



HIVOS DRAFT ANNUAL REPORT 2019

Hivos DRAFT Annual Report 2019

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1. Message from the Executive Board

Viewing 2019 from the current Covid-19 crisis almost seems like looking back at a different era. In only a matter of months the dynamics of the world changed drastically. Still, the challenges that Hivos was tackling in 2019 remain extremely relevant in 2020 - and are even magnified by the pandemic. Populism and polarization are still on the rise around the world. In many countries mounting pressure on civic space, human rights, and personal privacy directly threatens civil society and attacks Hivos' core values of freedom, equality and self-determination. Furthermore, 2019 proved to be an alarming year for our planet and climate with environmental emergencies on a global scale. Unfortunately, 2020 doesn't look much better. Now, because of the corona crisis, an unprecedented depression looms on the horizon. This will have a potentially disastrous impact on the economic, political and social lives of people everywhere, especially the most marginalized.

Free, fair and sustainable world for all

In this multipolar world where power structures are quickly changing, and with increased polarization between and within societies, the choices we make now and in the near future are more important than ever. They will determine how we emerge from this crisis: as a world where power and unlimited greed prevail, or a world where people try to live in solidarity with each other and in balance with nature and their surroundings.

We are convinced that within the current global crisis lies a unique opportunity to achieve the latter. The crisis actually creates possibilities to leap forward. To invest in a free, sustainable society and rethink our unfair economy, instead of bailing out obsolete, polluting industries that foster inequality and injustice. A society where renewed international cooperation promotes human rights, peace and sustainable development. But this is only possible if the right choices are made, followed up by immediate and decisive action. Come what may, Hivos will continue doing everything within its power to help create the solutions needed to achieve a free, fair and sustainable world for all.

Hivos' coalition

Together with our 562 partner organizations, we strive for maximum impact so we can reach all groups in society and "move the middle" for real transformational change. This cannot be done without our long-term donors, such as the Dutch Ministry of Foreign Affairs. In 2020 the Ministry approved three partnerships with us for the next five years. These partnerships will let us work with the Ministry and our network of partners in three focus areas: Climate Justice; Sexual and Reproductive Health and Rights; and Women, Peace and Security. Furthermore, donors like SIDA, DFID, the Global Fund, SDC, IDB, ENDEV and the Dutch Postcode Lottery make it possible for Hivos and our partners to implement many different programs.

Our appreciation for their support is immense and we are fortunate to have them as our strategic partners. They all share our goals and encourage our approach: working with frontrunners and coalitions to develop new solutions to structural problems. We wholeheartedly thank them for their trust and cooperation. We also thank our dedicated staff, our partner organizations and our other stakeholders, ranging from government allies to private sector parties. Last but not least, we must give a special mention to our private donors in the Netherlands. We thank them all for their trust and commitment.

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Examples of our work in a nutshell

The work of Hivos in 2019 was, and in 2020 still is, focused on three main areas: 1) getting every relevant person and institution to work together (multi-actor participation); 2) supporting civil society frontrunners and impact-driven entrepreneurs; and 3) engaging in policy advocacy at all levels.

For example, in terms of multi-actor participation, the Open Up Contracting program delivered quantifiable results: the launch of the first [open contracting portal](#) in Kenya to digitize government-purchasing processes. On Anti-Corruption Day (December 9), Makueni County's governor, Kivutha Kibwana, presented the cutting-edge portal adopted by his County to Kenya's anti-corruption agencies. It gives users, from citizens to contractors, real time information on public procurement. Some 140 contracts worth €7.5 million have now been published. This is an important step toward introducing transparent, efficient procurement as a standard for the whole country to follow.

Hivos' support of civil society frontrunners is illustrated well by the [Digital Defenders Partnership](#) (DDP) which focuses on those who defend human rights. DDP helps them when they come under digital attack, and strengthens local rapid-response networks. In 2019, DDP renewed its Digital First Aid Kit to better protect rapid responders, digital security trainers, and activists online. In the same year, DDP reached 5414 human rights defenders and 92 civil society organizations. The contract signed with SIDA in 2020 for €2.6 million will help DDP continue its work from 2020 to 2023.

In terms of engaging in policy advocacy, our collaboration with [ENERGIA](#) led to a successful advocacy effort at the UN. For years we had been advocating for clean cooking - a solution that links women's empowerment with health and the climate. At the 2019 UN Climate Action Summit in New York, we were able to put clean cooking high on [the political agenda](#). There, the World Bank announced the launch of a \$500 million fund to achieve universal access to clean cooking by 2030.

But there are more ways we have made a difference. For example, through the Hivos-Triodos Fund. 2019 marked [our 25th year](#) of impact investing through the Fund, and to date it has invested over €200 million. Initially, it helped millions of predominantly rural women access financial services, but gradually shifted to investments in frontrunner SME's in decentralized energy and sustainable food. At the end of 2019, the Fund had 256,000 borrowers and 248,000 savings clients, and had reached 98,989 smallholder farmers.

Another example is [Hivos Impact Investments](#), which runs a private equity impact fund to create both positive change and financial return. It manages the [Hivos Food and Lifestyle Fund](#), aimed at food companies in Southern Africa. We invest to create a sustainable food system from farm-to-fork: one that provides people with a healthy, diverse diet of local foods produced in ways that increase biodiversity and restore soils. This also contributes to achieving a number of Sustainable Development Goals (such as SDG 2, 5, 8, 10 & 12). In 2019, the fund had €1.85 million under management and €2.35 million were committed. Future steps concerning the fund are currently being explored.

Where Hivos is heading in 2020

Our work in 2019 made positive differences in many people's lives. But already looking at the fast changing world in 2019, and especially looking through the prism of the pandemic in 2020 new

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solutions are needed adjusted to the times and reality ahead. This prompted us to review our strategic direction. In 2019, we held staff consultations and commissioned a survey for our partners. The survey sounded them out on topics like civic space, local ownership, and Hivos' role in the future. We spoke with donors about funding pressures and the changing donor landscape. And had conversations with our Supervisory Council.

All this resulted in a draft "Strategic Compass" document. It sets out three new focus areas: 1) Gender Equality, Diversity and Inclusion; 2) Freedom, Accountability and Justice in a Digital Future; and 3) Climate Justice. In 2020 we continue to develop the Compass and sharpen the exact roles that Hivos will have in the future: Hivos as an agile enabler, convener, broker, capacity developer and fund manager. Hivos as a co-creator with real local ownership at its core. And Hivos' role in networks. Because to have greater impact, we'll need to collaborate more within and outside the development sector. Lastly, the option of strategic partnering with another organization remains on the table.

Improving our systems and skills

In many ways, 2019 was a transformative year for our organization. At the beginning of the year, we drafted a change plan to speed up necessary operational changes to make us more future proof and efficient. One example is switching from our old enterprise resource planning system to new software for financial and program management, including a time writing module for all staff. The tedious process of finalizing the 2018 Annual Accounts during 2019 warned of trouble ahead and signaled a need for major changes. The new system, together with (re-)trained staff and updated procedures, will help assure that next year's delivery of the annual accounts, and our program management, will be up to par. And we're renewing our focus on business development to ensure the qualitative continuation of the organization.

Going more regional

The year 2019 also saw Hivos staff on the move. Not only did we move our Global Office in The Hague to a more flexible and energy-efficient building, we also transferred our MENA programs and operations as much as possible from the Global Office to our Hub in Beirut. This is part of our efforts to become even less "The Hague centered" and have a higher percentage of staff based at our regional hub offices. Our Indonesian Hub in Jakarta is changing into its own legal entity, Yayasan ("foundation"), to firmly root its future in local ownership. We're also reconsidering Hivos' role in the region.

We feel inspired

Whenever we meet the people and partners who work with Hivos, we feel inspired, impressed and determined. Inspired by their creativity in solving problems. Impressed by how people take control of their lives - if given the right support. And determined to continue supporting them with everything we've got. Our work together is more relevant than ever in this changing world as we continue to innovate for social change.

Edwin Huizing, Executive Director
Michel Farkas, Chief Operations Officer

2. Supervisory Council report

First appointment	Name, position, term <i>(max. three terms)</i>	End of current term	Occupation and other positions
2012	Jan Ernst de Groot <i>Chair (2nd term)</i>	2020	Chief Legal Officer, Ahold Delhaize; Executive board member VNO-NCW; Supervisory board member ADG Dienstengroep; Board member Hermitage Museum Amsterdam.
2013	Anja van Gorsel <i>Vice Chair (2nd term)</i> <i>Chair Remuneration Committee</i>	2021	Partner, Wesselo & Partners; Chair of SC Tappan; Member of SC Staedion.
2006	Michiel Baud (3rd term)	2020 Till 1 December, 2019 active SC member.	Professor in Latin American studies, University of Amsterdam and Centre for Latin American Research and Documentation (CEDLA).
2011	Marcel Karman <i>(2nd term) Chair, Audit Committee</i>	2019 Till 1 October, 2019 active SC member.	Advisor, Dubois & Co. Registeraccountants; member, Supervisory council Hivos Triodos Fund; supervisory council Stichting Juridisch Loket, board member Stichting Living Landscapes.
2010	August Mesker <i>(3rd term) Member, Audit Committee</i>	2022	Economist; Member European Economic and Social Committee (EESC); former senior advisor VNO-NCW (Confederation of Netherlands Industry and Employers); former Chair of the Transport Committee Business Europe.
2010	Johan van de Ven (3rd term, Member Remuneration Committee)	2022	Chief Technology and Innovation Officer and Member of the Executive Management Committee, Bosal International; strategy partner and chair investment committee, sustainable private equity association Oraxys S.A.

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2016	CR Hibbs (1 st term)	2020	International consultant in grant-making, strategy development and organizational capacity; board member, American British Cowdray Hospital, Mexico City; board member, Mexican Institute for Competitiveness (IMCO).
2018 As of May 2018	Elizabeth Lwanga (1 st term)	2022	Innovations in Development Advisor; Search for alternative approaches to Africa's development; Leadership development; Creative talent promotion; Gender and development
2018 As of May 2018	Claudia Surjadjaja (1 st term)	2022	Executive Director ALERTAsia Foundation; Project Director/ Principal Investigator US Centre of Diseases Prevention and Control, Global Health Security Agenda; Regional Adviser for Asia Pacific UNAIDS Technical Support Mechanism, Board Member Yayasan Gerakan Sayang Ibu (Safe Motherhood Program); Public Health Specialist and Monitoring & Evaluation Expert the Global Fund for AIDS, Tuberculosis, and Malaria (GFATM) through Pricewaterhouse Coopers and UNOPS; Peer reviewer WHO Bulletin; Lecturer in Medical Ethics and Environmental Health; independent consultant for various donor agencies
2019 As of 1 October, 2019	Marianne van Kimmenade	2023	Chartered Accountant, senior policy advisor fraud and governmental auditing at the Royal Netherlands Institute of Chartered Accountants and former partner of EY
2019 As of 1 December, 2019	Bernard van de Walle	2023	

3. The Hivos Way

Our values

Hivos believes that human life in its many forms is valuable, and that people are filled with potential. Living a life in freedom and dignity, with respect for each other and the planet, leads to greater individual wellbeing and fair, vibrant societies. Hivos values:



Our vision

Hivos believes that every human being has the right to live in freedom and dignity, and that we are all free to be who we are, with respect for our individual gender and sexual identity. Living such a life means feeling free to believe and say what you want, to challenge governments and influence the established order. In exercising that freedom, we also carry the responsibility of not impinging on the freedom of others, and of respecting the natural limitations of the earth.

We believe in

Open societies, in which freedom and diversity are valued individually and collectively. Such a society welcomes diversity and offers equal opportunities to all. We also believe in **green societies**, in which the environment and the planet's natural resources are protected and used sustainably to the benefit of every living creature on the planet. Open and green societies are interwoven: together they create a free, fair and sustainable world.

Our mission

Based on a track record of 50 years of partnering with frontrunners in daring, innovative and impactful development programs, Hivos seeks new and creative solutions to persistent global problems; solutions created by people taking their lives into their own hands.

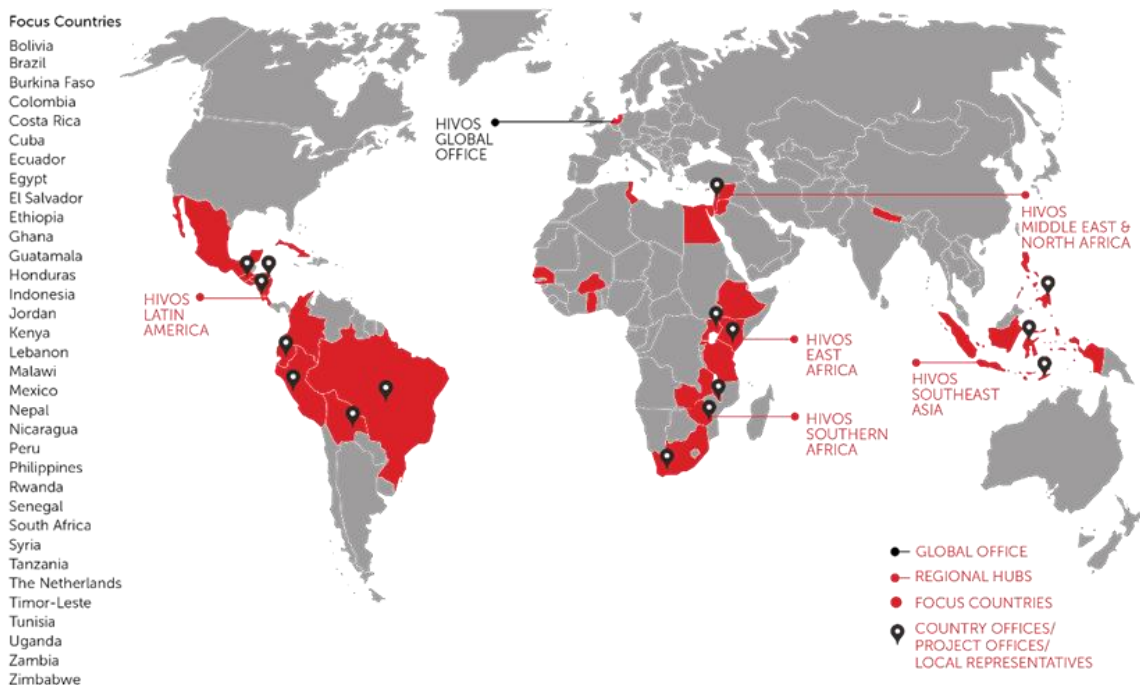
We offer a positive counterbalancing force against discrimination, inequality, abuse of power and the unsustainable use of our planet's resources. Our mission is to innovate for social change. With smart projects in the right places, we work towards more open and green societies.



WE USE SIX INSTRUMENTS TO ACHIEVE THIS:



WHERE WE WORK



Hivos has regional hubs in Nairobi (Kenya), Harare (Zimbabwe), Beirut (Lebanon), San José (Costa Rica) and Jakarta (Indonesia).

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4. Hivos key figures

Amounts in 1,000 euros

	2019	2018
Total income	67,531	53,676
Income from private individuals	2,766	2,091
Income from companies	168	333
Income from lottery organizations	5,158	4,239
Income from government subsidies	43,816	36,346
Income from other non-profit organizations	12,092	8,163
Other income	3,531	2,504
Spent on objectives/programs		
Open		
Freedom and Accountability	19,896	14,828
Sexual Rights and Diversity	12,658	9,434
Women's Empowerment	8,334	6,212
Green		
Sustainable Food	6,970	5,194
Renewable Energy	11,888	8,860
Total spent on objectives/programs	59,746	44,528
Spent on generating income	752	2,561
Management and accounting costs	9,164	11,775
Exceptional items and provisions	(425)	5,515
Final operating result	(1,817)	(10,724)
Reserves and funds	69,193	71,010
Solvency rate	57%	55%
Current ratio	1.9	1.8
Number of partner organizations	562	470
Africa	291	215
Latin America	111	114
Asia	117	107
Worldwide	44	34
Number of employees worldwide	375	362

5. Impact 2019

We support partners and run or fund projects that aim to achieve significant and positive change in societies and the environment. Below are examples of the programs that have had notable impact within our five thematic areas.

