



FOUNDATION >

A photograph of a smiling woman with dark skin, wearing a white headwrap with a blue and red pattern and a matching white dress with red and blue decorative patterns. She is holding a large, shallow wooden bowl filled with cashew nuts. The background consists of lush green foliage.

2018

ANNUAL REPORT AND
ACCOUNTS

Our Manifest

We believe in investing.
Investing in enterprising people.
Because they can make the difference.
The difference between despair and optimism.
Between mere survival and creating something new.
Between abject poverty and a dignified life.

Let's partner with these people.
Stimulate their entrepreneurial spirit.
Invest in their dreams.
So that they reach their personal best.
And proudly give their community a solid future.

We are ICCO Cooperation.
We invest in farmers and small businesses.
We connect them with the private sector, governments and civil society.
Together we turn ambitions into reality.
And if needed, we take it upon ourselves to invest.
Because if you believe in something, you don't just watch.
You help it progress.

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REPORT OF THE BOARD

From the Supervisory Board

In 2018 ICCO adjusted its current multi-annual strategic plan covering the period 2016 to 2020. Our aim was to further sharpen our focus and demonstrate our expertise in three key areas: that we are a reliable partner to our donors, that we are knowledgeable in what we do, and that we can make a difference on the themes we focus on.

The Supervisory Board met six times in 2018. The main reason for these frequent meetings was the recent restructuring of the organization and associated changes to ICCO's top management. In recognition that this represented a major change for ICCO as an organization, the Supervisory Board decided to become more involved in this process.

In January 2018, the Supervisory Board held a joint meeting with ICCO's Executive Board and the Management Team in which the imminent change of management was discussed. The Executive Board decided on a three-phase transition.

The first phase was conducted in June 2018 when the Supervisory Board approved the renewed strategy document. To oversee the second phase, the implementation of the transition, the Supervisory Board appointed a "quartermaster internal organization" to guide the complex process of disentangling the Shared Services Center and to help structuring the new ICCO organization. Jolanda Wakkerman was hired for this role.

In December 2018, the Supervisory Board appointed Jolanda Wakkerman to replace Wim Hart as ICCO's Chief Finance Officer (CFO) from January 2019. Unfortunately Jolanda decided to leave in March 2020 and was succeeded by Paul Nijssen ad interim. The Board also agreed on the profile for a new CEO to guide the recruitment process. This third transition phase was successfully concluded in April 2019 with the appointment of Sybren Attema as the new CEO.

Due to the introduction of a new management accounting system, the financial annual report 2017 was delayed. The Supervisory Board and audit committee were regularly involved in the progress and extra staff was hired for the finance department to be able to present the figures. Despite these efforts, the report had not been finalized by the end of 2018. It was decided to appoint a new auditor for the 2018 financial year onwards. KPMG was appointed in this role as per 23 July 2017.

For further development of the companies the Board decided to transfer part of the shares to a Management B.V. of Capital 4 Development and part of its shares to Truvalu Management B.V. While this decision has reduced ICCO's influence in the companies, we will continue this relationship and make impact using these channels. This change was necessary to allow the companies more autonomy in managing investment funds and to protect ICCO from any financial risks that may be incurred.

In 2018, the Supervisory Board began to explore options for ICCO's participation in a joint venture with Lendahand, a crowdfunding platform. We believe this will provide an opportunity to showcase our programs and thus expand our constituency. Another major development during the year was a joint survey with the Protestant Church to guide our future cooperation.

2018 was an important year for ICCO as an organization. It was also a momentous year because it marked a transition phase that has enabled us to rebrand ICCO and prepare for the future.

On behalf of the Supervisory Board,

Johan de Leeuw, chair
Utrecht, December 2020

From the Executive Board

In 2018 we realized it is important to keep up with the times and to sharpen our strategy. How are we going to feed 10 billion people in 2050? How do we create a sustainable future for young people? These are issues for which we must devise solutions with the highest urgency.

ICCO believes that productive and sustainable agricultural systems are needed to realize food security, more jobs and better income for smallholders and SMEs, women and young people in particular. We have prioritized 4 topics, namely: entrepreneurship for young people, digital innovations in agriculture, agriculture that can cope with the effects of climate change and mixed financing for long-range projects. The topics are closely related. We need to create jobs and increase productivity in the agri-food sector by attracting young and enterprising people who are equipped to work with digital technologies and understand various forms of financing, e.g. loans and equity.

During a trip to Mali in West Africa we received confirmation of the necessity of this approach. Many young people there are looking for a more meaningful existence. The countryside has little to offer them: no or unattractive work, drought, isolation and insecurity. They move to the city or even leave their homeland in search of "something" better. But if they get the chance to develop, make money, they tend to stay.

We met with Fatoumata Fomba (22) who has attended an EJOM training. The EJOM project, funded by the EU, trains 8,620 young people to run their own business. Fatoumata came from the city and decided to start a business in organic waste management. "I am convinced that there is more to earn in compost than in an office." In the future, she hopes to start a small horticultural business, based on her own compost.

EJOM is a collaboration between SNV, APEJ, WASTE and ICCO Cooperation. Impact can be achieved by working together. Companies with their long-term investments, academia with their R&D power and validation of proven concepts, governments for favorable laws and regulations. And a NGO like ICCO can implement programs on the ground, based on the needs and capacities of communities and cooperatives.

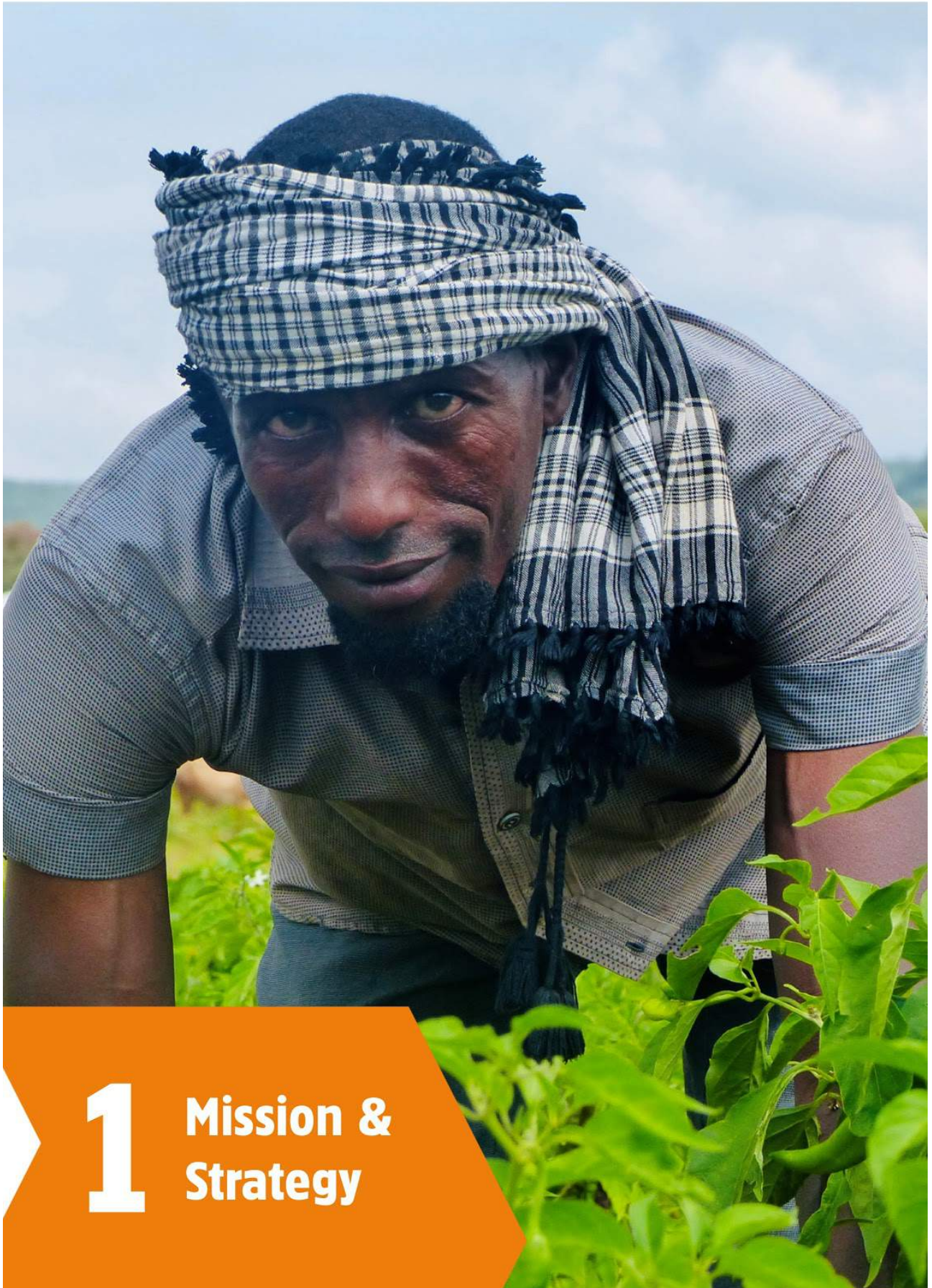
Last year, we expressed the expectation that our result would fall in 2018. That came true. The organization was forced to tighten the belt and reduce costs. That was not easy, not in the least for the staff. But 2019 and 2020 show improved budget results and we expect that we will end up positive by 2020.

Since the donor availability and the need for unrestricted matching funds increased during 2018, ICCO started to reflect on its stand alone in development cooperation. To survive and make more impact ICCO sees the need of a strong partner to merge with. ICCO believes its strong track record and knowledge will be very valuable for other NGOs.

And last but not least, we thank our colleagues in all countries for their contribution towards a better future.

On behalf of the Executive Board,

Sybren Attema, Chief Executive Officer
Utrecht, December 2020



1 Mission & Strategy

Mission and Strategy

WHO WE ARE

ICCO is an independent, global non-governmental organization (NGO), established in the Netherlands in 1964. It has a decentralized structure with the global office located in Utrecht, the Netherlands, and 25 offices across Latin America, Asia and Africa. ICCO currently employs more than 400 members of staff and has an annual turnover of more than EUR 38 million.

ICCO is a member of the ACT Alliance, which brings together 151 churches and related organizations in over 120 countries.

Our aim is to secure the livelihoods and rights of smallholder farmers in low and middle-income countries in the global South. In particular, we strive to improve the food and nutrition security and income of women and youth and expand their access to job opportunities in agricultural value chains, especially horticultural production. We also support agribusiness entrepreneurs as well as small- and medium-sized enterprises (SMEs) to grow their businesses.

ICCO has founded, and is a shareholder in, several companies that seek to create greater impact. They include Capital 4 Development Partners, Truvalu, Fair & Sustainable Consulting and FairClimateFund.

Mission

A just world without poverty and exclusion. A world where people can secure their livelihoods and live in dignity.

Vision

Empowered people that build sustainable livelihoods within a society that upholds their rights.

WHAT WE DO

Our five-year strategy 'Towards a Just and Dignified World 2016 - 2020' was revised and sharpened in 2018. ICCO's multi-year plan and program focuses on strengthening sustainable agricultural systems through realizing three interlinked goals.



Our goals are closely linked and form a 'humanitarian-development nexus'. They are aligned to the Sustainable Development Goals 2 and 8. In addition, we also contribute to SDGs 10, 12 and 17.



Three interlinked goals

1. Food and Nutrition Security of Smallholder Farmers and Households

We strengthen the capacities of individual households to produce sufficient food, while also earning an income from farming.

How?

We build the capacity of producer organizations and service providers so they can support households to improve and diversify their production, and have better access to markets, financial services and inputs. We also contribute to awareness and advocacy aimed at promoting healthy and sustainable food and nutrition practices.

Goal

In 2020, 500,000 people have access to, and control over, resilient food systems, enabling them to realize their food and nutrition security.

Result

In 2018 we enabled 284,833 people to realize their food and nutrition security. Between 2016 and 2018 we supported approximately 1,459,933 people to achieve this goal.

2. Economic Empowerment of Smallholder Farmers and SMEs

We support poor farmers and producer organizations to seize economic opportunities to improve and sustain farmers' livelihoods.

How?

We adopt a market systems development approach to enable farmers and SMEs to access material inputs, technical support and finance. Our capacity development programs help to enhance the technical and business skills of farmers and agri-entrepreneurs, hence improving productivity as well as the quality of agricultural products.

Goal

In 2020, 450,000 people are economically empowered and have access to finance and markets between 2016 and 2018.

Result

In 2018 169,78 farmers were economically empowered and had access to finance and markets. From 2016 to 2018 we reached 394.060 farmers.

3. Emergency Response

We create resilient communities that are adequately prepared for, and can effectively respond to disasters.

How?

We pay particular attention to integrating disaster risk reduction and resilience strategies in our food security, economic empowerment and humanitarian programs. Ongoing investments in skills and capacities are essential for empowering communities in the long term.

Goal

In 2020, 250,000 people have contributed to resilient disaster-prepared families.

Result

In 2018 205,087 people were more resilient to disasters. Between 2016 and 2018 we reached 707,633 people to achieve this goal.

Our priority themes

We implement our work around four priority themes:



Blending Finance

ICCO designs tailor-made and flexible funding mechanisms that allow for the combined use of grants, microfinance, loans, equity and guarantees.



Climate-Resilient Agri-Food Systems

Our food and nutrition programs take resilience to climate change and reduction of greenhouse gas emissions into account.



New Technologies

We advance the use of digital technologies that allow resource-poor farming communities to access a range of agricultural services and inputs.



Youth Employability and Entrepreneurship

We support young people to start or grow a business by delivering entrepreneurship support services, training and access to finance and new technologies.

HOW WE WORK

- We take on different roles and functions depending on the program context: developer, implementer, entrepreneur, advocate.
- Each of our interventions is based on a problem analysis, an assessment of needs and opportunities, a Theory of Change and an exit strategy for phasing out.
- We generate on-the-ground high quality data and embrace digital technologies to reach our goals.
- We provide a mix of financial instruments ranging from grants to non-grants based funding with return on investment.
- We use a public-private partnership (PPP) approach, working with civil society organizations, NGOs, private sector actors, governments, knowledge institutions and donor organizations.



The countries where we achieved results with our goals in 2018. We reached¹ approximately 660,000 people.

¹ The people we reached are the basis of key indicators that ICCO tracks. In practice the figure can be higher because not all indicators are counted. However, there also might be double counting, for example because farmers that have an increase in income are also reported within households with improved food security. We use an average figure of five people per household. ICCO strongly promotes using standardized surveys such as HFIAS and PPI to provide underlying evidence of these indicators.



2 Results in 2018

Food and Nutrition Security

The status of food and nutrition globally is worrying. According to the Food and Agriculture Organization of the UN (FAO), an estimated 821 million people experienced hunger in 2018. Moreover, the number of food-insecure people has been on the rise since 2015. In addition, two billion people suffer from “hidden hunger” - or micronutrient deficiencies - due to inadequate access to nutritious food (*The State of Food Security and Nutrition in the World, FAO 2018*).



One of ICCO's core goals is to help improve food and nutrition security for smallholder farmers and their households and thus contribute to the realization of SDG 2: “End hunger, achieving food security and improved nutrition and promoting sustainable agriculture”. This goal can be accomplished by progressively improving land and soil quality and ensuring sustainable food systems, thus increasing the agricultural productivity and incomes of smallholder farmers, especially women, youth and indigenous people.

Our strategy seeks to strengthen the capacity of individual households to produce sufficient quality food, while also earning an income from farming. We

work with producer organizations, small- and medium-sized enterprises (SMEs) and other service providers so they can support poor households to improve and diversify their production, and have better access to markets, financial services and other inputs.

We also contribute to awareness raising and advocacy to promote healthy and sustainable food and nutrition practices by all household members. In order to influence the overall enabling environment and ensure the sustainability of these interventions, we also seek to address relevant legislation and link our work to related services provided by government agencies and other large institutions.

RESULTS

In 2018, we implemented 23 food and nutrition projects in 12 countries. Below a table with the achievements of three food and nutrition indicators.

Indicator	2018	2016-2018	2016 - 2020 ²
Households with improved food security	55,372	291,739	360,000
People with improved dietary diversity	9,223	20,925	30,000
People with control over food systems	264,603	1,459,933	500,000

² Projected targets 2016 - 2020.



Jege ni Jaba

Improving the Onion and Fish Value Chain

According to the FAO, food insecurity continues to prevail in Mali, particularly amongst women-headed households where it is at twice the level found in the rest of the population. The 'Jege ni Jaba' project aims to improve the nutritional quality of food in Mali. The project applies a market-development approach focused on the fish (jege) and onion (jaba) value chains.

Adapted fish farming

The fish farming component aims at improving the nutritional status of families by increasing the availability of fish and fish products at an affordable price. To this end, the project promotes adapted fish farming methods in urban and rural settings, targeting women and youth in particular. Three production systems are used: fish enclosures in ponds; floating cages; and above-ground fish tanks suited for urban and peri-urban settings.

The project is implementing an efficient model based on 'Integrated Fish Development Poles'. Within each pole, the project works not only with fish farmers, but also providers of quality fry and granulated pellet feed. Technical support is also available. The project enrolls both established and new fish farmers. Women are particularly attracted to above-ground fish tank production systems because they are less demanding in terms of investment costs and labor. Young graduates from local agricultural schools provide technical backstopping.

"When this project arrived in our village darkness disappeared and the light broke through. We have benefited a lot from better onion produce and can now purchase school supplies for our children, a bag of pure rice for the family and condiments for consumption."

Awa Tangara, onion producer

Locally grown onions

The onions and shallots component of Jege ni Jaba focuses on three aspects of the production system: increasing the accessibility of quality inputs; developing better crop production systems; and improving processing, storage and distribution practices. The project works with onion producers,

About the Project

Country:	Mali, Segou, Mopti and Koulikoro
Priority theme:	Food and Nutrition Security
SDG:	2
Beneficiaries:	+ 50,000 smallholder farmers
Budget:	EUR 7.6 million
Duration:	2014 - 2019
Funding:	Embassy of the Kingdom of the Netherlands
Partners:	SNC Lavalin, Wetlands International, Fair & Sustainable, Amassa, Association Conseil pour l'Action (ACA)
Results:	<ul style="list-style-type: none">• 20,000 farmers increased their income• 20,000 households with improved food security• 11,500 farmers obtained access to quality seeds to produce food• 20,000 farmers improved skills to sustainable produce food

research institutions, service providers and private partners.

The main main results are:

- Adoption by farmer groups of optimized storage systems significantly improving access to shallot bulb seeds.
- Strengthening local capacity for onion and shallot seed production.
- Dissemination of quality varieties and production techniques allowing farmers to significantly increase production of onions and shallots during the rainy season.
- Wide dissemination of the mechanical processing technology leading to significant productivity and quality improvement of dry shallots production.
- Enhancing access of producers to banking credit for their input and marketing needs.

These achievements have helped to cement the onion value chain as a source of greater prosperity.

Manq'a in Latin America

Business Development through Hospitality

About the Project

Country: Bolivia: El Alto, La Paz and Sucre
 Theme: Food and Nutrition Security, Economic Empowerment
 SDG: 2
 Beneficiaries: Youth in cities
 Budget: EUR 742,016
 Duration: 2016 - 2019
 Funding: Inter-American Development Bank
 Partners: Colectivo Integral de Desarrollo (CID), Gobierno Autónomo Municipal de Sucre, y Youth Business International

Results:

- 2,151 youths (620 in 2018) trained in business plans and management
- 40 businesses increased their sales by more than 8%
- 620 families improved their food and nutritional security
- Counseling and personalized support provided to 472 new youth-led businesses
- New youth-led businesses generated 291 jobs

foods and promote the use and re-use of waste, linked to good production practices at the local level.

How can the students contribute?

The students replicate and apply the Manq'a concepts at home, thus increasing the food sustainability. With this, we seek to respond to food and nutritional disorders that are rife in Bolivia where, according to the Ministry of Health, more than 63% of the population has bad habits regarding the consumption of healthy foods.

This approach has a repercussion on the gastronomy businesses that the youths have developed, where they offer healthy products to their consumers. Likewise, the youths that get jobs pass on and influence their environment with the concept of healthy eating in the menus of the restaurants they work at.

"With a baby daughter it was difficult to pursue my profession. Luckily I found Manq'a, where I learned to cook healthy food and master different techniques. Today I have my own business called 'La Olla Criolla', where I offer typical Bolivian healthy food. With the income I can raise my daughter and support my family".

Sofía Ligia Bustos Sayago (33 years)

Interview with Ariel Tito, Manq'a Coordinator

What is the idea behind the project?

The project focuses on gastronomy and hospitality to develop rural and urban economies. We aim to build an identity around the recovery and valuing of the food heritage of each region.

What do you want to achieve?

Better economic opportunities for youth, women, indigenous peoples and farmers, as well as healthy and sustainable production and consumption of food. Further, we aim to rescue and value forgotten local

Do you see entrepreneurship grow?

Yes, definitely. After almost three years of only training young technicians in gastronomy, we learned that many Manq'a students do not want to depend on others, but rather seek to start their own businesses. Therefore, we have introduced a training methodology that boosts our students' business ideas, provides the technical and social tools and seeks seed capital in order to launch and strengthen their businesses. The results have been wonderful, and now we see not only Manq'a cooks, but business men and women.

Manq'a

The Manq'a project started in 2014 with financial support from the Dutch Postcode Lottery and the Inter-American Development Bank. In 2017 ICCO and Melting Post Bolivia converted Manq'a into a social enterprise that is also active in Colombia. ICCO is currently exploring opportunities to expand the concept to Africa.



Interview with ...

Conny Toornstra

“In Latin America, food insecurity is still one of our largest problems. The economic situation, the political conflict in several countries and natural disasters have resulted in an increase in migration and poverty rates, resulting in growing hunger and undernourishment. The number of undernourished people increased for the third year in a row in 2018, reaching 39.3 million (15% of the total population). Moreover, this does not take into account the fast-growing problems of poor eating habits and obesity among vulnerable people, especially in urban areas.

Inequality further adds to the complexity of these problems. Without facing the lack of availability and access of enough and healthy food we cannot keep the promise and the commitment of SDG 2 (Zero hunger 2). It is necessary to understand why malnutrition and shortage of micronutrients, overweight and obesity affect people of lower incomes, women, indigenous peoples, afro descendants and rural families.

This is why our projects aim to boost the rural and peri-urban economic development, youth and women-led businesses. There are enough local products to feed the entire population. In Latin America we have a very rich food culture and tradition that can rescue the ancient superfoods, including quinoa, amaranth, cacao, peanuts, chia and moringa. At ICCO, we seek to work on these value chains not only to improve incomes through exportation, but so that the communities themselves eat and benefit from the nutrients of these wonderful foods.



The work we have been carrying out in the rural areas with family agriculture that produces more than 70% of the world's food is a strategic and right approach.

Nevertheless, we need to connect better rural and urban value chains so farmers and producers in the countryside can get higher prices, but also access to new knowledge, technology and finance. Linking will offer the rural populations less volatility of incomes and more resilience towards natural disasters. We bet on youths, women and the rural areas; they ensure our future.”

Conny Toornstra is the Regional Manager Latin America.

Economic Empowerment



Half of the world's working population is employed in the agricultural sector. In Asia and sub-Saharan Africa alone, 500 million smallholder farmers produce up to 80% of the food consumed and support up to 2 billion people (IFAD 2010). Smallholder farmers therefore play a critical role in achieving sustainable livelihoods and food security, not only as producers but also consumers of food.

75% of all farmers globally are estimated to be living in poverty (*New Foresight, 2017*). Among the many challenges they face, farmers struggle with the lack of a steady labor supply and limited access to finance, knowledge and markets, and other support services. This hampers their ability to produce sufficient food, earn a sustainable income and increase their resilience to climate change and other threats to their livelihood. Among other consequences, land degradation and climate change are estimated to be contributing to the loss of 12 million hectares of productive land each year and forcing young people to abandon agriculture.

