assets. A liability is recognised in the balance sheet when it is expected to result in an outflow from the entity of resources embodying economic benefits and the amount of the obligation can be measured with sufficient reliability. Liabilities that are not recognised in the balance sheet are considered as off-balance sheet liabilities.

Income is recognised in the statement of income and expenses when an increase in future economic potential related to an increase in an asset or a decrease of a liability has arisen, the size of which can be measured reliably. Expenses are recognised when a decrease in the economic potential related to a decrease in an asset or an increase of a liability has arisen, the size of which can be measured with sufficient reliability.

An asset or liability that is recognised in the balance sheet, remains recognised on the balance sheet if a transaction (with respect to the asset or liability) does not lead to a major change in the economic reality with respect to the asset or liability. Such transactions will not result in the recognition of results. When assessing whether there is a significant change in the economic circumstances, the economic benefits and risks that are likely to occur in practice are taken into account. The benefits and risks that are not reasonably expected to occur, are not taken into account in this assessment.

An asset or liability is no longer recognised in the balance sheet, and thus derecognised, when a transaction results in all or substantially all rights to economic benefits and all or substantially all of the risks related to the asset or liability are transferred to a third party. In such cases, the results of the transaction are directly recognised in the statement of income and expenses, taking into account any provisions related to the transaction.

If assets are recognised of which MCNL does not have the legal ownership, this fact is being disclosed. Income and expenses are allocated to the respective period to which they relate.

Functional and presentation currency

The financial statements of the legal entity are presented in euros, which is the functional and presentation currency of MCNL.

Transactions in foreign currencies

At initial recognition, transactions denominated in a foreign currency are translated into euros, the functional currency of MCNL, at the exchange rates at the date of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated at the balance sheet date into euros at the exchange rate of that date. Exchange differences resulting from the settlement of monetary items, or resulting from the translation of monetary items denominated in foreign currency, are recognised in the statement of income and expenses in the period in which the exchange difference arises.

Non-monetary assets and liabilities denominated in foreign currency that are measured based on historical cost, are translated into euros at the exchange rates at the date of the transactions.

Cash and cash equivalents

Cash and cash equivalents include cash-in-hand, bank balances. Cash and cash equivalents are stated at nominal value. If cash and cash equivalents are not readily available, this fact is taken into account in the measurement. Cash and cash equivalents denominated in foreign currencies are translated at the balance sheet date in euros at the exchange rate ruling at that date. Reference is made to the accounting policies for foreign currencies.

Reserves and funds

The additions to and the withdrawals from the reserves and funds take place from the appropriation of results. The general fund is an unrestricted fund which is available for use, at the discretion of the directors, in furtherance of the general objectives of the charity and which has not been designated for other purposes.

Designated reserve

The designated reserve is a reserve to ringfence funds which are to be used for a specific purpose or nature, for example for expenditure relating to a restricted donation for a specific purpose, where there is a timing delay between receipt of income and spend on the cause.

Continuity reserve

The continuity reserves is a reserve to which the Board of directors of the organisation have made a more limited spending option than would exist on the basis of the articles of association. The continuity reserve covers risks that are not addressed in any other designated reserve. The continuity reserve should, for example, create a sufficiently large buffer to enable MCNL to complete or terminate ongoing programmes appropriately and meet its legal and moral obligations in case of a significant shortfall of key sources of funding.

Financial instruments

MCNL do not have an investment policy at this time as all incoming funds are intended for the use on programme objectives and do not hold sufficient reserves to invest in other financial instruments.

These financial statements contain the following financial instruments: other receivables, cash items, trade payables and other amounts payable. Financial assets and liabilities are recognised in the balance sheet at the moment that the contractual risks or rewards with respect to that financial instrument originate.

Financial instruments are derecognised if a transaction results in a considerable part of the contractual risks or rewards with respect to that financial instrument being transferred to a third party. Financial instruments are initially measured at fair value, including discount or premium and directly attributable transaction costs.

