



HIVOS
ANNUAL
REPORT
2019

Hivos
people unlimited

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1. MESSAGE FROM THE EXECUTIVE BOARD

Seen from the current Covid-19 crisis, 2019 looks in some ways like a different era. In just months, the dynamics of the world changed drastically. But in other ways, it doesn't. The inequalities that were already there are still with us. But the pandemic has made them even worse, and that's also part of the difference. We have seen a sharp rise in domestic violence and the dire consequences of women's unequal access to the internet. LGBTI people have been subjected to new levels of harassment. And the #BlackLivesMatter movement has shown how systemic racism and discrimination are everywhere.

All the challenges Hivos was tackling in 2019 have been magnified, resulting in increased polarization between and within societies. Populism, on the rise in 2019, is now spreading further and faster. In many countries, growing restrictions on human rights, free expression, and personal privacy directly threaten civil society and undermine the values Hivos stands for: freedom, equality, and self-determination. Furthermore, 2019 proved to be an alarming year for our planet, with environmental emergencies on a global scale. Looking forward, we see the unprecedented economic depression caused by the pandemic that will have a huge impact on the economic, political and social lives of people everywhere, especially the most marginalized.

FREE, FAIR AND SUSTAINABLE WORLD FOR ALL

The choices we make now and in the near future are more important than ever. Do we want to emerge as a world where power and profit rule? Or as a world where people try to live in solidarity and in balance with nature? We are convinced that within the current global crisis lies a unique opportunity to achieve the latter. Hivos is determined to harness this global crisis, this unique chance to leap forward. Hivos – and the world – must make the right choices, soon. That means taking immediate, decisive action, locally and globally.

We must invest in a sustainable society and rethink our unfair economy - not bail out obsolete, polluting industries that foster inequality and injustice. We must invest in a free society where renewed international cooperation promotes human rights and peace. We must make sure sustainable development initiatives like "Building Back Better" and the "Green Recovery Alliance" become realities. Hivos will continue to do everything in its power to help create the solutions we need: we'll keep working towards a free, fair and sustainable world for all.

HIVOS' COALITION

Together with our 563 partner organizations, we strive to bring about transformational social changes that benefit all groups in society. Together,

we support pioneers working to embed our shared values in civil society, the arts and media, government, and impact-driven entrepreneurs. We work with this diverse group of partners to better tackle global challenges and induce behavioral changes in large groups. To achieve change in the years to come, we will have to focus even more on shifting mindsets within the sizeable middle sections of society.

This cannot be done without our long-term donors, such as the Dutch Ministry of Foreign Affairs. In 2019, we started answering calls for proposals from the Dutch government aimed at strengthening civil society in Least Developed and Middle Income Countries. In 2020, the Ministry approved three partnerships with us for the next five years. With this support and the expertise of our partners, we will focus on: Climate Justice; Sexual and Reproductive Health and Rights; and Women, Peace and Security for Syria. In addition, 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 strategic partners. They share our goals and encourage our approach: working with frontrunners and coalitions to develop new solutions for structural problems. We are deeply

grateful for their trust and cooperation. We also thank our dedicated staff and all our stakeholders. Last but not least, we must give a special mention to our private donors in the Netherlands. We thank them for their generosity and their commitment to making this world a better place.

EXAMPLES OF OUR WORK IN A NUTSHELL

The work of Hivos in 2019 was, and in 2020 still is, focused on:

- Freedom and Accountability
- Sexual Rights and Diversity
- Women's Empowerment
- Sustainable Food
- Renewable Energy

Hivos' programs in 2019 engaged in three main activities: 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, our 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), Makeni 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.

In terms of Hivos' support of civil society frontrunners, the [Digital Defenders Partnership](#) (DDP) 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. DDP is supported by a diverse and growing group of funders who regularly renew their support to the partnership.

In terms of engaging in policy advocacy, our collaboration with the [ENERGIA network](#) 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, supported by various funders including the Netherlands.

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, the fund helped millions of predominantly rural women access financial services, but gradually started investing in pioneer SMEs that produce 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 modest but pioneering private equity impact fund to create positive change. It manages the [Hivos Food and Lifestyle Fund](#) for businesses in Southern Africa that want to create a sustainable food system, while increasing biodiversity and restoring soils. This also contributes to achieving a number of Sustainable Development Goals such as Zero Hunger (SDG2) and responsible Consumption and Production (SDG12). In 2019, Hivos Impact Investments had €1.85 million under management, and €2.35 million were committed. Moves toward collaboration with an African partner, and a possible

future handover of the fund to them, are currently being explored.

WHERE HIVOS IS HEADING IN 2020

Hivos' work in 2019 made positive differences in many people's lives. But looking at the challenges of 2019 new solutions are needed for the times and reality ahead. This prompted us to review our strategic direction. In 2019, we commissioned a survey for our partners and organized consultations with a number of them. The survey sounded them out on topics like civic space, local ownership, and Hivos' role in the future. We also spoke with donors about funding pressures and the changing donor landscape.

All this resulted in a draft "Strategic Compass" document. It sets our course for 2021-2024 and brings more thematic and geographic focus. Hivos will concentrate on three focus areas: 1) Gender Equality, Diversity and Inclusion; 2) Freedom, Accountability and Justice in a Digital Future; and 3) Climate Justice. In 2020 we will continue to develop the Compass and sharpen Hivos' roles in the future. What roles will we look at? 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 partnering with another organization remains on the table. This strategy would increase our impact and change in the areas identified and to mitigate the weakness of limited unrestricted funding in our business model.

IMPROVING OUR SYSTEMS AND SKILLS

In many ways, 2019 was a remarkable year for our organization. Early on, we drafted a change plan for swift operational improvements. One change involved switching to new software for financial and program management, including time sheets for all staff. Difficulties finalizing the 2018 Annual Accounts had also signaled a need for major changes. So the new system, together with (re-)trained staff and updated procedures, will help assure timely delivery of next year's annual accounts and improve our program management. We're also intensifying our focus on business development.

INCREASING OUR REGIONAL PRESENCE

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 started the transfer in 2019 and 2020 of our MENA programs and operations from the Global Office to our Hub in Beirut. By the end of 2020, the majority of these activities will be managed and operated from the region. Our Indonesian Hub in Jakarta is changing into its own legal entity,

Yayasan ("foundation"), to firmly root its future in local ownership. We will also reconsider Hivos' role in Southeast Asia.

WE FEEL INSPIRED

Whenever we meet the people and partners who work with Hivos, whether our relationship goes back decades or started a few years ago, 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 these uncertain times as we continue to innovate for social change.

The Hague, 30 September 2020

Edwin Huizing, Executive Director
Michel Farkas, Chief Operations Officer

2. SUPERVISORY COUNCIL REPORT

During 2019, both internal and external developments offered a glimpse into Hivos' future. The external world hasn't become friendlier or safer for the people whose interests Hivos is fighting for. To be able to meet those challenges, Hivos has taken steps to further focus its strategy and to strengthen its organizational resilience. The Supervisory Council (SC) welcomed Michel Farkas as the new COO and supported the Executive Board (EB) in its pursuit of strategic partnering with other organizations. In January 2019, the SC confirmed the EB's decision to terminate exploratory discussions with Cordaid and is looking forward to other opportunities.

A delegation of the SC visited Zambia and Malawi in the first quarter of 2019. The SC highly values these visits to the regions as they offer an opportunity to meet local Hivos staff and Hivos partners. Hivos (SA) now seems to be more focused and future oriented, with coherent programs and structural investment into the capabilities required for its new role as an agent for change rather than as a donor.

The SC was impressed by resilience of the staff under difficult circumstances and it was appreciated that Hivos can show support not only from civil society but also from governments and private sector. Focus on youth and entrepreneurs is appreciated, as is the apparent sense of ownership. The SC stressed the need for strategic thinking, reflecting on goals, activities,

effectiveness and evaluation of impact, and leveraging Hivos-wide available knowledge and experience, in order to materialize the synergy potential of activities of Hivos worldwide.

During the year, the SC encouraged the EB to complete Hivos' strategic reorientation without delay. It serves as a compass not only for the programs, but also for the organizational set-up and potential strategic partnering with other organizations.

Preparing the 2021-2024 strategy, the EB presented various scenarios in a Strategic Compass, which was reviewed by the SC in early 2020. This Strategic Compass will be further developed and refined, following internal and external consultation of stakeholders, and will be completed by 2021. The Compass will serve as the reference for aligning the organization to the strategy, and to ensure a break-even financial result in 2021.

The SC took note of the significant "Power of Voices" subsidy framework of the Dutch government, replacing the existing "Dialogue and Dissent" framework funding the Strategic Partnership programs of Hivos as well as the joint Oxfam-Hivos Voice program. The SC supported the EB in its selection for application, related to the direction of Hivos 2021-2024 Strategic Compass.

The SC formally convened six times in 2019, including a two-day face-to-face meeting in the Netherlands in July. Three extra meetings were convened to discuss the new strategic direction. In addition, regular informal meetings took place between various members of the SC and the EB, and other members of the management, to discuss running business. Also in the first half of 2020, with the COVID-19 crisis evolving, the SC was regularly updated on its impact on Hivos' strategy, partners and organization.

The SC has two standing committees, the audit committee and the remuneration committee. Marianne van Kimmenade succeeded Marcel Karman as chairperson of the audit committee following Marcel's retirement on October 1, 2019. The audit committee met regularly with the EB and with the new COO to discuss business operations and financial management, the budget, and the control environment. The introduction of the new financial system and project management system "All Solutions", together with the accompanying changes in internal financial and operational processes, received the audit committee's close attention. In addition, the audit committee and the full SC discussed the process and content of the annual accounts, the process of which saw continued improvement during 2019 and 2020 compared to previous years. With new systems and processes in

place it is expected that this process should be able to see completion by mid-2021.

To evaluate the EB's performance, the remuneration committee consulted SC members, management and the works council, and met regularly with the EB members, both individually and collectively, before reporting to the full SC. As detailed in the Annual Accounts, the EB's remuneration is in line with the Dutch Standards for Remuneration Act, as well as with Hivos' pay scales. The remuneration committee prepared the search for and selection of new SC members following the statutory retirement of Michiel Baud and Marcel Karman. This resulted in the appointment of Marianne van Kimmenade and Bartel van de Walle. More recently, the remuneration committee has been active in relation to the anticipated retirement of the Chair of the SC in 2020, as well as the retirement of CR Hibbs after one term, and the premature retirement of Claudia Surjadjaja. The SC is grateful for the invaluable contributions over the years by the members who retired in 2019.

In accordance with governance best practices, the SC annually evaluates its own performance through a self-assessment. The SC noted that, during the year, it was more involved in the annual accounts process and (non-financial) risk and control, and that its audit committee, with its new chairperson, is well composed and has sufficient expertise to

play its role. The SC considered the importance of closer involvement in vital strategic processes, such as Hivos' transition and strategic partnering, and its members confirmed their availability by forming an ad-hoc committee when appropriate. In relation to the relatively high turnover of members, largely due to statutory limitation of service terms, the SC discussed the importance of securing institutional memory and continuity. The intensive and successful work done by the selection committee is appreciated. The SC feels, however, that the interaction with, and involvement of, its overseas members continues to be sub-optimal (the travel restrictions following the COVID-crisis have not helped to improve the situation) and will require more attention in the near future.

In accordance with the guidelines of the Dutch Central Bureau on Fundraising (CBF) and the Dutch Good Governance Code for Charities and Cultural Organizations, it was established that none of the individual Supervisory Council members held primary or additional occupations that, during 2019, post a conflict with their supervisory role at Hivos.

On behalf of the Supervisory Council, I would like to thank the Executive Board and all employees and partners of Hivos for their efforts in 2019 towards a free, fair and sustainable world. Their contributions

will become even more important as the world's short-term reflexes to the COVID-19 crisis risk to aggravate the situation for the groups that Hivos serves.

The Hague, 30 September 2020

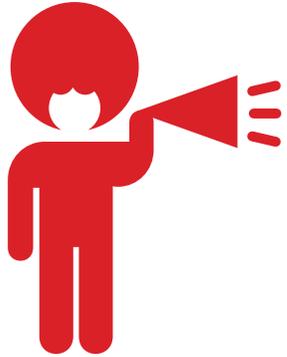
For the Supervisory Council,
Jan Ernst de Groot, Chair

COMPOSITION HIVOS SUPERVISORY COUNCIL (AS OF DECEMBER 31, 2019)

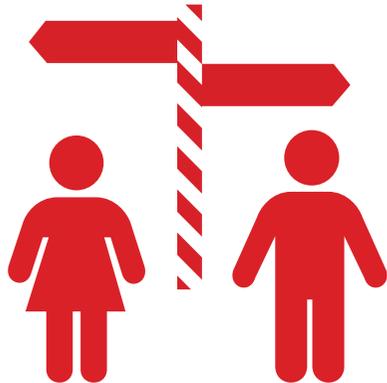
Name, position, term (max. two 4-year terms) ¹	Occupation and other positions	First appointment	End of current term
Jan Ernst de Groot (2 nd term) <i>Chair</i>	Chief Legal Officer, Ahold Delhaize; Executive board VNO-NCW; Supervisory board ADG; Board Hermitage Amsterdam	2012	2020
Anja van Gorsel (2 nd term) <i>Vice-Chair Chair Remuneration Committee</i>	Partner, Wesselo & Partners; Chair of SC Tappan; Member of SC Staedion	2013	2021
Michiel Baud (3 rd term)	Professor in Latin American studies, University of Amsterdam and Centre for Latin American Research and Documentation (CEDLA)	2006	Retired 1 December 2019
Marcel Karman (2 nd term) <i>Chair Audit Committee</i>	Advisor, Dubois & Co. Register Accountants; Supervisory council Hivos Triodos Fund; supervisory council Stichting Juridisch Loket, Board member Stichting Living Landscapes	2011	Retired 1 October 2019
August Mesker (3 rd term) <i>Member, Audit Committee</i>	Economist; Member European Economic and Social Committee (EESC)	2010	2022
Johan van de Ven (3 rd term) <i>Member, Remuneration Committee</i>	Independent Consultant for Innovation and Interim Management; Strategic Partner and Chair Investment Committee, Sustainable Private Equity association Oraxys S.A.; Chair Supervisory Council foundation Hivos Triodos Fund; chair Advisory Committee foundation Solar Plaza; treasurer Alliance Francaise des Pays-Bas.	2010	2022
CR Hibbs (1 st term)	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)	2016	Retired 1 July 2020
Elizabeth Lwanga (1 st term)	Innovations in Development Advisor; Leadership Development Consultant and Executive Coach. Former Deputy Assistant Administrator and Deputy Director, Regional Bureau for Africa, United Nations Development Programme (UNDP); and Former United Nations Resident and Humanitarian Coordinator and UNDP Representative	2018	2022
Claudia Surjadjaja (1 st term)	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)	2018	2022 (resigned in 2020)
Marianne van Kimmenade (1 st term) <i>Chair, Audit Committee</i>	Chartered Accountant, senior policy advisor fraud and governmental auditing at the Royal Netherlands Institute of Chartered Accountants. Former partner of EY	2019 As of 1 October 2019	2023
Bartel van de Walle (1 st term)	Former Professor of Policy Analysis, Faculty of Technology, Policy and Management, Delft University of Technology. Per 1 September 2020 Director at United Nations University - MERIT	2019 As of 1 December 2019	2023

¹ Since 2018, to align with modern-day good governance, the maximum has changed from three to two terms and members in their third term may retire before the end of their term, while taking into account the interests of composition and

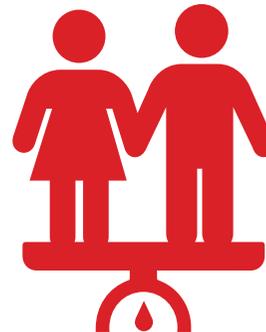
3. THE HIVOS WAY



FREEDOM & DIGNITY



SELF-DETERMINATION & DIVERSITY



EQUALITY & SOCIAL JUSTICE



RESPONSIBLE CITIZENSHIP



SUSTAINABLE USE OF OUR PLANET'S RESOURCES

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: freedom & dignity, self-determination & diversity, equality & social justice, responsible citizenship, sustainable use of our planet's resources.

