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Cover photograph: Stephen, 30, stands in his maize field in Uganda. Farming in his region is getting more difficult due to increasingly inconsistent rainfall, and he struggles with food shortages for two or three months every year. Uganda is one of the countries in which Mercy Corps Netherlands is working to increase farmers’ access to more resilient seed systems. Photo: Ezra Millstein

Photograph: Hygiene stations, like this one in the Democratic Republic of the Congo, are helping us to keep communities safe during the COVID-19 pandemic. Photo: Christian Visso.
MANAGING DIRECTOR’S MESSAGE

As I reflect on the past year, I am struck by the dedication and passion of Mercy Corps team members around the world in delivering humanitarian support, even in the face of a global pandemic that has caused considerable disruption and challenges.

In a short amount of time, Mercy Corps Netherlands has grown at a rapid pace as we try to meet the increasing humanitarian needs in the more than 20 countries where we work. Over the past year, Mercy Corps Netherlands’ work has reached more than 250,000 people. We are now running programming in Africa, Asia, the Middle East and the Americas.

All this has occurred as we respond to the COVID-19 pandemic, which has created healthcare challenges and whose knock-on impacts leave behind long-term damage to communities. Already we have seen increased hunger, higher levels of unemployment, and increasing rates of conflict in the places we work.

I am proud of Mercy Corps’ work in not only responding to the challenges posed, but helping to create long-term positive change in the face of this unprecedented situation. With support from our donors, we have been able to provide psychological support to Syrian refugees in camps in Jordan and reduce the risk of gender-based violence, magnified by the pandemic, to thousands of women and girls in the Central African Republic. And we have worked with some of the most vulnerable farmers in Niger to support them to continue growing crops so they can bring home an income even during lockdowns and the pandemic.

We have also expanded our existing programmes that are making a huge difference to the lives of hundreds of thousands, in particular through bringing innovative energy access for refugees in East Africa. In Ethiopia, this work will not just bring basic access to electricity, but also work on building peace where previously there was only conflict, and allow refugees to access work and integrate into their new host communities.

Looking forward, we are pleased to say we are well positioned to grow and continue in our mission to making a better world possible. Our priority remains to continue developing relationships with key European donors so we can support even more people, crucial at a time when humanitarian needs have never been greater. We will work to further expand our access to energy focused activities, ensure youth and women are engaged as leaders in their communities, and create climate-resilient agriculture systems so that those on the frontline of the climate crisis can adapt and still produce enough food for their families and communities, while addressing the most immediate needs and challenges through our humanitarian programmes.

I look forward to working with our expanded team in the Netherlands, our Management Board and the rest of the Mercy Corps family on strengthening our mission, and partnering with communities where we work in developing and delivering programmes that create long term positive change for those most in need.

Marina Antunovic
Managing Director, Mercy Corps Netherlands
CHAIR OF THE BOARD’S MESSAGE

The past year has presented more tough challenges for the world as the COVID-19 pandemic exacerbated the difficult circumstances in many of the countries where we work. The response called for increased resources, agility and innovation in our programming, and new measures to ensure the safety of our teams worldwide.

Mercy Corps adapted and continued to provide life-changing humanitarian and development support in regions affected by humanitarian crises, political instability, and the intensifying climate crisis. Our programmes are founded on collaboration with the communities where we work and designed to improve the livelihoods and resilience of those communities.

As I look back on the developments over this last year, I am proud of what our global team has accomplished and how far Mercy Corps Netherlands (MCNL) has come in developing the relationships, funding base and capacity to contribute to our global efforts. Through our COVID-19 Resilience Fund, MCNL provided assistance to address the urgent needs of Syrian refugees in Jordan and communities in the Central African Republic and Niger. In Pakistan, we launched a programme to strengthen the capacity of the health care system to care for COVID-19 patients and health workers by providing equipment and consumables to 44 health facilities across Pakistan.

In Kenya, Tanzania, Ethiopia and Nigeria, we are expanding digital services for small-holder farmers that will increase their incomes and productivity. In Tajikistan, our programme has provided young Tajiks with vocational skills to improve their likelihood of employment. In Jordan, where youth employment remains low and opportunities within local communities are limited, we are supporting the countries’ most vulnerable young people to become agents of positive change and leaders within their own communities.

Building on relationships established in previous years, MCNL has continued to contribute to knowledge exchange and policy advocacy in the Netherlands and Brussels. MCNL joined EPLO (European Peacebuilding Liaison Office, based in Brussels), and became a member of the Civil Society Platform for Peacebuilding and Statebuilding (CSPPS), a global network of civil society actors, experts and academics, based in The Hague, who work together to support peacebuilding and statebuilding projects in fragile situations.

As part of Mercy Corps’ continued evolution in a post-Brexit world, MCNL has taken on an integral strategic role in the global organisation. This year, Mercy Corps Netherlands submitted our application for a Framework Partnership Agreement (FP A) with the Directorate-General for European Civil Protection and Humanitarian Aid Operations (DG ECHO). This application seeks to establish the principles and objectives of our proposed partnership and is an important step in enabling MCNL to access European funding, reflecting three years of preparation and hard work.

As we look forward to the next year and beyond, we recognise that the confluence between conflict and climate will pose an increased threat to the places where we work. As we finalise and operationalise our strategic framework, our planning and programmes will increasingly focus on these ongoing threats.

Finally, I’d like to extend my sincere gratitude to my predecessor Roberto Bocca who stepped down in June after three years of service to the Board, always with a smile. We are deeply grateful to him for all he contributed to the organisation and I wish him all the very best for the future.

With best wishes,

Scott Brown
Chair, Mercy Corps Netherlands
WHO WE ARE

Mercy Corps is a global team of humanitarians who partner with communities, corporations and governments to transform lives around the world. Our more than 5,600 team members work with people in the world’s most vulnerable communities across over 40 countries. 85 per cent of our team is from the countries where they work.

We believe we must go beyond emergency aid to create more resilient communities, and we believe communities are the best agents of their own change. This fiscal year as a global organisation, our work saved and improved the lives of millions, reaching over 50 million participants.

MERCY CORPS NETHERLANDS

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

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

Mercy Corps Netherlands shares the global organisation’s mission, vision, core values, and charitable objectives, as well as operational resources for the implementation of programme activities. MCNL maintains an independent governance structure and decision making in relation to those programmes for which it is directly responsible. Mercy Corps Netherlands contributes to the strategic objectives of the global Mercy Corps organisation through effective stewardship and management of resources, raising income, building influence and delivering impact.

STRATEGIC FRAMEWORK

Our Mission
Mercy Corps exists to alleviate suffering, poverty and oppression by helping build secure, productive and just communities.

We partner with communities as they move from a place of fragility to resilience, meeting urgent needs while addressing root causes – always powered by the belief that a better world is possible.

Vision for Change
We believe that secure, productive and just communities emerge and endure when the private, public and civil society sectors interact with accountability, inclusive participation and mechanisms for peaceful change. Transformational change occurs through the combination of: programmatic impact; the ability to influence changemakers at local and global levels; and a restlessness to innovate in search of better solutions.

1 Consolidated affiliates include: Mercy Corps Corporate Fund (MCCF), Kompanion Development Institution, Kompanion Bank, Kompanion Invest, MC Nigeria LTD/GTE (Nigeria), Mercy Corps China Holdings (dissolved February 2020), LLC, Mercy Corps Development Holdings, LLC, Mercy Corps India, and CIT Services, LLC.

2 In this Report we use “Mercy Corps” to refer to the global organisation and MCNL, MCE, and MCG to refer to these individual legal entities.
What We Do

Three core strategies guide our work:

We empower people to find opportunity during times of crisis. In moments of transition – disaster, conflict, political upheaval, economic collapse – the status quo is challenged and windows of opportunity for change emerge. We often enter during a humanitarian crisis, move rapidly to recovery, and then build long-term resilience to recurring shocks and stresses.

We catalyse locally-owned solutions. Local leaders and communities must co-create, lead and ultimately own anything we do, engaging markets and promoting good governance.

We seek breakthrough innovations that transform lives. New technology, business models and creative partnerships provide transformational opportunities for overcoming poverty and suffering. We leverage our robust global programme platform to identify breakthrough ideas, test them in the field and take them to scale.

Our Guiding Principles

We tackle complex challenges by taking an integrated, adaptive, multi-sector approach, understanding that there are no easy or fast fixes.

We work in partnerships to create sustainable change at scale, knowing no single group can solve the world’s toughest challenges alone.

We believe in evidence and learning. We use data to manage our programmes more effectively, understand the impact of our work and influence others.

We use a gender lens. Understanding the role of gender – especially making the right investments in girls and women – is critical to building strength from within.

We are inspired by the potential of young people. Deepening our engagement with young women and men acknowledges their current and future roles as drivers of a more stable and resilient future.