After initial recognition, financial instruments are valued in the manner described below.

Non-current and current liabilities and other financial commitments

Non-current and current liabilities and other financial commitments are measured after their initial recognition at amortised cost on the basis of the effective interest rate method. The effective interest is directly recorded in the statement of income and expenses. Redemption payments regarding non-current liabilities that are due next year, are presented under current liabilities.

Income recognition

Income

Income is recognised in the period in which there is legal entitlement, any performance conditions attached to the income have been met, the amount can be quantified with reasonable accuracy and there is probability of receipt. Income is shown within two main categories in the Statement of Income and Expenses: corporate foundations & trusts and government grants.

All incoming funds are intended for the use on programme.

Revenue donations

Unrestricted donations are accounted for as income in the earliest reporting period that they were received or committed to.

Income from companies or government grants

This comprises grants and contracts which are recognised using the performance model. Funds are recognised as income from charitable activities once there is entitlement, reasonable probability of receipt and the amount can be measured with sufficient reliability. Many projects are funded on the basis of claims made for actual expenditure incurred and are subject to post-project operational and financial reports. There remains the possibility that certain expenditure may be disallowed, and all income may not be spent.

Where grant funding is received in advance of MCNL meeting any performance-related conditions, receipts are credited to deferred income until such times as those conditions have been met. The donors have the right to repayment of disallowed expenditure and/or unused funds. Consequently, such income remains deferred until used or repaid, rather than being treated as unspent funds.

Interest income

Interest income is recognised in the statement of income and expenses on an accrual basis, using the effective interest rate method.

Expenses

Wherever possible, expenses are attributed to the expenditure on management and administration or to the objective directly. Where this is not possible, staff costs are apportioned among the functions to which they relate on the basis of estimated time allocation, and other indirect costs are allocated based on the FTE.

Leasing

MCNL may enter into finance and operating leases. A lease agreement under which the risks and rewards of ownership of the leased object are carried entirely or almost entirely by the lessee are classified as finance leases. All other leases are classified as operating leases. For the lease classification, the economic substance of the transaction is conclusive rather than the legal form.

At inception of an arrangement, MCNL assesses whether the lease classifies as a finance or operating lease.

Operating leases

If MCNL acts as lessee in an operating lease, the leased property is not capitalised. Benefits received as an incentive to enter into an agreement are recognised as a reduction of rental expense over the lease term. Lease payments and benefits regarding operating leases are recognised to the statement of income and expenses on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern of the benefits from the use of the leased asset.

Employee benefits

Salaries, wages, social security contributions and pension contributions are taken to the statement of income and expenses based on the terms of employment, when they are due to employees or providers.

Determination of fair value

The fair value of a financial instrument is the amount for which an asset can be sold or a liability settled, involving parties who are well informed regarding the matter, willing to enter into a transaction and are independent from each other.

Related parties

MCNL, MCE and MCG work closely together under a Memorandum of Understanding and a Governance Agreement. In some instances, organisations will pool administrative and technical resources for the benefit of their respective projects. In such cases a re-charge of the actual costs incurred will be made between MCNL, MCE and MCG.

Related party transactions include any income or expenditure made or received by MCNL on behalf of MCG or MCE, largely relating to personnel and team member expenses incurred.

MCG own and operate all global field offices from which MCNL projects are delivered, including employing field staff. MCG advance operating funds to the field offices to allow them to finance their project delivery. This expenditure information is reported from the field office to MCNL, and a liability is created to MCG for reimbursement of the advance to the amount of expenditure incurred in USD. This liability is confirmed and settled up to the amount of donor funds available at the time, through a monthly reconciliation process.

Direct expenditure by field offices and / or MCG on MCNL programmatic activity is not treated as related party expenditure.