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.

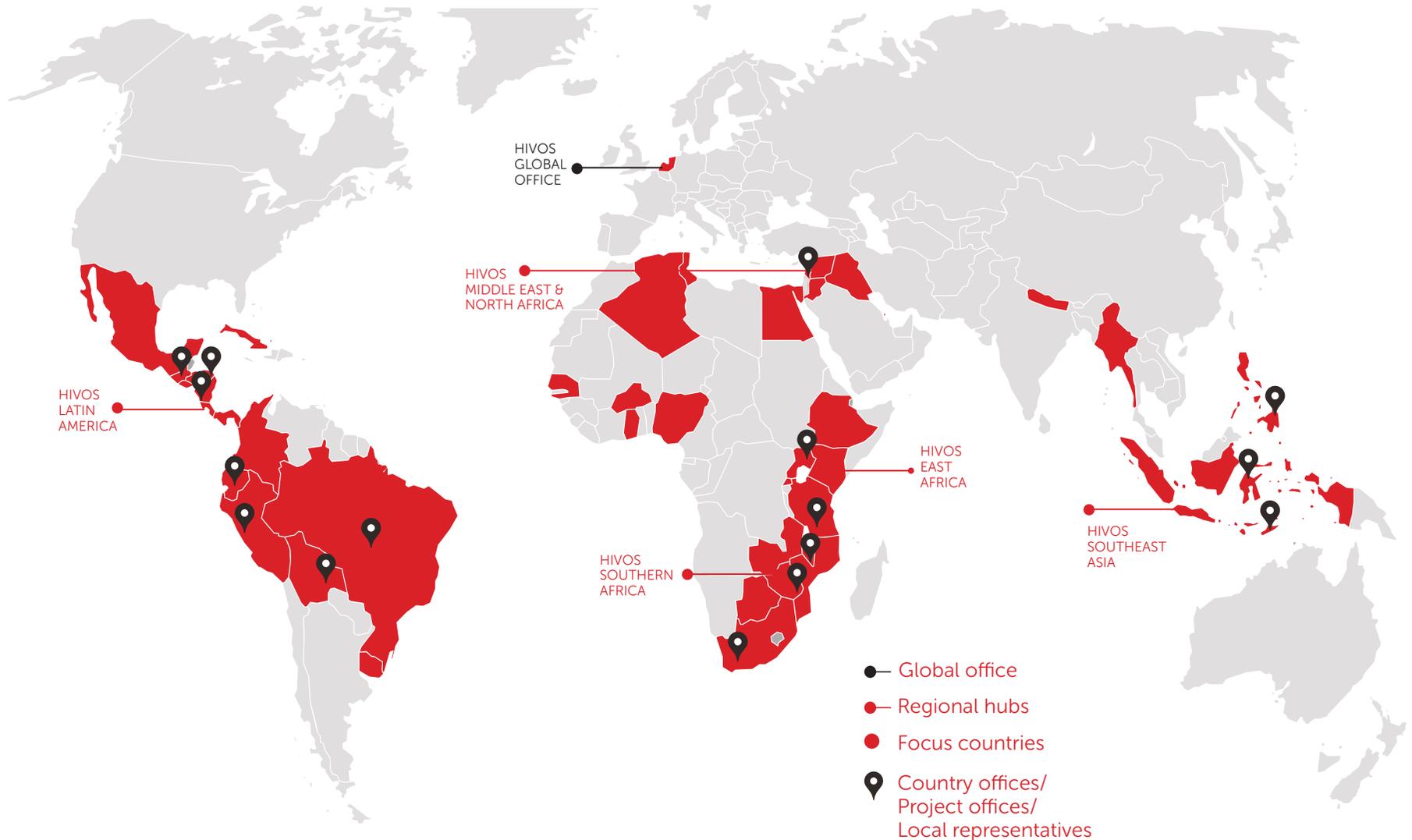
WE USE SIX INSTRUMENTS TO ACHIEVE THIS:



WHERE WE WORK

Focus Countries

- Algerije
- Bolivia
- Brazil
- Colombia
- Costa Rica
- Cuba
- Ecuador
- Egypt
- El Salvador
- Ethiopia
- Ghana
- Guatamala
- Honduras
- Indonesia
- Irak
- Jordan
- Kenya
- Lebanon
- Malawi
- Mexico
- Mozambique
- Myanmar
- Nepal
- Nicaragua
- Nigeria
- Panama
- Peru
- Philippines
- Rwanda
- Senegal
- South Africa
- Syria
- Tanzania
- The Netherlands
- Timor-Leste
- Tunisia
- Uganda
- Uruguay
- Zambia
- Zimbabwe



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

4. KEY FIGURES

NUMBER OF PARTNER ORGANIZATIONS

563



TOTAL INCOME



Income from lottery organizations
5,938

Income from companies
204

Income from private individuals
2,766

68,385

Amounts in 1,000 euros

Income from government subsidies
44,588

Income from other non-profit organizations
11,358

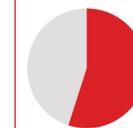
Other income
3,531

FINAL OPERATING RESULT

(1,627)



Reserves and funds
69,383



Solvency rate
59%



Current ratio
2.0

SPENT ON OBJECTIVES/PROGRAMS

OPEN



Freedom & Accountability
20,226



Sexual Rights & Diversity
12,868



Women's Empowerment
8,473

TOTAL SPENT ON OBJECTIVES/PROGRAMS

GREEN



Renewable Energy
12,086



Sustainable Food
7,085



Spent on generating income
745



Management and accounting costs
8,843



Exceptional items and provisions
(425)

60,738

5. IMPACT 2019

In 2019, Hivos' activities supported 563 partner organizations and spent nearly 60 million euros on its objectives. These activities achieved significant, positive change in various countries. One example involving the environment and climate change was our collaboration in the "All Eyes on the Amazon" program. In 2019 we helped draw global attention to the broader, ongoing destruction of the Amazon when forest fires ravaged the region and international criticism rained down on the Brazilian government. In this chapter you will find more examples of the programs within our five thematic areas that have had notable impact in the regions where we work. For more detailed objectives, results and stories of these programs, please visit hivos.org and/or our different program websites.

Over the last 50 years, Hivos has chosen to strengthen and link up national and local civil society

organizations (CSOs) in the countries we work in. They are important contributors to development and social change. These organizations have diversified over time, and in 2019 have also included small collaborations of activists, social entrepreneurs, academics and government organizations as well as NGOs. For example in Latin America, Hivos' largest regional hub in terms of funds spent and staff employed, we supported 256 organizations within our five thematic areas. Sixty-five of them received funding specifically to improve the collaboration between CSOs. Our support enables them to join forces and improve their project implementation or internal organization so they can effectively achieve their goals. For example, to improve the environment, implement smart agriculture solutions or fight for LGBTI rights. This is how we work together to increase our collective impact and move closer to a free, fair and sustainable world.

5.1 FREEDOM & 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 CSOs, 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.



SOME IMPACT EXAMPLES 2019

In 2019 we had to counter increasing restrictions on freedom of speech for activists and civil society to voice different opinions and call those in power to account. We did this with many different programs, from those that help indigenous people protect their rights in the Amazon, to programs for artists and creative content makers who engage in debates about civic space and freedoms in their societies. The Hivos Resource of Open Minds program ([R.O.O.M.](#)) supported filmmakers, artists, and designers with financial grants, capacity building, experimentation and learning. This helped them to scale their projects and be visible and resilient. In 2019, R.O.O.M. supported 292 cultural and media productions from 110 grantees. We should also mention our successful collaboration with the British Council and Nesta in the [Creative Hubs Academy](#). And the second edition of [Africa Crossroads](#) on the theme “Sense the City” in Kenya, that brought together 170 participants from 30 countries. Representatives of the arts and culture, academia, civil society, multilateral organizations, and governments discussed the future of the continent. This was again an example of our commitment to build communities that advocate for

open and green societies, where people are free to express themselves and make informed choices that influence their quality of life.

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. In Africa (Kenya, Malawi, Tanzania), 17 partners of the Open Up Contracting program worked together or individually, and sometimes with local governments, to translate complex data into accessible information that citizens can use to demand transparency in public procurement processes. And as mentioned in the Executive Board report, the Open Up Contracting program saw the launch of the first [open contracting portal](#) in Kenya to digitize government purchasing processes.

The Digital Defenders Partnership (DDP) hosted by Hivos has for years protected rights activists under

(digital) attack or threat. In 2019, DDP supported 5414 human rights defenders to navigate the digital highway safely. It developed a new strategy for 2020-2023 and received a number of new funding contracts in addition to its diverse group of donors.

In 2019 our Stop Child Labor program ended after having created 122 child Labor free zones, kept 65,000 children out of work and successfully influenced companies to eliminate child labor from their value chains. The same year witnessed the start of Work No Childs Business, a new five-year program coordinated by Hivos to stop child labor. It counts on a renewed commitment from the Dutch Government, the Stop Child Labor coalition and Save the Children and Unicef, who are joining forces to ensure children go to school and are not forced to work either for their family business or in the private sector.

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 supported to navigate the digital highway safely. 92 CSOs connected and supported.

Published online in 2019: New first aid kit for digital emergencies and the [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

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 CSOs connected and supported. Worked with 26 Multi-Actor Initiatives (MAI) from which 19 were pre-existing and 7 were newly brokered by Hivos

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 CSOs connected and supported

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

Published online in 2019: Celebrating 15 Years 'Stop Child Labour'

WORK: NO CHILD'S BUSINESS

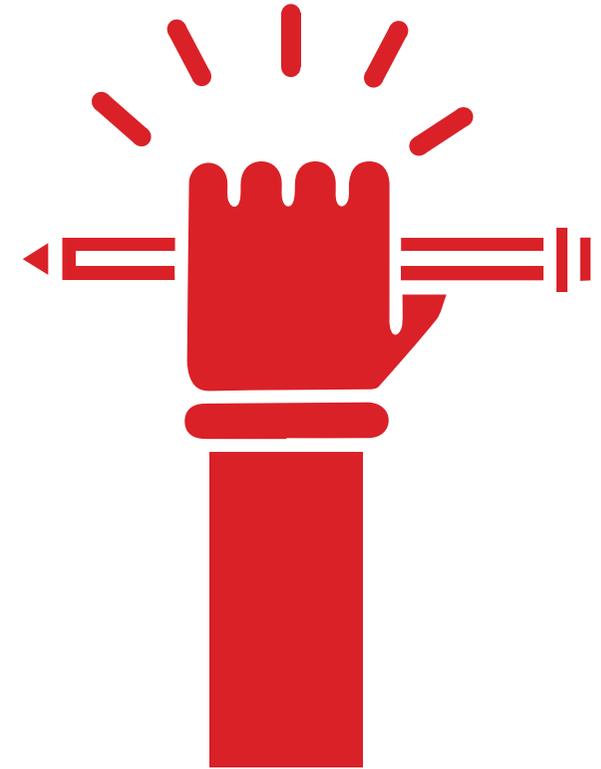
Aim: For all children and youth to be free from child labor and enjoy their rights to quality education and (future) decent work

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.



More than
63,000
children
from *labor*
to education
in five years

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 and SRHR organizations, successes are appearing across the globe. Promoting Sexual Rights and Diversity has been a focus of our attention for many years now. We are proud to say that in recent years, through our collaboration with Oxfam-Novib in the 'Voice' program, we have also expanded "diversity" to include attention for disabled people, indigenous populations and the elderly in Kenya, Tanzania, Indonesia and Philippines.



SOME IMPACT EXAMPLES 2019

In collaboration with Thomson Reuters Foundation, Hivos led a week-long media training where journalists and LGBTI activists discussed the portrayal of LGBTI stories in the media. The journalists learned new 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. This resulted in various insightful pieces on the realities of LGBTI persons in Kenya and Uganda published by journalists who followed the training. The Intersex Persons Society of Kenya, a Voice program partner, received a grant to advocate for the position of intersex persons and their recognition in society.

The society's work with the government led to the recognition of intersex persons by Kenya's census, making it the first African country to introduce a "third marker" in the census.

