



Part of
Cordaid

2019

Annual Report and
Accounts
ICCO Foundation



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Note for the reader:

As of 1st of January 2021, ICCO Foundation has transferred its assets and liabilities to the foundation Cordaid. ICCO Foundation is however still a sole member of *Coöperatie ICCO U.A.* (brand name ICCO Cooperation).

Per 1st of January 2021 the articles of association of ICCO foundation. are amended in such a way, that the Board of Directors of Cordaid Foundation are the same as of Cooperatie ICCO U.A. and ICCO Foundation.

Cover photo: Momtaj Begum (38), Leda camp-24, Nhila, Teknaf (Bangladesh). Photo: ICCO

With the training I received from the WINGS project, I can stay home and earn now. This ensures daily food for my family and someday if I am able to return to Myanmar I will.

As of 1 January 2021 Cordaid and ICCO have joined forces.

REPORT OF THE BOARD

From the Supervisory Board

In 2019 the Supervisory Board met six times, more than usual. Main reason was the expected change of management in the organization. The Supervisory Board considered this a major change for the ICCO organization and decided to be more involved in this process.

The structuring of a new ICCO organization in 2018 ended with designing the profile for a new CEO. Sybren Attema was appointed as the new CEO of ICCO, starting on July 1st, 2019, next to Jolanda Wakkerman as CFO of ICCO who started 1 December 2018. In September ICCO organized a 'hello-goodbye' event welcoming Sybren Attema and honouring Marinus Verweij at his farewell.

Farewell of Marinus Verweij as CEO

Marinus started on 1st November 2010. He was challenged immediately with the task of not only reducing the budget, but also changing the focus, vision and structure of the organization itself. On top of that the Dutch government put an end to the MFS system in 2015. In that process, ICCO succeeded in maintaining its assets, such as the regional infrastructure and programmatic work. We are grateful to Marinus Verweij for everything he has done for ICCO.

Annual report

Due to the implementation of a new project management system, first the financial annual report 2017 (with Deloitte) and subsequently also 2018 (with our new auditor KPMG) was delayed. The Supervisory Board and especially the audit committee were regularly involved in the progress and extra staff was being hired for the finance department to be able to present the figures. Unfortunately, by the end of 2019 the financial year reports 2017 and 2018 were not ready yet. These have been finalized and approved by the Supervisory Boards in 2020.

Truvalu

The Executive Board held discussions with the director of our limited company, Truvalu. These discussions came to an end in 2019 with approval of the withdrawal of all participants to the Business Booster Fund and sale of the shares of the ICCO Group in F&S Participations to its director, Jaap Jan Verboom. Truvalu will continue the work with early stage SMEs in developing countries. The exit is the result of the shift that ICCO made with respect to its thematic focus and organization.

Signing Letter of Intent with Cordaid

In 2019 many meetings were held on the Executive Board level and also with the chairs of the Supervisory Board of ICCO and Cordaid scanning the possibilities for more cooperation and working together. In 2019 various aspects such as mission, vision, place of the office, governance structure and process plan were discussed resulting in signing a letter of intent at the end of December 2019 with the aim of joining forces at the end of the year 2020.

Other issues on the agenda

Furthermore in 2019 the Supervisory Board approved the decision to:

- Stop with the office with staff for ICCO USA in Washington, for cost savings reasons, as it didn't bring the added value as we had wished for. Staff working directly from ICCO Netherlands will take over the tasks of ICCO USA office.
- Stop with their membership of the cooperative PerspActive, as it didn't bring the added value as we had wished for,

- Give the green light towards PlusPlus, a joint crowdfunding platform together with Lendahand (in which ICCO held shares) and Solidaridad. Goal is to offer the Dutch public the opportunity to invest in entrepreneurs in developing countries, via MFIs or directly via a platform.

Looking back, 2019 was a very important year for the organization with the change of directors and making the first and important steps in joining forces together with Cordaid.

On behalf of the Supervisory Council,
Ton Heerts, chair, in consultation with Johan de Leeuw (chair of the Supervisory Board of ICCO in 2019 and 2020).

From the Executive Board

In the first months of 2019, the boards of ICCO and Cordaid held exploratory talks about future cooperation. These conversations were constructive. However, major steps could only be taken after the new chair of the Executive Board of ICCO, Sybren Attema, took office on 1 July.

Need for a partnership

The new management took the view that a standalone of the organization was not realistic without substantial unrestricted funds. Private income is of immense importance for financing projects and on top of that for obtaining financial resources from institutional donors. Most major donors require applicants to contribute with their own income.

Therefore, in 2019 ICCO was increasingly convinced that it needed a partner with a corresponding vision, mission, and strategy. Cordaid was and remained in this respect the most serious contender. In the second half of 2019, the discussions with the board of Cordaid intensified and culminated in the signing of a Letter of Intent in December. This eventually led to a transfer of assets and liabilities from ICCO to Cordaid as of January 1, 2021.

Reporting delays

While talks with the intention of an integration took increasingly serious form, ICCO was in the meantime challenged to keep its financial house in order. Partly due to the lack of sufficient staff in the financial units, we experienced significant delays in completing the 2017 and 2018 annual reports.

Another demanding file for the management was ICCO's participation portfolio. To stop loss making activities ICCO has restructured the Business Booster Fund and sold shares that it holds in Fair & Sustainable Participations B.V. to the other shareholder. Also, other cost saving measures have been taken. Crucial element in the restructuring is the new focus on 'reducing complexity' such as reduce activities of ICCO USA, termination of membership of PerspActive, disentanglement of the Shared Service Center between ICCO and the organization of the Protestant Church (PKN), reduction of headcount at the Global Office and focus on time writing on programs.

Strong position

The organization succeeded in strengthening its strategic position. A scan amongst our competitors and partners provided many insights. ICCO was seen as a professional and innovative organization, a partner for the future, that changed its strategy well in time. Of course, there were also questions and doubts, but the core was clear: ICCO has a relevant story and a license to operate.

The Supervisory Report mentions the hello-and-goodbye event of Sybren Attema and Marinus Verweij. During a trip to Ethiopia, the event was repeated, in a different format admittedly, close to colleagues and local people we support and work with. Foremost we visited partners and projects. One project should be called here because that is where many of the crown jewels of ICCO's came together: STARS, Strengthening African Rural Smallholders.

The STARS country teams strengthened both the financial and private sector in a way that created large-scale and lasting benefits for smallholder farmers. Overall, the project impacted more than 330,000 farmers and worked with 23 MFIs (micro finance institutions) to develop loans that are tailor-made for farmers in Burkina Faso, Ethiopia, Rwanda, and Senegal. The STARS project was successfully externally evaluated and closed in May 2020.

Projects such as STARS help. What future lies ahead for the ICCO organization will become clear in 2020. In any case, the aim must be to continue to build partnerships on the work, knowledge, contacts, and impact of the past 56 years.

On behalf of the Cordaid Board of Directors,

Kees Zevenbergen (CEO), in consultation with Sybren Attema (chair of the Executive Board of ICCO in 2019 and 2020)

The Hague, September 2021

01 Mission and Strategy

1.1 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 20 offices across Latin America, Asia and Africa. ICCO currently employs just over 400 members of staff and had in 2019 an annual turnover of EUR 42 million.

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. We also support agribusiness entrepreneurs as well as small- and medium-sized enterprises (SMEs) to grow their businesses.

ICCO is a member of the ACT Alliance, which brings together 135 churches and related organizations in over 120 countries.

Figure 1:

In 2019 ICCO implemented 303 projects in 38 different countries. We reached 1,171,277 people.

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
Strategy	We strengthen sustainable agricultural systems
Goal	<ul style="list-style-type: none">• Food and nutrition security of smallholder farmers and their households• Economic empowerment of smallholder farmers and SME• Resilient and disaster-prepared communities (emergency response

Table 1: Our mission and vision

1.2 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 focus on strengthening sustainable agricultural systems through realizing the three interlinked goals (see table 1). The estimated values of these goals we want to achieve in 2020 were defined in 2016 as programmatic key performance indicators. Most of these are impact and long term outcome indicators. This takes time and because there are other influences, achieving these results cannot be fully controlled by the organization. Next to the programmatic key performance indicators the organization also uses indicators at an output and lower outcome level for its programs. We revised the monitoring of our results in emergency response to the number of people to meet basic livelihood needs after a disaster.

Food and nutrition security of smallholder farmers and their communities

We strengthen the capacities of households to produce sufficient food and promote healthy diets, while also earning an income from farming.

Our approach

We build the capacity of producer organizations 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 aimed at promoting healthy and sustainable food and nutrition practices for all household members.

Goal and results

In 2016, we planned to reach by 2020 500,000 people who have access to, and control over, resilient food systems, enabling them to realize their food and nutrition security.

- In 2019 748,612 people were reached.
- Between 2016 and 2019 we have supported 2,266,101 people to achieve this goal.

Economic empowerment of smallholder farmers and SMEs

We support poor farmers and producer organizations to seize economic opportunities to improve their income.

Our approach

We link smallholders and SMEs to more lucrative market opportunities. Herefore, we improve their access to agricultural inputs, technical support and finance, and provide them with marketing skills, so they improve productivity and quality of their production and generate a better income. We cooperate with larger private companies who are willing to pay better prices for a better quality product and create access to national or international markets.

Goal and results

In 2016 we planned to reach by 2020 450,000 farmers who are economically empowered and participate in markets

- In 2019 210,708 people were reached
- Between 2016 to 2019 we have supported 212,737 farmers to achieve this goal.

Resilient and disaster-prepared communities

We respond to emergencies during crises and in pre- and after crisis situations we create resilient communities.

Our approach

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

Goal and results

We supported people to meet their basic livelihood needs in response to a disaster.

- In 2019 151,161 people were reached.
- Between 2016 and 2019 we supported 710,756 people to achieve this goal.

Sustainable Development Goals

Our goals are closely linked and form a 'humanitarian-development nexus'. They are aligned to the Sustainable Development Goals (SDGs) 2 and 8 in particular. In addition, we also contribute to SDGs 6, 10, 11, 12 and 17.

1.3 OUR PRIORITY THEMES

Our goals are broadly formulated and fixed for several years. Within these strategic goals we have presented four priority themes on which the goals focus, deepen and innovate,

Inclusive Finance

We link smallholder farmers of useful and affordable financial products and services that meet their needs, such as microfinance, loans and guarantees.

Climate-Resilient Food Systems

Our food and nutrition programs take resilience to climate change into account and adopt a food system approach. This implies an integrated approach looking simultaneously at economic, food security and environmental outcomes.

New Technologies

We advance the productivity and climate-resilience of farmers and agribusinesses with new digital technologies that allow resource-poor farming communities to access a range of agricultural services and inputs.

Youth Employment 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. We train young women and men in technical and soft skills and in their civil rights so that they can generate a decent income in a demanding labour market.

Our fundamental belief in human beings as dignified, creative, responsible and relational beings finds expression in the core values which we hold in common.	
Compassion	We care. We consider every woman and man as a subject with dignity with the ability to improve his or her life, even with small steps at a time.
Justice	We firmly trust people's capacity to grow and assert their rights. We are a proponent of a rights-based approach to development and gender equality.
Stewardship	We accept our responsibility to promote sustainability and maintain the integrity of the earth for future generations.

Table 2: Core values of ICCO

1.4 HOW WE WORK

- We take on different roles and functions depending on the program context: developer, (co-)implementer, 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 new 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 approach, working with civil society organizations, NGOs, private sector actors, governments, knowledge institutions and donor organizations.

1.5 INCREASING OUR IMPACT

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. Besides, we reach out, organize and contribute to conferences and events to share and gain insights on our priority topics.

Knowledge sharing

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. Some examples of ICCO's knowledge-sharing activities include:

- During the international learning event 'Cracking the Nut', ICCO's team of the STARS program in Senegal explained how private sector actors, financial service providers, input suppliers, and producer organizations connect smallholder farmers to formal markets in the onion value chain.
- In June, ICCO Cooperation and the Netherlands Space Office hosted in Bali, Indonesia, a regional workshop about the use of geodata in agriculture. ICCO is involved in four projects that promote the use of satellite data: SMARTseeds, GREENcoffee, Angkor SALAD and SpiceUp.
- At an EU Brussels Briefing with many representatives from ACP countries ICCO presented the monitoring and evaluation approaches in our STARS program to give smallholder farmers access to finance and markets.
- During the annual Partos Innovation Festival in Amsterdam, ICCO contributed to the discussion with a presentation on PPPs.
- In September our regional manager in Central, Eastern and Southern Africa spoke about the need for equal opportunities for women in agribusiness at the Global Business Roundtable in Lesotho.

Impact measurement

ICCO builds its program decisions on data and evidence. We collect data from individuals and households participating in our projects by means of scientifically validated questionnaires and other survey tools. ICCO uses 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).

In addition to the use of quantitative tools, ICCO invests energy in qualitative and mixed-methods approaches. One example in this regard are the 'Credit Pilot Deep Dive' studies by the STARS (Strengthening African Rural Smallholders) program in Senegal, Burkina Faso, Rwanda and Ethiopia. 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, which was established as part of the Strategic Partnership for Dialogue and Dissent, funded by the Ministry of Foreign Affairs of the Netherlands. Chapter 2.4 elaborates more on the work of Civic Engagement Alliance.