In 2019, Hivos programs contributed to policy influencing through:

- 131 outcomes at agenda-setting level, whereby important steps were made to put policy issues ranging from women's rights to rights of smallholder farmers higher on international, national and subnational agenda's. Many of these outcomes were achieved in government contexts, but important achievements also cover national media landscapes and, for LGBTI rights, religious organizations.
- 36 policy changes. About 35% of these policy changes took place within the private sector, such as improving policies for working women. 25% of policy changes took place at national and subnational government level.
- 106 outcomes whereby policy was influenced at practice level, ensuring that policies on paper were carried out or improved. These changes were particularly prominent in our work with private sector (21%), national & subnational government (29%) and the media (33%).

5.1 Freedom and Accountability

Hivos envisions a world where people feel free and safe to express themselves. Where they have the information and opportunities to make informed decisions. And where they are empowered to hold government and companies to account. To this aim, we support civil society organizations, independent journalists, bloggers, techies, artists, cultural producers, academics and civic watchdogs. They are the ones who can make wide-ranging information accessible and usable for citizens who wish to hold governments and companies to account. These actors must also feel safe and independent enough to use the available space for expression, dialogue and debate. Finally, we want powerholders to become more open and responsive towards transparent and accountable governance.

2019 impact examples

In Guatemala, the Ministry of Finance made a commitment to open contracting and is moving towards implementing the Open Contracting Data Standards (OCDS). Hivos and partners worked closely with the Ministry on this by providing technical advice and organizing training.

Example programs

Digital Defenders Partnership

Aim: To increase the safety of human rights defenders under (digital) threat or attack worldwide

Where: Worldwide

Period and Budget: 2016-2020, annual budget €1.5 million: 2020-2023: €3.5 million annually

Partners: Media Legal Defence Initiative, Front Line Defenders and VirtualRoad

Impact examples 2019: 5414 Individual human rights defenders reached. 92 connected CSO's.

Published 2019: New first aid kit for digital [emergencies](#). [Strategy 2020-2023](#)

Open Up Contracting

Aim: To ensure citizens have equal, inclusive access to public goods and services and can engage in public resource allocation and policy decisions

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Where: Bolivia, Guatemala, Indonesia, Philippines, Kenya, Malawi, and Tanzania

Period and budget: 2016-2020, €12.5 million

Donor: Netherlands Ministry of Foreign Affairs

Partners: ARTICLE19, School of Data, and Engine Room

Impact examples 2019: 47 connected CSO's. Multi-actor Initiatives (MAI): working with 19 pre-existing; 7 new brokered by Hivos

[Latest](#) news and articles

[All Eyes on the Amazon](#)

Aim: To support indigenous people and local communities to detect and record deforestation, pollution and human rights violations, combining state-of-the-art-technology like satellites and drones with local knowledge

Where: Brazil, Ecuador and Peru. **Initiators:** Greenpeace and Hivos

Period and budget: 2017-2020, €14.8 million

Donors: Dutch National Postcode Lottery's Dream Fund, Swedish Postcode Lottery

Impact example 2019: worked with 613 individual frontrunners from indigenous populations, and over 65 connected CSO's

[Stop Child Labour](#)

Aim: To ensure at least 15 years of full-time formal education for children and help create reliable sources of income for parents

Where: Asia, Africa and Latin America

Period: 2003-2019

Donors: Dutch Ministry of Foreign Affairs, Dutch Postcode Lottery, European Union

Partners: General Union for Education (AOB), FNV Mondiaal, the India Committee of the Netherlands, ICCO Cooperation, Kerk in Actie and Stichting Kinderpostzegels Nederland

Impact examples:

- 122 child labor free zones.
- More than 63,000 children from labor to education in five years.
- Adaptation by local and national governments using 'Stop Child Labour' approach
- Successfully working with companies to ensure supply chains are free of child labor

2019: Celebrating [15 Years](#) 'Stop Child Labour'

[Work: No Child's Business](#)

Aim: For all children and youth to be free from child labor and enjoy their rights to quality education and (future) decent work

Where: Cote d'Ivoire, India, Jordan, Mali, Uganda and Vietnam

Period and budget: 2019-2024, €35 million

Donor: Dutch Ministry of Foreign Affairs

Partners: The Work: No Child's Business Alliance is run by the Save the Children Netherlands, UNICEF Netherlands and the 'Stop Child Labour' Coalition and is building on 15 years' experience of 'Stop Child Labour'. Hivos is the lead organization and hosting the program management unit.

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5.2 Sexual Rights and Diversity

Hivos believes that guaranteeing a person's sexual rights is no different from upholding their human rights. And that respect for sexual rights and diversity means letting people have control over their own bodies, their sexual identity and their relationships. Exercising these rights is vital to achieving true equality. While diversity could and should enrich communities and societies, the grim truth is that millions of LGBTI persons, people living with HIV, sex workers and (young) women face stigma and violence. However, thanks to the growing strength of LGBTI organizations, successes are appearing across the globe.

2019 impact example

Hivos, in collaboration with Thomson Reuters Foundation, led a week-long media training where journalists and LGBTI activists discussed the portrayal of LGBTI stories in the media. The journalists learned new, insightful ways to produce balanced and impartial reporting on sexual diversity. The activists learned how to develop effective communication techniques and how to best work with media professionals.

2019 Sexual Rights and Diversity Highlights:

- 12-03-19: Hivos presents [documentary](#) m/f/x about three brave transgender people
- 14-03-19: Hivos' implementation "exceeds Global Fund's [expectations](#)"
- 09-07-19: Hivos presents online [SO/GIE/SC](#) training
- 25-09-19: Hivos implements [new program](#) to improve HIV services in Latin America
- 26-09-19: Hivos employee [honored](#) for expanding space for LGBT+ activism
- 19-11-19: Hivos launches new [LGBT+ projects](#) in Latin America

Example programs

Sexual Reproductive Health and Rights Fund

Aim: To improve all citizens' rights and access to quality sexual reproductive health and rights services, particularly of women, girls, key populations, and marginalized groups

Where: Malawi, Kenya, Mozambique, South Africa, Zambia and Zimbabwe

Period and budget: 2018-2021, \$9.3 million (SIDA), 2017-2019, \$400,000 (Ford Foundation)

Impact examples 2019:

- 22 connected CSO's and working with 35 youth researchers
- ESACO consortium formed between 8 organizations with a joint strategy & advocacy.
- 73 young imprisoned people in Malawi; 600 adolescent refugees in Kenya; and 12 LGBTI youth in Zimbabwe had increased access to SRHR information.
- [Story:](#) Improving girls' safety through sexual and reproductive health rights

Strong in Diversity

Aim: Inclusion of LGBTI+ people and the recognition of their rights

Where: Kenya

Period and budget: 2018-2020, €1.9 million

Partners: Netherlands Ministry of Foreign Affairs (donor), Positive Vibes, PEMA, Nyarwek

Why: LGBTI+ people still face discrimination and exclusion by wider society

How: Focus on engaging those who oppose LGBTI+ rights in dialogue and building alliances with them, as well as strengthening the resilience of LGBTI+ communities

Impact examples 2019:

- Reached 2280 people, about half of them men. Total also including 247 trans and non-binary persons

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- 342 connected CSO's
- 25 religious groups reached

Voice

Aim: To achieve SDG 10: "Social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion, or economic or other status."

Where: Hivos: Kenya, Tanzania, Indonesia and Philippines. Total program: Indonesia, Philippines, Cambodia, Laos, Mali, Niger, Nigeria, Kenya, Uganda and Tanzania

Period and Budget: 2016-2021 (with possible 3 year extension). €50 million (contract), €35 million (grant funds), €12 million (program management/ linking and learning)

Donor: Netherlands Ministry of Foreign Affairs

Partners: Oxfam Novib (lead contractor)

Empowering Key Populations in Bolivia

Aim: To reduce HIV infections in "high-risk populations" such as men who have sex with men, sex workers and transgender people

Period and budget: 2019-2021, \$9.1 million

Donor: The Global Fund to Fight AIDS, Tuberculosis and Malaria

How: Innovative approaches to prevent HIV and promote testing:

- Mobile units and community centers to increase HIV testing
- A system of peer-educators and a mobile app to deliver information to key populations, and increase testing and awareness
- Supporting community-based organizations to set up safe spaces
- Raising awareness through trainings and campaigns

Impact examples 2019:

- Supported local CSOs training members to be peer-educators
- Community-based centers began offering HIV testing and diagnosis of sexually transmitted diseases
- The mobile units are now operating in La Paz, Cochabamba and Santa Cruz

5.3 Women's Empowerment

Hivos strives for a world where women are economically independent and have decision-making power. Hivos therefore wants women entrepreneurs and low-income women laborers to have direct access to business markets and decent work – not just any form of employment. We also aim to see women participate meaningfully in political processes and public administration. Because, despite progress in some areas (more girls enrolling in school, gender-based violence now on the public policy agenda), deep-rooted inequalities persistently disadvantage women and girls. Politics remain a man's world, the majority of working women have low-paid jobs (on top of their household work), laws punishing gender-based violence often go unenforced, and sexual violence is systematically used in conflicts. Even women's important role in local peace building is overlooked by most formal peace negotiations.

2019 impact example

As a result of our Women@Work campaign targeting horticultural companies in Kenya, Ethiopia, Tanzania and Uganda, 106 partnering businesses either adopted or started stand-alone policies on gender-responsive workplaces. In Ethiopia, in addition to a new labor law, 19 out of 30 partnering flower farms under the campaign signed and adopted sexual harassment policies that have clear reporting mechanisms. Similarly in Tanzania, six flower farms in Arusha region adopted and signed policies on sexual harassment.

Example programs:

Decent Work for Women

Aim: To improve labor conditions for women working in global horticulture supply chains through fair wages, security in the workplace and good working conditions

Where: Ethiopia, Kenya, Malawi, Rwanda, Tanzania, Uganda, Zambia, and Zimbabwe

Period and Budget: 2016-2020, €12.5 million

Donors: Netherlands Ministry of Foreign Affairs

Partners: 6 labor unions; 4 lawyers associations; 2 commercial partners; 6 women's organizations; 4 human rights/labor rights organizations; 3 advisory/ research organizations

Women@work campaign [news and views](#) 2019

Impact examples 2019:

- 30 connected CSO's
- 23,180 women workers on farms reached
- Brokered 6 new MAI's

Living Wage Lab

Aim: To introduce living wages in the supply chains of businesses in the agri-food sector

Where: The Netherlands (Lab), Eastern and Southern Africa

Period: 2015-2020

Donors: Hivos, Fairfood

Why: Low wages are a persistent problem in many global value chains

How: The Living Wage Lab brings together representatives from government, trade unions, producing companies, retailers, NGOs, certification bodies and research to develop innovative ways to institute a living wage

Impact examples:

- 15 [Lab sessions](#) and a growing number of participants
- Several participants have included living wages in their CSR policy/agenda
- Pilots in living wages initiated by Lab participants

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- Introduction of Living Wage Lab Africa in program countries in East and Southern Africa

Women Empowered for Leadership

Aim: To ensure women have equal opportunities and the capacity to fully participate in political life and decision-making processes

Where: Jordan, Lebanon, Malawi, Zambia and Zimbabwe

Period and Budget: 2016-2020, €15 million

Donors: Netherlands Ministry of Foreign Affairs

List of [partners](#)

Impact examples 2019

- 300 female leaders trained in Malawi, 60 female councilors trained in Zimbabwe
- Working with 36 CSO's and other partners
- 7.2 million people reached leadership across all 5 countries through Social Media, Radio & TV Programs.
- 01-05-19: Hivos [timeline](#) highlights unsung women heroes in Lebanese history
- 10-10-19: Women Empowered for Leadership [conference](#) gets royal welcome in Jordan

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5.4 Renewable Energy

A shift towards renewable energy, especially for marginalized communities, is key to tackling climate change and enabling a shift towards more inclusive, green economies. Hivos wants to ensure that millions of men and women in rural and poor communities gain access to smart, affordable and clean energy technology in the next few years. We aim for both national governments and international institutions to adopt the necessary policies and programs to make energy systems green and more inclusive. But we also realize that job and income generation are effective means of helping people adapt to the effects of climate change. Hivos therefore wants to see thousands of starting entrepreneurs, especially women, apply business models that provide green and socially inclusive energy products and services to rural and marginalized urban communities. These are the groups most vulnerable to the effects of climate change.

2019 impact examples

- Support to 4,153 women energy entrepreneurs who delivered renewable energy products to almost 3 million people in remote communities in Indonesia, Nepal, Nigeria, Kenya, Senegal and Tanzania (ENERGIA)
- As per end 2019, Hivos-Triodos Fund had €9.1 million outstanding to 5 off-grid energy companies
- Uniting Central American countries around an agenda to achieve 100 percent energy access in the next 10 years
- Putting clean cooking high on the agenda of leading global institutions, including the World Bank

Example programs

Green and Inclusive Energy

Aim: To switch to renewable energy systems that create economic opportunities and reduce the effects of climate change

Where: El Salvador, Guatemala, Indonesia, Malawi, Nepal, Nicaragua, Kenya, Tanzania and Zimbabwe

Period and Budget: 2016-2020, €13.8 million

Donors: Netherlands Ministry of Foreign Affairs

Partners: ENERGIA, IIED, ACCESS, CAN and 25 national level implementing partners

Impact example: in 2019, the program worked with 28 CSO's, 32 media outlets and various national and subnational governments

Overview [news and views](#) 2019

ENERGIA

Aim: To contribute to universal, equal and equitable energy access to and control over sustainable energy services for all, with women at the center of these efforts

Where: Bangladesh, Ghana, India, Indonesia, Kenya, Myanmar, Nepal, Nigeria, Rwanda, Senegal, South Africa and Tanzania

Period and Budget: 2014-2019: €13.2 million

Donors and partners: 30+ worldwide, including NGOs, research institutes, social enterprises, networks and government organizations

Programs 2019: the Gender and Energy Research Program funded by DFID; the Scaling-up Energy Access through Women Entrepreneurship Program funded by SIDA; and lobby and advocacy activities with Sustainable Energy for All and within the Green and Inclusive Energy

program.

Impact examples 2019

- Contribution to the knowledge reservoir in the gender and energy community through:
 - A unique set of 21 freely available papers and research reports published in peer reviewed journals, which present robust evidence to address knowledge gaps on the linkages between gender, energy and poverty.
 - A flagship publication "Supporting last-mile women energy entrepreneurs: what works and what does not"
- ENERGIA advocacy efforts have contributed to:
 - First ever national Gender Policy in the energy sector in Kenya
 - Unique ECOWAS Policy for Gender Mainstreaming in Energy Access
 - Ten key energy decision makers at international/regional/national level have better knowledge of gender to inform strategic decisions on energy access and its inclusive use.
 - The SDG 7 narrative on energy access includes insights/messages from the Gender and Energy Research Program

5.5 Sustainable Food

Hivos works towards a world where all people have access to sustainably produced food, now and in the future. To do this, we support early-stage food entrepreneurs – especially women – to produce sustainable food, services or products that cater to the needs of smallholder producers and low-income consumers. At the same time, we need government, civil society, and the private sector to act together to support successful initiatives. This will speed up a shift towards more sustainable, diverse and healthy food production and consumption in urban areas and their surrounding countryside. Building up resilience to increasing climate variability – both in communities and ecosystems – is a significant challenge for all involved. The same holds true for getting international and national food policies to change. National and local governments must be convinced to adopt policies and programs that promote sustainable food production and consumption.

2019 impact examples

- Start of the Local Harvest program, funded by EU Switch Asia, which promotes sustainable and equitable consumption and local food systems in Indonesia.
- End of the 4s@scale program that helped over 80.000 coffee smallholders in Kenya and Uganda develop more climate resilient, diverse and inclusive production systems.
- Support of another 120.000 smallholders in Latin America through the SAFE program
- Successful lobby for more inclusive, diverse, climate resilient food policies in Zambia, Indonesia, Uganda and Bolivia.
- As per end 2019, Hivos-Triodos Fund had €21.3 million outstanding to 21 sustainable food companies.
- In 2019 Hivos Food and Lifestyle Fund invested €0.4 million to three sustainable food companies.