The Sexual Reproductive Health and Rights fund (SRHR) helped the regional coaching and mentoring initiative for youth-led organizations gain momentum in 2019. The initiative strongly promotes the voice and visibility of young people in East and Southern Africa, enabling them to lead on the SRHR issues that affect them. Through a special youth initiative, the fund increased access for young people at influential gatherings like the International

Conference on Family Planning (ICFP), ICPD 25+ and the SADC SRHR Strategy (2019 – 2030). Our special 2019 investment in young people and adolescents was instrumental in helping them to participate effectively in the SRHR sector.

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 and supported CSOs plus working with 35 youth researchers
- ESACO consortium formed between 8 organizations with a joint strategy & advocacy.
- Increased access to SRHR information for 73 young imprisoned people in Malawi, 600 adolescent refugees in Kenya and 12 LGBTI youth in Zimbabwe
- Read more about the impact of the SRHR fund in the 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:

- The program reached 2280 people, about half of them men. This total also is including 247 trans and non-binary persons
- 342 CSOs connected and supported
- 25 religious groups reached



Focus on
engaging
those who
oppose
LGBTI+ rights
in dialogue
and **building**
alliances
with them.

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)

How: Managed by Oxfam Novib and Hivos, Voice offers grants for grass-root groups and organizations that have difficulty getting funding and that represent or support:

- people living with disability
- LGBTI+ people
- women facing exploitation, abuse and/or violence
- age discriminated groups like the young and elderly
- indigenous groups, and ethnic minorities

The grants create safe spaces to meet, build self-confidence and develop transformative leadership; build civil society and media support for these groups’ demands, and support evidence-based advocacy to influence policies and behavior. In Voice’s linking and learning sessions, diverse stakeholders test and scale innovative methods and document lessons learned

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



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. What does that mean? Direct access to business markets for women entrepreneurs. Decent work for low-income women – not just any job. And women participating meaningfully in political processes and public administration. Because, despite progress in some areas, deep-rooted inequalities persistently disadvantage women and girls. Politics remain a man's world; most working women have low-paid jobs (and do unpaid 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.



SOME IMPACT EXAMPLES 2019

For decades, women's empowerment has been a priority for Hivos. In 2019, as before, economic development came at the cost of social exclusion for those most vulnerable to exploitation. Take the multi-billion horticulture sector as an example. It is rife with inequalities such as meager pay and career perspectives for women, poor working conditions, and sexual violence and abuse of the women who form the vast majority of laborers in this sector. However, thanks to our Women@Work campaign that targets horticultural companies in Kenya, Ethiopia, Tanzania and Uganda, 106 partnering businesses either adopted or started stand-alone policies on gender-responsive workplaces in 2019. 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. In Zambia, during a visit by the Hivos Supervisory Council to flower farms, we witnessed the empowerment programs in action. Women organized themselves to engage in dialogue with management and owners to improve

their conditions. The Covid-19 crisis also showed how vulnerable these women still are - despite improvements. Horticulture is an international value chain and the moment it stalls due to lockdowns, its tens of thousands of women workers immediately lost their jobs and income.

Another example of our positive impact is the Women Empowered for Leadership program (WE4L) that runs in Lebanon and Jordan, and in Malawi, Zambia, and Zimbabwe. In Jordan, during the UN's 16 days of Activism against Gender Based Violence in December 2019, Hivos WE4L and its partners organized a walk called "Lets walk to support women economically". It attracted approximately 400 participants who highlighted the importance of women's economic empowerment and was a clear signal to the new government to take violence against women seriously. In Lebanon, efforts by WE4L partners contributed to a total of six female ministerial appointments out of a total of 20 and the first Lebanese (and Arab) female Deputy Prime Minister and Minister of Defense.



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: The partners consist of 6 labor unions, 4 lawyers associations, 2 commercial parties, 6 women's organizations 4 human rights/labor rights organizations and 3 advisory/ research organizations See the news and views of the Women@work campaign online

Impact examples 2019:

- 30 CSOs connected and supported
- 23,180 women workers on farms reached
- Hivos 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 and/or agenda
- Pilots in living wages initiated by Lab participants
- 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

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 deprived of electricity 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. So our programs help thousands of starting entrepreneurs, especially women. They receive training in business models that provide green, socially inclusive energy products and services to rural and marginalized urban communities. These are the groups most vulnerable to the effects of climate change and also those that need specific policies and programs to combine access to energy, with income and/or job creation. Hivos advocates at all levels, alone and with other development actors, for these groups' interests.



SOME IMPACT EXAMPLES 2019

In 2019, ENERGIA, hosted by Hivos, supported 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. In East Africa, the African Biogas Partnership Program initiated by Hivos and SNV celebrated its 10th anniversary, and an additional 32,000 households gained access to a clean source of energy through biogas. Processing animal dung and agricultural waste in a bio-digester produces biogas for cooking and other uses as well as a slurry that easily surpasses chemical fertilizer in boosting crop yields. This likewise reduces the need to cut trees for firewood, eliminates hours spent by women collecting firewood that can be used more productively or for leisure. Farmers increase their crop yields with the slurry, and there is an often overlooked positive effect on the health of women and children. Biogas replaces wood-fired cook stoves or open fires that cause indoor pollution, which is responsible worldwide for 3.4 million deaths annually.

Our advocacy efforts for renewable energy worldwide succeeded in forming a West Africa Alliance to pursue the growth of bio-digester uptake

in that part of the world, led energetically by the government of Burkina Faso. Elsewhere, Hivos contributed to uniting Central American countries around an agenda to achieve 100 percent energy access in the next 10 years. At the start of 2019, Hivos invested heavily in putting clean cooking high on the agenda of leading global institutions, including the World Bank. Like biogas, this has multiple wins, promoting renewable energy, working on inclusion and women's empowerment, and improving women and children's health. Together with the Clean Cooking Alliance, the World Bank and funders, this resulted in the launch of a Clean Cooking Fund managed by the World Bank. During the UNGA Climate Summit in September 2019, governments, funders, INGOs, private sector and finance institutions made commitments to contribute to the fund and/or to promote clean cooking through specific policies and programs.

In 2019, we also continued to strategically reprogram the Hivos-Triodos Fund (HTF) from a micro-finance fund to a fund investing in SMEs that produce renewable energy and sustainable food. As the end of 2019, Hivos-Triodos Fund had €9.1 million outstanding to five off-grid energy companies.



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 CSOs, 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. Our programs focus on helping them produce sustainable products or services that serve the needs of smallholder farmers 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. So Hivos' advocacy efforts target many different actors to adopt policies and innovate solutions. National and local governments must be convinced to adopt policies that promote sustainable food production and consumption. But they must also have the support of civil society, farmers' organizations and allies in the private sector, especially if their efforts in the short term anger consumers used to low and often still subsidized food prices. Policy instruments like laws, pricing, and taxes should support sustainable food production by taxing and outlawing unsustainable and harmful food production.



SOME IMPACT EXAMPLES 2019

In 2019, Hivos launched the “Local Harvest” program, funded by EU Switch Asia, which promotes sustainable and equitable consumption and local food systems in Indonesia. We also saw the end of the 4s@scale program in Kenya and Uganda that helped over 80.000 coffee smallholders develop more climate-resilient, diverse and inclusive production systems. This program marked two decades of Hivos’ work to address injustices in the coffee sector, where individual farmers are often at the mercy of global monopolies that control prices. Although urban consumers are willing to pay top prices for ever more specialized coffee, farmers do not benefit. The 4s@scale program, sometimes in combination with biogas, saw the income of coffee farmers in Kenya and Uganda double. The program also had an active

gender component, supporting women in their quest for equal ownership and leadership positions in coffee cooperatives. Another aim of the program was to keep youth interested in coffee farming.

In Latin America, the ongoing SAFE program, funded by the Inter-American Development bank, supported some 120.000 smallholder farmers. Over the past years, Hivos has successfully lobbied through SAFE at the UN level for more inclusive, diverse, climate-resilient food policies. For example, either through international conferences or collaboration with UN agencies, like UNEP’s ten-year food system change program. At national level, Hivos and its partners contributed to the adoption of more inclusive and climate-resilient food policies in Zambia, Indonesia,

Uganda and Bolivia. This network also proved effective during the Covid-19 crisis, when the local and national value chains were heavily tested by lockdowns. Hivos networks not only informed citizens on Covid-19 “do’s and don’ts” but also linked producers and consumers directly during lockdowns.

As stated earlier, Hivos-Triodos Fund continued transitioning out of micro finance, and at the end of 2019 it had €21.3 million outstanding to 21 sustainable food companies. Our small and experimental Hivos Food and Lifestyle Fund, trying to reach small entrepreneurs that banks and private capital overlook, invested €0.4 million in three sustainable food companies.

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](#)
- Online story: [Starting a healthy food movement in Indonesia](#)

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

Hivos works with partners and allies that make it possible to develop and bring to scale innovative solutions for persistent global problems. We are happy we can continue to build on many long-standing partnerships. And we are always looking for fruitful new connections. In 2019, we worked with 563 partner organizations, almost 100 more than the year before. Without them, our mission for a free, fair and sustainable world would be impossible.

In 2019, we asked Keystone Accountability to conduct a special survey among our partners after receiving feedback from them in 2018. Over the last few years, Hivos has changed its internal control framework and administrative rules. Many partners felt this was bureaucratic and caused delays in payments and implementation. During the same period, Hivos became a project-based organization, making long-term institutional support almost impossible. Some partners thought we could have communicated better about these changes. The 2019 Keystone Hivos survey focused on these operational issues, but also asked civil society partners how they experience civic space and local ownership, and what role Hivos should play in the future.

The survey revealed that most respondents were satisfied with our communication and operations,

but that many had recommendations for other areas of improvement. The survey results were further tested in face-to-face dialogues in Nairobi, Harare and Jakarta.

A majority said Hivos' capacity development workshops improved their work, but that Hivos should consult more with civil society when preparing the workshops to make their content more relevant. Two thirds indicated that they were affected by changes in civic space, while 90 percent affirmed that working with Hivos had empowered them and expanded their civic space.

In terms of local ownership, the survey asked participants to what extent Hivos' programs foster partners' ability to determine their own needs and set their own development agenda. And whether they felt they could influence the strategies and priorities of donors, INGOs, and Hivos. We wanted to find out how we can adapt future programming to promote localization.

The results were humbling: only about a quarter think they can influence the agenda of donors, INGO's and Hivos. Hivos barely scored better than others. Although the majority said it was possible for them to influence project implementation, the vast majority stated they had very little say in setting development priorities or the allocation of funds.

Despite this, over 60 percent think Hivos should not change its role. Later, the in-person dialogue sessions revealed that continued access to funds through Hivos, in particular for human rights and lobby and advocacy, is crucial for our partners.

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. Here are a few examples of the funder community we work with and whose continued support we deeply appreciate.

- The **Dutch MFA** contributed €34 million to the next phase of Stop Child labor, called Work: No Child's Business. This is a coalition of Dutch and Southern organizations against child labor coordinated by Hivos. The Dutch MFA also extended the LEAD program, and together with **SIDA**, contributed significantly to our Digital Defenders Program.

- **DFID** awarded initiatives on sexual rights and diversity and protecting LGBTI rights in Southern and Eastern Africa, thus recognizing our track record in this field. One is Strong in Diversity, Bold in Inclusion, and the other is Protect (with Article 19).
- In Indonesia, **Global Affairs Canada** awarded our proposed program, Women Voice and Leadership. Together with funding from the **EU** for human rights defense 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.

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 implemented in Brazil, Ecuador and Peru to protect the Amazon and its inhabitants. 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

In 1994, Hivos and Triodos Bank joined forces as one of the world's first movers in financial inclusion investments. From its early beginnings, the fund invested in microfinance institutions, making small loans available to entrepreneurs in developing countries. Now, the fund still plays a frontrunner role by investing in renewable energy and sustainable agriculture initiatives. This enables tens of thousands of businesses to thrive.

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.

We are honored to work with these passionate people and their organizations. Every day, often in very challenging circumstances, they 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. GOVERNANCE AND RISKS

7.1 ORGANIZATION STRUCTURE, GOVERNANCE AND MANAGEMENT

Hivos has a governance model with a two-person Board of Directors and a Supervisory Council of nine members, including the chair. The Supervisory Council supervises the Board of Directors and has general oversight and organizational continuity responsibilities. They include specifically, approving Hivos' multi-annual strategy, annual budget, annual accounts and safeguarding policies. The SC is also the 'employer' of the Executive Board (EB). Overall, the Supervisory Council supports the EB with advice and suggestions. The Supervisory Council members carry out these responsibilities both individually and jointly.