ICCO works to enhance the viability of small-farm economies as a contribution to fighting poverty and

undernourishment. We do this in two main ways: contributing to improved production practices and access to markets and finances at the household level; and promoting employment opportunities and more sustainable livelihoods in the agribusiness sector through strengthening the capacities of small and medium-sized enterprises (SMEs) and cooperatives. Our approach is to create more inclusive market systems. We focus on facilitating access to inputs, finance and market information for farmers and SMEs. We also work to enhance farmers' technical and business skills and improve their productivity, as well as the quality of agricultural products that they produce.



RESULTS

In 2018, we implemented 43 economic projects in 19 countries. Below a table with achievements of four economic empowerment indicators.

Indicator	2018	2016 - 2018	2016 - 2020 ³
People with an increase in income	44,370	118,289	350,000
Farmers trained	17,703	21,142	170,000
Farmers with improved access to finance	103,442	103,442	220,000
Farmers with increased productivity	20,210	25,004	158,210

³ Projected targets 2016 - 2020. New programs in coming years might lead to higher targets.

STARS

Strengthening African Rural Smallholders

About the Project

Country:	Senegal, Burkina Faso, Rwanda and Ethiopia
Themes:	Economic Empowerment, Food and Nutrition Security, Blending Finance, Climate-Resilient Food Systems
SDG±	2 and 8
Beneficiaries:	210,000 farmers
Budget:	EUR 13,829,357
Duration:	2016 - 2021
Funding:	Mastercard Foundation
Partners:	At the country level STARS partners with governments, the private sector, microfinance institutions, NGOs and farmers' cooperatives.
Results:	<ul style="list-style-type: none">• 11 new credit products offered• 103,166 smallholder farmers have improved access to finance• 69 producer organizations strengthened

Through its market systems development approach, STARS helps improve access to finance and markets for 210,000 smallholder farmers.

Many farmers in Africa have insufficient technical, organizational and financial resources, which hampers their ability to understand and exploit market opportunities. Within each program country, STARS' support is organized around seven core intervention areas:

- Capacity building of producer organizations
- Access to markets
- Strengthening input supply systems
- Loan product development
- Capital mobilization through international loans and domestic savings mobilization
- Risk management support
- Promoting sustainable business development services

In 2018, the STARS project provided new loans to 74,500 smallholder farmers in 118 producer organizations. The support covered eight agricultural value chains in the four countries: cowpea and onion

(Senegal); sesame and shea (Burkina Faso); rice and maize (Rwanda); and malt barley and potato (Ethiopia). In addition, 40,000 smallholder farmers received training that enabled them to earn a better income and improve their livelihoods. Other support addressed: improved linkages to markets (80,000 farmers); better inputs and/or improved extension services (35,000 farmers); and improved services from cooperatives (18,000 farmers).

"After I joined the Chilanko primary cooperative I heard about the market linkages created by STARS through its partnership with the potato processing company Senselet Food. I was able to sell quality potatoes to Senselet's chips brand.."
Abdissa Bekele (22 years), smallholder farmer in Ethiopia.

As a result of the extensive activities undertaken by the project, a number of significant achievements have been realized, including:

- Continued commitment from major buyers such as Olvea and l'Occitane to work with local producer organizations and farmers.
- Enhanced access to finance for thousands of farmers in all four countries. This entailed working closely with, and providing capacity development support to 19 local microfinance institutions (MFIs), all of which showed strong growth in 2018.
- Development of crop-specific loan products covering such areas as value chain finance, individual and group loans and crop-based insurance.
- Improved business skills for smallholder farmers and cooperatives.

In spite of these achievements a lot still needs to be done to fully harness the potential of the project. One area where concerted efforts are needed is the capacity building of local service providers who can provide fee-based services to producer organizations and individual farmers on demand.

SMARTseeds Indonesia

New Technologies Support Vegetable Farmers

SMARTseeds aims to establish a financially sustainable information service that supports 100,000 vegetable farmers to increase their production, income and food security, while reducing their inputs of water, fertilizers and pesticides. The service will eventually be owned and hosted by the main private sector partner EWINDO, and can easily be extended for other types of crops in other regions in Indonesia.

Changing climate

The changing climate makes it difficult for farmers to prepare and consistently use a crop plan. By providing up-to-date information on the weather, as well as water availability, we can help farmers adopt a more accurate crop calendar to mitigate pests and weather-related plant diseases. By making available information on soil nutrients and seed varieties, up-to-date market prices for commodities, and the most efficient fertilizers, we can help farmers make better investment decisions and earn a more sustainable income.

"This was good, I needed to hire additional labor as the fruits from SMARTseeds matured earlier and I harvested more than I had predicted. Let's see the result when it comes to the last pick."

Dardi, Lampung

As the lead organization, ICCO's main role is in managing the project, monitoring & evaluation, and leading the development of the business case.

New technology

SMARTseeds stands out as a service that is attempting to provide advice based on location-specific data. While there are currently more than 30 mobile apps on the market providing agriculture advice, none provide services based on a specific farm location. The project is able to do this through the use of geodata and soil information collected from the field. SMARTseeds aims to provide services via smartphones and SMS, hence reaching the many farmers that are still using old-fashioned mobile phones. This combination is unique.

About the Project

Country:	Indonesia
Themes:	Economic Empowerment, Climate-Resilient Food Systems, New Technologies
SDG:	2 and 8
Beneficiaries:	100,000 vegetable (chilli, tomato and cucumber) farmers
Budget:	EUR 2,313,532
Duration:	2015 - 2020
Funding:	Netherlands Space Office
Partners:	Akvo.org, East-West Seed, Nelen & Schuurmans, Institut Pertanian Bogor, ITC University of Twente.
Results:	<ul style="list-style-type: none">• 2,669 chilli, tomato and cucumber farmers use SMARTseeds• 1,428 farmers trained• 1 operational phone app developed• 10 demonstration farms established

Challenges

While this is a very innovative project, we have also encountered some challenges. One of the issues we faced is that the preparatory phase took a longer time than expected. Moreover, one of the consortium partners went through bankruptcy, which also slowed down implementation. The latest challenge is proposed regulation by the government that will require all strategic data to be stored in an Indonesian-based server. If the law is passed in 2020 as planned, the current setup with Lizard will need to be adjusted or even replaced with another system.

Promising results, so far

At demonstration plot level, the project managed to deliver cost efficiency up to 33.95%, far above the target of 10%. The increase in yield was just over 12%, slightly higher than the target of 10%. We launched the first batch of the information services - including soil advice, and seasonal forecasts - in October 2019. By April 2019, 24,831 users had downloaded the SMARTseeds app, Sipindo.

Interview with ... Ataoulaye Bah

What is the status of agriculture in West Africa?

While agriculture remains the backbone of West Africa's economy, it is largely underdeveloped. It has been hampered by low investment in various levels, such as inputs, machinery and infrastructure. However, in recent years, initiatives to transform agriculture into a business such as those promoted by ICCO, are gaining traction.

Can agriculture contribute to inclusive growth?

Large-scale industrial production has been touted by some as necessary to transform West Africa's agriculture. However, mega projects have often been developed at the expense of smallholder farmers. Such projects are also often associated with land grabbing. One way to create inclusive economic growth is to invest in small and medium-sized (family) enterprises, develop adapted financial products and services at the reach of smallholder farmers, and make inputs affordable. To support such an approach, the government has to promote policies that make agriculture resilient to climate change, and protect national production.



What is ICCO doing to stimulate fair economic development in the region?

In West Africa, ICCO has been at the forefront of developing agriculture value-chains through

market-led approaches. In recent years, ICCO has applied its approaches to develop the horticulture value-chain in Ghana, the shea, sesame, and apiculture value-chains in Mali and Burkina Faso, the fish and onion value-chains in Mali and the onion and niébé (black-eyed pea) value-chains in Senegal.

Is there a future for young people in agriculture?

A growing middle class that is demanding healthy and quality products is contributing to profound changes in the agribusiness sector and making agriculture more profitable. Young people across the African continent are developing initiatives to capture the value of an expanding demand. Increasingly, agriculture is being perceived not as a curse, "but a purse". In Mali, ICCO with the support of the European Union is working with youth entrepreneurs in agriculture to help them build their enterprises.

Does ICCO address the inclusion of women?

Longstanding cultural practices in many communities in West Africa have put women at the bottom of the economic ladder. Women are often landless and even when they own land, it is sometimes the least productive. Cultural practices take time to change. However, a good analysis and understanding of power structures in a community and how to work with right and duty bearers can have positive impacts on the inclusion of women. An example of this is the project She Sells Shea supported by ICCO. We have succeeded in working with over 30,000 women entrepreneurs in the shea sector and helping them to diversify their income by expanding to the sesame and moringa value chains.

Ataoulaye Bah is the Deputy Regional Manager West Africa.

Emergency Response



Between 2005 and 2017, the number of crises receiving an internationally-led response almost doubled, from 16 – 30. The average length of a crisis similarly increased (*UN Global Humanitarian Overview 2019*). Disasters affect an average of 350 million people each year and, currently, nearly 70 million people are displaced. The number of people experiencing hunger rose from 804 million in 2019 to 821 million in 2018.

ICCO's objective is to create resilient communities that are adequately prepared for, and can effectively respond to disasters. We are well aware that people's economic and social investments can be easily undermined or even wiped away by external threats, including climate change, disasters or conflict. For this reason, we do not only implement life-saving aid, but pay particular attention to integrating disaster risk reduction and resilience strategies in our food and nutrition security, and economic empowerment programs, at all levels. We also invest in skills and

capacities that are essential for empowering communities in the long term.

ICCO participates in the 'Charter for Change' initiative (www.charter4change.org), which seeks to ensure a more locally-led response to humanitarian crises. Our objective is to ensure that by the end of 2020 at least 80% of our humanitarian response will be implemented by national partners and contribute to 50,000 disaster-prepared and resilient families.

RESULTS

In 2017-2018, we implemented 20 emergency response projects in 11 countries. The table presents results of emergency response⁴ indicators.

Indicators	2018	2016 - 2018
Households ⁵ with improved food security	8,881	99,188
People using safe drinking water sources	80,460	143,175
People using improved sanitation facilities	17,143	56,159
Households supported in (food) production and income generating activities	783	4,762



⁴ Due to the nature of this goal a projected target for 2020 has not been set, contrary to the two other goals.

⁵ Based on an average number of four persons per household.

Rohingya Crisis in Bangladesh

Food Security and Livelihood for Refugees and Local Communities

“Over the years, I have come across people living in the most difficult circumstances in different countries. I made a conscious choice to work in the development sector as I wanted to make a difference in their lives. One week after the beginning of the influx of Rohingya (on August 25, 2017) I visited Rohingya refugee settlements in Cox’s Bazar as part of a needs assessment for an emergency response program.

At the time, these settlements were housing more than 420,000 Rohingya who had fled Myanmar and entered Bangladesh over a one-month period. It is

estimated that 80 per cent of the refugees are children and women, including new-born babies and pregnant women. I thought that I had seen the worst of conditions, but the scenes and stories that awaited me in Cox’s Bazar have left my heart broken and my mind in distress.

However, today, I am proud that following the heart-breaking visit and as a result of our scoping study, ICCO immediately responded to the unprecedented influx of Rohingya refugees with the support of our generous donors, including Kerk in Actie, Dutch Relief Alliance, and IOM.

About the Project

Country:	Bangladesh
Theme:	Emergency Response, Food Security, Economic Empowerment
SDG:	2, 8.
Beneficiaries:	21,800 Rohingya refugees
Budget:	EUR 317,821
Duration:	2018 - 2019
Funding:	Dutch Relief Alliance, International Organization for Migration (IOM), Kerk in Actie
Partners:	Gana Unnayan Kendra (GUK) and Christian Commission for Development in Bangladesh (CCDB)
Results:	<ul style="list-style-type: none">• 9,231 Myanmar households received fresh food distribution for five months• 17,700 Rohingya reached for awareness sessions on food security and nutrition• 900 Myanmar households received gardening kits and training• 1,150 Host community households provided with skills training on poultry rearing• 4,016 Host community households provided with cash to start poultry and goat rearing

“In the past we received food, but no freedom to choose. But recently, we received food vouchers. We can use this voucher for a month and purchase food items as we wish. It feels good to be able to provide the children with food they wish for.”

Rashida, Camp 16, Cox’s Bazar

We have opened up offices in Cox’s Bazar and Teknaf and now have a team of 23 staff to support both Rohingya refugees and the host community. To date, we have provided assistance in the areas of food security, water, sanitation and hygiene (WASH) and psychosocial support. In May 2018, ICCO also completed a needs assessment to explore the potential for expanding livelihood options and market linkages in the affected areas. This was immediately followed up with a market opportunity survey. These assessments have informed our current and future interventions in the areas of market development, alternative income generation and empowerment of vulnerable households.”

Raisa Chowdhury,
Senior Regional Communications & Marketing
Manager, South Central Asia

Resilience in Ethiopia

Bale Lowlands Disaster Risk Reduction

In September 2018, we set up a one-year pilot project in Madda Walabu district, 650 kilometers south-east of the capital Addis Ababa, facing a growing number of hazards, such as cycles of drought every two to three years, floods, crop pests and man-made conflicts. The last drought in 2016 affected around 65 per cent of the population. These hazards add to the vulnerabilities of the affected communities, which include widespread poverty, population pressure, environmental degradation and limited capacities of local governments.

Change agents

The pilot project aims to enhance the community's resilience to climate change impacts. It targets 1,770 people who have the potential to serve as change agents, with priority being given to women and youth. Some planned activities include conservation farming, keyhole gardening, introducing drought-resistant crop varieties, small-scale irrigation and biosand water filters. The project also aims to promote entrepreneurship skills among the communities through strengthening women and youth groups involved in such activities as petty trade, food businesses and solar power services. We also explored options for linking the communities with banking and insurance services.

About the Project

Country: Ethiopia, Bale Lowlands
Themes: Emergency Response
SDG: 2, 8
Beneficiaries: 1,770 (agro)pastoralists
Budget: EUR 60,289
Duration: 2018 - 2019
Funding: Kerk in Actie
Partners: Ethiopian Evangelical Church
Mekane Yesus (EECMY), DASSC,
HUNDEE

Results:

- 50 households started to gain additional income
- 80 farmers embarked small-scale irrigation
- 10 pumps purchased
- 386 women trained on operating village saving and loan associations

Baseline survey

In November, we conducted an extensive baseline survey in the project area to prepare for the implementation phase. Furthermore, the project is involved in strengthening early warning systems in collaboration with the local government.

Relief in Ethiopia

In addition to launching the disaster risk reduction project, ICCO responded to severe drought in Somali region of Ethiopia together with our partner EECMY. Funding was provided by the Dutch Relief Alliance.

Among the results of that intervention were:

- 4,080 people received basic food needs
- 5,430 people were provided access to supplies of safe water
- 671 members of WASH committees trained



Interview with ...

Dick Loendersloot

What does your role consist of?

I manage the disaster management program in the Middle East and North Africa, including the regional office in Amman, Jordan.

What does ICCO do in Iraq?

During the war, triggered by the upsurge of IS in Iraq, ICCO provided life-saving aid in camps and unfinished buildings. When almost all areas had been recaptured by government forces in 2017, we focused on livelihood recovery of returnees and people that had stayed with IS throughout its occupation. We enabled families to restart their lives by creating short-term jobs through cash-for-work schemes, and helping them restart income generation activities.

Who is funding the project in Iraq?

The funding comes from the Dutch Relief Alliance (DRA). The so-called Iraq Joint Response consists of six members: World Vision, ZOA, Dorcas, Tear, Oxfam and ICCO. Our response is implemented by four national organizations, assisted by three members of the ACT Alliance who have offices and staff on the ground for monitoring, capacity development and coordination.

Which communities are supported?

ICCO selected the most vulnerable individuals to benefit from the project, such as minor and female headed households, families with very low monthly income, persons with disabilities and skilled workers.

What have been the results?

Too many to include here, but I want to mention:

- 4,772 households received hygiene kits. Together with community leaders we conducted hygiene awareness sessions and distributed brochures in the villages and at schools.

- Garbage collection services for six neighborhoods in West Mosul that were most heavily destroyed during the war: 953 trips with 28 hired trucks were made, with the help of daily laborers.
- 155 persons received an income for more than five months by engaging in beekeeping and honey production in Sinjar. Through this, 776 vulnerable people were enabled to meet their basic needs.
- 356 households in Hawija district and Kirkuk neighbourhoods received temporary cash-for-work. In addition, 310 workers were paid US\$21 per day for 20 days of work, while 46 workers were paid US\$32 per day for 20 days based on their skills and capacity levels.
- Social cohesion activities were organized in multi-religious and multi-nationality neighborhoods, such as Hawija and Kirkuk. Hundreds of people participated.

What is the benefit of a joint response?

The six members of the Iraq Joint Response share their experiences in bimonthly coordination meetings as well as during peer on-site visits. The DRA model of cooperation reduces competition and enhances sharing, coordination, joint programming instead.

How will the program be continued?

The focus in the coming years will be on sustainable livelihood recovery through: improving employability; creating jobs by assisting entrepreneurs to restart their businesses; providing business development support and loans; and engaging more people in income-generating activities.

Dick Loendersloot is representative of ICCO and Kerk in Actie in the Middle East and North Africa.



3 Business Development

Business Development and Fundraising

ICCO's programs and projects are made possible with the support of various financiers from the public and private sector. An important goal for ICCO in 2018 was ensuring greater diversification of our resource mobilization strategy. We focused our fundraising efforts on institutional donors and subsidy providers and made progress in increasing the number of donors with whom we have a structural funding relationship.

Fundraising is closely linked to business development, and vice versa. Almost nine out of 10 times, ICCO does not execute its programs on its own, but in collaboration with other stakeholders, both private and public. In a partnership, everyone contributes value, knowledge, cash or other forms of support.

INDIVIDUAL DONORS

ICCO does not actively raise funds among private individuals. An exception to this is in the event of exceptional disasters, when a coalition of 11 Dutch relief organizations, among them ICCO and Kerk in Actie, join forces to raise funds. This initiative is known as the "Samenwerkende Hulporganisaties" (SHO) and popularly referred to as Giro 555 in the Netherlands. In 2018, a Giro 555 campaign was organized to help victims of the earthquake in Sulawesi, Indonesia that helped to raise EUR 15.5 million. In the past year, ICCO and Kerk in Actie served as joint action chairman of SHO.

INSTITUTIONAL DONORS

In 2018, our efforts to ensure greater diversification of our resource mobilization strategy resulted in new subsidies from the Netherlands Enterprise Agency and Netherlands Space Office. However, grants from the Ministry of Foreign Affairs of the Netherlands and the European Commission continued to be our main source of institutional support.

ICCO's core donors in 2018 were:

Ministry of Foreign Affairs of the Netherlands

- Strategic Partnership Dialogue and Dissent
- Addressing the Root Causes of Conflict
- Women, Peace and Security Fund
- Disaster Relief Alliance

Intergovernmental donors

- European Commission Trust Fund
- International Cooperation and Development (DEVCO)

- European Civil Protection and Humanitarian Aid Organizations
- European Commission to Nepal
- World Food Program
- InterAmerican Development Bank
- International Fund for Agricultural Development (IFAD)

Subsidy providers

- Netherlands Enterprise Agency
- Netherlands Space Office
- Danish International Development Agency
- UK Department for International Development (DFID)

CHARITABLE FOUNDATIONS

Dutch Postcode Lottery

Since 2008, ICCO has been a beneficiary of the Dutch Lottery, the 'Nationale Postcode Loterij,' a large private fund that supports NGOs working towards a fairer and greener world. Of each ticket the Lottery sells, 50% goes to charity organizations, including ICCO.

The photo was taken in 2017, before COVID-19.



In 2018, ICCO received a contribution of EUR 1,350,000 from the Postcode Lottery, derived from the Lottery's proceeds from 2017. In addition to this

annual institutional contribution to ICCO's work, the Lottery also granted an amount of EUR 2.8 million to 'Birds, Bees & Business,' a joint project of ICCO and Vogelbescherming Netherlands. Birds, Bees & Business combines its support for the regeneration of biodiversity in Burkina Faso with economic development, through exploring opportunities for local producers to market shea nuts.

Another project that is funded by the Lottery is "The Salt Solution", for which ICCO received an amount of EUR 2.1 million in 2017. The Salt Solution makes saline soil in Bangladesh productive again, by training 5,000 farmers to grow salt tolerant crops. In 2018, this project was up and running: the first farmers had been trained in saline agriculture and successfully harvested their first vegetable crop on salt-affected land.

Mastercard Foundation

ICCO partners with the Mastercard Foundation, which finances the Strengthening African Rural Smallholders (STARS) program in Rwanda, Ethiopia, Senegal and Burkina Faso. The program was launched in 2016. STARS aims to increase the income and food security of 210,000 African smallholders, while also contributing to increased evidence and knowledge sharing in the area of rural agriculture finance and value chain development.

AH Foundation

Since 2008 the Albert Heijn (AH) Foundation has partnered with ICCO to undertake assessments of proposed projects and submit them to the board for selection. Once approved, ICCO is responsible for contracting, fund transfer and monitoring of project implementation, and provides strategic advice where needed. Project funding is generated from joint business between AH and participating suppliers, with project pillars being health, education, housing and empowerment.

In 2018, 30 suppliers from 13 African countries participated in Foundation projects, and ICCO supported expansion to the Latin American region. The first round of assessments for new project ideas submitted by suppliers in Peru took place, with successful projects receiving approval by the board in late 2018. Additionally, as a result of the impact measurement pilot conducted during the year, a roll-out plan was made to train all Foundation participants. A first training seminar will be organized in 2019 in South Africa, to be followed by other regions.

Other charitable foundations

- Heineken Foundation
- Rabobank Foundation

FOUNDATIONS

Protestant Church/Kerk in Actie

Kerk in Actie is the program for missionary and diaconal work of the Protestant church in the Netherlands. ICCO has worked in close partnership since its inception.

OTHER FOUNDATIONS

- SNV
- CARE
- Cordaid
- Auxilium
- Norwegian Church Aid
- Climate Works Foundation

PARTICIPATIONS AND SHARES

Lendahand

ICCO has a strategic partnership with, and holds shares in, Lendahand, an online impact investing platform. Lendahand provides an opportunity for socially conscious citizens to invest in entrepreneurs and sustainable initiatives in emerging countries.

AgriCrowd B.V.

In 2018, ICCO joined forces with Lendahand, Solidaridad and Truvalu to set up a new crowdfunding platform in the Netherlands. The aim of this platform is to provide access to finance for small- and middle-sized agri-enterprises in developing countries. For this purpose, the AgriCrowd B.V. was established, with ICCO holding 10% of its shares. This new platform is expected to be launched in early 2020 under the name PlusPlus.

SCOPEinsight

ICCO has a shareholding in SCOPEinsight. Within ICCO programs, SCOPEinsight is used to inventorize strengths and weaknesses of lead farmers and farmer groups and to monitor the progress of capacity-building interventions.

Other participations are Agribusiness Booster Fund and Manq'a Sostenible Sociedad Civil.



4 Increasing Impact

Increasing Our Impact

In order to achieve social change and increase the impact of our work, we make use of numerous strategies and tools for sharing and increasing knowledge within and outside the organization in cooperation with NGOs, civil society organizations, governments and the private sector.

INTERNAL KNOWLEDGE SHARING

To increase knowledge and knowledge sharing across the global organization, ICCO has established various theme-oriented Google sites and a Planning, Monitoring, Evaluation and Learning (PMEL) newsletter. We also practice a buddy system and various interpersonal capacity building activities, such as Face2Face meetings, thematic training and learning workshops. Moreover, in 2018, ICCO also took the first steps towards the development of the ICCO Academy.