Fixed assets

Tangible fixed assets are recognised in the balance sheet when it is probable that the expected future economic benefits that are attributable to the asset will flow to the Company and the cost of that asset can be measured reliably. MCNL currently do not hold any fixed assets. Donated fixed assets are included at fair market value having regard to the age and condition of the assets concerned. All assets financed by donor funding for specific projects are written off at the time of purchase through the statement of financial activities because in the majority of cases the projects are of limited duration and at the end of which the assets can be donated to the ongoing project. Therefore, such assets have not been incorporated in the balance sheet.

Main financial trends

MCNL continues to build on their project activity through an increase in the number of grants entered into, and project expenditure incurred to deliver these grants. This is reflected in the increase in income to €21.3m in FY23 (2022 €16.2m). Project expenditure increased to €20.2m (2022 €12.3m).

NOTES TO THE BALANCE SHEET AS AT 30 JUNE 2023

1. Receivables

	30 June 2023 EUR	30 June 2022 EUR
Receivable from donors	6,268,893	2,070,989
Other receivables	253,924	39,201
Receivables from Related Parties	2,643,949	322,475
Receivables	9,166,766	2,432,665

All receivables are expected to be received within one year and relate to our day to day operations. A provision for doubtful receivables is deemed unnecessary and therefore no provision is recognised for this year (2022: EUR 0).

Receivable from donors relates to funds due from donors for projects in which expenses have already been paid by MCNL as at 30 June 2023.

Other receivables include, for example, prepayments and advances to employees. Receivables from Related Parties include recharged employees and other expenses paid on behalf of MCE and MCG, and partner project advance managed through MCG.

The carrying values of the recognised receivables approximate their respective fair values, given the short maturities of the positions and the fact that allowances for doubtful debts have been recognised, if necessary.

2. Cash and cash equivalents

	30 June 2023 EUR	30 June 2022 EUR
Cash and cash equivalents in the Netherlands	19,418,812	9,720,037
Total	19,418,812	9,720,037

The balance of cash and cash equivalents is readily available to MCNL. Cash is held in donor funds currency including EUR, GBP, USD, CHF and DKK.

3. Reserves

	1 July 2022 EUR	Additions EUR	Withdrawals EUR	30 June 2023 EUR
General reserve	319,072	2,800,653	1,836,224	1,283,501
Designated reserve	3,211,374	18,741,443	19,936,366	2,016,451
Continuity reserve	500,000	-	-	500,000
Total reserves	4,030,446			3,799,952

The capital consists of a general reserve, a designated and a continuity reserve. The general reserve gives a clear picture of the surpluses / deficits from regular activities. The designated reserve was created to ringfence funds which have been donated to the organisation for use for specific purpose or defined areas of need. In FY22, a large restricted donation was received but expenditure against the intended use of this donation only commenced in FY23, the balance being released from the Designated reserve until it is spent out. The continuity reserve was formed to maintain the association and cover related expenses.

4. Short term liabilities

	30 June 2023 EUR	30 June 2022 EUR
Grants received in advance	16,138,643	5,181,469
Payables to related parties	8,061,041	2,637,584
Payables to personnel – employee expenses	5,583	1,705
Audit fee	51,000	24,000
Other liabilities	441,050	228,063
Employee holiday allowance accrual	88,309	49,435
Short-term liabilities	24,785,626	8,122,256

All short-term liabilities are due within one year.

Grants received in advance relates to project income received in advance, or the balance of income held for projects, where performance related conditions have not yet been met.

Payables to related parties with MCNL are the intercompany balance representing funds owed by the Charity to MCE and MCG for funding advances to the charity's projects and in respect of the settlement of expenditure. Other liabilities include year-end payroll liabilities not yet paid and trade creditors.

The carrying values of the recognised liabilities approximate their respective fair values, given the short maturities of the positions.

Financial risks and financial instruments

During its normal operations, MCNL is exposed to currency, interest, cash flow, credit and liquidity risks. To control these risks, MCNL has instituted policies and procedures that are intended to limit the risks of unpredictable adverse developments in the financial markets and thus for the ability of MCNL to fulfil its objectives.

