



COOPERATION >

**ANNUAL REPORT
FOUNDATION 2013**



MISSION

We are a faith-based non-governmental organization for international cooperation. Members of our cooperative are Edukans, Kerk in Actie and coPrisma.

Our identity and work is characterized by three core values: compassion, justice and stewardship. Our mission is to contribute to poverty alleviation, social justice and inclusion in communities and countries where we can make a difference.

We are a global organization with seven regional offices and the strong voice of poor and marginalized people in 44 countries. We focus on justice and dignity for all and securing sustainable livelihoods.

We promote, facilitate and broker the collaboration between stakeholders in development: social organizations, enterprises and governments.

We believe change depends both on the entrepreneurial capacity of individual people and on the capacity and willingness to join forces with others.

PREAMBLE

The annual report 2013 gives account on the results of the work of ICCO Foundation. ICCO Foundation is a foundation and part of and founded by Coöperatie ICCO U.A.

Unless otherwise stated, when is stated ICCO, the ICCO Foundation is meant. The brand name for all legal entities is ICCO Cooperation.



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PART I STRATEGY AND ORGANIZATION



Photo: Toto Camba

REPORT OF THE EXECUTIVE BOARD

Proudly we present our annual report of ICCO Foundation.

The foundation, together with the members of the ICCO Cooperative, created a milestone in 2013: the multi-annual strategic plan. A valuable process in which many stakeholders have been involved. Towards 2020 we will focus on 'securing sustainable livelihood' and 'justice & dignity for all'. On these two inextricable core principles we operate our joint work. The plan is built on our fifty years of experience and will guide the work of ICCO foundation.

In 2013 the MFS2 program (2011 – 2015) was subjected to an independent mid-term evaluation. The evaluation team concluded that two third of the programs are on track. And where this was not the case, programs are still in the development phase or somewhat delayed due to difficult political situations in some countries, e.g. Mali.

Since 2010 we are facing another reality of fast decreasing government budgets for development cooperation and in 2016 the current MFS2 program comes to an end.

We anticipated to these new financial circumstances and are stimulated to tap other, new and blended forms of funding and partnerships with (local) governments, the private sector and institutional donors like the European Union and major charities as the Bill and Melinda Gates Foundation.

At the end of this year, on December 30th 2014, ICCO celebrates its fiftieth anniversary. In 2015 we will reflect on our history, but above all elaborate on the significance of our organization in the future, striving towards international sustainable livelihoods and justice for all.

Ten years ago we predicted that our organization might cease to exist at the age of fifty. The statement was made to trigger self-critical consideration. It was thought that civil society organizations in the developing countries would be strong enough to stand on their own feet. That is certainly the case for a growing number, but we don't think that our mission is completed. We still have license and added value to grow older. Not solely as a financier. In time, relations between countries, peoples and organizations changed and we were invited to incorporate other roles, such as broker, facilitator, investor co-implementer of programs and lobbyist. ICCO Cooperation is almost fifty years young and continually equipped to make our world a bit better.

Due to the announced cuts ICCO Foundation has to downsize and reshape the organization in 2014 and 2015. Difficult choices for people and work are unfortunately unavoidable. The restructuring will lead to a smaller, but strong organization with the flexibility to scale up! We focus our operations strategically and prepare for challenges ahead as we have a strong believe in our mission. Chapter 01 (page 8) and the Forecast 2014 on page 53 give additional information.

Finally, our thanks go to everyone in the world who has made our work possible in 2013, especially the Dutch government, the European Union, the National Postcode Lottery and other donors that entrusted financial resources to us.

We hope you enjoy reading the report and you're invited to give your feedback.
Utrecht, July 2014

Executive Board,
Marinus Verweij, Chairman
Wim Hart, Member

01 POLICY AND STRATEGY

There is no doubt that realizing a world without poverty and injustice remains an enormous challenge. In response, ICCO Foundation has been innovating from a project to a multi-stakeholder approach. In 2013 our position towards state and market was strengthened.

1.1 COOPERATION

ICCO Foundation provides an international platform for sharing ideas, innovations, solutions and knowledge from The Netherlands and other corners of the world. A fundamental objective is to create a joint implementing organization.

ICCO established an institutional fundraising working group. In this group, three institutional fundraisers of coPrisma, Edukans and the International Funding Unit work together. Together the group has developed proposals that have been submitted to donors.

At the regional level, the evaluation of a pilot by ICCO, Edukans and coPrisma in Central and Eastern Africa, showed promising results in capacity development, support to partners and coalitions, lobby, advocacy and fundraising. On the other hand, administrative processes turned out to be complicated and roles and responsibilities were not always clear. Partners agreed to define together an effective model taking into account the lessons learned from the pilot phase. At the global level, significant progress was made towards increasing the efficiency and effectiveness of cooperation programs when, in collaboration with the Services Organization of the Protestant Church, we embarked on preparations for the operationalization of the Shared Service Centre in January 2014.

1.2 STRATEGY 2020

In November 2013 the first multi-annual strategic plan was adopted by the cooperative: 'Strategy 2020:



ICCO COOPERATION

In November 2012 ICCO established with three members of the ICCO Alliance a cooperative reflecting both the reality of the more complex and interconnected world we live in and our fundamental emphasis on partnering, co-creation and co-ownership. Members of the cooperative are Edukans, coPrisma and Kerk in Actie. In 2013 the cooperative handed over all assets and liabilities with regards to its nonprofit, often grant based work through the ICCO foundation. For this purpose ICCO renewed the statutes of the ICCO Foundation ("Stichting Interkerkelijke Organisatie voor Ontwikkelingssamenwerking, ICCO") on 27 June 2013. Via its statutes the foundation is interconnected with the governance structure of *Coöperatie ICCO U.A.* (the members of the Executive Board of *Coöperatie ICCO U.A.* are the same as the members of the Executive Board of the foundation and the annual accounts of the foundation are consolidated in the annual accounts of *Coöperatie ICCO U.A.*). ICCO Cooperation is the international brand name of the two legal entities.

Towards a just and dignified world'. It was the result of extensive consultations and external research. All actors – from workers in the field, through the Regional Offices, Regional Councils and cooperative members – were invited to contribute their views.

Figure 1: Our twin core principles



The plan defines the cooperative's mission of creating a just world without poverty through twin core principles of securing sustainable livelihoods while pursuing justice and dignity for all (see Figure 1). Twin because a livelihood without rights is not sustainable and because dignity only comes with having a livelihood in which rights are respected.

Figure 1: Our twin core principles

Given our network and track record we have made a strategic choice to focus our efforts on promoting fair and sustainable agricultural production. We empower smallholders by linking them to viable and sustainable value chains, and supporting their efforts to earn a livelihood while also producing sufficient and nutritious food. Respect for human rights and dignity is an integral part of our approach, where we link issues of sustainable livelihoods to human rights (e.g. the right to food, natural resources, participation in society) in order to realize the full potential of all concerned to contribute to the development of their families, friends and society.

1.3 GENDER AND RIGHTS-BASED APPROACH

In all of the work we do with our partners we seek to contribute to the respect and fulfillment of men and women's human rights. One of these areas is UN Security Council Resolution (UNSCR) 1325, which addresses the impact of conflict on women, and the pivotal role women should and do play in conflict management, conflict resolution and sustainable peace. ICCO Foundation participates in civil society country groups in DR Congo, Burundi and Colombia. ICCO is also lead agent in the implementation of Dutch National Action Program (NAP) 1325 II for Sudan and South Sudan. Implementation of the South Sudan NAP was going on as planned until the beginning of December when violence broke out.

In 2013, we continued to provide support for the integration of a gender perspective in the human rights and business agenda through the production of a documentary about the effect of the Bangladesh

Rana Plaza disaster on female garment workers, participating in the Wo=Men working group on gender and sustainable economic development and starting, together with BoPInc, a multi stakeholder initiative to encourage women's entrepreneurship.

ICCO has given special and specific attention to the dialogue between lesbian, gay, bisexual, and transgender (LGBT) groups and churches. During the 2013 WCC General Assembly a successful workshop was organized on dialogue. In another initiative, ICCO worked together with the Dutch Broad Human Rights Network (BMO) and Ministry of Foreign Affairs in diverse fora on sexuality and religion, providing valuable input based on our experiences in facilitating dialogue on LGBT with church leaders and communities.

1.4 LOBBY AND ADVOCACY

ICCO Foundation is involved in many international networks. With the ACT Alliance and APRODEV (Association of Protestant Development Organizations in Europe) for example, we are working on the international debate on the changing development paradigm and the post-2015 debate.

Corporate lobby and advocacy

The ambitions that the current Dutch government coalition of liberals and social democrats set when it took office in 2012 were put to a first test in 2013. Contributing to the eradication of extreme poverty, and inclusive and sustainable economic growth globally, while also advancing the interests of Dutch companies has proven to be a tough challenge for Mrs. Ploumen, the Minister of Development Cooperation and International Trade. She worked hard to open up a dialogue on labor conditions in Bangladesh following the Rana Plaza disaster. Similarly, the Minister for Foreign Affairs continued to highlight that human rights is a cornerstone of his policy. Despite public statements on the importance of human rights, there continues to be a lack of policy coherence in Dutch international relations.

In order to provide a clear voice on these issues ICCO Foundation co-founded the international cooperation platform (ISPoort) at *Nieuwspoort* in The Hague in 2012. The goal is to increase awareness amongst politicians, journalists and others on international

cooperation policy and international affairs. The first ISPoort meeting in January was opened by Minister Ploumen. The second meeting – on climate change, and more specifically on who will pay for the costs of climate change - was held in October 2013.

Human Rights and Business

Working with the private sector to eradicate poverty and enhance sustainable and inclusive economic growth is one of the pillars of ICCO Foundation's lobbying and advocacy activities. In 2013 we contributed to the debate on these issues in The Netherlands, for instance during a consultation organized by the Ministry of Foreign Affairs to develop the NAP on human rights and business.

Together with services firm PwC, CNV International and VBDO (Dutch Association of Investors for Sustainable Development), ICCO organized the second Human Rights & Business Conference 2013, which was opened by Minister Ploumen for Foreign Trade and Development Cooperation. ICCO was also actively involved in the consultations surrounding the design of the Dutch Good Growth Fund. At the end of 2013 an international study on which UN instruments companies should implement and how this should be done respecting the rights of small holders was finished.

Furthermore we co-developed, with SAI, a six-step training course to guide companies in implementing the Ruggie Framework. The four trainings conducted in 2013 brought together 100 participants from businesses, civil society and government in, amongst others, The Netherlands, Brussels and Brazil. SAI and ICCO agreed to continue to offer this training internationally in 2014, for example in South Africa and Indonesia. As in previous years, ICCO served on the steering committee of the Dutch corporate social responsibility platform, and at the end of 2013 we became a member of the Tax Justice network.

Political space

Worldwide there is an increasingly negative trend of governments clamping down the space for civil society. ICCO Foundation aims to amplify the voices of citizens and civil society and influence government policy on inclusion of citizens, both in The Netherlands as well as in the regions where the ICCO is active. For this reason ICCO participated in the Ministry's Knowledge Platform on Security and Rule

of Law. In April 2013 in a platform event the director of a Guatemalan partner organization gave a presentation. Her contribution on security and political space was well received.

As a member of BMO, ICCO also contributed to the dialogue with the Ministry of Foreign Affairs on citizens' right to freedom of peaceful assembly and the right to freedom of expression. For that purpose we facilitated research on the political situation for civil society in Zimbabwe, Malawi, Rwanda, Colombia, Nepal and Kyrgyzstan. The research findings were presented by the ACT Alliance at a conference in Malawi in November 2013, in the presence of the UN Special Rapporteur on the Freedom of Peaceful Assembly and Association, Maina Kiai. The conference recommended to build coalitions and bridge the gap between development, religious, humanitarian and human rights organizations to ensure a united front. ICCO provided input for the Special Rapporteur's 2014 thematic report and the ACT Alliance report was presented at the 25th session of the Human Rights Council in Geneva.

1.5 MONITORING AND ACCOUNTABILITY

A number of technical tools have been implemented in 2013 to ease the process of data gathering. An example in this regard is the scaling up of the smart phone application FLOW in cooperation with AKVO. FLOW was used to gather household data on food and nutrition security in Congo, Ethiopia, India and Uganda. FLOW is also used in the Flying Food program in Kenya and Uganda, the fair economic development program in Indonesia and in other allied-programs such as the Dutch Wash Alliance. In 2013 an improved O-scan instrument was designed in order to better monitor changes in partners' capacity and follow-up the capacity development actions.