EXTERNAL KNOWLEDGE SHARING

Some examples of ICCO's knowledge-sharing activities carried out in collaboration with external partners and stakeholders in 2018 include:

- Hosting in Utrecht, and participating in the European conference of the Global Shea Alliance. This is a network organization comprising 450 members from 33 countries that include producers' cooperatives (primarily women's groups), suppliers, retailers and NGOs.
- Convening the annual HUMAN roundtable on 'Business and Human Rights', together with PwC, CNV Internationaal, and VBDO. The theme for 2018 was "forced labor."
- Presenting a report titled, 'Critical Capital for African Agri-food SMEs,' at the "Team-Up with African Entrepreneurs" conference in June 2018. Published in collaboration with ICCO partners, the Rabobank Foundation and AgriProFocus. The report promotes a "graduation" model aimed at bridging the current mismatch between investment funds and the capital needs of SMEs.
- Presenting the paper, 'Rural Financial Services and Financial Product Innovation in Ethiopia' at the 10th Biennial Microfinance Conference in Addis Ababa.
- Conducting lobbying and advocacy campaigns that bring together the interests of

government, civil society and the private sector in the 13 countries participating in the Civic Engagement Alliance program.

IMPACT MEASUREMENT

ICCO builds its program decisions on data and evidence. We regularly collect data from individuals and households participating in our projects by means of scientifically validated questionnaires and other survey tools. Some examples of this are the Household Food Insecurity Access Scale (HFIAS), the Minimum Dietary Diversity for Women survey (MDD-W), the Months of Adequate Household Food Provisioning (MAHFP) and the Poverty Probability Index (PPI). By using these questionnaires in multiple countries over time we have built up a solid knowledge base that helps us in interpreting the data we collect.



In addition to the use of quantitative tools, ICCO invests energy in qualitative and mixed-methods approaches. One example in this regard is the use of 'Credit Pilot Deep Dive' studies by the STARS (Strengthening African Rural Smallholders) program in Senegal, Burkina Faso, Rwanda and Ethiopia (see also page 19). The program tackled the difficulties faced by many smallholder farmers in accessing financial services and markets. The studies combined

quantitative and qualitative approaches, by following up a household survey with focus group discussions to help verify the findings. The outcomes of the studies will be used to further strengthen our program interventions.

LOBBYING AND ADVOCACY

Our initiatives in the area of lobbying and advocacy are primarily organized under the Civil Engagement Alliance, that was established as part of the Strategic Partnership for Dialogue and Dissent, funded by the Ministry of Foreign Affairs of the Netherlands. ICCO is the lead agency of this coalition, which brings together 11 Dutch NGOs that support lobbying and advocacy activities implemented by their civil society counterparts in 13 countries.

The Alliance enhances the lobbying capacity of civil society organizations and seeks to exert influence with decision makers at the Dutch, European and global levels. The program is organized around four pathways:

- Strengthening the position of civil society organizations
- Promoting sustainable and inclusive food systems and consumption
- Strengthening the position of smallholder farmers and producers
- Responsible entrepreneurship

On average, we work on two to three lobbying and advocacy pathways in each country, although the

selection differs per country. For each pathway, we track an average of 18 Strategic Partnership indicators, which are complemented by the use of “lobby logbooks” and success stories. The table below highlights the results of lobbying and advocacy activities undertaken by the Alliance in each country, based on a sub-set of six indicators.

Indicator	Results 2016 - 2018
Laws, policies and norms / attitudes were blocked, adopted or improved for sustainable and inclusive development	65
Times civil society organizations succeeded in creating space for their demands and positions through agenda setting, influencing the debate and/or creating space to engage	238
Advocacy initiatives were carried out by civil society organizations, for, by or with their membership constituency	470
Civil society organizations increased their lobby and advocacy capacities	1,390
Civil society organizations participated in programs implemented by the Alliance	842

The 2018 Annual Report of the Civic Engagement Alliance, as well as diverse success stories are available at: [www.civicingementalliance.org](http://www.civicingagementalliance.org)

Story of Change

Young Leaders School: New opportunities for youth

In 2018 the Young Leaders School trained 45 young leaders from indigenous communities and cities in Guatemala, under a sociopolitical training program developed by our local partner SO-DEJU (Sociedad para el Desarrollo de la Juventud). This course, supported by the Civic Engagement Alliance, is the beginning of a learning process that allows young people from traditionally excluded communities to become actors of change by creating spaces to encourage greater citizen engagement.

“It was important for me to meet new people and learn new ways of working with youth. This helped me to take responsibility, and organize a specific activity within my organization, a march of young people to commemorate the day of nonviolence against women.”

Mildred Abigail, graduate

In addition to attending face-to-face classes, students developed advocacy and activism projects in their territories. An example is the Walk for Peace in the municipality of Chinautla, where more than 50 young people demonstrated against sexual violence and human trafficking. The activists also presented a document with their demands to the local authorities. Other activities included organizing artistic festivals to promote the rights of youth in San Juan Sacatepéquez, Chiquimula and Retalhuleu.

PUBLIC OUTREACH AND ENGAGEMENT

An important part of our work is creating linkages among individuals and organizations committed to development cooperation and the work of ICCO. Our social engagement is not limited to the Netherlands, but also takes place across the five regions where we implement our projects.

In addition to publishing diverse information products and managing a trilingual website, ICCO has a strong presence on social media platforms such as Facebook, LinkedIn, Twitter and Youtube. In the countries where we work, we convene, or participate in numerous events, such as academic symposia, business fairs and agricultural shows. We also convene public communication activities, such as the e-campaign 'Grow the Farmer. Feed the World,' that was held in conjunction with World Food Day 2018. As part of the Dutch development community, ICCO supports various international events in the Netherlands, including the annual SPEAK! Campaign, the Dutch Africa Day and the Partos Innovation Festival.

Interview with ...

Khin Win Myint of Civic Engagement Alliance Myanmar

How large is the agricultural sector in Myanmar?

Agriculture accounts for 30% of the GDP, and approximately 56% of the labor force is engaged in agriculture, mainly consisting of smallholder farmers. Agriculture is vital to the Myanmar economy.

What does Civic Engagement Alliance in Myanmar?

We strengthen the position of smallholder farmers, and lobby for the inclusion of women and youth in value chains. Neither governmental bodies nor companies sufficiently take farmers' interests, concerns and needs into account. We facilitate conversations and speak a language that the various parties understand. The government, such as the Department of Agriculture, is also understaffed. We put them into contact with the farmers.

You translated the lobby guide of Civic Engagement Alliance into Burmese. Why?

Step by step we want to raise the farmers' awareness, so they can stand up for their rights. Breaking the glass ceiling, that is the idea. However, we do not use the words lobbying and advocacy in Myanmar. It is not forbidden, but we don't want to be positioned in a political context. After decades of military dictatorship, the 'bandwidth' for political decision-making is still narrow. For that reason we prefer to link our advocacy with our project aimed at strengthening the mung bean value chain.

How?

By applying our lobbying and advocacy approach to the mung bean value chain project we are helping to raise the voices of 10,000 mungbean farmers and seasonal laborers to local, regional and national agriculture policy makers. Our input is based on intensive collaborations with market actors and findings from applied research. For example, we have made available our research report, 'Improvement of

the Enabling Environment in Mung Bean Value Chain for Development of Smallholders in Myanmar,' to the parliamentary committee on Agriculture, Livestock and Fishery Affairs.



So, you raise voices and purchases?

Yes, we do both. We aim for the benefit of the farmers as well as a constructive dialogue with governmental bodies. Inclusion of smallholder farmers is being achieved by convincing key buyers and exporters to purchase from smallholder groups. We help farmers with tailored support services to comply with market requirements, and incentives to reward them for better quality produce. We are also seeing a rise in the purchase of "Good Agricultural Practice" (GAP) certified mung beans. This is contributing to the realization of Myanmar's agriculture development strategy.

Khin Win Myint is Program Officer for Civic Engagement Alliance Myanmar.



5

Organization

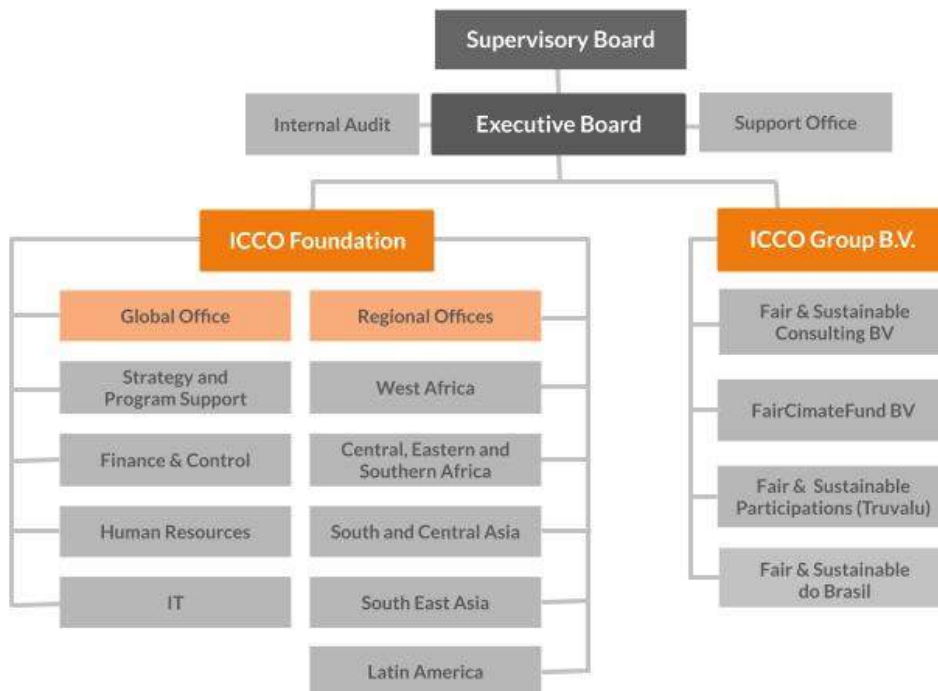
Organization

STRUCTURE

ICCO consists of a cooperative, a foundation and the ICCO Group BV, all established under Dutch law. The statutes of ICCO Foundation are closely linked to the statutes of Coöperatie ICCO U.A. Both have an identical mission and objective and a “personele unie” is arranged between the Executive Board of the cooperative and the Executive Board of ICCO

Foundation. The Supervisory Board of *Coöperatie ICCO U.A.* oversees the Executive Board and approves the annual report of ICCO Foundation. The cooperative has no profit motive and may not make any profit distributions according to its statutes. The members of the Executive Board are also the two directors of the ICCO Group BV.

Organizational chart Coöperatie ICCO U.A.



LEGAL STRUCTURE

ICCO Foundation has branch offices and local legal entities under its governance and control in the following locations:

Regional Offices	Status	Country offices	Status	Explanations
South East Asia				
Denpasar, Bali	NGO registration		expiry date: 2020	Under articles of association of Stichting ICCO
		Myanmar	expiry date: 31-10-2018	Under articles of association of Stichting ICCO
		Vietnam	expiry date: 31-10-2020	Under articles of association of Stichting ICCO
South Asia				
Nepal	NGO registration			Under articles of association of Stichting ICCO
		Bangladesh		Under articles of association of Stichting ICCO
Central Asia				
Kyrgyzstan	NGO registration			Under articles of association of Stichting ICCO
West Africa				
Mali	NGO registration			Under articles of association of Stichting ICCO
		Burkina Faso	NGO-registration since 13 Oct. 2016	Under articles of association of Stichting ICCO
		Senegal	NGO-registration since 22 Dec. 2016	
Central, Eastern and Southern Africa				
Uganda	NGO registration			Under articles of association of Stichting ICCO
		Ethiopia	NGO-registration	Under articles of association of Stichting ICCO
		South Sudan	NGO-registration	Under articles of association of Stichting ICCO
		Rwanda	NGO-registration	Under articles of association of Stichting ICCO
		DRC (Congo)	NGO-registration	Under articles of association of Stichting ICCO
		Burundi	NGO-registration	Under articles of association of Stichting ICCO
		Kenya	Trust (registered since 15 July 2017)	Under the control of Stichting ICCO
Pretoria, South Africa	Registered Non Profit Company			under the control of Stichting ICCO
		Madagascar	NGO-registration	Under articles of association of Stichting ICCO
		Malawi	NGO-registration	Under articles of association of Stichting ICCO
		Zimbabwe	Local Trust	Under control of Stichting ICCO
Latin America				
Nicaragua	NGO registration			Under articles of association of Stichting ICCO
		El Salvador		Under articles of association of Stichting ICCO
Bolivia	NGO registration			Under articles of association of Stichting ICCO
		Peru	NGO-registration	Under articles of association of Stichting ICCO
		Colombia	NGO-registration	Under articles of association of Stichting ICCO
		Paraguay	NGO-registration	Under articles of association of Stichting ICCO
Authority of Palestine	NGO-registration since 17-12-2015			Under articles of association of Stichting ICCO

ICCO Foundation has carried the “seal” of the Central Bureau on Fundraising (CBF) since January 1, 2012. In 2016 the CBF converted its system into an accreditation system, under which ICCO was reviewed and recognized as a charity. Unlike most CBF-qualified organizations, which raise funds from individuals, we are not a traditional charity. However, we are proud of being recognized by the CBF because we want to show accountability to our donors – such as the Nationale Postcode Loterij, as well as the Dutch public – by demonstrating that we follow the ‘Code Wijffels for Good Governance’.

ICCO Foundation is designated as Public Benefit Institution (ANBI) by the Dutch Tax Authorities and based on its statutes ICCO Foundation qualifies as a non profit organization.

ICCO Foundation is executed from the global office in Utrecht and five regional offices. The International Program department functions under the joint management of ICCO and Kerk in Actie. Key department at the ICCO global office is Corporate Strategy and External Relations.

As per July 2018 the Protestant Church and ICCO decided to disentangle the Shared Services Center, that bundled Human Resources, IT and Finance & Control.

EXECUTIVE BOARD

The Executive Board during the year 2018 consisted of two board members, Marinus Verweij (chairman) and Wim Hart (member) and formed a collegiate board. Wim Hart stopped as a board member as of December 1, 2018 and left the organization as of December 31, 2018. Jolanda Wakkerman has taken the role of member Executive Board as of December 1, 2018.

All tasks of the Executive Board are laid down in detail in its articles of association. In the fulfilment she makes effective use of the advisory function of the Supervisory Board. The tasks of the Executive Board are executed in consultation with the team of managers of the regional offices and managers in the global office. Members of the Executive Board are appointed by the Supervisory Board.

Composition and ancillary positions Executive Board

Marinus Verweij (chair)

Representation of ICCO:

- Vice-chair board ICCO USA
- Chair ACT EU
- Member Supervisory Board Human Cities Coalition
- Member Supervisory Board Eucord
- Chair of the Board PerspActive
- Member board ICCO Trust Zimbabwe

Others:

- Member World Connectors
- Member Supervisory Board LuciVer Nursing Home
- Chairman International Christian Medical and Dental Association Trust (UK)
- Vice-chair Durlstone Zimbabwe Foundation and
- Chairman Supervisory Board of Medrie

Wim Hart (member till December 1, 2018)

Representation of ICCO:

- Board member Capital 4 Development Fund
- Board member ACT Alliance
- Member Supervisory Board New World Campus

- Board member NpM
- Board member AgriProFocus
- Board member Business4Impact Fund

Others:

- Member Supervisory Board B&C International B.V.
- Board member Foundation GBYH
- Board member Foundation Holland Moldava
- Member Advisory Board Schagen

Jolanda Wakkerman (member as of December 1, 2018)

Representation of ICCO:

- Board member Capital 4 Development Fund
- Board member NpM
- Board member Business4Impact Fund
- Board member ICCO Development Solutions
- Director ICCO Trust Kenya
- Director ICCO South Africa NPC
- Member Supervisory Board Rabo Rural Fund
- Member Supervisory Board Lendahand

Others:

- Member Supervisory Board Zorgpartners Midden Holland

Task division within the Executive Board

The Executive Board is a collegiate board which is jointly responsible for the whole organization. The members have agreed upon a different portfolio: the chair is figurehead with responsibility for strategy, policy, HR of the global and regional offices and external communication of the organization. The member is responsible for Finance, IT and acts as chair in the absence of the chair. The management of the regional offices and fundraising is a shared portfolio.

Board Remuneration

The Supervisory Board has set the remuneration policy, the level of board remuneration and the level of other remuneration components. The policy is updated periodically. The last evaluation was in their meetings of 28 August 2018 and 24 October 2018. When determining the remuneration policy and determining the remuneration, the Supervisory Board follows the 'Regeling beloning directeuren van goededoelenorganisaties' (Remuneration of Directors of Charity Organizations Regulation) (established in 2017, see www.goededoelennederland.nl) and the WNT2 norm (Scheme Remuneration Top Managers in Development Cooperation Sector).

The 'Regeling beloning directeuren van goededoelenorganisaties' sets a maximum standard for annual income based on various criteria. The weighing of the situation of the two members of the Executive Board of ICCO was done by the Supervisory Board. This led to a so-called BSD score (Basis Score voor Directiefuncties) of 580 points for ICCO (=100%). In the financial statements, a disclosure is provided of the income for both the Supervisory Board members and the Executive Board members.

SUPERVISORY BOARD

Duties

The Supervisory Board has the following tasks:

- Pro-actively and retroactively supervise the policy of the Executive Board and the general run of affairs within the foundation and the enterprises linked to it.
- Support the Executive Board with advice upon request or otherwise, inclusive of an annual evaluation of individual board members and the board as a whole.
- Appoint, suspend and dismiss members of the Executive Board.

In fulfilling their tasks, the Supervisory Board members shall be guided by the interests of ICCO Foundation. Each Supervisory Board member must be able to operate independently and critically towards the other Supervisory Board members, the board and any partial interest whatsoever.

Appointment term and composition

The Supervisory Board consists of five persons. There is one vacancy. The members are drawn from the constituency and the network of ICCO Foundation. The composition shall be such that there is a balance in expertise and origin. When a vacancy arises, the Supervisory Board sets an individual profile and makes every effort to supplement its membership to five members.

Statutory rules to prevent conflicts of interest apply to both the Executive Board and the Supervisory Board. Annually, the general lines of the executed policy of the Executive Board are discussed in a joint meeting with the Supervisory Board.

An Audit Committee and Remuneration Committee supports the Supervisory Board. Members of the Supervisory Board are appointed by the General Assembly of Coöperatie ICCO U.A.

Meetings Supervisory Board

The Supervisory Board held six meetings in 2018. Issues addressed during the regular meetings of the Supervisory Board included reviews of the financial statements, the budget for 2019 and the delay in preparation of the annual report. In 2018, the Supervisory and Executive Board decided on a process of reviewing our strategy and management structure. The internal and external context in which ICCO works has changed and our expertise has developed further. There was a need to review our long-term strategy. At the same time, our management structure, which remained unchanged for the past years, had to be redesigned to adjust to the current situation. A transition team was designated to implement the process which has been concluded early 2019.

Composition and ancillary positions of members of the Supervisory Board

Ir. J.F. de Leeuw

Chair, and chair of the Remuneration Committee. De Leeuw is the chair of CTGB (College Toelating Gewasbeschermingsmiddelen en Biociden) and holds ancillary positions in:

- Abraham Kuyperfonds (board member)
- Qua Wonen Krimpenerwaard (chair Supervisory Board)
- Foundation IZZ (chair)
- Staatsbosbeheer (member Advisory Board)
- Stichting Beheer LZ Agro Kwaliteitsborging (board member) and
- Nationaal Groenfonds (board member)

Drs. W. Oosterom

Member, and member of the Audit and Remuneration Committees.

Oosterom is a consultant for Oosterom Advies BV and has the following ancillary positions:

- Reinier Haga Groep (member Supervisory Board and Audit Committee)
- Ziekenhuis Gelderse Vallei (member Supervisory Board and Chair Audit Committee)
- Stichting Rivierduinen (member Supervisory Board and Chair Audit Committee)
- Federatie Medisch Specialisten (chair Audit Committee)
- Protestantse Gemeente Amersfoort (treasurer) and
- General College Management of Administrative Affairs (Generale College Behandeling Beheerszaken) of the Protestants Church in The Netherlands (chair)

Prof. dr. G. van Dijk

Member, and chair of the Audit Committee.

Van Dijk is Professor Social Venturing Economics & Cooperative Entrepreneurship, TIAS, Tilburg University; visiting professor Agribusiness Management at the International Center for Advanced Mediterranean Agronomic Studies (Chania, Greece) and Managing Director of The Netherlands Institute for Cooperative Entrepreneurship. His ancillary positions include:

- Metgezel Beheer BV (member Governing Board)
- Schuiteman Accountants (member Advisory Board)
- Koninklijke Polak (chair Advisory Board)
- Stichting Wings for Aid (member Board)
- K3 Group bv (chair Advisory Board)
- Foundation Rabobank Certificates (chair)
- Kennis en Innovatie Coöperatie Creatieve Industrie U.A., KIC! (chair) and
- Nwanedi New Generation Cooperative, Limpopo, South Africa (chair)

Mr. A. Knigge

Member.

Knigge is Partner Litigation and Arbitration at Houthoff and member of the Board of Management. His ancillary positions include:

- Research Centre Onderneming & Recht- (member Board of Trustees)
- Zuidas Master Vrije Universiteit / Universiteit van Amsterdam (member Board of Trustees) and
- Nederlandse Vereniging voor Procesrecht and the Stichting Procesrecht (Treasurer)

PERSONNEL

FTE	FTE per 31-12-2017	New employees in 2018	Employees out in 2018	FTE per 31-12-2018
FTE regional offices	180.4	115.7	59.0	237.1
FTE Global Office	50.8	9.3	7.5	52.6
Total ICCO Foundation	231.2	125.0	66.5	289.7

The total FTE as per 31 december 2017 (231 FTE) deviates in comparison with the previous annual report (313 FTE) due to a restatement of error.

At the beginning of 2018, 50.8 FTE were employed at the global office in Utrecht. This was on December 31st, 2018 52.6 FTE. At the regional level, the FTE increased from 180 at the beginning of the year to 237 FTE on 31 December 2018. In 2018 ICCO offered 12 positions to interns.

Retirement schedule

	First term	Second term	Audit Committee	Remuneration Committee
Johan de Leeuw	Jan 2013- Jan 2017	Jan 2017 - Jan 2021		x
Wim Oosterom	Jan 2013-Jan 2017	Jan 2017 - Jan 2021	x	x
Gert van Dijk	Jan 2013-Jan 2016	Jan 2016 - Jan 2020 *	x	
Robin Powell Mandjes	Jan 2014- 01- Jan 2018 (resigned)	Vacancy		
Albert Knigge	Jan 2016 - Jan 2020	Jan 2020 - Jan 2024		

*Mr. Van Dijk was re-appointed due to the special circumstances of the merger process.

WORKS COUNCIL

During the year a Works Council, consisting of four employees in the Netherlands, and four employees in other countries, discussed with the Executive Board subjects related to the organization's human resources policy, and also the year's most important subjects related to strategy and business. Next to this, regional staff representations had their own reflections on and gave feedback to the policy and plans of regional managers.

QUALITY AND CONTROL

In October 2018, ICCO's ISO/Partos 9001 certificate was renewed for three years. External ISO audits were held in three regional offices and the global office. Internal audit subjects were selected via a risk-based audit plan.

In 2018, fifteen internal audits were implemented. Four were complete system audits of regional offices, four looked in detail at specific donor funded projects with a focus on donor compliance and risk management and seven audits looked at specific processes or at departments in Utrecht. Where necessary the audit process and formats were adjusted.

Main conclusion of the various audits is that program management and implementation are in place and are functional. Risks related to donor compliance are caused more by weakness in control and financial administration, than by weakness in program management and implementation. In December 2018, the decision was made to strengthen ICCO's control

function and adjust the internal audit function to work closer with control. Continued compliance with ISO/Partos requirements related to internal audit is taken into account.

Quality standards and codes of conduct

ICCO promotes the use of standards, guidelines and certificates to collectively improve or develop our work and prevent wrongful conduct. All staff members, as well as consultants and partners are required to sign a contract indicating that they will adhere to these codes.