MCNL does not apply nor trade in financial derivatives, such as interest rate swaps, forward exchange contracts or options to control its risks. Its main risk mitigation measures are described below. Any risk relating to liquidity is mitigated through strong project budgeting and cash flow monitoring.

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments.

Credit risk

The probability and impact of financial loss to MCNL due to a bank going bankrupt is mitigated by strict bank assessment procedures when opening a bank account.

The probability and impact of financial loss to MCNL due to the amount of outstanding receivables and concentrations of credit risk is considered low due to the status and reputation of the debtors the organisation engages with and their ability to honour any debts.

Foreign exchange rate risk

MCNL is exposed to currency risk on project obligations that are denominated in a currency other than the contractual currency of the grant contract that relates to such a project. The currencies in which these project obligations primarily are denominated are EUR and USD. The currencies in which MCNL donor grant contracts are denominated are primarily EUR and USD. MCNL policy is to denominate its contractual obligations as often as possible in the same currency as the donor's currency and to hold bank balances in the donor currency, so that the real exchange rate is closest to the reporting exchange rate. MCG often meet project expenditure on behalf of MCNL resulting in an intercompany balance. FX balances often result due to the nature of underlying project expenditure in local currency, reporting in donor currency and intercompany repayment in USD. MCNL does not hedge with any derivative instruments its estimated foreign currency exposure in respect of forecasted purchases over a future period.

Off-balance sheet obligations and rights

MCNL off-balance sheet obligations and rights are as follows and are further explained in the text below the table.

	Total EUR	Due in 1 year EUR	Due in 1-5 years EUR	Due after 5 years EUR
Office facility rental			-	-
Off-balance sheet obligations	12,600	12,600	-	-

These obligations are the minimum notice period cover for rented office space.

NOTES TO THE STATEMENT OF INCOME AND EXPENSES AS AT 30 JUNE 2023

5. Income from Corporates, Foundations and Trusts

Restricted income from corporates, foundations and trusts.

	Budget 2023	2023 EUR	2022 EUR
Other companies - grant income	16,006,080	12,842,674	8,085,549
Total income businesses		12,842,674	8,085,549

Grant income is of a restricted nature and received for the purpose of delivering grant and project activities in line with MCNL's objectives. Income is recognised in compliance with grant conditions using the performance model and on the basis of claims made for actual expenditure incurred.

6. Income from government grants

Income from governments includes income from individual governments, as well as from governmental bodies and from organisations that receive the vast majority of their funding from governments. All MCNL income from governments is incidental, although part of the income is related to multiyear grants. All grants have an end date and are recognised in the period to which they are entitled.

	Budget 2023	2023 EUR	2022 EUR
Dutch Government		204,757	-
Other Government Grants		7,235,401	8,150,128
Total income from governments	9,277,817	7,440,158	8,150,128

7. Other income

Income received from bank interest during the year.

	2023 EUR	2022 EUR
Bank interest	2,202	-
Related Party donation	1,000,000	-
Total interest income	1,002,202	-

8. Expenses on Objectives

Expenses towards project, policy and advocacy and strategy and programmes are costs related to the implementation of MCNL programmatic activities. MCNL implements its projects itself as well as by partner organisations. Costs of project activities include expenses such as cash distributions, staff costs, materials purchased, location rent, transport costs and office expenses. Costs of policy and advocacy and strategy and programmes include costs of office and personnel.

Total Expenses on Objectives represents 97% of the total annual expenditure of MCNL.