2019 Sustainable Food highlights:

- 30-01-19: Hivos [in the kitchen](#) with popular Indonesian chefs
- 09-05-19: Seed Savers Network makes it [easier to access](#) seeds
- 15-05-19: Hivos starts hosting [RUAF](#): Global Partnership on Sustainable Urban Agriculture and Food Systems
- 02-10-19: A Turn for the Better: Recovering [traditional foods](#) in Bolivia
- 28-10-19: [New documentary](#): Black Coffee Community (4S@Scale)

Example programs:

[Sustainable Diets for All](#)

Aim: To make more sustainable, diverse, healthy and nutritious food available for low-income citizens in target countries

Where: Indonesia, Uganda, Zambia, Bolivia

Period and Budget: 2016-2020, €11.3 million

Donors: Netherlands Ministry of Foreign Affairs

Partners: International Institute for Environment and Development (IIED) and 10 partner organizations

Impact examples 2019:

- The program worked with 17 partner organizations and 11 municipalities in 5 countries.
- Zambian film [Life Beyond Maize](#), and other food films from [Bolivia](#), [Indonesia](#) and [Uganda](#)
- Story: [Starting](#) a healthy food movement in Indonesia

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Sustainable Agriculture, Food and Environment (SAFE) Platform

Aim: To transform coffee and cocoa landscapes to create more people-centered, sustainable and inclusive environments

Where: Latin America

Period and budget: 2016-2020, US \$35 million

Why: More than 50% of food produced in Latin America comes from smallholder farmers, many of whom live in poverty. The main challenges to improving their livelihoods are climate change, gender discrimination, age disparity & agricultural practices that aren't adapted to climate change.

How: The SAFE Platform creates and supports land-transforming projects that demonstrate it is possible to produce coffee and cocoa totally sustainably. Its projects scale up innovative approaches in four main areas:

- promoting responsible supply chains and sourcing methods
- adapting production and making land resilient to climate change
- opening up access to financial services
- focusing on women and youth

Impact example: through its work with 75 private sector partners, 26 civil society partners and several other organizations, more than 120,000 farmers and their families benefited from higher market prices, access to improved infrastructure and learning best practices to improve their production and organization.

6. Our partners

Partner organizations and networks

In all our projects and programs we look for partners and allies to join us in innovating, developing and bringing to scale solutions for persistent global problems. We are happy we can build on existing partnerships forged during a long track record of initiating and participating in multi-actor platforms. We are always looking for new connections with likeminded people and organizations. In 2019, we worked with 562 partner organizations, almost 100 more than the year before. Without them, Hivos' mission for a free, fair and sustainable world would be impossible.

Institutional donors and foundations

Hivos maintained its donor portfolio in 2019. We particularly cherish our long-term strategic financial partners: the Dutch Ministry of Foreign Affairs; the Dutch Postcode Lottery; Sweden's SIDA; Global Affairs Canada; the Global Fund to Fight AIDS, Tuberculosis and Malaria; DFID in the UK; and the European Union. Their support in 2019 led to several exciting new initiatives and the continuation of strong existing programs.

The Dutch MFA contributed €34 million to the next phase of Stop Child Labour. Called Work: no Childs Business, it is a coalition of Dutch and Southern partners against child labor coordinated by Hivos. DFID awarded two initiatives on sexual rights and diversity and the protection of LGBTI rights in Southern and Eastern Africa: Strong in Diversity, Bold in Inclusion and Protect (with Article 19), thus recognizing our track record in this field. In Indonesia, Global Affairs Canada awarded our proposed program, Women Voice and Leadership. Together with funding from the EU for human rights defence in Indonesia, this has helped our Southeast Asia Hub build a strong rights-based portfolio. The Global Fund invested heavily in addressing the human rights challenges of key populations affected by HIV/Aids in Latin America. The Dutch MFA extended the LEAD program, and together with Sweden's SIDA, contributed significantly to our Digital Defenders Program. These are just a few examples of the funder community we work with and whose continued support we deeply appreciate.

Dutch Postcode Lottery

Since its start in 1989, the Dutch Postcode Lottery has contributed €6.2 billion to charity organizations. We are proud to say that Hivos has been a beneficiary of the Postcode Lottery since 2007 and receives annual funding of €1.35 million. In 2017, together with Greenpeace, Hivos also received a €14.8 million contribution from the Lottery's Dream Fund for All Eyes on the Amazon, a program being implemented in Brazil, Ecuador and Peru. We are very grateful for the opportunities that Postcode Lottery participants provide us and would like to thank them again for their generosity.

Hivos-Triodos Fund

2019 marked [25 years](#) since the creation of the Hivos-Triodos Fund (HTF). In 1994, Hivos and Triodos Bank joined forces as one of the world's first movers in financial inclusion investments. From its early beginnings, HTF invested in microfinance institutions, making small loans available to entrepreneurs in disadvantaged markets in developing countries. Now, 25 years later, the Fund still plays a frontrunner role through its support for renewable energy and sustainable agriculture initiatives, which enables tens of thousands of businesses to thrive.

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Alliance2015

[Alliance2015](#) is a strategic network of eight European non-governmental organizations engaged in humanitarian and development action. Together with ACTED (France), Cesvi (Italy), Concern Worldwide (Ireland), HELVETAS Swiss Intercooperation (Switzerland), People in Need (Czech Republic), Welthungerhilfe (Germany) and Ayuda en Acción (Spain), Hivos strives to influence development and humanitarian policies in Europe and globally.

From the bottom of our heart we thank these passionate people who every day, often in very challenging circumstances, go out to make the world a better place for the generations to come. Together we will continue to work towards a free, fair and sustainable world for all.

7. Explanatory comments on Annual accounts 2019

7.1 Organization structure, governance and management

Hivos has a governance model with a two-person Board of Directors and Supervisory Council of nine members, including the chair. The Supervisory Council supervises the Board of Directors and has responsibilities with regard to Hivos general policies and important issues (including approving Hivos' multi-annual strategy, budget, annual accounts, safeguarding organizational continuity and employing the Executive Board). In addition, the Supervisory Council supports the Board with advice and suggestions. The Supervisory Council members carry these responsibilities both individually and jointly.

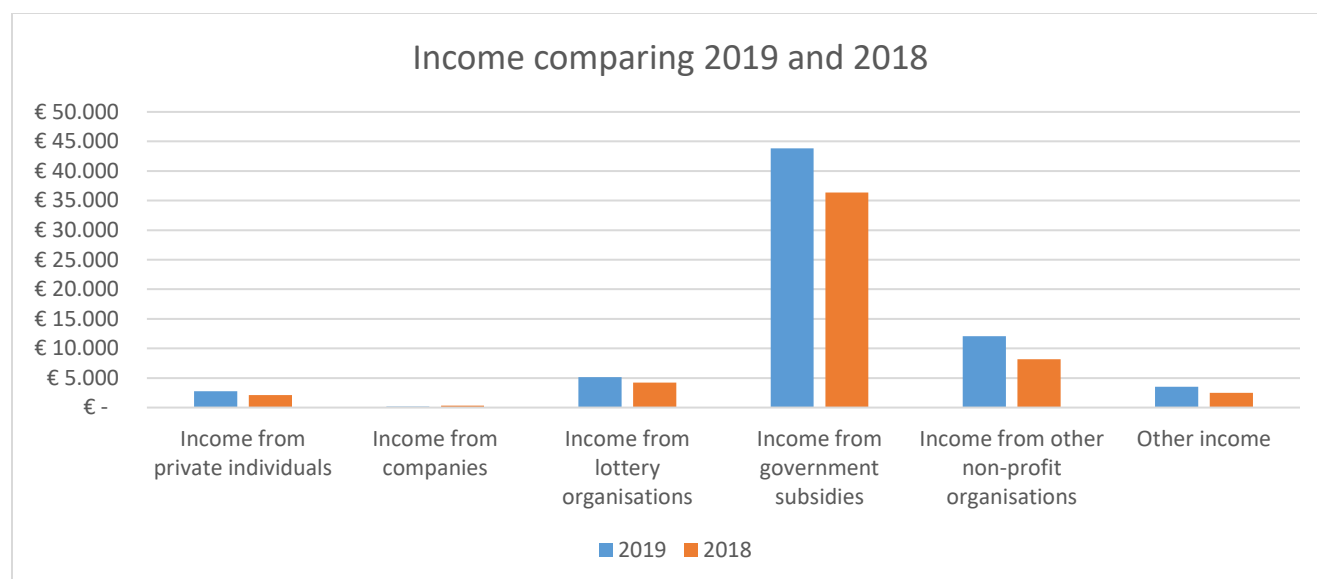
The Supervisory Council convenes on average 6 times each year and often visits Hivos projects in the separate regions. Some members of the Supervisory Council serve in sub committees (Remuneration and Audit Committees) that provide specialized input in accordance with their respective mandates.

The Executive Board in 2019 consisted of Edwin Huizing (Executive Director-ED) and Michel Farkas (Chief Operations Officer -COO). The EB is supported by a Management Team consisting of 2 program directors, 5 hub directors and managers of support units. These Directors and Unit heads are integrally responsible for content, management, and finances within the confines of the mandates agreed with the Executive Board. The Executive Board convenes once every 3 weeks on average.

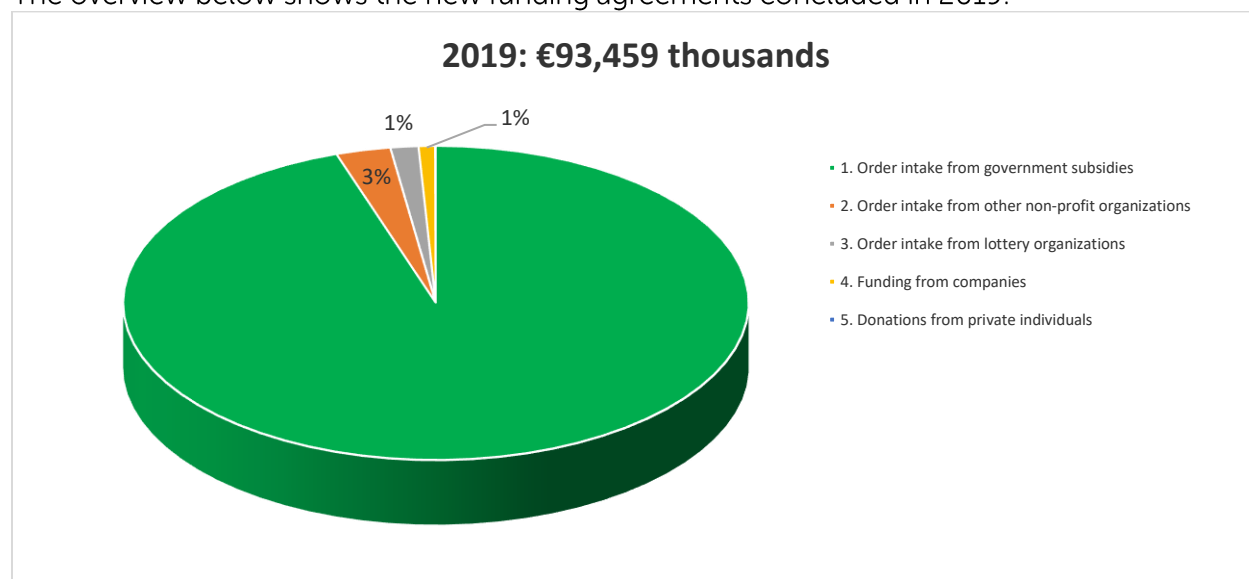
7.2 Financial results for 2019

7.2.1 Income and order intake performance for 2019

Hivos' income for 2019 was €67.5 million, compared with realized income of €53.7 million in 2018. The most dominant source remains government grants and multilateral institutions (which realized €43.8 million, compared with €36.3 million in 2018), followed by other non-profit organizations (mainly foundations) €12.1 million compared €8.2 million in 2018). Income from lottery organizations was €5.2 million (compared with €4.2 million in 2018), and income from private individuals €2.8 million (compared with 2018 income of €2.1 million). Higher income was realized in 2019 aligned to the higher level of order intakes concluded in 2019, part of which was committed towards partners in 2019 as further elaborated below.



The overview below shows the new funding agreements concluded in 2019.



Donor Type	Signed donor contracts (thousands €)	No of contracts
1. Order intake from government subsidies	88,653	46
2. Order intake from other non-profit organizations	2,635	22
3. Order intake from lottery organizations	1,350	1
4. Funding from companies	796	2
5. Donations from private individuals	25	
Grand Total	93,459	71

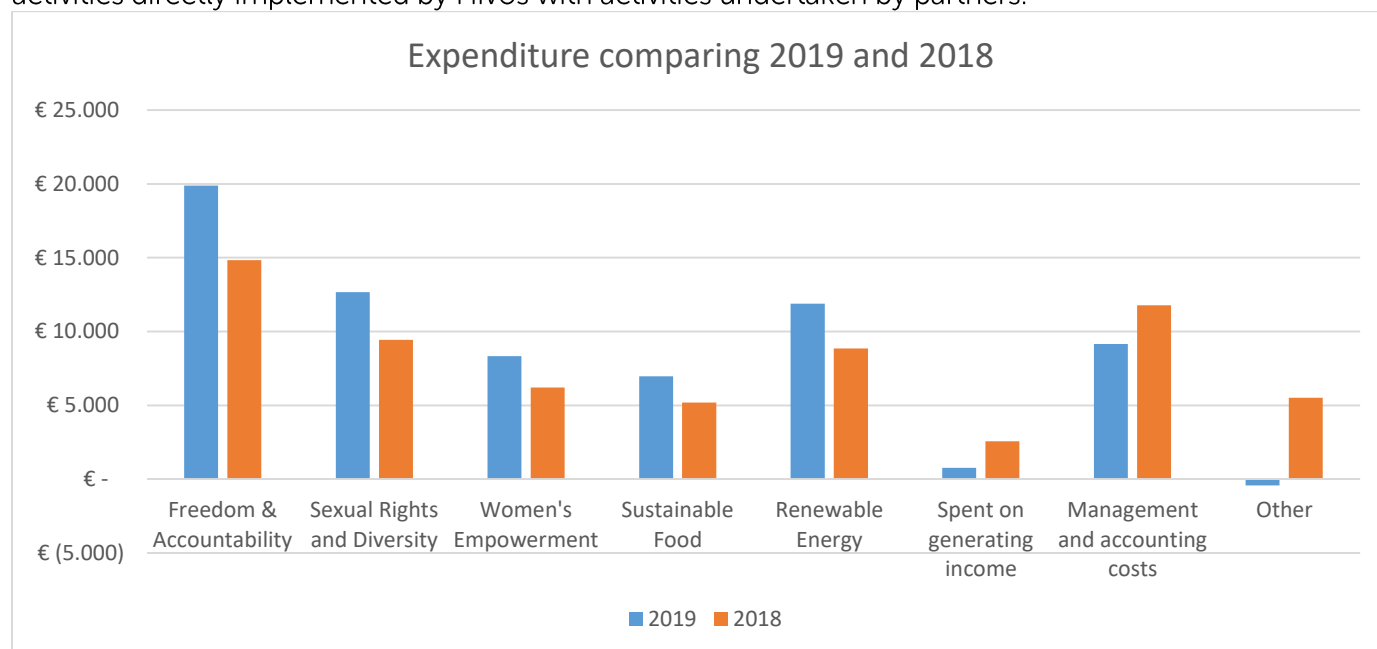
During 2019 Hivos concluded new funding contracts with donors for a total of €93.4 million (compared with €33.5 million in 2018). Our fundraising success rate in 2019 was 60% compared with 67% in 2018, a satisfactory attainment despite the stiff competition within our external

environment. The higher order intake for 2019 is attributed mostly to new contacts with existing funders for government grants €88.7 million mainly the Netherlands Ministry of Foreign Affairs (13 contracts worth €55.8 million) and Global Fund million (3 contracts worth €16.4 million), totalling €72.2 million (77% of the order intake for 2019). The new contracts included large multi annual projects such as Work No Child Business for €35.0 million, Local Employment in Africa for Development €9.3 million, Promoting better living conditions and human rights of people living with HIV and other key population \$10.5 million and Global fund project targeting key populations in Bolivia \$9.2 million. Part of these large contracts was committed to partners and counted as regrating expenditure in 2019 accounting for the higher income of €67.5 million, compared with a realized income of €53.7 million in 2018.