We adhere to the following Codes and Policies:

- ACT Alliance Code of Conduct for the Prevention of Sexual Exploitation and Abuse, Fraud and Corruption, and Abuse of Power (in place since 02-05-2010, revised in 2016).
- Code of Conduct for the International Red Cross and Red Crescent Movement (ICRC) and NGOs in relief (in place since 02-05-2010, revised in 2012).
- ICCO and Kerk in Actie Child Safeguarding Policy (since 2016), guided by the ACT Alliance.
- ICCO Anti-Fraud and Corruption Management Paper (revised mid 2017).
- ICCO Whistleblower policy (2018).

Fraud and financial incapacity procedure

Under the auspices of the 'ACT Alliance Code of Conduct for the Prevention of Sexual Exploitation and Abuse, Fraud and Corruption and Abuse of Power,'

ICCO implements its own 'Fraud and Financial Incapacity Procedure.' We try to prevent fraud and corruption through:

- Close monitoring and
- Abiding by strict contracting procedures.

In 2017 we detected one case of fraud of a staff member in a regional office. We handled this case with care and correctly in accordance with our procedures. The civil and criminal lawsuit is still ongoing. Next to this case, in 2018 we detected no other cases of fraud and/or financial incapacity.

Integrity codes and violations

During the year 2018, a number of issues surrounding sexually intolerant behavior and abuse of power by employees of various international NGOs came to light. Such behavior goes against everything that we stand for and is unacceptable. In our sector as NGOs / development organizations, Partos and Goede Doelen Nederland, we jointly developed an 'Integrity System Guide'. Staff members of ICCO have received training and joined meetings of the Ministry of Foreign Affairs, Partos and Goede Doelen Nederland on this subject and discussed it in its management team meeting.

The Integrity System Guide is the basis for our ICCO Integrity Policy and for the design of our Integrity System on which we worked in 2018 and which will be determined in 2019. Our efforts aim to improve communication, training and sustaining our policies and codes complying with Partos Code of Conduct of ACT Alliance, the DRA Integrity Guidance Note and the Regulations of CBF.

In 2018 we registered and treated three integrity violations reports:

- In October 2018 a staff member filed an official complaint to the Regional Manager against another staff member in one of our regional offices due to sexual harassment. The Regional Manager discussed the claim with both parties apart and together. The defendant apologized to the complainant and appointments were made to prevent misbehavior in the future. The complainant declared she was satisfied with the conclusion of the case.
- In November 2018 an integrity related complaint was filed to the Regional Manager in another regional office. A number of female staff members complained that the behavior of a volunteer was culturally inappropriate and that they felt being

harassed by him. The volunteer didn't show neither understanding nor self-reflection. The management offered him a course in cultural behavior, which he rejected. As a result it was decided to end his volunteer agreement immediately.

- Allegedly a staff member of our ACT Alliance partner has established intimate contact with female volunteer(s) at a remote office, misusing his position as manager. Our partner started an investigation team which concluded that suspicions were confirmed and fired the staff member, based on breaching their Code of Conduct.

Complaints

ICCO has a complaints and appeals system that is accessible via the website for all our stakeholders and partners (www.icco-cooperation.org). ICCO did not receive any formal complaints in 2018.

Legal Cases

In 2018 ICCO was involved in six legal cases. Two of the cases were in relation to the application of labor laws in regional offices. One case was lodged by a former partner organization that opposed the transfer of contracted activities to another party due to non-fulfilment of the contract conditions; one case is regarding the reclaim of misappropriated funds of ICCO because of fraud in a civil lawsuit. The final case is handling the legal proceedings which resulted-beyond our control - as a consequence of stopping a project and due to the non-compliance of a local partner.

CORPORATE SOCIAL RESPONSIBILITY

ICCO's corporate social responsibility (CSR) policy is based on the criteria of ISO 26000. ISO 26000 is a universally accepted guideline on how to define and implement CSR. It applies to companies, the public sector and civil society organizations across the world. We have formalized our CSR strategy in a CSR policy. We use seven CSR principles: accountability, transparency, ethical behavior, respect for stakeholder interests, respect for the rule of law, respect for the international norms of behavior, respect for human rights. We apply these principles to:

- organizational governance
- human rights & labor practices
- the environment
- fair operating practices
- consumer issues
- community involvement and development

Green ICCO

We pay attention to sustainability in our own business operations. Central concepts in this include reducing, clean energy and offsetting carbon emissions. ICCO promotes less working places, reduced air travel, telework and flexible work arrangements and the use of bicycles. The remuneration of travel policy is based on public transport. The offices have new applications in office automation to encourage paperless work through facilities for charging electric cars, LED lighting and in 2018 solar panels were installed.

Treasury

Our treasury policy seeks to ensure that our investment portfolio meets a set of sustainability criteria that measure the level of effort invested in achieving results. The investment portfolio with the ING Bank is termed the most sustainable portfolio, based on a ranking of companies or funds invested when compared to other companies in the same sector along more than hundred non-financial indicators (NFI) on social and environmental responsibility. At the end of 2018, based on this NFI-score, the bank rated 95% of the companies in ICCO's portfolio as a strong frontrunner or frontrunner on social and environmental responsibility in the sector.

SAFETY AND SECURITY

Safety and security is housed at the security desk at global office and security focal points in the regional and larger country offices. The desk provides advice and training worldwide and manages incidents. The training modules cover relevant ICCO policies and codes of conduct, including how to prevent and/or address sexual harassment and violence in different cultural contexts. The number of officially reported incidents increased in 2018 compared to previous years. Sixteen security incidents were formally reported. Overall, operational program management is increasingly challenged by security incidents and threats in complex situations.

ACCOUNTABILITY

ICCO is certified and recognized as an organization that meets the requirements of the CBF Regulation. The CBF has integrated their rules and regulations with the Good Governance Code for charities (Code Wijffels). The CBF certification sets requirements for

administration, policy, fundraising, information and communication, spending of resources and reporting. We report to our stakeholders and constituency according to the applicable generally accepted Dutch accounting rules. The financial statements are drawn up in accordance with RJ 650.

Relations with stakeholders

ICCO Cooperation strives for optimal relations with stakeholders, focusing on disclosure and the intake and processing of requests, questions and complaints. The stakeholders of ICCO Cooperation are the donors (e.g. the Ministry of Foreign Affairs), our partners in consortia (such as the Civic Engagement Alliance and PerspActive), partner organizations, local communities, entrepreneurs and companies, the Dutch public (taxpayer) and the ultimate beneficiaries of our programs.

The stakeholders are provided with information in various ways:

- Website: Public information is provided via websites in Dutch, English (main) and Spanish. The website provides project results linked to our monitoring protocol, topical information and news items.
- E-zines: We produce corporate - six times a year - and regional e-zines (2 - 4 times a year) to our stakeholders.
- Annual report and donor reports. The annual report is posted online and as a pdf on the website. Additionally, donors (including ministries and the European Union) receive reports of the programs and projects to which they contribute. Entrepreneurs receive reports of projects in which they participate.
- Social media: On a daily basis ICCO Cooperation communicates through social media: LinkedIn, Twitter, Facebook, Youtube and Instagram.
- In the Netherlands and in the countries we organize or contribute to multi stakeholder meetings, such as HUMAN or the Rabobank "Team-Up with African Entrepreneurs" conference in June 2018.
- ICCO Cooperation communicates internally in English. General information about projects, activities and campaigns is also provided in Dutch (to our Dutch constituency, Spanish (in Latin America) and

French (in parts of Africa).

- ICCO Cooperation is open to ideas, comments, requests and complaints from stakeholders. They can contact ICCO through various ways, for example through the staff and the Executive Board, and through the email address info@icco-cooperation.org. A response form is also available on the website. Suggestions and requests are handled by the relevant employee for that topic.

ICCO Cooperation has a complaints and appeals system which is accessible via the website www.icco-cooperation.org

INFORMATION TECHNOLOGY

Implementation All Solutions and delay of audited financial statements

By the end of 2016, the decision was made to implement a new ERP system, All Solutions. This ERP system went into production from January 1, 2017, but was not fully operational as of January 1, 2017. This is the reason why the finalization of the financial statements of ICCO took so long. The implementation of the ERP, including a proper opening balance sheet, was only finalized by summer 2018.

As a result of the delay in the implementation of All Solutions, the finalization of financial statements 2017, the disentanglement of the Financial department from the Shared Service Center with PKN, the audit of the financial statements 2017 was seriously delayed as well. The annual report 2017 was approved by the auditors on October 31, 2019. This started the delay of the finalization of the audit 2018.

All Solutions is connected to the project monitoring and evaluation application, ProMEva. Due to the

severe delays surrounding the implementation of All Solutions, the rollout of Google Apps for Business to the regional offices experienced delays as well.

Migration to Google

In addition, ICCO's migration to the Google environment at the global office, which took place in 2016, was supported with in-company trainings, workshops, tailor-made upgrades, a helpdesk and site and introduction of more Google applications. The new intranet, providing a personalized integrated platform for internal communication, was finalized for testing in 2018.

The choice for Google Apps was based on the need to improve efficiency and team collaboration by harnessing the extensive possibilities for sharing and jointly editing documents. Moreover, the transfer also opened up new opportunities to share information online through the use of Google Sites. Due to delays surrounding the implementation of All Solutions, the rollout of Google Apps for Business to the regional offices experienced some delays.

The further implementation and roll out of Google at global office and two regional offices (working with Google Drive and Gmail and Chrome books) has been put on hold by the end of 2018, as experiences from the implementation so far has resulted in areas for improvement. Areas for improvement relate to the possibility to be able to work both with both Google and with Windows, as this is required by stakeholders. The IT manager has been asked to come forward with an improvement plan for optimized implementation during the year 2019.

The number of calls to the Helpdesk are limited, which is an indication that the IT domain is performing well. The new intranet, providing a personalized integrated platform for internal communication, was finalized for testing in 2018.



6 Risk Management

Risk Management

Risk management is part of the planning and control cycle and is recorded in a register that is annexed to the ICCO annual plan. Monitoring with mitigation actions take place through management information analyses. Risks are identified and assessed at program, region or department and strategic level. At the strategic/corporate level, risk analysis by the Executive Board is combined with a compilation of the underlying risks at the regional level, which results in an updated Risk Top 10 with mitigation actions. This Top 10 is discussed and agreed upon by the Audit Committee and by the Supervisory Board.

The risks and mitigations are updated twice a year. The table below shows the risks identified in 2018, the mitigation actions developed (to be implemented in 2019) and new risks identified by the Board in 2019, based on analysis of the performance of the organization in 2018.

An evaluation of the strategic risk management by the new Executive Board in ICCO in April 2019 concluded that the system is functional, but that more detailed involvement of the Executive Board is advisable and will be in place from April 2019 onwards.

Risks and management actions in 2018

Strategic risks 2018 (in no particular order)	Type of risk	Mitigation actions 2019	Net risk level
1. The availability of funds is limited while there is a strong competition	<ul style="list-style-type: none"> Strategic Financial 	<ul style="list-style-type: none"> Redefining our strategy to focus on fewer themes with a distinct proposition Delivering value with range of financial instruments Diversifying our funding sources 	Medium
2. Non-compliance with requirements (for new types) of donors	<ul style="list-style-type: none"> Strategic Reputation Financial Law and regulations 	<ul style="list-style-type: none"> Creating a compliance team Conducting client audits to ensure careful monitoring of implementation 	Low
3. Resource mobilization sufficiently not focused on donors/funders that match ICCOs strategy and needs	<ul style="list-style-type: none"> Strategic 	<ul style="list-style-type: none"> Putting in place a new resource mobilization plan with account managers responsible for relations with relevant donors 	Medium
4. The equity level of the organization is too low	<ul style="list-style-type: none"> Financial 	<ul style="list-style-type: none"> Developing strategies to build up reserves by increasing the income Cutting operational costs 	Medium
5. Weak partner selection undermines the performance	<ul style="list-style-type: none"> Reputation Operational Fraud Financial 	<ul style="list-style-type: none"> Monitoring the quality and effectiveness of cooperation agreements and contracts with the use of updated checklists (o-scan) 	Low
6. Insufficient reporting on track record due to the lack of qualified datasets	<ul style="list-style-type: none"> Strategic Operational 	<ul style="list-style-type: none"> Monitoring data entry in the ProMEva app Fully operationalizing AllSolutions, the Enterprise Resource Planning (ERP) system 	Low
7. The political and societal space across the countries and regions in which we work is deteriorating	<ul style="list-style-type: none"> Operational 	<ul style="list-style-type: none"> Conducting continuous monitoring of the safety and security policy Creating a special committee to assist with backup locations and registrations 	Medium
8. High turnover of staff contributes to brain drain	<ul style="list-style-type: none"> Operational Financial accounting Human resources 	<ul style="list-style-type: none"> Introducing positive incentives to create a conducive work environment Supporting and recruiting middle management staff where necessary Implementing a digital knowledge sharing system 	Medium

Added risks 2019 based on risk analysis over 2018	Type of risk	Mitigation actions 2019	Net risk
Implementation of financial ERP system and related procedures in 2017 was delayed, leading to incomplete management information and delayed financial statements	<ul style="list-style-type: none"> • Reputation • Operational • Financial accounting • Law and regulations 	<ul style="list-style-type: none"> • Further adjustments and optimization of the ERP systems and procedures in 2019 and 2020 • Increase awareness of necessity of time writing and increase discipline 	Medium
Reputational damage due to integrity violations in ICCO, by our partners or by other organizations and private parties we cooperate with.	<ul style="list-style-type: none"> • Reputation • Fraud • Law & regulations 	<ul style="list-style-type: none"> • Sound policies for integrity and whistleblowing • Train staff to be able to identify possible violation risks • Frequent checks • Realization of deeper scans and desk research before new partnerships 	Low



Financial Performance Highlights

ICCO is in a transition from a single donor funded organization (MFS-2) to a multi donor organization. This has an impact on the financial situation of ICCO as well. The years 2017 up to 2019 are considered to be years in transition. This implies that the budget for the years 2017 up to 2019 indicates a negative net result. As part of the transition, ICCO has reduced the cost level significantly, mainly at the Global Office in Utrecht. The focus of the Executive Board is more towards a proper relation between profit and cost. The headcount has been critically reviewed and the number of employees working is aligned to the size of the organization. Focus is on ending the usage of matching funds to complement grant funding from external donors.

Analysis of the results for 2018 in comparison to 2017 and the budget for 2018

In €	Actual 2018	Budget 2018	Actual 2017
Total income	35,204,368	41,038,000	39,603,409
Total expenses	40,382,949	42,595,000	43,985,920
Sum of income and expenses before financial income and expenses	(5,178,581)	(1,557,000)	(4,382,511)
Financial income and expenses	(2,864,785)	-	(73,412)
Sum of income and expenses	(8,043,366)	(1,557,000)	(4,455,923)

INCOME

Total income in 2018 was EUR 35.2 million, a decrease of EUR 4.4 million compared to 2017. Total income remained EUR 5.5 million below budget in 2018 mainly due to a delay in the start of some new programs. For example the Songo program (Bangladesh) started at the end of 2018, whereas it was expected to start earlier in the year. Also in Ethiopia, the EU program RESET Program starts only in 2019, whereas it was already included in the budget for 2018. Income grants from donors have - due to the nature of these grants - an incidental character.

During the year 2018, the collaboration between ICCO and KiA changed with respect to the International Programs from KiA. This has resulted in a EUR 0.5 million lower contribution compared to both 2017 and to the budget 2018.

EXPENSES

The allocation of expenses between the amounts spent on the objectives, on fundraising expenses and on management and administration expenses (M&A) is based on the actual expense on partner contracts as well as on time registration and FTEs.

It is ICCO's ambition to spend at least 85% on the objectives and to always remain below 15% for the total of M&A and fundraising cost. Total M&A and fundraising costs as a percentage of total expenses in 2018 is 3.9% (2017: 16.7%).

Based on the applicable accounting principles, RJ 650, the partner commitments are recognized as project expenses at the moment the Foundation committed to the obligation. For projects which take place over multiple years the actual progress of the project seems to be lagging behind on the recognized expenses on objectives. The expenses are recognized at the moment the Foundation committed to the obligation, while the actual procedures performed by the partner are spread over multiple years. This is a logical result of the applicable accounting principles within the Netherlands. Taking into account the partner commitments are only settled after the partner spending has been accounted for and approved by the Foundation. It is only at this point in time the donor contracts between the Foundation and the donors can be settled. The Foundation accounts for the expenses on the objective and needs the donors approval in order to settle the project. Therefore the recognition of expenses on objects

show differences to the actual progress of the projects.

NET RESULT

The net result in 2018 is less compared to the net result in 2017. The net result of ICCO Foundation for 2018 amounts to EUR -/- 8.0 million, whereas the budgeted net result amounts to EUR -/- 1.6 million. There are several reasons that have caused this negative variance of the actual result compared to the budgeted result, such as:

- EUR 2.9 million negative result within the financial income and expense. This relates to a non budgeted incidental impairment of the net asset value of EUR 3.4 million of which EUR 2.9 million consist of the impairment of the Business Booster Fund,
- the use of EUR 0.9 million from the reserves as match funding to cover project expenses. This is outside the organizational budget and was not budgeted for,
- a delay in the start of new programs (Songo, RESET) whereas employees were already lined up,
- a EUR 0.5 million lower contribution from Kerk in Actie,
- additional costs due to the delayed implementation of All Solutions,
- during the year 2018, ICCO changed the ownership structure of the fund management of Capital 4 Development Partners and the Business Booster Fund, which has caused additional cost for legal advisors,
- as a consequence of the decision to disentangle the administrative collaboration in the Shared Service Center between ICCO and PKN, we have had consultants working at the finance department, also resulting in additional expenses.
- additional audit cost related to Annual Accounts.

MEASURES TO PREVENT FUTURE LOSSES

A material difference between the budgeted net result and the actual net result is to a large extent caused by both the fact that the use of 'appropriation reserve matching funds' was not budgeted for (EUR 0.9 million) nor was the reduction of net asset value of the Business4Impact Fund taken into account (EUR 2.9 million).

During the year 2019, the Executive Board has taken measures to prevent these significant variances from the budget to occur towards the future. Therefore 2 measures have been put in place. First of all, no more new matching funds have been granted to the regional managers to match programs with ICCO reserves. Second, ICCO has decided to restructure its participation in the Business Booster Fund. These measures have been operationalized by the end of 2019.

RESULT SECURITY PORTFOLIO

The management of the security portfolio is executed by ING bank. The EUR 0.1 million reduction in value between 2017 and 2018 is due to the stock market which ended lower by the end of 2018 (see unrealized profit). The portfolio consists of sustainable investments. ICCO's treasury strategy is expected to comprise 25% in shares (minimum of 15% and a maximum of 35%) and 75% in Euro denominated bonds (minimum of 65% and a maximum of 85%). The portfolio as of December 31, 2018 is not in line with ICCO's treasury strategy due to the sale of bonds from the portfolio; this has been discussed with the Audit Committee. Based on the outcome of a review, we decided to reduce complexity and sold the securities in 2019.

APPROPRIATION FUNDS AND RESERVES

As a result of the negative result for 2018, the balance of reserves decreased from EUR 12.5 mln to EUR 8.6 mln. In 2018, the balance of funds decreased from EUR 10.0 million to EUR 5.8 million.

Appropriation reserves are formed when revenues are partly not spent in the same year as when they come in. Appropriation reserves are subject to spending restrictions; the purpose is determined by the Executive Board when adopting the financial statements or interim in a resolution on establishing a new appropriation reserve. In the financial statements, an explanation for each appropriation reserve and appropriation fund, as well as the statement of all additions and withdrawals is provided. With the repayment of the loans to which ICCO has provided guarantees, the guarantee fund could be reduced with EUR 1,294K. Balance has been added to the appropriation reserve.

CONTINUITY RESERVE

The continuity reserve is intended to cover short-term risks and to ensure that ICCO can continue to meet its moral and other obligations in the event of unforeseen adverse circumstances. We are guided in this decision by the Guidelines Financial Management for Charity Organizations prepared by the Dutch Association of Fundraising Organizations (Goede Doelen Nederland). ICCO is convinced a reservation of resources is desirable for the continuity of the support given to the charity's goals, and endeavors a continuity reserve of at least 1.0 where the Guidelines maximum is 1.5 times the annual cost of maintaining the operational structure.

During the year 2018, the balance of the continuity reserve has changed. Given the transition of ICCO to a multi donor funded organization, the operational cost level has reduced significantly. For 2020 the budgeted costs for the operational structure for ICCO Foundation amounts to EUR 3.6 million and at the end of 2018, therefore the continuity reserve has been adjusted to EUR 4.0 million. This is sufficient to cover the annual costs of maintaining the operational structure. Project related expenses are fully funded by donor income.



8 Future Developments

Outlook and Future Developments

THE ORGANIZATION

During the year 2018 several changes have been made to the organization. Both members of the Executive Board have been and will be replaced (Jolanda Wakkerman started working December 1, 2018 as a member of the Executive Board and as of July 1, 2019, Sybren Attema started working as Chief Executive Officer).

As a consequence of the decision of both PKN and ICCO to disentangle the Shared Service Center at global office (Finance, IT and HR support), there is improved communication and alignment between the 'front' and 'back' office departments at the global office of ICCO. During the year 2019, the disentanglement of the International Program department (joint department of ICCO and PKN) will also be executed.

STRATEGY

During 2018, the Multi Annual Strategic Plan (MASP) was reviewed and updated in reaction to changes in ICCO's context. The vision and mission presented in the 2020 strategic plan are still valid but we made sharper choices in our strategy and formulated four priorities to make the best use of ICCO's strengths and capacity.

In this annual report can be seen (chapter 2) that the realization of the goals of the MASP 2018-2022 mostly are ahead of target for Food and Nutrition Security and behind for Economic Empowerment. However, this conclusion is a bit misleading, as new targets were developed based on the MASP review, and 2018 represented a shift from the 'old' strategy to the new strategy. In 2019 realization of targets for both goals will receive attention.

BUSINESS BOOSTER FUND

The performance of the Business Booster Fund, in which ICCO is the main participant, has been reviewed during the year 2019. The business model, being a combination of management cost and investment funds, has a negative impact on the expense level of ICCO. For the years 2017, 2018, but also for 2019, this fund will negatively contribute to the result of ICCO. A decision on the way moving forward has been made in the year 2019, which resulted in the restructuring of the Business Booster Fund. ICCO has redeemed its participation in the fund

and has sold its shareholding in Fair & Sustainable Participation B.V.

MATCHING FUNDS

Another important subject will be the review of the matching funds. For the year 2018, an amount of EUR 0.9 million has been used from matching funds. The use of 'appropriation reserve matching funds' is based on prior approval from the Executive Board at the start of programs. All matching funds used were based on approvals from the EB. These matching funds arise from the past, from the MFS period. As ICCO does not have unrestricted funding, there are limits to the use of matching funds. The responsible managers have been informed that no matching funds can be included in new programs.

FUNDRAISING

An important goal for ICCO was the diversification of our funding strategy. ICCO was too dependent on a few donors (Dutch MoFA and EU). In 2018 (and 2019) the number of donors with whom we have a structural funding relationship has increased. The total project income we receive has also increased after the low point of 2017.

COVID-19 impact

The recent outbreak of Covid-19 (Coronavirus) continues to impact the global economy and markets. At this time, the impact of the outbreak on our business has been limited as projects in our regions continue and new projects related to COVID-19 support are requested and planned.

We have currently not witnessed significant changes in project volumes due to long term projects, and our liquidity remains healthy. However, going forward the Covid-19 outbreak may negatively impact amongst others, our donors and possibilities to execute certain kinds of projects, it will affect our business and liquidity. In this respect, ICCO has set up a Covid-19 taskforce to develop and implement contingency plans, and we are closely and continuously evaluating the developments. We will take all necessary actions to keep our operations running and, most importantly, protect our employees, suppliers, donors and all other stakeholders. We also face new possibilities. Our donors are looking for partners to

implement COVID-19 response programs and we are already moved into this kind of projects. Also, current project goals are redefined into first-aid and COVID-19 response programs. This means we are effective as possible to reach our goals and continue the current project volume.