Public outreach and engagement

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 events. Examples are:

- An auction dinner for the social enterprise Manq'a, an initiative of ICCO and Melting Pot Foundation, in which young people in South America get training in becoming a cook. The dinner was held in restaurant RIJKS, Amsterdam, where top chefs Joris Bijdendijk and Nicolas Lopez prepared the menu for 120 guests.
- The theme of the Dutch annual 'Afrika Dag' was 'Migration: African Perspectives'. ICCO together with Edukans gave a workshop.
- On May 17 MPs visited our project Rural Paz in Colombia. Accompanied by the Dutch ambassador, they have spoken to project leaders and learned about Rural Paz which works with smallholder farmers, women and youth.
- On 13 June, Azza Karam gave her speech at the acceptance of the position of endowed professor "Religion and Sustainable Development" at the Faculty of Religion and Theology of the VU University Amsterdam. ICCO, through Civic Engagement Alliance, sponsors this chair.
- ICCO participated in the World Food Day event 2019 in Ede, the Netherlands, with representatives of two partner organizations from Bangladesh and Uganda.
- On October 14, HUMAN organized a masterclass about supply chain traceability and the use of new technologies to monitor human rights issues. HUMAN is a partnership between ICCO, PwC, CNV Internationaal, and VBDO to advance the implementation of the UN Guiding Principles on Business and Human Rights.

02 Results

2.1 FOOD AND NUTRITION SECURITY

The status of food and nutrition globally is worrying. According to the Food and Agriculture Organization of the UN (FAO), more than 820 million people experienced hunger in 2019. Moreover, the number of food-insecure people has been on the rise since 2015. In addition, two billion people, particularly women of reproductive age and children, suffer from “hidden hunger” - or micronutrient deficiencies - due to inadequate access to nutritious food.



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, achieve food security and improve nutrition and promote sustainable agriculture”.

1. We promote climate resilient approaches, including sustainable land and water management, diversity and adequate post-harvest handling and marketing to contribute to sustainable local food systems. We pay due attention to inclusion, to increase the agricultural productivity and incomes of smallholder farmers, especially women, youth and indigenous people.
2. We 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.
3. We contribute to awareness raising and advocacy to promote healthy and sustainable food and nutrition practices by all household members, based on scientific evidence and hands-on experiences. In order to influence the overall enabling environment and ensure the sustainability of these interventions, we seek to address relevant legislation and link our work to related services provided by government agencies and other development actors.

Results

In 2019, we implemented 51 food and nutrition projects in 17 countries.

Indicator	2019	2016-2019 ¹	2016 - 2020 ²
Households with improved food security	157,788	452,476	360,000
People with improved dietary diversity	60,392	99,884	30,000
People with control over food systems	748,612	2,266,101	500,000

Table 3: Results food and nutrition security indicators

¹ Please note that figures are taken from ICCO's database. In the past manual adaptations were made to the system, so comparisons with the former year report might lead to deviations.

² These are rolling targets. New programs might lead to higher targets.

Mali - Jege ni Jaba: Strengthening Agricultural Value Chains for Food Security

About the project

Location: Mali; Bamako, Segou and Mopti regions

Number beneficiaries: 31,250 onion and fish producers

Budget: EUR 7,600,000

Duration: 5 years (2014- 2019)

Donor: Embassy of the Netherlands in Mali

Partners: SNC-Lavalin, Wetlands International, Fair & Sustainable Consulting and the company Agencement et Conseil en Aquaculture

SDGs 2 and 8

In the Malian context certain resources such as onions and fish have all the necessary conditions to be sufficiently produced to be available for all, even the most vulnerable ones. However, they are not produced sufficiently and with good quality. Jege Ni Jaba (onion and fish), has as its main objective the improvement of food security in Mali, without increasing the pressure on the environment (especially water resources), while contributing to the promotion of economic opportunities for young women and men.

The activities followed the 'market systems development' concept and focused on:

- Improving access to quality inputs for onion, fishery and aquaculture (seeds, fertilizer, fry, feed, ice, etc.)
- Capacity building and technology transfers to improve production systems
- Improving access to and management post harvest and storage systems
- Providing better access to market embedded support services including financing, extension et knowledge management

Main results

Onion value chain

- 5,000 producers have access to quality seeds, credit and extension services
- 1,000 tons of optimized storage is available in main production zones
- 300 million FCFA / year savings on bulb seed purchasing
- 500 ha cultivated, 7,000 tons produced during the rainy season
- 12, 000 producers with better income

Fish value chain

- 15 functioning hatcheries in business
- 1 million of fingerlings produced and sold
- 400 fish farmers in operation and 200 tons of fish produced
- 20 equipment suppliers trained and connected to clients

Sylla Mariam Samassa, a fish farmer and beneficiary of the project Jege Ni Jaba

"I encourage fish farmers to take ownership of the good practices of off-ground fish tanks production introduced by the Jege Ni Jaba project. The production system it proposes is simple and efficient and allows us to have quality fish. It's very beneficial to us as producers as the fish we produce is very appreciated by consumers."

Indonesia - Production and Marketing of High Premium Rice

About the project

Location: Central Java

Beneficiaries: 10,000 farmers

Budget: EUR 1,931,240

Duration: 2016 - 2020

Funding: Netherlands Enterprise Agency (RVO)

Partners: ICCO Cooperation, Bank Jateng, Rikolto-Veco, PT Unggul Niaga Selaras (UNS), Yayasan Jateng Berdikari, PT. Smart Berdikari (SMB), Food Security Board of Central Java

SDGs 2, 5, 8

Indonesian farmers produce low quality rice and face many challenges in the production process. Their position in the supply chain is weak and they have difficulties getting into new markets. The existing business organizations of rice farmers known as LDPMs, are not functioning well as they lack financial and marketing capabilities. This PPP aims to motivate, train and coach 10,000 farmers to produce high premium rice for the Indonesian market, using certified seeds and organic fertilizers and pesticides. LDPMs will be turned into strong business organizations with better knowledge, higher capacity and stronger influence. Special attention is also given to the position of women by strengthening their roles, as introducing new techniques that will help minimise risks and increase their income.

Activities are:

- Training on Good Agricultural Practices (GAP), such as a cultivation technique that uses organic fertilizers and intermittent irrigation which can save farmers 40% in water usage
- Training on institutional management and accountability
- Business planning development for LDPMs, including setting up a business entity, partnership development, market research and entrepreneurship skills.
- Introduction of female-friendly planting machines that make the work less difficult and a combine harvester to reduce harvest losses.

Results

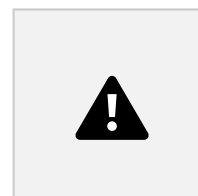
- 9,976 farmers have increased their rice production by 7.4% resulting in an income growth of 56%
- 23 local LDPMs are now functioning as effective and efficient rice farmer enterprises.
- Farmers experienced an income increase of 56% due to increased rice production and premium prices
- 1,183 female farm laborers were able to establish business groups that provide planting services, from which they gained a wage increase that ranges from between 12.5%-38.5%.

Pak Qomari

"I'm an LDPM leader in Central Java. Since joining ICCO's Premium Rice project team, I've received training and support for Business Planning. As a result, the LDPM has become stronger and the network has grown a lot, including our links with the local government."

2.2 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 as producers of their own food and for the market.



75% of all farmers globally are estimated to be living in poverty (New Foresight, 2017). Among the many challenges they face, farmers struggle with limited access to land, inputs, finance, knowledge, technology 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. As a consequence, smallholder farmers have limited capacity to grasp emerging opportunities and young people are forced 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;

1. We contribute to improved production practices and access to inputs, markets and finances for farmers at the household level.
2. We promote employment and entrepreneurial opportunities in the agribusiness sector through building the capacities of youth to start their own business and strengthening small and medium-sized enterprises (SMEs) and cooperatives with business advice and access to finance

Results

In 2018, we implemented 81 economic empowerment projects in 23 countries.

Indicator	2019	2016 - 2019 ³	2016 - 2020 ⁴
People with an increase in income	71,381	206,109	350,000
Farmers trained	9,750	30,892	170,000
Farmers with improved access to finance	110,637	219,964	220,000
Farmers with increased productivity	23,879	48,883	160,000

Table 4: Results economic empowerment indicators

Cambodia - Angkor Salad: Vegetable Farmers Improve their Business and Profit

About the project

Location: Battambang Province

The project supports 100,000 beneficiaries and 350 B2B clients

Budget: EUR 3,307,569 with own contributions from private sector: EUR 854,844 (25.85%) and public sector: EUR 137,427 (4.15%)

Duration: 2018 - 2021

Donor: Netherlands Space Office

Partners: ICCO, Nelen and Schuuman, VanderSat, Akvo, Angkor Green, World Vegetable Center, GDA
SDG 2

According to the FAO, Cambodia needs at least 1 million ton of vegetables annually, but more than half of vegetables are imported from neighboring countries. The Angkor Salad project supports vegetable farmers in reducing farm inputs such as the use of water, applications of fertilizers, quality seeds and market arrangement. In order to address these improvements, a number of training in farming techniques were conducted to the demo farmers. Meanwhile, the Angkor Salad App will also be provided to farmers. The app is a niche agriculture information service utilized through a geodata based information service that supports at least 100,000 vegetables farmers to increase their production, income, food security and reduce their inputs.

Results

- 51 demonstration plots with 8 vegetable commodities were organized.
- Yield increase ranged from 30-50% given by tomato, bitter melon, and green mustard.
- Farmers could save the water from 20-30% for tomato, bitter melon, and yard-long beans.

Yean Thoeun, Angkor Salad farmer in Battambang Province

"In the past I randomly applied all kinds of fertilizers and pesticides on my crops. Now with Angkor Salad, I understand what kind of products needed to deal with insects and the correct interval of its application. In the second harvest, I collected around 100kg from my eggplant farm".

Bolivia - MANQ'A: Young Entrepreneurs Development through Hospitality

About the project

Location: El Alto, La Paz and Sucre

The program supports 3,659 young people (70% women)

Duration: 2018 - 2020

Budget: EUR 2,619,898

Donors: IDB Lab and Edukans

SDG 2, 4, and 8

40% of the Bolivian population is between the ages of 15 and 35, making it a potential advantage for economic growth and development. However, young people do not have access to fair, stable and remunerated jobs. They

³ Please note that figures are taken from ICCO's database. In former years, manual adaptations have been made to the system, so comparisons with the former year report might lead to deviations.

⁴ Projected targets 2016 - 2020. New programs in coming years might lead to higher targets.

face labor exploitation, and therefore receive wages below the national minimum. Situations like this, produce in young people, the loss of self-esteem, hope and in many cases, they are trapped in crime and gangs.

The project seeks to improve the economic opportunities of low-income youth by generating more jobs and sustainable ventures in the gastronomy and hospitality sector in Bolivia. An employment and entrepreneurship model was created that comprehensively supports young people. It combines the following components:

- Technical training in the gastronomy and hospitality sectors
- Development of life skills
- Labor intermediation services for the private sector
- Training in entrepreneurship and business management
- Accompaniment to jobs and business implementation
- Business mentoring
- Seed capital and coordination with financial entities.

Some of the results since the start of MANQ'A in 2014 were:

- 3,659 young people have been technically trained in gastronomy and life skills
- 2,027 jobs created
- 2,562 women and 1,097 men improve their diets and nutrition
- 13 gastronomic technical and entrepreneurship training schools established
- 24 facilitators trained in pedagogy and life skills
- 63 companies in the gastronomic sector provide job opportunities to young people.

Jenny Paco

"I am Jenny Paco, a mother of three children. I started my business when I was pregnant with my third child. The financial needs in my family were enough, I couldn't get a job.... Searching for opportunities I found ICCO and MANQ'A that supported young entrepreneurs, I signed up and at that moment I changed everything, I trained, I put together my business plan, I managed to earn a seed capital with them that I used to equip myself. Currently my business is going very well and I still have the advice, ICCO also connected me with a mentor who continues to help me a lot. I feel that I grew a lot as a person and trust that my business will continue to grow ..."

2.3 EMERGENCY RESPONSE

In recent years the number of crises worldwide rose significantly and the number of refugees and Internally Displaced Persons (IDPs) increased. UNHCR mentions that the number of IDPs increased over the years, from some 10,000 a day in 2005 to more than 40,000 per day in 2017. At the end of 2019 there were 79,5 million IDPs and 26 million refugees in the world.



The total of humanitarian needs continuously increases, says Mark Lowcock to the Dutch Relief Alliance (DRA), of which ICCO is a member: "In 2020, nearly 168 million people worldwide will need humanitarian assistance and protection. That represents about one person in 45 on the planet. It is the highest figure in decades." While the needs for available funding for humanitarian assistance declined.

In order to overcome this paradoxical situation, international humanitarian actors and local actors found each other in the Grand Bargain as a result of the World Humanitarian Summit in 2016. ICCO often leaves the immediate life-saving response to the first responders, the local actors, but complements with a second phase intervention when a disaster or crisis happens, in line with this Grand Bargain and ICCO's primary strength.

1. We create resilient communities that are adequately prepared for, and can effectively respond to disasters.
2. We pay particular attention to integrating disaster risk reduction and resilience strategies with our food and nutrition, and economic empowerment programs. This is because 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.

Results

In 2019, we implemented 53 projects in 17 countries.