7.2.2 Expenditure and implementation of projects

Total spending in 2019 was €69.2 million (compared with actuals of €64.4 million in 2018). Of this total, €59.7 million was spent on objectives (compared with €44.5 million in 2018); constituting 86% of the total spending and 88% of income. The spending on objectives is split between the Open domain €40.8 million (2018: €30.5 million) and the Green domain €18.9 million (2018: €14.0 million).

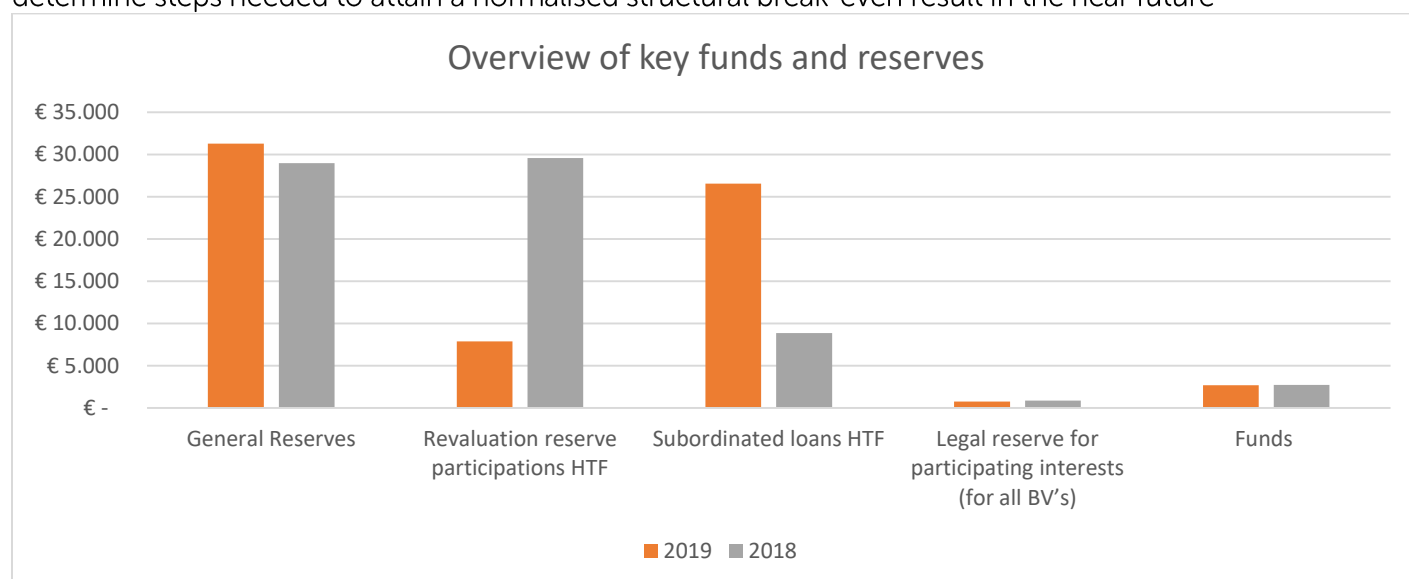
Of the €59.7 million total spent on objectives, €30 million was on direct costs and €29.7 million on regrating, this reflects Hivos' role as a projects implementation organization combining activities directly implemented by Hivos with activities undertaken by partners.



In 2019, the Executive Board invested in improved processes for business development/income generation leading to reduced out of pocket costs for generating income of €0.8 million (compared with 2018 actuals €2.6 million), making 1% of the total income generated. Costs of management and accounting were €9.2 million (compared with prior-year costs of €11.8 million). This is 13% of the total expenditure (compared with 18% in 2018), a reflection of better cost control attained in 2019.

7.2.3 Results and year-end position of appropriated reserves & funds

Comparing the total income of €67.5 million with the total expenditure of €69.3 million leads to an operating deficit of €1.8 million, compared with a budgeted deficit of €3.9 million (and a prior-year deficit of €10.7 million). The loss in 2019 was partly affected by extraordinary incomes realised in 2019 such as the exceptional gains from the sale of the participation in Centenary bank €1 million, unexpected residual receipt from the winding up of Triodos Sustainable Trade Fund €0.5 million, exchange gain income €0.6 million, decrease of cost to go provision €1.1 million and write offs of €0.6 million. Excluding the impact of these exceptional gains leads to a normalized structural loss of €4.4 million for 2019 which is closer aligned with the budgeted loss of €3.9 million. The loss in 2018 was substantially higher as a result of many exceptional write offs. The Executive Board has initiated steps to review the Hivos revenue model in order to determine steps needed to attain a normalised structural break-even result in the near future



Since 2019 the Executive Board decided to simplify the presentation of the reserves and funds in Hivos' Annual Accounts. The total reserves and funds decreased from €71.0 million to €69.2 million after accounting for the €1.8 million loss. The key reserves are the General reserves €31.3 million (2018: €29.0 million), HTF participations reserve of €7.9 million (2018: €29.6 million), HTF subordinated loan reserve €26.6 million (2018: €8.9 million) and funds €2.7 million (2018: €2.7 million). The General reserves include both the Continuity and Other reserves. The EB has the intention over the year 2020 to present the reserves split over Continuity Reserves and Free Reserves. The General reserves constitutes 41% of total funds and reserves (compared to 45% in 2018). The changes between the HTF participations reserve and HTF subordinated loan reserve are due to the sale of the shares in Centenary bank (Uganda) for €22.3 million which was converted into a subordinated loan to HTF.

At the end of 2019, €55.0 million was held as cash, while €38.4 million was held as financial fixed assets. Our balance sheet total is €121.8 million, of which €69.2 million comprises funds and reserves. As a result, our solvency rate is a solid 57% at yearend 2019 (2018: 55%). The balance sheet shows a healthy current ratio (comparing liquid current assets to current liabilities) of 1.9 (2018: 1.8) which is higher than the minimal stand of 1.0. The Executive Board is satisfied with the organization's solvency and liquidity positions, which provide a sound basis for the organization's status as a going concern with non-material uncertainty. The uncertainty is due to the unknown future impacts of the corona situation as further elaborated under risks and uncertainties.

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7.2.4 Financial instruments and performance of HTF fixed financial investments 2019

Hivos does not use complex financial instruments such as swaps, hedges, or futures. The treasury policy is to invest only in relatively safe HTF participations, loans, and certificates held with Triodos Bank. The investments in participations are aligned to our core programmatic objectives. Hivos maintains a strict separation between funds invested with HTF and those held for our regular projects. For the latter, Hivos prefers to maintain substantial amounts on bank accounts, which results in a positive liquidity situation to mitigate risks and safeguard continuity.

In 2019 Hivos retained its fixed financial investments in the Hivos Triodos Fund (HTF). The Participations decreased from € 29.6 million to €7.9 million mainly due to the sale of the shares in Centenary bank (Uganda) for €22.3 million which was converted into a subordinated loan to HTF. Combined with redemptions of existing loans of €6 million by HTF and some other small mutations, the balance on loans increased from €9.9 million (with €17.7 million) to €27.6 million by the end of 2019.

With the reduced stake in Centenary bank, Hivos dividend income was lower at €371 thousand (2018: €1 million). Although the HTF investments had reduced contribution to Hivos' income position in 2019, it remains significant to Hivos' asset position and Hivos retains a direct claim of 50% on HTF's equity in the event of HTF winding up based on the stipulations of the HTF agreement of 2016. The HTF equity position was €13 million at the end of 2015 and €16 million at the end of 2019. The contingent asset of the HTF equity is described in the notes to the Financial Statements 2019.

7.3 Communication with stakeholders

Similar to prior years, Hivos continues to actively monitor and fulfill its contractual reporting obligations to most donors on individual project basis. Information on our projects is shared through our websites and social media platforms, also through general and project events which increase the public awareness on our activities and impacts. We facilitate wide distribution of the Annual report to our key stakeholders. In 2019, Hivos spent €0.4 million (2018: €1.7 million) on publicity and communications. A significant portion of this amount is connected directly to our core program objectives.

In 2019, Hivos followed up on the outcome of the Partner Survey in 2018 which yielded revealing insights for improving our performance and delivery in areas such as types and volumes of funding, capacity development, communication (among others). This was followed up with further consultations with partners in 2019 on civic space, local ownership and Hivos supporting role. We had conversations with donors considering the changing donor landscape and pressure on funding, followed with elaborate sessions with our Supervisory Council. The contributions from the above consultations are shaping our strategic compass which will define Hivos strategy over the coming period 2021-2025.

7.4 Social responsibility policies

Hivos approaches to social responsibility are guided by the Hivos social responsibility and integrity policies encompassing issues such as Hivos values, integrity, diversity, equality, good employment practices, environmental stewardship and social responsibility in the value chain (i.e. covering how Hivos interacts with partners, donors, corporate partnerships, and suppliers). Hivos contributes towards mitigating climate change effects by reducing the carbon footprint in our projects, also directly through projects which directly and indirectly seek to prevent or mitigate the impacts of global warming (such as biogas projects and All eyes on Amazon). From October

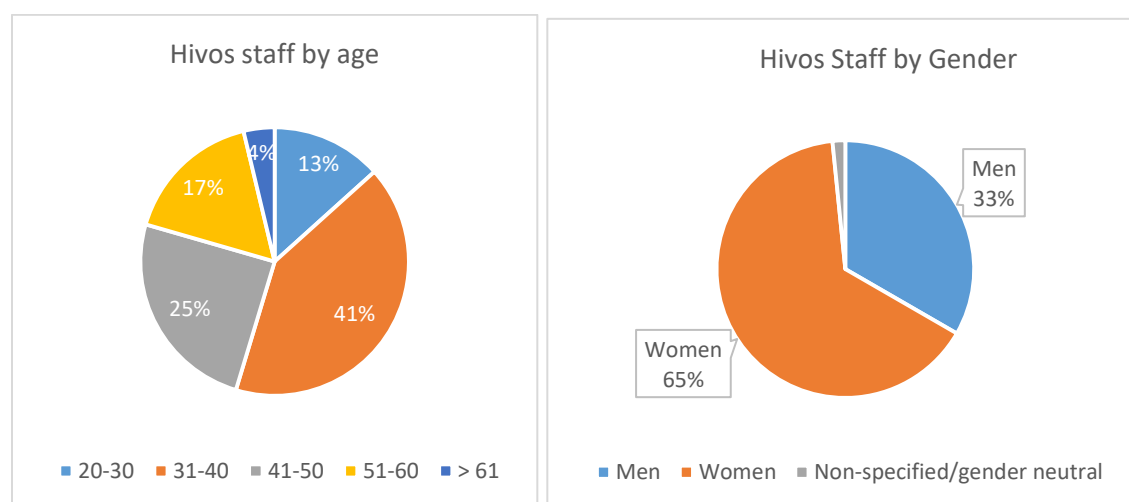
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2019 we moved our Global Office from its former location into a new more environmental friendly building (with shared facilities) at Grote Marktstraat 47a, 2511 BH, The Hague.

In 2019 we consolidated on our zero tolerance approach to safeguarding violations through enacting a stronger, more robust safeguarding policy covering interactions with vulnerable groups (including partners, suppliers, beneficiaries). The policy was extended to the contract conditions for all our downstream partners, suppliers, and service providers. In the first half of 2019, we engaged a new external administrator for our whistleblower facility to provide a more secure channel for reporting incidents of safeguarding violations, fraud, or impropriety. The Executive Board aims to strengthen our zero-tolerance policy towards safeguarding violations through setting the tone at the top and according due attention on all integrity issues.

Hivos subscribes to the Partos code of conduct and the Code Goede Doelen.nl on good governance of Dutch charities. Hivos has an internal code of conduct and integrity stipulations which regulate the conduct of our staff and interactions with stakeholders. Staff in different countries comply with relevant statutory codes. In addition, Hivos fully conforms to codes that are obligated by our funders. In 2019 all employees signed for our renewed code of conduct (which includes the new safeguarding and integrity stipulations).

Hivos upholds gender in the composition of our Board, management team and within our projects. Gender is a crosscutting issue mainstreamed across projects, in addition Hivos is also implementing an internal Gender Equality Diversity and Inclusion project. In 2019, the Executive Board comprised 2 males; the Hivos management team comprised 6 female and 5 male members, while the Hivos Supervisory Council comprised 6 male and 4 female members. At the end of 2019, Hivos had 375 staff worldwide of which 125 are male (33%), 244 female (65%) and 6 gender neutral. Hivos staff comprises 43 nationalities (main ones are Dutch 115, Kenya 45, Costa Rica 39, Indonesia 36, Zimbabwe 33, Bolivia 15 and Ecuador 11) distributed across various ages as visually illustrated below.



7.5 Key risks and uncertainties

7.5.1 Enterprise risk management

Hivos maintains a balance between taking and managing risks, necessary given our strategic choice to work with front runners and grassroots organizations. While our risk appetite is generally low, there will be some exceptions when we accept some risks in projects to reach our mission objectives.

Hivos risk profile can be summarized as follows:

Category	Risk appetite	Key mitigation measures
Environmental, Organizational Strategic risks	Moderate	Strategic and business plan processes
Project, grants management & compliance risks	Low	Policies & procedures, risk registers, quality management audits
Financial management & reporting risks (including corruption & fraud)	Zero	Policies & procedures, Internal controls, audits & whistle-blower
Human resources & operational risks (including safety & security)	Zero	Policies and procedures, safety & security protocols

Primary responsibility for implementing policies and procedures rests with projects', programmatic, administrative and finance staff while the Executive Board and management team assure functioning of risk management measures. The Audit Committee and Supervisory Council provide overall oversight on risks and risk mitigation measures.

Our current internal control framework, is not adequately refined on its key controls and is therefore to be redesigned in 2020 following on the new business operations system, which is currently being rolled out. The revised Internal Control Framework will deliver better mechanisms for operational monitoring, compliance, reporting, checks and balances for accountability.

During 2019, Hivos further strengthened its risk based approach to grants management, focusing on qualitative implementation of risk assessment, risk mitigation, and ongoing monitoring of partners. In 2020, Hivos aims to enhance compliance by simplifying overall descriptions and processes for small grants. During 2019, Hivos experienced potential foreign exchange risks (on GBP denominated funding) due to Brexit, however the impact of this risk turned out limited as the UK avoided a hard Brexit.

Hivos encounters risks related to safety and security affecting Staff and partners for some projects implemented in high risk environments which pose potential security threats and violations. In July 2019, Hivos conducted some workshops with the Regional Directors on security and installing incident teams. In 2019, some of our operations were affected by incidences of in-country political instability (Bolivia, Colombia, Ecuador, Lebanon, Malawi) however Hivos did not experience any major internal incidents related to physical or digital security. Hivos supported a number of partners that experienced incidences of physical security in 2019 including the following major incidences:

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- The All Eyes on the Amazon project implements interventions in conflict areas where environmental activists often are confronted with workers of illegal activities which sometimes lead to violent situations. During 2019, the project suffered one death in Peru and 2 deaths in Brazil of a member of the territories that fall within the boundaries of the project.
- The Voice project in South East Asia experienced an incident involving the death of a tribal leader who was a key actor in the project (together with members of his family) while Staff of a second partner organizations received death threats and forced to hide in sanctuaries.

Partners working under such conditions often work with strict security protocols and are provided with additional support to mitigate specific risks or incidences.

7.5.2 Fraud and financial irregularities

During 2019, Hivos strengthened its zero-tolerance policy towards fraud, bribery, and corruption through the following improvements:

- Hivos introduced an outsourced whistle-blower facility Hearsee speakup for reporting internal and external cases of suspected fraud, financial impropriety (corruption, bribery, misuse) and safeguarding violations.
- Hivos introduced a new fraud & irregularity response procedure which outlines clearer consolidated processes for handling cases of fraud or irregularities. The procedure was approved in 2020 and is expected to speed up processes for responding and resolving cases of fraud and irregularities.
- The Executive Board introduced a systematic register of fraud for ongoing monitoring of cases. This provides a structured mechanism for monitoring incidences and progress towards resolving cases.
- To assure stricter follow up on cases, the Executive Board is more directly involved in providing oversight on the handling of cases.