Based on our current knowledge and available information, we do not expect Covid-19 to have an impact on our ability to continue as a going concern in the future.

BUDGET AND UNAUDITED DRAFT RESULTS 2019

The approved budget for 2019 does not reflect a positive net result. Total deficit in the budget for 2019 is a negative EUR 0.50 million (reference is made to page 51). This deficit has been discussed and agreed upon with the Supervisory Board. The approved negative budget reflects the third year of transition, in which ICCO transforms from a government funded organization to a donor funded organization.

The unaudited figures for the year 2019 indicates that the actual result from operations will be worse than budget, however the result improves significantly compared to 2018. The unaudited result 2019 is expected to be approximately EUR 2.9 million negative. This negative result is built up from the - earlier approved - usage of matching funds for an amount of EUR 1.4 million. The organizational loss that is worse compared to budget is mainly due to lower overhead income than budgeted (approximately EUR 0.7 million lower), due to lower project income and late start of several new programs. Although still negative, it is a significant improvement compared to 2018.

MULTIANNUAL FINANCIAL PLAN AND GOING CONCERN

A multi annual financial plan has been made, in which a 3-year future financial plan is included (2019-2021). The first year of the 3-year future financial plan is 2019, being the last year in the transition period.

From 2020 onwards, the budget ends positive; for 2020 the budget ends at EUR 250K positive, for 2021 is a further growth of the net result to EUR 570K is included. In order to finalize the transition period, the Executive Board has decided to focus on reducing complexity in the organization, thereby reducing the expenses as well.

The multi annual financial plan has been discussed within the management team and Executive Board of ICCO and has been approved by the Supervisory Board. Based on this multi annual financial plan and the forecast for the year 2019, it is expected that ICCO can work at a competitive cost level and is able to transfer the current loss situation into a positive margin situation. The reserves of the Foundation can cover the loss for the organization that are realized during the years in transition.

Therefore, ICCO is of the opinion that the financial statements can be prepared on a going concern basis.

We trust that ICCO will have the opportunity in the coming years to continue to contribute to a better world, in collaboration with governments and donors, private companies and civil society organizations. We do not want anything else. There is still a world to win.

Summarized Budget 2019

In €	Budget 2019
Income	
Income from companies	16,447,160
Income from lottery organisations	1,651,987
Income from government grants	23,072,818
Income from other non-profit organisations	8,478,176
Income raised	49,650,141
Income from delivery of products / services	204,314
Other income	787,062
Sum of Income	50,641,517
Expenses	
Expenses on Food and Nutrition Security and Sustainable Food	9,985,709
Expenses on Economic Empowerment and Inclusive Markets	26,025,284
Expenses on Responsible Business	5,392,842
Expenses on Emergency Aid	7,750,972
Fundraising expenses	1,019,704
Management and Administration expenses	976,937
Sum of expenses	51,151,448
Sum of income and expenses	(509,931)



Financial Statements

FINANCIAL STATEMENTS

Balance Sheet 2018

(After appropriation of results)

In €		31 December 2018	31 December 2017*
ASSETS			
Fixed assets			
Intangible fixed assets	1	329,316	245,896
Tangible fixed assets	2	134,932	127,085
Financial fixed assets	3	5,870,660	9,199,932
		6,334,908	9,572,913
Current assets			
Accounts receivable and accrued income	4	21,261,321	18,540,175
Securities	5	3,317,153	3,432,948
Cash and cash equivalents	6	29,191,819	28,227,958
		53,770,293	50,201,081
TOTAL ASSETS		60,105,201	59,773,994
LIABILITIES			
Reserves			
Foundation Capital	7	45	45
Continuity Reserve		4,000,000	6,864,290
General Reserve		3,611,589	3,651,192
Legal Reserve		-	-
Appropriation reserve matching funds		947,634	1,812,620
Appropriation reserve Kerk in Actie themes		-	168,130
		8,559,268	12,496,277
Funds			
Appropriation fund guarantees	8	2,426,618	3,721,113
Appropriation fund loans and participations		3,423,313	6,235,175
		5,849,931	9,956,288
Provisions	9	1,515,461	2,675,572
Non-current liabilities	10	6,078,050	6,634,224
Current liabilities	11	38,102,491	28,011,633
TOTAL LIABILITIES		60,105,201	59,773,994

* Adjusted as a result of correction of errors, see page 57 "Restatement of errors"

Statement Of Income And Expenses 2018

In €		Actual 2018	Budget 2018	Actual 2017*
Income				
	12			
Income from private individuals		178,109	-	373,563
Income from companies		5,218,384	6,709,818	5,816,935
Income from lottery organisations		3,191,481	3,956,960	3,211,372
Income from government grants		15,950,957	16,435,077	19,720,907
Income from other non-profit organisations		9,879,620	12,455,145	9,376,873
Income raised		34,418,551	39,557,000	38,499,650
Income from delivery of products / services		458,847	-	1,024,806
Other income		326,970	1,481,000	78,953
Sum of Income		35,204,368	41,038,000	39,603,409
EXPENSES				
Expenses on Food and Nutrition Security and Sustainable Food	13	7,879,404	8,311,013	7,041,915
Expenses on Economic Empowerment and Inclusive Markets	13	20,556,170	21,682,172	19,784,768
Expenses on Responsible Business	13	4,255,619	4,488,728	5,303,638
Expenses on Emergency Aid	13	6,116,715	6,451,769	7,787,929
Sum of expenses on objectives		38,807,908	40,933,683	39,918,250
Fundraising expenses	13	804,390	848,452	1,057,577
Management and Administration expenses	13	770,651	812,865	3,010,093
Sum of expenses		40,382,949	42,595,000	43,985,920
Sum of income and expenses before financial income and expenses				
		(5,178,581)	(1,557,000)	(4,382,511)
Financial income and expenses	14	(2,864,785)	-	(73,412)
Sum of income and expenses				
		(8,043,366)	(1,557,000)	(4,455,923)
Appropriation of sum of income and expenses				
Actual 2018 Budget 2018 Actual 2017				
Addition to / withdrawal from:				
Continuity Reserve		(2,864,290)	-	1,934,367
General reserve		(1,939,675)	(1,557,000)	541,561
Legal reserve		-	-	-
Appropriation reserve matching funds		(864,986)	-	(1,655,892)
Appropriation reserve future proof programming		-	-	(1,370,412)
Appropriation reserve Kerk in Actie themes		(168,130)	-	-
Appropriation fund projects		-	-	(99,645)
Appropriation fund guarantees		605,577	-	(2,005,483)
Appropriation fund loans and participations		(2,811,862)	-	(1,800,419)
Result		(8,043,366)	(1,557,000)	(4,455,923)

* Adjusted as a result of correction of errors, see page 57 "Restatement of errors"

Cash Flow Statement 2018

In €		2018	2017*
Sum of income and expenses		(8,043,366)	(4,455,923)
<i>Adjustments for:</i>			
Depreciation	1 / 2	108,151	136,538
Unrealised fx result cash and cash equivalents	15	(295,422)	307,776
Unrealised result securities	5	129,011	(80,488)
Realised result securities	5	30,467	43,143
Cash dividend and interest on securities	5	(74,896)	(72,030)
Non-cash dividends on securities	5	(708)	(1,402)
Non-cash dividends on financial fixed assets	3	(49,057)	(51,600)
Unrealised fx result financial fixed assets	3	(45,117)	142,398
Write off of financial fixed assets	3	3,353,235	524,738
Movement to current financial fixed assets	3	(124,983)	201,495
Financial fixed assets provision	3	484,000	(211,454)
<i>Changes in working capital:</i>			
Change in provisions	9	(1,160,111)	(2,688,383)
Change in donor receivables	4	(1,006,891)	(848,289)
Change in other receivables	4	(1,714,255)	(2,753,189)
Change in advances from donors	11	5,767,837	12,043,351
Change in other liabilities	11	1,644,235	(2,172,489)
Change in short term partner commitments	11	2,678,786	(7,005,858)
Change in long term partner commitments	10	(556,174)	3,925,672
Cash flow from operating activities		1,124,742	(3,015,994)
Investments in tangible fixed assets	2	(79,365)	(88,696)
Investments in intangible fixed assets	1	(120,053)	(244,131)
Investments in financial fixed assets	3	(334,000)	(1,049,597)
Disinvestment in financial fixed assets	3	45,193	166,664
Investments in securities	5	(857,347)	(508,821)
Disinvestment in securities	5	814,372	3,441,669
Cash dividend and interest on securities	5	74,897	72,030
Cash flow from investing activities		(456,303)	1,789,118
Net cash flow		668,439	(1,226,876)
Exchange rate and translation differences on cash and cash equivalents	15	295,422	(307,776)
Changes in cash and cash equivalents		963,861	(1,534,652)

* Restated as a result of correction of errors, see page 57 "Restatement of errors"

Notes To The Financial Statements 2018

General basic principles for preparation of the financial statements and principal activities

Stichting Interkerkelijke Organisatie voor Ontwikkelingssamenwerking, ICCO (ICCO Foundation or ICCO), having its legal address in Utrecht (Joseph Haydnlaan 2A), is a foundation registered in the Trade Register under number 56484038.

ICCO Foundation has branch offices in the regions where we work and four local legal entities under the governance and control of ICCO Foundation. All branch offices are one and the same legal entity worldwide: a foundation under Dutch law and are therefore included in these financial statements. The four separate entities under control of ICCO Foundation are not consolidated in these financial statements as they are qualitatively and quantitatively in total not significant.

ICCO foundation has been designated by the Tax Authorities as Public Benefit Institution (ANBI) and based on its statutes ICCO Foundation qualifies as a non profit organization.

ICCO contributes to the reduction of poverty by undertaking development programs relating to four key themes: Food Security and Sustainable Consumption, Economic Empowerment, Responsible Business and Emergency Response.

Financial reporting principles

The financial statements have been prepared in accordance with the Dutch Accounting Standards for Fundraising Organisations (RJ 650).

For the execution of the relevant obligations contained in the legislation Wet Normering Topinkomens (WNT), the institution further complied with the Beleidsregel toepassing WNT, relating to financial eligibility.

The financial year coincides with the calendar year. The applied basic principles for the valuation of assets and liabilities and the result determination are based on historical costs, unless indicated otherwise.

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 organization and the asset has a cost price or value of which the amount 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 that the settlement of an existing obligation will result in an outflow of resources embodying economic benefits and the amount necessary to settle this obligation can be measured reliably. Provisions are included in the liabilities of the Foundation. Liabilities that are not recognised in the balance sheet are considered as off-balance sheet liabilities.

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 the organization does not have the legal ownership, this fact is being disclosed.

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 arises of which the size 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 arises of which the size can be measured with sufficient reliability. Revenues and expenses are allocated to the respective period to which they relate.

Going concern

The financial statements are prepared on a going concern basis.

Restatement of errors

After adoption of the 2017 financial statements, several material and non-material errors were identified. These are considered as one material error and are retrospectively restated. As per 31 December 2017 the impact on the Sum of income and expenses is EUR 527k positive and on the General Reserve is EUR 255K positive. The impact on the 31 December 2016 General Reserve is EUR 0, as the error did not occur in the 2016 Financial Statements. In this note the main elements of this material restated error are explained.

The main element relates to the partner payment expenses. In the 2017 Financial Statements, the partner commitments and therefore the related income, are recognized when an installment is transferred. This is not in line with RJ 650, which are the accounting principles as set out in the explanatory notes to the Financial Statements 2017. The costs and therefore the related income are to be recognized the moment amounts are committed when a (multiple year) contract is signed and amounts are committed. In result of this, the restatement has mainly impact on the accounts Expenses on objectives (increase of EUR 2.798K), Income raised from donors (increase of EUR 3.174K), the Long term partner commitments (increase of EUR 6.560K), Short term partner commitments (increase EUR 4.915K), Donor receivables (increase of EUR 6.821K), Advances from donors (decrease of EUR 4.967K), Accounts payable (decrease of EUR 63K), Appropriation reserve matching funds (increase of EUR 376K) and Sum of income and expenses (increase of EUR 376K).

Other elements with an impact on the Sum of income and expenses which are restated are relatively small and mainly consist of:

- Projects which are settled though not closed in the project- and financial administration resulting in open positions to be settled (positive effect of EUR 295K).
- Projects with an open advance donor revenue position to which expenses are posted without corresponding posting of revenue (positive effect of EUR 192K);
- Part of the 2017 audit fee of the previous auditor subsequently posted in 2018 and 2019 (negative effect of EUR 152K).

Other restatements with no impact on the Sum of Income and expenses are:

- A contract of which the Strategic Partnership income to which consortium members are contracted through partner contracts, is posted in 2018 rather than the applicable years (2016-2018). This restatement does not impact the 31 December 2016 General Reserve balance. The income and expenses related to 2017 (both EUR 1.075K) should not be recorded in 2018 and are restated in 2017;
- Contracts with consultants with inherently different accounting treatment (realization principle) are incorrectly recorded as contracts with partners (moment of payment). This results in a restatement in the Statement of Income and Expense between Project expenses (decrease of EUR 1.464K), C3 Direct costs (increase of EUR 1.390K), C5 Office and General costs (increase EUR 250K) and Donor income (increase EUR 176K);
- Hosting contracts are incorrectly recorded as contracts with donors. Restatement of this element in the total error results in a reclassification of Donor receivables (decrease) to Debtors (increase) of EUR 508K, a reclassification of Advances from donors (decrease) to Creditors (increase) of EUR 188K and a reclassification from Donor income (decrease) to Other income (increase) of EUR 182K;
- The allowance for bad debt expenses of EUR 736K which are related to donors are incorrectly presented net of Debtors. In the restatement the allowance is presented net of Donor receivables (decrease) instead of Debtors (increase). The related expense of EUR 736K is incorrectly presented part of Financial income and expenses and is restated and presented against the respective donor income accounts (decrease) instead off financial expenses (increase);
- Other less material reclassifications in the Balance Sheet and Statement of Income and Expenses and restatements between Donor income and Project expenses due to incorrect cut off (with no effect on the Sum of Income and expenses).

A complete overview of the impact on the financial position in the Balance Sheet and the Statement of Income and Expenses is specified next to '2017 Error restatement figures'.

As a result of the aforementioned restatements of error, the cash flow statement has been restated as well.

2017 Comparative numbers

The 2017 comparative numbers have been restated. In the overview below the difference from the balance in the Annual Report 2017 is compared to the balance in

the Annual Report 2018. A reference is made to paragraph restatement of errors.

2017 Error restatement figures	Balance 2017 in Ann Rep 2018	Balance 2017 in Ann Report 2017	Difference
After appropriation of result			
Balance Sheet			
Intangible fixed assets	127,085	0	127,085
Tangible fixed assets	245,896	381,260	-135,364
Financial fixed assets	9,199,932	9,260,232	-60,300
Accounts receivable and accrued income	18,540,175	12,101,522	6,438,653
Securities	3,432,948	3,432,948	0
Cash and cash equivalents	28,227,958	28,181,291	46,667
Total Assets	59,773,994	53,357,253	6,416,741
Foundation Capital	45	45	0
Continuity Reserve	6,864,290	6,864,290	0
General Reserve	3,651,193	3,396,605	254,588
Appropriation Reserves	1,980,750	1,589,133	391,617
Appropriate Funds	9,956,288	10,237,694	-281,406
Provisions	2,675,572	2,675,572	0
Non-current liabilities	6,634,224	0	6,634,224
Current liabilities	28,011,632	28,593,914	-582,282
Total Liabilities	59,773,994	53,357,253	6,416,741
Statement of income and expense			
Income from private individuals	373,563	373,563	0
Income from companies	5,816,935	5,287,513	529,422
Income from lottery organisations	3,211,372	2,091,758	1,119,614
Income from government grants	19,720,906	17,317,403	2,403,503
Income from other non-profit organisations	9,376,873	9,034,657	342,216
Income from delivery of services and other income	1,103,759	1,439,421	-335,662
Sum of Income	39,603,409	35,544,315	4,213,689
Expenses on objectives	39,918,249	35,983,079	3,935,170
Fundraising expenses	1,057,577	994,003	63,574
Management and Administration expenses	3,010,093	2,749,934	260,159
Sum of Expenses	43,985,919	39,727,016	4,344,975
Financial income and expenses	-73,412	-800,482	727,070
Sum of Income and Expenses	-4,455,923	-4,983,183	527,260

Transactions in foreign currency

Transactions are reported in Euro (EUR and €) which is the organization's functional currency.

Transactions in foreign currencies are converted according to the exchange rate applying on the transaction date. Monetary assets and liabilities that are denominated in foreign currencies are converted into the functional currency according to the exchange rate applying on that day. Non-monetary assets and liabilities in foreign currency that are included at their historical cost price are converted to Euro according to the exchange rate applicable on the transaction date.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at current value, are translated into the functional currency at the exchange rates when the current value is determined. Exchange rate differences that arise from this translation are directly recognised in equity as part of the revaluation reserve.

Use of estimates

The drawing up of the financial statements requires the Executive Board to form opinions and make estimates and assumptions that influence the basic principles and the reported value of assets and liabilities, as well as income and expenses. The actual outcomes may differ from these estimates. The estimates and underlying assumptions are continuously assessed. Revisions of estimates are included in the period in which the estimate is revised and in future periods for which the revision has consequences.

Estimates are especially applied regarding the valuation of the portfolio of loans, participations and guarantees and regarding the provisions for reorganization. Due to the timing of the financial statements 2018, no significant estimates are applicable.

Financial instruments

During the normal course of business, ICCO uses various financial instruments that expose it to market, currency, interest, cash flow, credit and liquidity risk. To control these risks, ICCO has instituted policies and procedures that are intended to limit the risks of unpredictable adverse developments in the financial markets and thus for the financial performance of ICCO.

The financial statements include the following financial instruments: investments in shares and bonds, trade and other receivables, cash items, loans and other financing commitments, and trade and

other payables. The foundation has no derivative financial instruments embedded in contracts.

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 originated. 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. However, if financial instruments are subsequently measured at fair value through the statement of income and expenses, then directly attributable transaction costs are directly recognised in the statement of income and expenses at the initial recognition. After initial recognition, financial instruments are valued as described below.

Financial instruments that are held for trading

Financial instruments (assets and liabilities) that are held for trading are valued at fair value and changes in fair value are accounted for in the statement of income and expenses. In the first period of recognition, transaction costs are included in the statement of income and expenses as expenses. Purchases and sales of financial assets that belong to the category held for trading are accounted for at the transaction date.

Securities

ICCO has a treasury policy stating the responsibilities and controls regarding management of securities and savings. The portfolio has to meet a set of sustainability criteria that measure the level of effort invested in achieving results with respect to their social and environmental policies.

To the extent that these are listed on a stock exchange, loans and bonds are valued at fair value. Changes in the fair value are accounted for in the statement of income and expenses, to the extent that the result of the individual investment is cumulatively positive. Upon derecognition of the investment, the accumulated result recognised in equity is transferred to the statement of income and expenses. Any accumulated decrease in fair value below cost is recognised in the statement of income and expenses. Purchases and sales of financial assets that belong to the category investments in listed equity instruments are accounted for at the transaction date. Loans and bonds that are not listed on a stock exchange are measured after their initial recognition at the lower of cost or market value. Purchases and sales of financial

assets that belong to the category investments in unlisted equity instruments are accounted for at the transaction date.

Securities are used for the purpose of investments, amongst others to cover the amount in the continuity reserve.

Provided loans and other receivables

Provided loans and other receivables are valued at their amortized cost price on the basis of the effective interest method, less impairment losses. The effective interest and impairment losses, if any, are directly recognised in the statement of income and expenses.

Current and non-current liabilities and other financial commitments

Current and non-current liabilities are valued at amortized cost on the basis of the effective interest rate method. The effective interest is directly recorded in the statement of income and expenses.

Tangible and intangible fixed assets

The tangible and intangible fixed assets are valued at cost, less the cumulative depreciation and impairment losses. The cost comprises the price of acquisition, plus other costs that are necessary to get the assets to their location and condition for their intended use. Expenses are only capitalised when it extends the useful life of the asset. The depreciations will be calculated as a percentage of the acquisition price according to the linear method on the basis of the economic lifespan, taking into account the residual value, if any.

The depreciation percentages applied are:

Furniture and installations:	20%
Hardware and software – general:	33%
Hardware and software – ERP system:	20%
Company Cars:	33%

Depreciation starts as soon as the asset is available for its intended use, and ends at decommissioning or divestment. Assets retired from active use are measured at the lower of book value or net realisable value.

All tangible and intangible fixed assets are used for organizational purposes. Maintenance expenses on tangible and intangible fixed assets are accounted for as office and general costs.

Financial fixed assets

Participating interests in which significant influence can be exercised on the business and financial policy are valued according to the equity method on the

basis of the net asset value. The valuation principles of the foundation will be used to determine the net asset value. Participations with a negative net asset value will be valued at nil and ICCO will make a provision for its share in the negative equity capital of these subsidiaries in case of liabilities for debts of the subsidiary.

The measurement at nil also covers any receivables provided to the participating interests that are, in substance, an extension of the net investment. In particular, this relates to loans for which settlement is neither planned nor likely to occur in the foreseeable future. A share in the results of the participating interest in subsequent years will only be recognised if and to the extent that the cumulative unrecognised share of loss has been absorbed.

Participating interests in which no significant influence can be exercised are valued at the lower of cost or realisable value. Dividends are accounted for in the period in which they are declared. Dividends from participating interests that are carried at cost, are recognised as income from participating interests (under financial income) in the period in which the dividends become payable. Interest income is accounted for in the period in which it is achieved, taking into account the effective interest rate of the relevant asset. Profits and losses, if any, are accounted for under financial income and expenses.

Loans and participations are related to the objectives and not used for organizational or investment purposes.

The further accounting policies for other financial fixed assets are included under the heading 'Financial instruments'.

Impairment of fixed assets

For tangible fixed assets and financial fixed assets, an assessment is made for each balance sheet date as to whether these assets are subject to impairment. If indications to this effect are found, then the recoverable value of the asset is estimated. The recoverable value is the higher of value in use and the net realizable value. If it is not possible to estimate the recoverable value of an individual asset, then the recoverable value of each cash flow generating unit to which the asset belongs is estimated.

When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, an impairment loss is recognised for the difference between the carrying amount and the recoverable amount.

Subsequently, at each reporting date, the entity assesses whether there is any indication that an impairment loss that was recorded in previous years has been decreased. If any such indication exists, then the recoverable amount of the asset or cash-generating unit is estimated.

Reversal of a previously recognised impairment loss only takes place when there is a change in the assessment used to determine the recoverable amount since the recognition of the latest impairment loss. In such a case, the carrying amount of the asset (or cash-generating unit) is increased to its recoverable amount, but not higher than the carrying amount that would have applied (net of depreciation) if no impairment loss had been recognised in previous years for the asset (or cash-generating unit).

A financial asset that is not measured at (1) fair value with value changes reflected in the statement of income and expenses, or at (2) amortised cost or lower market value, is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, with negative impact on the estimated future cash flows of that asset, which can be estimated reliably. Objective evidence that financial assets are impaired includes significant financial difficulty of the issuer or obligor; breach of contract such as default or delinquency in interest or principal payments, granting to the borrower a concession that the Foundation would not otherwise consider; indications that a debtor or issuer will enter bankruptcy or other financial restructuring, the disappearance of an active market for that financial asset because of financial difficulties or observable data indicating that there is a measurable decrease in the estimated future cash flow, including adverse changes in the payment status of borrowers or issuers, indications that a debtor or issuer is approaching bankruptcy, and the disappearance of an active market for a security. Indicators for subjective evidence are also considered together with objective evidence of impairments, such as the disappearance of an active market because an entity's financial instruments are no longer publicly traded, a downgrade of an entity's credit rating or a decline in the fair value of a financial asset below its cost or amortised cost.

The entity considers evidence of impairment for financial assets measured at amortised cost (loans and receivables and financial assets that are held to maturity) both individually and on a portfolio basis.