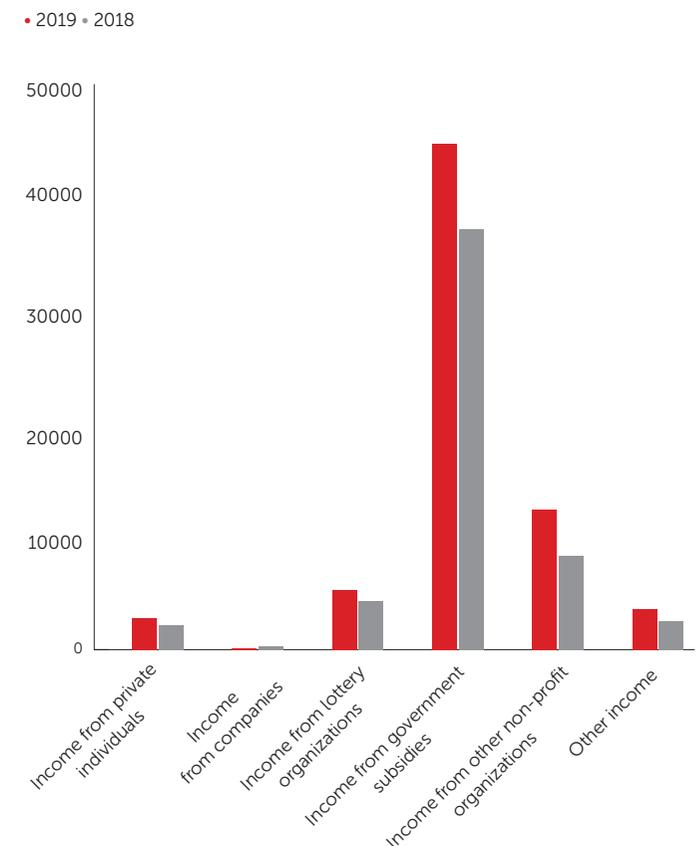
The Executive Board in 2019 consisted of Executive Director Edwin Huizing (ED) and Chief Operations Officer Michel Farkas (COO). The EB is supported by a Management Team consisting of two program directors, five hub directors, and managers of support units. These directors and unit heads are integrally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

7.2 FINANCIAL RESULTS FOR 2019

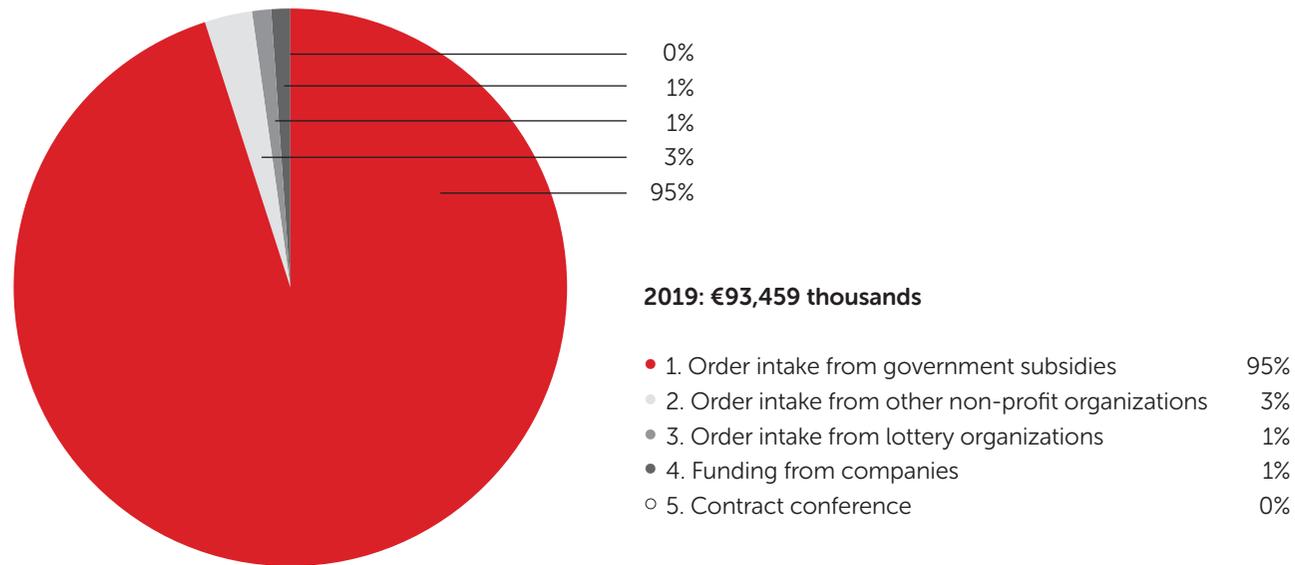
7.2.1 INCOME AND ORDER INTAKE PERFORMANCE FOR 2019

Hivos' income for 2019 was €68.4 million, compared with realized income of €53.7 million in 2018. The most dominant source remains government grants and multilateral institutions (which realized €44.6 million, compared with €36.3 million in 2018), followed by other non-profit organizations and foundations, mainly NGO's with whom we jointly implement programs, such as the VOICE program with Oxfam and the RHRN program with Rutgers (€11.4 million in 2019, compared with €8.2 million in 2018). Income from lottery organizations, Postal Code Lottery was €5.9 million, comprising of 1.35 million as an annual contribution and the remainder for "All Eyes on the Amazon" program (compared with €4.2 million in 2018), and income from private individuals, including CO2 revenues was €2.8 million (compared with 2018 income of €2.1 million). The higher income realized in 2019 was in line with a higher level of order intake, or funding contracted, concluded in 2019, part of which was committed towards partners in 2019 as further elaborated below.

INCOME COMPARING 2019 AND 2018 (X 1000)



THE OVERVIEW BELOW SHOWS THE NEW FUNDING AGREEMENTS CONCLUDED IN 2019.



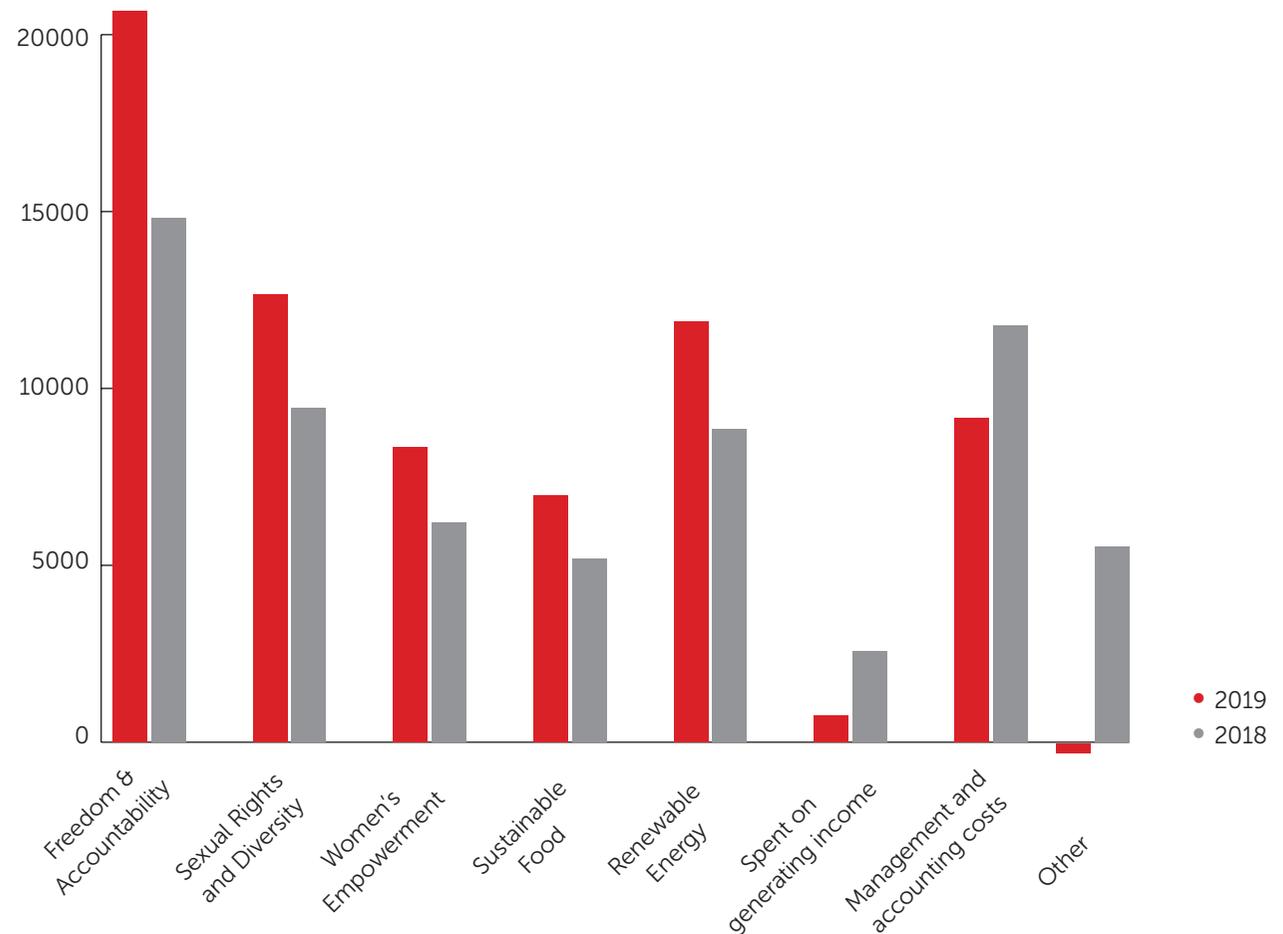
Donor Type	Signed donor contracts (thousands €)	No of contracts
1. Order intake from government subsidies	88,653	46
2. Order intake from other non-profit organizations	2,635	22
3. Funding from lottery organizations	1,350	1
4. Funding from companies	796	2
5. Contract conference	25	1
Grand Total	93,459	72

During 2019 Hivos concluded new funding contracts with donors for a total of €93.4 million (compared with €33.4 million in 2018). Our fundraising success rate in 2019 was 60% compared with 67% in 2018, a satisfactory achievement given the stiff competition surrounding us. The higher order intake for 2019 is attributed mostly to new contracts with existing funders for government grants of €88.7 million, mainly with the Netherlands Ministry of Foreign Affairs (13 contracts worth €55.8 million) and the Global Fund (3 contracts worth €16.4 million), totalling €72.2 million (or 77% of the order intake in 2019). The new contracts included large multi-annual projects such as Work No Child Business (€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 populations (\$10.5 million), and a Global Fund project targeting key populations in Bolivia (\$9.2 million). A part of these large contracts was committed to civil society partners and counted as re-granting expenditures in 2019. This accounted for the higher 2019 income of € 68.4 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 €69.9 million (compared with actuals of €64.4 million in 2018). Of this total, €60.7 million was spent on objectives (compared

EXPENDITURE COMPARING 2019 AND 2018



with €44.5 million in 2018), constituting 87% of the total spending and 89% of income. The spending on objectives is split between the Open domain €41.5 million (2018: €30.5 million) and the Green domain €19.2 million (2018: €14.0 million).

Of the €60.7 million total spent on objectives, €30.8 million was on direct project activity costs, such as capacity building or lobby & advocacy cost and €29.9 million on re-granting funds to civil society organizations. This reflects Hivos' role as a project implementation organization, combining activities directly implemented by Hivos with activities undertaken by partners.

The spent on generating income costs decreased from €2.6 million to €0.7 million because the related salary costs are now included in management & accounting costs, where all non-program salary costs are booked. In 2018, these salary costs were €1.6 million. As a result, the comparable external costs for spent on generating income decreased from €1.0 million to €0.7 million. The decrease in management and accounting costs is partly caused by stricter cost control during the year, including limiting vacancy fulfillment in global office.

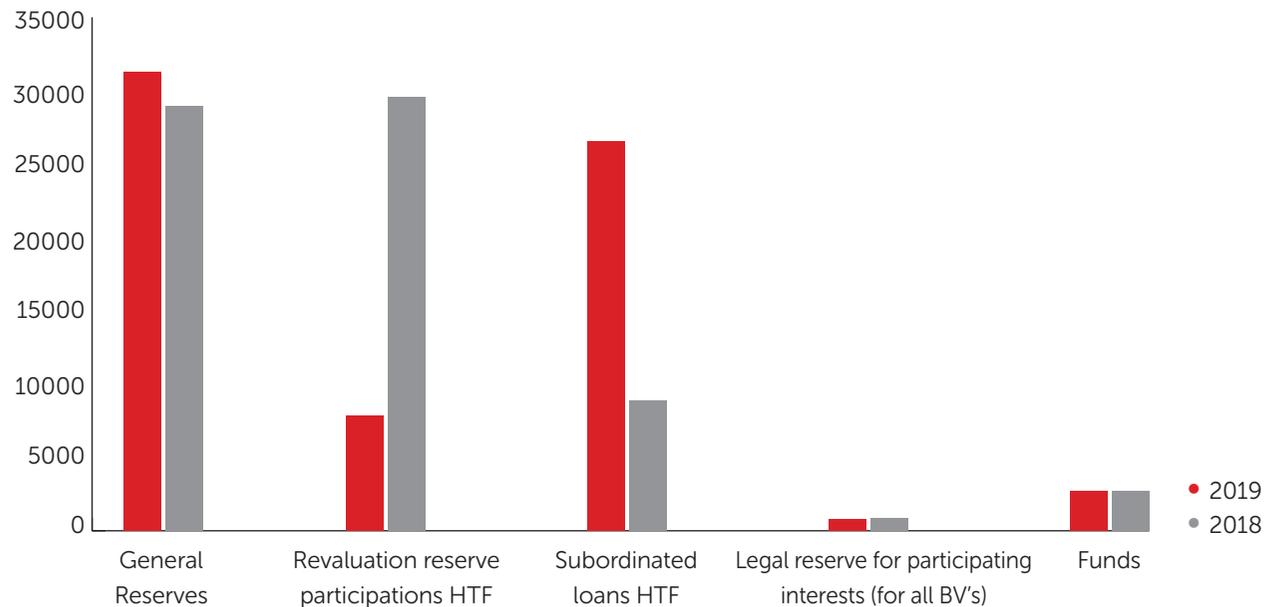
7.2.3 RESULTS AND YEAR-END POSITION OF APPROPRIATED RESERVES AND FUNDS

With a total income of € 68.4 million and a

total expenditure of €69.9 million, Hivos had an operating deficit of €1.6 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 gains and losses realized in 2019, such as a reduced dividend income from HTF (minus 0.6 million) and the exceptional gains from the sale of the participation in Centenary Bank (€1 million), an unexpected residual receipt from winding up Triodos Sustainable Trade Fund (€0.5 million), a decrease of the cost to go provision (€0.9

million) and write offs previous year of €0.6 million. If we exclude the impact of these exceptional gains and losses, we have a normalized structural loss of €2.8 million for 2019, which is closer to 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 a review of Hivos' revenue model to determine steps needed to achieve a normalized structural break-even result in the near future.

OVERVIEW OF KEY FUNDS AND RESERVES



In 2019, the Executive Board decided to simplify the presentation of reserves and funds in Hivos' Annual Accounts. The total reserves and funds decreased from €71.0 million to €69.4 million after accounting for the €1.6 million loss. The key reserves are the general reserves of €31.5 million (2018: €29.0 million), Hivos Triodos Fund (HTF) participations reserve of €7.9 million (2018: €29.6 million), the HTF subordinated loan reserve of €26.6 million (2018: €8.9 million), and funds of €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 constitute 46% 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 €29.9 million, which after deducting a carried interest for Triodos Investment Management, resulted in €22.7 million, which amount was converted into a subordinated loan to HTF.