Hivos did not register new major cases of fraud or irregularities in 2019 and the improvement steps implemented (including direct oversight of Executive Board) leads to reduced potential liability on the ongoing cases (estimated provision €0.5 million at December 2018 and €0.2 million at December 2019). Cases of fraud and irregularities are handled according to internal policies, donor stipulations and closed off more expeditiously aiming to minimise losses or ineligible costs.

7.5.3 Impact of COVID-19 Crisis

As explained in (paragraph 2.2 accounting principles - - Going concern) and (note 17 Subsequent events) in the financial statements, the outbreak of COVID-19 and the consequent measures taken by governments worldwide to contain the virus presented one of the greatest disruptions and uncertainties ever experienced by Hivos (and many other organizations). At the time of drafting our report, the scale and duration of the pandemic remains uncertain.

Hivos took proactive steps to prevent the spread of COVID-19 by adopting virtual ways of working and curtailing activities that would expose staff and stakeholders to the risk of infections. Hivos has taken the following steps to mitigate the COVID-19 situation:

- Reviewed business continuity of each contract/project, including mapping of risks. This revealed that approximately 70% of projects activities were affected by delays, 20% on hold.
- Took the decision to reprogram within existing budgets for contracts ending in 2020 in close consultation with donors (mainly Dutch funding).

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- Investigated the vulnerability of our partners for COVID-19.
- Despite COVID-19, Hivos continued with processes for finalizing the strategic compass, implementation of All Solutions, organizational model and restructuring plans.

Until now, donors have shown flexibility allowing for changes and remuneration of staff. However, Hivos awaits for new donor priorities, all are working on, to examine if extra funds or reprogramming and less funding becomes reality. Already there are indications of increasing donor attention for “consequences of Covid19”, affecting issues such as food crisis, economic crisis effects on already marginalized populations, civic space availability and access to reliable information. It is foreseen that a change of political direction could lead to limitation of funds or committed funds can be redirected towards emerging priorities.

Although the crisis has not yet had a direct major financial impact, Hivos has developed scenarios for future loss of income and risk of redirection of funds affecting some of our larger programs (towards areas such as health, macroeconomic and debt relief etc.). This was done to assess how such scenarios impact our liquidity and solvency prognosis which may affect our going concern status. Concluding, Hivos has taken steps to adapt to the crisis and to assure business continuity in the face of the COVID-19 crisis. While Hivos recognizes that the COVID-19 crises induces increased levels of uncertainty, our financial position gives the Board confidence in the organization’s ability to continue meeting the goals of the Foundation. We can conclude that there is no material uncertainty that may cast significant doubt upon Hivos Foundation to continue as a going concern as a result of the solid financial and liquidity situation, the flexibility of our donors and cost cutting measures taken.

7.6 Expected course of affairs; looking into the future

The Covid-19 outbreak is the most significant development that has affected our operations in 2020 as measures taken by various government to contain the virus have also affected our activities. Hivos has taken the relevant measures to mitigate and limit the impacts of the pandemic however the possibility to return to normal will depend on factors which are beyond our control, mostly dependent on the National regulations in the countries where we operate. The Executive Board will do our utmost to continue our operations in the best and safest way possible without jeopardizing the health our staff and stakeholders. This will include a gradual return to our Offices based on the new social distancing norms alongside working from home as the norm until such time a cure and/or vaccine is found.

Our budget for 2020 reflects a total income of €69.0 million (of which €56.2 million is already contracted by the end of June 2020), with income for operations accounting for 26% of the total income. The bulk of our income for 2020 (€59.3 million) will be derived from government grants and non-profit organisations. The budgeted loss for 2020 is €3.4 million. At this stage, there is no indication that Covid-19 will impact the 2020 budget materially, however the Executive Board has commissioned a detailed projection of our financial performance to determine the impact of Covid-19 on our going concern beyond 2020. The current budget and the outcome of our review gives the Executive Board confidence that Hivos is able to withstand the current challenges and those of the immediate future.

One of the most significant developments in 2020 is the Power of Voices call floated by the Dutch Ministry of Foreign Affairs. At the end of May 2020, Hivos received positive news that 3 of our 4 applications (representing a total requested budget of approximately €60 million) were

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approved to go to the elaboration phase. Although the approved budget is not yet determined, our initial success in this tender sets an important foundation for our strategy for the coming 4 years.

Our consultations with partners, donors and Supervisory Council in 2019 gave rise to the Strategic compass which has identified 3 focal themes that will define our future, these are Gender Equality, Diversity and Inclusion; Freedom, Accountability and Justice in a digital future; and Climate justice. The compass also makes strategic choices on the geographic areas of focus and organisational structures needed for implementing the new strategy. In the first half of 2020 the compass will be subject of extensive consultation with all staff, followed by discussions with the Workers Council and the Supervisory Council on the restructuring needed for implementation the outcome of the Compass. Concurrently Hivos will evaluate the current revenue model to determine changes needed to adapt to the new strategy.

2019 was a transformative year owing to the adoption of a “house in order” change plan with goals and timelines for accelerating operational improvements needed to make Hivos future proof. In 2019, Hivos initiated steps for exiting Osiris (our ERP system) to new software, All Solutions. This encompassed implementation of the financial module and designing of the project and time writing modules, in preparation for implementation in 2020. When fully functional, the new systems will improve the processes for financial and projects management, leading to improved deliverance of the annual accounts. In 2019, Hivos also initiated improvements in processes for business development, these changes will be further consolidated in 2020.

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8.1 Consolidated Balance sheet as at 31 December 2019 (amounts x EUR 1.000) After appropriation of the result

ASSETS

	Notes	31-12-2019	31-12-2018
Intangible fixed assets			
Software for business operations		1.115	273
Intangible fixed assets	1	1.115	273
Tangible fixed assets			
Buildings for business operations		930	400
Furniture and fixtures for business operations		584	449
Cars for business operations		27	15
Buildings for objective		406	433
Tangible fixed assets	2	1.947	1.297
Financial fixed assets			
Certificates Triodos Bank/Other Participations		3.000	3.000
HTF participations		7.865	29.586
Loans		27.576	9.865
Financial fixed assets	3	38.441	42.451
Claims, prepayments and accrued income			
Claims for grants	4	15.248	12.279
Prepayments and accrued income	5	10.069	4.981
Claims, prepayments and accrued income		25.317	17.260
Cash at bank and in hand	6	54.963	68.083
Total		121.783	129.364

Notes are itemised in Chapter 7: Notes to the consolidated balance sheet as at 31 December 2019

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Consolidated Balance sheet as at 31 December 2019 (amounts x EUR 1.000) *continued*
After appropriation of the result

RESERVES AND FUNDS		
	31-12-2019	31-12-2018
Reserves		
Appropriated reserve for business operations	-	5.958
Appropriated reserve for business operations - calamities	-	2.495
Appropriated reserve for translation differences	-	(2.333)
Appropriated reserve, Nat.Postcode Lottery	-	3.893
Appropriated reserve, Refunds + Interest	-	4.421
Appropriated reserve, Currency valuation	-	1.636
Appropriated reserve related to The Innovation Station B.V.	-	100
Appropriated reserve related to Hivos Impact Investments B.V.	-	39
Appropriated reserve related to Hivos Food & Lifestyle Fund B.V.	-	741
Appropriated reserve related to Hivos Mideast Creatives Fund B.V.	-	116
Appropriated reserve for Program Development & projects	-	11.449
Appropriated reserve for Innovation	-	10.185
Appropriated reserve, HTF participations	7.865	29.586
Designated reserve, HTF loans	26.574	-
Legal reserve for participating interests	775	-
General reserve	31.301	-
7	66.515	68.287
Funds		
Appropriated fund, Private Funds	2.678	2.678
Appropriated fund, Stop Aids Now!	-	45
8	2.678	2.723
Reserves and funds	69.193	71.010
LIABILITIES		
	31-12-2019	31-12-2018
Provisions		
Provision for legal claims	230	499
Provision for sabbatical leave	112	229
Provision for Long term illness	135	-
Provision for jubilee	3	3
Provision for cost to go / future losses on project implementation	345	1.287
Provisions	9	2.018
Long term liabilities		
Long term project liabilities	8.777	9.251
Long term liabilities	81	81
Long term liabilities	10	9.332
Current liabilities		
Project grants received in advance	21.605	21.836
Current project liabilities	15.603	16.447
Accruals and deferred income	4.858	7.770
Current liabilities for staff	841	952
Current liabilities	11	47.005
Total provisions and liabilities	52.590	58.355
Total	121.783	129.364

¹⁾ Itemised in Chapter 7: Notes to the consolidated balance sheet as at 31 December 2019

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8.2 Consolidated Statement of income and expense for the year ended 31 December 2019 (amounts x EUR 1.000)

		Actual 2019	Budget 2019	Actual 2018
INCOME		Notes		
Income from private individuals				
	Donations and gifts	1.324	1.300	1.047
	Legacies	-	-	109
	Climate fund CO2 compensation	1.442	1.095	935
Income from private individuals	12	2.766	2.395	2.091
Income from companies	13	168	-	333
Income from lottery organisations	14	5.158	1.350	4.239
Income from government subsidies	15	43.816	72.399	36.346
Income from other non-profit organisations	16	12.092	3.787	8.163
Sub total Income generated	B	64.000	79.931	51.172
Other income				
	Net investment / unrealized exchange gains HTF participations	1.798	-	2.461
	Dividend HTF participations	371	1.000	1.025
	Revaluation HTF Loan Agreement 2016-2020	-	-	61
	Income from investments	-	-	(478)
	Exchange gain/loss of Operations	619	-	(820)
	Other income	743	79	255
Other income		3.531	1.079	2.504
TOTAL INCOME	D	67.531	81.010	53.676
EXPENDITURES				
Spent on objectives/Programmes				
Open	Freedom & Accountability	19.896	25.371	14.828
	Sexual Rights and Diversity	12.658	16.142	9.434
	Women's Empowerment	8.334	10.629	6.212
Green	Sustainable Food	6.970	8.888	5.194
	Renewable Energy	11.888	15.161	8.860
Total expenditure on objectives	C	59.746	76.191	44.528
Spent on generating income	A	752	2.759	2.561
Management and accounting costs	E	9.164	5.922	11.775
Exceptional items and provisions		(425)	-	5.515
TOTAL EXPENDITURES	F	69.236	84.872	64.379
Operating Result before financial income and expenses		(1.706)	(3.862)	(10.703)
Balance of financial income and expenses		111	-	21
FINAL OPERATING RESULT		(1.817)	(3.862)	(10.724)
Costs of generating income as a % of total income generated (=A/B)		1%	3%	5%
Costs spent on objective as a % of total income (= C / D)		88%	94%	83%
Costs spent on objective as a % of total costs (= C / F)		86%	90%	70%
Man. and accounting costs as a % of total expenditures (= E / F)		13%	7%	18%
Result before appropriation		(1.817)	(3.862)	(10.724)
Added to/withdrawn from:				
Reserves		Actual 2019	Budget 2019	Actual 2018
	Appropriated reserve for business operations	-	-	(5.594)
	Appropriated reserve for programme management	-	-	(69)
	Appropriated reserve for NPL	-	-	1.284
	Appropriated reserve Refunds and interest	-	-	(38)
	Appropriated reserve The Innovation Station B.V.	-	-	(350)
	Appropriated reserve to Hivos Impact investment B.V.	-	-	(44)
	Appropriated reserve Hivos Food & Lifestyle Fund B.V.	-	-	435
	Appropriated reserve Hivos Mideast Creatives Funds B.V.	-	-	(33)
	Appropriated reserve HTF	-	-	(409)
	Appropriated reserve for Programme Deelopment & projects	-	-	(3.644)
	Appropriated reserve for innovation	-	-	(629)
	General reserve	(1.817)	(3.862)	-
	Subtotal appropriations reserves	(1.817)	(3.862)	(9.091)
Funds				
	Appropriated fund Private funds	-	-	(1.621)
	Appropriated fund Xandra fund	-	-	10
	Appropriated fund, Stop Aids now	-	-	(22)
	Subtotal appropriations funds	-	-	(1.633)
Total addition/withdrawal		(1.817)	(3.862)	(10.724)

¹⁾ Itemised in Chapter 8+9: Notes to the Consolidated Statement of Income and expense

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8.3 Cash flow statement for the year ended 31 December 2019 (amounts x EUR 1,000)

Using the indirect method		2019	2018
	Ref.		
Cash flow from operating activities			
Movements in reserves and funds	1)	(1.817)	(10.725)
Amortisation and depreciation	2)	1.119	242
Movements in claims for grants	3)	(2.969)	19.533
Movements in other claims	3)	(5.088)	(1.766)
Movements in provisions	3)	(1.193)	1.498
Movements in long term project liabilities	3)	(474)	4.968
Movements in current liabilities	3)	(4.097)	(22.578)
Cash flow from operating activities		(14.520)	(8.828)
Cash flow from investing activities			
Additions to tangible fixed assets	2)	(1.541)	(126)
Additions to intangible fixed assets	2)	-	(254)
Withdrawals from financial fixed assets	2)	4.010	4.712
Cash flow from investing activities		2.469	4.332
Cash flow from financing activities			
Income from long term liabilities		-	-
Repaid on long term liabilities		-	-
Cash flow from financing activities		-	-
Movements in cash at bank and in hand		<u>(12.051)</u>	<u>(4.495)</u>
Recapitulation			
Cash at bank and in hand at end of financial year	3)	54.963	68.083
Cash at bank and in hand at start of financial year	3)	68.083	72.579
Movements in cash at bank and in hand		<u>(13.121)</u>	<u>(4.496)</u>

¹⁾ See Chapter 4: Consolidated Statement of income and expense for 2019

²⁾ See Chapter 7: Notes to the consolidated balance sheet

³⁾ See Chapter 3: Consolidated Balance sheet as at 31 December 2019

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8.4 ACCOUNTING PRINCIPLES

These are the consolidated annual accounts of Hivos Foundation in The Hague. The annual accounts have been prepared in accordance with the Guidelines for Reporting by Fundraising Organizations (RJ650) and with due observance of the Financial Regulations for subsidies of the Dutch Ministry of Foreign Affairs/Development Cooperation. The annual accounts have been compiled after appropriation of the results. All amounts in the explanatory notes are denominated in euros, except where stated otherwise. The accounting principles applied to the valuation of assets and liabilities and the determination of results in these financial statements are based on the assumption of continuity of the organization.

1 GENERAL NOTES

1.1 Consolidation

These annual accounts combine the balance sheets and statements of income and expense of the Hivos offices in the separate countries with the annual accounts of the Hivos head office. The Executive Board of Hivos has full control over all those offices and management is organized centrally. There is organizational connectedness and economic unity between the entities that form part of the Hivos Foundation group when it comes to programming but also operationally. As all the offices use one system, transactions between the separate offices are eliminated. The legal entities included in the consolidated annual accounts are the following:

Global office (The Hague, the Netherlands), Southern Africa regional office (Harare, Zimbabwe), East Africa regional office (Nairobi, Kenya), Central America regional office (San José, Costa Rica), South East Asia regional office (Jakarta, Indonesia) and Middle East and North Africa (Beirut, Lebanon). All local offices that are part of these regional offices are also consolidated. This includes legal entities set up for program implementation: Biogas Solutions Uganda Limited (where Hivos and SNV each hold 50% of the shares), African Clean Energy Switch Biogas (inactive), and Stichting AFFM Source Code Foundation the Netherlands, (not active). The consolidated balance sheet and statements of income and expense of the Hivos Foundation also include the Hivos private limited liability companies in which Hivos holds shares: Hivos Impact Investments B.V. (100% of shares), Hivos Food & Lifestyle Fund B.V. (57% of shares), and Hivos Mid-East Creatives Fund B.V. (100% of shares).