Our Objectives

The Objectives of Mercy Corps are:

- The relief of poverty;
- The advancement of health;
- The advancement of community development;
- The saving of lives;
- The advancement of human rights, conflict resolution or reconciliation; and
- The advancement of environmental protection.

We aim to achieve these objectives by:

- Helping people build secure, productive, and just communities across the globe; · Providing international relief, development and economic opportunity to meet the needs of people around the world, with a special emphasis on support to countries in transition, refugees and world hunger;
- Educating and informing the public as to the causes of chronic poverty, conflict, suffering, homelessness, hunger and injustice;
- Providing and inspiring innovative, sustainable solutions to climate change and the global challenges arising out of chronic poverty, conflict, suffering, homelessness, hunger and injustice;
- Empowering people to better manage their differences, learn skills that promote peace, and achieve lasting, positive change; and
- Cooperating in any way with organisations with similar objectives and achievements.
MCNL has experienced a significant growth during FY21, both in terms of its operational capacity and the programme activities. With active programmes with a combined total budget of €17.5m MCNL has expanded its reach and impact to more than 20 countries across four regions (Africa, Middle East, Asia and the Americas).

MCNL has applied for the European Union Civil Protection and Humanitarian Aid (ECHO) Framework Partnership Certificate (FPA)\(^3\) in May 2021. While the application is being evaluated by ECHO, MCNL partnered with peer agencies to develop humanitarian programmes in response to the ECHO’s 2021 Humanitarian Implementation Plans (HIPs) and has been successful in winning support for eight (8) new projects. A new, comprehensive engagement strategy for the EU has been developed and will be launched in the first quarter of FY22. At the same time, MCNL has expanded its existing partnerships with major Corporates, Foundations and Trusts donors, developed proposals for EU development funding and worked on prepositioning for key opportunities with the Dutch government.

“MCNL has expanded its reach and impact to more than 20 countries across four regions (Africa, Middle East, Asia and the Americas).”

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\(^3\) An FPA certificate states that the organisation fulfils the conditions and is a precondition to apply for EU humanitarian funding.

Photograph: In Jordan, Mercy Corps Netherlands provides support to Syrian and Jordanian children, including those with disabilities, to increase their access to quality formal education and protection. Photo: Cathy Cheney
URGENT NEEDS
COVID Response

The effects of COVID-19 have been immense, with more than 200 million people worldwide confirmed to have had the virus. But the devastation goes far beyond the immediate effects of the illness. For millions of people, this pandemic has exacerbated hunger, poverty, conflict, and gender inequality—all of which have the potential to be equally or even more deadly than the virus itself. Mercy Corps Netherlands has been at the forefront of supporting vulnerable communities as they are hit the hardest by food shortages, lack of employment opportunities and shortages in medical supplies that have been caused by the pandemic.

While we were still in the early stages of the crisis, Mercy Corps’ Global Crisis Analytics Team identified a key gap across the sector in terms of tracking Covid-19 secondary impact and created a single data collection tool with a common set of indicators to streamline reporting. The team developed two major workstreams: delivering a series of secondary-impact reports primarily aimed at supporting Mercy Corps’ operational decision-making and a study investigating and analysing how COVID-19 has shaped conflict and insecurity. Periodic reports identified global trends in humanitarian operations, food and water security, economic developments, governance and conflict as they emerged and provided relevant and timely information and recommendations to internal and external decision makers.

In Niger, one of the poorest countries in the world, ranked last in the UNDP’s 2018 Human Development Index, Mercy Corps has helped smallholder farmers to reduce the economic impact of losses in revenue resulting from the impacts of COVID-19, caused by lockdowns. We provided emergency cash transfers and supplied millet, cowpea and potato seeds to ensure farmers were able to grow produce to sell. This assistance to 500 vulnerable households supported 3,500 individuals during the lean season, where they otherwise would have been severely impacted by a loss of income compounded by the impacts of COVID-19.

In the Central African Republic the pandemic exacerbated the dire humanitarian needs of internally displaced families leading to a sharp deterioration in people’s livelihoods and to a decline in economic activities as a result of the various restrictions imposed by the Ministry of Public Health. It has also increased the risk of the exposure of women and girls to the risks of Gender Based Violence (GBV) and Sexual Exploitation and Abuse (SEA). MCNL’s intervention included the provision of holistic care to 100 survivors of GBV and SEA (including men, women and children), and awareness-raising messaging on the prevention of COVID-19, GBV and SEA that reached 3,000 people.

In refugee camps in Jordan where gender-based violence rose due to lockdown restrictions, we implemented workshops to provide education and reduce the levels of violence. We also provided hygiene kits to 1,498 families to fight off the spread of COVID-19, keeping those living in the camps safe. By adapting and designing activities to provide remote psychosocial support, the programme provided 533 Syrian refugees with essential assistance that enhanced their psychosocial wellbeing.

In Pakistan, with support from ECHO, we launched a programme that will strengthen the government health system to provide the necessary medical care to COVID-19 positive patients, their caretakers, health workers and other hospital staff by providing equipment and consumables to 44 health facilities across Pakistan. To date, we distributed bath and laundry soaps to over 1,650 households where a lack of sanitation put communities at risk from the virus, supported seven healthcare facilities in Gujranwala and Multan district through the provision of medical equipment, and trained 71 health workers and sanitary workers.

Photograph: Muhammad tries to remove rainwater from his flooded tent after a huge storm in north-west Syria. Mercy Corps Netherlands has partnered with peer organisations in the region to meet the basic needs of internally displaced people. Photo: Qusai Shabib
Supporting refugees in Jordan through the pandemic

Since 2012, Mercy Corps has restored hope and a sense of personal strength for thousands of refugees at the Za’atari and Azraq camps in Jordan, home to thousands of refugees from Syria. However, COVID-19 outbreaks threatened to set many of these gains back, with higher levels of anxiety and trauma felt by refugees, as well as increasing food shortages, unemployment and psychological distress.

Our community centres, which provide a safe space to learn new skills and better cope with stress and trauma, were forced to close due to COVID restrictions.

Despite this we continued to support children, adolescents, young people, parents, and caregivers remotely in Za’atari camp. Our team used WhatsApp to connect with volunteers and participants and to set up groups for caregivers to provide psychosocial support services that helped them overcome trauma and enhanced their wellbeing.

Working with young experts in Afghanistan

With support from the Dutch Ministry of Foreign Affairs, Mercy Corps is working with the Young Experts Programme (YEP) to improve the energy system in Afghanistan, where it’s estimated just a third of Afghans have regular access to electricity.

The YEP enables selected young people from Afghanistan to be trained, receive a Myers-Briggs Type Indicator assessment and receive professional coaching. These skills are then able to be used in their local communities, providing essential energy in areas where coverage and employment opportunities can be very limited.

Improving energy resources for refugees’ camps in Ethiopia

In Ethiopia, home to the second largest refugee population in Africa, unreliable access to energy proves a big barrier to peaceful integration, especially for those living in refugee camps and host communities.

MCNL is developing a sustainable and reliable model for clean energy access that improves living conditions and the ability for communities in Ethiopia to earn a living.

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This project contributes to Ethiopia’s target of universal electrification by 2025, peaceful integration of refugees, and environmental preservation. Partnerships are in place with health centres, schools, and other vital organisations to access clean electricity provided by the programme.
Decreasing the violent conflict over natural resources between communities in Nigeria

In Adamawa State, Nigeria, the climate crisis is drastically reducing natural resources available to local communities. This is directly resulting in violence and conflict, with farmer and herder communities fighting for use of water, land, and pasture. Increased desertification pushes herders to graze their livestock on farmland leading to tension and violence with farmers.

MCNL, supported by the European Commission, is working on peacebuilding solutions to this ongoing problem, improving the capacity of both sides to manage the natural resources they share.

We have established a natural resources management committee, raising awareness at a local level of methods that make the most of the limited resources. Through bringing the different groups together, we have supported growing levels of peace to create long-term solutions to the issues facing those in Adamawa State.

New humanitarian projects

MCNL has worked with international partners to design and implement projects addressing urgent needs in humanitarian contexts across the globe, with the support from ECHO.

In Gaza, where over half of residents are deemed to be living in poverty, the COVID-19 pandemic meant that employment levels decreased even further by 17%. This had a huge impact on hunger levels, in an area where 70% of the population is already food insecure, and now had even less money coming into their households. The latest escalation of conflict in May 2021 led to a further loss of livelihoods and compounded the already dire humanitarian situation in Gaza. With support from ECHO and working through the Gaza Protection Consortium (GPC), MCNL distributed multi-purpose cash to 1,499 households (10,014 individuals) impacted by the violence, providing them with the much needed access to emergency assistance.

In Niger, MCNL is working with COOPI in four communes receiving displaced populations, to strengthen the capacities of communes in terms of preparation, warning and response to multi-risk shocks in areas affected by conflict and environmental disaster in the regions of Tillabéri and Maradi. And with Solidarités International, to contribute to the improvement of access to water, hygiene and sanitation (WASH) services and protection mechanisms in the Abala department of Tillabéry.