At the end of 2019, €54.9 million was held as cash, while €38.4 million was held as financial fixed assets. Our balance sheet total is €118 million, of which €69.4 million comprises funds and reserves. As a result, our solvency rate is a solid 59% at year-end 2019 (2018: 55%). The balance sheet shows a

healthy current ratio (comparing liquid current assets to current liabilities) of 2.0 (2018: 1.8) which is higher than the minimal standard of 1.0. The EB is satisfied with Hivos' 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 coronavirus situation, as further elaborated under risks and uncertainties.

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 in bank accounts, which provides positive liquidity 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. This was mainly due to the sale of the shares in Centenary Bank (Uganda) for €29.9 million, which was after the carried

interest costs converted into a subordinated loan of €22.7 million 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 and in particular the sale of participations had reduced contribution to Hivos' income position in 2019, besides the extraordinary gain of €1 million euro out of the sale, it remains significant to Hivos' asset position. According to stipulations of the HTF agreement of 2016, Hivos retains a claim on HTF's equity in the event of HTF winding up. If the partnership ends and the equity is at that moment lower or equal than the equity at yearend 2015 (approximately €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 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 an individual project basis. Information about our projects is shared through our websites and social media platforms, as well as during general and project events, which increases public awareness of our activities and impact. We widely distribute the Annual Report to our key stakeholders and publish it on hivos.org. In 2019, Hivos spent €1.6 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 results of the 2018 Partner Survey. It revealed important insights for improving our performance and delivery in types and amounts of funding, capacity development, and communication (among others). This was followed by further consultations with partners in 2019 on civic space, local ownership and Hivos' supporting role. We discussed the changing donor landscape and pressure on funding with our donors, and held detailed strategic talks with the Supervisory Council. Their contributions are shaping our Strategic Compass document, which will define Hivos' strategy over the period 2021-2024.

7.4 SOCIAL RESPONSIBILITY POLICIES

Hivos' approach to social responsibility is guided by our social responsibility and integrity policies. They cover issues such as Hivos' values, integrity, diversity, equality, good employment practices, environmental stewardship and social responsibility in the value chain (i.e. how Hivos interacts with partners, donors, corporate partnerships, and suppliers). Hivos contributes towards mitigating climate change in different ways. One is by reducing the carbon footprint in our projects. Another is through projects that directly and indirectly seek to prevent or mitigate the impact of global warming (e.g. biogas projects and All Eyes on Amazon). In October 2019, our Global Office moved to a new, environmentally-friendly building (with shared facilities) on Grote Marktstraat 47a, 2511 BH, The Hague.

In 2019 we enhanced our zero tolerance approach to safeguarding violations with a more robust safeguarding policy for staff, partners, suppliers, and beneficiaries. The policy now also applies to 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 EB aims to

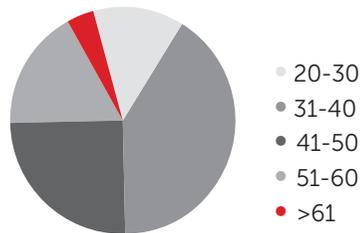
strengthen our zero-tolerance policy towards safeguarding violations through setting the tone at the top and according due attention to all integrity issues.

Hivos subscribes to the Partos code of conduct and Goede Doelen Nederland's code 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 required by our funders. In 2019 all employees signed our renewed code of conduct (which includes the new safeguarding and integrity stipulations).

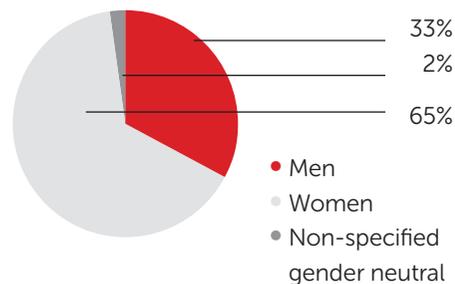
Hivos upholds gender diversity in the composition of our Supervisory Council, Executive Board, Management Team and within our projects. Gender is a crosscutting element embedded in our external projects, and Hivos is also implementing an internal Gender Equality Diversity and Inclusion project. In 2019, the EB consisted of two men; the Hivos management team comprised six women and five men, while the Hivos Supervisory Council had six men and four women. At the end of 2019, Hivos employed 375 staff worldwide, of which 125 are male (33%), 244 female (65%) and 6 gender neutral. Hivos staff is made up of 43 nationalities, the main ones being:

Dutch 115, Kenyan 45, Costa Rican 39, Indonesian 36, Zimbabwean 33, Bolivian 15 and Ecuadorian 11. The charts below show Hivos staff distribution by age and gender.

HIVOS STAFF BY AGE



HIVOS STAFF BY GENDER



7.5 KEY RISKS AND UNCERTAINTIES

7.5.1 ENTERPRISE RISK MANAGEMENT

Hivos is exposed to three main risks and uncertainties which can impact its results and financial position. These are related to fluctuations in levels of funding, reduced levels of income for operations and adverse impacts of events that impair the organization's reputation.

In order to mitigate the possible impact of reduced funding, the current business plan identified an optimal annual budget of €70 million per annum. Hivos retains dedicated program development staff responsible for spearheading resource mobilization across all productive units and the Global management team receives monthly order intake pipeline reports tracking estimated annual income (combining secured income and expected order intake) for the next 3-4 years adjusted for success rate probability (broken down per thematic area and per productive unit). For example at the end of June 2020, the pipeline report reflects that for 2020 Hivos has a target to raise €77 million of which €60 million is already secured or highly probable, €57 million in 2021, €45 million in 2022 and €29 million in 2023 are secured or highly probable. In 2019, the EB has taken steps to increase the focus and coherence of resource mobilization efforts by centralizing

the coordination of business development and reducing the involvement of business development staff in projects implementation, this will be further consolidated upon in the strategic compass and restructuring of the organization in 2020.

In order to mitigate the risks of reduced or insufficient income for operations, Hivos applies the fee model and a Full Cost Recovery tool for regular assessment of the levels of income for operations included in each project proposal before it is submitted to donors. Projects that include less income for operations than that calculated using our full cost recovery fees are approved by the Executive Board. Over the past 2 years, Hivos reduced the number of projects approved with under-recovery, however there is also a need to improve the ratio between our indirect costs and income, to create a balance between income for operations and the levels of operational costs to attain breakeven result. This is receiving further attention in the strategic compass and restructuring of the organization which will be implemented in 2021. Hivos is also evaluating its revenue model in order to align our budget methodologies to the indirect costs requirements of our main donors.

Although Hivos did not experience any publicized events which had a negative impact on reputational risks in 2019, this remains an important risk which could affect funding and relationships with key

donors. This risk is heightened by the spread of our operations across the globe, including projects in vulnerable and unstable environments. As an example, we can refer to the sex scandals which rocked our peer organization recently. The risk of a large scandal within the Hivos organization, is a decrease or a complete stop of new donor contracts and other stakeholders who want to stop the relationship with Hivos. To mitigate this risk, Hivos has strengthened its integrity policies in order to assure compliance with legal and cultural norms within our projects, we also strengthened our whistleblower mechanisms in order to provide a more secure and accessible channel for detecting violations (as further elaborated under social responsibility policies).

Hivos maintains a balance between taking and managing risks because of our strategic choice to work with frontrunners and grassroots organizations. While our risk appetite is generally low, there are exceptions when we accept some risks in projects to reach our objectives.

Primary responsibility for implementing policies and procedures rests with project, program, administrative and financial staff. The EB and management team assure functioning of risk management measures. And the Audit Committee and Supervisory Council provide overall oversight on risks and risk mitigation measures.

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

Our current internal control framework is planned to be redesigned in 2021 to work optimally with the new business operations system currently being rolled out. The revised Internal Control Framework will have better mechanisms for operational monitoring, compliance, reporting, checks and balances for accountability as well as serve our civil society partners for efficient and effective implementation.

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 to be limited as the UK avoided a hard Brexit up till now. Even in the event of a hard Brexit in the future, the financial impact will be limited for Hivos because the majority of the projects are financed via Euro's and US dollars.

Hivos faces risks related to the safety and security of staff and partners in some projects implemented in high-risk environments. In July 2019, Hivos conducted workshops with the Regional Directors on maintaining security and setting up crisis teams. In 2019, some of our operations were affected by domestic political instability in Bolivia, Colombia, Ecuador, Lebanon, Malawi and Zimbabwe. In 2019, we did not experience any major internal incidents related to physical or digital security. However, a number of partners supported by Hivos did face threats to their physical security in 2019. These include the following major incidents:

- The All Eyes on the Amazon project works in conflict areas where environmental activists often are confronted by individuals employed by illegal extractive or logging operations. This sometimes leads to violent situations. During 2019, the project suffered one death in Peru and two deaths in Brazil in territories that fall within the boundaries of the project.
- The Voice project in Southeast Asia saw 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 organization received death threats and had to go into hiding.

Partners working under such conditions often employ strict security protocols and are provided with additional support to reduce specific risks and prevent incidents.

7.5.2 FRAUD AND FINANCIAL IRREGULARITIES

During 2019, Hivos strengthened its zero-tolerance policy on fraud, bribery, and corruption through:

- an external whistle-blower facility for reporting internal and external cases of suspected fraud, financial impropriety (corruption, bribery, misuse) and safeguarding violations
- a new fraud and irregularity response procedure that will speed up responding to and resolving cases of fraud and irregularities
- a systematic fraud registry for monitoring incidents and progress towards resolving cases

Direct oversight of the EB in handling cases to ensure stricter follow up was strengthened.

Hivos did not register new major cases of fraud or irregularities in 2019. The above improvements have resulted in reduced potential liability in 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 and donor stipulations, and are closed off faster to minimize losses or ineligible costs.

7.5.3 IMPACT OF THE COVID-19 CRISIS

As explained in section 2.2 'Going Concern' under Accounting Principles, the outbreak of Covid-19 and the measures taken by governments worldwide to contain its spread 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 of disruption is unprecedented while the duration of the pandemic and its consequences remains uncertain.

Hivos responded proactively by adopting virtual ways of working and curtailing activities that would expose staff and stakeholders to the risk of infection. Within two weeks in March 2020, 95% of staff was working from home and although some offices have opened up partially again, the majority of staff still works from home. Additionally, Hivos has:

- reviewed the business continuity plan of each contract/project, including risk mapping, finding that some 70% of project activities are suffering delays and 20% are on hold
- decided to reprogram within existing program objectives and budgets for contracts ending in 2020 in close consultation with donors (mainly Dutch funding)
- investigated the vulnerability of our partners for Covid-19

Despite Covid-19, Hivos has continued finalizing the Strategic Compass, implementing All Solutions, and working out the new organizational model and consequent restructuring plans.

Until now, donors have shown flexibility in allowing for changes and remuneration of staff. However, Hivos expects donors to change their priorities, when

the pandemic continues, which could result in extra funds, reprogramming or even fewer funds. There are already clear signs that donors will be more concerned with addressing the health threats and the “socio-economic consequences of Covid-19”. This would affect issues such as food security, the economic impact of the crisis on already marginalized populations, civic space, and access to reliable information. It is foreseeable that a change of political direction could limit funds or redirect committed funds for Hivos programs and thematic areas, towards new priorities, such as health and economic activities and debt relief.

Although the crisis has not yet had a major financial impact on Hivos, we have developed scenarios for future loss of income and the risk of fund redirection affecting some of our larger programs. This was done to assess how these scenarios impact our liquidity and solvency prognosis, which might affect our going concern status. While the Covid-19 crisis brings increased levels of uncertainty, our financial position gives the EB confidence in the organization’s ability to continue meeting its goals. We can conclude that there is no material uncertainty that will cast significant doubt on Hivos’ ability to continue as a going concern. This is thanks to our solid financial and liquidity situation, the flexibility of our donors and the cost-cutting measures taken so far.

7.6 EXPECTED COURSE OF AFFAIRS: LOOKING INTO THE FUTURE

The Covid-19 outbreak is the most significant development affecting our operations in 2020. Measures taken by various governments to contain the virus have directly impacted our activities. Despite the measures Hivos has taken to remain resilient and continue our work, returning to normal will depend on factors beyond our control, mostly in the countries where we operate. The EB will do its utmost to continue operations in the safest way possible without jeopardizing the health of our staff and stakeholders. This includes a partial return to our offices respecting the new social distancing norms and remote working as the norm until such time a cure and/or vaccine is found.

Our budget for 2020 reflects a total income of €69 million (of which €56.2 million 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 organizations. The budgeted loss for 2020 is €3.4 million. At this stage, there is no indication that Covid-19 will impact the final 2020 result materially. However, even if the income for staff costs at this moment seems secured, the budget being a reflection of the amounts regranted and reimbursed for direct program costs will see quite a change.

Civil Society partners find it more difficult to reach beneficiaries and rights holders under lockdown, costs for physical meetings, trainings and travel have reduced to almost nil, online costs being far lower. The EB 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 EB confidence that Hivos will be able to withstand the current challenges and those of the immediate future.

One of the most significant developments in 2019 was the Power of Voices call floated by the Dutch Ministry of Foreign Affairs. At the end of May 2020, Hivos received positive news that three of our four applications were approved to go to the full proposal phase. The allocated budgets to representing a total of approximately €60 million of the €75 million requested. The success in this tender provides an important basis for our strategy for the coming four years.

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 started the switch from the Osiris ERP system to a new software system. From the start of the year the financial transactions were recorded in the ‘All Solutions’ financial module and during 2019 designing the project and time writing modules took place, for full implementation in 2020. When

fully functional, the new systems will improve the processes for financial and project management, leading to easier and faster delivery of the annual accounts. In 2019, Hivos also started improving the business development processes. These changes will be further consolidated in 2020.