Indicators	2019	2016 - 2019 ⁵
People enabled to meet their basic food needs	12,201	515,701
People having access to sufficient and safe drinking water sources for domestic use	51,6510	219,123
People having access to dignified, safe, clean and functional excreta disposal facilities	13,362	75,928
Households supported in (food) production and income generating activities	10,666	37,420

Table 5: Results emergency response indicators

Bangladesh - WINGS: Women's Income Generation Support

About the project

Location: Teknaf Upazila, Cox's Bazar

Beneficiaries: 570 women

Budget: USD 513,147

Duration: Jul 2018- Dec 2019

Funding: IOM

Partners: ICCO Cooperation

SDGs: 1, 2,5, 8, 10

After generations of statelessness and marginalization in Rakhine State in Myanmar, extreme violence has forcibly displaced almost 700,000 people across the border since August 2017. This sudden influx added to the already existing population of more than 200,000 Rohingyas who have been seeking shelter for years in Cox's Bazar. With the support of IOM and the government of Bangladesh, ICCO provided capacity building on different livelihood opportunities, followed by business skills training and support of assets which gave the opportunity to start up small businesses and promote self-reliance. The activities have been equally implemented between both host and Rohingya beneficiaries. Activities were:

- Vocational training to Rohingya and host community women. Training on cap making, tailoring, fast food processing, business skill training
- Income generating activities including assets and cash distribution
- Awareness sessions on counter trafficking, child marriage, gender-based violence, etcetera.

Results

- 85% women reported to have increased in income
- 70% women reported to have increased in decision making power
- 587 women from host community and Rohingya community received business skill training
- 258 women from host community received income-generating tools and micro-enterprise grants
- 195 women from Rohingya community benefited from cash-for-work or training
- 302 women received vocational training
- Successful linkage for the host community with private sector

Shabnoor Akhter, Teknaf

"After receiving training on tailoring, I get five to six orders every week and earn 150 to 200 for each order. I have opened a DPS deposit pension scheme?) in a bank for a safe future for my son."

⁵ Source: ICCO database. Please note that due to manual adaptations of the monitoring system in the past, comparisons with the previous annual report might lead to deviations.

2.4 OTHER PROGRAMS

Civic Engagement Alliance

Our initiatives in the area of lobbying and advocacy are primarily organized under the Civil Engagement Alliance, which 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.

Indicators	Results 2016 - 2019
Laws, policies and norms / attitudes were blocked, adopted or improved for sustainable and inclusive development	141
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	466
Advocacy initiatives were carried out by civil society organizations, for, by or with their membership constituency	955
Civil society organizations increased their lobby and advocacy capacities	3,985
Civil society organizations participated in programs implemented by the Alliance	642

Table 6: Results Strategic Partnership Dialogue and Dissent indicators

Expanding the civic space in Kenya

In mid 2018 a Civic Engagement Alliance study was conducted on civic engagement in Kisumu, Busia, Kakamega and Homa Bay counties in western Kenya. It found that despite regulations that enhanced public participation at the national level, the same had not been developed within Busia county. This hindered active engagement of marginalized groups and civil society groups in decision making processes. Through training of the Change the Game Academy methodology, the civil society network acquired knowledge, skills and a positive attitude that enabled them to lobby the county government to put in place a framework that promoted civic engagement. Busia county government representatives, county assembly representatives and civil society organizations gave recommendations to review the Public Participation Bill and at the end of February 2020 the Busia county Government committed a new bill that was enacted and enhances the participation of citizens in decision making processes.

03 Fundraising and Business Development

ICCO's programs and projects are made possible with the support of various financiers from the public and private sector. We focused our resource mobilization efforts towards institutional donors and subsidy providers. We made significant progress in 2019 by increasing the number of donors and companies with whom we have a structural 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.

ICCO does not actively raise funds among private individuals. There is one exception. In the event of major disasters, a coalition of 11 Dutch relief organizations, among them ICCO and Kerk in Actie, join forces to raise funds in the Netherlands. This coalition is known as the "Samenwerkende Hulporganisaties" (SHO) and the fundraising campaign is popularly referred to as Giro 555. In 2019 there was no Giro 555 campaign held. It can also be mentioned that ICCO, together with Solidaridad, Lendahand and Truvalu, started preparations for a new crowdfunding initiative in 2019: PlusPlus. The launch is scheduled for mid-2020.

Institutional donors

ICCO's core institutional donors in 2019 were:

Ministry of Foreign Affairs of the Netherlands

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

Intergovernmental donors

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

Subsidy providers

- Netherlands Enterprise Agency (RVO)
- Netherlands Space Office
- Mastercard Foundation
- Albert Heijn Foundation
- Dutch Postcode Lottery
- Danish International Development Agency (DANIDA)
- UK Department for International Development (DFID)

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, at least 40% goes to charity organizations, including ICCO.

In 2019, ICCO received a contribution of EUR 1,350,000 from the Postcode Lottery. This contribution is un-earmarked and supports ICCO to work on its mission. In addition, the Lottery also contributes directly to projects of ICCO. Like '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.

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 (established by Albert Heijn, the largest Dutch supermarket chain) 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 2019, 33 suppliers from 13 African countries participated in Foundation projects, and ICCO supported expansion to the Latin American region with 4 new suppliers.

Lendahand

ICCO has a strategic partnership with, and holds 10% 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./PlusPlus

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, by linking them to a crowd of investors. For this purpose, AgriCrowd B.V. was established, with ICCO holding 10% of its shares. This new platform is expected to be launched in August 2020 under the name PlusPlus.

SCOPEinsight

ICCO has 10% participation in SCOPEinsight, together with the social impact investment facility of ABN AMRO bank. Within ICCO programs, SCOPEinsight is used to make an inventory of strengths and weaknesses of lead farmers and farmer groups and to monitor the progress of capacity-building interventions.

Truvalu

At 31-12-2019, ICCO, after five years, exits the AgriBusiness Booster Fund and hands-over the shareholding of Fair & Sustainable Participations (subsidiary of the ICCO Group under the brand name Truvalu) to the other shareholder and director, Jaap Jan Verboom. The exit is the result of the shift that ICCO made with respect to its thematic focus and organization. Truvalu will continue the work with early stage SMEs in developing countries. All other investors in the Fund (ICCO, Argidius, Wilde Ganzen, Woord & Daad and Visser) have exited the fund. Besides Truvalu will continue to support the development and management of the PlusPlus crowdfunding platform, of which ICCO, Solidaridad, Truvalu and Lendahand are the shareholders.

Other participations

- Manq'a Sostenible Sociedad Civil - 50%

04 Organization

4.1 STRUCTURE

ICCO Cooperation 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 directors of the ICCO Group BV.

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.

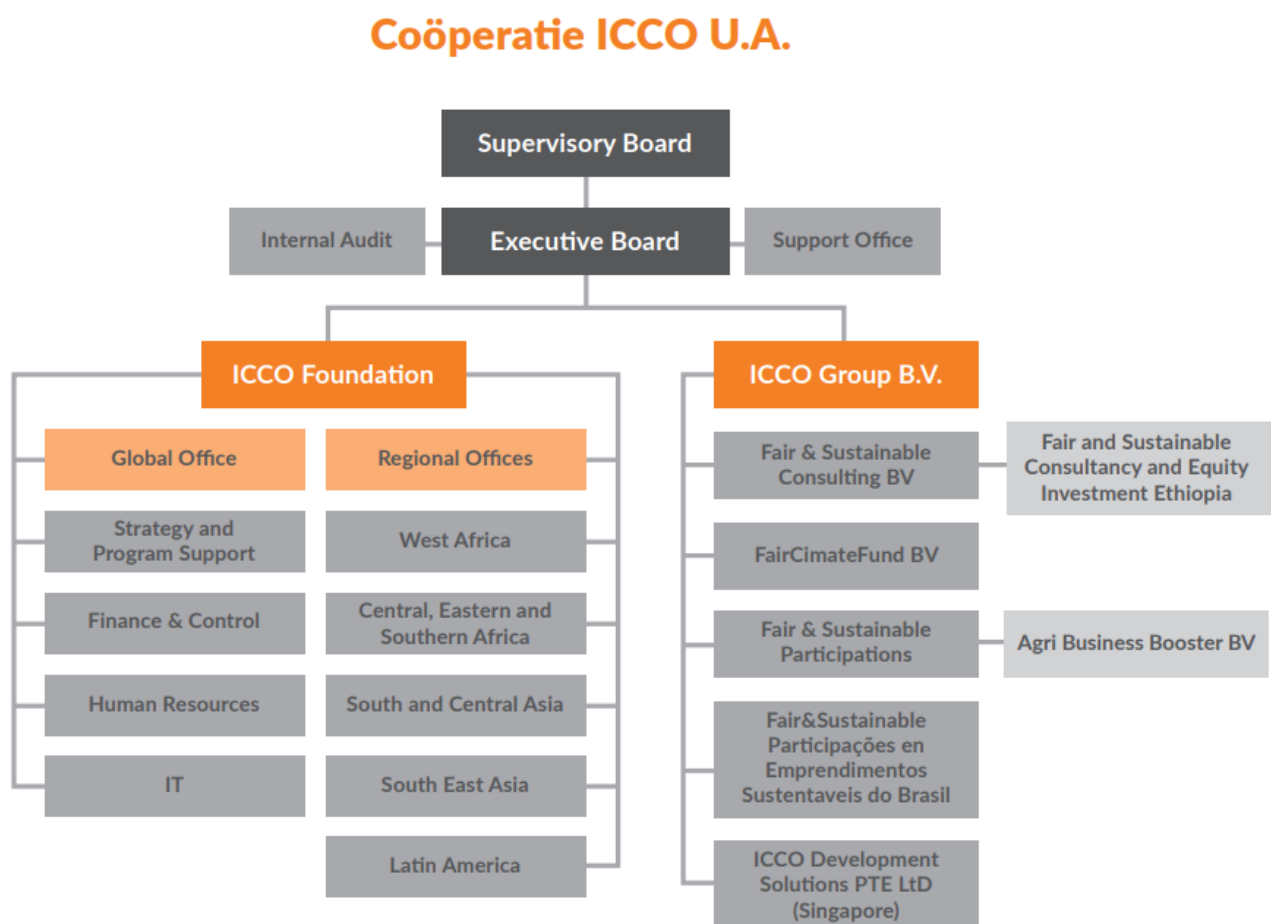


Figure 1: Organizational chart Coöperatie ICCO U.A.

ICCO Foundation is executed from the global office in Utrecht and five regional offices. In 2019, the International Program department, a joint department of ICCO and Kerk in Actie, was disentangled. Tasks and staff have been divided; for ICCO the disaster management has been transferred to our key department at the ICCO global office: Strategy and Program Support. The legal structure is further outlined in Table 7.

Primary institution	Legal form	Status	Explanation
Coöperatie ICCO U.A. (since 14 November 2012)	cooperative		
Secondary institutions	Legal form	Status	
Stichting ICCO			Under governance of Coöperatie ICCO U.A.
ICCO Group BV	BV		Coöperatie ICCO U.A. full owner
Fair & Sustainable Consulting BV	BV		ICCO full owner through ICCO Group BV
Fair & Sustainable Business Development Services PLC Ethiopia			ICCO full owner through ICCO Group BV -> F&S Advisory Services (75%) + F&S Participations (25%)
Fair&Sustainable Participações en Empreendimentos Sustentáveis do Brasil	Ltd		ICCO 99,99 owner through ICCO Group BV
FairClimateFund	BV		ICCO full owner through ICCO Group BV
Fair & Sustainable Participations (trade name: Truvalu)	BV	Sold per economic date 31-12-2019	50% shares owned by ICCO Group BV; 50% by Boom 31 BV (with decisive vote for ICCO Group BV)
Agri Business Booster/Truvalu enterprises	BV (since 07-12-2015)		ICCO 50% owner through ICCO Group BV -> 50% owner F&S Participations
ICCO Development Solutions PTE.LTD (Singapore)	Private Limited Company (since 12-10-2018)		ICCO Group BV full owner
Regional Offices	Office	Status	Explanations
South East Asia			
Indonesia	Regional Office	NGO registration	Under articles of association of Stichting ICCO
Myanmar	Country Office	NGO registration	Under articles of association of Stichting ICCO (registration via Ministry of Home Affairs)
Cambodia	Country Office	NGO registration	Under articles of association of Stichting ICCO
Vietnam	Representation	NGO registration	Under articles of association of Stichting ICCO
Central South Asia			
Nepal	Regional office	NGO registration	Under articles of association of Stichting ICCO
Bangladesh	Country office	NGO registration	Under articles of association of Stichting ICCO
Kyrgyzstan	Country office	NGO registration	Under articles of association of Stichting ICCO
West Africa			
Mali	Regional office	NGO registration	Under articles of association of Stichting ICCO
Burkina Faso	Country office	NGO-registration since 13 Oct. 2016	Under articles of association of Stichting ICCO
Senegal	Country office	NGO-registration since 22 Dec. 2016	Under articles of association of Stichting ICCO
Benin	Country office	NGO-registration	Under articles of association of Stichting ICCO

		since 28 June 2019	
Central, Eastern and Southern Africa			
Uganda	Regional Office	NGO-registration	Under articles of association of Stichting ICCO
Ethiopia	Country office	NGO-registration	Under articles of association of Stichting ICCO
South Sudan	Country office	NGO-registration	Under articles of association of Stichting ICCO
Rwanda	Country office	NGO-registration	Under articles of association of Stichting ICCO
Burundi	Country office	NGO-registration	Under articles of association of Stichting ICCO
Kenya	Country office	Ltd (Limited by Guarantee) (since 24 Sept. 2018)	Under the control of Stichting ICCO [name: ICCO Development LTD]
Kenya	Country office	Trust (registered since 15 July 2017)	Under the control of Stichting ICCO
South Africa	Representation	Registered Non Profit Company	Under the control of Stichting ICCO
Malawi	-	NGO-registration	Under articles of association of Stichting ICCO
Zimbabwe	-	Local Trust	Under control of Stichting ICCO
Latin America			
Nicaragua	Country Office	NGO registration	Under articles of association of Stichting ICCO
El Salvador		NGO registration	Under articles of association of Stichting ICCO
Bolivia	Regional Office	NGO registration	Under articles of association of Stichting ICCO
Peru	Representation	NGO-registration (since 2014)	Under articles of association of Stichting ICCO
Colombia	Country office	NGO-registration	Under articles of association of Stichting ICCO
Paraguay	Country office	NGO-registration (since 2014)	Under articles of association of Stichting ICCO
Jordan	-	NGO-registration since 21-10-2018	

Table 7: Legal structure and local registrations ICCO d.d. 31-12-2019.