In 2013 progress has been made in focusing learning at corporate level on the thematic fields. The corporate learning agenda has in some cases been adjusted or detailed further into specific thematic learning questions at the level of ICCO Foundation, at the level of the Regional Offices and regional programs and at the level of beneficiaries. We make use of e-based forms of communication and communities of learning and face-to-face meetings.

Accountability

In 2013 an up scaling of a downward accountability pilot was intended in at least three regions. As a result funding proposals in Burundi, Kenya and West Africa have included CSI (Client Satisfaction Instruments) as an important component. Meanwhile the CSI approach has been executed in the food and nutrition security program in Uganda and Ethiopia. A wider broadcasting of the approach in Asia and the Americas has not succeeded yet. Also the second part of the planning, monitoring and evaluation coaching trajectory for partner organizations in Ghana took place.

ICCO Foundation is preparing to open up its project data according to the IATI (International Aid Transparency Initiative) standard. In 2013 a draft publication policy was formulated, which is now being tested before actual publication in 2014.

Evaluations

Evaluations and assessments of our work take place at three levels: partner, program and corporate. Project evaluations are to be carried out by a partner at least once every three years, preferably by external evaluators. In 2013 a total of 86 project evaluations were registered. Generally speaking the evaluations were of a slightly better quality than in 2012 (see Table 1)

Table 1: Results of evaluations of partner organizations in 2013

	EXCELLENT/GOOD	SUFFICIENT	INSUFFICIENT	UNCLEAR	NOT APPLICABLE
Quality work	64%	28%	-	7%	1%
Relevance work	75%	24%	-	0,5%	0,5%
Effectiveness	41%	46%	-	13%	-
Agreement with report	61%	2%	-	30%	7%
Quality report	57%	39%	4%	-	-

Program evaluations are a good instrument to check the soundness of the Theory of Change policy from theory down to the beneficiary level. Besides they account for the results, and give information for track records and learning on actual implementation in the field. In 2013 the Terms of Reference for the conflict transformation and democratization program has been written; the start of the evaluation will be second quarter of 2014.

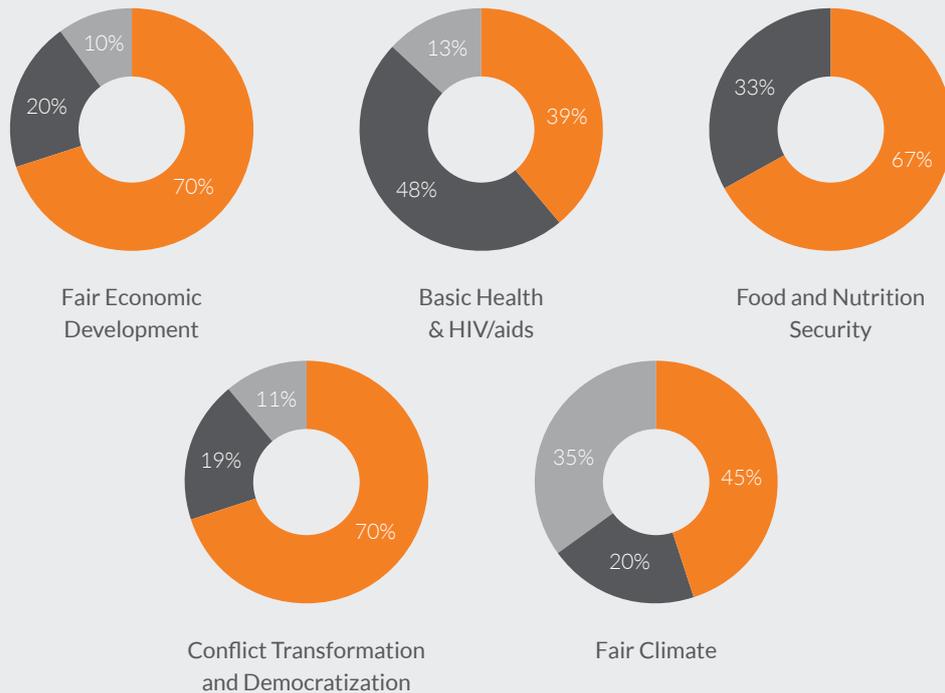
The mid-term evaluation of the MFS2 financing started in 2012 and was concluded in 2013. The

evaluation team led by professor Arie de Ruiter of Tilburg University, concluded that two third of the programs of ICCO Foundation is on track; where this was not the case, programs are still in the development phase or due to difficult situations in some countries. The concepts programmatic approach and the entrepreneurial innovation are well-chosen, promising and 'work in progress' for the years to come. The co-responsibility agenda of the ICCO is also well underway. Also a separate evaluation of the cross cutting issue programmatic approach was carried out. The final report will be published in February 2014.

★ FIGURE 2:
TRACKING OUR PROGRESS

ICCO Cooperation monitors 126 indicators of the MFS2 program (2011-2015), the amount and character of indicators differs per program. On average 86 have already been reached before 2015, 42 indicators are on track and 18 off track. More detailed information about indicators can be found in the program chapters (PART II).

● Already reached ● On track ● Off track



Source: ICCO Cooperation Monitoring Data 2013

1.6 INSTITUTIONAL FUNDING

In 2013, major steps have been taken to make the institutional fundraising activities more efficient and successful. All Regional Offices had a Regional Fundraising Officer in place and the Institutional Funding Unit was restructured. The year can be summarized in bringing focus on new markets, result driven and work more closely together with partner organizations.

The total value of approved full proposals was EUR 25.5 million. Once every ten day on average a full proposal was approved. ICCO Foundation has been able to score a high success rate, meaning that the quality of proposals and our relation with the donor is good. New donors started funding ICCO, like the Bill and Melinda Gates Foundation and the Ford Foundation.

More focus on results was created with the recruitment of a unit manager in the summer. Since then, monthly reports have been created and shared with the organization on successes, success rates and differentiations per region and thematic area. The reports demonstrated that although the scores are good, they still need to increase to be able to raise sufficient funds in the future. ICCO is mainly funded by the Dutch Government and the European Commission. The Regional Offices search and find new opportunities in other regions. A lot of potential is seen in the USA. ICCO plans to open a fundraising office in the USA in 2014, together with the cooperative members.

1.7 NATIONAL POSTCODE LOTTERY

The Postcode Lottery was founded in 1989 as a means to raise funds for good causes working on a fairer and greener world. Of each ticket the lottery sells, 50% goes to 90 charity organizations. Including ICCO Foundation, who has been a beneficiary of the Lottery since 2008. In 2013, a total amount of EUR 302 million was raised for charity. Worldwide, the holding of the Postcode Lottery (Novamedia) is the second largest private fundraiser.

In 2013 ICCO received a contribution of EUR 1,350,000 from the National Postcode Lottery, derived from the Lottery's proceeds from 2012. In

addition to funds, the cooperation with the Postcode Lottery provides ICCO opportunities for publicity among a broad Dutch audience. In 2013, for example, a short video about ICCO's partner Coldis in Madagascar was broadcasted on national television. Around 1.5 million people watched this.

With the substantial cutbacks of the current Dutch government, the importance of private fundraisers such as the Postcode Lottery increases. Moreover, the support of the Lottery is institutional and long term, making the Lottery's contribution of great value to ICCO. The current administration has indicated their intention to modernize regulations on gambling. ICCO hopes that possible changes in this legislation will continue to allow the National Postcode Lottery sufficient room to successfully raise funds. For without the Postcode Lottery we would not be able to realize many of our initiatives.

1.8 MARKETING AND COMMUNICATION

Following the launch of the ICCO cooperative in November 2012 and the development of the multi-annual strategic plan, we embarked on a new ICCO Foundation marketing and branding strategy. Our efforts focused on enhancing brand awareness among private sector organizations in The Netherlands, as well as the different regions where ICCO works.

During a targeted campaign in 2013, in which we offered companies access to our knowledge, networks and finance, more than 175 respondents expressed interest in engaging in partnerships. The campaign was accompanied by research executed by GfK Intomart aimed to help us better understand how entrepreneurs think about corporate social responsibility. Some of the research findings were subsequently published by the national newspaper, *Financieel Dagblad*. The campaign helped to enhance our brand recognition.

We organized several debates to meet our stakeholders and exchange knowledge with our partners. In June we co-organized with PwC, VBDO and CNV International the Human Rights & Business conference. In autumn followed by a debate on seed patenting titled "Greed for Seeds", which was also a topic in





the 2013 edition of “The Right to Food and Nutrition Watch”, an annual publication of FIAN, Brot für die Welt and ICCO. In November 2013 the first event of a new debate series – Talks that Matter – took place. The role of small holder farmers (dream of necessity) was debated by scholars of FAO (George Rapsominikis), Wageningen University (Jan Douwe van der Ploeg) and Mandla Nkomo (Technoserve), an ICCO partner from South Africa.

★ VERKUYL LECTURE

The 2013 edition of ICCO's Verkuyl lecture addressed the topic: “Living in Food Paradise: How to Feed 9 Billion People?” Keynote speaker Piet Moerland, CEO of Rabobank, addressed the dilemma of how to increase food production without adding to the carbon footprint, highlighting the role of the consumer and the need to invest in agriculture.



Photo: Marieke Viergever

Internationally, the seven Regional Offices made progress in their communication activities, with support from the Marketing Communication Unit in Utrecht, contributing towards webhosting, the development of communication materials for national and international use, and creation of common reporting templates. ICCO became more visible in the regions. Furthermore, a new website was launched to promote ICCO Investments B.V., particularly among impact investors. Our social media channels increased enormously in the last year and gave us a platform to communicate with partners and constituency.

1.9 ECUMENICAL RELATIONS

ICCO Cooperation and member Kerk in Actie are founding members of the ACT Alliance. During 2013 the National ACT Forums were strengthened and humanitarian aid, development and advocacy better linked. ICCO Foundation delivered extensive inputs for the ACT Strategic Plan 2015-2018. National and Regional ACT Forums are the building blocks of the alliance. In a number of Forums ICCO representatives were elected to the position of Chair (e.g. Nepal) and our presence was reinforced in Brazil, Colombia, Bangladesh. In Central America, joint lobby and training activities were undertaken. A major development in 2013 was the launch of the ACT Europe Regional Forum with two sub-sections bringing together, respectively, East-European and West-European members. It is foreseen that APRODEV, the Brussels-based advocacy platform, will be brought under the West-European ACT Forum. This development represents a major shift and restructuring of ecumenical agencies' cooperation in the European continent.

In late October 2013, a crowd of some 5.000 representatives of churches and Christian organizations from all over the world gathered in Busan, South Korea, for the 10th Assembly of the World Council of Churches (WCC) under the theme “God of Life, Lead us to Justice and Peace”. ICCO facilitated two workshops: one on its policy and experiences with regard to working with the private sector and the other on how to enhance dialogue about differing views on sexuality and sexual minorities. The workshop, presented by South African partner organization Inclusive and Affirming Ministries (IAM), created a “safe space” in which a number of people could give personal testimonies of both negative and positive ways in which sexual minorities and churches can engage with each other.

02 INTERNAL ORGANIZATION

The organization took another step in the cooperation with the Services Organization of the Protestant Church. After the integration of the international program and the communications departments in previous years, in 2013 other back office departments combined to gain economies of scale and improve the quality of services.

2.1 ORGANIZATIONAL STRUCTURE

In November 2012 four partners within the ICCO Alliance (ICCO, Kerk in Actie, coPrisma and Edukans) founded a cooperative (brand name ICCO Cooperation), as a further step towards formalizing their cooperation. ICCO Foundation is the implementing not for profit organization of the cooperative. The Global Office in Utrecht, together with a worldwide network of Regional Offices, carries out the day-to-day operations of ICCO Foundation, under the oversight of the Executive Board.

In 2013 we further developed the plans for a Shared Services Centre with the Services Organization of the Protestant Church. The integration of the back-office work was completed by the end of December enabling to become fully operational in 2014. As part of the restructuring process, staff from the departments concerned were placed in the relevant units within the Shared Service Center: HR services, IT and Finance, Monitoring and Evaluation.

2.2 CORPORATE SOCIAL RESPONSIBILITY

Internally and externally ICCO Foundation assumes responsibility across all its business operations for the social, ecological and economic consequences of its activities, and strives to be accountable and transparent towards its stakeholders regarding these issues.

Corporate Social Responsibility (CSR) is a subject that has been part of ICCO's programmatic work for many years. For our work with the private sector a

code of conduct is followed, based on responsible, fair and sustainable criteria. In 2012 the so called 'company scan' (C-scan) was introduced, enabling us to assess private-sector companies when starting strategic partnerships with them.

All corporate policies and guidelines on CSR apply to the Regional Offices, when applicable. Some Regional Offices (such as Southern Africa and Central America) developed their own additional regulations, mainly on reducing and compensating travel, use of public transport, home commuting and use of air-conditioning and paper.