HIVOS ANNUAL ACCOUNTS 2019

8.1. CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2019

amounts x EUR 1,000

After appropriation of the result

		31-12-2019	31-12-2018
ASSETS			
	Notes		
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	12,141	12,279
Prepayments and accrued income	5	9,412	4,981
Claims, prepayments and accrued income		21,553	17,260
Cash at bank and in hand	6	54,927	68,083
Total		117,983	129,364

After appropriation of the result

		31-12-2019	31-12-2018
RESERVES AND FUNDS			
Reserves	Notes		
Appropriated reserve for business operations		0	5,958
Appropriated reserve for business operations - calamities		0	2,495
Appropriated reserve for translation differences		0	-2,333
Appropriated reserve, National Postcode Lottery		0	3,893
Appropriated reserve, refunds + interest		0	4,421
Appropriated reserve, currency valuation		0	1,636
Appropriated reserve related to The Innovation Station B.V.		0	100
Appropriated reserve related to Hivos Impact Investments B.V.		0	39
Appropriated reserve related to Hivos Food & Lifestyle Fund B.V.		0	741
Appropriated reserve related to Hivos Mideast Creatives Fund B.V.		0	116
Appropriated reserve for Program Development & projects		0	11,449
Appropriated reserve for Innovation		0	10,185
Appropriated reserve, HTF participations		7,865	29,586
Designated reserve, HTF loans		26,574	0
Legal reserve for participating interests		775	0
General reserve		31,490	0
	7	66,705	68,287
Funds			
Appropriated fund, Private Funds		2,678	2,678
Appropriated fund, Stop Aids Now!		0	45
	8	2,678	2,723
Reserves and funds		69,383	71,010
LIABILITIES			
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	825	2,018
Long-term liabilities			
Long term project liabilities		8,777	9,251
Long term liabilities		81	81
Long-term liabilities	10	8,858	9,332
Current liabilities			
Project grants received in advance		17,806	21,836
Current project liabilities		14,932	16,447
Accruals and deferred income		5,189	7,770
Current liabilities for staff		990	952
Current liabilities	11	38,917	47,005
Total provisions and liabilities		48,600	58,355
Total		117,983	129,364

8.2. CONSOLIDATED STATEMENT OF INCOME AND EXPENSE FOR THE YEAR ENDED 31 DECEMBER 2019

amounts x EUR 1,000

	Notes	Actual 2019	Budget 2019	Actual 2018
INCOME				
Income from private individuals				
Donations and gifts		1,324	1,300	1,047
Legacies		0	0	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	204	0	333
Income from lottery organizations	14	5,938	1,350	4,239
Income from government subsidies	15	44,588	72,399	36,346
Income from other non-profit organizations	16	11,358	3,787	8,163
Sub total income generated	B	64,854	79,931	51,172
Other income				
Net investment/unrealized exchange gains HTF participations		2,193	0	2,461
Dividend HTF participations		371	1,000	1,025
Revaluation HTF loan agreement 2016-2020		0	0	61
Income from investments		-395	0	-478
Exchange gain/loss of operations		619	0	-820
Other income		743	79	255
Other income		3,531	1,079	2,504
Total income	D	68,385	81,010	53,676

	Notes	Actual 2019	Budget 2019	Actual 2018
EXPENDITURES				
Spent on objectives/Programs				
Open Freedom of Expression		20,226	25,371	14,828
Sexual Rights and Diversity		12,868	16,142	9,434
Women's Empowerment		8,473	10,629	6,212
Green Sustainable Food		7,085	8,888	5,194
Renewable Energy		12,086	15,161	8,860
Total expenditure on objectives	C	60,738	76,191	44,528
Spent on generating income	A	745	2,759	2,561
Management and accounting costs	E	8,843	5,922	11,775
Exceptional items and provisions		-425	0	5,515
Total expenditures	F	69,901	84,872	64,379
Operating Result before financial income and expenses		-1,516	-3,862	-10,703
Balance of financial income and expenses		111	0	21
Final operating result		-1,627	-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)		89%	94%	83%
Costs spent on objective as a % of total costs (= C / F)		87%	90%	70%
Man. and accounting costs as a % of total expenditures (= E / F)		13%	7%	18%
Results before appropriation		-1,627	-3,862	-10,724
Added to/withdrawn from:				
Reserves				
Appropriated reserve for business operations		-5,958	0	-5,594
Appropriated reserve for business operations - calamities		-2,495	0	0
Appropriated reserve for translation differences		2,333	0	0
Appropriated reserve, currency valuation		-1,636	0	0
Appropriated reserve for program management		0	0	-69
Appropriated reserve for NPL		-3,893	0	1,284
Appropriated reserve refunds and interest		-4,421	0	-38
Appropriated reserve The Innovation Station B.V.		-100	0	-350
Appropriated reserve to Hivos Impact investment B.V.		-39	0	-44
Appropriated reserve Hivos Food & Lifestyle Fund B.V.		-741	0	435
Appropriated reserve Hivos Mideast Creatives Funds B.V.		-116	0	-33
Appropriated reserve for Program development & projects		-11,449	0	-3,644
Appropriated reserve for innovation		-10,185	0	-629
Appropriated reserve HTF participations		-21,721	0	-409
Designated reserves, HTF loans		26,574	0	0
Legal reserve for participating interests		775	0	0
General reserve		31,490	-3,862	0
Subtotal appropriations reserves		-1,582	-3,862	-9,091
Funds				
Appropriated fund Private funds		0	0	-1,621
Appropriated fund Xandra fund		0	0	10
Appropriated fund, Stop Aids now		-45	0	-22
Subtotal appropriations funds		-45	0	-1,633
Total addition/withdrawal		-1,627	-3,862	-10,724

8.3. CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

amounts x EUR 1,000

		2019	2018
USING THE INDIRECT METHOD			
	Ref.		
Cash flow from operating activities			
Movements in reserves and funds	1)	-1,627	-10,725
Amortization and depreciation	2)	1,119	242
Movements in claims for grants	3)	138	19,533
Movements in other claims	3)	-4,431	-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)	-8,088	-22,578
Cash flow from operating activities		-14,556	-8,828
Cash flow from investing activities			
Additions to tangible fixed assets	2)	-1,541	-126
Additions to intangible fixed assets	2)	-1,070	-254
Withdrawals from financial fixed assets	2)	4,010	4,712
Cash flow from investing activities		1,399	4,332
Cash flow from financing activities			
Income from long term liabilities		0	0
Repaid on long term liabilities		0	0
Cash flow from financing activities		0	0
Movements in cash at bank and in hand		-13,157	-4,495
Recapitulation			
Cash at bank and in hand at end of financial year	3)	54,927	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		-13,157	-4,495

¹⁾ See Chapter 8.2: Consolidated Statement of income and expense for 2019

²⁾ See Chapter 8.5: Notes to the consolidated balance sheet

³⁾ See Chapter 8.1: Consolidated Balance sheet as at 31 December 2019

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 (EB) 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), Latin 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), Latin 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 Executive 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.

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 has totally disrupted the normal flow of social life and economic activities throughout the world. As the situation rapidly evolved across the countries where Hivos operates, Hivos took immediate steps to prevent the spread of COVID-19. They 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 has suffered by delays and 20% are on hold. Our review was based on the outcome of our risk mapping. In close consultation with donors (mainly Dutch funding), we also decided to reprogram within existing budgets for contracts ending in 2020. 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

performed 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 programs, to assess how such scenarios impact our liquidity and solvency prognosis for 2020 and 2021 (by which time it is hoped a vaccine will 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 €1.6 million. For 2020, the expected worst case loss (assuming a 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 €118 million, resulting in a solid solvency rate of 59%. 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 brings increased levels of uncertainty, our financial position gives the Executive Board confidence in the organization's ability to continue meeting its goals. We can conclude that at this point in time, there is no material uncertainty that will cast significant doubt upon Hivos Foundation's ability 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

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 BVs 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 is 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

A reserve is presented if there is a legal requirement (e.g. revaluation reserve and legal reserve for participating interests) and if the Executive Board has decided to form a reserve for a specific purpose.

A fund is created if (individual) donors have given contributions that must be used for the realization of a specific goal, which is more limited than the objective of the foundation.

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 freely 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

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.

Hivos has various pension plans. The Dutch plans are financed through contributions to pension providers, i.e., insurance companies and industry pension funds. The foreign pension can be compared to how the Dutch pension system has been designed and functions. The pension obligations of both the Dutch and the foreign plans are valued according to the 'valuation to pension fund approach'. This approach accounts for the contribution payable to the pension provider as an expense in the profit and loss account.

As at year-end 2019 (and 2018) no pension receivables and no obligations existed for the group in addition to the payment of the annual contribution to the pension provider.

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

Intangible fixed assets 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. 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.

8.5. NOTES TO THE CONSOLIDATED BALANCE SHEET AS 31 DECEMBER 2019

ASSETS

1. Intangible fixed assets

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

	Software 2019	Software 2018
INTANGIBLE ASSETS		
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 amortization at beginning of year	1,818	1,743
Mutations year	228	75
Accumulated amortization after mutations, 31.12.2019	2,046	1,818
Book value at beginning of year	273	95
Additions year	1,070	254
Amortization 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 business (5 yrs)	Total assets for business operations	Building in Harare (50 yrs) ²⁾	Building in San Jose (10 - 50 yrs) ³⁾	Total buildings for objectives	Total all
TANGIBLE ASSETS FOR BUSINESS OPERATIONS								
Acquisition price, 01.01.2019	1,424	1,506	111	3,041	106	442	548	3589
Mutations 2019	765	751	25	1,541	0	0	0	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	0	0	0	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	-	-	3,000

¹⁾ Related to: Triodos Bank N.V., 43,817 depository receipts of shares with a purchase value of € 2,999,932. The net asset value of these depository 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 ¹⁾	29,586	307	22,028	7,865

The breakdown of the HTF participations valuations per 31.12.2019 are as follows:		Geography	Ownership %	31.12.2019	Ownership %	31.12.2018
Company						
Africap ²⁾	South Africa	2.07%	0	2.07%	0	
Akiba Bank ²⁾	Tanzania	7.94%	0	7.94%	0	
Bellwether	India	17.55%	4,465	18.77%	4,354	
Centenary ³⁾	Uganda	0.00%	0	18.29%	21,273	
Eco E II	Costa Rica	7.18%	475	7.53%	1,142	
LeapFrog	South Africa	1.85%	332	1.85%	401	
MFx Solutions	USA	3.46%	608	3.52%	627	
Novastar	Mauritius	3.75%	1,985	3.73%	1,789	
			7,865		29,586	

Note 1: The valuation of the participation is €8,306,000 minus the carried interest of €441,000, resulting in a net amount of €7,865,000. 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 for €29.9 million. The net sales proceeds of €22.3 million (€29.9 million minus carried interest €7.2 million minus a tax provision of €0.4 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	0	228	0	4,272
Hivos Triodos Fund Subordinated Loan (B)	0%		4,369	0	4,369	0	0
Hivos Triodos Fund Subordinated Loan (Centenary)	0%		0	22,302	0	0	22,302
The Innovation Station B.V. (loan 1)	0%	5 years	0	0	0	0	0
The Innovation Station B.V. (loan 2)	5%	5 years	100	0	100	0	0
Hivos Impact Investments B.V.			39	188	0	0	227
Other related investments			857	0	82	0	775
			9,865	22,490	4,779	0	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 The Innovation Station B.V. and Hivos Impact Investments B.V. 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.

The 'Other related investments' present the equity value of:
 Hivos Impact Investments B.V. €0 (2018: €0)
 Hivos Food & Lifestyle Fund B.V. €695,000 (2018: €741,000)
 Hivos Mideast Creatives Fund B.V. €80,000 (2018: €116,000).

Hivos has the following inactive and empty entities which will be liquidated in the near future:

- Malawi Hivos Limited, 100%
- African Clean Energy Switch Biogas Limited, 100% Uganda
- Biogas Solutions Limited, 50%, Uganda, joint venture under SNV control

4. Claims for grants

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

	31-12-2019		31-12-2018	
	Total	Remaining term > 1 year	Total	Remaining term > 1 year
Receivable from companies	297	0	277	0
Receivable from lotteries	575	0	1,378	28
Receivable from government subsidies	6,753	0	7,837	3,874
Receivable from other non-profit organizations	3,470	0	2,520	1,189
Receivable from other sources	1,046	0	266	0
	12,141	0	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	2,410	1,953
Debtors grants	6,635	0
Prepayments (employees/travelling)	10	52
Receivable (and prepaid)	357	2,976
	9,412	4,981

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	48	8
Bank	54,879	68,075
	54,927	68,083

The cash at bank and in hand are at free disposal except an amount of €80,000 for a bank guarantee.

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 €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 €16 million (yearend 2018: €15 million).

7. Reserves

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 freely 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)

	Appropriated reserve for business operations	Appropriated reserve for program management	Appropriated reserve for translation differences	Total
Balance as at 1 January 2019	5,958	0	-2,333	3,625
Added	0	0	0	0
Withdrawn	5,958	0	-2,333	3,625
Total movements in 2019	-5,958	0	2,333	-3,625
Balance as at 31 December 2019	0	0	0	0

Appropriated reserve for business operations	01.01.2019	Withdrawn/ Added from results	Withdrawn from reserve	31.12.2019
Continuity reserve for business operations	5,958	-5,958	0	0
Calamities	2,495	-2,495	0	0
Balance as at 31 December 2019	8,453	-8,453	0	0

Restricted purpose of reserve for business operations:

Continuity reserve for business operations: to guarantee the continuity of the organization.

Calamities: to be used for claims of donors.

Other appropriated reserves	01.01.2019	Added	Withdrawn	31.12.2019
National Postcode Lottery (NPL)	3,893	0	3,893	0
Refunds and interest	4,421	0	4,421	0
Currency valuation	1,636	0	1,636	0
The Innovation Station B.V.	100	0	100	0
Hivos Impact Investments B.V.	39	0	39	0
Hivos Food & Lifestyle Fund B.V.	741	0	741	0
Hivos Mideast Creatives Fund B.V.	116	0	116	0
Program Development	11,449	0	11,449	0
Hivos Innovation Fund	10,185	0	10,185	0
HTF participations	29,587	0	21,722	7,865
Designated reserve, HTF loans	0	26,574	0	26,574
Legal reserve for participating interests	0	775	0	775
General reserve	0	31,490	0	31,490
Balance as at 31 December	62,167	58,840	54,302	66,705
Total all reserves	68,287	58,840	60,422	66,705

NPL: to be used for the objectives of the organisation, to finance social innovations and sensitive projects for which no donor can be found.

Refunds and interest: to be used to finance innovations and sensitive projects for which no donor can be found.

Currency valuation: to be used for revaluation of donor funds with source currencies other than euro.