	Budget 2023	2023 EUR	2022 EUR
Project activity expenses			
Civil Society	5,796,956	5,946,886	3,577,285
Economic Development	5,377,632	6,015,480	5,069,732
Public Health, Water and Environment	7,932,494	4,898,541	2,569,240
Disaster Management	3,677,602	3,075,459	997,934
Policy and advocacy	114,532	100,796	116,624
Strategy and programmes	431,581	1,025,480	313,492
Total expenses on objectives		21,062,642	12,644,307

9. Expenses on fundraising

Expenses on fundraising includes costs of personnel, office and travel spent on fundraising activities and represents less than 0.1% of the total annual expenditure. MCNL do not currently fundraise from individuals thus this % is low.

	Budget 2023	2023 EUR	2022 EUR
Expenses on fundraising	50,000	13,147	34,141
Total expenses on fundraising		13,147	34,141

10. Management and administration

Management and administration includes the costs of office, audit fees, legal fees and personnel and represents 3% of the total annual expenditure.

	Budget 2023	2023 EUR	2022 EUR
Management and administration	914,328	696,800	398,401
Total management and administration		696,800	398,401

11. Financial gains/ (losses)

	2023 EUR	2022 EUR
Exchange rate differences	257,062	(160,111)
Financial gain/ (loss)	257,062	(160,111)

12. Personnel costs

MCNL total personnel expenses are specified below.
Average number of FTE 35 (2022 : 13).

	2023 EUR	2022 EUR
Gross wages and salaries	1,210,561	506,183
Pensions	56,372	21,307
Social Security & benefits	228,559	136,662
Total Personnel expenses	1,495,492	664,152

Attribution of expenses

	Project activities EUR	Policy and advocacy EUR	Strategy and programmes EUR	Expenses for fundraising EUR	Management and Admin EUR	Total Expenses EUR
Procurement	4,487,440	50	510	7	346	4,488,353
Outsourcing	784,463	2,067	21,033	270	14,291	822,124
Staff	4,873,118	82,091	835,191	10,708	567,502	6,368,610
Travel expenses	285,519	2,217	22,557	289	15,327	325,909
Housing	245,782	-	-	-	-	245,782
Office Costs	536,976	4,353	44,269	566	30,081	616,245
General costs	8,723,068	10,018	101,920	1,307	69,253	8,905,566
Total	19,936,366	100,796	1,025,480	13,147	696,800	21,772,589

The above clarification of the attribution of expenses towards expense categories is in accordance with Annex 3 of the accounting guideline RJ650.

All costs associated with delivering grant programmes are allocated to project activities.

All office support costs are presented under Management & Admin. All fundraising expenses are presented under Expenses on fundraising.

Project expenditure costs include cash transfers to beneficiaries on humanitarian programmes.

Procurement costs include the cost of materials and supplies on capacity building programmes.

Outsourcing costs relate to the cost of contracted services for external consultants and legal fees.

Staff costs include salary, social security, pension and other benefits associated to personnel.

Housing costs include contributions to accommodation for staff working on field programmes and office rent.

Office costs include utilities, printing, postage and stationery.

General costs include vehicle rent & repairs, storage costs, memberships and bank charges. Personnel costs are allocated based on employee time spent relating to each activity and classification. Other costs are allocated based on employee time split unless attributable to a specific activity.

APPROPRIATION OF THE RESULT

On 25 October 2023, the Board of MCNL discussed the annual report and the financial statements 2022. The Board adopted the annual report and the annual accounts of MCNL, including the proposed appropriation of the surplus. The members of the Board as of 25 October 2023 are:

- Ludovic Subran - Board Chair
- Kito de Boer
- Carin Beumer
- Pepijn van Dijk
- Lucy Helm

	EUR
Addition to (withdrawal from):	
General reserve	964,430
Designated reserve	(1,194,923)
Continuity reserve	-
Total change in reserves and funds	(230,493)

EVENTS AFTER THE BALANCE SHEET DATE

No events have occurred between the balance sheet date and the date on which the Board adopted the annual accounts, which would affect the 2023 annual accounts or the condition of MCNL at the end of the financial year or thereafter. No subsequent events occurred between balance sheet date and the date that the statements were adopted that did not affect MCNL's figures as of year-end but need to be disclosed due to their significance/nature.