4.2 EXECUTIVE BOARD

The Executive Board during the year 2019 consisted of two board members; first Marinus Verweij (chairman) and Jolanda Wakkerman (member). Marinus stopped as a board member as of July 1, 2019 and left the organization as of 30 September, 2019. Sybren Attema has taken the role of chairman of the Executive Board as of July 1, 2019.

All tasks of the Executive Board are laid down in detail in its articles of association of ICCO Foundation and 'Coöperatie ICCO U.A.'. 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.

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 the 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.

Composition and ancillary positions Executive Board

Marinus Verweij - Chair till 30 June 2019

Vice-chair ICCO USA

Chair of the Board PerspActive

Chairman of the International Christian Medical and Dental Ass. Trust

Vice-chair of the Durlstone Zimbabwe Foundation

Member Worldconnectors

Sybren Attema - Chair from 1 July 2019

Board member Manq'a SOS

Jolanda Wakkerman - Member

Board member NPM

Board member ICCO Development solutions Singapore

Board member Stichting Capital 4 Development

Member Supervisory Board Lendahand

Director ICCO South Africa NPC

Director ICCO Trust Kenya

Board member Stichting Business 4 Impact

Member Supervisory Board Zorgpartners Midden Holland

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 meeting of 4 September 2019. 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 2017. In 2019, the remuneration of the Executive Board complied with the maximum remuneration as set in the Regeling.

In the financial statements in the notes to the statement of income and expenditure a disclosure is provided of the income for both the Supervisory Board members and the Executive Board members.

4.3 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.'

Composition and ancillary positions Supervisory Board ICCO

Ir. J.F. de Leeuw - Chair and chair Remuneration Committee (term ends January 2020)

Chairman CTGB (*College Toelating gewasbeschermingsmiddelen en Biociden*)

Ancillary positions:

Member of the Board of the *Abraham Kuyperfonds*

Chair Supervisory Board *Qua Wonen* (Krimpenerwaard)

Chairman Foundation IZZ

Member of the Advisory Board of *Staatsbosbeheer*.

Member of the Board of *Stichting Beheer LZ Agro Kwaliteitsborging*

Member of the board of the *Nationaal Groenfonds*

Drs. W. Oosterom - Member, member Audit Committee and member Remuneration Committee (term ends January 2021)

Consultant Oosterom Advies BV

Ancillary positions:

Member Supervisory Board and Audit Committee *Reinier Haga Groep*

Member Supervisory Board and Chairman Audit Committee *Stichting Rivierduinen*.

Chairman Audit Commissie *Federatie Medisch Specialisten*

Treasurer *Protestantse Gemeente Amersfoort*

Member Supervisory Board and chair of the Audit Committee of the hospital *Gelderse Vallei*

Chair *Generale College Behandeling Beheerszaken* of the *Protestant Church in The Netherlands*.

Prof. dr. G. van Dijk - Member and chair Audit Committee (term ends January 2020)

Professor Social Venturing Economics & Cooperative Entrepreneurship, TIAS, Tilburg University

Visiting professor Agribusiness Management, International Center for Advanced Mediterranean Agronomic Studies (Chania, Greece)

Managing Director The Netherlands Institute for Cooperative Entrepreneurship

Ancillary positions:

Member Advisory Board *BergToys BV*

Member Governing Board *Metgezel Beheer BV*

Member Advisory Board *Schuiteman Accountants*

Chair Member Council *PGGM*

Chair Foundation *Rabobank Certificates*

Chair *KIC! Kennis en Innovatie Cooperatieve Creatieve Industrie u.a.*

Mr. dr. A. Knigge - Member (term ends January 2022)

Advocaat | Co-managing Partner - Houthoff

Ancillary positions:

Member of the Board of Trustees of Research Centre *Onderneming & Recht*

Member of the Board of Trustees of *Zuidas Master (Vrije Universiteit / Universiteit van Amsterdam)*

Member of the Board of *VU Master Climate Goals, Corporations and Law*

Treasurer of the *Nederlandse Vereniging voor Procesrecht* and the *Stichting Procesrecht*

Meetings Supervisory Board

The Supervisory Board held five regular meetings in 2019. Issues addressed during the regular meetings of the Supervisory Board included reviews of the financial statements 2017 and 2018, the budget for 2020 and the

finalization of the annual report. Also developments in the ICCO Group B.V. especially regarding Fair & Sustainable Participations and Truvalu were on the agenda. In 2019, the Supervisory and Executive Board decided to investigate and go into a process of further cooperation with Cordaid, resulting in the signing of a letter of intent in December 2019.

Regarding the retirement schedule the Supervisory Board decided to presort the new situation of the proposed integration with Cordaid. Therefore the Supervisory Board has asked Gert van Dijk - despite his due to retire on 1 January 2020 - to remain seated until this integration becomes a fact.

	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	
Albert Knigge	Jan 2016 - Jan 2020	Jan 2020 - Jan 2024		
Vacancy				

Table 8: Retirement schedule

4.4 PERSONNEL

FTE	FTE per 31 -12-2018	New employees in 2019	Employees out in 2019	FTE per 31-12-2019
Regional offices	348	78	63	363
Global office	52,6	7,6	17,9	42,3
Total	400,6	85,6	80,9	405,3

Table 9: Number of employees.

In 2019 ICCO offered positions to three volunteers at the global office and three trainees/interns. Two internships were registered in 2019 for the regional offices.

4.5 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 and gave feedback to the policy and plans of regional managers.

4.6 QUALITY AND CONTROL

ICCO Cooperatrion's ISO/Partos 9001:2015 certificate is valid until October 2021. External ISO audits were held in two regional offices and the global office. In 2019 ICCO was certified against the new 2018 version of

the Partos standard which includes the improved guidelines on Integrity. Internal audit subjects were selected via a risk-based audit plan. In 2019, twelve internal audits were implemented. Two were complete system audits of regional offices, one was a more limited audit of a regional office and nine audits looked at specific processes or at departments in Utrecht. The audit process and formats were adjusted to allow for closed cooperation with ICCO Cooperation's control department. Financial controllers were part of the internal audit team of the regional offices to realize a higher quality internal audit of financial aspects. The internal audit program was also adjusted to have more detailed attention for compliance with ICCO Cooperation's new integrity policy and system.

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)

Integrity codes and violations

In 2019 we have worked hard on the development of an integrity policy and system, following the jointly - with Partos, Goede Doelen Nederland and fellow NGOs - developed 'Integrity System Guide'. It has been decided and adopted by the Executive Board in October 2019 after assessing received feedback from our International Works Council and is an overarching policy connecting new and existing policies and codes. The basis of our integrity system was and still is our code of conduct which originates from the ACT Alliance of which ICCO is member of.

Our code of conduct - including the code of conduct policy - clearly defines the required behavior of staff and explicitly defines forms of behavior that are considered unacceptable by the organization.

It applies to all ICCO staff; they are made aware of the code of conduct when joining the organization, and sign for acceptance when they sign their employment contract. The code of conduct is also an annex to every contract with consultants and partner organizations.

As follow up of this adopted policy and system we have:

- appointed Persons of Trust in every regional office and global office to support and guide staff;
- appointed an Integrity Officer and deputy Integrity Officer in the global office and two Integrity Focal Points in every regional office: one for handling financial cases and one for interpersonal cases. Next to that, two Integrity Focal Points for humanitarian aid have been appointed as well in the global office.
- worked on training material on integrity for staff (e.g. an online code of conduct training for all staff and face to face training material) and for persons with special roles;
- worked on prevention via the developed training on interpersonal violations and misuse of power as part of our (mandatory) safety and security training which elaborates on gender, misuse of power and dealing with sexual harassment.
- followed specific training and workshops on integrity as Integrity Officer and already some Integrity Focal Points;
- worked on communication material for further awareness;
- worked on underlying documents and regulations to be adopted in 2020.

With these efforts we aim to improve our integrity system. This system with underlying documents aims to comply with Partos, Code of Conduct of ACT Alliance, the DRA Integrity Guidance Note and the Regulations of CBF.

Every form of abuse or other breach of our code of conduct goes against the heart of who we are and what we stand for, and is an important part of our mission: 'dignity for all'. We will continue to use all instruments at our disposition to prevent misconduct, report it and handle it appropriately.

We strive for a culture of integrity and have a zero-tolerance for non acting in case of misconduct and undesirable behavior. When a fraud or corruption incident does occur, it is reported through specific channels, such as the Integrity Officer or the management. Each case – whether alleged or proven – is taken very seriously and immediately investigated. Incidents are investigated whether internally or by a professional external party. Resulting actions are coordinated by ICCO's Integrity Officer.

In 2019 nine complaints and/or incidents of misconduct were reported, of which zero anonymously. We registered and treated these complaints and reports in three categories: complaints, fraud and interpersonal violence.

Complaints

ICCO has a complaints and appeals system that is accessible via the website for all our stakeholders and partners. ICCO received four formal complaints in 2019. All four complaints are handled carefully following our complaints & appeal procedure and closed.

- One complaint was from a consultant who didn't receive a proper response to his application for a consultancy project. This complaint was well founded. ICCO has apologized, explained the outcome and promised for better communication.
- Another complaint concerned the decision of ICCO not working anymore with this partner; the regional manager involved had two meetings with this partner for hearing and explaining and has given recommendation to another agency who has taken over this relation.
- One complaint was expressing discontent about the decision of a partner organization of ICCO to handover a project to another consultant by a partner organization. Outcome and given response: complaint rejected; there is no proof for allegations. The project partner had every right to take this decision.
- One complaint concerned allegations of possible fraud with a partner of ICCO. We discuss this case hereunder under the Fraud-category.

Fraud and financial incapacity procedure

As part of the 'ACT Alliance Code of Conduct for the Prevention of Sexual Exploitation and Abuse, Fraud and Corruption and Abuse of Power,' and our integrity policy, 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 2019 we received one complaint of possible fraud with a partner and detected two cases of possible fraud via close monitoring: one of an applicant in a job application procedure (found guilty) and one of a partner organization. In one case after a careful investigation procedure on possible fraud of a partner organization no proof of fraud and corruption has been concluded although recommendations have been communicated for better execution of administrative and procurement procedures. In another case the investigation procedure with the partner organization is still ongoing.

Interpersonal violations and misuse of power

We received three reports on possible interpersonal violations and misuse of power.

- Two of these reports concerned the behavior of staff of a subcontractor of ICCO, another NGO, in a consortium program of the Dutch Relief Alliance. This subcontractor NGO has very good integrity- and investigation procedures in place, so ICCO has checked and received reports on the investigations and outcome of these investigations in these two cases and concluded the procedures have been followed correctly. In both cases suspicions of breaching the code of conduct and improper relationships of staff members with volunteers and preferential treatment towards volunteers have been confirmed. Proper HR measures have been taken: the subjects of complaint (staff members) were dismissed. It is

noted on the HR record of the individuals that they were dismissed for gross misconduct and that this would be noted on any future reference request.

- In another case, a consultant involved in one of our programs was arrested - after finishing the assignment - for being suspected of defiling a girl from his community. ICCO has thoroughly checked if any breach of our code of conduct has happened by this person within our program. Conclusion is there is no reason to think this behavior also has happened in his working environment, in the project of ICCO. This was also almost impossible as all activities took place in groups of 25 persons.

Legal Cases

In 2019 ICCO was involved in five legal cases: one new case and four older ongoing cases.

- The new one is a claim of a consultancy partner who claims more work in a specific program.
- One of the cases is HR related to application of labor laws regarding termination of a contract of an employee in a regional office (ongoing since 2016).
- 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 (ongoing since 2016).
- One case is regarding the reclaim of misappropriated funds of ICCO because of fraud in a civil lawsuit (ongoing since 2018).
- 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 with local labor law (ongoing since 2016).

4.7 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 energy consumption, 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 solar panels.

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 2019, 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.

4.8 SAFETY AND SECURITY

Safety and security is housed at the security desk at the global office and security focal points in the regional and larger country offices. The desk provides support, advice and training worldwide and manages incidents. The training modules cover relevant ICCO policies and codes of conduct, assessment and mitigation of risks and threats, including how to prevent and/or address (sexual) harassment and violence in different cultural contexts. The number of officially reported incidents increased in 2019 compared to previous years. 23 security incidents were formally reported. Overall, operational program management is increasingly challenged by security incidents and threats in complex situations.

4.9 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.
- Social media: On a daily basis ICCO Cooperation communicates at global and regional level 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 the HUMAN masterclass on October 14, about supply chain trace-ability and the use of new technologies to monitor human rights issues on the ground. Or 'Cracking the Nut', an international learning event for sustainably building the world's rural and agricultural markets that took place in Dakar, Senegal in October 2019.
- 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

4.10 INFORMATION TECHNOLOGY

The disentanglement of the Shared Service Center between ICCO and Protestant church took more time than expected and has delayed the further roll-out and improvements within Google. In the second half of 2019, we made it possible to work with Microsoft Office applications within Google Drive if this proves necessary. The developments of the G-Suite also contributed to this “hybrid” solution. This process was supported with in-company training, workshops, tailor-made upgrades, a helpdesk and sites.