Program funds related to BVs: to be used when limited companies are sold for the objectives of the organization. These investments are financed from MFS-funding and therefore included as a fund.

HTF participations: to be used for participations in microcredit- and financial institutions in the framework of Hivos' Green program.

Program Development: financed from the HTF 2016-2020 loan agreement, to be used for Program Development. These investments are financed from MFS-funding and therefore included as a fund.

Hivos Innovation Fund: financed from the HTF 2016-2020 loan agreement, used for social innovations for which no donor can be found. These investments are financed from MFS-funding and therefore included as a fund.

8. Funds

Appropriated funds	Income Category	01.01.2019	Added	Withdrawn	31.12.2019
Private Funds	Private individuals	2,678	0	0	2,678
Stop Aids Now! (SAN!)	Other non-profit organizations	45	0	45	0
Balance as at 31 December 2019		2,723	0	45	2,678

9. Provisions

Hivos has the following provisions for future costs:

		01.01.2019	added	withdrawn	31.12.2019	period
Sabbatical leave	1)	229	0	117	112	>5 yrs
Legal claims	2)	499	0	269	230	>1 yr
Jubilee		3	0	0	3	1 yr
Long term illness	3)	0	135	0	135	1 -2 yr
Cost to go	4)	1,287	0	942	345	>1 yr
total		2,018	135	1,328	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 formed for staff.

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

	31.12.19	31.12.18
Long term project liabilities	8,777	9,251
Received from other non-profit organizations	81	81
total	8,858	9,332

11. Current liabilities

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

	31.12.19		31.12.18	
	Total	Remaining term > 1 year	Total	Remaining term > 1 year
Received from companies	27	0	252	0
Received from lotteries	759	728	3,980	3,816
Received from government subsidies	7,104	4,411	16,505	12,031
Received from other non-profit organizations	9,900	3,797	1,099	437
Received from Other sources	16	0	0	0
total	17,806	8,936	21,836	16,284

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

Project liabilities	31.12.2019	31.12.2018
	14,932	16,447

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

Accruals and deferred income	31.12.2019	31.12.2018
Creditors	4,767	3,945
Open amounts related to salaries	16	84
Outstanding costs	0	2,931
Outstanding project payments (other)	0	657
Payments in transfer	0	1
Payable taxes	406	90
Other	0	61
Total	5,189	7,770

Current liabilities for staff	31.12.2019	31.12.2018
Reservation holiday allowance	333	270
Reservation holiday leave	901	735
Staff advances	-244	-52
Total	990	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 approximately €236,000 a year (5 years contract plus option for another 5 years).
- The rent contracts for the offices in the hubs are approximately €270,000 per year (mainly 1 year contracts).
- For printing and other equipment the yearly fee is approximately €50,000 a year.

Related parties

Transactions with related parties were made at arm's length and consequently need no further explanation in the notes of the annual accounts.

17 Subsequent events

COVID-19

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.

At the time of drafting our annual report, the scale and duration of the COVID-19 outbreak remains uncertain. Despite the uncertainty and based on current insights and actions already taken to date, we assessed 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 programs, 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 this review shows that even in the worst case scenario the liquidity would be high enough to guarantee going concern of the foundation over the coming year (12 months after reporting date). For more details we refer to paragraph 2.2 Going concern in our Accounting Principles.

Restructuring

Three major developments lead to the necessity to restructure the Global Office in The Hague in 2020:

1. The structural operational losses
2. The lapse of some major programs by the end of the year 2020:
 - involving 25% of staff
 - while new programs have little thematic overlap
 - new programs will employ far less staff (local ownership)
 - and will mainly be based in the hubs (decentralization)
3. Hivos' new Strategic Compass (2021-2024) setting out a new strategic direction characterized by:
 - focus on a limited number of thematic themes
 - more regional focus
 - implementation in our hubs

Consequently, there will be a total loss of 34 positions at Global Office. Out of these 34, a reduction of 13 can be realized without forced dismissal (e.g. temporary contracts that expire). Although the restructuring of the Global Office has been announced 11th of August 2020, the process of formal cancellation of contracts on individual level will only take place - after having received advice of the workers council in Q4. Hivos has also made a "melding collectief ontslag". Due to the non-final status yet, no provisions have been taken in the annual accounts 2019.

8.6.

NOTES TO THE CONSOLIDATED STATEMENT OF INCOME AND EXPENSE FOR THE YEAR ENDED 31 DECEMBER 2019

amounts x EUR 1,000

	Realization 2019	Realization 2018
12. Income from private individuals	2,766	2,091
13. Income from companies ¹⁾		
GRM International	0	-248
NRECA International Limited	167	181
Palladium International Pty Limited	0	327
Other income from companies	37	72
Income from companies Total	204	333
14. Income from lottery organizations		
Structural contribution	1,350	1,350
Project contribution including from foreign postcode lotteries	4,588	2,889
	5,938	4,239
15. Income from government subsidies ²⁾		
Ministry of Foreign Affairs The Netherlands	26,237	19,432
Royal Netherlands Embassy Costa Rica	312	330
Delegation of the EU to Bolivia	29	38
Delegation of the EU to Honduras	267	-40
Delegation of the European Union to Indonesia	555	962
Department for International Development (DFID)	1,909	-1,030
Deutsche Gesellschaft für Internationale Zusammenarbeit	713	-1,715
Millennium Challenge Account - Indonesia	0	3,676
Swedish International Development Agency	6,627	4,661
Swiss Agency for Development and Cooperation (SDC)	0	1,866
The Global Fund	3,893	4,998
Canadian International Development Agency	2,046	0
Rijksdienst voor Ondernemend Nederland	794	0
US Department of State	743	1,570
Other government subsidies	463	1,597
Income from government subsidies Total	44,588	36,346

	Realization 2019	Realization 2018
16. Income from other non-profit organizations ³⁾		
Acted	131	212
Agentschap NL (Senternovem)	654	198
Arcus Foundation	87	230
Bloomberg Foundation	29	208
Conservacion International Ecuador	0	-198
Ford Foundation	302	416
Inter-American Development Bank	0	443
King Baudouin Foundation United States	2,382	1,047
KNCV Tuberculosis Foundation	36	270
National Endowment for Democracy	69	261
Oxfam Novib	258	137
Practical Action	0	120
Rutgers Kenniscentrum Seksualiteit	2,037	1,676
Tides	0	178
Twin	15	152
William and Flora Hewlett Foundation	0	1,760
Swiss Agency for Development and Cooperation (SDC) (Cosude)	486	0
GIZ	498	0
Asian Development Bank	1,081	0
Other non-profit organisations	3,293	1,053
Income from other non-profit organizations Total	11,358	8,163
Total income generated	64,854	51,172

All incomes are incidental.

NPL has pledged a structural contribution of €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 €50,279,606.

¹⁾ Income from companies, only amounts bigger than €100k are shown²⁾ Income from government subsidies, only amounts bigger than €500k are shown³⁾ Income from other non-profit organizations, only amounts bigger than €200k are shown

8.7. NOTES TO THE CONSOLIDATED ALLOCATION OF EXPENSE FOR THE YEAR ENDED 31 DECEMBER 2019

amounts x EUR 1,000

Appropriation	Objective						Total 2019			Budget 2019	Total 2018
	Open			Green			Total objective	Spent on generating income	Total mngt. & account.		
Expense	Freedom & Accountability	Sexual Rights and Diversity	Women's Empowerment	Sustainable Food	Renewable Energy						
Grants and contributions	15,166	9,647	6,354	5,313	9,063	45,543			45,543	63,284	33,201
Publ. and communication	244	156	102	86	146	734	125	770	1,629	1,043	1,802
Employee costs	3,821	2,431	1,601	1,339	2,283	11,475	490	5,978	17,943	16,303	18,932
Costs of housing	115	74	48	40	68	345	15	1,238	1,598	492	570
Office and general expenses	821	522	344	287	491	2,465	107	15	2,587	3,501	4,069
Amortization, depreciation and interest	59	38	24	20	35	176	8	842	1,026	250	290
<i>Operating costs</i>	<i>5,060</i>	<i>3,221</i>	<i>2,119</i>	<i>1,772</i>	<i>3,023</i>	<i>15,195</i>	<i>745</i>	<i>8,843</i>	<i>24,783</i>	<i>21,588</i>	<i>25,663</i>
Exceptional items and provisions									-425		5,515
Total	20,226	12,868	8,473	7,085	12,086	60,738	745	8,843	69,901	84,872	64,379

Employee costs:	2019	2018
The breakdown of the employee costs are:		
Salaries	13,252	13,833
Social Security	1,476	1,305
Pension	1,046	948
Temporary employees	1,152	1,253
Other employee costs	1,017	1,592
Total	17,943	18,932
Total contracted employees:		
The number of employees in FTE per end 2019 was:		
Hivos Global Office	150	157
Hivos Regional Offices	225	241
Total	375	398
Independent auditor costs:		
The breakdown of the independent auditor costs for 2019 are:		
Annual accounts	750	766
Internal audits	0	3
Project audits	77	18
Fiscal advice	2	21
Total	829	808

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' 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
Total remuneration for 2018	149,594	n.a.

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.

Remuneration of senior executives and former senior executives with employment contracts

Amounts x € 1	E. Huizing	M. Farkas
Title	Executive Director	Chief Operations Officer
Date start and end in 2019	01/01 - 31/12	01/01 - 31/12
Part time %	111.11% for WNT: 1 fte	111.11% for WNT: 1 fte
Employee	Yes	Yes
Remuneration		
Remuneration and taxable reimbursements	€ 137,800	€ 120,424
Provision for future remuneration	€ 15,566	€ 15,537
Subtotal	€ 153,366	€ 135,961
Applicable WNT maximum	€ 181,000	€ 181,000
Undue payment	n/a	n/a
Total remuneration	€ 153,366	€ 135,961
Justification for excess remuneration	n/a	n/a
Explanation claim for undue payment	n/a	n/a

Comparative data 2018

Amounts x € 1	E. Huizing	S. Nolst Trenite
Title	Executive Director	Director of Operations
Date start and end in 2018	01/01 - 31/12	01/01 - 31/07
Part time %	105.56% for WNT 1 fte	105.56% for WNT: 0.6 fte in the year
Employee	Yes	Yes
Remuneration		
Remuneration and taxable reimbursements	€ 125,605	€ 60,605
Provision for future remuneration	€ 14,571	€ 7,737
Subtotal	€ 140,176	€ 68,342
Applicable WNT maximum	€ 174,000	€ 101,500
Total remuneration 2018	€ 140,176	€ 68,342

2. Remuneration of Supervisory Council members - no employment contracts

Amounts x € 1	Mr J E C de Groot	Ms A van Gorsel	Prof M Baud	Dr J van de Ven	Mr A P Mesker	Mr M Karman	Ms C R Hibbs	Ms C Surjadjaja	Ms E Lwanga King	Ms M Kimmenade	Mr B van de Walle
Title	Chair	Member	Member	Member	Member	Member	Member	Member	Member	Member	Member
Date start and end in 2019	01/01 - 31/12	01/01 - 31/12	01/01 - 01/12	01/01 - 31/12	01/01 - 31/12	01/01 - 01/10	01/01 - 31/12	01/01 - 31/12	01/01 - 31/12	01/10 - 31/12	01/12 - 31/12
Remuneration											
Total remuneration	€ 3,853	€ 3,853	€ 2,281	€ 3,853	€ 853	€ 639	€ 2,103	€ 2,603	€ 853	€ 213	€ 71
Applicable WNT maximum	€ 27,150	€ 18,100	€ 16,592	€ 18,100	€ 18,100	€ 15,083	€ 18,100	€ 18,100	€ 18,100	€ 3,017	€ 1,508
Undue payment not yet received in return	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Justification for excess remuneration	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Explanation claim for undue payment	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Comparative data 2018

Amounts x € 1	Mr J E C de Groot	Ms A van Gorsel	Prof M Baud	Dr J van de Ven	Mr A P Mesker	Mr M Karman	Ms C R Hibbs	Ms C Surjadjaja	Ms E Lwanga King
Title	Chair	Member	Member	Member	Member	Member	Member	Member	Member
Date start and end in 2018	01/01 - 31/12	01/01 - 31/12	01/01 - 31/12	01/01 - 31/12	01/01 - 31/12	01/01 - 31/12	01/01 - 31/12	01/07 - 31/12	01/07 - 31/12
Remuneration									
Total remuneration	€ 0	€ 3,000	€ 0	€ 1,500	€ 0	€ 0	€ 1,500	€ 1,000	€ 0
Applicable WNT maximum	€ 26,100	€ 17,400	€ 17,400	€ 17,400	€ 17,400	€ 17,400	€ 17,400	€ 8,700	€ 8,700
Undue payment not yet received in return	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Justification for excess remuneration	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Explanation claim for undue payment	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

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 WOPT 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.