1.2 Hivos Foundation only

The annual accounts for the Hivos Foundation Only include those entities that are part of the Hivos Foundation proper as established in the Netherlands. The legal entities included in the Hivos Foundation Only annual accounts are the following: Global office (The Hague, the Netherlands), Southern Africa regional office (Harare, Zimbabwe), Central America regional office (San José, Costa Rica), Middle East and North Africa (Beirut, Lebanon) and South East Asia regional office (Jakarta, Indonesia) including all local offices that are extensions of these regional offices.

In reference to the private limited liability companies established in the Netherlands in which Hivos holds shares, Hivos Impact Investments B.V. (100% of shares), Hivos Food & Lifestyle Fund B.V. (57% of shares), and Hivos Mid-East Creatives Fund B.V. (100% of shares), the annual accounts of the Hivos Foundation Only includes only direct investments made in these companies.

1.3 Notes to the cash flow statement

The cash flow statement has been prepared using the indirect method. The financial resources in the cash flow statement comprise cash at bank and in hand. Cash flows denominated in foreign currencies have been translated at an average exchange rate. Interest income and expense is included in the cash flow from operating activities. Transactions that do not involve any incoming or outgoing cash flows are not presented in the cash flow statement.

1.4 Estimates

To apply the accounting principles and rules for compiling the annual accounts, the Managing Board of Hivos is required to form opinions about various matters and to make estimates that might be essential for the amounts presented in the annual accounts. Estimates have been made regarding provisions and monitoring and the collectability of claims. Hivos is not exposed to any risks to its results in this respect.

2 VALUATION PRINCIPLES

2.1 General

The consolidated annual accounts have been prepared in accordance with the statutory provisions of Part 9, Book 2 of the Dutch Civil Code and the firm pronouncements set out in par. 650 of the Guidelines for Annual Reporting in the Netherlands as issued by the Dutch Accounting Standards Board (RJ650). As a rule, assets and liabilities are presented at acquisition or manufacturing price or at current value. If no specific valuation principle is given, valuation is based on the acquisition price. The balance sheet, statement of income and expense and cash flow statement include references to the explanatory notes.

2.2 Going Concern

2.2.1 The impact of COVID-19 on Hivos operations

Since March 2020, the COVID-19 pandemic brought the global world economy to a standstill and disrupted the normal flow of social life and economic activities. As the situation rapidly evolved across the countries where Hivos operates, Hivos took immediate steps to prevent the

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spread of COVID-19 which included adopting virtual ways of working and curtailing activities that would expose staff and stakeholders to the risk of infections.

Our review of business continuity for our operations revealed that approximately 70% of projects activities were affected by delays, 20% on hold. Our review was based on the outcome of our mapping of risks, we took decisions to reprogram within existing budgets for contracts ending in 2020 in close consultation with donor (mainly Dutch funding). In addition, Hivos opened consultations with our key donors which determined that in general, our donors appear to be flexible and the negative financial impact on the continuity of our projects seems to be limited.

In order to gain insights of the potential impacts on our implementing partners and communities we work with, Hivos carried out a partner vulnerability assessment in form of a desk study carried out by program managers and program officers that most closely interact with partners. The aim of the study was to better understand on how partners and communities are coping with covid (or not), to determine interventions needed. The conclusions confirmed that almost all partners (over 95%) still have the ability to comply with their reporting obligations towards Hivos and donor requirements (although external audits could be delayed) and 44% can survive late payments by Hivos. The situation has curtailed Hivos possibility to carry out assessments and monitor partners due to reasons of offices are closed, curfews, borders closed and lockdowns in place. The overall outcome of the investigation was that our partners are, in general, stronger than expected and that no or limited additional funding to keep them alive is needed.

2.2.2 Going concern assessment

To assess the potential impact of COVID-19 on going concern, Hivos has developed scenarios for possible loss of operational income and possible impact of redirection of funds affecting some of our larger programmes, to assess how such scenarios impact our liquidity and solvency prognosis for 2020 and 2021 (by which time it is hoped a vaccine would have been found).

The outcome of our review shows that contracted income for 2020 is €56 million and the estimated income including pipeline is €60 million. The contracted income for 2021 is €34 million and the estimated income including pipeline is €57 million. The loss for 2019 is 1.8 million EURO. For 2020, the expected worst case loss (assuming 30% cut in income for operations from July 2020) and the worst case loss in 2021 (assuming the loss of all medium probability pipeline income) are both losses that will definitely not impact the going concern assumption of Hivos.

At yearend 2019, Hivos had reserves and funds of €69 million on a total balance sheet of €121 million, resulting in a solid solvency rate of 57%. The expected reserves and funds at the end of 2020 (worst case) are €65 million and €55 million at the end of 2021. The cash available is (worst case) projected at €47 million at the end of 2020 and €38 million the end of 2021.

The above analysis demonstrates that even if Hivos would make in 2020 a loss of €3.6 million and in 2021 €10.1 million further loss (worst case scenario), the liquidity would be high enough to guarantee going concern of the foundation over the coming year.

2.2.3 No material uncertainty

While Hivos recognizes that the COVID-19 crises induces increased levels of uncertainty, our financial position give the Board confidence in the organization's ability to continuing meeting the goals of the Foundation and can conclude that at this point in time, there is no material uncertainty that may cast significant doubt upon Hivos Foundation to continue as a going concern.'

2.3 Comparison with the previous year

There were no changes in accounting principles in 2019 and consequently no adjustments with previous year have been made in the annual accounts.

2.4 Foreign currencies

2.4.1 Functional currency

Items included in the financial statements of regional offices are measured using the currency of the primary economic environment in which the respective office operates (the functional currency). The consolidated financial statements are presented in euros, being the functional and presentation currency of Hivos.

2.4.2 Foreign currencies

Assets denominated in foreign currencies have been translated at the exchange rates prevailing as at the balance sheet date. Translation differences are taken to the statement of income and expense.

2.4.3 Group companies/regional offices

Assets and liabilities of consolidated subsidiaries with a functional currency different from the presentation currency are translated at the rate of exchange prevailing at the balance sheet date; income and expenses are translated at average exchange rates during the financial year.

2.5 Intangible fixed assets

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Intangible fixed assets are presented at acquisition price less amortization. The amounts presented take into account the effect of impairment. Intangible fixed assets are amortized in 5 years on a straight line basis.

2.6 Tangible fixed assets

Land and buildings are presented at acquisition price plus additional costs or manufacturing cost, less straight-line depreciation calculated over the estimated remaining useful life. The amounts presented take into account the effect of any impairment that is expected as at the balance sheet date. No provision for major repairs has been formed for the costs of major repairs to the buildings. Other fixed assets are presented at acquisition or manufacturing price including any directly attributable costs, less straight-line depreciation calculated over the estimated remaining useful life and less impairments.

The fixed assets are depreciated as follows:

Land - not depreciated
Buildings - 10-50 years
Renovations - 15 years
Furniture & fixtures - 10 years
Computers & ICT - 4-5 years
Vehicles - 5 years

2.7 FINANCIAL FIXED ASSETS

2.7.1 Certificates/participations

Certificates are presented at acquisition price. Participations in partner organizations, such as those through Hivos Triodos Fund (HTF), are presented at fair value, taking into account possible impairments as well as any commissions payable (carried interest) that are directly linked to the value of the participations, in terms of existing management agreements at the reporting date.

2.7.2 BV Investments

Investments in BV's are presented at net equity value.

2.8 Claims for grants and other claims

Claims for grants refer to claims on donors arising from liabilities into which the Foundation has entered based on agreements to that effect as part of its program; these amounts include the related program management fee. Upon initial recognition, other receivables are presented at the fair value of the consideration, expressed in euros. Allowances for bad debts are deducted from the claim's book value.

2.9 Cash at bank and in hand

Cash at bank and in hand is presented at face value and is denominated in euros.

2.10 Provisions

Provisions are formed for liabilities and risks connected to the business operations. They do not pertain to specific assets. Provisions are presented at the best estimate of the amounts needed to settle the liabilities as at the balance sheet date. Provisions are presented at the face value of the projected expenditure required to settle the liabilities, unless stated otherwise. A prerequisite for a provision is that a reliable estimate can be made. If it not possible to make a reliable estimate and the impact could be material, this contingent liability is described in the notes of the financial statements.

2.11 RESERVES AND FUNDS

In 2019 the Executive Board decided to simplify the presentation of the reserves and funds in Hivos' Annual Accounts in:

- Appropriated reserve, HTF participations (revaluation of the participations)
- Designated reserve, HTF loans (subordinated loans, not free accessible for Hivos)
- Legal reserve for participating interests (represents the equity of Hivos Food & Lifestyle Fund B.V. and Hivos Mideast Creatives Fund B.V.)
- General reserve (includes both the continuity and other reserves)
- Appropriated fund, Private Funds (earmarked amounts provided by private individuals for specific projects)

2.12 Long-term liabilities and other liabilities

Upon initial recognition, long-term liabilities are presented at fair value and are denominated in euros. Liabilities denominated in foreign currencies have been translated at the last available exchange rates as at the balance sheet date. Any translation differences are taken to the statement of income and expense. Project liabilities represent all liabilities that the Foundation has in connection with financing agreements entered into with partner organizations.

3 PRINCIPLES FOR DETERMINATION OF THE RESULTS

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3.1 General

Income and expense are allocated to the period to which they pertain in the statement of income and expense. This allocation is based on consistent practices. The balance sheet is compiled with due consideration of the amounts that pertain to a particular period but were received or paid during another period. Losses are presented as soon as they are foreseeable; income is presented as it is realized. In the Statement of income and expenditure we included the comparison with the budget 2019 and the actuals from the previous year 2018. In the notes to the Statement of income and expenditure we included the comparison with the previous year 2018 only.

3.2 Legacies

Legacies are presented in the year during which their value can reliably be determined.

3.3 Grant income

Grant income, including the program management fee, is recognized in the year in which the entitlement becomes definite. Changes to the value of grants are added to or deducted from the grant income during the year in which the grant awarded changes. As Hivos follows the Dutch Accounting Standard 650, income from lottery organizations is recognized in the year for which it was pledged. All other income is based on the new commitments signed during a particular year and on actual costs incurred for operations and direct program costs.

3.4 Project liabilities

Project liabilities are presented in the year during which the liability becomes definite. Estimates of costs required to complete running projects up to their end date are compared with the committed project funds on an annual basis. As soon as an inevitable funding gap (excluding overhead costs) is identified, it is accrued in the year it is identified.

3.5 Costs

All costs, with the exception of extraordinary items, are allocated to the various cost categories, based on business criteria and with due observance of the relevant Guidelines of the Dutch Association of Fundraising Organizations, VFI: spent on objectives / generating income / management and accounting costs. Wages, salaries and social security charges are presented in the statement of income and expense in accordance with the terms of employment, insofar as they are payable to employees.

3.6 Pensions

Hivos presents all its pension schemes as defined contribution schemes. The premiums payable for the reporting year are presented as an expense.

3.7 Amortization of intangible fixed assets and depreciation of tangible fixed assets

Intangible fixed assets, including goodwill, and tangible fixed assets are amortized and depreciated from the moment that they are taken into use, over the expected remaining useful life of the asset, or a maximum of 15 years in the case of renovations. Land is not depreciated. If the estimated remaining useful life changes, the future amortization or depreciation is adjusted accordingly.

4 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

4.1 Currency risk

All program activities within Hivos are recorded in euros, US dollars, British pounds and Swedish Krona (SEK). To minimize the currency risk, all partner contracts are financed in the same currency as the corresponding donor contract if the donor's currency is the euro, dollar, pound or SEK. If a donor grants Hivos funds in any currency other than the euro, dollar, pound or SEK, the value is translated into one of those four currencies and the incoming funds are exchanged as soon as they are received. For the regional offices, a monthly exchange rate is applied that is based on information provided by the local governments (national banks).

4.2 Credit risk

Hivos does not have any significant concentrations of credit risk. With regards to the participation, overall management of the participations lies with the Hivos Triodos Fund. To minimize the financial risk for Hivos an appropriated fund within the liabilities has been created, in which any changes in the participation's value are included or deducted.

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8.5 NOTES TO THE CONSOLIDATED BALANCE SHEET AS 31 DECEMBER 2019

ASSETS		
1 Intangible fixed assets		
The accumulated acquisition prices of and amortisation on the fixed assets as at 31 December are as follows:		
	Software	
Intangible assets	2019	2018
Acquisition price at beginning of year	2.089	1.836
Mutations year	1.070	254
Acquisition price at year end	3.159	2.089
Accumulated amortisation at beginning of year	1.818	1.743
Mutations year	228	75
Accumulated amortisation after mutations, 31.12.2019	2.046	1.818
Book value at beginning of year	273	95
Additions year	1.070	254
Amortisation year	228	75
Book value at end of year	1.115	273
Total intangible fixed assets	1.115	273

2 Tangible fixed assets								
The accumulated acquisition prices of and depreciation on the fixed assets as at 31 December are as follows:								
	buildings (10-50 yrs) 1)	furniture and fixtures for business operations (3-10 yrs)	cars for bus (5 yrs)	total assets for business operations	buildings for objective in Harare (50 yrs) 2)	buildings for objective in Harare (50 - 50 yrs) 3)	total buildings for objective in San Jose (10 yrs)	total all
Tangible assets for business operations								
Acquisition price, 01.01.2019	1.424	1.506	111	3.041	106	442	548	3.589
Mutations 2019	765	751	25	1.541	-	-	-	1.541
Acquisition price after mutations, 31.12.2019	2.189	2.257	136	4.582	106	442	548	5.130
Accumulated depreciation, 01.01.2019	1.025	1.057	95	2.177	66	49	115	2.292
Mutations 2019	235	616	13	864	3	24	27	891
Accumulated depreciation mutations, 31.12.2019	1.260	1.673	108	3.041	69	73	142	3.183
Book value, 01.01.2019	400	449	15	864	40	393	433	1.297
Additions 2019	765	751	25	1.541	-	-	-	1.541
Depreciation 2019	235	616	13	864	3	24	27	891
Total tangible fixed assets at 31.12.2019	930	584	27	1.541	37	369	406	1.947

- 1) The offices premises with land and gardens in The Hague, at Raamweg 15 and 16, listed in the Land Register as Municipality of The Hague, section X, number 472, 5 Ares and 55 centiares in size, and number 522, 5 Ares and 55 centiares in size, were purchased for €635,292 in 1987. The value for purposes of the Dutch Valuation of Immovable Property Act (Wet waardering onroerende zaken) in 2019 was €1,225,000.
- 2) The office premises in Harare, stand 2956, Salisbury Township, 2855 centiares in size, was purchased for €76,245 at the end of 1994.
- 3) The office premises in San Jose, District 09, Pavas Canton 01 (Norte: Victor Rosabal, sur: Calle Publica, Este: cia Agricola Roberth SA, oeste: Hilda Herrera), 512 m2 in size, was purchased for \$325,000 in 2015.

3 Financial fixed assets				
Certificates Triodos Bank/Other Participations	01.01.2019	Added	Withdrawn	31.12.2019
Certificates Triodos Bank	3.000	- 1)	-	3.000
1) Related to: Triodos Bank N.V., 43,817 depositary receipts of shares with a purchase value of € 2,999,932. The net asset value of these depositary receipts as at 31/12/2019 was €3,636,811 (2018: €3,680,628).				
HTF Participations	01.01.2019	Added	Withdrawn	31.12.2019
HTF Participations	29.586	307 1)	22.028 2)	7.865

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The breakdown of the HTF participations valuations per 31.12.2019 are as follows:

Company	Geography	Ownership %	31.12.2018	Ownership %	31.12.2019
Africap	South Africa	2,07%	-	2,07%	-
Akiba Bank	Tanzania	7,94%	-	7,94%	-
Bellwether	India	18,77%	4.354	17,55%	4.465
Centenary	Uganda	18,29%	21.273	0,00%	-
Eco E II	Costa Rica	7,53%	1.142	7,18%	475
LeapFrog	South Africa	1,85%	401	1,85%	332
MFX Solutions	USA	3,52%	627	3,46%	608
Novastar	Mauritius	3,73%	1.789	3,75%	1.985
			29.586		7.865

Note 1: The HTF participations are bought with a subordinated loan from Hivos to HTF, which is not shown at the Balance Sheet as it is part of the value of the participations. The value of this subordinated loan was at year end 2019: € 8,855,369 (2018: €9,514,203).