In Syria, MCNL is working within a consortium led by the International Rescue Committee (IRC) to implement an integrated programme in the northwest and northeast of the country. The programme will enhance access to protection, health, and water, sanitation, and hygiene services; improve ability to cope in crisis and survive winter conditions by meeting immediate basic needs; and strengthen NGO coordination, advocacy, and risk mitigation.

In Jordan, MCNL is partnering with Norwegian Refugee Council (NRC) to provide support to 750 among the most vulnerable children of refugees and host communities, including children with disabilities, to increase their access to quality formal education and protection.
STRONGER TOMORROWS
Promoting religious freedom in Myanmar

In Myanmar, religious minorities regularly face violations of their religious freedoms, which often leads to violent conflict and greater community tension. Minority groups often have limited access to justice, and problems accessing services and economic opportunities, with inequality entrenched within their communities.

With funding from the Dutch Ministry of Foreign Affairs, Mercy Corps’ Religious Freedom Initiative (RFI+), Mercy Corps has been trying to bridge the gap between community groups in Myanmar. We have trained Human Rights Defenders (HRD) to help promote legal reforms that will enhance religious freedom and protect religious minority rights in Myanmar. The HRDs conducted 45 awareness raising events in local communities, reaching 1,432 participants.

Mercy Corps also used an innovative approach to increase awareness among minority and majority religious communities. We trained 15 football captains as part of our Freedom of Religion and Beliefs football curriculum, so they could share this knowledge with youth in their local community, enabling them to intervene effectively when there’s conflict between different religions and creating community-led change.

Using technology to support smallholder farmers in Africa

There are an estimated half a billion smallholder farmers in the world, producing around a third of the world’s food. Many millions of these smallholder farmers are living in poverty, struggling to find ways to raise their productivity and income, and dealing with ever-growing climate challenges.

MCNL is supporting the continued expansion of digital services provided through the Agrifin Digital Farmer Programme, with support from the Bayer Foundation. Digital innovation increases the quality and reach of both private sector and government services to farmers, including smart farming solutions and education on efficient financing and markets. It will include viable models for gender and climate-based products and services to drive financial inclusion and climate adaptation.

Through this programme, we will reach at least five million farmers across different agricultural value chains, over the course of four years. This project will raise smallholder income and productivity in Kenya, Tanzania, Ethiopia and Nigeria, with 50 per cent of all those we work with being women.

Working to build trust in Liberia

In Liberia, a country and economy still recovering from the Ebola outbreak six years ago, trust in official bodies and governance systems is low.

Supported by Irish Aid, we are working with some of the 1,500 local community organisations to create a more equal and transparent society, build peace, and help Liberians generate confidence in policy makers.

We are supporting women to ensure their voices are raised within community groups – vital in a country with great gender inequality, especially in rural areas where women have less access to healthcare and education. And we’re ensuring that organisations from similar sectors, such as those working in agriculture, are supporting each other and working together, meaning they will be able to promote their views to the government more efficiently.

Photograph: Mercy Corps Netherlands has been providing transferable life and work readiness skills to adolescents in Tajikistan since 2019. Since its inception, the programme has reached more than 6,000 young Tajiks. Photo: Mercy Corps Tajikistan
Integrated seed sector development in Africa

Farmers working in fragile economies need resilient seed systems in order to access seeds that will increase their yields and help them tackle food insecurity. Yet seed markets are susceptible to disruption as a result of conflict and natural disasters.

We are working with the support of the Wageningen Centre for Development Innovation to increase the understanding of key donors and other international actors of the importance of seed systems.

We are gathering information from the Democratic Republic of Congo, Uganda, Syria, and Nigeria to help stakeholders understand how best to adapt and modify their work in seed systems to gain the best results. This includes passing on clear guidance on implementing efficient and timely emergency seed responses, for instance after a drought, floods, pest infestation, or displacement, and best-practice principles to ensure interventions contribute to the long-term resilience of a system.

Building a future for young people in Tajikistan

Tajikistan faces critical challenges in providing its young people with workplace skills, employment, and entrepreneurship opportunities. They face a tough future in a country where up to 57 per cent of adults are not engaged in the workforce.

MCNL, supported by Dubai Cares, has equipped young Tajiks with vital skills preparing them for life and work, and vocational skills to improve their chances of employment.

Tajiks from 45 rural communities have been supported in their transition from school to work, with young adults offered vocational courses in carpentry, welding, car mechanics, beekeeping, and other skills in high demand in the local economy. Although COVID-19 and lockdown restrictions have had an effect on the programme, more than 6,000 teenagers and young people have received this key training. Additionally, 60 teachers and 345 peer facilitators have been trained to provide life skills and work readiness courses. The programme is running for another year and expects to reach another 1,600 people, providing much needed support to the growing workforce in Tajikistan.

Empowering young people to become agents of change in Jordan

In Jordan, we are supporting the countries’ most vulnerable young people to become agents of positive change and leaders within their own communities, where youth employment remains low and opportunities within local communities are limited.

Despite COVID-19 restrictions, we have organised training courses focused on developing transformative leadership skills and worked with the local government and private sector organisations to embed young people into local workplaces and bodies. We have recruited and trained mentors for youth employment empowerment activities, connecting them with young people to help them become part of the economy after they graduate. At the heart of this work has been emphasising gender equality, with special focus on gender-based violence and protection.
OUR PEOPLE

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

Mercy Corps Netherlands Board of Directors:

Roberto Bocca - Chair (Until 30 June 2021)
Kito de Boer (Appointed 30 June 2020)
Carin Beumer (Appointed 20 October 2020)
Gisel Kordestani
Scott Brown - Treasurer, Chair from 1 July 2021
Iman Dakhil
Tom Murray (Until 30 June 2021)
Beth deHamel (Until 20 October 2020)

Mercy Corps Netherlands General Meeting Members:
Scott Brown (Until 30 June 2021)
Nicola Cobbold
Iman Dakhil
Mark Gordon (Until June 2021)
Lucy Helm
Gisel Kordestani
David Mahoney (Until June 2021)
Tom Murray (Until 30 June 2021)
Beth deHamel (Resigned October 2020)
Tjada D’Oyen McKenna (Appointed October 2020)

MCNL Team

At the end of FY21, MCNL team included 21 positions covering support to the existing programmes, new programme development, and administrative and operational needs of the organisation with 14 team members based in The Hague, one in Brussels, five in Geneva and one in Ireland.

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

“Mercy Corps Netherlands shares the global organisation’s mission, vision, core values, and charitable objectives, as well as operational resources for the implementation of programme activities.”
DIRECTOR’S REPORT

Governance

In May 2020, Mercy Corps launched a comprehensive external review of its global governance practices, entity structuring, and joint global operating model. The purpose of this review is to ensure that the Mercy Corps’ Boards of Directors are able to make key decisions regarding whether Mercy Corps’ existing entities governance, operational and financial structures are fit for purpose, and whether changes could better achieve Mercy Corps’ mission. A report, including recommendations, was presented to the Joint Board in November 2020. Many of the recommendations included in the report have been taken forward, including the undertaking of an organisational global strategy review and the introduction of term limits for the tenure of Board and Committee members. The remaining recommendations will be further evaluated and decided on once the agency-wide strategy review is finalised in FY22.

MCNL Board of Directors was expanded in FY21 with the addition of two new directors. At the end of FY21, two Board Directors ended their terms and a new Board Chair was appointed. Recruitment is underway for new Board Directors to be appointed in the first half of FY22. All new Board Directors receive a full induction programme to ensure they understand their role and responsibilities, including with respect to safeguarding (which is also provided on an annual basis thereafter).

In March 2021, the Management Board approved MCNL’s incorporation into the Joint Committee structure, thereby integrating MCNL into the workings of the following Committees:

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

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

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

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

These Joint Committees are chartered to provide assistance to Mercy Corps management and the Boards in fulfilling their oversight responsibilities on the various matters under each Committees’ remit.

A Memoriam of Understanding (MoU), one of the governing documents that sets out the operational relationship between MCG, MCE and MCNL, was updated in January 2021 to reflect the changed MCNL structure and capacity to manage programmes and operations.
Our Remuneration Policy

Mercy Corps Netherlands compensation package is designed to both attract and retain high-calibre, diverse, high-performing individuals at all levels. MCNL evaluates external market data and internal organisational context on a regular basis to ensure that our compensation packages are competitive, equitable and represent responsible stewardship of organisational resources.

No remuneration can be granted to the Management Board members. Expenses will be reimbursed to the Management Board members on production of the necessary supporting documentation.

Mercy Corps in Europe maintains a banded pay structure that has been established with input by third-party compensation consultants, which reflects differences in the employment markets of our office locations and respects the level of responsibility for each team member. Additionally, team members can expect annual pay increases based on their individual performance, dependent upon the availability of funds, and informed by the current and next year's financial position of MCNL.