REMUNERATION OF DIRECTORS

The total remuneration of the Managing Director of Mercy Corps Netherland during FY23 was €110,402 which is below the maximum of €120,000 as set by the guideline for Directors' Remuneration of the Dutch association for fundraising organisations Goede Doelen Nederland (GDN), based on a BSD score (BasisScore Directiefunctie) for Mercy Corps Netherland of 379 points.

The annualized remuneration of the Managing Director, together with all taxable allowances and all employer's charges, pension compensation and other remuneration for the FY23 was €118,791.

	EUR
Marina Antunovic	
Director	
Period of employment : 01.07.2022 – 30.06.23	
Hours/week: 40	
Annual income	
Gross salary	102,224
Holiday allowance	8,178
Total director remuneration	110,402
Taxable allowances	3,060
Pension	5,048
Social Security	10,718
Total remuneration and benefits 2023	129,228
Total remuneration and benefits 2022	123,505
Harpinder Collacott	
Executive Director	
Period of employment : 01.07.2022 – 30.06.23	
Hours/week: 3	
Annual income	-
Gross salary	-
Holiday allowance	-
Total director remuneration	-
Taxable allowances	-
Social Security	-
Total remuneration and benefits 2023	-
Total remuneration and benefits 2022	-

Harpinder Collacott was Executive Director for MCE and MCNL in FY23 and their salary is fully paid for by MCE and not recharged to MCNL. No loans, advances or guarantees were given to MCNL directors. The equivalent of €10,475 (£8,991) of the Executive Director salary was contributed in kind to MCNL by MCE (FY22 €12,080).

REMUNERATION OF BOARD MEMBERS

No remuneration is offered to Board members and no loans, advances or guarantees existed in 2023. In 2023, no expenses were incurred for Board members.

ADOPTION OF FINANCIAL STATEMENTS

The Financial Statements are prepared by the management of MCNL. The Financial Statements were unanimously adopted by the Board of MCNL in its meeting of 20 October 2023, held online.

Ludovic Subran
Board Chair, Mercy Corps Netherlands

Signed and attach: Auditors Report

To: the general meeting of Mercy Corps Netherlands registered at 's-Gravenhage

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INDEPENDENT AUDITOR'S REPORT

A. Report on the Audit of the Financial Statements

Our opinion

We have audited the financial statements 2022-2023 of Mercy Corps Netherlands, based in 's-Gravenhage.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Mercy Corps Netherlands as at June 30, 2023 and of its result for year 2022-2023 in accordance with the Guideline for annual reporting 650 'Fundraising Institutions' of the Dutch Accounting Standards Board.

The financial statements comprise:

1. The balance sheet as at June 30, 2023;
2. The statement of income and expense for the year 2022-2023;
3. The cash flow statement for the year 2022-2023;
4. The notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the financial statements" section of our report.

We are independent of Mercy Corps Netherlands in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

B. Report on the other information included in the annual report

The annual report contains other information. This includes all information in the annual report in addition to the financial statements and our auditor's report thereon.

Based on the following procedures performed, we conclude that the other information is consistent with the financial statements and does not contain material misstatements.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirement of the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

C. Description of responsibilities regarding the financial statements

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Guideline for annual reporting 650 'Fundraising Institutions' of the Dutch Accounting Standards Board. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements using the going concern basis of accounting, unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's

ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern.

- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures.
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

Rotterdam, 20 October 2023

Grant Thornton Accountants en Adviseurs B.V.

Digitally signed W.A. van Es RA

Back Page Photograph: February 2022, Mogadishu, Somalia. A student washes her hands, at her school in Mogadishu. As part of its emergency response to the drought, Mercy Corps has provided WASH facilities and girl-friendly spaces at the school, while also rehabilitating classrooms, providing desks, books, and stipends for teachers.



**MERCY
CORPS**



MERCY CORPS NETHERLANDS

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