Note 2: The participations in Africap and Akiba are valued at nil.

Note 3: In June 2019 Hivos sold the shares in Centenary Bank. The net sales proceeds of 22.3 million are converted in a subordinated interest free loan to HTF.

Loans ¹⁾							
	Interest %	Duration	31.12.2018	Added	Withdrawn	Revaluation	31.12.2019
Hivos Triodos Fund Subordinated Loan (A)	0%		4.500	-	228	-	4.272
Hivos Triodos Fund Subordinated Loan (B)	0%		4.369	-	4.369	-	-
Hivos Triodos Fund Subordinated Loan (Centenary)	0%		-	22.302	-	-	22.302
The Innovation Station BV (loan 1)	0%	5 years	-	-	-	-	-
The Innovation Station BV (loan 2)	5%	5 years	100	-	100	-	-
Hivos Impact Investments BV			39	188	-	-	227
Other related investments			857	-	82	-	775
			9.865	22.490	4.697	-	27.576

- 1) Of the above loans A and B from Hivos to HTF, at year's end 2019 €4 million is a short term receivable (31.12.2018: €6 million). Loans to TIS and Hivos Impact Investments are revaluated and provisioned for, while maintaining a claim on the full amount owed. In 2019, the negative equity of Hivos Impact Investments BV was deducted from the pending loan of €265,000.

4 Claims for grants

All outstanding claims at year-end concern claims on donors and are as follows:

	31 December 2019		31 December 2018	
	Total	Remaining term > 1 year	Total	Remaining term > 1 year
Receivable from companies	149	-	277	-
Receivable from lotteries	176	-	1.378	28
Receivable from government subsidies	7.077	3.498	7.837	3.874
Receivable from other non-profit organisations	7.285	3.437	2.520	1.189
Receivable from Other sources	561	-	266	-
	15.248	6.935	12.279	5.091

5 Prepayments and accrued income

Prepayments and accrued income as at 31 December can be broken down as follows:

All items have a remaining term of less than one year.

	31.12.2019	31.12.2018
Debtors not including grants	2.722	1.953
Debtors grants	6.980	-
Prepayments (employees/travelling)	10	52
Receivable (and prepaid)	357	2.976
	10.069	4.981

The fair value of the receivables approximates the book value, due to their short-term character.

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6 Cash at bank and in hand

Cash at bank and in hand is at the Foundation's disposal.
Cash at bank and in hand can be broken down as follows:

	31.12.2019	31.12.2018
In hand	48	8
Bank	54.915	68.075
	<u>54.963</u>	<u>68.083</u>

Assets and claims not included on the face of the balance sheet

Hivos is the registered owner of 4.921 Gold Standard Verified Emission Reductions (VER). The Gold Standard VERs are purchased and sold in the framework of the Renewable Energy/biogas programs, to strengthen the financial sustainability of the programs.

Hivos is the main founder of Stichting Hivos-Triodos Fonds. There is a contingent asset for Hivos regarding the equity of Stichting Hivos-Triodos Fonds if the partnership with Hivos ends. At this moment there is no intention to stop this partnership and the existing contract will (at least) not stop before 2025. If the partnership ends and the equity is at that moment lower or equal than the equity at yearend 2015 (approximately EUR 13 million), Hivos is entitled to get 100% of the equity of Stichting Hivos-Triodos Fonds. If the equity will be higher than the equity at yearend 2015, Hivos and Triodos Bank N.V. are both entitled to get 50% of the equity above the equity value at yearend 2015. The equity of Stichting Hivos-Triodos Fonds is at yearend 2019 approximately EUR 16 million (yearend 2018: EUR 15 million).

7 Reserves

In 2019 the Executive Board decided to simplify the presentation of the reserves and funds in Hivos' Annual Accounts. The General reserves include both the Continuity and other free reserves. In 2020, the Continuity reserve will be calculated and presented based on risk analysis and risk modelling via the Monte Carlo simulations.

8 Funds

Appropriated funds	Income Category	01.01.2019	Added	Withdrawn	31.12.2019
Private Funds	Private individuals	2.678	-	-	2.678
Stop Aids Now! (SANI)	Other non-profit organisations	45	-	45	-
Balance as at 31 December		2.723	-	45	2.678

Restricted purpose of program funds:

Private Funds: These funds are to finance projects that are not covered by mainstream donors. Examples of projects are renewable energy and stop-aids-now.

9 Provisions

Hivos has the following provisions for future costs:

	01.01.2019	added	withdrawn	31.12.2019	period
Sabbatical leave 1)	229	83	-	112	>5 yrs
Legal claims 2)	499	-	269	230	>1 yr
Jubilee	3	-	-	3	1 yr
Long term illness 3)	-	135	-	135	1 -2 yr
Cost to go 4)	1.287	-	942	345	>1 yr
total	2.018	218	1.211	825	

- 1) After five years of employment, staff at Global Office are entitled to sabbatical leave. Hivos contributes if it is used for educational purposes. The provision covers the costs of leave including social security and where applicable replacement of the staff member on leave. A correction has been made in the approach towards this provision, with a view to ensuring all sabbaticals are reserved for according to the best estimate needed to settle these obligations as at balance date, 31 December 2019. The obligation is valued at present value.
- 2) Hivos has formed a provision for legal claims. This is done in light of ongoing court cases.
- 3) In 2019 a provision for long term illness is to cover costs as a result of sick leave.
- 4) In 2018, Hivos started analyzing the cost to go of running projects in detail, identifying possible future losses on implementation. The decrease in the provision is mainly a result of the decision of the Executive Board beginning 2019 not to approve any longer projects with a budgeted loss.

10 Long term liabilities

	31 December 2019	31 December 2018
Long term project liabilities	8.777	9.251
Received from other non-profit organisations	81	81
total	8.858	9.332

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11 Current liabilities

Hivos's current liabilities include amounts received in advance for programmes:

	31 December 2019		31 December 2018	
	Total	Remaining term > 1 year	Total	Remaining term > 1 year
Received from companies	27	-	252	-
Received from lotteries	759	728	3.980	3.816
Received from government subsidies	11.253	8.203	16.505	12.031
Received from other non-profit organisations	9.550	3.797	1.099	437
Received from Other sources	16	-	-	-
total	21.605	12.728	21.836	16.284

Hivos current project liabilities comprise project liabilities payable within 1 year plus other liabilities.

Project liabilities	15.603	16.447
----------------------------	--------	--------

Accruals and deferred income as at 31 December can be broken down as follows:

	31.12.2019	31.12.2018
Accruals and deferred income		
Creditors	4.436	3.945
Open amounts related to salaries	16	84
Outstanding costs	-	2.931
Outstanding project payments (other)	-	657
Payments in transfer	-	1
Payable taxes	406	90
Other	-	61
Total	4.858	7.770
Current liabilities for staff	31.12.2019	31.12.2018
Reservation holiday allowance	333	270
Reservation holiday leave	751	735
Staff Advances	-244	-52
Total	841	952

Pension charges:

Stichting Hivos has a pension scheme with PFZW pension fund to which the provisions of the Dutch Pension Act ('Pensioenwet') is applicable. Stichting Hivos pays premiums based on (legal) requirements, a contractual or voluntary basis to pension funds and insurance companies. Premiums are recognized as employee cost when they are due. Prepaid contributions are recognized as deferred assets if these lead to a refund or reduction of future payments. Contributions that are due but have not yet been paid are presented as liabilities. For existing obligations (other than premiums to be paid) to the pension fund or employees a provision is recognized.

Commitments and contingencies not included on the balance sheet:

The following long-term rental agreements have been entered into:

- Since July 2019, the office in The Hague is rented for EUR 236k a year (5 years contract plus option for another 5 years).
- The rent contracts for the offices in the hubs are EUR 270k per year (mainly 1 year contracts).
- For printing and other equipment the yearly fee is approximately EUR 50k a year.

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8.6 Notes to the Consolidated Statement of income and expense for the year ended 31 December 2019 (amounts x €1.000)

	Realisation 2019	Realisation 2018
12 Income from private individuals	2.766	2.091
13 Income from companies ¹⁾		
GRM International	-	(248)
NRECA International Limited	14	181
Palladium International Pty Limited	-	327
Other income from companies	154	72
Income from companies Total	168	333
14 Income from lottery organisations		
Structural contribution	1.350	1.350
Project contribution including from foreign postcode lotteries	3.808	2.889
	5.158	4.239
15 Income from government subsidies ²⁾		
Ministry of Foreign Affairs The Netherlands	25.779	19.432
Royal Netherlands Embassy Costa Rica	268	330
Delegation of the EU to Bolivia	-	38
Delegation of the EU to Honduras	281	(40)
Delegation of the European Union to Indonesia	325	962
Department for International Development (DFID)	2.393	(1.030)
Deutsche Gesellschaft für Internationale Zusammenarbeit	499	(1.715)
Millennium Challenge Account - Indonesia	-	3.676
Swedish International Development Agency	6.181	4.661
Swiss Agency for Development and Cooperation (SDC)	1.171	1.866
The Global Fund	2.885	4.998
US Department of State	611	1.570
Other government subsidies	3.423	1.597
Income from government subsidies Total	43.816	36.346
16 Income from other non-profit organisations ³⁾		
ADB	632	-
Acted	301	212
Agentschap NL (Senternovem)	954	198
Arcus Foundation	-	230
Bloomberg Foundation	171	208
Conservacion International Ecuador	190	(198)
Ford Foundation	269	416
Inter-American Development Bank	404	443
King Baudouin Foundation United States	1.491	1.047
KNCV Tuberculosis Foundation	101	270
National Endowment for Democracy	4	261
Oxfam Novib	1.612	137
Practical Action	12	120
Rutgers Kenniscentrum Seksualiteit	2.205	1.676
Tides	490	178
Twin	106	152
William and Flora Hewlett Foundation	-	1.760
Swiss Agency for Development and Cooperation (SDC) (Cosude)	361	-
Other non-profit organisations	2.789	1.053
Income from other non-profit organisations Total	12.092	8.163
Total income generated	64.000	51.172

8.7 Notes to the consolidated allocation of expense for the year ended 31 December 2019

Notes to the consolidated allocation of expense for the year ended 31 December 2019 (amounts in EUR 1,000)

Appropriation		Objective					Total 2019	
Expense		Open		Green			Total income related	Total mngt. & account.
		Freedom of Expression	Sexual Rights and Diversity	Women's Empowerment	Sustainable Food	Renewable Energy		
Grants and contributions		14,835	9,438	6,215	5,197	8,864	44,549	44,549
Publ. and communication		244	156	102	86	146	734	126
Employee costs		3,821	2,431	1,601	1,339	2,283	11,476	497
Cost of housing		115	74	48	40	68	346	15
Office and general expenses		821	522	344	287	491	2,465	107
Amortisation, depreciation and interest		59	38	24	20	35	176	8
Operating costs		5,061	3,220	2,119	1,773	3,024	15,197	752
Totals		19,896	12,638	8,334	6,970	11,888	59,746	752

Budget 2019	Total 2019
63,284	44,549
1,043	770
16,303	6,191
492	1,238
3,501	0
250	2,572
21,588	1,149
25,663	25,113
5,515	-425
84,872	69,237

Total 2018
33,201
1,802
18,932
570
4,069
290
25,663
5,515
64,379

Employee costs:
The breakdown of the employee costs are:

	Y2019	Y2018
Salaries	12,848	13,853
Social Security	1,329	1,305
Pension	912	948
Temporary employees	1,147	1,253
Other employee costs	1,729	1,592
Total	18,164	18,952

Total contracted employees:
The number of employees in FTE per end 2019 was:

	Y2019	Y2018
Hivos Global Office	150	157
Hivos Regional Offices	225	241
	375	398

Independent auditor costs:

The breakdown of the independent auditor costs for 2019 are:

	Y2019	Y2018
Annual accounts	655	766
Internal audits	-	3
Project audits	77	18
Fiscal advice	(65)	21
	666	808

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8.8 Remuneration of the Executive Board (Goede Doelen Nederland)

The Supervisory Council determines the remuneration policy, the amount of the remuneration of the Executive Board and the amounts of the other elements of remuneration. When determining the remuneration policy and the amount of the remuneration, Hivos follows the “Regeling beloning directeuren van goededoelenorganisaties” (www.goededoelennederland.nl). This scheme provides a maximum standard for annual income based on weighed criteria.

The so-called BSD score for Stichting Hivos has been established at 600 points, with a maximum annual remuneration of €156,754 for category J directors. Taking into account Hivos’ governance model in 2019, the respective scores are 522 points (category J) for Mr. E. Huizing and 522 points (category J) for Mr. M. Farkas. The relevant actual annual incomes of the Executive Board for 2019 were €129,337 (1.11 FTE / 12 months) for the Executive Director Mr. E. Huizing and €119,599 (1.11 FTE / 12 months) for the Chief Operations Officer Mr. M. Farkas. These remunerations remained within the applicable maximums.

The annual remunerations, taxable allowances and pension charges (employers’s contribution) (for Mr. E. Huizing €152,540 and for Mr. M. Farkas €135,136) remained within the maximum per year included in the scheme: €194,000. The allowances and pension charges were also in reasonable proportion to the annual income.

The amounts and composition of the remuneration is shown in the table below.

Name Title	E. Huizing Executive Director	M. Farkas Chief Operations Officer
Employment		
Type of contract (duration)	5 years (extended in 2018)	4 years (start in 2019)
hours	40	40
part-time percentage	111,11%	111,11%
period	1/1-31/12	1/1-31/12
Remuneration (EUR)		
Annual income		
gross wages/salary	119.865	115.741
holiday allowance	9.472	3.858
end-of-year bonus, 13th/14th month	0	0
variable annual income	0	0
Total	129.337	119.599
Taxable allowances/additions	7.637	0
Pension charges (employer's contribution)	15.566	15.537
Other future remuneration	0	0
End-of-employment payments	0	0
Total remuneration for 2019	152.540	135.136
<i>Total remuneration for 2018</i>	<i>149.594</i>	<i>n.a.</i>

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8.9 Remuneration of the Executive Board (WNT)

Report pursuant to the Dutch Remuneration of Senior Executives in the Public and Semi-Public Sector (Standardisation) Act (*Wet normering bezoldiging topfunctionarissen publieke en semipublieke sector*, 'WNT')

Notes on the preparation of the WNT report

The report pursuant to the WNT (Standards for Remuneration act) presented in this section is based on the applicable legislative framework and the Audit Protocol, as issued by the Dutch Ministry of the Interior and Domestic Relations.

The applicable remuneration maximum according to WNT in 2019 for Hivos is € 181.000.

1 Remuneration of senior executives and former senior executives with employment contracts												
Amounts x € 1												
Title												
Date start and end in 2019												
Part time %												
Employee												
Remuneration												
Remuneration and taxable reimbursements												
Provision for future remuneration												
Subtotal												
Applicable WNT maximum												
Undue payment												
Total remuneration												
Justification for excess remuneration												
Explanation claim for undue payment												
Comparative data 2018												
Title												
Date start and end in 2017												
Part time %												
Employee												
Remuneration												
Remuneration and taxable reimbursements												
Provision for future remuneration												
Subtotal												
Applicable WNT maximum												
Total remuneration 2018												
2 Remuneration of Supervisory Council members - no employment contracts												
Amounts x € 1												
Title												
Date start and end in 2019												
Remuneration												
Total remuneration												
Applicable WNT maximum												
Undue payment not yet received in return												
Justification for excess remuneration												
Explanation claim for undue payment												
Amounts x € 1												
Title												
Date start and end in 2018												
Remuneration												
Total remuneration												
Applicable WNT maximum												
Undue payment not yet received in return												
Justification for excess remuneration												
Explanation claim for undue payment												
3 Severance pay of senior executives and former senior executives with employment contracts												
Not applicable												
4 Other reporting obligations WNT												
In 2019 there were no other employees that had a remuneration above the applicable WNT maximum. There also were no employees for which a listing based on WOPI or WNT should have been done.												
In 2019 no severance payments were done to other employees that based on the WNT should be included in the list above.												

All incomes are incidental.