All individually significant assets are assessed individually for impairment. The individually significant assets that are not found to be individually impaired and assets that are not individually significant are then collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Foundation uses historical trends of the probability of default, the timing of collections and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

Impairment losses are recognised in the statement of income and expenses and reflected in an allowance account against loans and receivables or investment securities held to maturity. Interest on the impaired asset continues to be recognised by using the asset's original effective interest rate.

Impairment losses below (amortised) cost of investments in equity instruments that are measured at fair value through the statement of income and expenditure, are recognised directly in the statement of income and expenses.

When, in a subsequent period, the amount of an impairment loss decreases, and the decrease can be related objectively to an event occurring after the impairment was recognised, the decrease in impairment loss is reversed through the statement of income and expenditure (up to the amount of the original cost).

Disposal of fixed assets

Fixed assets available for sale are measured at the lower of their carrying amount and net realisable value.

Receivables

The accounting policies applied for the valuation of trade and other receivables and securities are described under the heading 'Financial instruments'.

Cash and cash equivalents

Cash and cash equivalents are measured 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 the functional currency at the exchange rate ruling at that date. Reference is made to the accounting policies for foreign currencies. Cash and cash equivalents that are not readily available to the Foundation within 12 months are presented under financial fixed assets.

Reserves and funds

The additions and withdrawals from the reserves and funds take place from the destination of results.

Continuity reserve

The continuity reserve was created to safeguard the continuity of operations in case of (temporary) losses. The amount reserved is found to be sufficient to cover for liabilities from third parties, liabilities from personnel and other short-term risks. The maximum continuity reserve is 1.5 times total operating expenses as per the Guidelines Financial Management for Charity Organizations prepared by the Dutch Association of Fundraising Organizations (Goede Doelen Nederland).

General reserve

A general reserve has been created for several purposes, amongst which are: strengthening ICCO programs & products in order to make this future proof and for innovation and professionalizing purposes. The limited deployment options of the general reserve have been determined by the Executive Board and are not an obligation. The Executive Board can lift these limitations if it so chooses.

Appropriation reserve matching funds

The appropriation reserve matching funds have been created for matching own ICCO contributions in donor programs. Based on proposals an amount for funding can be approved by the Executive Board and are not an obligation. The Executive Board can lift these limitations if it so chooses.

Funds

Appropriation funds

Appropriation funds are those funds with a specific purpose, as indicated by third parties. It concerns the following funds:

- Appropriation fund project: funding received for a specific project appropriation as indicated by third parties.

- Appropriation fund guarantees (pertaining to ICCO's program objectives): a fund to cover the guarantee obligations, which exceed the level of the guarantee provisions made.
- Appropriation fund loans and participations (pertaining to ICCO's program objectives): a fund to cover provided loans and participating interests above the level of the risk provisions taken for loans and participating interests.

Provisions

A restructuring provision is recognised when at the balance sheet date the entity has a detailed formal plan, and ultimately at the date of preparation of the financial statements a valid expectation of implementation of the plan has been raised in those that will be impacted by the reorganization.

A valid expectation exists when the implementation of the reorganization has been started, or when the main elements of the plan have been announced to those for whom the reorganization will have consequences.

The provision for restructuring costs includes the costs that are directly associated with the restructuring, which are not associated with the ongoing activities of the Company.

Several provisions have been accounted for in the financial statements, relating to several reorganizations that ICCO has gone through. Below an overview is provided, including a background as to the reason for the reorganization and the period in which the provision was established.

Unless stated otherwise the other provisions are assessed at the nominal value of the amounts that are expected to be necessary for settling the related obligations.

A provision is recognised if the following applies:

- The Foundation has a legal or constructive obligation arising from a past event; and
- The amount can be estimated reliably;
- It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Reorganization provision ProCoDe

In 2009, within the framework of the reorganization process, ProCoDe, a Redundancy Package for the

employees who were made redundant at the Utrecht office, was agreed upon.

Social Plan MFS II provision

A redundancy package was agreed within the framework of the reorganization process under MFSII in 2010, for employees at the Utrecht office. The calculated provisions were based on the number of redundant FTEs and the expected cost of termination and dismissal.

Restructuring 2014-2016 provision

A redundancy package was agreed within the framework of the reorganization process under MFSII in the years 2014-2016, for employees at the Utrecht office. The calculated provisions were based on the number of redundant FTEs and the expected cost of termination and dismissal.

Reorganization provision Future Proof ICCO

Within the framework of the reorganization process under the current 'Future Proofing ICCO 2017-2018' strategy, another Redundancy Package was agreed for employees who were made redundant at the Utrecht office. The calculated provisions were similarly based on the number of redundant FTEs and the expected cost of termination and dismissal. The reorganization process under this latest strategy has also affected employees in the regional offices. Another addition relates to the reorganization for restructuring ICCO in preparation for the financial restructuring after the MFSII period.

Provision guarantee obligations

ICCO provides guarantees to (bank) institutions, which use this to provide loans to third parties. A provision has been recognized for the guarantees provided by ICCO, which is based on a risk assessment of project risk and global economy risk. In calculating the provision, the payment behavior of the relevant partner is also taken into account. While the assessed risks are based on the best practices, these risks cannot be precisely determined for some regions.

Provision Terrafina

A redundancy package was agreed for the employees working in Utrecht for ICCO Terrafina. Terrafina is a joint initiative from ICCO, the Rabobank and Oikocredit. The 3 parties involved decided to end the collaboration on this initiative. The calculated provisions were based on the number of redundant FTEs and the expected cost of termination and dismissal.

Non-current Liabilities

The valuation of non-current liabilities is explained under the heading 'Financial instruments'.

Current Liabilities

The valuation of current liabilities is explained under the heading 'Financial instruments'.

Operating leases

If the Foundation acts as lessee in an operating lease, the leased property is not capitalized. Benefits received as an incentive to enter into an agreement are recognised as a recutions 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.

Income

General

Project income can be subject to meeting the donor's objectives and completing a project audit depending on grant requirements. The related expenses are reported in the expenses (C1-C6 categories). Some of ICCO's projects are co-financed by contributions of partners. ICCO does not recognize this co-financing as revenue, since there is no risk for or activities done by ICCO.

Income from private individuals

Occasionally, private individuals donate small amounts. The income is not directly related to projects. The income is credited to the statement of income and expenses in the year they originate.

Income from companies

Company grants are credited to the statement of income and expense of the year in which the subsidized deployment takes place. Company grants are reported as income in proportion to the Expenses. The unused portion of received amounts are accounted for as advances from donors under current liabilities on the balance sheet.

Income from lottery organizations

The regular unrestricted contribution from the Dutch Postcode Lottery is recognized in the year to which the income in question relates. Proceeds from the 'Extra Drawing' are recognized in the year in which the funds are pledged.

Government / EU grants

All ICCO's income from governments is incidental, although part of the income is related to multiyear grants. All grants have an end date. Government grants

are credited to the statement of income and expenses of the year in which the subsidized deployment takes place. Government grants are reported as income in proportion to the Expenses. The unused portion of received amounts are accounted for as advances from donors under current liabilities on the balance sheet.

Income from other non-profit organizations

This income is credited to the statement of income and expenses in the year in which the income is received or pledged. Grants are reported as income in proportion to the Expenses. The unused portion of received amounts are accounted for as advances from donors under current liabilities on the balance sheet.

Other income

Other income consists of the outcome from service level agreements, co-assisting in (non ICCO) projects and other small agreements. This income is recognized in the year to which the income in question relates.

Expenses

In the statement of income and expenses, the costs of ICCO's own activities are subdivided as follows: expenses on program objectives, fundraising expenses and management and administration expenses. The allocation principles used by ICCO and the allocation methods to determine this subdivision have been detailed in the explanatory notes to the financial statements.

Revenue is recognized based on actual progress of a project (and based on the actual occurrence of liabilities to partners).

Expenses on objectives

These expenses consist of grants to third parties, contributions and execution costs. The expenses due to grants to third parties are charged to the statement of income and expenses in the year in which they are spent as per RJ 650. Some of ICCO's projects are co-financed by contributions of partners. ICCO does not recognize this co-financing as expenses, since there is no risk for or activities done by ICCO.

Fundraising expenses

These costs are charged to the statement of income and expenses in the year to which they pertain.

Management and administration expenses

These costs are charged to the statement of income and expenses in the year to which they pertain.

Staff expenses

Employee benefits are charged to the statement of income and expenses in the period in which the

employee services are rendered and, to the extent not already paid, as a liability on the balance sheet. If the amount already paid exceeds the benefits owed, the excess is recognised as a current asset to the extent that there will be a reimbursement by the employees or a reduction in future payments by the organization.

If a benefit is paid in case of non-accumulating rights (e.g., continued payment in case of sickness or disability), the projected costs are recognised in the period in which such benefit is payable. For existing commitments at the balance sheet date to continue the payment of benefits (including termination benefits) to employees who are expected to be unable to perform work wholly or partly due to sickness or disability in the future, a provision is recognised.

The recognised liability relates to the best estimate of the expense necessary to settle the obligation at the balance sheet date. The best estimate is based on contractual agreements with employees (collective agreement and individual employment contract). Additions to and reversals of liabilities are charged or credited to the statement of income and expenses.

Pension plan for Dutch personnel

The pension plan for Dutch personnel is the most extensive for the Foundation. Pursuant to the Dutch pension system the plan is financed by contributions to PFZW, an industry pension fund. Participation in this pension fund has been made obligatory in the collective labor agreement applicable to ICCO.

The related accrued entitlements are always fully financed in the related calendar year through – at least – cost effective contribution payments. The pension plan is a career average plan including conditional granting of supplements. The granting of supplements depends on the investment return.

The contribution to the pension fund amounts to 13.6% of the pensionable salary, which is based on gross wage per employee less a fixed amount per year. The annual employee-paid contribution is 9.6% of the pensionable salary. Based on the funding ratio and expected returns the board of the industry pension fund sets the contribution every year.

The related industry pension has stated that the funding ratio is 101.3% in 2018 (2017: 98.6%). Based on the administrative regulations the group has no obligation to make additional contributions in the event of a deficit other than through higher future contributions.

Foreign pension plans

The foreign pension plans are comparable in design

and functioning to the Dutch pension system, having a strict segregation of the responsibilities of the parties involved and risk sharing between the said parties (the Foundation, the fund and its members) and are recognised and measured in accordance with Dutch pension plans (see before).

Termination benefit

For employees of several regional offices a monthly reservation is made on the balance sheet which is payable when the contract is terminated or when the employee retires, in accordance with relevant local labour laws.

Termination benefits are employee benefits provided in exchange for the termination of the employment. A termination benefit is recognised as a liability and an expense when the Foundation is demonstrably and unconditionally committed to make the payment of the benefit. If the termination is part of a restructuring, the costs of the termination benefits as part of the restructuring provision. See the policy under the heading 'Provisions'.

Termination benefits are measured in accordance with their nature. When the termination benefit is an enhancement to post-employment benefits, measurement is done according to the same policies as applied to post-employment plans. Other termination benefits are measured at the best estimate of the expenditures required to settle the liability.

Financial income and expense

Interest income is recognised in the statement of income and expenses on an accrual basis using the effective interest rate method. Interest expenses and similar charges are recognised in the period to which they belong.

Cash flow statement

The cash flow statement was drawn up on the basis of the indirect method. Cash flows in foreign currency were converted to Euro, using the weighted average conversion rates for the relevant periods. Cash and

cash equivalents consist of current accounts in the Netherlands and for the regional offices, saving accounts and cash held at the global or regional offices.

Receipts and payments of interest, receipts of dividends are presented within the cash flows from operating activities. Foreign exchange differences with regard to cash and cash equivalents are presented separately in the cash flow statement.

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. The fair value of non-listed financial instruments is determined by discounting the expected cash flows to their present value, applying a discount rate that is equal to the current risk-free market interest rate for the remaining term, plus credit and liquidity surcharges.

Related parties

Transactions with related parties (refer to note Related Parties for the identified related parties) are disclosed if they have not been entered into at arm's length. Disclosed are the nature and amounts involved with such transactions, and other information that is deemed necessary for an insight into the transactions.

Subsequent events

Events that provide further information on the actual situation at the balance sheet date and that appear before the financial statements are being prepared, are recognised in the financial statements. Events that provide no information on the actual situation at the balance sheet date are not recognised in the financial statements. When those events are relevant for the economic decisions of users of the financial statements, the nature and the estimated financial effects of the events are disclosed in the financial statements.

NOTES TO THE ITEMS ON THE BALANCE SHEET

INTANGIBLE FIXED ASSETS (1)

Movements in intangible fixed assets are as follows:

In €	Software general	Software ERP system	Total intangible fixed assets
Acquisition cost as at January 1, 2018	408,746	1,450,707	1,859,453
Cumulative depreciation and other impairment in value as at January 1, 2018	(289,030)	(1,324,527)	(1,613,557)
Carrying amount as at January 1, 2018	119,716	126,180	245,896
Investments	53,184	66,869	120,053
Amount of disposals (acquisition)	(254,156)	(1,324,527)	(1,578,683)
Amount of disposals (depreciation)	254,156	1,324,527	1,578,683
Depreciation	(22,901)	(13,732)	(36,633)
Other impairments in value and reversals thereof	-	-	-
Change in carrying amount as at December 31, 2018	30,283	53,137	83,420
Acquisition cost as at December 31, 2018	461,930	1,517,576	1,979,506
Cumulative depreciation and other impairment in value as at December 31, 2018	(311,931)	(1,338,259)	(1,650,190)
Carrying amount as at December 31, 2018	149,999	179,317	329,316
Depreciation percentages	33%	20%	

In 2018, the out of order ERP system MSD was disposed of the financial statements, amounting to EUR 1,324,000. There was no result impact, since the investment was already fully depreciated.

The investments in software ERP-system relate to the cost from implementation of a new financial ERP-system (All Solutions) and to the implementation costs of Google Suite throughout all regions of ICCO. The implementation phase of AllSolutions has been finalized as of July 2018, which will be the start date of depreciation.

EUR 71,507 of intangible fixed assets has been depreciated, being 18% of the acquisition value.

TANGIBLE FIXED ASSETS (2)

Movements in tangible fixed assets are as follows:

In €	Furniture and installations	Hardware general	Company cars	Total tangible fixed assets
Acquisition cost as at January 1, 2018	315,039	776,929	272,170	1,370,257
Cumulative depreciation and other impairment in value as at January 1, 2018	(292,614)	(748,969)	(195,470)	(1,243,172)
Carrying amount as at January 1, 2018	22,425	27,960	76,700	127,085
Investments	-	79,365	-	79,365
Amount of disposals (acquisition)	-	-	-	-
Amount of disposals (depreciation)	-	-	-	-
Depreciation	(15,569)	(21,113)	(34,836)	(71,518)
Other impairments in value and reversals thereof	-	-	-	-
Change in carrying amount as at December 31, 2018	(15,569)	58,252	(34,836)	7,847
Acquisition cost as at December 31, 2018	315,039	856,294	272,170	1,443,503
Cumulative depreciation and other impairment in value as at December 31, 2018	(308,183)	(770,082)	(230,306)	(1,308,571)
Carrying amount as at December 31, 2018	6,856	86,212	41,864	134,932
Depreciation percentages	20%	33%	33%	

The tangible fixed assets have been retained for our operations. EUR 1,322,968 of tangible fixed assets has been fully depreciated, being 91% of the acquisition value.

No major investments have occurred in 2018. Investments in 2018 in hardware relates mainly to new chromebooks arising from the switch to Google and several laptops, computers in our offices.

FINANCIAL FIXED ASSETS (3)

Loans and participations

The financial fixed assets have been retained for meeting our objectives. The movement of this item, excluding the provision for loans and participations, is as follows:

In €	Investment in unlisted shares	Receivables from related parties	Receivables from third companies	Other investment in associates	Total
Carrying amount as at January 1, 2018	5,297,715	450,000	2,521,305	3,282,259	11,551,279
<i>Movements:</i>					
Purchases, loans granted	-	100,000	234,000	-	334,000
Sales, redemptions	-	-	(45,193)	-	(45,193)
Exchange rate differences	44,864	-	251	-	45,115
Write offs / impairments	(541,490)	-	(911,346)	(2,927,259)	(4,380,095)
Reversals of impairments	115,515	-	-	-	115,515
Revaluations	-	-	-	-	-
Converted loans	200,000	-	(200,000)	-	-
Transfer from current assets	-	-	124,983	-	124,983
Associated company dividends	49,057	-	-	-	49,057
Other changes in equity	-	-	-	-	-
Carrying value as at December 31, 2018	5,165,661	550,000	1,724,000	355,000	7,794,661

The movement of the provision for the financial fixed assets is as follows:

In €	Investment in unlisted shares	Receivables from related parties	Receivables from third companies	Other investments in associates	Total
Carrying amount as at January 1, 2018	-	-	2,351,347	-	2,351,347
Additions	-	450,000	34,000	-	484,000
Deduction	-	-	-	-	-
Write offs	-	-	(911,346)	-	(911,346)
Carrying value as at December 31, 2018	-	450,000	1,474,001	-	1,924,001
Balance of loans and participating interests	5,165,661	100,000	249,999	355,000	5,870,660

Investment in unlisted shares

As a consequence of ICCO holding shares or having provided loans, ICCO can hold a seat on the board of organizations in which it participates. ICCO has no significant influence on these parties. The participations held by ICCO are related to the program objectives. The Foundation owns 21% of the total contribution of Cooperation PerspActive (Utrecht). ICCO did not classify the Cooperation PerspActive as associate as the Foundation has no significant influence in this entity. The result for the year 2018 of PerspActive is EUR -124K and the equity is EUR 1.215K.

During the year, two convertible loans to P4E and WAAR were converted from receivables to equity participations for EUR 0K and EUR 200K, in total amounting to EUR 200K.

In 2018 a total of EUR 49K was received in stock dividend income on shares of our investments in two microfinance banks in Bolivia: Banco Fie and Ecofuturo. The investments are recognized against cost price, therefore the received stock dividend increases the value of the investments.

In 2019 and 2020 three investments are sold for a total amount of EUR 2,498K (Rabo Rural Fund ad EUR 2,353K, OISL ad EUR 40K and GEBANA ad EUR 105K).

Receivable from related parties

The receivable of the related parties amounts to EUR 550K and relates to a loan provided by ICCO Foundation to ICCO Group BV for the term of 6 years. The interest rate amounts to 2% per year. ICCO Group BV invested the amount of the loan of EUR 450K in an equity investment in Scope Insight for the same amount. In 2018, an additional loan was granted to Scope Insight of EUR 0.1 million.

Receivable from third companies

At year end, the loan portfolio of ICCO, managed by Capital 4 Development Partners, contained 6 (was 12 in 2017) active loans for 4 companies. In 2018 there was one new loan approved for SNWC with the principal amount of EUR 34K with a 5 year term. The interest rate amounts to 4% per annum. For the receivables not provisioned (250K) for the interest rate amounts to 4% per annum. In addition, two loans to P4E and WAAR were converted to participations for EUR 0K and EUR 200K.

The short term part of the receivables is transferred to current assets within one year. The amount transferred to current assets from financial fixed assets relates to the change in short term receivable loans during the financial year.

Write off - receivable from third companies

In 2018, an amount of EUR 911K relating to two loans to Granular (EUR 600K) and Agriproducts (EUR 111K) and P4E (EUR 200K) had to be written off due to these amounts being assessed as uncollectible. The balance was already provided for; therefore there was no impact on the net value of the Financial Fixed assets.

Other investment in associate

The participation in Other associated companies relates to the investment in the Business Booster Fund (BBF), ICCO participates for 75%, which legally deposited with the Foundation Business 4 Impact (Hilversum). Since BFF is a fund structured as a 'Fund for Joint Accounts' ('Fonds voor Gemene Rekening') and Foundation Business 4 Impact is the depositary, all assets are legally owned by, and administered in the name of B4I. The result of B4I in 2018 was EUR -2K and the equity EUR -2K. At the end of 2017, the value of the fund was EUR 3.3 million. The investment in BBF is sold in 2019 and therefore presented as available for sale and therefore measured at the lower of their carrying amount and net realisable value. In the current year an impairment of EUR 2.9 million is recognized due to the restructuring of the BBF that was effectuated by the end of 2019.

Provision

Annually, a provision for financial fixed assets is determined based on a structured risk assessment of the loan and participation portfolio. The risk assessment includes project risks based on business performance criteria. In the regions where ICCO operates, due to economic and political factors the appropriate information cannot always be established or confirmed. As a result, ICCO's risk assessment may differ from the actual outcome.

The provision on loans and participation is high, resulting in a low net value due to the poor likelihood of recovering the full amount of the remaining balance. This is in line with the expectation of management given the mission and strategy of the Foundation and the related funding.

ACCOUNTS RECEIVABLE AND ACCRUED INCOME (4)

The receivables have been retained for meeting our objectives. The specification of this item is as follows:

In €	31/12/2018	31/12/2017
Donor receivables	14,270,878	13,263,987
Receivables from related parties	3,577,884	4,123,545
Short term receivables loans	6,017	131,000
Deposits	89,244	33,350
Receivables from securities and interest	14,592	24,679
Receivables from employees	31,953	11,607
Prepayments	112,835	179,723
Other receivables and accrued income	816,424	749,816
Debtors	2,341,494	22,468
	21,261,321	18,540,175

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.

Below an explanation is provided to several line items of the accounts receivable and accrued income with a high variance of high balance outstanding.

Donor receivables

This item relates to the amounts to be received from government grants and third parties concerning special project grants. The balance increased from 2017 to 2018 with EUR 1.0 million due to timing of funding received from donors. The donor receivables balance includes a provision for bad debts of EUR 927K (2017:EUR 737K).

Receivables from related parties

At the end of 2018 ICCO Foundation has a receivable of EUR 3.6 million (2017 – EUR 4.1 million). This receivable is mainly with the Cooperation ICCO U.A. No interest is charged over the receivables from related parties. One of the main reasons for the decrease is a cash equivalent transfer of EUR 600K from the Cooperation to the Foundation, relating to the settlement of the BUZA MFS II program.

Short term receivables loans

No interest is charged over the short term receivables loans. The amount transferred to current assets from financial fixed assets relates to the change in short term receivable loans during the financial year. No significant change compared to 2017.

Other receivables and accrued income

Other receivables and accrued income increased from EUR 750K as of December 31, 2017 to EUR 810K as of December 31, 2018. The increase is caused by an inheritance of EUR 160K.

Debtors

Debtors increased from EUR 22K as of December 31, 2017 to Eur 2,341K as of December 31, 2018. The increase is caused by timing of receipts. The debtors balance includes a provision for bad debts of EUR 54K.

SECURITIES (5)

The securities have been retained for investment purposes. The composition of this item is as follows:

In €	12/31/2018		12/31/2017	
	€	%	€	%
Stocks	1,563,989	47.2%	1,707,906	49.8%
Bonds	1,679,619	50.6%	1,652,205	48.1%
Oikocredit stocks	73,545	2.2%	72,837	2.1%
Balance as per 31 December	3,317,153	100%	3,432,948	100%

In €	Stocks	Bonds	Participation Oikocredit	Total
Book value as per 1 January	1,707,906	1,652,205	72,837	3,432,948
Acquisitions	521,923	335,424	-	857,347
Dividend payment in participations	-	-	708	708
	2,229,829	1,987,629	73,545	4,291,003
Sales	(539,941)	(304,898)	-	(844,839)
	1,689,888	1,682,731	73,545	3,446,164
Value changes of the share price as a result of valuation	(125,898)	(3,113)	-	(129,011)
Book value as per 31 December	1,563,990	1,679,618	73,545	3,317,153

The return consists of the following components:

In €	Dividend and interest	Unrealised profit	Realised profit	Total
Stocks	50,784	(125,898)	(28,579)	(103,693)
Bonds	23,391	(3,113)	(1,888)	18,390
Participating interest	721	-	-	721
	74,896	(129,011)	(30,467)	(84,582)
Interest on cash and cash equivalents				12,230
Total income from investments				(72,352)

The stocks and bonds have been valued at the market price at the end of the year. At the end of the year, the nominal value of the bonds amounts to EUR 1,580K. All bonds and stocks are listed at the exchange markets.