Treasury

ICCO Foundation has a treasury policy setting out the responsibilities and controls regarding management of securities and savings. The portfolio has to meet a set of sustainability criteria that measures the level of effort invested in achieving results, with respect to their social and environmental policies. ICCO's treasury strategy is to have 25% shares (minimum of 15% and maximum of 35%) and 75% euro denominated bonds (minimum of 65% and maximum of 85%).

The investment portfolio with the ING bank is termed the sustainable portfolio. The bank scores this portfolio based on more than hundred non-financial indicators (NFI) on social and environmental responsibility. The score ranks the companies or funds invested in in comparison to other companies in the same sector. At the end of 2013, based on this NFI-score the bank rates 98% of the companies in ICCO's portfolio as strong leader or leader on social and environmental responsibility in the sector.



Climate neutrality

The standard mode of travel in The Netherlands is public transport, for Europe it is the train and for the rest of the world CO₂-compensated flying. In 2013, the CO₂ footprint of all ICCO Foundation offices combined was 1,876 tons of CO₂, 20 tons more than in 2012. Emissions were compensated by purchase of carbon credits from the FairClimateFund for an amount totaling EUR 23,834.58 inclusive of VAT. These carbon credits are produced by the equivalent of 1,450 households in South Africa. Thanks trainings provided to our local partner organization Nova Institute, these households are going to cook more efficiently. The result is less CO₂-emissions, many health benefits as well as a savings in heating costs amounting to around EUR 70,000.

Sustainable purchasing and offices

ICCO Foundation expects its suppliers to adhere to several ethical, environmental and labor standards amongst others. Office space is rented from the Services Organization of the Protestant Church in The Netherlands. The building is managed in a responsible and sustainable way. The most important measures are:

- From 1 January 2010 use of green electricity (GreenChoice);
- Energy saving renovation examples: double glazing, air conditioning, lights with sensors;
- The number of printed magazines and publications has been reduced and there is extensive use of e-mail and digital distribution;
- CO₂-emissions due to the use of water and disposal of waste have both decreased compared to 2012. Water and waste account for only 1% of the emissions of the organization.
- CO₂-emissions due to the use of paper and post was only 2 % of the total emissions of the organization in 2013. Paper mail is sent via PostNL CO₂ neutral;

- Emergency lighting is completely renewed, using LED lighting, and meets building code (*Bouwbesluit*) 2012;
- All common areas are equipped with motion sensors and lights are replaced with LED lights;
- Software has been installed to monitor energy consumption, with a focus on areas having the highest consumption;
- The tubes of the district heating are insulated, which has practically eradicated heat loss;
- The New flooring is durable manufactured.

Certifications

ICCO Foundation promotes the use of standards, guidelines, hallmarks and certificates, because they provide a way to collectively improve conditions and sustainability, to make progress clear and verifiable, and to have measures at hand to improve or develop our work. Important hallmarks or guidelines are CBF, ISO 9001 and HAP.

Partnership policy

The partnership policy of ICCO Foundation has been revised in 2013. We seek to work in close cooperation with the people involved, their organizations and others who can contribute to our objectives. Being in relationships means that we are inspired by others and do inspire others. While working towards an effective range of partnerships, we are committed to have knowledge and understanding of local contexts and to formulate which actors are vital in reaching our objectives. The policy forms the framework for our codes of conduct, contractual conditions and complaint procedures. In the case of evaluations, investigations or audits, partners always have the right to react.

2.4 EMPLOYEES AND HUMAN RESOURCES

Table 3: Employees per 31-12-2013

	NR. OF EMPLOYEES	FTE
GLOBAL OFFICE		
Employees per 31-12-2012	115	104,31
New employees in 2013	11	10,36
Out of service in 2013	17	15,1
Employees per 31-12-2013	109	99,57
Average 2013	112	101,94

N.B. Data are excluding volunteers, 0-hour contractants, interns, F&S Holding, and Dutch expats.

REGIONAL OFFICES		
Employees per 31-12-2012	188	
New employees in 2013	70	
Out of service in 2013	29	
Employees per 31-12-2013	229	
Average 2013	208,5	

N.B. Regional Managers and Dutch expats are included in the number of employees per the end of the year.

Table 4: Staffing Global Office per 31-12-2013

	FTE/NUMBER	%
Total FTEs	99,57	
Total number of employees	109	100
Permanent staff*	88	81
Temporary staff*	21	19
Employees in	7	6
Employees out	17	16

**excl. volunteers, interns, consultants, 0-hours contractants, F&S en Dutch expats*

Table 5: Formation gender division

	MALE	FEMALE	TOTAL	M%	F%
GLOBAL OFFICE					
Executive Board	2	0	2	100,00	0
Management	4	3	7	57,14	42,86
Middle management	2	2	4	50,00	50,00
Staff	40	56	96	41,67	58,33
TOTAL	48	61	109	44,0	56,0
REGIONAL OFFICES					
Regional Managers	4	3	7	57,14	42,86
Middle management	5	4	9	55,56	44,44
Staff	121	92	214	56,54	42,99
TOTAL	130	99	229	56,8	43,2

Table 6: Absenteeism

	% AS PER 31-12-2013	SHORT TERM	MEDIUM TERM	LONG TERM	VERY LONG TERM
Global Office	3,02	24,3	12,7	27,19	35,8

At the beginning of the year 115 employees had a position in Utrecht and at the end of the year this was down to 109 (table 3). The number per 31st December includes employees of ICCO Investment and NPM. In the Regional Offices a growth of staff was realized (table 3). At the beginning of the year 188 staff members were employed in the regions and at the end of the year this number was mounted to 229, a growth of nearly 22%. Illness-absence in Utrecht at the end of 2013 was 3,02%; 37% lower than at the end of last year (table 6). This figure was mainly due to long term and very long term illness. The reason of illness was often a combination of work-related and non-work related issues and in some cases non-work related.

Ongoing in 2013 was the implementation of our Social Plans on the ProCoDe and MFS2 reorganization. The ProCoDe reorganization was necessary due to the decentralization of the organization, the MFS reorganization due to budget cuts in 2010. Still a small number of staff were guided by our Mobility Office in order to find another job outside ICCO Foundation.

The management of ICCO continued the management development trajectory with external support from the consultancy ITIP. The management team worked on personal leadership for two days in each of the management weeks. All functions were reformulated and rated in 2012 and implemented in 2013. The complaint procedure was finalized. The terms of employment for our expat staff were renewed and implemented. In the regions the analysis of the benchmark on salaries was implemented. ICCO wants to pay salaries with a bandwidth of 50 to 65 percentile of the benchmark. In most of our offices this is the case.

On various topics face-to-face meetings and trainings were organized for staff in Utrecht and the Regional Offices. To give only one example were trainings on private sector engagement, with some regions, such as West Africa, conducting local studies on economic opportunities. To align our ways of engaging companies worldwide a private sector charter was developed with targets, services and an 80% focus on the agri-food sector.

2.5 FINANCES AND QUALITY CONTROL

In 2013 systems, processes and procedures have been improved on institutional financing of donors

other than the Dutch government. An intensive evaluation of the generated periodic management information system took place and monitoring has led to more knowledge about operations and strive for more effectiveness and efficiency.

ICCO Foundation works with a quality management system which is certified according to the ISO 9001:2008 standard. The certificate includes the seven Regional Offices. In 2013 external ISO audits were held in two Regional Offices. In 2013 the Audit Unit implemented eight internal audits. Selection of audit subjects was based on a risk analysis by the Executive Board, which resulted in an audit plan. Four of the eight audits were complete audits of Regional Offices where all aspects of programs, operations and management were looked at. The other four internal audits focused on a specific procedures and job descriptions. The Audit Unit also verified the effectiveness of follow-up of recommendations of previous audits.

The Quality Manual of ICCO was made easily accessible for all staff via the Portal. Also preparations were made for upgrading integrated risk management; implementation will be followed up in 2014. Another important topic was the revision in risk level procedures.

2.6 INFORMATION TECHNOLOGY

The ICCO Portal was officially released in 2013. The Portal is “future proof” and will serve as the integrated environment and space for all internal ICCO Foundation partners and external stakeholders, e.g. Regional Councils, thematic stakeholders and local partners. All the relevant data were migrated to the Portal. The Portal is a large improvement in user experience, transparency and a flexible tool for the organization.

A simplified version of ITIL (Information Technology Infrastructure Library), the Min-ITIL, was implemented. Because of this, we were able to implement the necessary improvements to MicroSoft Dynamics and the office environment. Replacing and updating of hardware and software was almost completed during the year. Finally, various tailor-made web based programs and software were updated during the year, such as the project browser and the monitoring tool.

2.7 SECURITY AND SAFETY

ICCO Foundation takes safety and security very seriously. As an internationally operating organization we want to be prepared and well-trained. Security responsibilities were transferred to the regions in 2013. The security desk in Utrecht is focusing on service delivery, advising, monitoring of security preparedness, safety and security training. She provides incident and crisis response and collects and disburses experience and knowhow, lessons and tools and tips. Close relations are maintained with the ACT Alliance, the Dutch Security Network and the European Interagency Security Forum.

Abroad basic safety and security training was provided to 87 staff members and in The Netherlands. 109 staff members were trained by the Centre for Safety and Development. Safe traveling courses were provided to 77 students in The Netherlands and dozens of travelers and deployed staff have received security briefings. More than forty staff members received a crisis management training.

The internal crisis management team was activated three times in 2013 for the following cases: Mali (north), Kenya (terrorist attack on the Westgate shopping mall) and South Sudan (evacuation). Twenty-five security incidents (including health cases during traveling) were formally reported. The majority of incidents concern threats, robberies and political turmoil. Most incidents took place in the Central and East Africa region, in particular in Juba where the political stability was decreasing rapidly with increasing risks for operations and staff. The compound was attacked.

2.8 WORKS COUNCILS

All Regional Staff Representations delivered a member for the International Works Council. This body has an advisory role to the Executive Board. Executive Board and International Works Council agreed in 2013 on the content and procedures of formal staff involvement in the decisions of the Board. Next to this in Utrecht a temporary Consultative Group started its work, getting ahead of the successful formal elections in January of 2014 for an official Works Council. The Works Council Global Office was much involved in the decisions about the

Shared Service Center and appointed two members in the International Works Council.

Ending a period of about a year in which no formal body of staff representation was active, 2013 saw the birth of a renewed system of employee influence in decision making, reflecting the structure of the organization. In the second half of the year the staff in seven Regional Offices elected their representatives in small Regional Staff Representations. These bodies discuss the most important policies and decisions with the Regional Manager.

By the end of year all staff was represented in the decision making processes, advising either the Executive Board or the Regional Manager. A secretary supports the work of the representative bodies.