MCNL's benefit package includes family friendly and flexible working approaches that assist team members in finding meaningful work-life balance, team member care support, pension scheme and a complementary healthcare programme. To help our team face some of the disruptions and impact of the ongoing pandemic, we enhanced our benefit structures, with the emphasis on flexible working and the addition of Carer’s Leave. We also made sure that appropriate work from home resources were made available to all team members.

Code of Conduct

Mercy Corps’ Code of Conduct policy framework applies agency wide to Board, management and staff, as well as Partners. Mercy Corps has nine Code of Conduct policies comprising:

1. Stopping Sexual Misconduct in the Workplace Policy;
2. Child Safeguarding Policy;
3. Preventing Sexual Exploitation and Abuse of Beneficiaries and Community Members Policy;
4. Ethics Complaints and Whistleblower Policy;
5. Anti-Trafficking Policy;
6. Harassment, Bullying & Anti-Discrimination Policy;
7. Anti-Bribery Policy;
8. Anti-Corruption Policy; and
9. Conflict of Interest Policy.

All policies are available in Arabic, English, French and Spanish through our Mercy Corps’ digital library. Mercy Corps’ approach to Ethics and Code of Conduct policies are also publicly available on our website: https://europe.mercycorps.org/who-we-are/ethics-policies

The Code of Conduct policies clearly identify the types of prohibited conduct and clearly state that staff must refrain from any acts of misconduct and include the consequences of engaging in conduct that breaches the Code of Conduct policies. Mercy Corps has a zero-tolerance approach to breaches of our Code of Conduct policies.

Mercy Corps internal documents contain commitments to ensure equal treatment and non-discrimination on the basis of race, gender, age, religion, sexuality, culture or disability. Refer to the Harassment, Bullying & Anti-Discrimination Policy which confirms the commitment to a work environment in which everyone is treated with respect and dignity and which is diverse and inclusive and where working relationships are based on and built around mutual respect, and are free of bias, prejudice and harassment. The Policy applies globally.
In addition, Mercy Corps has set out clearly its global commitment to Gender Equity and Racial and Ethnic Diversity. Our gender initiative is one important part of Mercy Corps’ commitment to creating and maintaining a diverse community and we believe it is our responsibility to model our values by ensuring that as much as possible, our teams represent all people in the communities in which we work. Mercy Corps’ Vision for Racial and Ethnic Diversity outlines Mercy Corps’ commitments to diversifying our global leadership team along racial and ethnic lines and to creating an equitable and inclusive workplace to support our diverse talent globally. It outlines the outcomes we plan to achieve and concrete actions we will take, as well as specifying how we will hold ourselves accountable. See our Diversity, Equity and Inclusion webpage. In 2020, Mercy Corps published our Gender Equality, Diversity and Social Inclusion Strategy (2020-2023) which lays out our plan to remove barriers, address root causes of inequalities and model the power of diversity and gender equality in who we are and how we show up as a partner. This document sets out our steps for the next three years for us as an organisation (building on the Vision) and in our programming. Mercy Corps has developed a number of resources to support these commitments, including Gender, Diversity and Inclusion (GDI) Diagnostic tool, Affinity Group toolkit and Mitigating Bias & Advancing Equity in COVID-19 Response.

**SAFEGUARDING STATEMENT**

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

In October 2020, Mercy Corps appointed a Chief Ethics & Compliance Officer (CECO), who leads a new stand-alone Ethics and Compliance Department (ECD) that supports Mercy Corps’ global operations. The ECD unifies all of our safeguarding and compliance teams and regarding safeguarding, the ECD includes the Intake and Investigations Team, which oversees all investigations relating to safeguarding allegations and (since June 2021) the Safeguarding Prevention Team, which supports safeguarding prevention efforts across all countries where Mercy Corps operates.

Also in FY21, Mercy Corps introduced a global Community Accountability Reporting Mechanism (CARM) policy, effective from 1 January 2021, which makes it mandatory for all programmes to have systems in place for community members to provide feedback and complaints in a manner that is safe, confidential, transparent, and accessible, enabling Mercy Corps to respond and make any necessary programmatic or safeguarding adaptations and to ensure the safety, security, and empowerment of community members. This group supports and monitors ethical, legal, and contractual compliance, as well as safeguarding prevention efforts across Mercy Corps’ global operations.

Mercy Corps continues to report on our Commitments to Action and progress made following the independent, external review into what steps were taken when reports of abuse by Mercy Corps’ late co-founder Ellsworth Culver were brought to the organisation’s attention in 2018. Fulfilling our first Commitment to Action, in FY21 (May), Mercy Corps published the full report of an independent investigation examining the extent of the abuse perpetrated by Ellsworth Culver and reviewing the response of the Mercy Corps Board in 1992 and 1993 when the organisation was first made aware of the abuse. Mercy Corps’ statement in response to the report can be found here.

Mercy Corps’ policies related to safeguarding can be found at – https://europe.mercycorps.org/who-we-are/ethics-policies

Mercy Corps’ Global annual Safeguarding Report can be found at - https://europe.mercycorps.org/who-we-are/ethics-policies

Mercy Corps’ reports, Commitments to Action + progress reporting can be found at https://europe.mercycorps.org/culver-updates
RISK MANAGEMENT

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

Mercy Corps operates as one global organisation, with common exposure to financial, operational, reputational and external risks. MCNL therefore works closely with MCE and MCG to ensure we identify, mitigate and manage risks in our challenging operating environments. MCNL is exposed to the same or similar risks as MCE as relevant risks to home office development and country officer operations are shared. MCE maintains a Corporate Risk Register that includes risks relevant to both MCE and MCNL.

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

In FY21, risk management has continued to be heightened due to two key events which have had a significant impact on the global agency: (1) the global COVID-19 pandemic; and (2) the response to the allegations of sexual abuse carried out by one of Mercy Corps Global’s co-founders (now deceased) and the impact this had externally and internally. Our assessment of risk impact, mitigation measures and adaptations are framed taking into consideration the impact of these significant events.
<table>
<thead>
<tr>
<th>Risk Category</th>
<th>Risk</th>
<th>Mitigation Actions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>External</strong></td>
<td>MCNL operations will inevitably be affected by the ongoing political developments in the UK, with Brexit presenting both operational challenges and opportunities for growth.</td>
<td>We are continuing to expand our capacity to undertake additional programme management responsibilities and act as the primary contracting agency for future EC funding opportunities and at the same time work on developing new funding streams. Development of a strong EU engagement strategy.</td>
</tr>
<tr>
<td><strong>Operational</strong></td>
<td>Safeguarding: The impact of this risk includes significant physical and/or psychological harm to participants and or team members and loss of Mercy Corps’ reputation in the communities where we work, with the public and with key donors.</td>
<td>We continue to strengthen our mitigation measures around safeguarding, including in relation to awareness, prevention, reporting, response and investigation when issues arise, as well as substantially increasing HQ and in-country resource and capacity through FY21. New or revised Ethics policies have been adopted globally, together with policy guidance documents and interactive mandatory online courses across the agency.</td>
</tr>
<tr>
<td><strong>Operational</strong></td>
<td>Safety and Security: Team members are placed at risk and/or harm to participants.</td>
<td>Robust and up-to-date security policies and procedures are in place. Guidelines, training opportunities and technical support are also available to all team members to ensure that they are equipped to identify and manage risks inherent within the local context where they work. Health and safety procedures for our work in the Netherlands are evaluated and updated on a regular basis.</td>
</tr>
<tr>
<td><strong>Operational</strong></td>
<td>Fraudulent activity: diversion of aid leads to financial and reputational damage.</td>
<td>We have anti-corruption and anti-bribery policies and procedures in place and internal controls, monitored through internal audit. We have online mandatory training for all team members. We have mechanisms in place for reporting allegations, including an online integrity hotline and our Community Accountability and Reporting Mechanisms (CARM) systems in the countries where we work. In FY21, we have significantly bolstered our global Ethics team under the leadership of our new global Chief Ethics and Compliance Officer, to investigate allegations and move to working on prevention efforts.</td>
</tr>
<tr>
<td><strong>Operational</strong></td>
<td>Data Protection and specifically non-compliance with GDPR and private fundraising requirements.*</td>
<td>Data protection policies, procedures and training are in place. An agency-wide Data Protection Working Group has been set up and meets regularly and MCNL sits on the European Data Oversight Group. Online training modules on IT security are available for all team members, some of which are mandatory. Policies reviewed and updated for compliance with Dutch and EU specific regulations post Brexit.</td>
</tr>
<tr>
<td><strong>Financial</strong></td>
<td>Lack of unrestricted income generation and/or cash availability stops European Operations</td>
<td>Measures in place include tracking retention on projects to ensure more efficient cash management; holding unrestricted reserves at adequate levels; long-term cash tracking tools are being put in place. Under our agency wide agreement MCG provides project working capital until the time of settlement.</td>
</tr>
</tbody>
</table>
COMMUNICATION WITH STAKEHOLDERS

MCNL monitors and fulfills its contractual reporting obligations to all donors based on well-established programme management procedures applied throughout its operations. Relationships with donors and other stakeholders are managed collaboratively by the MCNL teams based in Europe and the country programme teams. Information about our activities is shared through our website, social media, and through organisation of and participation in thematic events, contributing to public awareness of our activities and impact.