The management of the security portfolio is executed by ING bank. The reduction in value between 2017 and 2018 is due to the stock market which ended lower by the end of 2018 (see unrealised profit).

ICCO's treasury strategy is expected to comprise 25% in shares (minimum of 15% and a maximum of 35%) and 75% in Euro denominated bonds (minimum of 65% and a maximum of 85%). The portfolio as of December 31, 2018 is not in line with ICCO's treasury strategy. We reviewed our treasuring policy in 2019. Based on the outcome of the review, we decided on the future composition of the security portfolio.

Unrealized profit is theoretically realized profit as per year end. Realized profit is the profit actually realized at the moment of sale of the stocks or bonds.

The securities are at the free disposal of the Foundation.

Oikocredit

The Oikocredit stock is included at nominal value.

CASH AND CASH EQUIVALENTS (6)

The cash and cash equivalents have been retained for meeting our objectives. The specification of this item is as follows:

In €	31/12/2018	31/12/2017
Banks	29,178,405	28,214,802
Cash	13,414	13,156
	29,191,819	28,227,958

The balance of cash and cash equivalents includes an amount of restricted cash for EUR 3,956K of which EUR 3,277K is held for guarantees provided (reference is made to Note 9) and EUR 679,034 related to Cooperation NPM.

RESERVES (7)

Foundation capital

The balance of the foundation capital in the financial year is as follows:

In €	2018	2017
Balance as at 1 January	45	45
Balance as at 31 December	45	45

Continuity reserve

The movements in the continuity reserve in the financial year are as follows:

In €	2018	2017
Balance as at 1 January	6,864,290	4,929,923
Less: General reserve	(2,864,290)	-
Plus: Guarantee appropriation reserve	-	2,005,483
Less: Appropriation results	-	(71,116)
Balance as at 31 December	4,000,000	6,864,290

The continuity reserve is intended to cover short-term risks and to ensure that ICCO can continue to meet its moral and other obligations in the event of unforeseen adverse circumstances. We are guided in this decision by the Guidelines Financial Management for Charity Organizations prepared by the Dutch Association of Fundraising Organizations (Goede Doelen Nederland). ICCO is convinced a reservation of resources is desirable for the continuity of the support given to the charity's goals, and endeavors a continuity reserve of at least 1.0 where the Guidelines maximum is 1.5 times the annual cost of maintaining the operational structure.

During the year 2018, the balance of the continuity reserve has changed. Given the transition of ICCO to a multi donor funded organization, the operational cost level has reduced significantly. For 2020 the budgeted costs for the operational structure for ICCO Foundation amounts to EUR 3.6 million and at the end of 2018, therefore the continuity reserve has been adjusted to EUR 4.0 million. This is sufficient to cover the annual costs of maintaining the operational structure. Project related expenses are fully funded by donor income.

General reserve

The movements in the general reserve in the financial year are as follows:

In €	2018	2017
Balance as at 1 January	3,651,192	3,109,631
Less: Appropriation of results	(8,043,366)	(4,455,923)
Plus: Continuity reserve	2,864,290	(1,934,367)
Plus: Appropriation reserve matching funds	864,986	1,655,892
Plus: Appropriation reserve Kerk in Actie themes	168,130	-
Plus: Project appropriation fund	-	99,645
Plus: Guarantee appropriation fund	1,294,495	2,005,483
Plus: Appropriation reserve future proof programming	-	1,370,412
Plus: Loans and participations appropriation fund	2,811,862	1,800,419
Balance as at 31 December	3,611,589	3,651,192

A further explanation of the changes in the general reserve are provided below.

Appropriation reserve matching funds

The movements in the appropriation reserve matching funds in the financial year are as follows:

In €	2018	2017
Balance as at 1 January	1,812,620	3,468,512
Less: Appropriation of results	(864,986)	(1,655,892)
Balance as at 31 December	947,634	1,812,620

During the year 2018, matching funds were used for several programs executed by the several regions of ICCO. The spending is in line with the approval provided by the Executive Board.

Appropriation reserve Kerk in Actie themes

The movements in the appropriation reserve in the financial year are as follows:

In €	2018	2017
Balance as at 1 January	168,130	168,130
Less: General reserve	(168,130)	-
Balance as at 31 December	-	168,130

The appropriation reserve Kerk in Actie has been transferred to the general reserve.

FUNDS (8)

Appropriation funds relate to funding received for a specific purpose as indicated by third parties. The movements of the appropriation funds are as follows:

Project appropriation fund

In €	2018	2017
Balance as at 1 January	-	99,645
Less: General reserve	-	(99,645)
Balance as at 31 December	-	-

Guarantee appropriation fund

In €	2018	2017
Balance as at 1 January	3,721,113	5,726,596
Plus: Appropriation of results	605,577	
Less: General reserve	(1,900,072)	(2,005,483)
Balance as at 31 December	2,426,618	3,721,113

The guarantees provided are financed with MFSII grants. This fund is held to provide insight to the movements of the fund. The guarantee appropriation fund is used for guarantees that ICCO has provided for loans issued by financial service providers. The guarantees at risk are provided for; and the balance – being the total amount of the guarantee minus the amount provided for – is accounted for in the appropriation fund. The balance of the guarantee appropriation fund decreased as compared to 2017, with the decrease of the value of the liabilities to be covered. The decrease is in line with the expected reduction of the guarantee portfolio. The amount released from the Guarantee appropriation fund is added to the General Reserve.

Loans and participations appropriation fund

In €	2018	2017
Balance as at 1 January	6,235,175	8,035,594
Less: Appropriation of results	(2,811,862)	(1,800,419)
Balance as at 31 December	3,423,313	6,235,175

Part of the loans and participations is financed with MFSII grants and for this part the loans and participations fund is formed. This fund is held to provide insight to the movements of the fund. During the year 2017, the appropriation fund loans and participations decreased mainly with the reduction of the fair value of the loans and participations owned by ICCO. For 2018, the impairment of the value in the participation in the Business Booster Fund was the significant driver for the change in the Loans and participations appropriation fund. See the disclosure on the Financial Fixed Assets.

PROVISIONS (9)

The specification of the provisions is as follows:

In €	31/12/2018	31/12/2017
Reorganization provision ProCoDe	44,383	90,503
Social Plan MFS II provision	95,296	135,589
Provision Restructuring 2014-2016	81,312	170,942
Provision Terrafina	21,595	21,407
Reorganization provision Future Proof	681,456	800,789
Guarantee obligations	591,419	1,456,342
Balance as at 31 December	1,515,461	2,675,572

Except for the guarantee obligations all provisions have an estimated maturity shorter than one year. Below a further analysis is provided to the several line items of the provisions.

The movement in the provision for reorganization ProCoDe is as follows:

In €	2018	2017
Balance as at 1st January	90,503	265,844
Less: Payments	(46,302)	(65,940)
Plus: Additional provision	182	-
Less: Provision released	-	(109,401)
Balance as at 31 December	44,383	90,503

A provision was made in 2009 for the costs of the Redundancy Package agreed upon for the ICCO employees who were made redundant at the Utrecht office. In 2018, an amount of EUR 46K was spent. Based on recalculation of the expected expense a mutation of EUR 182 was made.

The movement in the provision for the redundancy package MFSII is as follows:

In €	2018	2017
Balance as at 1st January	135,589	193,981
Less: Payments	(46,569)	(54,845)
Plus: Additional provision	6,276	0
Less: Provision released	-	(3,547)
Balance as at 31 December	95,296	135,589

A provision was made in 2010 for the reorganization, which resulted from the severe cut of government grant at the end of 2010. Based on the Redundancy Package agreed upon for the ICCO employees, an amount of EUR 47K was spent in 2018. Based on recalculation of the expected expense a mutation of EUR 6K was made.

The movement in the provision for restructuring 2014-2016 is as follows:

In €	2018	2017
Balance as at 1st January	170,942	304,755
Less: Payments	(22,914)	(78,844)
Less: Provision released	(66,716)	(54,969)
Balance as at 31 December	81,312	170,942

A provision was made in 2015 for the reorganization that started to reshape ICCO for the period after the MFSII period. An amount of EUR 23K was spent in 2018. Based on recalculation of the expected provision, a release of EUR 67K was made.

The movement in the provision for ICCO Terrafina Microfinance is as follows:

In €	2018	2017
Balance as at 1st January	21,407	45,231
Less: Payments	(818)	(19,309)
Plus: Additional provision	1,006	-
Less: Provision released	-	(4,515)
Balance as at 31 December	21,595	21,407

A provision was made in 2015 for the reorganization that started to downsize ICCO for the period after the MFSII period. This reorganization related in particular to the Terrafina Microfinance department in which ICCO, Rabobank and Oikocredit worked together in a tripartite way. An amount of EUR 818 was spent in 2018. Based on recalculation of the expected provision, an addition of EUR 1K was made.

The movement in the provision for Future Proof is as follows:

In €	2018	2017
Balance as at 1st January	800,789	871,107
Less: Payments	(99,593)	(107,900)
Plus: Additional provision	-	37,582
Less: Provision released	(19,740)	-
Balance as at 31 December	681,456	800,789

A provision was made in 2015 for the reorganization that resulted from the next severe cut in the government grant at the end of the MFSII period. This reorganization had an impact on the regional offices as well as in the global office in Utrecht. An amount of EUR 100K was spent in 2018. Based on a recalculation of the expected provision, a release of EUR 20K was made.

The movement in the provision for Guarantee obligations is as follows:

In €	2018	2017
Balance as at 1st January	1,456,342	2,866,580
Less: Short term liabilities	(259,346)	-
Less: Payments	-	(1,018,442)
Less: Provision released	(605,577)	(391,796)
Balance as at 31 December	591,419	1,456,342

The provision is determined based on a risk assessment of a guarantee being called in, on the basis of earlier experience figures. In these figures, a project risk based on payment behavior and business performance is taken into account.

The reduction of the provision in the year 2018 was due to a reduction of the portfolio and guarantees being called in in 2018 and 2019. The total liability was EUR 3,277K as per 31 December 2018 (EUR 5,326K as per 31 December 2017), of which EUR 591K is provision, EUR 259K short term liability and 2.427K Appropriation Fund (Note 8). The guarantee portfolio will further decrease the next coming years.

NON-CURRENT LIABILITIES (10)

In €	31-12-2018	31-12-2017
Long term partner commitments	6,078,050	6,634,224
Balance as at 31 December	6,078,050	6,634,224

Partner commitments

One of the basis principles for ICCO in achieving her goals is working together with local organisations: our partners. The contracts with these partners are presented as long term liabilities and current liabilities. The amounts reflect the committed partner costs which have not been paid as of December 31, 2018. The partner commitments in total (long term and short term) increased in 2018 compared to 2017, as a result of a growing number of projects and programs that are starting for which the payments will take place in future years.

CURRENT LIABILITIES (11)

The specification of this item is as follows:

In €	31/12/2018	31/12/2017
Advances from donors	23,963,415	18,195,578
Partner commitments	6,970,166	4,291,380
Accruals	1,628,499	1,099,378
Accounts payable	773,327	1,488,310
Liabilities to related parties	745,913	141,888
Security contributions and taxes	492,085	279,221
Pension liabilities	456,099	388,100
Reservation for holiday allowance	114,245	125,034
Provision for holidays	143,918	223,327
Amounts owed to staff	653,717	730,400
Other liabilities	2,161,107	1,049,017
Balance as at 31 December	38,102,491	28,011,633

An explanation of variances of the current liabilities between 2017 and 2018 is provided below for the line items with material variances.

Advances from donors

The amounts reflect grants received from donors, of which the project costs have not yet been taken into account as of December 2018. The advances increased in 2018 compared to 2017, as a result of a growing number of projects and programs that are starting for which advances are already received.

Partner commitments

Please refer to note 10 for disclosure on partner commitments.

Accruals

Accruals increased from 2017 to 2018. At the end of 2017, the amount relates to two posts; being audit fees to be paid relating to the audit of the financial statements 2017 and an accrual relating to implementation of projects in Latin America (EUR 0.3 million). As per the end of 2018 both amounts have been fully realized. The 2018 accrual mainly relates to the audit fees for the financial statements 2018.

Accounts payable

As of December 31, 2018, the balance of the accounts payable amounts to EUR 0.8 million. The decrease is caused by timing of invoices.

Payables to related parties

At the end of 2018 ICCO Foundation has a payable of EUR 746K (2017 – EUR 142K). This payable is mainly with the Cooperation ICCO U.A. No interest is charged over the payables to related parties.

Security contributions and taxes

The balance payable increased from EUR 279K to EUR 492K from the end of 2017 to the end of 2018. The 2018 balance is mainly built up with payroll tax ad EUR 332K.

Pension Liabilities

The pension payable amount increased with EUR 140K between the two years, as regional offices have higher pension provident funds built up.

Provision for holidays

The accrual for the provision for holidays reduced between 2017 and 2018, as a consequence of employees that have taken the outstanding holiday hours from previous year.

Amounts owed to staff

The amounts owed to staff decreased from EUR 730K to EUR 654K. Main difference is caused by regional office Latin America with a release of a liability related to staff of EUR 96K due to changes in FTE.

Other liabilities

The other liabilities increased from EUR 1,049K by the end of 2017 to EUR 2,121K by the end of 2018. A part of the increase relates to a financial settlement between PKN and ICCO - as partners in the shared services center - in relation to the joint implementation of Google and All Solutions amounting to EUR 217K.

EUR 679K of the other liabilities concerns a short term liability to NPM (2017: EUR 213K). NPM is a member platform for Dutch investors in the worldwide inclusive finance sector, like development organisations, social investors and commercial banks. ICCO is a member of the NPM and is secretary of NPM and NPM does not have its own bank account. The sum of the cash account and the short term liability to NPM amounts to EUR 0.

All current liabilities have an estimated maturity shorter than one year. The carrying values of the recognised current liabilities approximate their respective fair values, given the short maturity of the positions.

RELATED PARTIES

Transactions with related parties are assumed when a relationship exists between the Foundation and a natural person or entity that is affiliated with the Foundation. This includes, amongst others, the relationship between the Foundation and its subsidiaries, shareholders, directors and key management personnel. Transactions are transfers of resources, services or obligations, regardless of whether anything has been charged.

There have been no transactions with related parties that were outside the normal course of business.

Coöperatie ICCO U.A.

ICCO Foundation is the sole member in the Coöperatie ICCO U.A.

ICCO Group B.V.

Coöperatie ICCO U.A. is 100% owner of the ICCO Group B.V., including the sub-companies Fair & Sustainable Participations, Fair & Sustainable Consulting, FairClimateFund, ICCO ICCSPL, and AgriBusiness Booster. The strategy and programs increasingly apply various financial tools and expertise from ICCO Foundation and the companies. In this way, ICCO Cooperation delivers tailor-made solutions in its mission to achieve sustainable livelihoods and justice and dignity for all. Fair & Sustainable Consulting (including the branch Fair & Sustainable Ethiopia Lmt) has performed consulting activities for ICCO during the year for the amount of EUR 0.58 million.

Other

ICCO has not identified other related parties.

FINANCIAL INSTRUMENTS

In general Management note that Financial Fixed Assets and Guarantees are financed (mainly through MFII funds) and are held for the purpose of the entity with the result that the financial risk related to these activities are embedded and accepted within this purpose. During the normal course of business, the Foundation uses various financial instruments that expose it to market, currency, interest, cash flow, credit and liquidity risks. To control these risks, the Foundation has instituted a policy including a code of conduct and procedures that are intended to limit the risks of unpredictable adverse developments in the financial markets and thus for the financial performance of the Foundation.

Currency risk

The Foundation is exposed to currency risk on projects that are denominated in a currency other than the functional currency of the Foundation. The Foundation operates in the European Union, Africa, Asia and Latin-America in which the expenditures are largely in local currency. Income is realized mainly in Euro and US Dollar and does not necessarily match our expenditure which is largely in local currency. Management has accepted the currency risk and has determined that the costs of structurally hedging these currency risks does not outweigh the benefits. For certain projects the donor bears the currency risk.

Credit risk

Credit risk arises principally from the Foundation loans and receivables presented under financial fixed assets, current assets and cash and cash equivalents. For the financial fixed assets the Foundation exposure to credit risk is influenced mainly by the individual characteristics of the loans and receivables. The credit risk arising from loans and receivables are reflected in the provision on financial fixed assets. For current assets the risks are considered low as these mainly consist of donor receivables. The credit risk on donor receivables and debtors are reflected in the provision on these receivables. For the off balance sheet guarantees the Foundation also put a provision in place to reflect this credit risk.

Credit risks associated with the cash and cash equivalents we hold at financial institutions. Cash balances held in Utrecht are held with banks that have a credit risk rating of at least 'A-', as rated by an acknowledged rating agency. Cash and cash equivalents held in Utrecht are spread over two banks: ING Bank and Rabobank. Management has not identified high concentrations of credit risk which are not reflected in the provisions and did not identify other open positions which are not disclosed which bears credit risks.

Interest rate and cash flow risk

The Foundation incurs interest rate risk on interest-bearing receivables (in particular those included in financial fixed assets and cash). No mitigation measures have been taken by the Foundation as this risk is not considered to be significant.

Price risk

The Foundation runs a price risk over investments in the security portfolio managed by ING Bank. The Foundation treasury strategy is expected to comprise 25% in shares and 75% in Euro denominated bonds. The result would be affected by EUR 78K in case the share prices of the portfolio would decline with 5%. As a consequence, the Foundation faces a limited market risk related to its portfolio of bonds and shares that is valued at market value.

Market risk

Market risk is not separately disclosed as the above risks and disclosures sufficiently reflect main market risk and Management policy.

OFF BALANCE SHEET ASSETS AND LIABILITIES

Multiannual financial liabilities

Rental agreement PKN

From 2019 a new rent agreement is negotiated with PKN, for the years 2019 – 2021, for which the annual rent is EUR 124K per annum. The liability for 2019 is EUR 124K, the total liability from 1 year up to the end of the contract amounts to EUR 238K.

Agreements regional offices

The regional offices entered into long term renting agreements of several office buildings. Total liability of EUR 151K of which EUR 97K is for 2019 and EUR 54K is for the period of 2020 to 2023. The regional offices have also entered into long term hosting agreements with third parties. Total receivable of EUR 507K of which EUR 474K is for 2019 and EUR 33K is for the period of 2020 to 2023.

Liabilities to subsidize liabilities of third parties

Issued bank guarantees

As at 31 December 2018, ICCO has issued bank guarantees for a total amount of EUR 3,277K, of which EUR 591K is included in the provision, EUR 259K in the short term liability and 2.427K in the Appropriation Fund (note 8).

Fiscal Unity

Together with ICCO Group B.V. and Coöperatie ICCO U.A. (head of fiscal unity), ICCO acts like a fiscal unity for value-added tax purposes. ICCO has reached an agreement with the Dutch Tax Authorities on the fiscal unity.

Legal case

There are several labor lawsuits filed in Brazil, in relation to an investment done by ICCO. The maximum amount of all the listed processes together is EUR 1.676K; however this amount is being charged in solidarity of all executed individuals and companies (8 in total) with no exclusive targeting of a particular debtor. Therefore there is a high uncertainty because no estimate is possible if and when an amount of this sum can be claimed by one of more of the various defendants. The liability of defendants is not related to percentage of ownership.

The outcome of the claims is not clear, nor is it possible to make a proper estimation of the amount of a possible claim. No provision is made in the financial statements. In the possible event that court sentences the involved partners or ICCO to pay the claim we will and have already hold other parties in default liable in this respect.

ICCO agreed with the legal representative of ICCO in Brazil to pay for the legal support in the defense of these claims, amounting to a total of approximately EUR 20K on a yearly basis.

Other

ICCO Foundation received a grant from Abt Associates (Australia) to invest in the C4D Fund along with a bank receipt prior to year-end for an amount of AUD 4,260K (EUR 2,629K). Under the contract with Abt Associates, ICCO has committed itself to this Fund prior to year-end for an amount of USD 3,000K (EUR 2,621K), though did not transfer amounts yet. As a result, there is also an off balance sheet asset in the form of a write-off of the advance donor position.

EXPLANATORY NOTES TO THE ITEMS ON THE STATEMENT OF INCOME AND EXPENSES

INCOME (12)

In €	Actual 2018	Budget 2018	Actual 2017
Income from private individuals	178,109	-	373,563
Income from companies	5,218,384	6,709,818	5,816,935
National Postcode Lottery	1,350,000	1,350,000	1,350,000
National Postcode Lottery - extra drawing	1,841,481	2,606,960	1,861,372
Income from lottery organisations	3,191,481	3,956,960	3,211,372
Dutch government (DG) - Strategic Partnership	6,084,249	6,361,783	7,550,777
DG - Medefinancieringsstelsel (MFS)	-	-	130,664
DG - Other	5,681,116	5,758,481	6,927,977
European Union	3,440,966	3,512,949	3,294,364
European Union - ECHO	186,839	194,038	1,038,405
Other governmental donors	557,787	607,826	778,720
Income from government grants	15,950,957	16,435,077	19,720,907
Dutch non-governmental organisations	6,203,745	7,694,092	4,750,648
International foundations	3,006,582	3,931,230	3,275,944
Protestantse Kerk Nederland - Kerk in Actie	711,034	881,576	1,225,131
SHO - Samenwerkende Hulporganisaties	(41,741)	(51,753)	-
Stop Aids Now! (SAN)	-	-	125,150
Income from other non-profit organisations	9,879,620	12,455,145	9,376,873
Income from delivery of products / services	458,847	-	1,024,806
Other income	326,970	1,481,000	78,953
Other income	785,817	1,481,000	1,103,759
SUM OF INCOME	35,204,368	41,038,000	39,603,409

Sum of income

The budget does not take into account the restatement of errors (reference is made to section 'restatement of errors' on page 57). Therefore a detailed analysis in relation to budget has no added value.

The Sum of Income in 2018 was EUR 35.2 million, a decrease of EUR 4.4 million compared to 2017. Sum of Income remained EUR 5.8 million below budget in 2018 mainly due to a delay in the start of some new programs. For example the Songo program (Bangladesh) started at the end of 2018, whereas it was expected to start earlier in the year. Also in Ethiopia, the EU RESET Program starts only in 2019, whereas it was already included in the budget for 2018. Income grants from donors have - due to the nature of these grants - an incidental character.

During the year 2018, the collaboration between ICCO and KiA changed with respect to the International Programs from KiA. This has resulted in a EUR 0.5 million lower contribution compared to both 2017 and to the budget 2018.

Income from private individuals

Occasionally, private individuals donate small amounts. The income is not directly related to projects. In 2017, a

private individual donated a grant to buy a participation. In 2018 there was a donation from one private individual of EUR 160K.

Income from companies

Relate mainly to MasterCard Foundation (stars program) and AH Foundation. Amounts are in line for both 2017 and 2018.

Income from lottery organizations

Relate to the regular contribution from the Dutch Postcode Lottery of EUR 1.350K and in addition to program funds for 2 projects: Salt Solution (Bangladesh) and Birds, Bees and Business (West Africa). These are proceeds from 'Extra Drawings'.

Income from government grants

All ICCO's income from governments is incidental, although part of the income is related to multiyear grants. All grants have an end date.

EXPENSE (13)

The expenses on the program objectives is divided over the themes as follows:

In €	Actual 2018	Actual 2017
Main objectives		
Food and Nutrition Security and Sustainable Food		
Grants and contribution	3,623,040	2,865,734
Execution costs	4,256,365	4,176,181
	7,879,404	7,041,915
Economic Empowerment and Inclusive Markets		
Grants and contribution	7,030,077	8,585,354
Execution costs	13,526,094	11,199,413
	20,556,170	19,784,768
Responsible Business		
Grants and contribution	2,631,793	2,956,888
Execution costs	1,623,826	2,346,749
	4,255,619	5,303,638
Emergency Aid		
Grants and contribution	3,312,351	5,563,933
Execution costs	2,804,364	2,223,996
	6,116,715	7,787,929
Total grants and contribution	16,597,261	19,971,909
Total Execution costs	22,210,649	19,946,339
Total expense	38,807,910	39,918,248
Payments in the financial year	33,720,619	29,648,860
Changes in the project commitments to partners, reorganization provision, warranty provision, loans provision and participating interests and execution costs	5,087,291	10,269,388
Total expense	38,807,910	39,918,248

The execution costs consist of own implementation costs and indirect costs.