ProMEva (Project Monitoring and Evaluation tool) has been successfully further developed. This is clearly visible in the increased size of the input. The new dashboard provides quick and easy access to the available information. Kumulus (the smart-portal) has also been significantly improved. The most important innovations are a new newsfeed application (Toppics) and the addition of a forum functionality. The number of sites for sharing information increased.

In 2019 the number of calls to the IT-Service Desk are limited, which is an indication that the IT domain is performing well. The increase of the input in ProMEva and the number of visits on Kumulus are an indication that staff are using the IT tools better and to their satisfaction.

05 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 takes 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 risk appetite is reflected in the nature and scope of mitigating actions.

The table below shows the risks identified in 2019 and the mitigation actions developed.

Strategic risks 2019 (in no particular order)	Type of risk	Mitigation actions 2019	Net risk level
1. Insufficient access to unrestricted funds limits growth potential	<ul style="list-style-type: none"> • Strategic • Financial 	<ul style="list-style-type: none"> • Initiate access to various types of unrestricted funds (crowdfunding, direct donations) 	Medium
2. Low overhead percentages from donors leads to insufficient funds for operations and a negative result on the profit & loss	<ul style="list-style-type: none"> • Financial • Operational 	<ul style="list-style-type: none"> • Critically select new donors • Renegotiate with existing donors 	Medium
3. ICCO's external environment is insecure and fragile, leading to safety and security risks, inability to implement programs, need to relocate offices	<ul style="list-style-type: none"> • Operational 	<ul style="list-style-type: none"> • Monitor ongoing implementation of Safety & Security policy and procedures. • Ongoing attention for back-up locations and registrations 	Medium
4. Implementation of financial ERP system and relating procedures was delayed, leading to inefficiency incomplete management information, delayed financial statements and possible reputational damage	<ul style="list-style-type: none"> • Law and regulations • Financial accounting • Reputation 	<ul style="list-style-type: none"> • Further adjustments and optimization is scheduled, both on management information and change of procedures (both Global Office / Regional Offices) 	Medium
5. Non-compliance with donor requirements leading to reputation loss and/or ineligible costs and depletion of our limited reserves	<ul style="list-style-type: none"> • Reputation • Operational • Financial 	<ul style="list-style-type: none"> • Improvements have been initiated, but full implementation is still in progress: monitor implementation carefully 	Low
6. In some regions: inability to recruit and retain high quality staff in middle management and other positions leading to overburdened management and staff	<ul style="list-style-type: none"> • Operational • Human resources 	<ul style="list-style-type: none"> • Support existing middle management and recruit qualified new middle management where necessary • Establish a learning environment via ICCO Academy 	Medium
7. Weak (monitoring of) partners, cooperation agreements, contracts, and/or co-implementation can lead to	<ul style="list-style-type: none"> • Operational 	<ul style="list-style-type: none"> • Include PMEL plan in programs and use the outcome of monitoring and evaluation 	Low

failure of programs and/or not realizing our goals		for steering/improvements and lessons	
8. Reputational damage due to integrity violations in ICCO, by our partners or by other organisations and private parties we cooperate with.	<ul style="list-style-type: none"> • Reputation • Fraud • Law & regulations 	<ul style="list-style-type: none"> • Train staff to be able to identify possible violation risks • Sound policies for Integrity, whistleblowing and frequent checks 	Low
9. Google Suite is not always compatible with requirements of external relations and (in some regions) access is restricted in case of limited internet availability	<ul style="list-style-type: none"> • Operational • Law and regulations 	<ul style="list-style-type: none"> • Change of policy; broader use of Microsoft is allowed • In addition, reevaluation of IT strategy to allow more flexibility to meet requirements of partners / donors 	Low
10. Global Office: limited growth/career opportunities for existing employees and limited possibilities to bring in new staff, due to lean global office and employees working for a long time for the organisation	<ul style="list-style-type: none"> • Human resources • Strategic 	<ul style="list-style-type: none"> • HR priority is to develop a sustainable employability policy for the organization 	Low

Table 10: Risks and management actions in 2019. Risk based on 3 levels from Low, Medium to High.

06 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.

In €	Actual 2019	Budget 2019	Actual 2018
Total income	42.065.051	50.808.308	35.204.368
Total expenses	44.923.460	52.200.625	40.382.949
Sum of income and expenses before financial income and expenses	(2.858.409)	(1.392.317)	(5.178.581)
Financial income and expenses	477.375	-	(2.864.785)
Sum of income and expenses	(2.381.034)	(1.392.317)	(8.043.366)

Table 11: Analysis of the results for 2019 in comparison to 2018 and the budget for 2019.

6.1 INCOME

Total income in 2019 was EUR 42.1 million, an increase of EUR 6.9 million compared to 2018. Total income remained EUR 8.7 million below budget in 2019 mainly due to a delay in the start of some new programs. Income grants from donors have - due to the nature of these grants - an incidental character on project level. However, due to the nature of the business, project income could be considered structural. Other income tends to be more incidental.

6.2 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 2019 is 17,1% (2018: 3,9%).
- The M&A costs as a percentage of sum of expenses is 8.6% (2018: 1.9%).
- The fundraising cost as a percentage of sum of expenses is 8.5% (2018: 2.0%)
- The fundraising cost as a percentage of sum of income raised is 9.1% (2018: 2.3%)

The percentages of 2019 are in line with the percentages in 2017. In 2018 the calculation of the fundraising costs and M&A costs were based on other assumptions and therefore deviated from the 2017 and 2019 figures.

Expense Utilization Rate

In €	Actual 2019	Budget 2019	Actual 2018
Total spent on objectives	37.249.891	43.284.012	38.807.909
Total expenses	44.923.460	52.200.625	40.382.951
Expense utilization rate	83%	83%	96%

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

Income Utilization Rate

In €	Actual 2019	Budget 2019	Actual 2018
Total spent on objectives	37.249.891	43.284.012	38.807.909
Total income	42.065.051	50.808.308	35.204.368
Income utilization rate	89%	85%	110%

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.

6.3 NET RESULT

The net result of ICCO Foundation for 2019 amounts to EUR -/-2.4 million, whereas the budgeted net result amounts to EUR -/- 1.4 million. There are several reasons that have caused this negative variance of the actual result compared to the budgeted result, such as:

- EUR 0.7 million positive result on the financial income and expense, which was not included in the budget.
- 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 whereas employees were already lined up,
- Additional costs due to the delayed implementation of All Solutions, the disentangle of 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.

6.4 MEASURES TO PREVENT FUTURE LOSSES

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.

6.5 RESULT SECURITY PORTFOLIO

The management of the security portfolio is executed by ING bank. 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 was 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.

The FFA portfolio and the strategy will be evaluated and incorporated in the 5 years budget plan in accordance with the vision and strategy of Cordaid.

6.6 APPROPRIATION FUNDS AND RESERVES

As a result of the negative result for 2019, the balance of reserves decreased from EUR 8.6 million to EUR 7.9 million. Also, the balance of funds decreased from EUR 5.8 million to EUR 4.1 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 1.464 K. Balance has been added to the general reserve.

6.7 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, the Guidelines maximum is 1.5 times the annual cost of maintaining the operational structure.

In 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 4.7 million, this remains within the Guidelines therefore the continuity reserve remains unadjusted. Project related expenses are fully funded by donor income.

07 Outlook and Future Developments

7.1 THE ORGANIZATION

As of July 1, 2019, Sybren Attema started working as Chief Executive Officer. In that position he succeeded Marinus Verweij, who has led the organization since 2010.

The disentanglement of the International Program department (a joint department of ICCO and PKN) was executed. The discussions about cooperation between ICCO and Cordaid were intensified in the second half of 2019 and resulted in the signing of a Letter of Intent at the end of 2019. A possible collaboration will be further explored in 2020.

7.2 STRATEGY

The vision and mission presented in the Multi Annual Strategic Plan (MASP) are still valid. In this annual report it can be seen (chapter 2) that the realization of the goals of the MASP 2018-2022 mostly are ahead of the 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.

7.3 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.

7.4 FUNDRAISING and MATCHING FUNDS

ICCO was too dependent on a few donors (Dutch MoFA and EU). In 2018, 2019 (and 2020) the number of donors with whom we have a structural funding relationship has increased.

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.

7.5 BUDGET

The approved budget for 2019 does not reflect a positive net result. Total deficit in the budget for 2019 is a negative EUR 1.4 million. 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.

During 2019 the actual result from operations showed to be worse than the budget, however the result improved significantly compared to 2018. This negative result is built up from the - earlier approved - usage of matching funds for an amount of EUR 1.0 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.

7.6 FINANCIAL PLAN AND GOING CONCERN

Given the situation, there is no budget prepared for the year 2021 (for ICCO) as the operations are continued by Cordaid. We refer to the paragraph “integration with Cordaid”. 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 104K positive, for 2021 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.

In €	Budget 2020
Income	
Income from companies	7.532.531
Income from lottery organisations	1.602.986
Income from government grants	39.038.976
Income from other non-profit organisations	9.585.045
Income raised	57.759.538
Income from delivery of products / services	277.885
Other income	281.844
Sum of Income	58.319.267
Expenses	
Expenses on Food and Nutrition Security and Sustainable Food	8.867.818
Expenses on Economic Empowerment and Inclusive Markets	29.943.455
Expenses on Responsible Business	6.270.517
Expenses on Emergency Aid	10.979.062
Fundraising expenses	1.030.240
Management and Administration expenses	989.314
Sum of expenses	58.080.406
Sum of income and expenses before financial income and expenses	238.861
Financial income and expenses	-135.334
Sum of income and expenses	103.527

Table 12: Summarized budget 2020.

7.7 INTEGRATION WITH CORDAID

On 1 January 2021, the integration with Cordaid took effect. Both Cordaid and ICCO's foundations lie in the values of human dignity, justice, and compassion. We participate in like-minded, often faith-based networks, at a grassroots, national and international level, and are inspired by our shared Christian values. Joining forces enables us to support people in more fragile areas. It also expands our scope to include healthcare and education. By combining our networks, knowledge, and organisational infrastructure, we are enhancing the Dutch development sector and increasing our joint impact.

7.8 BUDGET 2021

The annual budget 2021 Cordaid/ ICCO shows a gain of EUR 0.9 million. In 2020 projects related to COVID have been implemented, however the global situation is still hitting our beneficiaries and operations hard. Operational activities are adjusted and Cordaid / ICCO expects an operational profit of EUR 1.6 million, however still volatile due to Covid-19 in 2021. Our expected reserves and funds and our cash position ultimo 2021 will be sufficient to deal with potential losses or unexpected events in the future. At this moment a five year budget plan is in preparation for Cordaid/ICCO.

7.9 COVID-19

From March 2020 we were housebound. A strange experience for a development organization where local and international travel is part of the daily work. Still, we managed to keep the work going. A lot happened online and in some countries field visits in-between lockdowns were possible. Current and new projects had to be adapted to provide protection against the virus or to deal with the far-reaching socio-economic consequences for local communities and small businesses of the lockdowns. Already in March 2020 ICCO made an inventory of what the effect of the pandemic would mean for the projects and our income. We considered a 20% loss in turnover, which was also offset by cost savings, such as a lower travel budget.

FINANCIAL STATEMENTS

08 Balance Sheet 2019

(After appropriation of results)

In €		31 December 2019	31 December 2018
ASSETS			
Fixed assets			
Intangible fixed assets	1	255.543	329.316
Tangible fixed assets	2	155.086	134.932
Financial fixed assets	3	4.575.451	5.870.660
		4.986.080	6.334.908
Current assets			
Accounts receivable and accrued income	4	20.347.403	21.261.322
Securities	5	74.264	3.317.153
Cash and cash equivalents	6	31.370.611	29.191.819
		51.792.278	53.770.293
TOTAL ASSETS		56.778.358	60.105.201
LIABILITIES			
Reserves			
Foundation Capital	7	45	45
Continuity Reserve		4.000.000	4.000.000
General Reserve		2.364.107	3.611.589
Appropriation reserve matching funds		-	947.634
Appropriation reserve C4D Asia Fund		1.564.988	-
		7.929.140	8.559.268
Funds			
Appropriation fund guarantees	8	962.719	2.426.618
Appropriation fund loans and participations		3.136.306	3.423.313
		4.099.025	5.849.931
Provisions	9	1.056.652	1.515.461
Non-current liabilities	10	6.205.063	6.078.050
Current liabilities	11	37.488.478	38.102.491
TOTAL LIABILITIES		56.778.358	60.105.201

09 Statement of Income and Expenses 2019

In €		Actual 2019	Budget 2019	Actual 2018
Income	12			
Income from private individuals		109.457	-	178.109
Income from companies		6.127.756	4.461.128	5.218.384
Income from lottery organisations		2.163.545	1.651.987	3.191.481
Income from government grants		18.672.181	35.790.381	15.950.957
Income from other non-profit organisations		14.124.606	7.913.436	9.879.620
Income raised		41.197.545	49.816.932	34.418.551
Income from delivery of products / services		521.829	204.314	458.847
Other income		345.677	787.062	326.970
Sum of Income		42.065.051	50.808.308	35.204.368
EXPENSES				
Expenses on Food and Nutrition Security and Sustainable Food	13	11.151.927	12.958.431	7.879.404
Expenses on Economic Empowerment and Inclusive Markets	13	15.331.466	17.815.015	20.556.170
Expenses on Responsible Business	13	6.174.972	7.175.258	4.255.619
Expenses on Emergency Aid	13	4.591.526	5.335.309	6.116.715
Fundraising expenses	13	3.822.614	4.441.840	804.390
Management and Administration expenses	13	3.850.955	4.474.772	770.651
Sum of expenses		44.923.460	52.200.625	40.382.949
Sum of income and expenses before financial income and expenses		(2.858.409)	(1.392.317)	(5.178.581)
Financial income and expenses	14	477.375	-	(2.864.785)
Sum of income and expenses		(2.381.034)	(1.392.317)	(8.043.366)
Appropriation of sum of income and expenses				
Addition to / withdrawal from:				
Continuity Reserve		-	-	(2.864.290)
General reserve		(2.802.890)	(1.392.317)	(1.939.675)
Appropriation reserve matching funds		(947.634)	-	(864.986)
Appropriation reserve Kerk in Actie themes		-	-	(168.130)
Appropriation reserve C4D Asia Fund		1.564.988	-	-
Appropriation fund guarantees		91.509	-	605.577
Appropriation fund loans and participations		(287.007)	-	(2.811.862)
Result		(2.381.034)	(1.392.317)	(8.043.366)