Building on relationships established in the previous years, MCNL has continued to contribute to outreach, knowledge exchange, and policy and influence activities within our sector. Some highlights from FY21 were:

- In October 2020 we co-organised a session on “Making Psychosocial Healing Central to Advancing Peace” at the KPSRL Annual Conference. The session was the largest of the conference and speakers included two Mercy Corps colleagues from Iraq and Jordan, the Director of the Department for Humanitarian Aid and Stabilisation of the Dutch MoFA, and representatives from the International Institute for Community Based Sociotherapy (IICBS) and Zoa.
- In November 2020 we participated in the DCHI Energy Challenge workshop during the 2020 ImpactFest, where two colleagues from our Energy Access technical team contributed to the discussion about innovative energy programming.
- In January 2021, we spoke at an event co-organised by several knowledge platforms in The Hague alongside the Dutch MoFA and Care, on “Why localization matters in promoting inclusive and sustainable development in a post-COVID world”.
- On 10 and 12 June 2021, we organised two webinars to disseminate the findings of our flagship research on the impact of COVID-19 on conflict dynamics in Afghanistan, Colombia, and Nigeria. The first was co-hosted by the Knowledge Platform for Security & Rule of Law in The Hague and included a representative of the Dutch Ministry of Foreign Affairs, and the second was hosted by the European Peacebuilding Liaison Office in Brussels.
- On 15 and 16 June 2021, we showcased our Light up Liberia programme on sustainable energy in a virtual stand during the European Development Days, Europe’s leading forum on development.

In FY21, we also became a member of two additional platforms, allowing us to broaden our reach and build some new strategic relationships:

- MCNL joined EPLO (European Peacebuilding Liaison Office), the main NGO peacebuilding network in Brussels, with the aim to boost our presence and recognition in Brussels as a reliable partner for EU-based peers and think tanks as well as EU institutions.
- MCNL became a member of the Civil Society Platform for Peacebuilding and Statebuilding (CSPPS), a global network of civil society actors, experts and academics from the South and the North who work together to support peacebuilding and statebuilding projects in fragile situations, based in The Hague.

Finally, we expanded and improved our online presence in FY21, making our content available to a wider audience:

- MCNL website was redesigned during FY21 and is updated regularly to include new information about our projects, research and community engagement. The website contains the required organisational information and links to key documents such as the Policy Plan and annual reports.
- MCNL Twitter feed has been active since November 2020 and has a growing following that includes institutional donors, peer agencies and research and policy partners.
DONORS AND PARTNERS

27 grants active during FY21 have been supported by and implemented in partnership with these organisations:

- Bayer Foundation
- European Humanitarian Aid and Civil Protection (ECHO) through partnerships with peer organisations:
  - Cooperative for Assistance and Relief Everywhere (CARE) Netherlands
  - Cooperazione Internazionale (COOPI)
  - Danish Refugee Council (DRC)
  - International Rescue Committee (IRC)
  - Norwegian Refugee Council
  - Solidarités International
  - Oxfam Spain
- Dubai Cares
- Dutch Ministry of Foreign Affairs
- European Commission (EC)
- International Organisation for Migration (IOM)
- Irish Aid
- Netherlands Enterprise Agency and Dutch Ministry of Foreign Affairs (RVO)
- Novo Nordisk Foundation through the consortium managed by the Danish Refugee Council (DRC)
- Rabobank Foundation
- Shell International
- Swiss Development Cooperation (SDC) through a consortium managed by the Wageningen Centre for Development Innovation.
PLANS FOR THE NEXT FISCAL YEAR

MCNL’s overarching objective is to ensure that Mercy Corps effectively adapts to the shifting European landscape by building the foundations for a strong, robust, financially viable Netherlands-based organisation that is actively leveraging strategic partnerships across the European landscapes, complementing and contributing to the strategic objectives of the global organisation. Three years after it was established, MCNL is in a position to shift its focus to the development of strategic objectives that will look beyond the operational capacity and profile raising priorities.

MCNL’s strategic objectives for the next three years take into account the evolving operating context, MCNL’s growing capacity, and the potential to increase its programme reach and impact through focused fundraising and partnership development. MCNL’s ambition for this three-year period is to establish its position as a strong humanitarian, development and peacebuilding actor and partner in the Netherlands and with the EU institutions in Brussels.

Four strategic objectives will contribute to this ambition:

I. Organisational capacity and management model established that facilitate MCNL’s growth and influence ambitions and strong integration within the global management and governance structures.

II. MCNL’s strong, diverse and motivated team is engaged in global initiatives and provides excellent support to country offices.

III. MCNL is recognised as a strong partner and actor in the Netherlands and among the EU institutions.

IV. Income growth aiming to increase the total programme income to EUR30M by the end of FY24. MCNL’s programmatic priorities will remain embedded within the global strategy of Mercy Corps, as described in the Mercy Corps Compass. MCNL will focus its programme development and policy engagements on these broad thematic areas:

- Humanitarian response
- Preventing and reducing conflict and violence
- Climate adaptation
- Youth employment and entrepreneurship
- Market based responses to complex crisis
- Agriculture and food security
- Gender equality, diversity and social inclusion.

4 The global strategy review that will be completed before the end of 2021 will provide a new strategic framework that will be adopted by MCNL, as appropriate.
FINANCIAL REVIEW

Full results for the year to 30 June 2021 are set out in the financial statements on pages 28-31. The annual accounts have been prepared primarily in accordance with the Guideline RJ650 in combination with other applicable accounting standards for providing the required insight, which applies to Dutch charitable organisations. The applicable accounting policies are set out on pages 32-36.

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

Mercy Corps Netherlands’ funding portfolio is primarily made up from corporates, foundations and trusts and international NGOs. In a COVID-19 pandemic disrupted year, we had a strong financial performance significantly better than we had planned. Net income loss of €1.1m (FY 2020: €0.5m) was due to unrestricted COVID Resilience income recognised in the previous fiscal year for which expenditures recognised were in FY21.

Income

Total income for the year was €3.5m (FY 2020: €2.4), increased by 46%, restricted entirely for international programmes.

Progress was made during the year to further diversify MCNL’s donor base, with a number of new programmes reaching 15 awards across civil society organisations, corporates, trusts and foundations in 15 countries. The largest was €1.0m for cash programming in Palestine in partnership with the NRC, ECHO funded programme.

Full detail on sources of income by charitable activity and donor are provided in notes 5, 6 and 7 in the accounts.

Charitable Expenditure

The overall expenditure was €4.7m and total project expenses in the year were €3.8m (FY 2020: €1.4m) and continued to reach those who most needed our help in the world’s most fragile and challenging places. We saw rapid mobilisation of assistance in response to COVID-19 pandemic with programmes in Niger, CAR, Jordan and Pakistan and a new Crisis Analytics workstream focused on the pandemic.

Other MCNL programmes have pivoted quickly to respond to needs arising from the COVID-19 pandemic or adopted to be able to continue activities despite the added complexity of their operating environments. Our youth focused programmes in Tajikistan and Jordan resumed activities and we completed the first phase of our access to energy programme in Ethiopia.

Towards the end of the fiscal year, we launched a programme in the Palestine territories, providing much needed assistance to populations affected by the most recent conflict in Gaza, and entered into a new partnership with Bayer Foundation that will support our AgriFin programme in East Africa over the next five years.

Total Management and Administration costs increased to €370k (FY 2020: €225k) and reflect continued investment in MCNL resources to further grow our operational capacity.
Financial Risk and Cash

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

It’s been a full year of COVID-19 effecting organisational planning and action. In all circumstances we follow the Dutch Government guidelines and continue to work from home with the aim to safeguard the health and wellbeing of our staff. Globally we are continually reviewing our preparedness and mitigation measures to safeguard the health and well being of our teams and the communities with which we work. In many locations, this involves activating extensive protocols and approaches to mitigate COVID-19 exposure and spread.

While there have been some programmatic delays in certain locations there has been no withdrawal of programme funding. Our cost control measures continue from previous financial years, including reduced spending where possible on non-essential items, and the analysis of financial scenarios to monitor cash flow and available funds.

MCNL holds cash in current and deposit accounts with Rabobank. Cash is held in donor currencies and the equivalent EUR holdings stand at €5.3m (FY 2020: €4.2m). The nature of cash advances by EU donors constitutes majority of the cash in the bank.