COOPERATION >



**PART II
FINANCIAL
STATEMENTS 2013**

ICCO FOUNDATION

03 FINANCIAL STATEMENTS 2013

3.1 BALANCE SHEET AS AT DECEMBER 31ST 2013 (after appropriation of result)

		31-12-2013		31-12-2012	
ASSETS		€	€	€	€
Fixed assets					
Tangible fixed assets	1	455,682		-	
Financial fixed assets	2	1,436,702		-	
			1,892,384		-
Current assets					
Accounts receivable and accrued income	3	34,173,593		-	
Securities	4	5,104,014		-	
Cash and cash equivalents	5	25,714,821		-	
			64,992,428		-
TOTAL ASSETS			66,884,812		-
LIABILITIES					
Reserves	6				
Continuity Reserve		4,374,971		-	
Appropriation Reserve		995,415		-	
			5,370,386		-
Funds	7				
Appropriation fund projects		3,899,503		-	
Appropriation fund guarantees		6,860,497		-	
Appropriation fund loans and participations		1,436,702		-	
Appropriation fund MFS interest		154,278		-	
			12,350,980		-
Provisions	8		3,997,777		-
Long-term liabilities	9		13,071,890		-
Current liabilities	10		32,093,779		-
TOTAL LIABILITIES			66,884,812		-

3.2 STATEMENT OF INCOME AND EXPENDITURE 2013

INCOME	11	ACTUAL 2013		BUDGET 2013		ACTUAL 2012	
		€	€	€	€	€	€
Government grants		77,518,902		84,253,210		-	
Income from third parties		7,630,865		1,350,000		-	
Other income		20,611,458		-		-	
Income from investments		322,595		60,000		-	
Income from own fundraising activities		520,211		-		-	
Total income		106,604,030		85,663,210		-	
EXPENSES							
Spent on objectives	12	83,463,985		81,175,874		-	
Fundraising costs	13	1,775,862		1,000,808		-	
Management and Administration		3,642,816		3,426,528		-	
Total expenses		88,882,664		85,603,210		-	
RESULT		17,721,366		60,000		-	
APPROPRIATION OF NET RESULT							
Transferred to / from:							
Continuity Reserve		4,374,971		-		-	
Appropriation reserve		995,415		-		-	
Appropriation fund projects		3,899,503		-		-	
Appropriation fund guarantees		6,860,497		-		-	
Appropriation fund loans and participations		1,436,702		-		-	
Appropriation fund MFS interest		154,278		-		-	
RESULT		17,721,366		-		-	

3.3 CASH FLOW STATEMENT 2013

	2013		2012	
	€	€	€	€
Result	17,721,366		-	
Unrealized result securities	72,560-		-	
Change in other provisions	524,034		-	
Depreciation	270,090		-	
Change of grants receivables	5,505,326		-	
Change of other receivables	1,109,325		-	
Change of project obligations	622,122		-	
Change of other liabilities	453,810		-	
Transfer of assets and liabilities from <i>Coöperatie ICCO U.A.</i>	19,835,639-		-	
Cash flow from operational activities		6,297,874		-
Investments in tangible fixed assets	146,839-		-	
Investments in financial fixed assets	641,768-		-	
Investments in securities on balance	1,039,753		-	
Cash flow from investment activities		251,146		-
Transfer of cash and cash equivalents from <i>Coöperatie ICCO U.A.</i>	19,165,801			
Cash flow from financing activities		19,165,801		-
TOTAL		25,714,821		-
Cash and cash equivalents at the end of the financial year	25,714,821		-	
Cash and cash equivalents at the start of the financial year	-		-	
Changes in cash and cash equivalents		25,714,821		-

3.4 EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS 2013

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

The financial statements consist of the statements of *Stichting Interkerkelijke Organisatie voor Ontwikkelingssamenwerking ICCO*, with legal statutory seat in Utrecht.

The foundation is primarily involved in the reduction of poverty through development programs in the themes: Fair Economic Development, Fair Climate, Conflict Transformation & Democratization, Basic Education, Food and Nutrition Security, Basic Health, Water and ICT for Development.

The financial statements have been prepared in accordance with the Guideline 650 for Fundraising Institutions in The Netherlands.

For the execution of the *Wet Normering Bezoldiging*

Topfunctionarissen in de (semi)publieke sector (WNT) the institution complied with the Beleidsregel toepassing WNT, regarding financial eligibility.

The financial year coincides with the calendar year. The applied basic principles for the valuation of assets and liabilities and the result determination are based on historical costs, unless indicated otherwise. Income and expenditure are attributed to the period to which they pertain.

Activities Stichting ICCO and Coöperatie ICCO U.A.

Coöperatie ICCO U.A. has transferred all non-profit activities to *Stichting Interkerkelijke Organisatie voor Ontwikkelingssamenwerking, ICCO* by an Assets and Liabilities Purchase and Transfer agreement per January 1st 2013. With this agreement, the foundation had a liability to the cooperative. This liability was extinguished by the cooperative with a Deed of Donation, by which the foundation received a grant of EUR 19,835,639 from *Coöperatie ICCO U.A.* This transfer and grant explain the positive result of *Stichting ICCO*.

Going Concern

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

Transactions in foreign currency

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

Use of estimates

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

Estimates are especially applied regarding the valuation of the portfolio of loans, participations and guarantees and regarding the provisions for reorganization.

Financial instruments

Financial instruments include investments in shares and securities, trade and other receivables, cash items, loans and other financing commitments, and trade and other payables.

Financial instruments are initially recognized at fair value. After initial recognition, financial instruments are valued as described below.

Financial instruments that are held for trading

Financial instruments (assets and liabilities) that are held for trading are valued at fair value and changes in that fair value are accounted for in the statement of income and expenditure. In the first period of recognition, attributable transaction costs are included in the statement of income and expenditure as expenditure.

Securities

ICCO has a treasury policy stating the responsibilities and controls regarding management of securities and savings. The portfolio has to meet a set of sustainability criteria that measure the level of effort invested in achieving results regarding their social and environmental policies. ICCO's treasury strategy is to have 25% shares (minimum of 15% and maximum of 35%) and 75% euro denominated bonds (minimum of 65% and maximum of 85%).

To the extent that these are listed on a stock exchange, loans and bonds are valued at fair value. Changes in that fair value are accounted for in the statement of income and expenditure. Loans and bonds that are not listed on a stock exchange will be valued at their amortized cost price on the basis of the effective interest method, less extraordinary depreciation loss.

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

Provided loans and other receivables

Provided loans and other receivables are valued at their amortized cost price on the basis of the effective interest method, less impairment losses.

Other financial commitments

Financial commitments that are not held for trading are valued at amortized cost on the basis of the effective interest rate method.

Tangible fixed assets

The tangible fixed assets are valued at their acquisition price less the cumulative depreciations and impairment losses. The depreciations will be calculated as a percentage of the acquisition price according to the linear method on the basis of the economic lifespan, taking into account the residual value, if any.

The depreciation percentages applied are:
 Inventory and installations - 10% or 20%
 Hardware and software – general 33%
 Hardware and software – ERP system 20%
 Company Cars: 33%

All tangible fixed assets are used for organizational purposes.

Financial fixed assets

Subsidiaries in which significant influence can be exercised on the business and financial policy are valued according to the equity method on the basis of the net asset value. The valuation principles of the foundation will be used to determine the net asset value. Holdings with a negative net asset value will be valued at nil and ICCO will make a provision for its share in the negative equity capital of these subsidiaries in case of liabilities for debts of the subsidiary.

Subsidiaries in which no significant influence can be exercised are valued at their acquisition price or their permanently lower going-concern value. Dividends are accounted for in the period in which they are made payable. Interest income is accounted for in the period in which it is achieved, taking into account the effective interest rate of the relevant asset. Profits and losses, if any, are accounted for under financial income and expenditure.

The financial fixed assets are presented net from the provisions for losses in the portfolio of loans and participations.

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

Impairment

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

Reserves

Continuity reserve

The continuity reserve has been created to safeguard the continuity in case of (temporary) highly disappointing income. The amount reserved is found to be sufficient to cover for liabilities from third parties, liabilities from personnel and other short term risks. This is in accordance to the *Vereniging van Fondsenwervende Instellingen (VFI)* guidelines for Financial Management.

Appropriation reserve

The appropriation reserve has been created with funding acquired from the National Postcode Lottery. The limited deployment options of the appropriation reserve have been determined by the Executive Board and are not an obligation. The Executive Board can lift these limitations itself.

Funds

Appropriation funds

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

- Project appropriation fund: concerns funding received for a specific project appropriation as indicated by third parties.
- Guarantee appropriation fund (pertaining to ICCO's program objectives): concerns a fund to cover the guarantee obligations which exceed the level of the guarantee provisions made.
- Loans and participations appropriation fund (pertaining to ICCO's program objectives): concerns a fund to cover provided loans and participating interests above the level of the risk provisions taken for loans and participating interests.
- MFS interest appropriation fund: concerns interest received on MFS funds that, pursuant to the grant scheme will be fully spent on the MFS objectives in the future.

Provisions

Provisions are measured at nominal value.

Guarantee obligations provision

ICCO provides guarantees to (bank) institutions, which use this to provide loans to third parties. A provision has been recognized for the guarantees provided by ICCO, which is based on a risk assessment of country risk, project risk and global economy risk. In calculating the provision, the payment behavior of the relevant partner is also taken into account.

Reorganization provision

In 2009, within the framework of the decentralization process, ProCoDe, a Redundancy Package for the employees who were redundant at the Utrecht office was agreed upon. In addition, within the framework of the reorganization process under MFS2, another Redundancy Package for the employees who were

made redundant at the Utrecht office was agreed upon. The calculated provisions have been based on the number of redundant FTEs and the expected cost of termination and dismissal.

Employee benefits/pensions (pledged contribution scheme)

Liabilities related to contributions to pension schemes on the basis of pledged contributions are included in the statement of income and expenditure in the period in to which the contributions refer.

Income

Government grants

Government grants are credited to the statement of income and expenditure of the year in which the subsidized deployment takes place.

Funds from the MFS2 program of the Dutch Ministry of Foreign Affairs are received through *Coöperatie ICCO U.A.* For guarantees, loans, participations and inventories the amounts that are added to the risk provisions and the residual part of the amounts pursuant to provided principals and guarantees are accounted for as income and appropriated to the guarantees appropriation fund and the loans and participations appropriation fund through result appropriation.

Income from our own fundraising activities/ Income from third-party campaigns

This income is credited to the statement of income and expenditure in the year in which the income is received or pledged.

Income from investments

This income is credited to the statement of income and expenditure in accordance with the abovementioned valuation principles of financial instruments. Income out of interest from cash and cash equivalents is included in the statement of income and expenditure of the year to which it pertains.

Interest received on the bank account that is specifically used for income and payments related to the MFS program are added to the MFS appropriation fund through result appropriation.

Expenditure

In the statement of income and expenditure, the costs of ICCO's own activities are subdivided as

follows: spent on objectives, fundraising costs and management and administration costs. The allocation principles used by ICCO and the allocation methods to determine this subdivision have been detailed in the explanatory notes to the financial statements.

Spent on objectives

These expenditures consist of grants to third parties, contributions and execution costs. The expenditure due to grants to third parties is charged to the statement of income and expenditure in the year in which ICCO agrees to the grants and/or makes the contribution.

In 2013 the MFS commitments to partners for 2014 were confirmed and therefore the amounts planned for 2015 and further were not included in the project commitments. This has consequences for income, expenditure, receivables and payables with MFS funds. The expenditure and income related to MFS2 grant in the financial statements therefore consist of both:

- The expenditure due to grants to third parties (ICCO's share of the grant) charged to the statement of income and expenditure in the year in which ICCO agrees to the grants and/or makes the contribution and the funds are confirmed; and
- The expenditure for the liability resulting from the budget allocated to the Alliance members charged to the statement of income and expenditure in the year in which ICCO receives the MFS2 budget from the Ministry of Foreign Affairs.

The following applies specifically to the guarantees provided by ICCO: ICCO will designate an amount pertaining to the risk of the relevant guarantee actually leading to expenditure as expenditure in the year in which the guarantee is provided. In ICCO's balance sheet, the possible liabilities that arise from the provided guarantees are reflected in the guarantee obligations provision. The financial consequences of changes in the risks pertaining to the provided guarantees and/or the amount in guarantees provided lead to an adjustment of the provision in the year in which the change occurs. Additions to and/or deductions from the guarantee obligations provision are processed through the "Spent on objectives" item in the statement of income and expenditure.

The following applies specifically to the payments made by ICCO related to loans and participations: ICCO will designate an amount pertaining to the risk

of value depreciation of the relevant asset as expenditure in the year in which the value depreciation occurs. In ICCO's balance sheet, the possible value depreciations are reflected in the loans and participations provision (this provision is balanced against the level of the loans and participations). The financial effect of changes in the risks and/or the amount of outstanding loans and participations leads to an adjustment of the provision in the year in which the change occurs. Additions to and/or deductions from the loans and participating interests provision are processed through the "Spent on objectives" item in the statement of income and expenditure.

The execution costs are charged to the statement of income and expenditure in the year to which they pertain.

Fundraising costs

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

Management and administration costs

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

Cash Flow Statement

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

Cash and cash equivalents consist of current accounts in The Netherlands and for the regional offices, saving accounts and cash held at the global or regional offices. The bank balance of the Investment account is classified as cash and cash equivalents.

3.5 EXPLANATORY NOTES TO THE ITEMS ON THE BALANCE SHEET

1 TANGIBLE FIXED ASSETS

The movement of this item is as follows:

€	INVENTORY AND INSTALLATIONS	HARD- AND SOFTWARE GENERAL	HARD- AND SOFTWARE ERP SYSTEM	COMPANY CARS	TOTAL
Book value as per 1-1-2013	-	-	-	-	-
Transfer of assets from <i>Coöperatie ICCO U.A.</i>	149,686	224,194	113,588	91,465	578,933
Acquisitions and desinvestments	4,919	100,026	15,146	26,748	146,839
	<u>154,605</u>	<u>324,220</u>	<u>128,734</u>	<u>118,213</u>	<u>725,772</u>
Depreciation	35,802	131,006	43,828	59,455	270,090
Book value as per 31-12-2013	<u>118,803</u>	<u>193,214</u>	<u>84,906</u>	<u>58,758</u>	<u>455,682</u>
Cumulative acquisition value	1,011,438	1,287,048	1,416,400	235,503	3,950,389
Cumulative depreciation and other impairment	892,635-	1,093,833-	1,331,494-	176,745-	3,494,707-
Book value as per 31-12-2013	<u>118,803</u>	<u>193,215</u>	<u>84,906</u>	<u>58,758</u>	<u>455,682</u>

The investments relate to hardware acquired for the global office and the regional office Southern Africa and company cars bought for the regional offices Central America and Southern Africa.