10 Cash Flow Statement 2019

In €		2019	2018
Sum of income and expenses		(2.381.034)	(8.043.366)
<i>Adjustments for:</i>			
Depreciation	1 / 2	187.551	108.151
Unrealised foreign exchange result	14	(326.933)	(295.422)
Unrealised result securities	5	-	129.011
Realised result securities	5	(460.595)	30.467
Cash dividend and interest on securities	5	(732)	(74.896)
Non-cash dividends on securities	5	(719)	(708)
Non-cash dividends on financial fixed assets	3	(20.517)	(49.057)
Exchange differences financial fixed assets	3	6.343	(45.117)
Write off of financial fixed assets	3	226.745	3.353.235
Change in current financial fixed assets	3	250.000	(124.983)
Change in financial fixed assets provision	3	-	484.000
<i>Changes in working capital:</i>			
Change in provisions	9	(458.809)	(1.160.111)
Change in donor receivables	4	730.956	(1.006.891)
Change in other receivables	4	182.966	(1.714.255)
Change in advances from donors	11	313.622	5.767.837
Change in partner commitments	11	(250.393)	2.678.786
Change -677241 in other current liabilities	11	(677.241)	1.644.235
Change in long-term liabilities	10	127.013	(556.174)
Cash flow from operating activities		(2.551.779)	1.124.742
Investments in tangible fixed assets	2	(104.433)	(79.365)
Investments in intangible fixed assets	1	(29.502)	(120.053)
Investments in financial fixed assets	3	(1.625.154)	(334.000)
Disinvestment in financial fixed assets	3	2.457.791	45.193
Investments in securities on balance	5	-	(857.347)
Disinvestment in securities	5	3.704.204	814.372
Cash dividend and interest on securities	5	732	74.896
Cash flow from investing activities		4.403.638	(456.304)
Net cash flow		1.851.859	668.439
Exchange rate and translation differences on cash and cash equivalents	14	326.933	295.422
Changes in cash and cash equivalents		2.178.792	963.861

11 Notes to the Financial Statements 2019

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, till 31 December 2020), 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: ICCO Trust Kenya, ICCO Limited by Guarantee Kenya, ICCO Southern Africa NPC and ICCO Trust Zimbabwe, are qualitatively and quantitatively in total not significant. As it is immaterial and difficult to determine whether each transaction and balance relates to these 4 separate entities or relates to ICCO Foundation, we have included them in the financial statements of ICCO Foundation as branch office. Therefore these are not disclosed in the financial fixed assets.

The financial statements of ICCO Foundation are included in the consolidated financial statements of *Coöperatie ICCO U.A.* (brand name ICCO Cooperation).

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).

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. 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

As of 1st of January 2021, ICCO Foundation and ICCO Coöperatie U.A. have transferred its assets and liabilities to the foundation Cordaid. ICCO Foundation is however still a sole member of *Coöperatie ICCO U.A.* (brand name ICCO Cooperation). Per 1st of January 2021 the articles of association of ICCO foundation, are amended in such a way, that the Board of Directors of Cordaid Foundation are the same as of Cooperatie ICCO U.A. and ICCO Foundation. The activities of ICCO Foundation will be continued under the flag of Cordaid/ICCO. Therefore the financial statements are prepared on a going concern basis.

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.

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.

Estimates are especially applied regarding the valuation of the portfolio of loans, participations and guarantees and regarding the provisions for reorganization. The nature of these estimates and judgements, including the related assumptions, are disclosed in the notes to the relevant items. Revisions to the estimates are unlikely to be significant given the issue date of the financial statements.

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 those social and environmental policies.

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. The Oikocredit stock is included at nominal value.

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 depreciation 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 intangible and tangible 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

The general reserve is the part of the equity capital that is at the free disposal of the competent bodies within the framework of the foundation's statutory objectives.

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. Board can lift these limitations if it so chooses.

Appropriation reserve C4D Asia Fund

The appropriation reserve C4D Asia Fund has been created for matching purposes during the investment period in the C4D Asia Fund. The Executive Board decided to present the investments in the C4D Asia Fund as an appropriation reserve.

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 organization.

Several provisions have been accounted for in the financial statements, relating to several reorganizations that ICCO has gone through. If the time value of money is material and the period over which the cash outflows are discounted is more than one year, provisions are measured at the present value of the best estimate of the cash outflows that are expected to be required to settle the liabilities and losses. The provisions are measured at nominal value if the time value of money is not material or If the period over which the cash outflows are discounted is no longer than one year.

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.

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 reduction of rental expense over the lease term. Lease payments and benefits regarding operating leases are recognised to the statement of income and expenses on a straight-line basis over the lease term.

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.

Project income is credited to the statement of income and expenses in the year in which the expenses on the project are made. Grants are reported as income in proportion to the project expenses, provided these expenses are in line with the terms, as included in the grant agreements.

Any deviations in project income, associated with the closing of projects, is accounted for in the year where the actual costs have been incurred. If this financial year has already been closed, these deviations are reported under other financial income and expenses in the current year.

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 it is received.

Income from companies

The unused portion of received amounts are accounted for as advances from donors under current liabilities on the balance sheet to reflect the organisation's repayment obligation.

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 are one off projects and have a specific objective, although part of the income is related to multiyear grants. All grants have an end date. The unused portion of received amounts are accounted for as advances from donors under current liabilities on the balance sheet to reflect the organisation's repayment obligation.

Income from other non-profit organizations

The unused portion of received amounts are accounted for as advances from donors under current liabilities on the balance sheet to reflect the organisation's repayment obligation.

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.

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 the grants have been made and the recipient of the grant or donation has been notified. 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 9.9% 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 96,5% in 2019 (2018: 101,3%). 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, are presented within the cash flows from operating activities. Receipts of dividends are presented as investing 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. The fair value of listed financial instruments is determined on the basis of the exit price.

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, 2019	207.774	193.049	400.823
Cumulative depreciation and other impairment in value as at January 1, 2019	(57.775)	(13.732)	(71.507)
Carrying amount as at January 1, 2019	149.999	179.317	329.316
Investments	3.713	25.789	29.502
Amount of disposals (acquisition)	-	-	-
Amount of disposals (depreciation)	-	-	-
Depreciation	(57.870)	(45.403)	(103.273)
Other impairments in value and reversals thereof	-	-	-
Carrying amount as at December 31, 2019	(54.157)	(19.614)	(73.771)
Acquisition cost as at December 31, 2019	211.487	218.838	430.325
Cumulative depreciation and other impairment in value as at December 31, 2019	(115.645)	(59.135)	(174.780)
Carrying amount as at December 31, 2019	95.842	159.702	255.543
Depreciation percentages	33%	20%	

The software ERP system relates to the cost from implementation of 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 is the start date of depreciation.

On January 1st 2021 ICCO merged with Cordaid. ICCO will remain using both the ERP-system as the other software for the full lifetime of the assets. Therefore no additional depreciation being accounted for within 2019.

The intangible fixed assets have been retained for our operations. EUR 175K of intangible fixed assets has been fully depreciated, being 40.6% 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, 2019	315.039	856.293	272.170	1.443.502
Cumulative depreciation and other impairment in value as at January 1, 2019	(308.183)	(770.082)	(230.306)	(1.308.571)
Carrying amount as at January 1, 2019	6.856	86.211	41.864	134.931
Investments	12.250	21.094	71.089	104.433
Amount of disposals (acquisition)	(108.385)	(463.736)	(121.473)	(693.594)
Amount of disposals (depreciation)	108.385	463.736	121.473	693.594
Depreciation	(7.577)	(36.362)	(40.339)	(84.278)
Other impairments in value and reversals thereof	-	-	-	-
Carrying amount as at December 31, 2019	4.673	(15.268)	30.750	20.155
Acquisition cost as at December 31, 2019	218.904	413.651	221.786	854.341
Cumulative depreciation and other impairment in value as at December 31, 2019	(207.375)	(342.708)	(149.172)	(699.255)
Carrying amount as at December 31, 2019	11.529	70.943	72.614	155.086
Depreciation percentages	20%	33%	33%	

EUR 699K of tangible fixed assets has been fully depreciated, being 81.8% of the acquisition value.

No major investments have occurred in 2019. Investments in 2019 in company cars mainly for use in the regional offices. The disposals during the year are completely depreciated goods not in use anymore.

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, 2019	5.165.661	550.000	1.724.000	355.000	7.794.661
<i>Movements:</i>					
Purchases, loans granted	1.625.154	-	-	-	1.625.154
Sales, redemptions	(2.457.791)	-	-	-	(2.457.791)
Exchange rate differences	(6.345)	-	-	-	(6.345)
Write offs / impairments	(226.745)	-	-	-	(226.745)
Reversals of impairments	-	-	-	-	-
Revaluations	-	-	-	-	-
Converted loans	-	-	-	-	-
Transfer to current assets	-	-	(250.000)	-	(250.000)
Associated company dividends	-	-	-	-	-
Other changes in equity	20.517	-	-	-	20.517
Carrying value as at December 31, 2019	4.120.452	550.000	1.474.000	355.000	6.499.452

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, 2019	-	450.000	1.474.000	-	1.924.000
Additions	-	-	-	-	-
Deduction	-	-	-	-	-
Write offs	-	-	-	-	-
Carrying value as at December 31, 2019	-	450.000	1.474.000	-	1.924.000
Balance of loans and participating interests	4.120.452	100.000	-	355.000	4.575.451

General

The fair value of the financial fixed assets does not deviate significantly from the book value, unless disclosed otherwise below.

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 2019 of PerspActive is EUR (27) K and the equity is EUR

1.135K. Furthermore, the board of ICCO decided to leave this Cooperation in 2020. The members' capital was redeemed in that year.

In 2019 a total of EUR 60K 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. The values of the investments at the end of 2019 are respectively EUR 708K and EUR 159K, we deem these values the realisable value of these investments.

During 2019 the investment in Gebana was sold for the book value of the investment. Also in 2019 the Rabo Rural Fund was sold for the book value of EUR 2,353K. In 2020 OISL was sold for EUR 40K, which is the book value of the investment.

The impairment loss of EUR226K refers mainly to the impairment of the shares held in Hand-on B.V. for EUR 200K. This impairment was necessary due to ongoing losses of this 5% participation.

As of 2019 ICCO Foundation participates in the Capital 4 Development (C4D) Asia Fund. The fund contributes to women's economic empowerment in South East Asia to contribute to continued inclusive economic growth. ICCO Foundation invested EUR 1.6 million in 2019 which is approximately 10% of the funds total. The investment in C4D Asia Fund is considered a restricted fund. ICCO has a commitment to further invest in the fund of EUR 1.4 million, of which funding has already been received and included in the advances from donors.

Receivable from related parties

The receivable of the related parties amounts to EUR 550K and relates in part to a EUR 450K 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. The financial situation of Scope Insight give doubts about the full recoverability of the loan. Based on the impairment analysis performed by ICCO Foundation the loans has been provisioned for EUR 450K.

Receivable from third companies

At year end, the loan portfolio of ICCO, managed by Capital 4 Development Partners, contained 5 (was 6 in 2018) active loans for 3 companies. No new loans have been granted in 2019.

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 converted loan into shares of WAAR in 2020. For an amount of EUR 250K the loan has been converted to cumulative preference shares in WAAR.

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 BBF 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 2019 was EUR (1.318) and the equity EUR 2.451K. The investment was valued at available for sale against net realizable value of EUR 355K, which has not changed during the year.

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 relatively 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 €	31/12/2019	31/12/2018
Donor receivables	13.539.922	14.270.878
Receivables from group companies	3.725.100	3.577.884
Short term receivables loans	250.000	6.017
Deposits	85.058	89.244
Receivables from securities and interest	1.977	14.592
Receivables from employees	6.731	31.953
Prepayments	91.234	112.835
Other receivables and accrued income	559.540	816.424
Debtors	2.087.840	2.341.494
	20.347.402	21.261.321

In accounts receivable and accrued income, an amount of EUR 1.735K is included with a maturity longer than 1 year. All other receivables have an estimated maturity shorter than one year.

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 decreased from 2018 to 2019 with EUR 730K due to timing of funding received from donors. The donor receivables balance includes a provision for project losses of EUR 500K (2018: EUR 927K). This provision has been formed for expected non eligible project cost.

Receivables from related parties

At the end of 2019 ICCO Foundation has a receivable of EUR 3.7 million (2018 EUR 3.6 million). This receivable is mainly with the Cooperation ICCO U.A. No interest is charged over the receivables from related parties as these positions are short term and current market interest rates are negative. No significant change compared to 2018.

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. In 2020 this portion of the loan to WAAR was converted to cumulative preference shares.

Other receivables and accrued income

Other receivables and accrued income decreased from EUR 816K as of December 31, 2018 to EUR 560K as of December 31, 2019. The decrease is mainly caused by an inheritance of EUR 160K in 2018.