MCG advances cash to the country operations for MCNL donor funded programmes, and is subsequently reimbursed by MCNL after field teams spend and reconcile the advances. There is also an intercompany payable due to MCE for advances and for expenditures relating to HQ and payroll costs. The net intercompany payable balance to related parties is €1.4m.

Reserve and Going Concern

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

The charity has best practices in place to manage its reserves, and aims to hold reserves against the risk of unexpected losses and to help ensure the ongoing concern of the organisation and any other unanticipated financial risks. The total reserves stand at €1.0m (FY 2020: €2.1m). The lower reserve position is a result of the Shell Covid Resilience fund, of which a majority of the expenditures were recognised in the year. Unrestricted reserves decreased to €0.9m (FY 2020: €1.6m). The designated portion of this is £0.5m of Continuity Reserve, the remainder are General reserves.

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

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

The aim of the continuity reserves is to provide sufficient funds to protect MCNL against unexpected loss from the above. The Board of Directors are mindful of the shifting landscape, continued COVID-19 impact on global recession and the UK exiting the EU. Consequently, they wish to adopt a prudent approach to reserves. On that basis, the Management Board has maintained a €500k continuity reserve minimum requirement, based on a risk assessment to an equivalent of six months of total operational expenditure.
## FINANCIAL STATEMENTS

### Balance sheet as at 30 June 2021

(after proposed appropriation of result)

<table>
<thead>
<tr>
<th>Note</th>
<th>30 June 2021</th>
<th>30 June 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>EUR</td>
<td>EUR</td>
</tr>
<tr>
<td>Receivables</td>
<td>1</td>
<td>248,370</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>2</td>
<td>5,314,185</td>
</tr>
</tbody>
</table>

| Total Assets | 5,562,555 | 4,245,448 |

| Reserves | 3 | |
| General Reserve | 3 | 531,729 | 1,629,347 |
| Continuity Reserve | 3 | 500,000 | 500,000 |

| Short-term liabilities | 4 | |
| 4,530,826 | 2,116,101 |

| Total liabilities | 5,562,555 | 4,245,448 |
Statement of income and expenses for the year 2021

<table>
<thead>
<tr>
<th>Note</th>
<th>30 June 2021 EUR</th>
<th>30 June 2020 EUR</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Income</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Corporate Foundations &amp; Trusts</td>
<td>3,411,877</td>
</tr>
<tr>
<td>5</td>
<td>Government grants</td>
<td>57,576</td>
</tr>
<tr>
<td>6</td>
<td>Associated parties</td>
<td>-</td>
</tr>
<tr>
<td>7</td>
<td>Total fundraising income</td>
<td>3,469,453</td>
</tr>
<tr>
<td></td>
<td>Sum of income</td>
<td>3,469,453</td>
</tr>
<tr>
<td></td>
<td>Objectives Expenses</td>
<td>8</td>
</tr>
<tr>
<td></td>
<td>Project Activities</td>
<td>3,808,178</td>
</tr>
<tr>
<td></td>
<td>Policy and Advocacy</td>
<td>106,259</td>
</tr>
<tr>
<td>8</td>
<td>Strategy and programmes</td>
<td>163,418</td>
</tr>
<tr>
<td></td>
<td>Sum of expenses on objectives</td>
<td>4,077,855</td>
</tr>
<tr>
<td></td>
<td>Fundraising Expenses</td>
<td>9</td>
</tr>
<tr>
<td></td>
<td>Management and administration expenses</td>
<td>10</td>
</tr>
<tr>
<td></td>
<td>Sum of expenses</td>
<td>4,468,544</td>
</tr>
<tr>
<td>9</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sum before financial income/costs</td>
<td>(990,091)</td>
</tr>
<tr>
<td>11</td>
<td>Financial gain/(loss)</td>
<td>(98,527)</td>
</tr>
<tr>
<td></td>
<td>Net income</td>
<td>(1,097,618)</td>
</tr>
</tbody>
</table>

Due to early nature of the organisation, no formal budget procedures were in place for FY21.
## Statement of Cashflow for the year 2021

<table>
<thead>
<tr>
<th></th>
<th>30 June 2021</th>
<th>30 June 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cashflow from operating activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net income</td>
<td>(1,097,618)</td>
<td>494,945</td>
</tr>
<tr>
<td>(Increase) in debtors</td>
<td>(153,505)</td>
<td>163,277</td>
</tr>
<tr>
<td>Increase in creditors</td>
<td>2,414,725</td>
<td>1,789,617</td>
</tr>
<tr>
<td><strong>Cash provided by / (used in) operating activities</strong></td>
<td>1,163,602</td>
<td>2,447,839</td>
</tr>
<tr>
<td>Increase / (decrease) in cash and cash equivalents at the end of the year</td>
<td>1,163,602</td>
<td>2,447,839</td>
</tr>
<tr>
<td>Cash and cash equivalents at the beginning of the year</td>
<td>4,150,583</td>
<td>1,702,744</td>
</tr>
<tr>
<td><strong>Total cash and cash equivalents at the end of the year</strong></td>
<td>5,314,185</td>
<td>4,150,583</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents comprise:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bank Accounts</td>
<td>5,314,185</td>
<td>4,150,583</td>
</tr>
</tbody>
</table>
Appropriation of the result for the year 2021

<table>
<thead>
<tr>
<th></th>
<th>30 June 2021 EUR</th>
<th>30 June 2020 EUR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Addition to (withdrawal from):</td>
<td></td>
<td></td>
</tr>
<tr>
<td>General reserve</td>
<td>(1,097,618)</td>
<td>494,945</td>
</tr>
<tr>
<td>Continuity reserve</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total change in reserves and funds</td>
<td>(1,097,618)</td>
<td>494,945</td>
</tr>
</tbody>
</table>

The notes to the balance sheet provide further information about the composition of reserves and funds.
NOTES TO THE 2021 ANNUAL ACCOUNTS

General

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

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

The relationship between MCNL and MCE is governed by a Governance Agreement and Memorandum of Understanding that also includes MCG and which covers matters relating to programmes, funding, governance, intellectual property and other legal affairs. MCNL is an affiliated entity and is consolidated into MCE.

The activities of MCNL consist mainly of providing international development (aid) and economic opportunities for those living in poverty around the world with a special attention of supporting the countries in development, refugees and hunger. MCNL delivers this through local country offices operating projects and programmes in country. MCNL believes that secure, productive and just communities emerge and endure when the private, public and civil society sectors interact with accountability, inclusive participation and mechanisms for peaceful change.

Basis of preparation

The annual accounts 2021 are dated 30 June 2021. The annual accounts have been prepared primarily, as much as possible, in accordance with the Guideline RJ650 in combination with other applicable RJ for providing the required insight, which applies to Dutch fundraising organisations. The accounting policies have been consistently applied to all the years presented.

The valuation of assets and liabilities and of income and expenses is based on historical cost, unless otherwise stated in the further accounting principles. The assumption of continuity was applied for the preparation of the annual accounts.

The financial statements of MCNL have been prepared on the basis of the going concern assumption.

Budget

No overall budget has been prepared as the organisation was in the early stages of set up and establishment. Despite this fact, strong project budgeting and cash flow monitoring has taken place.

Financial reporting period

MCNL financial year runs from 1 July 2020 to 30 June 2021.
ACCOUNTING POLICIES FOR THE MEASUREMENT OF ASSETS AND LIABILITIES AND THE DETERMINATION OF THE RESULT

General

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

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

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

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

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

If assets are recognised of which MCNL does not have the legal ownership, this fact is being disclosed.

Income and expenses are allocated to the respective period to which they relate.

Functional and presentation currency

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

Transactions in foreign currencies

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

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

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

Cash and cash equivalents include cash-in-hand, bank balances. Cash and cash equivalents are stated at nominal value. If cash and cash equivalents are not readily available, this fact is taken into account in the measurement.

Cash and cash equivalents denominated in foreign currencies are translated at the balance sheet date in euros at the exchange rate ruling at that date. Reference is made to the accounting policies for foreign currencies.

Reserves and funds

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

Continuity reserve

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

Financial instruments

These financial statements contain the following financial instruments: other receivables, cash items, trade payables and other amounts payable. Financial assets and liabilities are recognised in the balance sheet at the moment that the contractual risks or rewards with respect to that financial instrument originate. Financial instruments are derecognised if a transaction results in a considerate part of the contractual risks or rewards with respect to that financial instrument being transferred to a third party. Financial instruments are initially measured at fair value, including discount or premium and directly attributable transaction costs.

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

Non-current and current liabilities and other financial commitments

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

Income
Income is recognised in the period in which there is legal entitlement, any performance conditions attached to the income have been met, the amount can be quantified with reasonable accuracy and there is probability of receipt.

Income is shown within three main categories in the Statement of Income and Expenses: corporate foundations and trusts, government grants and associated parties.