NPL has pledged a structural contribution of EUR 1.350 Mio per year, for periods of five years, starting from 2012 and renewed in 2017. The Netherlands Ministry for Foreign Affairs has entered into a Strategic Partnership with Hivos for a period of five years, starting 1 Jan 2016. Total contract value is EUR 50,279,606.

- 1) Income from companies, only amounts bigger than EUR 100k are shown
- 2) Income from government subsidies, only amounts bigger than EUR 500k are shown
- 3) Income from other non-profit organizations, only amounts bigger than EUR 200k are shown

Related parties

No transactions were made with related parties.

17 Subsequent events

The COVID-19 outbreak which developed in 2019 disrupted social and business activities across the globe, leading to various measures taken by various governments to contain the virus. Hivos took a number of measures to monitor and prevent the effects of COVID-19 by adopting virtual ways of working and curtailing activities that would expose staff and stakeholders to the risk of infections.

At this stage, the impact on our business and results is limited. Hivos continues to monitor and implement the national policies and measures, in parallel doing our utmost to assure the continuity of our operations in the best and safest way possible to avoid jeopardizing the health of our staff, partners and stakeholders.

We also refer to paragraph 2.2 Going concern in our Accounting Principles for further details.

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8.10 Foundation Only Balance sheet as at 31 December 2019 (amounts x EUR 1.000)

After appropriation of the result

ASSETS					
		31-12-2019		31-12-2018	
	Notes				
Intangible fixed assets					
Software for business operations		1.115		268	
Intangible fixed assets	1		1.115		268
Tangible fixed assets					
Buildings for business operations		862		400	
Furniture and fixtures for business operations		584		386	
Cars for business operations		27		15	
Buildings for objective		406		433	
Tangible fixed assets	2		1.879		1.234
Financial fixed assets					
Certificates Triodos Bank/Other Participations		3.000		3.000	
HTF Participations		7.865		29.586	
Shares		-		857	
Loans		27.576		9.008	
Financial fixed assets	3		38.441		42.451
Claims, prepayments and accrued income					
Claims for grants	4	15.248		11.962	
Prepayments and accrued income	5	9.921		5.182	
Claims, prepayments and accrued income			25.170		17.144
Cash at bank and in hand	6		54.818		66.720
Total			121.422		127.817

Notes are itemised in Chapter 18: Notes to the consolidated balance sheet as at 31 December 2019

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8.10 Foundation Only Balance sheet as at 31 December 2019 (amounts x EUR 1.000) *continued*

After appropriation of the result

RESERVES AND FUNDS			
		31-12-2019	31-12-2018
Reserves			
Appropriated reserve for business operations		-	5.396
Appropriated reserve for business operations - calamities		-	2.495
Appropriated reserve for translation differences		-	(2.333)
Appropriated reserve, Nat.Postcode Lottery		-	3.893
Appropriated reserve, Refunds + Interest		-	4.421
Appropriated reserve, Currency valuation		-	1.636
Appropriated reserve related to The Innovation Station B.V.		-	100
Appropriated reserve related to Hivos Impact Investments B.V.		-	39
Appropriated reserve related to Hivos Food & Lifestyle Fund B.V.		-	741
Appropriated reserve related to Hivos Mideast Creatives Fund B.V.		-	116
Appropriated reserve for Program Development & projects		-	11.449
Appropriated reserve for Innovation		-	10.185
Appropriated reserve, HTF participations		7.865	29.586
Designated reserve, HTF loans		26.574	-
Legal reserve for participating interests		775	-
General reserve		31.208	-
	7	66.422	67.726
Funds			
Appropriated fund, Private Funds		2.678	2.678
Appropriated fund, Stop Aids Now!		-	45
	8	2.678	2.723
Reserves and funds		69.099	70.449
LIABILITIES			
		31-12-2019	31-12-2018
Provisions			
Provision for legal claims		230	369
Provision for sabbatical leave		112	229
Provision for long term illness		135	-
Provision for jubilee		3	3
Provision for investments in HIVOS Impact Investments		-	539
Provision for cost to go / future losses on project implementation		345	1.287
	9	825	2.428
Long term liabilities			
Long term project liabilities		8.777	9.218
Long term liabilities		81	81
		8.858	9.299
Current liabilities			
Project grants received in advance		21.605	21.430
Current project liabilities		14.679	14.417
Accruals and deferred income		5.484	8.843
Current liabilities for staff		873	951
	10	42.640	45.641
Total provisions and liabilities		52.323	57.368
Total		<u>121.422</u>	<u>127.817</u>

¹⁾ Itemised in Chapter 18: Notes to the consolidated balance sheet as at 31 December 2019

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8.11 Foundation Only Statement of income and expense for the year ended 31 December 2019 (amounts x EUR 1.000)

		Actual 2019	Budget 2019	Actual 2018
INCOME		Notes		
Income from private individuals				
	Donations and gifts	1.258	1.300	1.047
	Legacies	-	-	109
	Climate fund CO2 compensation	1.442	1.095	935
		11 2.700	2.395	2.091
Income from companies		12 138	-	255
Income from lottery organisations		13 5.158	1.350	4.239
Income from government subsidies		14 41.342	72.399	36.561
Income from other non-profit organisations		15 10.146	3.787	5.306
sub total income generated		B 59.484	79.931	48.450
Other income				
	Net investment / unrealized exchange gains HTF participations	2.088	-	2.461
	Dividend HTF participations	-	1.000	1.025
	Revaluation HTF Loan Agreement 2016-2020	-	-	61
	Income from investments	-	-	(1.017)
	Exchange gain/loss of Operations	618	-	(906)
	Other income	959	79	56
		3.665	1.079	1.680
TOTAL INCOME		D 63.149	81.010	50.131
EXPENDITURES				
Spent on objectives/Programmes				
Open	Freedom & Accountability	16.528	22.770	12.487
	Sexual Rights and Diversity	12.042	16.592	9.099
	Women's Empowerment	7.884	10.863	5.957
Green	Sustainable Food	6.762	9.317	5.109
	Renewable Energy	12.080	16.644	9.127
Total expenditure on objectives		C 55.296	76.186	41.778
Spent on generating income		A 700	2.759	2.401
Management and accounting costs		E 9.235	5.922	11.653
Exceptional items and provisions		(375)	-	5.607
TOTAL EXPENDITURES		F 64.856	84.867	61.440
Operating Result before financial income and expenses		(1.707)	(3.857)	(11.309)
Balance of financial income and expenses		110	-	19
FINAL OPERATING RESULT		(1.817)	(3.857)	(11.328)
Costs of generating income as a % of total income generated (=A/B)		1%	3%	5%
Costs spent on objective as a % of total income (= C / D)		88%	94%	83%
Costs spent on objective as a % of total costs (= C / F)		85%	90%	70%
Man. and accounting costs as a % of total expenditures (= E / F)		14%	7%	18%
Result before appropriation		(1.817)	(3.857)	(11.328)
Added to/withdrawn from:				
Reserves		Actual 2019	Budget 2019	Actual 2018
	Appropriated reserve for business operations	-	-	(6.198)
	Appropriated reserve for programme management	-	-	(69)
	Appropriated reserve for NPL	-	-	1.277
	Appropriated reserve Refunds and interest	-	-	(38)
	Appropriated reserve The Innovation Station b.v.	-	-	(350)
	Appropriated reserve to Hivos Impact investment b.v.	-	-	(44)
	Appropriated reserve for Programme Development & projects	-	-	(3.644)
	Appropriated reserve for innovation	-	-	(629)
	General reserve	(1.817)	(3.857)	-
	Subtotal appropriations reserves	(1.817)	(3.857)	(9.695)
Funds				
	Appropriated fund Private funds	-	-	(1.621)
	Appropriated fund Xandra fund	-	-	10
	Appropriated fund, Stop Aids now	-	-	(22)
	Subtotal appropriations funds	-	-	(1.633)
Total addition/withdrawal		(1.817)	(3.857)	(11.328)

¹⁾ Itemised in Chapter 8+9: Notes to the Consolidated Statement of income and expense

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8.12 Notes to the Foundation only balance sheet as at 31 December 2019 (amounts x €1,000)

1 Intangible fixed assets

See notes to the consolidated Balance Sheet

2 Tangible fixed assets

The accumulated acquisition prices of and depreciation on the fixed assets as at 31 December are as follows:

	buildings (10-50 yrs) 1)	furniture and fixtures (3-10 yrs)	cars (5 yrs)	total assets for business operations	building in Harare (50 yrs) 2)	building in San Jose (10- 50 yrs) 3)	total assets for objectives	total all
Tangible assets for business operations					tangible assets for objectives			
Acquisition price, 01.01.2019	1.424	1.361	111	2.895	106	442	548	3.443
Mutations 2019	697	532	25	1.254	-	-	-	1.254
Acquisition price after mutations, 31.12.2019	2.121	1.893	136	4.149	106	442	548	4.697
Accumulated depreciation, 01.01.2019	1.025	974	95	2.094	66	49	115	2.209
Mutations 2019	235	334	13	582	3	24	27	609
Accumulated depreciation mutations, 31.12.2019	1.260	1.308	108	2.676	69	73	142	2.818
Book value, 01.01.2019	400	386	15	801	40	393	433	1.234
Additions 2019	697	532	25	1.254	-	-	-	1.254
Depreciation 2019	235	334	13	582	3	24	27	609
Total tangible fixed assets at 31.12.2019	862	584	27	1.473	37	369	406	1.879

1) The offices premises with land and gardens in The Hague, at Raamweg 15 and 16, listed in the Land Register as Municipality of The Hague, section X, number 472, 5 ares and 55 centiares in size, and number 522, 5 ares and 55 centiares in size, were purchased for €635,292 in 1987. The value for purposes of the Dutch Valuation of Immovable Property Act (*Wet waardering onroerende zaken*) in 2018 was €1,225,000

2) The office premises in Harare, stand 2956, Salisbury Township, 2855 centiares in size, was purchased for €76,245 at the end of 1994.

3) The office premises in San Jose, District 09, Pavas Canton 01 (norte: Victor Rosabal, sur: Calle Publica, este: cia Agricola Roberth SA, oeste: Hilda Herrera) , 512 m2 in size, was purchased for \$325,000 in 2015.

3 Financial fixed assets

See notes to the consolidated Balance Sheet

4 Claims for grants

All outstanding claims at year-end concern claims on donors and are as follows:

	31 December 2019		31 December 2018	
	Total	Remaining term > 1 year	Total	Remaining term > 1 year
Receivable from companies	149	-	277	-
Receivable from lotteries	176	-	1.378	28
Receivable from government subsidies	7.077	3.498	7.837	3.874
Receivable from other non-profit organisations	7.285	3.930	2.204	1.189
Receivable from Other sources	561	-	266	-
	15.248	7.428	11.962	5.091

5 Prepayments and accrued income

Prepayments and accrued income as at 31 December can be broken down as follows:

All items have a remaining term of less than one year.

	31.12.2019	31.12.2018
Debtors not including grants	2.719	2.162
Debtors grants	7.014	-
Prepayments (employees/travelling)	10	45
Receivable (and prepaid)	389	2.976
	10.132	5.182

The fair value of the receivables approximates the book value, due to their short-term character.

6 Cash at bank and in hand

Cash at bank and in hand is at the Foundation's disposal.

Cash at bank and in hand can be broken down as follows:

	31.12.2019	31.12.2018
In hand	-	8
Bank	54.818	66.711
	54.818	66.719

7 Reserves

Foundation Only	69.099	
HUB EA	94	
Consolidated	69.193	included in consolidation, not in foundation only

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8 Funds
Appropriated funds
See notes to the consolidated Balance Sheet

LIABILITIES

9 Provisions
See notes to the consolidated Balance Sheet

10 Current liabilities

Hivos's current liabilities include amounts received in advance for programmes:

	31 December 2019		31 December 2018	
	Total	Remaining term > 1 year	Total	Remaining term > 1 year
Received from companies	27	-	252	-
Received from lotteries	759	728	3,980	3,816
Received from government subsidies	11,253	8,203	16,099	12,031
Received from other non-profit organisations	9,550	3,797	1,099	437
Received from Other sources	16	-	-	-
total	21,605	12,728	21,430	16,284

Hivos's current project liabilities comprise project liabilities payable within 1 year plus other liabilities.

	31.12.2019	31.12.2018
Project liabilities	14,679	14,417

Accruals and deferred income as at 31 December can be broken down as follows:

	31.12.2019	31.12.2018
Accruals and deferred income		
Creditors	4,498	3,862
- Hivos		
- Within Limiteds.	737	1,134
Open amounts related to salaries	68	84
Outstanding costs	-	2,963
Outstanding project payments (other)	-	657
Payments in transfer	-	1
Payable taxes	172	82
Other	8	61
Total	5,484	8,843

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Notes to the foundation Only Statement of income and expense for the year ended 31 December 2019 (amounts x €1.000)

	Realisation 2019	Realisation 2018
11 Income from private individuals	2.700	2.091
12 Income from companies ¹⁾		
GRM International	-	(248)
NRECA International Limited	14	181
Palladium International Pty Limited	-	327
Other income from companies	124	(6)
Income from companies Total	138	255
13 Income from lottery organisations		
Structural contribution	1.350	1.350
Project contribution including from foreign postcode lotteries	3.808	2.889
	5.158	4.239
14 Income from government subsidies ²⁾		
Ministry of Foreign Affairs The Netherlands	25.779	17.577
Royal Netherlands Embassy Costa Rica	268	330
Delegation of the EU to Bolivia	-	38
Delegation of the EU to Honduras	281	(40)
Delegation of the European Union to Indonesia	325	962
Department for International Development (DFID)	2.393	(1.030)
Deutsche Gesellschaft für Internationale Zusammenarbeit	499	(3)
Millennium Challenge Account - Indonesia	-	3.676
Norwegian Ministry of Foreign Affairs (NORAD)	-	400
Swedish International Development Agency	6.181	5.082
Swiss Agency for Development and Cooperation (SDC)	1.171	1.866
The Global Fund	2.885	4.998
US Department of State	611	1.570
Other government subsidies	949	1.134
Income from government subsidies Total	41.342	36.561
15 Income from other non-profit organisations ³⁾		
ADB	632	-
Acted	301	212
Arcus Foundation	-	230
Conservacion International Ecuador	190	(198)
Inter-American Development Bank	404	443
King Baudouin Foundation United States	1.491	1.047
KNCV Tuberculosis Foundation	101	270
National Endowment for Democracy	4	261
Oxfam Novib	1.612	104
Practical Action	12	120
Rutgers Kenniscentrum Seksualiteit	2.205	1.676
Tides	490	178
Other non-profit organisations	2.704	962
Income from other non-profit organisations Total	10.146	5.305
Total income generated	59.484	48.451

All incomes are incidental.

NPL has pledged a structural contribution of EUR 1.35 million per year, for periods of five years, starting from 2012 and renewed in 2017. The Netherlands Ministry for Foreign Affairs has entered into a Strategic Partnership with Hivos for a period of five years, starting 1 Jan 2016. Total contract value is EUR 50,279,606.

¹⁾ Income from companies, only amounts bigger than EUR 100k are shown

²⁾ Income from government subsidies, only amounts bigger than EUR 500k are shown

³⁾ Income from other non-profit organisations, only amounts bigger than EUR 200k are shown

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ANNEX 1 PROJECT SAFE

Humanist Institute for Development Cooperation (Hivos)

Non-reimbursable Technical Cooperation Number: ATN/ME-15082-RG

Project Name: SAFE: Sustainable Agriculture, Food and the Environment Platform

Funding Source: Multilateral Investment Fund, Inter-American Development Bank

Summary to the notes of the financial statements of the project, as of December 31, 2019

Total contract value	\$2,616,500
Total funds received*	\$1,748,600
Total funds disbursed	\$2,114,800
Total costs to date (31-Dec-2019)	\$2,097,110
Balance in Hivos' bank accounts**	\$17,690
Remaining balance:	\$501,700

*Difference between total funds received versus total fund disbursed relates to direct payments of the donor to a party implementer (COSA), contract code CO159-16: \$366,200.

**This amount does not include income received from banking interest. As of December 31 2019, interest income totals \$1,150.