2 FINANCIAL FIXED ASSETS

Loans and participations

The movement of this item, excluding the provision for loans and participating interests, is as follows:

	31-12-2013	31-12-2012
	€	€
Balance as per 1 January	-	-
Transfer of assets from <i>Coöperatie ICCO U.A.</i>	4,378,675	-
Provided	986,902	-
	5,365,577	-
Repayments	345,134-	-
Devaluation	650,277-	-
BALANCE AS PER 31 DECEMBER	4,370,166	-

The repayment relates to sold participation in the Oikocredit Seed Capital Fund. The devaluation in 2013 relates mainly to write-offs of loans.

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

	31-12-2013	31-12-2012
	€	€
Balance as per 1 January	-	-
Transfer of assets from <i>Coöperatie ICCO U.A.</i>	2,229,150	-
Movements in provision	704,314	-
Balance as per 31 December	2,933,464	-
BALANCE OF LOANS AND PARTICIPATING INTERESTS INCLUDING PROVISION	1,436,702	-

The provision for the financial fixed assets is based on a risk assessment of country risk, project risk and global economy risk.

3 ACCOUNTS RECEIVABLE AND ACCRUED INCOME

The specification of this item is as follows:

	31-12-2013	31-12-2012
	€	€
Donors	32,481,228	-
Income from securities and interest	238,586	-
Receivables from employees	87,633	-
Other receivables, prepayments and accrued income	1,366,146	-
	34,173,593	-

Donors

This item concerns the amounts to be received from *Coöperatie ICCO U.A.* regarding the MFS2 grant and other amounts to be received based on the approval given by EU, DGIS and third parties concerning special project grants. The amounts to be received from the cooperative regarding MFS grants are to be used after 2013 to finance payments resulting from project commitments, provisions and allocation of the appropriation funds guarantees, loans and participations as stated in the balance sheet at December 31st 2013.

Other receivables, prepayments and accrued income

This item consists of general accounts receivable and receivables regarding costs transferred to other parties such as the participants in *Coöperatie ICCO U.A.*

4 SECURITIES

The composition of this item is as follows:

	2013		2012	
	€	%	€	%
Stocks	1,359,451	26.6%	-	0,0%
Bonds	3,677,175	72.0%	-	0,0%
Oikocredit participation	67,388	1.3%	-	0,0%
BALANCE AS PER 31 DECEMBER	5,104,014	100%	-	0%

	STOCKS	BONDS AND SUB-ORDI- NATED LOANS	PARTICI- PATION OIKOCREDIT	TOTAL
	€	€	€	€
Book value as per 1 January	-	-	-	-
Transfer of assets from <i>Coöperatie ICCO U.A.</i>	1,451,888	4,553,228	66,091	6,071,207
Acquisitions	624,376	1,377,427	-	2,001,803
Dividend payment in participations	-	-	1,297	1,297
	2,076,264	5,930,655	67,388	8,074,307
Sales	942,903-	2,099,950-	-	3,042,853-
	1,133,361	3,830,705	67,388	5,031,454
Value changes of the share price as a result of valuation	226,090	153,530-	-	72,560
BOOK VALUE AS PER 31 DECEMBER	1,359,451	3,677,175	67,388	5,104,014

The return consists of the following components:

	DIVIDEND AND INTEREST	UNREALISED PROFIT	REALISED PROFIT	TOTAL
	€	€	€	€
Stocks	36,234	226,090	37,757	300,081
Bonds	134,973	153,530-	7,644-	26,200-
Participating interest	1,309	-	-	1,309
	172,516	72,560	30,113	275,190
Interest cash and cash equivalents				47,405
TOTAL INCOME FROM INVESTMENTS				322,595

The securities are at the free disposal of the cooperative.

Stocks, bonds and subordinated loans

The stocks, bonds and subordinated loans have been valued at the current share price at the end of the year. The value changes are accounted for under "Income from investments". At the end of the year, the nominal value of the bonds amounts to EUR 3.45 million.

Oikocredit participating interest

The Oikocredit participating interest is included at nominal value.

5 CASH and CASH EQUIVALENTS

The specification of this item is as follows:

	31-12-2013		31-12-2012	
	€	€	€	€
Banks	25,689,746		-	
Cash	25,075		-	
		25,714,821		-

The balance of cash and cash equivalents includes an amount of restricted cash of EUR 5,211,328. The banks of the foundation have blocked these amounts for outstanding guarantees arising from loans, participations and guarantees and also from donors such as the European Union.

6 RESERVES

Continuity reserve

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

	31-12-2013	31-12-2012
	€	€
Balance as at 1 January	-	-
Less/plus: from appropriation of results	4,374,971	-
BALANCE AS AT 31 DECEMBER	4,374,971	-

The appropriation of results to the Continuity reserve relate to the Deed of Donation of *Coöperatie ICCO U.A.* (EUR 4,090,036) and the result of investments (EUR 284,935).

Appropriation reserve

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

	31-12-2013	31-12-2012
	€	€
Balance as at 1 January	-	-
Less/plus: from appropriation of results	995,415	-
BALANCE AS AT 31 DECEMBER	995,415	-

The movements in this reserve relate to the Deed of Donation from *Coöperatie ICCO U.A.* (EUR 803,789) and the actual movement of income and expenditure for this reserve in 2013 of EUR 191,626.

The appropriation reserve as at 31 December 2013 consists of the funds received from the National Postcode Lottery, for which the Executive Board has determined a specific purpose. In 2013 an amount of EUR 1,350,000 was recognized as income which is the contribution from National Postcode Lottery over the year 2012, received in 2013. An amount of EUR 1,158,374 was spent on projects and overhead.

With the balance of EUR 995,415 a loan of EUR 650,000 was provided to FairClimateFund B.V. in 2010. The loan serves as starting capital for the trade in Carbon Credits and the compensation of CO2 emission. The remainder was reserved by the Executive Board to enable ICCO to financially invest in innovative entrepreneurial activities. With this fund, ICCO will provide necessary start-up investments which in turn will attract entrepreneurs and other investors also to participate.

7 FUNDS

Appropriation funds concern funding received for a specific purpose as indicated by third parties. The movement of the appropriation funds is as follows:

PROJECT APPROPRIATION FUND	31-12-2013	31-12-2012
	€	€
Balance as at 1 January	-	-
Less/plus: from appropriation of results	3,899,503	-
BALANCE AS AT 31 DECEMBER	3,899,503	-

The appropriation fund projects consists of several contributions from third parties (non-governmental) which can only be used for specific purposes as specified by these parties.

The movement in the appropriation fund Projects relates to the Deed of Donation from *Coöperatie ICCO U.A.* of EUR 4,346,171 and a negative mutation in the income and expenditure of the fund in 2013 of EUR 446,668.

GUARANTEE APPROPRIATION FUND	31-12-2013	31-12-2012
	€	€
Balance as at 1 January	-	-
Less/plus: from appropriation of results	6,860,497	-
BALANCE AS AT 31 DECEMBER	6,860,497	-

The movement in the appropriation fund Guarantees consists of the income resulting from Deed of Donation from *Coöperatie ICCO U.A.* (EUR 8,394,978) and the decrease of the fund resulting from a lower liability in the guarantee portfolio as at December 31st of EUR 1,534,481.

LOANS AND PARTICIPATIONS APPROPRIATION FUND	31-12-2013	31-12-2012
	€	€
Balance as at 1 January	-	-
Less/plus: from appropriation of results	1,436,702	-
BALANCE AS AT 31 DECEMBER	1,436,702	-

The movement in the appropriation fund Guarantees consists of the income resulting from Deed of Donation from *Coöperatie ICCO U.A.* (EUR 2,308,650) and the decrease of the fund by of EUR 871,948 resulting from a higher provision for loans and participations and a lower portfolio as at December 31st 2013.

APPROPRIATION FUND MFS INTEREST	31-12-2013	31-12-2012
	€	€
Balance as at 1 January	-	-
Less/plus: from appropriation of results	154,278	-
BALANCE AS AT 31 DECEMBER	154,278	-

8 PROVISIONS

The specification of the provisions is as follows:

	31-12-2013	31-12-2012
	€	€
Reorganization provision ProCoDe	1,017,898	-
Social Plan MFS 2 provision	374,616	-
Guarantee obligations	2,605,263	-
	3,997,777	-

An amount of approximately EUR 2,381,000 is due after one year.

Reorganization provision ProCoDe

In 2009, a provision was made for the costs of the Redundancy Package agreed upon for the ICCO employees who were redundant at the Utrecht office. An amount of EUR 551,569 was spent in 2013. Based on recalculation of the expected expenditure it was not necessary to make any additional provisions.

Social Plan MFS2 provision

In 2010, a provision was made for the reorganization which resulted from the severe cut of government grant. Based on the Redundancy Package agreed upon for the ICCO employees, an amount of EUR 92,942 was spent in 2013. Based on recalculation of the expected expenditure it was not necessary to make any additional provisions.

Guarantee obligations provision

This provision is determined on the basis of an assessment of the risk of a guarantee being called in, on the basis of earlier experience figures. In these figures, the risk per country is taken into account, where necessary increased with the risk per partner, based on the partner's payment behavior. On December 31st 2013, ICCO guarantees payment of an amount of EUR 9,465,760. The risk assessment consists of country risk, project risk and global economy risk. The total risk of the portfolio amounts to 28%. Changes in the provision go through the statement of income and expenditure.

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

	31-12-2013	31-12-2012
	€	€
Balance as at 1st January	-	-
Transfer of liabilities from Coöperatie ICCO U.A.	2,791,309	-
Less: Called guarantees	391,521-	-
Plus: Addition to provision	205,475	-
BALANCE AS AT 31 DECEMBER	2,605,263	-

The reduction of the provision was mainly due to a reduction of the portfolio.

9 LONG-TERM LIABILITIES

This item consists of long-term project commitments.

	31-12-2013	31-12-2012
	€	€
Project commitments		
2015	9,258,977	-
2016 and further	3,812,913	-
	13,071,890	-

10 CURRENT LIABILITIES

The specification of this item is as follows:

	31-12-2013	31-12-2012
	€	€
Project commitments	27,269,886	-
Project related commitments	996,295	-
Accruals and deferred income	1,736,931	-
Accounts payable	343,446	-
Security contributions	482,771	-
Reservation for holiday allowance	215,626	-
Provision for holidays	258,382	-
Amounts owed to staff	88,981	-
Other liabilities	701,461	-
	32,093,779	-

Project commitments

Project commitments consist of subsidy contracts with partners related to the objectives payable on short term. Commitments payable after one year are reported under long-term liabilities.

Accruals and deferred income

Accruals and deferred income are higher in 2013 due to contributions received in advance from alliance partners and donors related to organizational costs and PME.

Related Parties

Stichting ICCO is related to *Coöperatie ICCO U.A.* The cooperative is the lead agent in the ICCO Alliance and funds from the Ministry of Foreign Affairs are received through the cooperative. As at December 31st 2013 *Stichting ICCO* has an amount of EUR 15,855,800 receivable from *Coöperatie ICCO U.A.* regarding MFS funds and transferred organizational costs. We refer to the paragraph in the general basic principles for preparation of the financial statements and principal activities, in which the activities between the foundation and *Coöperatie ICCO U.A.* are explained and the consequences of the Deed of Donation between these parties.

In a limited number of cases ICCO has a seat in the board of organizations in which ICCO has a participation. ICCO has no significant influence on these parties. The participations held by ICCO are related to the objectives.

Liabilities not included in the balance sheet

- Multiannual financial liabilities:

Rental agreement PKN / PLD

A rental agreement was entered into with the PKN, for a period of 5 years. ICCO and Kerk in Actie jointly rent 1,858 m². This agreement is adjusted in 2013 for 2013-2015, based on reduction to 1,283 m² and a total rental price of EUR 560,000, which includes rent of the building and conference rooms.

- Liabilities to subsidize liabilities of third parties:

Issued bank guarantees

As at December 31st 2013, ICCO has issued bank guarantees for an amount of EUR 5,211,328. An amount of EUR 2,572,454 of this pertains to guarantees (including above mentioned ING Loan guarantee) and are part of the amount of provided guarantees of EUR 9,465,760 as included in explanation number 8 to these financial statements. The remaining EUR 2,638,874 concerns the value of bank guarantees for liabilities that were not included in the balance sheet.