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

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

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

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

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

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

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

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

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

MCNL do not currently have a pension or healthcare provider in place therefore pay a stipend to each employee towards this.

Determination of fair value

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

Related parties

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

Related party transactions include any income or expenditure made or received by MCNL on behalf of MCG or MCE.

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

Fixed assets

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

Subsequent events

The emergence and spread of the Coronavirus in early 2020 has affected business and economic activity around the world. At this moment, October 2021, the impact on our financial position and result is limited. While we recognise that the COVID-19 crisis brings increased levels of uncertainty, our financial position gives the management confidence in the organisation’s ability to continue meeting our goals.
NOTES TO THE BALANCE SHEET AS AT 30 JUNE 2021

1. Receivables

<table>
<thead>
<tr>
<th></th>
<th>30 June 2021 EUR</th>
<th>30 June 2020 EUR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Receivable from donors</td>
<td>164,173</td>
<td>54,333</td>
</tr>
<tr>
<td>Other receivables</td>
<td>31,278</td>
<td>40,532</td>
</tr>
<tr>
<td>Receivables from Related Parties</td>
<td>52,919</td>
<td>-</td>
</tr>
<tr>
<td><strong>Receivables</strong></td>
<td><strong>248,370</strong></td>
<td><strong>94,865</strong></td>
</tr>
</tbody>
</table>

All receivables are expected to be received within one year and relate to our day to day operations. A provision for doubtful receivables is deemed unnecessary and therefore no provision is recognised for this year (2020: nil).

Receivable from donors relates to funds due from donors for projects in which expenses have already been paid by MCNL as at 30 June 2021.

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

2. Cash and cash equivalents

<table>
<thead>
<tr>
<th></th>
<th>30 June 2021 EUR</th>
<th>30 June 2020 EUR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents in the Netherlands</td>
<td>5,314,185</td>
<td>4,150,583</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>5,314,185</strong></td>
<td><strong>4,150,583</strong></td>
</tr>
</tbody>
</table>

The balance of cash and cash equivalents is readily available to MCNL.

3. Reserves

<table>
<thead>
<tr>
<th></th>
<th>1 July 2020 EUR</th>
<th>Additions EUR</th>
<th>Withdrawals EUR</th>
<th>30 June 2021 EUR</th>
</tr>
</thead>
<tbody>
<tr>
<td>General reserve</td>
<td>1,629,347</td>
<td>3,469,453</td>
<td>(4,567,071)</td>
<td>531,729</td>
</tr>
<tr>
<td>Continuity reserve</td>
<td>500,000</td>
<td></td>
<td></td>
<td>500,000</td>
</tr>
<tr>
<td><strong>Total reserves</strong></td>
<td><strong>2,129,347</strong></td>
<td></td>
<td></td>
<td><strong>1,031,729</strong></td>
</tr>
</tbody>
</table>

The capital consists of a general reserve and a continuity reserve. The general reserve gives a clear picture of the surpluses / deficits from regular activities. The continuity reserve was formed to maintain the association and cover related expenses.
### 4. Short term liabilities

<table>
<thead>
<tr>
<th></th>
<th>30 June 2021</th>
<th>30 June 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grants received in advance</td>
<td>3,022,599</td>
<td>1,650,448</td>
</tr>
<tr>
<td>Payables to related parties</td>
<td>1,352,919</td>
<td>246,152</td>
</tr>
<tr>
<td>Payables to personnel – employee expenses</td>
<td>50</td>
<td>440</td>
</tr>
<tr>
<td>Audit fee</td>
<td>28,235</td>
<td>40,165</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>97,276</td>
<td>149,149</td>
</tr>
<tr>
<td>Employee holiday allowance accrual</td>
<td>29,747</td>
<td>29,747</td>
</tr>
<tr>
<td><strong>Short-term liabilities</strong></td>
<td><strong>4,530,826</strong></td>
<td><strong>2,116,101</strong></td>
</tr>
</tbody>
</table>

All short-term liabilities are due within one year.

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

Payables to related parties with MCNL are the intercompany balance representing funds owed by the of expenditure.

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

#### Financial risks and financial instruments

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

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

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

#### Credit risk

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

The probability and impact of financial loss to MCNL due to the amount of outstanding receivables and concentrations of credit risk is considered low due to the status and reputation of the debtors the organisation engages with and their ability to honour any debts.
Foreign exchange rate risk
MCNL is exposed to currency risk on project obligations that are denominated in a currency other than the contractual currency of the grant contract that relates to such a project. The currencies in which these project obligations primarily are denominated are EUR and USD. The currencies in which MCNL donor grant contracts are denominated are primarily EUR and USD. MCNL policy is to denominate its contractual obligations as often as possible in the same currency as the donor’s currency and to hold bank balances in the donor currency, so that the real exchange rate is closest to the reporting exchange rate. MCG often meet project expenditure on behalf of MCNL resulting in an intercompany balance. FX balances often result due to the nature of underlying project expenditure in local currency, reporting in donor currency and intercompany repayment in USD. MCNL does not hedge with any derivative instruments its estimated foreign currency exposure in respect of forecasted purchases over a future period.

Off-balance sheet obligations and rights
MCNL off-balance sheet obligations and rights are as follows.

| Total Due in 1 year Due in 1-5 years Due after 5 years |
|--------|--------|--------|--------|
| EUR | EUR | EUR | EUR |
| Office facility rental | 13,299 | 13,299 | - | - |
| Off-balance sheet obligations | 13,299 | 13,299 | - | - |
NOTES TO THE STATEMENT OF INCOME AND EXPENSES AS AT 30 JUNE 2021

5. Fundraising income from Corporate Foundations and Trusts

Restricted income from companies.

<table>
<thead>
<tr>
<th></th>
<th>2021 EUR</th>
<th>2020 EUR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other companies - grant income</td>
<td>3,411,877</td>
<td>2,148,264</td>
</tr>
<tr>
<td><strong>Total income businesses</strong></td>
<td>3,411,877</td>
<td>2,148,264</td>
</tr>
</tbody>
</table>

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

6. Fundraising income from government grants

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

The Municipality of The Hague grant is from 1 May 2018 for 3 years and is for a financial contribution of €45,000 in total for setting up an office in The Hague and further development of the organisation. The grant is recognised in line with the award instalments relating to the date of the agreement for the period in which it relates.

The Dutch Government grant is from 1 November 2018 for 2 years to 31 October 2020 for €200,000 to deliver a project in Myanmar. In line with the agreement the income is recognised in line with the expenditure made to deliver the grant.

<table>
<thead>
<tr>
<th></th>
<th>2021 EUR</th>
<th>2020 EUR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Municipality of the Hague</td>
<td>25,000</td>
<td>2,500</td>
</tr>
<tr>
<td>Dutch Government</td>
<td>32,576</td>
<td>135,571</td>
</tr>
<tr>
<td><strong>Total income from governments</strong></td>
<td>57,576</td>
<td>138,071</td>
</tr>
</tbody>
</table>

7. Income from other organisations

The income from other organisations includes income from an associated entity and is unrestricted.

<table>
<thead>
<tr>
<th></th>
<th>2021 EUR</th>
<th>2020 EUR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recharged personnel cost – MCG</td>
<td>-</td>
<td>149,148</td>
</tr>
<tr>
<td><strong>Total income from other organisations</strong></td>
<td>-</td>
<td>149,148</td>
</tr>
</tbody>
</table>
8. Expenses on Objectives

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

<table>
<thead>
<tr>
<th></th>
<th>2021 EUR</th>
<th>2020 EUR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project activity expenses</td>
<td>3,808,178</td>
<td>1,414,865</td>
</tr>
<tr>
<td>Policy and advocacy</td>
<td>106,259</td>
<td>89,030</td>
</tr>
<tr>
<td>Strategy and programmes</td>
<td>163,418</td>
<td>86,635</td>
</tr>
<tr>
<td><strong>Total expenses on objectives</strong></td>
<td><strong>4,077,855</strong></td>
<td><strong>1,590,530</strong></td>
</tr>
</tbody>
</table>

9. Expenses on fundraising

Expenses on fundraising includes costs of personnel, office and travel spent on fundraising activities.

<table>
<thead>
<tr>
<th></th>
<th>2021 EUR</th>
<th>2020 EUR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expenses on fundraising</td>
<td>20,226</td>
<td>99,470</td>
</tr>
<tr>
<td><strong>Total expenses on fundraising</strong></td>
<td><strong>20,226</strong></td>
<td><strong>99,470</strong></td>
</tr>
</tbody>
</table>

10. Management and administration

Management and administration includes the costs of office, audit fees, legal fees and personnel.