Debtors

Debtors decreased from EUR 2.341K as of December 31, 2018 to Eur 2.088K as of December 31, 2019. The decrease is caused by timing of receipts in 2018. The debtors balance includes a provision for bad debts of EUR 6K (2018: EUR 54K).

SECURITIES (5)

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

In €	31/12/2019		31/12/2018	
	€	%	€	%
Stocks	-	0,0%	1.563.989	47,2%
Bonds	-	0,0%	1.679.619	50,6%
Oikocredit stocks	74.264	100,0%	73.545	2,2%
Balance as per 31 December	74.264	100%	3.317.153	100%

The return consists of the following components:

In €	Dividend and interest	Unrealised profit	Realised profit	Total
Stocks	36.461	-	367.425	403.886
Bonds	17.382	-	39.327	56.709
Participating interest	732	-	-	732
	54.575	-	406.752	461.327
Interest on cash and cash equivalents				4.182
Total income from investments	54.575	-	406.752	465.509

In accordance with ICCO treasury strategy in 2019 the portfolio of stocks and bonds has been sold. The related sales result for an amount of EUR 461K is presented under financial income.

Oikocredit

The Oikocredit stock was sold in 2021 for EUR 71K.

CASH AND CASH EQUIVALENTS (6)

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

In €	31/12/2019	31/12/2018
Banks	31.355.435	29.178.405
Cash	15.176	13.414
	31.370.611	29.191.819

The balance of cash and cash equivalents includes an amount of restricted cash for EUR 1,092K of which EUR 828K is held for guarantees provided (reference is made to Note 9) and EUR 259K related to Cooperation NPM.

RESERVES (7)

Foundation capital

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

In €	31/12/2019	31/12/2018
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 €	31/12/2019	31/12/2018
Balance as at 1 January	4.000.000	6.864.290
Less: to General reserve	-	(2.864.290)
Balance as at 31 December	4.000.000	4.000.000

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, the Guidelines maximum is 1.5 times the annual cost of maintaining the operational structure.

In 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 4.7 million, this remains within the Guidelines therefore the continuity reserve remains unadjusted. 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 €	31/12/2019	31/12/2018
Balance as at 1 January	3.611.589	3.651.192
Less: to appropriation of results	(2.802.890)	(8.043.366)
Plus: from Continuity reserve	-	2.864.290
Plus: from Appropriation reserve matching funds	-	864.986
Plus: from Appropriation reserve Kerk in Actie themes	-	168.130
Plus: from Guarantee appropriation fund	1.555.408	1.294.495
Plus: from Loans and participations appropriation fund	-	2.811.862
Balance as at 31 December	2.364.107	3.611.589

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

Appropriation reserve matching funds

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

In €	31/12/2019	31/12/2018
Balance as at 1 January	947.634	1.812.620
Less: to appropriation of result	(947.634)	(864.986)
Balance as at 31 December	-	947.634

During the year 2019, 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.

In 2019 the Executive Board decided to end the matching funds appropriation reserve.

Appropriation reserve C4D Asia Fund

The movements in the appropriation reserve C4D Asia Fund in the financial year are as follows:

In €	31/12/2019	31/12/2018
Balance as at 1 January	-	-
Plus: from appropriation of results	1.564.988	-
Balance as at 31 December	1.564.988	-

As of 2019 ICCO Foundation participates in the Capital 4 Development (C4D) Asia Fund. The fund contributes to women's economic empowerment in South East Asia to contribute to continued inclusive economic growth. The Executive Board decided to present the investments in the C4D Asia Fund as an appropriation reserve.

Appropriation reserve Kerk in Actie themes

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

In €	31/12/2019	31/12/2018
Balance as at 1 January	-	168,130
Less: to General reserve	-	(168,130)
Balance as at 31 December	-	-

In 2018 the appropriation reserve Kerk in Actie was 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:

Guarantee appropriation fund

In €	31/12/2019	31/12/2018
Balance as at 1 January	2.426.618	3.721.113
Plus: from appropriation of results	91.509	605.577
Less: to General reserve	(1.555.408)	(1.900.072)
Balance as at 31 December	962.719	2.426.618

The guarantees provided are financed with MFSII grants, in line with MFSII obligations this fund is formed. 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 2018 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.

Loans and participations appropriation fund

In €	31/12/2019	31/12/2018
Balance as at 1 January	3.423.313	6.235.175
Less: to appropriation of results	(287.007)	(2.811.862)
Balance as at 31 December	3.136.306	3.423.313

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 2018, the appropriation fund loans and participations decreased mainly with the impairment of the value in the participation in the Business Booster Fund. In 2019 the movement was mainly due to the sale of participation in Gabana.

PROVISIONS (9)

The specification of the provisions is as follows:

In €	31/12/2019	31/12/2018
Reorganization provision	750.197	924.042
Guarantee obligations	306.455	591.419
Balance as at 31 December	1.056.652	1.515.461

All provisions have an estimated maturity longer than one year. Below a further analysis is provided to the several line items of the provisions.

The movement in the provision for reorganization is as follows:

In €	31/12/2019	31/12/2018
Balance as at 1st January	924.042	1.219.230
Less: Payments	(265.428)	(216.196)
Add: Additional provision	212.816	7.464
Less: Provision released	(121.233)	(86.456)
Balance as at 31 December	750.197	924.042

Several provisions have been made in the past by ICCO due to reorganisations. Most of the reorganisations were the result of severe cut of government grants at the end of the MFSII period. An amount of EUR 265K was spent in 2019. Based on recalculation of the expected provision, an addition of EUR 213K was made.

The reorganisation provision Future Proof ICCO EUR 621K (2018: EUR 681K) is the main reorganisation provision. 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.

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

In €	31/12/2019	31/12/2018
Balance as at 1st January	591.419	1.456.342
Less: to short term liabilities	(193.455)	(259.346)
Less: Provision released	(91.509)	(605.577)
Balance as at 31 December	306.455	591.419

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.

The reduction of the provision in the year 2019 was due to a reduction of the portfolio and guarantees being called in in 2018 and 2019. The total liability was EUR 2.058K as per 31 December 2019 (EUR 3.277K as per 31 December 2018). The guarantee portfolio will further decrease the next coming years.

NON-CURRENT LIABILITIES (10)

In €	31/12/2019	31/12/2018
Balance as at 1 January	6.078.050	6.634.224
Less: to short term partner commitments	(4.439.923)	(3.320.124)
Plus: new commitments	4.566.936	2.763.950
Balance as at 31 December	6.205.063	6.078.050

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 long term liabilities refer to all liabilities with a maturity of 1 year and longer. The amounts reflect the committed partner costs which have not been paid as of December 31, 2019. The partner commitments in total (long term and short term) slightly decreased in 2019 compared to 2018. None of the partner commitments have a maturity longer than 5 years.

CURRENT LIABILITIES (11)

The specification of this item is as follows:

In €	31/12/2019	31/12/2018
Advances from donors	24.277.037	23.963.415
Partner commitments	6.719.773	6.970.166
Accruals	1.241.038	1.628.499
Accounts payable	1.154.731	773.327
Payables to related parties	670.898	745.913
Security contributions and taxes	418.661	492.085
Pension liabilities	355.266	456.099
Reservation for holiday allowance	112.968	114.245
Provision for holidays	107.818	143.918
Amounts owed to staff	621.018	653.717
Other liabilities	1.809.271	2.161.107
Balance as at 31 December	37.488.479	38.102.491

An explanation of variances of the current liabilities between 2018 and 2019 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 2019. The advances slightly increased in 2019 compared to 2018, 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 decreased from 2018 to 2019. At the end of 2018, the amount relates mainly to the audit fees for the financial statements 2018. The 2019 accrual mainly relates to audit fees for the financial statements 2018 and 2019.

Accounts payable

As of December 31, 2019, the balance of the accounts payable increased compared to 2018. The increase is caused mainly by timing of invoices.

Payables to related parties

At the end of 2019 ICCO Foundation has a payable of EUR 671K (2018: EUR 746K). 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 liabilities related to security contributions and taxes slightly decreased at the end of 2019 compared to 2018. The 2019 balance mainly consists of tax payroll.

Pension Liabilities

The pension payable decreased with EUR 101K at the end of 2019 due to a backlog in 2018 paying the pension invoices.

Amounts owed to staff

The amounts owed to staff slightly decreased from EUR 654K to EUR 621K. No significant change compared to the previous year.

Other liabilities

The other liabilities decreased from EUR 2.161K by the end of 2018 to EUR 1.809K by the end of 2019. The decrease is mainly due to the decrease in the short term liability to NPM. EUR 253K of the other liabilities concerns a short term liability to NPM (2018: EUR 679K). 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 except for the advances from donors. An amount of EUR 2.494 K (2018: EUR 0K) is included with a maturity longer than 1 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, 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.

Cooperatie ICCO U.A.

ICCO Foundation is the sole member in the Cooperatie ICCO U.A. The main transactions between the Foundation and Cooperation are related to recharged costs. For example refer to the remuneration paragraph.

ICCO Group B.V.

Coöperatie ICCO U.A. is 100% owner of the ICCO Group B.V., including the sub-companies Fair & Sustainable Participations (including Agri Business Booster), Fair & Sustainable Consulting, FairClimateFund, Fair&Sustainable Participações em Empreendimentos Sustentáveis do Brasil and ICCO Development Solutions. 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.

Other

We refer also to the explanation under the remuneration executive board and supervisory board. 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 transactions 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. At year end the non EUR liquid assets amount to EUR 6.8 million, of which EUR 3.3 million refers to USD and the remainder refers to local currencies in which the expenditures occur.

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.

The total amount of assets on the balance sheet subject to credit risk EUR 52.5 million.

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 sold its investments in the security portfolio managed by ING Bank in which it runned price risk. The Foundation treasury strategy is expected to comprise 25% in shares and 75% in Euro denominated bonds. As a result of the sale of the portfolio during 2019, there is no price risk for the Foundation anymore.

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 2020 is EUR 124K. As ICCO moved to the office of Cordaid in The Hague, the total liability from 1 year up to the end of the contract amounts to EUR 37K.

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 2019, ICCO has issued bank guarantees for a total amount of EUR 2,180K, of which EUR 306K is included in the provision, EUR 193K in the short term liability. The remainder concerns off balance sheet obligations for EUR 1,681K, of which 963K is included in the Guarantee 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 or 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 the court sentences the involved partners or ICCO to pay the claim we will and have already held 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.

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

INCOME (12)

In €	Actual 2019	Budget 2019	Actual 2018
Income from private individuals	109.457	-	178.109
Income from companies	6.127.756	4.461.128	5.218.384
National Postcode Lottery	1.350.000	1.350.000	1.350.000
National Postcode Lottery - extra drawing	813.545	301.987	1.841.481
Income from lottery organisations	2.163.545	1.651.987	3.191.481
DGIS - Strategic Partnership	11.744.420	12.670.019	6.084.249
Dutch government - Other	1.817.369	8.028.113	5.681.116
European Union	4.087.267	8.745.642	3.627.805
Other governmental donors	1.023.126	6.346.607	557.787
Income from government grants	18.672.182	35.790.381	15.950.957
Dutch non-governmental organisations	7.431.242	1.543.985	6.203.745
International foundations	5.643.084	5.238.570	3.006.582
Protestantse Kerk Nederland - Kerk in Actie	999.951	784.123	711.034
SHO - Samenwerkende Hulporganisaties	50.329	346.758	(41.741)
Income from other non-profit organisations	14.124.606	7.913.436	9.879.620
Income from delivery of products / services	521.829	204.314	458.847
Other income	345.677	787.062	326.970
Other income	867.506	991.376	785.817
SUM OF INCOME	42.065.052	50.808.308	35.204.368

Sum of income

The Sum of Income in 2019 was EUR 42.1 million, an increase of EUR 6.9 million compared to 2018. Sum of Income remained EUR 8.7 million below budget in 2019 mainly due to tenders missed, which were budgeted for.

Income from private individuals

Occasionally, private individuals donate small amounts. The income is not directly related to projects. The decrease is mainly explained by a donation of 160K by a private individual in 2018.

Income from companies

Relate mainly to MasterCard Foundation (stars program) and AH Foundation. The increase versus 2018 is mainly

explained by increased activities from partners on the projects funded by the AH foundation, this was not budgeted for.

Income from lottery organizations

Relate to the regular contribution from the Dutch Postcode Lottery of EUR 1,350K. In 2018 there were additional funds for 2 projects: Salt Solution (Bangladesh) and Birds, Bees and Business (West Africa). These are proceeds from 'Extra Drawings'. The extra drawings for 2019 have not been budgeted in full, due to their incidental nature.

Income from government grants

All ICCO's income from governments are one off projects and have a specific objective, although part of the income is related to multiyear grants. All grants have an end date. The budget 2019 included some major projects which were not secured yet. Unfortunately none of the projects were granted to ICCO. The increase on activities and therewith income in 2019 compared to 2018, is mainly thanks to the SONGO project of the EU.

Income from other non-profit organisations

The increase compared to 2018 is mainly driven by a grant which has been invested in women's business in Asia (C4D Asia fund).

Other income

Other income refers mainly to margin on hosting contracts, tenants fee and car rental fee. These activities have no commercial intent. The gross margin for ICCO is neglectable.