- Conditional project commitments

As a result of a new contract condition added in 2011 for the MFS funded projects all MFS commitments after the first calendar year were made conditional to confirmation of ICCO. In 2013 the MFS commitments for 2014 were confirmed but commitments for 2015 and further are conditional and therefore not included in the financial statements of 2013. The conditional project commitments as per December 31st 2013 are:

CONDITIONAL COMMITMENTS	
ICCO Alliance	4,915,169
WASH Alliance	65,000
Connect4Change Alliance	216,000
TOTAL	5,196,169

3.6 EXPLANATORY NOTES TO THE ITEMS ON THE STATEMENT OF INCOME AND EXPENDITURE

11 INCOME

	ACTUAL 2013		ACTUAL 2012	
	€	€	€	€
Subsidies of governments				
BUZA MFS via ICCO Coöperatie U.A.				
- ICCO Alliance	52,883,490		-	
- WASH Alliance	1,727,177		-	
- Connect4Change Alliance	931,358		-	
DGIS - special projects	17,529,020		-	
PSO	78,305		-	
Total Dutch government	73,149,349		-	
EU subsidies	4,369,553		-	
		77,518,902		-
Income from third party campaigns		7,630,865		-
Other income/ interest MFS				
Interest cash and cash equivalents MFS	154,278		-	
Income Loans, Participations & Guarantees	515,188		-	
Other income	19,941,992		-	
		20,611,458		-
Investments income				
Result investments	275,190		-	
Interest cash and cash equivalents	47,405		-	
		322,595		-
Income from own fundraising activities		520,210		-
TOTAL INCOME		106,604,030		-

General

The recognized income includes any organizational costs.

Subsidies of governments

The income from grants is composed by income from the Dutch government's co-financing program (MFS2) received through *Coöperatie ICCO U.A.*, income from DGIS and the EU.

Within the MFS2 program ICCO participates in three Alliances: the ICCO Alliance (as lead agent), the WASH Alliance and the Connect4Change Alliance. In 2013, an amount of EUR 65,753,271 was pledged for the whole ICCO Alliance.

An amount of EUR 40,831,408 was recognized as income for ICCO as a result of project commitments and as coverage for organizational costs. As of 2011 the MFS funds transferred to our ICCO Alliance partners are recognized as income (and expenditure). In 2013 this represents an addition of income of EUR 12,052,082.

For the WASH and Connect4Change Alliances ICCO recognized respectively EUR 1,727,177 and EUR 931,358 as income.

For DGIS an amount of EUR 17,529,020 was recognized as income as a result of new project funds raised mainly by the regional offices Central and Eastern Africa, South Asia and Central America. An amount of EUR 4,369,553 was recognized as income from the European Union as a result of new project commitments approved by the EU.

Income from third party campaigns

Income from third party campaigns includes funds received from Stop Aids Now!, National Postcode Lottery, Rabobank Foundation, Albert Heijn Foundation, Church of Sweden and others. The amounts pledged by Stop Aids Now! and National Postcode Lottery are respectively EUR 500,000 and EUR 1,350,000. ICCO received an amount of EUR 86,050 from Church of Sweden in 2013.

Other Income

Other Income consists mainly of the income resulting from the Assets and Liabilities Purchase and Transfer agreement between *Coöperatie ICCO U.A.* and the foundation. With this agreement, the foundation had a liability to the cooperative. This liability was extinguished by the cooperative with a Deed of Donation, by which the foundation received a grant of EUR 19,835,639 from *Coöperatie ICCO U.A.*, which has an expenditure of the same amount.

The income in the foundation allocated to the reserves and funds through result appropriation. This transaction was necessary to transfer all NGO activities of *Coöperatie ICCO U.A.* to *Stichting Interkerkelijke Organisatie voor Ontwikkelingssamenwerking, ICCO.*

Income from our own fundraising activities

This amount includes the estates received for the benefit of ICCO, as well as other fundraising income, such as donations, legacies and contributions.

12 EXPENDITURE

The expenditure on the objectives is divided over the themes as follows:

MAIN OBJECTIVES	ACTUAL 2013		ACTUAL 2012	
	€	€	€	€
Fair Economic Development				
Program Costs	15,808,266		-	
Execution costs	3,222,638		-	
		19,030,904		-
Fair Climate				
Program Costs	3,157,561		-	
Execution costs	550,946		-	
		3,708,507		-
Conflict Transformation & Democratisation				
Program Costs	13,420,013		-	
Execution costs	1,943,512		-	
		15,363,525		-
Basic Education				
Program Costs	4,383,225		-	
Execution costs	336,752		-	
		4,719,977		-
Food and Nutrition Security				
Program Costs	22,579,773		-	
Execution costs	1,829,735		-	
		24,409,509		-
Basic Health & HIV/Aids				
Program Costs	948,171		-	
Execution costs	269,218		-	
		1,217,389		-
Water				
Program Costs	1,424,297		-	
Execution costs	194,576		-	
		1,618,873		-
ICT for Economic Development				
Program Costs	611,358		-	
Execution costs	227,601		-	
		838,959		-
Planning, Monitoring and Evaluation				
Program Costs	492,344		-	
Execution costs	11,916		-	
		504,261		-
Alliance Partners				
Program Costs	12,052,082		-	
Execution costs	-		-	
		12,052,082		-
Total Spent on the objectives				
Program Costs	74,877,091		-	
Execution costs	8,586,894		-	
TOTAL PROGRAM COSTS		83,463,985		-
Payments in the financial year		73,911,302		-
Changes in the project commitments to partners, reorganization provision, warranty provision, loans provision and participating interests and execution costs		9,552,683		-
TOTAL		83,463,985		-

Expenditure on Disaster Management and Rehabilitation

IN 1,000 EUR	2013	2012	2011
Expenditure on Disaster Management and Rehabilitation	7,605	-	-
Income from own fundraising activities	520	-	-

The expenditure on Disaster Management and Rehabilitation projects is not presented as a separate objective but is spread over the objectives they relate to. The total expenditure that can be classified as Disaster Management and Rehabilitation is EUR 7,604,923.

Expenditure Utilization Rate

	ACTUAL 2013	BUDGET 2013	ACTUAL 2012
	€	€	€
Total spent on objectives	83,463,985	81,175,874	-
Total expenses	88,882,664	85,603,210	-
Expenditure utilization rate	94%	95%	-

The expenditure utilization rate was determined by dividing the total amount spent on the objectives by the total expenditure.

Income Utilization Rate

	ACTUAL 2013	BUDGET 2013	ACTUAL 2012
	€	€	€
Total spent on objectives	83,463,985	81,175,874	-
Total income	106,604,030	85,663,210	-
Income utilization rate	78%	95%	-

The income utilization rate was determined by dividing the total amount spent on the objectives by the total income. This rate is relatively low because of the income recognized as a result of the Deed of Donation from Coöperatie ICCO U.A. of EUR 19,835,639.

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

13 FUNDRAISING

	ACTUAL 2013	ACTUAL 2012
	€	€
Fundraising subsidies	1,314,138	-
Fundraising third party campaigns	461,724	-
	1,775,862	-

The costs for fundraising include costs made to obtain subsidies and income from third party campaigns. In 2013 no expenditure was made on fundraising activities in the private sector.

3.7 EXPLANATION OF THE EXPENDITURE ALLOCATION

Specification and allocation of expenditure according to their appropriation:

List C

All amounts * EUR 1,000

	SPENT ON THE OBJECTIVES					
	EDUCATION	HEALTH HIV/AIDS	CT&D	CLIMATE	FED	FOOD
Expenditures objectives	4,383	948	13,420	3,158	15,808	22,580
Publicity and Communication costs C1	27	9	92	19	139	140
Personnel costs C2	212	216	1,474	398	2,540	1,181
Direct costs C3	15	10	101	58	174	47
Housing costs C4	14	8	74	54	82	148
Office- and general costs C5	54	20	165	11	238	250
Depreciations and interest C6	15	6	37	11	49	63
Execution Costs	337	269	1,944	551	3,223	1,830
TOTAL EXPENSES	4,720	1,217	15,364	3,709	19,031	24,410

SPENT ON THE OBJECTIVES						
	ICT	WATER	PME	ALLIANCE PARTNERS	TOTAL OBJECTIVES	
Expenditures objectives	611	1,424	492	12,052		74,877
Publicity and Communication costs C1	12	14	0	-		452
Personnel costs C2	168	142	5	-		6,337
Direct costs C3	11	9	0	-		425
Housing costs C4	11	26	2	-		420
Office- and general costs C5	21	4	3	-		767
Depreciations and interest C6	5	0	1	-		186
Execution Costs	228	195	12	-		8,587
TOTAL EXPENSES	839	1,619	504	12,052		83,464

FUNDRAISING COSTS						
	THIRD PARTY CAMPAIGNS	SUBSIDIES	M&A	TOTAL 2013	BUDGET 2013	TOTAL 2012
Expenditures objectives	-	-	-	74,877	74,568	-
Publicity and Communication costs C1	104	281	232	1,068	862	-
Personnel costs C2	317	856	2,623	10,133	7,384	-
Direct costs C3	19	52	253	750	574	-
Housing costs C4	12	32	231	694	881	-
Office- and general costs C5	24	65	235	1,090	1,083	-
Depreciations and interest C6	4	11	69	270	252	-
Execution Costs	479	1,296	3,643	14,006	11,036	-
TOTAL EXPENSES	479	1,296	3,643	88,883	85,603	-

The allocation of expenditure between the amounts spent on the objectives, on fundraising and on management & administration (M&A) is based on the actual expenditure on partner contracts as well as on time registration and FTEs. Regarding the Execution Costs a separate analysis was made per cost centre of the applicable percentages of costs that can be allocated to each theme, M&A and fundraising, based on time registration or on number of FTEs. The allocation method used for division of expenditure among the themes, M&A and fundraising is in accordance with the VFI guidelines. The M&A costs as a percentage of total expenditure is 4.1%.

Organization costs under expenditures objectives

An amount of EUR 3,757,349 justified under expenditures on the objectives is related to organization costs directly related to these objectives. These costs can be divided as follows:

2013	
C1 - Publicity and Communication costs	155,200
C2 - Personnel Costs	1,735,550
C3 - Direct Costs	1,291,858
C4 - Housing Costs	185,711
C5 - Office and General Costs	318,647
C6 - Depreciation Costs	70,384
	3,757,350

C1 Publicity and Communication Costs

	ACTUAL 2013		BUDGET 2013		ACTUAL 2012	
	€	€	€	€	€	€
Communication costs	1,059,602		862,081		-	
Documentation costs	8,787		-		-	
	1,068,389		862,081		-	

The communication costs are higher than budgeted especially in de Regional Office Central Asia and Central and Eastern Africa because of the costs made for DGIS projects.

 **Personnel Costs**

	ACTUAL 2013		BUDGET 2013		ACTUAL 2012	
	€	€	€	€	€	€
Salaries	9,044,079		8,147,388		-	
Holiday allowance and year-end bonus	1,108,765		1,172,019		-	
Social security charges	1,404,180		1,548,083		-	
Pension contributions	1,148,159		997,502		-	
Staff costs		12,705,183		11,864,992		-
Hiring of staff	471,498		15,000		-	
Compensations according to employment conditions	215,318		238,144		-	
Recruitment and selection	151,919		71,815		-	
Education and training	142,782		371,526		-	
Other direct staff costs	305,387		366,293		-	
Direct staff costs		1,286,904		1,062,778		-
Outplacement	448,221		-		-	
Occupational health and safety service, prevention and safety	23,649		-		-	
Other indirect staff costs	120,503		228,701		-	
Indirect staff costs		592,373		228,701		-
Total staff costs	14,584,459		13,156,471		-	
Less: settlement with projects and partners	2,746,175-		3,330,445-		-	
Less: withdrawal provision reorganization	644,511-		-		-	
Less: charged on to third parties	1,060,877-		2,442,485-		-	
	10,132,896		7,383,541		-	

At the end of 2013, 329 FTEs were employed at ICCO of which 100 in the Global Office in Utrecht and 229 at the Regional Offices. In 2013, the average total staffing amounted to 310 FTEs.

In 2013, the average cost per FTE for salaries, social charges and pensions was EUR 37,773.

Hiring personnel

The costs for hiring temporary workers are significantly higher than budgeted. The difference is related to the charges of personnel of PKN to ICCO which were budgeted under staff costs. Also the costs related to replacement due to sickness were higher than budgeted.

Compensations related to employment conditions

This item contains compensation paid to employees as laid down in the employment conditions. This includes: commuting allowance, anniversary bonuses, relocation allowances, childcare, the company savings scheme and the fixed expense allowance.