<table>
<thead>
<tr>
<th></th>
<th>2021 EUR</th>
<th>2020 EUR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management and administration</td>
<td>370,463</td>
<td>225,182</td>
</tr>
<tr>
<td><strong>Total management and administration</strong></td>
<td><strong>370,463</strong></td>
<td><strong>225,182</strong></td>
</tr>
</tbody>
</table>

11. Financial gains/ (losses)

<table>
<thead>
<tr>
<th></th>
<th>2021 EUR</th>
<th>2020 EUR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exchange rate differences</td>
<td>(98,527)</td>
<td>(25,356)</td>
</tr>
<tr>
<td><strong>Financial gain/ (loss)</strong></td>
<td>(98,527)</td>
<td>(25,356)</td>
</tr>
</tbody>
</table>
12. Personnel costs

MCNL total personnel expenses are specified below.
Average number of FTE 11 (2020 : 3).

<table>
<thead>
<tr>
<th></th>
<th>2021 EUR</th>
<th>2020 EUR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross wages and salaries</td>
<td>351,091</td>
<td>484,422</td>
</tr>
<tr>
<td>Pensions</td>
<td>47,988</td>
<td>29,143</td>
</tr>
<tr>
<td>Social Security</td>
<td>36,523</td>
<td>61,212</td>
</tr>
<tr>
<td><strong>Total Personnel expenses</strong></td>
<td>435,602</td>
<td>574,777</td>
</tr>
</tbody>
</table>

Some MCNL personnel costs are recharged to MCG and MCE for work performed relating to these entities.

**Attribution of expenses**

<table>
<thead>
<tr>
<th></th>
<th>Project activities EUR</th>
<th>Policy and advocacy EUR</th>
<th>Strategy and programmes EUR</th>
<th>Expenses for fundraising EUR</th>
<th>Management and Admin EUR</th>
<th>Total Expenses EUR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Procurement</td>
<td>1,679,947</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,679,947</td>
</tr>
<tr>
<td>Outsourcing</td>
<td>237,866</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>237,866</td>
</tr>
<tr>
<td>Staff</td>
<td>1,552,100</td>
<td>71,458</td>
<td>109,897</td>
<td>13,601</td>
<td>248,884</td>
<td>1,995,940</td>
</tr>
<tr>
<td>Travel expenses</td>
<td>101,700</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>371</td>
<td>102,071</td>
</tr>
<tr>
<td>Housing</td>
<td>65,211</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>65,211</td>
</tr>
<tr>
<td>Office Costs</td>
<td>94,726</td>
<td>7,563</td>
<td>11,631</td>
<td>1,440</td>
<td>26,341</td>
<td>141,701</td>
</tr>
<tr>
<td>General costs</td>
<td>76,628</td>
<td>27,238</td>
<td>41,890</td>
<td>5,185</td>
<td>94,867</td>
<td>245,808</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>3,808,178</td>
<td>106,259</td>
<td>163,418</td>
<td>20,226</td>
<td>370,463</td>
<td>4,468,544</td>
</tr>
</tbody>
</table>

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

All costs associated with delivering grant programmes are allocated to Expenses on objectives.

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

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

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

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

Staff costs include salary, social security, pension, insurance and travel costs associated to personnel.

Housing costs include contributions to accommodation for staff working on field programmes and office rent. Office costs include utilities, printing, postage and stationery.

General costs include vehicle rent & repairs, storage costs, memberships and bank charges.
APPROPRIATION OF THE RESULT

On 12 October 2021, the Board of Vereniging MCNL discussed the annual report and the financial statements for FY21. The Board adopted the annual report and the annual accounts of MCNL, including the proposed appropriation of the surplus. The members of the Board as per 12 October 2021 are:

- Roberto Bocca
- Tom Murray
- Iman Dakhil
- Gisel Kordestani
- Scott Brown
- Kito de Boer
- Carin Beumer

EUR

Addition to (withdrawal from):

General reserve  
(1,097,618)

Continuity reserve  
-

Total change in reserves and funds  
(1,097,618)

EVENTS AFTER THE BALANCE SHEET DATE

No events have occurred between the balance sheet date and the date on which the Board adopted the annual accounts, which would affect the FY21 accounts or the condition of MCNL at the end of the financial year or thereafter. No subsequent events occurred between balance sheet date and the date that the statements were adopted that did not affect MCNL’s figures as of year-end but need to be disclosed due to their significance/nature.
REMUNERATION OF DIRECTORS

Marina Antunovic
Director
Period of employment: 01.07.2020 – 30.06.21
Hours/week: 40
Annual income
Gross salary 94,319
Holiday allowance 7,525
Total director remuneration 101,844
Taxable allowances 3,400
Social Security 14,680
Total remuneration and benefits 2021 119,924
Total remuneration and benefits 2020 116,900

Alexandra Angulo
Interim Executive Director
Period of employment: 01.07.2020 – 30.06.21
Hours/week: 3
Annual income -
Gross salary -
Holiday allowance -
Total director remuneration -
Taxable allowances -
Social Security -
Total remuneration and benefits 2021 -
Total remuneration and benefits 2020 -

Alexandra Angulo is Interim Executive Director for MCE and MCNL and their salary is fully paid for by MCE and not recharged to MCNL.

No loans, advances or guarantees were given to MCNL directors.

Remuneration of Board members

No remuneration is offered to Board members and no loans, advances or guarantees existed in FY21. In FY21, no expenses were incurred for Board members.
The Financial Statements are prepared by the management of MCNL. The Financial Statements were unanimously adopted by the Board of MCNL in its meeting of 12 October 2021, held online.

Scott Brown  
Chair, on behalf of the Board  

Signed and attach: Auditors Report
INDEPENDENT AUDITOR’S REPORT

To: the Board of Vereniging Mercy Corps Netherlands

Report on the financial statements 2020/2021

Our opinion
In our opinion, the financial statements of Vereniging Mercy Corps Netherlands (‘the organization’) give a true and fair view of the financial position of the organization as at 30 June 2021, and of its result for the year then ended in accordance with the Guideline for annual reporting 650 ‘Charity Organizations’ of the Dutch Accounting Standards Board.

What we have audited
We have audited the accompanying financial statements 2020/2021 of Vereniging Mercy Corps Netherlands, Den Haag.

The financial statements comprise:
- The balance sheet as at 30 June 2021;
- The statement of income and expense for the year 2021;
- The cash flow statement for the year 2021;
- The notes, comprising the accounting policies and other explanatory information.

The basis for our opinion
We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. We have further described our responsibilities under those standards in the section ‘Our responsibilities for the audit of the financial statements’ of our report.

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

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

Emphasis of matter – uncertainty related to the effects of COVID-19
We draw attention to the accounting policies, section “Subsequent events” in the financial statements in which management has described the possible impact and consequences of COVID-19 on the organization. This note also indicates that currently it is not reasonably possible to estimate any future impact. Our opinion is not modified in respect of this matter.
Report on the other information included in the annual report

In addition to the financial statements and our auditor’s report thereon, the annual report contains other information that consist of:
- The executive director’s message;
- The chair’s message;
- The organizational key facts;
- The description of activities and results;
- The description of operational progress;
- Plans for the next fiscal year;
- The governance structure;
- Information regarding communication with stakeholders; and
- Risk Management.

Based on the other procedures performed as set out below, we conclude that the other information:
- Is consistent with the financial statements and does not contain material misstatements;
- Contains the information that is required by the Guideline for annual reporting 650 ‘Charity organizations’ of the Dutch Accounting Standards Board.

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

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

Management is responsible for the preparation of the other information, including the board report pursuant to the Guideline for annual reporting 650 ‘Charity organizations’ of the Dutch Accounting Standards Board.

Responsibilities for the financial statements and the audit

Responsibilities of management and the Board for the financial statements
Management is responsible for:
- The preparation and fair presentation of the financial statements in accordance with the Guideline for annual reporting 650 ‘Charity organizations’ of the Dutch Accounting Standards Board; and for
- Such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.
As part of the preparation of financial statements, management is responsible for assessing the organization’s ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements using the going-concern basis of accounting unless management either intends to liquidate the organization or to cease operations or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the organization’s ability to continue as a going concern in the financial statements.

The Board is responsible for overseeing the organization’s financial reporting process.

**Our responsibilities for the audit of the financial statements**

Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high but not absolute level of assurance, which makes it possible that we may not detect all material misstatements. Misstatements may arise due to fraud or error. They are considered to be 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.

Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A more detailed description of our responsibilities is set out in the appendix to our report.

The Hague, 12 October 2021

**SCHIPPER & PAUL ACCOUNTANTS BV**

Signed on the original
J.G.M. Schipper MSc RA
Appendix to our auditor’s report on the financial statements
2020/2021 of Vereniging Mercy Corps Netherlands

In addition to what is included in our auditor’s report, we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

The auditor’s responsibilities for the audit of the financial statements
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 consisted, among other things of the following:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining and audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement may involve collusion, forgery, intentional omissions, misrepresentations or the intentional 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 organization’s internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluding on the appropriateness of management’s use of the going-concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the organization’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 and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the organization to cease 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 the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.