EXPENSE (13)

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

In €	Actual 2019	Actual 2018
Main objectives		
Food and Nutrition Security and Sustainable Food		
Program Costs	7.223.633	3.623.040
Execution costs	3.928.294	4.256.365
	11.151.927	7.879.404
Economic Empowerment and Inclusive Markets		
Program Costs	5.041.182	7.030.077
Execution costs	10.290.284	13.526.094
	15.331.466	20.556.170
Responsible Business		
Program Costs	4.236.913	2.631.793
Execution costs	1.938.059	1.623.826
	6.174.972	4.255.619
Emergency Aid		
Program Costs	3.186.672	3.312.351
Execution costs	1.404.854	2.804.364
	4.591.526	6.116.715
Program Costs	19.688.400	16.597.261
Execution costs	17.561.491	22.210.649
Total expenses on program objectives	37.249.891	38.807.910

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

EXPLANATION OF THE EXPENSE ALLOCATION

Expenses on objectives are split between five 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					
							Governm					
In € 1.000		FSSC	EE	RB	EA	Total	Other grants	ent grants	M&A	Total 2019	Budget 2019	Total 2018
Grants & contributions		7.224	5.041	4.237	3.187	19.688	-	-	-	19.688	27.281	16.597
Publicity and communication	C1	794	1.151	93	300	2.340	23	23	44	2.429	1.608	1.730
Staff costs	C2	2.309	4.210	990	635	8.144	1.128	1.128	2.159	12.560	13.205	12.510
Outsourcing and travel costs	C3	563	4.334	789	371	6.057	271	271	522	7.120	6.716	4.774
Housing costs	C4	47	168	15	33	263	85	85	162	595	633	645
Office- and general costs	C5	214	427	51	65	757	405	405	776	2.344	2.641	4.019
Depreciation costs	C6	-	-	-	-	-	-	-	188	188	116	108
Execution costs		3.927	10.290	1.938	1.404	17.561	1.911	1.911	3.850	25.236	24.920	23.785
TOTAL EXPENSES		11.151	15.331	6.175	4.591	37.250	1.911	1.911	3.850	44.923	52.201	40.382

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.

C1 Publicity and communication costs

In €	Actual 2019	Budget 2019	Actual 2018
Communication costs	2.429.349	1.607.965	1.729.886

The communication costs in 2019 are higher than budget and 2018 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 2019	Budget 2019	Actual 2018
Salaries	7.920.664	9.132.024	7.384.839
Holiday allowance and year-end bonus	807.047	676.858	574.659
Social security charges	693.242	1.018.405	803.847
Pension contributions	658.358	788.288	666.141
Staff costs	10.079.311	11.615.574	9.429.486
Hired staff	1.264.125	1.058.617	2.320.584
Compensations according to employment conditions	393.589	137.057	225.960
Recruitment and selection	68.857	32.930	44.924
Education and training	26.809	39.311	76.206
Other general staff costs	225.658	309.229	284.549
Outplacement	205.944	-	63.760
Occupational health and safety service, prevention and safety	295.225	12.500	64.163
Other staff costs	2.480.207	1.589.644	3.080.146
Total staff costs	12.559.518	13.205.218	12.509.632

Staff costs

The average FTE in 2019 is 316,6 FTE versus 271,6 FTE in 2018, which indicates that the average FTE increased in 2019 with 16.6% compared to 2018. The increase in FTE is higher than the increase in staff cost because most new FTE are in the region.

88% of the ICCO employees are working outside of the Netherlands. The average FTE per Region are:

Region	Average FTE
Latin America	39,2
West Africa	63,5
Central Eastern and Southern Africa	61,2
South East Asia	43,8
South and Central Asia	72,3
Total regions	280,0

In 2019, the average cost per FTE for salaries, security charges and pension was EUR 31.836 compared to 2018 where the average cost was EUR 34,725. The headcount in the regional offices has increased during the year compared to a slight decrease in 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 2018. Other staff costs are in line with 2018. 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 2019	Budget 2019	Actual 2018
Travel- and accommodation expenses	4.754.725	3.716.010	1.602.605
External advisors	561.528	600.000	2.924.849
Procurement costs	1.804.216	2.400.000	246.056
	7.120.469	6.716.010	4.773.510

The amount spent on travel and accommodation expenses in 2019 is higher compared to 2018. In 2019, the external advisors costs decreased, due to the decrease of consulting contracts on projects that are executed by ICCO. In 2019, 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.

C4 Housing costs

In €	Actual 2019	Budget 2019	Actual 2018
Housing costs	594.618	632.942	644.782

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 owner. In addition, some country offices closed during 2019.

C5 Office and general costs

In €	Actual 2019	Budget 2019	Actual 2018
Office costs	1.154.237	805.306	1.466.186
Costs of ICT	142.171	504.415	214.788
Audit, tax advice and consultancy costs	633.486	804.792	1.629.288
Legal and organizational advice	183.964	365.506	296.239
Supervisory Board	11.108	10.000	10.890
Partnerships	121.289	87.000	311.230
Other general costs	97.301	64.403	90.319
	2.343.556	2.641.421	4.018.940

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 2019, office costs related to projects decreased within all regions, due to the decrease 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. Other ICT costs are directly charged to the Profit and Loss account.

Audit and consultancy costs

High costs in 2018 and 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	
2019				
Audit of the financial statements	381.000	-	381.000	
Other audit engagements	217.927	-	217.927	
Tax-related advisory services	-	-	-	
Other non-audit services	-	-	-	
Total	598.927	-	598.927	
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 2019 relate to the total fees for the audit of the financial statements 2019, irrespective of whether the activities have been performed during the financial year 2019 or after 2019. 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 2019. KPMG has started as per financial year 2018. The audit fees 2018 were charged by KPMG and amounted to EUR 1.441K.

Legal and organizational advice

During the year 2019, the expenses relating to legal and organizational advice decreased due to advice on the negotiations with the tax authorities. In 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.

Other general cost

Other general costs include insurance and other various general expenses.

C6 Depreciation

In €	Actual 2019	Budget 2019	Actual 2018
Inventory and installations	7.577	16.748	15.569
Hardware and software - general	36.362	37.485	34.846
Hardware and software - ERP system	103.273	24.635	22.901
Company cars	40.339	37.473	34.835
	187.551	116.341	108.151

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

FINANCIAL INCOME AND EXPENSES (14)

In €	Actual 2019	Actual 2018
Interest income	(15.526)	(138.686)
Interest expense	129.945	150.992
Realized foreign exchange results	157.149	(153.045)
Unrealized foreign exchange results	(326.933)	(295.422)
Net investment result	(417.337)	(546.288)
Impairment FFA	173.255	3.353.234
Bad debt expense	-	484.000
Other	(177.928)	10.000
	(477.375)	2.864.785

Realized and unrealized foreign exchange results

The realized and unrealized foreign exchange results 2019 represents a net gain of EUR 169K (2018: EUR 448K). This is mainly caused by the devaluation of the USD exchange rate compared to the EUR rate. In 2018, the major part of the exchange rate result reflected a gain on the USD/EUR rate.

Net investment result

The investment result is built up from several items. The main result is the sale of the security portfolio, being income from bonds, shares and interest.

Impairment FFA

For 2018 the Business Booster Fund was impaired 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. For 2019 the impairment regards PerspActive and Hands-on. ICCO stopped being a member of PerspActive during 2020 and therefore the members equity (EUR 223K) was returned to ICCO and an impairment was necessary. Based on the financial information of Hands-on an impairment was necessary.

Bad debt expense

In 2019, no bad debt expense was recorded (2018: EUR 484K).

Other

The Other Financial Income relates to prior period income from closing of projects.

REMUNERATION EXECUTIVE BOARD AND SUPERVISORY BOARD

In 2019, 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. The remuneration meets the requirements of the Regeling beloning directeuren van Goededoelenorganisaties (GDN).

During 2019, the employed members of the Board were:

Amounts x € 1	Marinus Verweij	Sybren Attema	Jolanda Wakkerman
Position	chair Executive Board	chair Executive Board	member Executive Board
Employee contract			
Nature (duration)	Ended	Fixed term	Fixed term
Number of hours	36	36	36
Part-time percentage	100	100	100
Period in 2019	1/1 – 30/09 *	1/7 – 31/12	1/1 – 31/12
Remuneration			
Gross salary	89.394	60.081	112.515
Holiday allowance	7.115	4.806	9.001
Year-end bonus	7.382	4.987	9.339
Variable pay	-	-	-
Total annual income	103.891	69.874	130.855
Taxable reimbursements	340	879	371
Pension charges (employer)	10.075	6.721	13.399
Pension compensation	-	-	-
Other benefits on long term	-	-	-
End of contract benefits	69.874	-	-
Subtotal	80.289	7.600	13.770
Total remuneration 2019	184.180	77.474	144.625
Total remuneration 2018	153.456	-	14.740

*In the period July till September Marinus Verweij worked as an advisor to the Board for a good transfer of knowledge.

The members of the Board did not have any outstanding loans, advances or guarantees as per December 31 2019, nor during 2019.

Per 1 July 2019 Sybren Attema started as chair Executive Board. From that moment Marinus Verweij handed over his tasks and responsibilities to his successor Sybren Attema. In the period July till September 2019 Marinus Verweij worked as an advisor to the Board for a good transfer of knowledge.

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%) with a maximum annual income of EUR 156,754 (per FTE/12 months).

The actual annual incomes of the Executive Board relevant for the assessment, against the applicable maximum limits, were EUR 103,891 for M. Verweij (1 FTE/9 months); EUR 69,874 for S. Attema (1 FTE/6 months) and EUR 130,855 for J. Wakkerman (1 FTE, 12 months). This remuneration remained within the applicable limits of the regulation of Goede Doelen Nederland. Also the annual income, the taxed allowances/additions, the employer's pension

contribution and other long-term benefits together, remain within the applicable limits of the regulation of Goede Doelen Nederland of EUR 194.000 per year.

Special was in 2019 the benefits on the termination of employment of M. Verweij as chair of the board. This compensation amounted to EUR 69,874 and was established by the remuneration committee. This amount stays within the maximum applicable remuneration cap following the GDN.

Total remuneration, including employer's social security contributions amounts EUR 191.271 for M. Verweij, EUR 82.501 for S. Attema and EUR 154.680 for J. Wakkerman.

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 4 *Organization*.

In €	J.F. de Leeuw	G. van Dijk	W. Oosterom	A. Knigge	Vacancy
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 2019					
Remuneration	3.000	3.000	1.500	1.500	-
-/- Advance payments	n/a	n/a	n/a	n/a	n/a
Total remuneration 2019	3.000	3.000	1.500	1.500	-
Remuneration 2018					
Period	01/01 - 31/12	01/01 - 31/12	01/01 - 31/12	01/01 - 31/12	01/01 - 31/12
Remuneration	3.000	3.000	1.500	1.500	-
Total remuneration 2018	3.000	3.000	1.500	1.500	-

As per 31 December 2019 there are no loans, advances or guarantees provided to the members of the Executive and Supervisory Boards.

SUBSEQUENT EVENTS

COVID-19 impact

The 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 as 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 assets, liabilities and Dutch legal contracts are transferred to Cordaid as of January 1, 2021. All regional activities will be transferred as much as legally possible on January 1, 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 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.

ADOPTION AND APPROVEMENT

Adoption and approval annual report and accounts

On September 28, 2021 the Executive Board of ICCO Foundation adopted the Annual report and accounts 2019 of ICCO Foundation.

On September 28, 2021 the Supervisory Board of ICCO Foundation approved the Annual report and accounts 2019 of ICCO Foundation.

Proposed appropriation of result for the financial year 2019

The Executive board proposes, with the approval of the Supervisory Board, the appropriation of results as adjusted in the statement of income and expenses.

The Hague, 28 September 2021

Executive Board ICCO Foundation

L.C. Zevenbergen, CEO

L. Paz Quintero, CFO

Supervisory Board ICCO Foundation

A.J.M. Heerts, Chair

J.F. de Leeuw, Vice Chair

J.H.M. van Bussel, Member

M. van Beek, Member

Priest S. de Boer, Member

M.W.J.A. Landheer-Regouw, Member

R. Peetoom, Member

W. Oosterom, Member

A. Knigge, Member

J. Alders-Sheya, Member

D. Cheng, Member

OTHER INFORMATION

12 Appropriation of Result

As the appropriation of result is not mentioned in the articles of association, the proposed appropriation is subject to approval of the supervisory board. Any positive result will be spent in accordance with the purpose of ICCO foundation, or will be transferred to another institution recognized as a public benefit institution by the tax authorities.

13 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 2019 of Stichting ICCO (or hereafter: the foundation), based in The Hague. In our opinion the accompanying financial statements give a true and fair view of the financial position of Stichting ICCO as at 31 December 2019, and of its result for 2019 in accordance with the Guideline for annual reporting 650 'Fundraising Institutions' of the Dutch Accounting Standards Board.

The financial statements comprise:

1. the balance sheet as at 31 December 2019;
2. the statement of income and expenses for 2019;
3. the cash flow statement 2019; and
4. the notes to the financial statements comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

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

We are independent of 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.

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;
- information in accordance with the Guideline for annual reporting 650 'Fundraising Institutions' of the Dutch Accounting Standards Board.

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 Executive Board is responsible for the preparation of the other information.

DESCRIPTION OF THE RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

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

The Executive 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. Furthermore, the Executive Board is responsible for such internal control as the Executive 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 Executive Board is responsible for assessing the foundation's ability to continue as a going concern. Based on the financial reporting framework mentioned, the Executive Board should prepare the financial statements using the going concern basis of accounting unless the Executive Board either intends to liquidate the foundation or to cease operations, or has no realistic alternative but to do so. The Executive 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 skepticism 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 Executive 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, 28 September 2021

KPMG Accountants N.V

W.A. Touw RA



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



We Help Farmers and Small Businesses Grow.



**Part of
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