8.10. FOUNDATION ONLY BALANCE SHEET AS AT 31 DECEMBER 2019

amounts x EUR 1,000

After appropriation of the result

	31-12-2019	31-12-2018
ASSETS		
Intangible fixed assets		
Software for business operations	1,115	268
Intangible fixed assets	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	1,879	1,234
Financial fixed assets		
Certificates Triodos Bank/Other Participations	3,000	3,000
HTF Participations	7,865	29,586
Shares	0	857
Loans	27,576	9,008
Financial fixed assets	38,441	42,451
Claims, prepayments and accrued income		
Claims for grants	12,141	11,962
Prepayments and accrued income	9,640	5,182
Claims, prepayments and accrued income	21,781	17,144
Cash at bank and in hand	54,782	66,720
	117,998	127,817

After appropriation of the result

	31-12-2019	31-12-2018
RESERVES AND FUNDS		
Reserves		
Appropriated reserve for business operations	0	5,396
Appropriated reserve for business operations - calamities	0	2,495
Appropriated reserve for translation differences	0	-2,333
Appropriated reserve, National Postcode Lottery	0	3,893
Appropriated reserve, refunds + Interest	0	4,421
Appropriated reserve, currency valuation	0	1,636
Appropriated reserve related to The Innovation Station B.V.	0	100
Appropriated reserve related to Hivos Impact Investments B.V.	0	39
Appropriated reserve related to Hivos Food & Lifestyle Fund B.V.	0	741
Appropriated reserve related to Hivos Mideast Creatives Fund B.V.	0	116
Appropriated reserve for Program Development & projects	0	11,449
Appropriated reserve for Innovation	0	10,185
Appropriated reserve, HTF participations	7,865	29,586
Designated reserve, HTF loans	26,574	0
Legal reserve for participating interests	775	0
General reserve	31,469	0
	66,683	67,726
Funds		
Appropriated fund, Private Funds	2,678	2,678
Appropriated fund, Stop Aids Now!	0	45
	2,678	2,723
Reserves and funds	69,361	70,449
LIABILITIES		
Provisions		
Provision for legal claims	230	369
Provision for sabbatical leave	112	229
Provision for long term illness	135	0
Provision for jubilee	3	3
Provision for investments in HIVOS Impact Investments	0	539
Provision for cost to go / future losses on project implementation	345	1,287
Provisions	825	2,428
Long term liabilities		
Long term project liabilities	8,705	9,218
Long term liabilities	81	81
Long term liabilities	8,786	9,299
Current liabilities		
Project grants received in advance	17,806	21,430
Current project liabilities	14,014	14,417
Accruals and deferred income	6,184	8,843
Current liabilities for staff	1,022	951
Current liabilities	39,026	45,641
Total provisions and liabilities	48,637	57,368
Total	117,998	127,817

8.11. FOUNDATION ONLY STATEMENT OF INCOME AND EXPENSE FOR THE YEAR ENDED 31 DECEMBER 2019

amounts x EUR 1,000

	Notes	Actual 2019	Budget 2019	Actual 2018
INCOME				
Income from private individuals				
Donations and gifts		1,324	1,300	1,047
Legacies		0	0	109
Climate fund CO2 compensation		1,442	1,095	935
Income from private individuals	11	2,766	2,395	2,091
Income from companies	12	167	0	255
Income from lottery organizations	13	5,938	1,350	4,239
Income from government subsidies	14	40,706	72,399	36,561
Income from other non-profit organizations	15	10,864	3,787	5,306
Sub total income generated	B	60,441	79,931	48,450
Other income				
Net investment / unrealized exchange gains HTF participations		2,193	0	2,461
Dividend HTF participations		371	1,000	1,025
Revaluation HTF loan agreement 2016-2020		0	0	61
Income from investments		144	0	-1,017
Exchange gain/loss of operations		618	0	-906
Other income		702	79	56
Other income		4,028	1,079	1,680
Total income	D	64,469	81,010	50,131

	Notes	Actual 2019	Budget 2019	Actual 2018
EXPENDITURES				
Spent on objectives/Programs				
Open Freedom of Expression		16,852	22,772	12,487
Sexual Rights and Diversity		12,253	16,594	9,099
Women's Empowerment		8,022	10,864	5,957
Green Sustainable Food		6,877	9,317	5,109
Renewable Energy		12,279	16,644	9,127
Total expenditure on objectives	C	56,283	76,191	41,778
Spent on generating income	A	700	2,759	2,401
Management and accounting costs	E	8,889	5,922	11,653
Exceptional items and provisions		-425	0	5,607
Total expenditures	F	65,447	84,872	61,439,8
Operating Result before financial income and expenses		-978	-3,862	-11,309
Balance of financial income and expenses		110	0	19
Final operating result		-1,088	-3,862	-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)		86%	90%	68%
Man. and accounting costs as a % of total expenditures (= E / F)		14%	7%	19%
Results before appropriation		-1,088	-3,862	-11,328
Added to/withdrawn from:				
Reserves				
Appropriated reserve for business operations		-5,396	0	-6,198
Appropriated reserve for business operations - calamities		-2,495	0	0
Appropriated reserve for translation differences		2,333	0	0
Appropriated reserve, currency valuation		0	0	-69
Appropriated reserve for program management		-3,893	0	1,277
Appropriated reserve for NPL		-4,421	0	-38
Appropriated reserve refunds and interest		-1,636	0	0
Appropriated reserve The Innovation Station B.V.		-100	0	-350
Appropriated reserve to Hivos Impact investment B.V.		-39	0	-44
Appropriated reserve Hivos Food & Lifestyle Fund B.V.		-741	0	0
Appropriated reserve Hivos Mideast Creatives Funds B.V.		-116	0	0
Appropriated reserve for Program Delevopment & projects		-11,449	0	-3,644
Appropriated reserve for innovation		-10,185	0	-629
Appropriated reserve HTF participations		-21,721	0	0
Designated reserves, HTF loans		26,574	0	0
Legal reserve for participating interests		775	0	0
General reserve		31,469	-3,862	0
Subtotal appropriations reserves		-1,043	-3,862	-9,695
Funds				
Appropriated fund Private funds		0	0	-1,621
Appropriated fund Xandra fund		0	0	10
Appropriated fund, Stop Aids now		-45	0	-22
Subtotal appropriations funds		0	0	-1,633
Total addition/withdrawal		-1,088	-3,862	-11,328

8.12. ACCOUNTING PRINCIPLES FOUNDATION ONLY

GENERAL ACCOUNTING PRINCIPLES FOR THE PREPARATION OF THE FINANCIAL STATEMENTS.

These are the Foundation only 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.

For the general principles for the preparation of the financial statements, the principles for valuation of assets and liabilities and determination of the result, as well as for the notes of the specific assets and liabilities and the results, reference is made to the notes of the consolidated financial statements, if not presented otherwise hereinafter.

PARTICIPATIONS IN GROUP COMPANIES

Participations in group companies in which significant influence is exercised on the business and financial policy, are valued under the net equity value, but not lower than nil. This net asset value is based on the same accounting principles as applied by Hivos. If the net asset value is negative, the participating interest is valued at nil. This likewise takes into account other long term interests that should effectively be considered part of the net investment in the participating interest. If the company fully or partly guarantees the liabilities of the associated company concerned, or has the effective obligation respectively to enable the associated company to pay its (share of the) liabilities, a provision is formed. Upon determining this provision, provisions for doubtful debts already deducted from receivables from the associated company are taken into account.

Where no significant influence is exercised associated companies are valued at cost and if applicable less impairments in value.

Upon initial recognition the receivables on and loans to associated companies and other receivables are valued at fair value and then valued at amortized cost, after deduction of any provisions. These provisions are determined by individual assessment of the receivables.

REVALUATION RESERVES

Hivos forms a revaluation reserve for value increases of assets (HTF participations) whose changes in value are recorded in the profit and loss account and for which no frequent market quotations exist. The realized part of the revaluation reserve is taken to the other reserves.

LEGAL RESERVE FOR PARTICIPATING INTERESTS

The legal reserve for participating interests is formed in the amount of the share of Hivos in the results and direct increases of the associated companies since the initial valuation of these associated companies at net asset value, insofar as Hivos cannot realize a distribution without limitations. The statutory reserve for participating interests is determined individually.

8.13. NOTES TO THE FOUNDATION ONLY BALANCE SHEET AS AT 31 DECEMBER 2019

amounts x EUR 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 fittings (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								
Acquisition price, 01.01.2019	1,424	1,361	111	2,895	106	442	548	3,443
Mutations 2019	697	532	25	1,254	0	0	0	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	0	0	0	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 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

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:

	31-12-2019		31-12-2018	
	Total	Remaining term > 1 year	Total	Remaining term > 1 year
Receivable from companies	297	0	277	0
Receivable from lotteries	575	0	1,378	28
Receivable from government subsidies	6,753	0	7,837	3,874
Receivable from other non-profit organizations	3,470	0	2,204	1,189
Receivable from other sources	1,046	0	266	0
	12,141	0	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	2,537	2,162
Debtors grants	6,669	0
Prepayments (employees/travelling)	10	45
Receivable (and prepaid)	424	2,976
	9,640	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	0	8
Bank	54,782	66,712
	54,782	66,720

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 €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 €16 million (yearend 2018: €15 million).

7. Reserves

Foundation Only	69,361
HUB EA (included in consolidation, not in foundation only)	22
Consolidated	69,383

The result before appropriation is higher in Foundation Only than in the Consolidated accounts. The reason is costs for Hivos Impacts Investments BV which were already provisioned in Foundation Only in 2018.

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 programs:

	31.12.19		31.12.18	
	Total	Remaining term > 1 year	Total	Remaining term > 1 year
Received from companies	27	0	252	0
Received from lotteries	759	728	3,980	3,816
Received from government subsidies	7,454	4,411	16,099	12,031
Received from other non-profit organizations	9,550	3,797	1,099	437
Received from Other sources	16	0	0	0
Total	17,806	8,936	21,430	16,284

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

Project liabilities	31.12.2019	31.12.2018
Hivos's current project liabilities comprise project liabilities payable within 1 year.	14,014	14,417

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

Accruals and deferred income	31.12.2019	31.12.2018
Creditors - Hivos	4,887	3,862
- Within Limiteds	1,047	1,134
Open amounts related to salaries	68	84
Outstanding costs	0	2,963
Outstanding project payments (other)	0	657
Payments in transfer	0	1
Payable taxes	174	82
Other	8	61
Total	6,184	8,843

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 approximately €236,000 a year (5 years contract plus option for another 5 years).
- The rent contracts for the offices in the hubs are approximately €270,000 per year (mainly 1 year contracts).
- For printing and other equipment the yearly fee is approximately €50,000 a year.

8.14. NOTES TO THE FOUNDATION ONLY STATEMENT OF INCOME AND EXPENSE FOR THE YEAR ENDED 31 DECEMBER 2019

amounts x EUR 1,000

	Realization 2019	Realization 2018
11. Income from private individuals	2,766	2,091
12. Income from companies ¹⁾		
GRM International	0	-248
NRECA International Limited	167	181
Palladium International Pty Limited	0	327
Other income from companies	0	-6
Income from companies total	167	255
13. Income from lottery organizations		
Structural contribution	1,350	1,350
Project contribution including from foreign postcode lotteries	4,588	2,889
	5,938	4,239
14. Income from government subsidies ²⁾		
Ministry of Foreign Affairs The Netherlands	22,606	17,577
Royal Netherlands Embassy Costa Rica	312	330
Delegation of the EU to Bolivia	29	38
Delegation of the EU to Honduras	267	-40
Delegation of the European Union to Indonesia	555	962
Department for International Development (DFID)	1,909	-1,030
Deutsche Gesellschaft für Internationale Zusammenarbeit	29	-3
Millennium Challenge Account - Indonesia	0	3,676
Norwegian Ministry of Foreign Affairs (NORAD)	0	400
Swedish International Development Agency	6,627	5,082
Swiss Agency for Development and Cooperation (SDC)	0	1,866
The Global Fund	3,893	4,998
US Department of State	742	1,570
Other government subsidies	3,737	1,134
Income from government subsidies Total	40,706	36,561

	Realization 2019	Realization 2018
15. Income from other non-profit organizations ³⁾		
Acted	131	212
Agentschap NL (SenterNovem)	654	0
Arcus Foundation	87	230
Conservacion International Ecuador	0	-198
Ford Foundation	302	0
Inter-American Development Bank	0	443
King Baudouin Foundation United States	2,382	1,047
KNCV Tuberculosis Foundation	36	270
National Endowment for Democracy	69	261
Oxfam Novib	47	104
Practical Action	0	120
Rutgers Kenniscentrum Seksualiteit	2,037	1,676
Swiss Agency for Development and Cooperation (SDC) (Cosude)	486	0
Tides	0	178
GIZ	498	0
Asian Development Bank	1,081	0
Other non-profit organizations	3,054	962
Income from other non-profit organizations Total	10,864	5,305
Total income generated	60,441	48,451

All incomes are incidental.

NPL has pledged a structural contribution of €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 €50,279,606.

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

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

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



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Independent auditor's report

To the Executive Board and Supervisory Board of Stichting Hivos

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS 2019 INCLUDED IN ANNUAL ACCOUNTS

Our opinion

We have audited the accompanying financial statements 2019 of Stichting Hivos, based in Den Haag.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Stichting Hivos as at December 31, 2019, and of its result for 2019 in accordance with the Guideline 650 of the Dutch Accounting Standard Board and the rules of and following the Dutch Standards for Remuneration of Senior Officials in the Public and Semi – Public Sector Act (WNT).

The financial statements comprise:

1. The consolidated and foundation only balance sheet as at December 31, 2019.
2. The consolidated and foundation only statement of income and expenses for the year ended 2019.
3. The notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

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

We are independent of Stichting Hivos in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (VIO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

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

Explanatory emphasis on the impact of COVID-19

The coronavirus also has consequences for Stichting Hivos. Executive Board has disclosed the current impact and intends to disclose these circumstances in the notes of the financial statements. Executive Board also indicates that it is currently not possible for them to properly estimate the impact of the coronavirus on the financial performance and health of Stichting Hivos. Our opinion has not changed on this point.

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REPORT ON THE OTHER INFORMATION INCLUDED IN ANNUAL ACCOUNTS

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

- Hivos 2019 Executive Board report
- Supervisory Council Report
- Annex 1: Project SAFE
- Other information

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements.
- Contains the information as required by Guideline 650 of the Dutch Accounting Standards.

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

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

Executive Board is responsible for the preparation of the other information, including Hivos 2019 Executive Board report, Supervisory Council Report, Annex 1: Project SAFE and other information.

DESCRIPTION OF RESPONSIBILITIES REGARDING THE FINANCIAL STATEMENTS

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

Executive Board is responsible for the preparation and fair presentation of the financial statements in accordance with Guideline 650 of the Dutch Accounting Standards. Furthermore, Executive Board is responsible for such internal control as Executive Board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, Executive Board is responsible for assessing the foundation's ability to continue as a going concern. Based on the financial reporting framework mentioned, Executive Board should prepare the financial statements using the going concern basis of accounting unless Executive Board either intends to liquidate the foundation or to cease operations, or has no realistic alternative but to do so.

Executive Board should disclose events and circumstances that may cast significant doubt on the foundation's ability to continue as a going concern in the financial statements.

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

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

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Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the foundation's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Executive Board.
- Concluding on the appropriateness of Executive Board's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the foundation's to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures.
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

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We communicate with Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identified during our audit.

Den Haag, September 30, 2020

Deloitte Accountants B.V.

Signed on the original: M.A. van Dreumel

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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.

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Hivos
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