Expense Utilization Rate

In €	Actual 2018	Budget 2018	Actual 2017
Total expenses on objectives	38,807,909	40,933,683	39,918,249
Total expenses	40,382,951	42,594,000	43,985,919
Expense utilization rate	96%	96%	91%

The Expense utilization rate is determined by dividing the total amount spent on the objectives by the total Expense.

Income Utilization Rate

In €	Actual 2018	Budget 2018	Actual 2017
Total expenses on objectives	38,807,909	40,933,683	39,918,249
Total income	35,204,368	41,038,000	39,603,409
Income utilization rate	110%	100%	100%

The income utilization rate is determined by dividing the total amount spent on the program objectives by the total income.

In both rates the costs for provisions on loans, participations and guarantees are included in the total amount spent on the objectives.

EXPLANATION OF THE EXPENSE ALLOCATION

Expenses on objectives are split between four themes:

- Food and Nutrition Security and Sustainable Food (FSSC)
- Economic Empowerment and Inclusive Markets (EE)
- Responsible Business (RB)
- Emergency Aid (EA)

Specification and allocation of Expense according to their appropriation:

		Expenses on objectives					Fundraising expenses					
In € 1.000		FSSC	EE	RB	EA	Total	Other grants	Government grants	M&A	Total 2018	Budget 2018	Total 2017
Grants & contributions		3,623	7,030	2,632	3,312	16,597	-	-	-	16,597	15,416	19,972
Publicity and communication	C1	424	951	78	254	1,707	6	6	11	1,730	1,782	1,658
Staff costs	C2	2,134	7,098	832	1,302	11,366	292	292	560	12,510	11,339	15,317
Outsourcing and travel costs	C3	898	2,912	388	426	4,624	38	38	74	4,774	2,475	3,212
Housing costs	C4	110	369	46	81	606	10	10	19	645	658	741
Office- and general costs	C5	670	2,139	275	729	3,813	53	53	101	4,019	3,065	2,949
Depreciation costs	C6	21	57	5	13	96	3	3	6	108	105	137
Execution costs		4,257	13,526	1,624	2,805	22,212	402	402	771	23,786	19,424	24,014
TOTAL EXPENSES		7,880	20,556	4,256	6,117	38,809	402	402	771	40,383	34,840	43,986

The allocation of Grants & contributions between the amounts spent on the objectives is based on the actual expense on partner contracts. Execution costs consist of direct and indirect costs. The allocation of direct costs is based on the actual expense as well as on time registration and FTEs between the amounts spent on the objectives, on fundraising expenses and on management and administration expenses (M&A). For the allocation of the indirect costs a separate analysis was made per cost center of the applicable percentage of costs that can be allocated to each theme, M&A and fundraising, based on time registration or on the number of FTEs. The allocation method used for division of expenses among the themes, M&A and fundraising is in accordance with the Goede Doelen Nederland guidelines.

The M&A costs as a percentage of sum of expenses is 1.9% (2017: 6.9%).

The fundraising cost as a percentage of sum of expenses is 2.0% (2017: 2.4%)

The fundraising cost as a percentage of sum of income raised is 2,3% (2017: 2.8%)

C1 Publicity and communication costs

In €	Actual 2018	Budget 2018	Actual 2017
Communication costs	1,729,886	1,782,000	1,657,891

The communication costs are slightly higher than 2017 especially in the regional offices for Central Asia and Central and Eastern Africa because of more costs made for seminars and workshops in projects.

C2 Staff costs

In €	Actual 2018	Budget 2018	Actual 2017
Salaries	7,384,839	6,693,777	6,826,020
Holiday allowance and year-end bonus	574,659	520,883	651,925
Social security charges	803,847	728,625	894,337
Pension contributions	666,141	603,804	636,802
Staff costs	9,429,486	8,547,089	9,009,084
Hired staff	2,320,584	2,103,428	5,144,498
Compensations according to employment conditions	225,960	204,815	205,689
Recruitment and selection	44,924	40,720	19,232
Education and training	76,206	69,075	61,059
Other general staff costs	284,549	257,921	769,707
Outplacement	63,760	57,793	47,001
Occupational health and safety service, prevention and safety	64,163	58,159	60,684
Other staff costs	3,080,146	2,791,911	6,307,870
Total staff costs	12,509,632	11,339,000	15,316,954

Staff costs

The average FTE in 2018 is 271,55 FTE versus 229,11 FTE in 2017, which indicates that the average FTE increased in 2018 with 18.5% compared to 2017. The increase in FTE is in line with the increase in staff cost.

79% of the ICCO employees are working outside of the Netherlands.

In 2018, the average cost per FTE for salaries, security charges and pension was EUR 34,725 compared to 2017 where the average cost was EUR 39,322. The headcount in the regional offices has increased during the year compared to an unchanged headcount at the global office. This is in line with the strategy of decentralization of the organization, whereas the FTE in the regional offices increased. The average salary level in Utrecht is higher compared to the regional offices, which explains a reduction of average salary cost.

Other staff costs

The decrease arises from the reduction of External hired staff (for projects) that was high in 2017. Other staff costs are in line with 2017. ICCO spends costs on training on security, but also on ARBO.

Compensations according to employment conditions

Compensations according to employment conditions relate to additional compensation agreed in the salary contract of the employee that are not considered to be part of salaries such as anniversary bonuses and allowances.

C3 Outsourcing, travel and procurement costs

In €	Actual 2018	Budget 2018	Actual 2017
Travel- and accommodation expenses	1,602,605	830,929	1,693,889
External advisors	2,924,849	1,516,495	1,518,765
Procurement costs	246,056	127,576	-
	4,773,510	2,475,000	3,212,654

The amount spent on travel and accommodation expenses is in line between 2017 and 2018. In 2018, the external advisors costs increased, due to the increase of consulting contracts on projects that are executed by ICCO. In 2018, procurement costs related to projects increased within all regions, due to the increase of projects that are executed by ICCO, whereby many small amounts result in a large change. The procurement costs consist amongst others of seeds and tools for projects and is a new category in 2018.

C4 Housing costs

In €	Actual 2018	Budget 2018	Actual 2017
Housing costs	644,782	824,000	740,893

The actual housing expenses refer to the rented office spaces for the global office and of the regional and country offices worldwide. The actual cost reduced as the cost for the global office was less as a result of renegotiation with the tenant. In addition, some country offices closed during 2018.

C5 Office and general costs

In €	Actual 2018	Budget 2018	Actual 2017
Office costs	1,466,186	1,075,952	926,269
Costs of ICT	214,788	157,621	367,069
Audit, tax advice and consultancy costs	1,629,288	1,232,787	1,327,817
Legal and organizational advice	296,239	217,393	229,841
Supervisory Board and Regional Councils	10,890	7,992	10,733
Partnerships	311,230	228,394	585,598
Release VAT provision	-	-	(816,458)
Other general costs	90,319	144,861	318,210
	4,018,940	3,065,000	2,949,079

Office costs

This item mainly accounts for the costs of general printed matter, telephone, postal charges and other costs charged to ICCO by PKN. In 2018, office costs related to projects increased within all regions, due to the increase of projects that are executed by ICCO, whereby many small amounts result in a large change.

Cost of ICT

In 2018, the implementation cost for the new ERP system (All Solutions) and the network environment (Google) is capitalized. This amounts to approximately EUR 250K (in 2017 EUR 126K (Google) was capitalized). Other ICT costs are directly charged to the Profit and Loss account.

Audit and consultancy costs

High costs in both 2018 as 2017 were caused by the delayed implementation of All Solutions worse project management and the subsequent delay of preparation of the financial statements and the delay of the submission of the financial statements to the auditors.

The following fees were charged by KPMG Accountants N.V. to the foundation, as referred to in Section 2:382a(1) and (2) of the Netherlands Civil Code.

In €	KPMG Accountants	NV Other KPMG Network	Total KPMG	Deloitte Accountants
2018				
Audit of the financial statements	1,348,210	-	1,348,210	-
Other audit engagements	68,244	-	68,244	217,703
Tax-related advisory services	-	24,823	24,823	-
Other non-audit services	-	-	-	-
Total	1,416,454	24,823	1,441,277	217,703

The fees mentioned in the table for the audit of the financial statements 2018 relate to the total fees for the audit of the financial statements 2018, irrespective of whether the activities have been performed during the financial year 2018 or after 2018. The other fees mentioned in the table (not related to the audit of the Financial Statements) are costs for activities which have been performed during the financial year 2018. KPMG has started as per financial year 2018. The audit fees 2017 were charged by Deloitte Accountants and amounts to EUR 939K.

Legal and organizational advice

During the year 2018, the expenses relating to legal and organizational advice increased due to advice on the negotiations with the tax authorities. By the end of 2018, ICCO and the tax authority achieved a settlement agreement. Furthermore, ICCO was involved in some legal cases in different regions, mostly in the staff area.

Release of VAT provision

Up to the year 2017 a provision was made for potential VAT to be paid to the Tax Authorities relating to work done by consultants from a subsidiary (F&S Consulting BV) for ICCO Foundation. The invoices have been charged without adding VAT, as ICCO was of the opinion that, with respect to VAT, it forms one fiscal unity with its subsidiaries. However, there was no formal approval from the Tax Authorities.

In December 2018, ICCO agreed with the Tax Authorities that ICCO does form a fiscal unity for VAT purposes with several subsidiaries. The provision is no longer required, therefore the amount provided has been released to the profit and loss statement, thereby reducing the general costs with EUR 816,000 in fiscal year 2017.

Other general cost

Other general costs include insurance and other various general expenses.

C6 Depreciation

In €	Actual 2018	Budget 2018	Actual 2017
Inventory and installations	15,569	13,722	17,844
Hardware and software - general	34,846	69,472	90,338
Hardware and software - ERP system	22,901	-	-
Company cars	34,835	21,806	28,356
	108,151	105,000	136,538

Depreciation of the hardware and software related to the ERP system start from 2018. See also the explanatory note to the tangible fixed assets.

FINANCIAL INCOME AND EXPENSES (14)

In €	Actual 2018	Budget 2018	Actual 2017
Interest Income	(138,686)	-	(82,073)
Interest expense	150,992	-	81,530
Realized foreign exchange results	(153,045)	-	95,533
Unrealized foreign exchange results	(295,422)	-	450,714
Net investment result	(546,288)	-	(886,160)
Impairments FFA	3,353,234	-	524,738
Bad debt expense	484,000	-	201,495
Taxes	-	-	561
Other	10,000	-	(312,926)
	2,864,785	-	73,412

Realized and unrealized foreign exchange results

The realized and unrealized foreign exchange results 2018 represents a net gain of EUR 448K. This is mainly caused by the devaluation of the USD exchange rate compared to the EUR rate. It represents an unrealized gain. In 2017, the major part of the exchange rate result reflected a loss on the USD/EUR rate.

Net investment result

The investment result is built up from several items. The main result is the release of the guarantee provision of 606K. A negative result of EUR 85K relates to the security portfolio, being income or loss from bonds, shares and interest. An amount of EUR 49K relates to dividends received on investments from financial fixed assets.

Impairments FFA

Impairment of Business Booster Fund as a consequence of the restructuring of the Business Booster Fund by the end of 2019, where ICCO has redeemed its participation with a high impairment. See chapter Financial Fixed Assets for further explanation.

Bad debt expense

In 2018, 484K was recorded as bad debt expense (2017: 201K). This related to Financial fixed assets.

Other

In 2017, EUR 313K was recorded as a result from previous years. An amount of EUR 311K is related to Terrafina, for which the collaboration between the three partners (ICCO, Rabobank and Oikocredit) ended and for which the final settlement was calculated during 2017 and processed prospectively.

REMUNERATION EXECUTIVE BOARD AND SUPERVISORY BOARD

In 2018, the organization was managed by an Executive Board consisting of two members, a chair and a member. The Supervisory Board considers the employment conditions of the Executive Board to be in accordance with the ICCO Foundation policy on remuneration of the Executive Board. Furthermore the remuneration meets the requirements of the Ministry of Foreign affairs for assignment of MFSII grants and complies with the Wet Normering Topinkomens (WNT) and the Regeling belonging directeuren van Goededoelenorganisaties (GDN).

Amounts x € 1	M. Verweij	W. Hart
Position	chair Executive Board Marinus Verweij	member Executive Board Wim Hart
Start and end of duties in 2018	1/1 – 31/12	1/1 – 31/12
Part-time factor in FTE	1,0	0,89
Employment	Yes	Yes
Remuneration		
Gross salaries	117,853	99,181
Holiday allowance	9,203	12,563
End of year bonus	9,767	8,232
Jubilee payment/payment of unused leave hours	-	-
<i>Subtotal Yearly income GDN</i>	136,823	119,976
Taxable reimbursements	3,427	3,131
Remuneration plus taxable reimbursements	140,250	123,107
Pension charges (employer)	13,206	11,713
Pension compensation	-	-
Other compensations in long term	-	-
Remuneration payable at a future date	13,206	11,713
<i>Subtotal</i>	153,456	134,820
Individual applicable remuneration cap	174,000	154,860
-/- Undue amount paid	n/a	n/a
Total Remuneration WNT	153,456	134,820
Benefits termination employment	-	38,450
Total Remuneration GDN including Benefits termination employment	153,456	173,270
Reason why the excess is/is not permitted	n/a	n/a
Disclosure on receivable due to undue payment	n/a	n/a

Remuneration 2017		
Amounts x € 1	M. Verweij	W. Hart
Position	chair Executive Board	member Executive Board
Start and end of duties in 2017	1/1 – 31/12	1/1 – 31/12
Remuneration		
Remuneration plus taxable expense allowance	145,373	128,204
Remuneration payable at a future date	12,831	11,393
<i>Subtotal</i>	158,204	139,597
Individual applicable remuneration cap	168,000	149,333
Total remuneration	158,204	139,597

Amounts x € 1		J. Wakkerman
Position		member Executive Board Jolanda Wakkerman
Calendar year	2018	2017
Period of job performance in the calendar year (start – end)	1/12– 31/12	n/a– n/a
Number of calendar months of job performance in the calendar year	1	0
Individual applicable remuneration cap		
Maximum hourly rate in the calendar year	€182	€176
Maximum based on standard amounts per month	25,300	0
Individual applicable remuneration cap total period	25,300	n/a
Remuneration		
Actual hourly rate lower than the (average) maximum rate?	Yes, namely: € 110	n/a
Remuneration in the concerning period	14,740	0
Total remuneration of the total period in calendar months 1 to 12	14,740	0
-/- Undue amount paid	n/a	n/a
Total remuneration, excluding VAT	14,740	0
Reason why the excess is/is not permitted	n/a	n/a
Disclosure on receivable due to undue payment	n/a	n/a

Amounts x € 1		W. Hart
Position		member Executive Board Wim Hart
Position at end of employment		member Executive Board
Part-time factor in FTE		0,89
Year in which employment is ended		2018
Benefits termination employment		
Agreed benefits termination employment		38,450
Individual applicable remuneration cap		66,750
-/- Undue amount paid		n/a
Total benefits termination employment		38,450
Amount paid in 2018		0
Amount to be paid out in 2019		38,450
Reason why the excess is/is not permitted		n/a

Because the employment contract of Wim Hart is ended per 31 December 2018, the benefits of termination employment are paid in the next month, which is January 2019. A provision has been made in 2018 annual accounts. Per 1 December Jolanda Wakkerman started as a member of the Executive Board; she will be employed from 2019 onwards. In December 2018, she was paid as consultant. In December 2018, Wim Hart worked and handed over his tasks and responsibilities to his successor Jolanda Wakkerman, but he was no longer a member of the Executive Board.

The total WNT remuneration of the chair of the Executive Board and the member of the Executive Board are within the maximum norm of gross wages including holiday allowance and end of year bonus of respectively EUR 153K and EUR 135K (adjusted for part-time %).

Supervisory Board

The remuneration of the Chair of the Supervisory Board and the Chair of the audit committee amount to EUR 3,000, and that of the other members of the Supervisory Board is EUR 1,500. The functions, tasks and ancillary positions are reported in chapter 5 *Organization*.

In €	J.F. de Leeuw	G. van Dijk	W. Oosterom	A. Knigge	R. Powell Mandjes
Function	Chair	Member/ Chair Audit Commission	Member	Member	Member
Period	01/01 - 31/12	01/01 - 31/12	01/01 - 31/12	01/01 - 31/12	n/a
Remuneration 2018					
Remuneration	3,000	3,000	1,500	1,500	-
Individual maximum	26,100	17,400	17,400	17,400	-
-/- Advance payments	n/a	n/a	n/a	n/a	n/a
Total remuneration 2018	3,000	3,000	1,500	1,500	-
If applicable, reason for higher remuneration	n/a	n/a	n/a	n/a	n/a
Remuneration 2017					
Period	01/01 - 31/12	01/01 - 31/12	01/01 - 31/12	01/01 - 31/12	01/01 - 30/06
Remuneration	3,000	3,000	1,500	750	750
Pension Premium (Employer's Contribution)	-	-	-	-	-
Total remuneration 2017	3,000	3,000	1,500	750	750

As per 31 December 2018 there are no loans, advances or guarantees provided to the members of the Executive and Supervisory Boards.

PROPOSED APPROPRIATION OF RESULT FOR THE FINANCIAL YEAR 2018

The Executive board proposes, with the approval of the Supervisory Board, that the result for the financial year 2018 amounting EUR (8,043,366) is appropriated as shown in the Statement of income and expenses. With this, the proposal has been included in the financial statements.

SUBSEQUENT EVENTS

COVID-19 impact

The recent outbreak of Covid-19 (Coronavirus) continues to impact the global economy and markets. At this time, the impact of the outbreak on our business has been limited as projects in our regions continue and new projects related to COVID-19 support are requested and planned.

We have currently not witnessed significant changes in project volumes due to long term projects, and our liquidity remains healthy. However, going forward the Covid-19 outbreak may negatively impact amongst others, our donors and possibilities to execute certain kinds of projects, it will affect our business and liquidity. In this respect, ICCO has set up a Covid-19 taskforce to develop and implement contingency plans, and we are closely and continuously evaluating the developments. We will take all necessary actions to keep our operations running and, most importantly, protect our employees, suppliers, donors and all other stakeholders. We also face new possibilities. Our donors are looking for partners to implement COVID-19 response programs and we are already moved into this kind of projects. Also, current project goals are redefined into first-aid and COVID-19 response programs. This means we are effective as possible to reach our goals and continue the current project volume.

Based on our current knowledge and available information, we do not expect Covid-19 to have an impact on our ability to continue as a going concern in the future.

CORDAID

The Executive Board and Supervisory Board of ICCO Foundation signed on 15 december 2020 an agreement to join forces with Stichting Cordaid, a NGO with statutory seat in The Hague, The Netherlands. By joining forces, we are defragmenting the Dutch development sector. This makes us more in sync with society and more adapted to the needs of international development.

ICCO Foundation will complete their current projects in the legal entity ICCO Foundation during 2021. All new projects as of January 1, 2020, if legally possible, will start from the Cordaid organisation. All Global Office activities and Dutch legal contracts will be transferred to Cordaid as of January 1, 2021. All regional activities will be transferred as much as legally possible on December 31, 2021. Transfer possibilities depend on the timely availability of NGO-registrations in countries where Cordaid is not yet represented. Cordaid signed a guarantee to respect all ICCO contracts and accept its obligations and rights.

We will continue as one organisation, under the name of Cordaid, with one global office in The Hague. By combining our international in-country infrastructure, networks, and knowledge, and with geographic and thematic complementarity of a joint organisation, we increase our scope and scale and become more cost efficient. This allows us to create more social impact and strengthens our position in the increasingly tight and competitive funding market.

We believe that together we can better make our mark in addressing today's and tomorrow's global challenges. In standing side by side with the many millions who take the first and biggest blows. And we reach out to people of all backgrounds and faiths who want to act in solidarity.

Utrecht, 31 December 2020

Executive Board

S.S.U. Attema, Chief Executive Officer

P.J.A. Nijssen, Chief Financial Officer a/i

Supervisory Board,

J.F. de Leeuw, chairman

G. van Dijk

W. Oosterom

A. Knigge

Other Information



OTHER INFORMATION

APPROPRIATION OF RESULT ACCORDING TO THE ARTICLES OF ASSOCIATION

Any positive result must be spent in accordance with the purpose of ICCO foundation, or be transferred to another institution recognized as a public benefit institution by the tax authorities.

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INDEPENDENT AUDITOR'S REPORT

To: the Supervisory Board of Stichting ICCO

REPORT ON THE AUDIT OF THE ACCOMPANYING FINANCIAL STATEMENTS

Our opinion

We have audited the financial statements 2018 of Stichting ICCO, based in Utrecht.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Stichting ICCO as at 31 December 2018, and of its result for 2018 in accordance with the Guideline for annual reporting 650 'Fundraising Institutions' of the Dutch Accounting Standards Board and the requirements of the Wet normering topinkomens (WNT).

The financial statements comprise:

- 1 the balance sheet as at 31 December 2018;
- 2 the statement of income and expenses for 2018; and
- 3 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 and the Controleprotocol WNT. 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 Stichting ICCO 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.

Unaudited compliance with the anti-cumulation clause in the WNT

In accordance with the 'Controleprotocol WNT 2018' (Audit instructions WNT 2018) we did not audit the anti-cumulation clause referred to in Section 1.6a of the WNT and Section 5 subsection 1j of the 'Uitvoeringsregeling WNT'. Consequently, we did not verify whether or not the maximum salary norm has been exceeded by a 'leidinggevende topfunctionaris' (managing senior official) due to possible employment at other institutions subject to the WNT, and whether the WNT-disclosure as required in relation to this clause is accurate and complete.

REPORT ON THE OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT AND ACCOUNTS

In addition to the financial statements and our auditor's report thereon, the annual report and accounts contains other information that consists of:

- report of the Board;
- other information.

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 requirements of the Dutch Standard 720. The scope of the procedures performed is less than the scope of those performed in our audit of the financial statements.

The board is responsible for the preparation of the other information in accordance with the Guideline for annual reporting 650 'Fundraising Institutions' of the Dutch Accounting Standards Board.

DESCRIPTION OF THE RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

Responsibilities of the board and the Supervisory Board for the financial statements

The board 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 and the requirements of the WNT. Furthermore, the board is responsible for such internal control as the board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to errors or fraud.

As part of the preparation of the financial statements, the board is responsible for assessing the foundation's ability to continue as a going concern. Based on the financial reporting framework mentioned, the board should prepare the financial statements using the going concern basis of accounting unless the board either intends to liquidate the Foundation or to cease operations, or has no realistic alternative but to do so. The board should disclose events and circumstances that may cast significant doubt on the foundation's ability to continue as a going concern in the financial statements.

The Supervisory Board is responsible for overseeing the foundation's financial reporting process.

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 have detected all material errors and fraud during our audit.

Misstatements can arise from fraud or errors 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 the 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 among others:

- identifying and assessing the risks of material misstatement of the financial statements, whether due to errors or fraud, 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 errors, 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 Foundation's internal control;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board;
- 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 Foundation'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 the foundation ceasing to continue as a going concern;
- evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance 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.

The Hague, 31 December 2020

KPMG Accountants N.V.

H. Visser RA

In 2018 we recieved funds from and partnered with, among others:



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twitter.com/iccotweet
youtube.com/iccocooperation

IBAN Bank account: NL55INGB0676761046
Swift code: INGBNL2A

ICCO Foundation is certified according to
ISO 9001: 2015 and
Partos 9001: 2015



**We help
farmers and
small businesses
grow.**



ICCO Cooperation

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actalliance