Recruitment and selection

This item was higher than budgeted due to unforeseen recruitment costs in India and Bangladesh.

Outplacement

Costs of outplacement are presented in this table but partially charged to the provisions for reorganization, as stated in the line "withdrawal provision reorganization".

Settlements with projects, partners and third parties

This item includes the costs transferred to PKN, NPM, MicroNed, Terrafina, IDH and others. It also includes the execution costs made regarding donor projects (such as EU, DGIS funded) which are charged to these donors. The personnel expenses are accounted for in the respective budget line and subsequently transferred.

C3 Direct costs

	ACTUAL 2013		BUDGET 2013		ACTUAL 2012	
	€	€	€	€	€	€
Travel- and accomodation expenses	1,600,347		1,345,098		-	
External advisors	683,447		171,475		-	
Other direct costs	441,003		242,356		-	
	2,724,797		1,758,929		-	
Passed on to projects and partners	1,975,273-		1,185,084-		-	
	749,523		573,845		-	

Costs passed on to projects and partners

These costs refer to settlements of direct costs with partners such as NPM, Microned and PKN and with projects. In 2013 a significantly higher amount was charged to projects and partners. The increase in costs as well as the increase in the amount charged to project relates mainly to new projects with DGIS and EU and other donors whose costs were primarily administrated in cost centers and afterwards charged to projects.

C4 Housing costs

	ACTUAL 2013		BUDGET 2013		ACTUAL 2012	
	€	€	€	€	€	€
Housing costs	694,248		880,805		-	

The housing expenses consist of the rented office spaces for the global office and those of the regional offices worldwide. Part of the costs is transferred to subtenants.

C5 Office and general costs

	ACTUAL 2013		BUDGET 2013		ACTUAL 2012	
	€	€	€	€	€	€
Office costs	714,701		542,768		-	
Costs of ICT	265,261		420,571		-	
Audit and consultancy costs	340,335		304,203		-	
Legal and organizational advice	262,711		57,156		-	
Supervisory Board and Regional Councils	53,423		58,500		-	
Partnerships	59,934		54,406		-	
Other indirect costs	314,315		127,582		-	
	2,037,681		1,565,186		-	
Passed on to projects and partners	947,255-		482,351-		-	
	1,090,426		1,082,835		-	

Office costs

This item accounts for the costs of general printed matter, telephone, postal charges and other costs charged to ICCO by the PKN Services Organization. The office costs are higher due to not budgeted currency losses.

Legal and organizational advice

The costs for legal and organizational advice were higher among others because of organizational advice sought for the implementation of a Shared Service Center and legal advice for the establishment of an investment fund.

Other indirect costs

The other indirect costs are higher due to Income Tax and Service Tax which was due regarding previous years in India. Besides, an amount of EUR 147,224 was charged to this item regarding the Vocational Education and Training program financed by the EU. This amount was subsequently transferred to a project.

Costs passed on to projects and partners

Especially the Regional Offices showed an increase in costs passed on to projects because of the office and general costs of a few new DGIS and EU projects which were charged to the respective projects at the end of the year.

C6 Depreciation tangible fixed assets

	ACTUAL 2013		BUDGET 2013		ACTUAL 2012	
	€	€	€	€	€	€
Inventory and installations	35,802		32,538		-	
Hardware and software - general	131,006		119,063		-	
Hardware and software - ERP system	43,828		39,833		-	
Company cars	59,455		61,063		-	
		270,090		252,497		-

3.8 REMUNERATION EXECUTIVE BOARD AND SUPERVISORY BOARD

In 2013, the organization was managed by an Executive Board consisting of two directors, a chairman and a member. The Supervisory Board considers the employment conditions of the Executive Board to be in accordance with the ICCO policy on remuneration of the Executive Board. Furthermore the remuneration meets the requirements of the Ministry of Foreign affairs for assignment of MFS2 grants and comply with the *Wet Normering Topbestuurders (WNT)*.

NAME POSITION	MARINUS VERWEIJ CHAIR	WIM HART MEMBER
EMPLOYMENT CONDITIONS		
Nature	Definite	Definite
Number of hours	36	32
Part-time percentage	100	89
Period	1/1-31/12	1/1-31/12
REMUNERATION		
Gross wages	126,975	111,649
Taxable reimbursements	5,143	9,948
Pension charges (employer part)	16,652	14,639
Other compensations	-	-
Remuneration WNT	148,770	136,236
Benefits regarding termination of contract	-	-
TOTAL WNT	148,770	136,236
Social charges	8,248	8,248
TOTAL REMUNERATION 2013	157,018	144,484
TOTAL REMUNERATION 2012	157,039	144,349

The gross wages of the chair of the Executive Board and the member of the Executive Board are within the maximum income according to the VFI Remuneration Requirement of respectively EUR 140,046 and EUR 124,233.

The remunerations of the chair of the Supervisory Board and the chair of the audit committee amount to EUR 3,000, and that of the other members of the Supervisory Board is EUR 1,500. The functions, tasks and ancillary positions are reported in Annex III of the Annual Report.

As per December 31st 2013 there are no loans, advances or guarantees provided to the members of the Executive and Supervisory Boards.

Utrecht, 11 July 2014

Executive Board

M. Verweij, chairman
W.D. Hart

Supervisory Board

J.F. de Leeuw, chairman
G. van Dijk
M.T.H. de Gaaij Fortman
W. Oosterom

04 INDEPENDENT AUDITOR'S REPORT

To: the Executive Board of *Stichting Interkerkelijke Organisatie voor Ontwikkelingssamenwerking, ICCO*

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements 2013 of *Stichting Interkerkelijke Organisatie voor Ontwikkelingssamenwerking, ICCO*, Utrecht, which comprise the balance sheet as at 31 December 2013, the statement of income and expenditure for the year then ended and the notes comprising a summary of the accounting policies and other explanatory information.

The Executive Board's responsibility

The Executive Board of the Foundation is responsible for the preparation and fair presentation of the financial statements in accordance with the Guideline for annual reporting 650 'Fundraising institutions' of the Dutch Accounting Standards Board and the *Beleidsregels toepassing Wet normering bezoldiging topfunctionarissen publieke en semi-publieke sector (WNT)*, and for the preparation of the Report of the Executive Board in accordance with the Guideline for annual reporting 650 'Fundraising institutions' of the Dutch Accounting Standards Board. The Executive Board is also responsible for the preparation of these financial statements in accordance with the *Beleidsregels toepassing WNT* of financial eligibility, as defined in the *Controleprotocol WNT* of the *Beleidsregels toepassing WNT*. Furthermore, the Executive Board is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing and the *Beleidsregels toepassing WNT* including the

Controleprotocol WNT. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements and the compliance to the *Beleidsregels toepassing WNT* of financial eligibility, 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies and the applied WNT requirements regarding financial eligibility used and the reasonableness of accounting estimates made by the Executive Board, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of *Stichting Interkerkelijke Organisatie voor Ontwikkelingssamenwerking, ICCO* as at 31 December 2013, and of its result for the year then ended in accordance with the Guideline for annual reporting 650 'Fundraising institutions' of the Dutch Accounting Standards Board and the *Beleidsregels toepassing WNT*.

Also, in our opinion the financial statements 2013, in all material respects, comply with the WNT requirements regarding financial eligibility, as defined in the Controleprotocol WNT of the Beleidsregels toepassing WNT.

reporting 650 'Fundraising institutions' of the Dutch Accounting Standards Board. Further, we report that the management board report, to the extent we can assess, is consistent with the financial statements.

REPORT OF THE EXECUTIVE BOARD

We have no deficiencies to report as a result of our examination, which is based on the Dutch Auditing Standard 720, whether the Report of the Executive Board, to the extent we can assess, has been prepared in accordance with the Guideline for annual

The Hague, 11 July 2014

KPMG Accountants N.V.
J.A.A.M. Vermeeren RA

05 APPROPRIATION OF NET RESULT

It is proposed to appropriate the 2013 result as follows:

APPROPRIATION OF NET RESULT	
TRANSFERRED TO / FROM:	€
Continuity Reserve	4,374,971
Appropriation reserve	995,415
Appropriation fund projects	3,899,503
Appropriation fund guarantees	6,860,497
Appropriation fund loans and participations	1,436,702
Appropriation fund MFS interest	154,278
RESULT	17,721,366

This proposal was included in the financial statements.

Subsequent events

In February 2014 the Executive Board announced its decision to conduct a reorganization of the staff which will start as of July 2014.



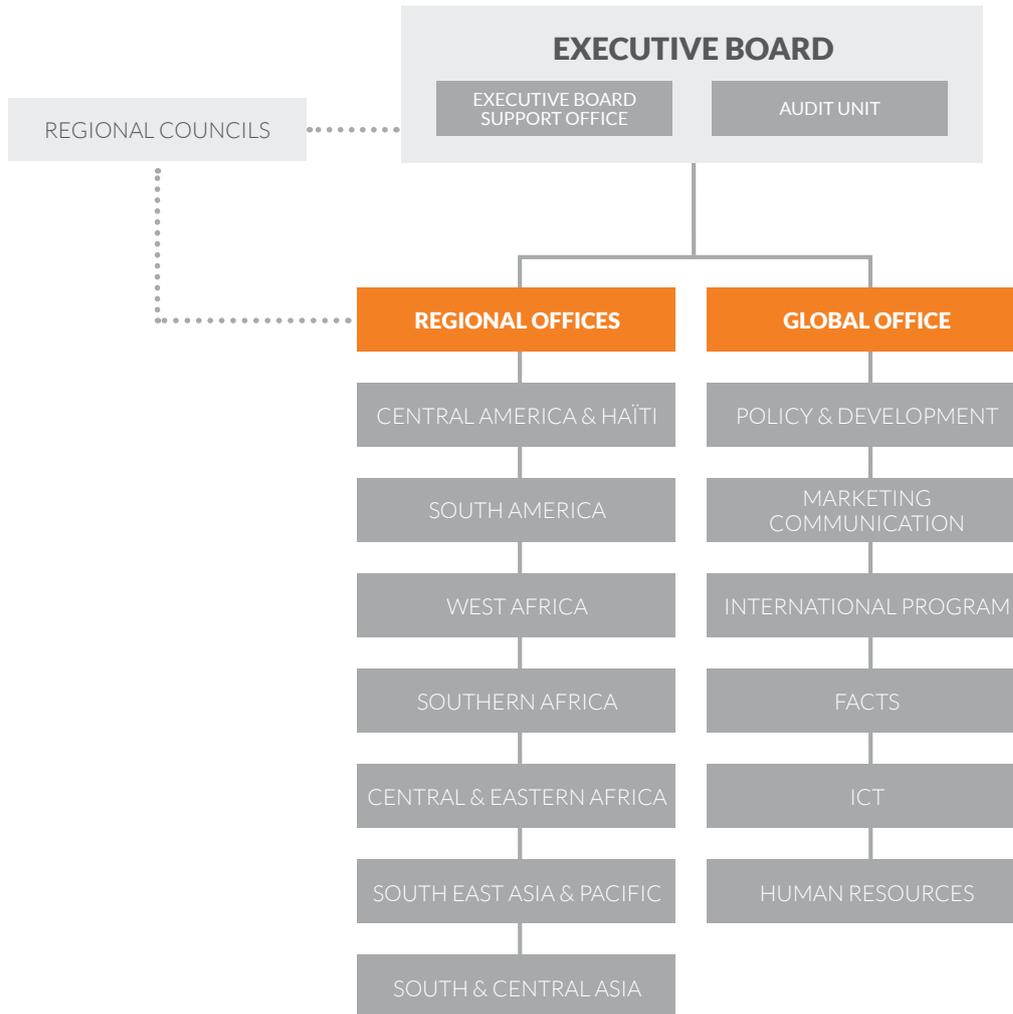
COOPERATION >

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I ORGANIZATION CHART



Via its statutes is ICCO Foundation interconnected with the governance structure of *Coöperatie ICCO U.A.* (the members of the Executive Board of *Coöperatie ICCO U.A.* are the same as the members of the Executive Board of the foundation and the annual accounts of the foundation are consolidated in the annual accounts of *Coöperatie ICCO U.A.*). ICCO Cooperation is the international brand name of the two legal entities.

II LEGAL STRUCTURE

Stichting ICCO		Foundation		
REGIONAL OFFICES	STATUS	COUNTRY OFFICES	STATUS	EXPLANATIONS
SOUTH EAST ASIA				
Denpasar, Bali	NGO			Under articles of association of Foundation ICCO
SOUTH ASIA				
Nepal	NGO			Under articles of association of Foundation ICCO
		India	Local Trust	Stichting ICCO full owner
		Bangladesh		Under articles of association of Foundation ICCO
		Pakistan		Under articles of association of Foundation ICCO
CENTRAL ASIA				
Kyrgystan	NGO			Under articles of association of Foundation ICCO
WEST AFRICA				
Mali	NGO			Under articles of association of Foundation ICCO
CENTRAL AND EASTERN AFRICA				
Uganda	NGO			Under articles of association of Foundation ICCO
		DR Congo	NGO	Under articles of association of Foundation ICCO
		South Sudan	NGO	Under articles of association of Foundation ICCO
		Rwanda	NGO	Under articles of association of Foundation ICCO
		Burundi	NGO	Under articles of association of Foundation ICCO
SOUTHERN AFRICA				
Pretoria, South Africa	Registered Non Profit Company			
		Madagascar	NGO	Under articles of association of Foundation ICCO
		Malawi	NGO	Under articles of association of Foundation ICCO
		Zimbabwe	Local Trust	
CENTRAL AMERICA				
Nicaragua	NGO			Under articles of association of Foundation ICCO
SOUTH AMERICA				
Bolivia	NGO			Under articles of association of Foundation ICCO

III GOVERNANCE STRUCTURE

TASKS OF THE EXECUTIVE BOARD

The Executive Board consists of two directors, a chairman and a member. The Executive Board oversees the Global Office (Utrecht) and the seven Regional Offices. It manages the foundation, with due observance of the interests of other interested parties. In that respect the board members shall be responsible for determining and realising the objectives and continuity of the foundation and for compliance with the legislation and regulations that apply to the foundation.

The board shall focus, inter alia, on the following areas:

- (i) the realisation of the objective of the foundation;
- (ii) the spending of the resources in an efficient and effective manner;
- (iii) fundraising methods that are efficient, effective and appropriate;
- (iv) treating volunteers with due care; and

- (v) a professional and adequate functioning of the organisation.

The task division within the Executive Board

Chair of the Executive Board: acts as chairs, is figurehead, is responsible for all external, corporate communication and is first responsible for all the acting of ICCO Cooperation. Besides, the chair has his own portfolio as agreed between the members of the Executive Board.

Member of the Executive Board: given his competence and mandate, has to be responsible for the complete internal management in the Global Office and the Regional Offices. In case of absence of the chair, replacing the chair.

Members of the Executive Board are appointed by the Supervisory Board of ICCO Coöperatie U.A..

COMPOSITION OF THE EXECUTIVE BOARD (ICCO Foundation)

Drs. M. Verweij – Chairman

(until 2014, possible renomination)

Ancillary positions:

- Chairman of the International Christian Medical and Dental association Trust (ICMDA) in UK
- Chairman of Centrum Mondiaal, a cooperative association of fifteen importers of Fair Trade products in Culemborg
- Vice-Chair of the Supervisory Board of 'LuciVer' a catholic organization for elderly care in Wychen
- Chairman of the Foundation Ministerium Medici Missionare, a small fund for medical development work
- Vice-Chair of the Durlstone Zimbabwe Foundation

W.D. Hart RA – Member

(until 2014, possible renomination)

Ancillary positions:

- Member of the Board of Foundation GBYH
- Member of the Supervisory Board of B&C International BV
- Member of the Board of the Foundation Holland Moldova
- Member of the Advisory Board of Figlo Group B.V.
- Member of the General Board of the AH Foundation
- Member of the Board of NPM
- Member of the Advisory Board of Schagen

IV ACCOUNTABILITY STATEMENT CENTRAL BUREAU ON FUNDRAISING

This statement is a summary. The complete accountability statement Central Bureau on Fundraising (CBF) is sent to the CBF and is available at the office of ICCO Cooperation.

This declaration elaborates principles of good governance for charitable organizations with regard to the separation of managing, executing and monitoring (as formulated in the Code Wijffels) in three parts.

1. SEPARATION OF MONITORING, MANAGEMENT AND EXECUTION OF THE ICCO ORGANIZATION

Because of the interlinkages in the governance structure between Coöperatie ICCO U.A. and ICCO Foundation, is in this statement also information about Coöperatie ICCO U.A. provided.

Coöperatie ICCO U.A.

From 14 November 2012, a new governance model has been introduced with the so called 'structure cooperative', with three members Edukans, coPrisma and Kerk in Actie.

The statutes provide a model with the functioning of an Executive Board, which is responsible for the realising of the (strategic) objectives, a Supervisory Board monitoring the functioning of the Executive Board (the executed policy and the substantive and financial results) and the General Assembly. The General Assembly of members meets twice a year.

An audit and a remuneration committee supports the Supervisory Board. Members of the Supervisory

Board are appointed by the General Assembly.

Advisory bodies

Advisory bodies support the Executive Board in the development of our strategy. They have an important position but are not part of the formal governance structure.

The Executive Board is advised by seven Regional Councils in three continents with respect to the strategic choices of the organization and the preparation and evaluation of the regional annual plans. These Regional Councils are composed of people from the region who are independent and have expertise in one or more areas of the organization.

Furthermore the Executive Board is advised by the directors of the members of Coöperatie U.A. On the level of international advice the Executive Board seeks advice from experts in our international network.

ICCO Foundation

In 2013, Coöperatie ICCO U.A. has decided to continue its nonprofit, often grant based work, through the new formed ICCO Foundation which functions under the governance structure of the cooperative. For this purpose ICCO renewed the statutes of the Foundation ("Stichting Interkerkelijke Organisatie voor Ontwikkelingssamenwerking, ICCO") on 27 June 2013 and transferred all assets and liabilities of the cooperative (including all staff) to the new formed ICCO Foundation. The ICCO Foundation serves and exercises all commitments, rights and obligations held and entered into previously by the *Coöperatie ICCO U.A.* in retrospective per January 1st 2013.

The statutes of the new ICCO Foundation have an identical mission and objective as the statutes of Coöperatie ICCO U.A. It is also important that in the statutes a personal union is arranged between the Executive Board of the cooperative and the Executive Board of ICCO Foundation. The ICCO Foundation is - in other words - completely under the control and responsibility of Coöperatie ICCO U.A.

2. OPTIMAL SPENDING OF FUNDS

ICCO Cooperation is not only the implementing partner of the Coöperatie ICCO U.A., but also the leading partner of the ICCO Alliance. In that context a strategic policy and business plan is developed for the years 2011-2015. Accordingly, annual plans are deducted from this policy which guide the various levels within the organization, in the Global Office in Utrecht and in the various Regional Offices.

ICCO Cooperation has several instruments to determine the effectiveness of the organization:

- * Management Information System
- * Risk analysis and Internal audits
- * ISO 9001:2008 certification.
- * Annual financial audit
- * In connection with the approval of the CBF (= Central Bureau on Fundraising) seal for beneficiary obtaining moneys from a gaming license holder per 1 January 2012, external supervision is also exercised by the CBF (in cooperation with ISO).
- * Mid-term review of the Business Plan.
- * The monitoring protocol.

3. OPTIMAL RELATIONS WITH STAKEHOLDERS

ICCO strives for optimal relations with stakeholders, focusing on disclosure and the intake and processing of requests, questions and complaints. The stakeholders of ICCO Cooperation are the donors, the alliance partners, the partner organizations, entrepreneurs and companies that cooperate with ICCO Cooperation, the Ministry of Foreign Affairs, the Dutch public (taxpayer) and the ultimate beneficiaries of our programs.

The stakeholders are provided with information in various ways. Public information is provided via the websites www.icco.nl and www.icco-cooperation.org.

These websites provide all sorts of information, such as project results and news items. The Regional Offices all have their own website which is linked to the ICCO corporate sites. Six times a year ICCO Cooperation sends e-zines in Dutch and English to her stakeholders. There is an annual report of the ICCO Alliance and the annual report of ICCO Cooperation itself. This report is sent to the Ministry of Foreign Affairs, the European Union, alliance partners and its affiliates. The annual report is on request also sent to the constituency of ICCO (e-zine readers, entrepreneurs and other stakeholders). Additionally, donors receive (including Ministries and the European Union) reports of the programs and projects to which they contribute. Entrepreneurs receive reports of projects in which they participate.

On a daily basis ICCO Cooperation communicates with her stakeholders, in particular the grass-roots support. Through social media like Twitter and Facebook, ICCO Cooperation discusses all kinds of topics, usually linked to the work of ICCO Cooperation and current affairs which are world news. ICCO Cooperation's aim is to (re)produce information that is accurate, complete, accessible and transparent for all types of media. This includes the use of photography and other images like short films. ICCO communicates internally mostly in English. General information about projects, activities and campaigns is also provided in Dutch (to Dutch constituency).

Over the past years, ICCO Cooperation has piloted client satisfaction instruments as a means to increase downward accountability among development partners and empower clients (target groups/beneficiaries) to claim their rights.

ICCO Cooperation is open to ideas, comments, requests and complaints from stakeholders concerning communication. They can contact ICCO Cooperation through various ways. For example through the staff and the Executive Board, and through the e-mail address info@icco-cooperation.org. We also provide for a response form on the website. Suggestions and requests are incorporated internally by our service desk and handled by the relevant employee for that topic. ICCO Cooperation has a complaints and appeals system which is accessible via the website.

V FORECAST 2014

Multi-annual strategic plan

The realization of the multi-annual strategic plan ('Strategy 2020: Towards a Just and Dignified World') in November 2013 was an important milestone for ICCO Foundation. It will guide ICCO in fulfilling its mission in creating a just world without poverty. We see twin core principles as fundamental: securing sustainable livelihood and justice & dignity for all. In our view they can't be separated and we seek by preference cooperation with organizations that support the interface between the two principles. In 2014 we continue to head for

- greater impact at beneficiary level and more synergy between programs
- converging and complementing with partners and stakeholders
- empowering the poor - also in middle income countries - to break through the poverty cycle
- become an enterprising partner for partners and coalitions
- secure and expand our financial resources
- know and show our results with new methodologies that foster accountability

An important aspect of the new strategy is diversification of funding instruments. Our role as strategic financier has to change, as we gradually move from solely grant based co-financing to mainly non-grant based funding. We are creating a graduation model for our partners in which we offer blended mechanisms of grants, paid services and investments.

Restructuring

February 2014 the Executive Board presented the ICCO Restructuring Plan 2014 – 2016 for advice to the Works Council. The plan takes into account two important facts for the foundation. First the approved choices in the multi-annual strategic plan towards 2020. Second the expected substantial decrease in Dutch government funding from 2016 onwards. The Restructuring Plan will give the organization a brighter future, but will inevitably affect jobs and work thoroughly.

The philosophy behind the plan is that ICCO Foundation changes into a strong core organization with the flexibility to scale up and a proper positioning to access various new financial instruments. The implementation is planned to start in 2014 and runs through 2015. The Restructuring Plan involves all departments of the organization and to a lesser extent the seven Regional Offices. The Executive Board plans to analyze the potential sustainability of each region in terms of impact and cost efficiency.

INCOME	2014	2013
Income from own fundraising activities	500,000	500,000
Income from campaigns	7,350,000	7,850,000
Government grants	77,153,210	80,424,472
Income from investments	170,235	177,936
Other income	939,797	1,274,828
TOTAL INCOME	86,113,242	90,227,236

EXPENSES	2014	2013
Spent on objectives	82,541,534	84,184,530
Fundraising costs	1,076,416	1,804,545
Management and administration	2,325,058	4,060,226
TOTAL EXPENSES	85,943,007	90,049,300

RESULT	170,235	177,936
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OPERATIONAL COSTS	2014	2013
Publicity and communication costs	862,081	691,858
Staff costs	7,163,545	8,216,573
Direct costs	573,845	843,863
Housing costs	723,944	902,937
Office and general costs	1,294,663	1,236,672
Depreciation tangible fixed assets	207,530	292,457
TOTAL	10,825,607	12,184,361

The budget of ICCO Foundation in 2014 is based on the principles of the business plan of the ICCO Alliance 2011- 2015, as well as on the strategies and policies actual in 2013. Approximately 60% of the income consists of MFS2 grants. The objective is to achieve greater diversification by raising new funds from institutional donors. Based on grant awards and grant submissions it is expected that these funds will increase to more than EUR 30 million in 2014. This is a growth of 30% compared to 2013 and a challenge for the organization.

COLOPHON

EDITION

ICCO Foundation, June 2014

In this report ICCO Foundation gives account of its work in 2013. You can order a pdf of this report at ICCO Cooperation Service Desk: + 31 (0)30 6927811 or info@icco-cooperation.org

You can also download the report at www.icco.nl.

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Main funders of ICCO Cooperation in 2013 were



Ministry of Foreign Affairs of the
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Member of the
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