



**HIVOS**  
ANNUAL ACCOUNT 2015



ANNUAL  
ACCOUNT  
2015

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# 1. FINANCIAL MANAGEMENT REPORT

Not unexpectedly, 2015 was very different from 2014. Our budget had already foreseen a steep decrease in income (budget 2015: €88.3 million, actuals 2014: €141 million), but the actual income in 2015 was less and came to €67.8 million. The number and size of new subsidies was also much less than in 2014 and 2013. In addition, it was a year in which the new organisational structure and new strategy took shape, with the introduction of some new financial instruments as well as preparations for the restructuring of one of Hivos's longstanding and highly successful partnerships, HTF. Continuity could be found in the positive operating result, an indicator of Hivos's financial sustainability.

The most profound and probably longest-lasting changes are related to the reorganisation, which started at the end of 2014 and was fully implemented in 2015. Apart from the unavoidable staff reduction - unavoidable because of the end of the MFS-2 subsidy, which accounted for an income of €51 million annually - the reorganisation saw the introduction of a new organisational structure with more decentralised responsibilities; new staff functions for programme development and resource mobilisation; a boost for financial accountability towards donors as well as a strengthened position for learning and evaluation; a new model for calculating Hivos's full cost price and factoring that cost price into proposals; and improved risk assessment. All of these factors were designed to improve and ensure Hivos's effectiveness and financial sustainability.

Although a sharp decline in income was expected, given the fact that 2015 was the last year of MFS-2 (Hivos's single largest subsidy) and also because the reorganisation was expected to initially slow down the capacity to develop new proposals, the decrease in income was even larger. There were various reasons for this development. Hivos obtained a budget-neutral extension for MFS-2, meaning that fewer commitments were made in 2015 than originally budgeted. Hivos was less successful in getting proposals approved than in previous years - it was only at the end of 2015 that the success rate improved again. The increased international competition for funds is an important reason for this; reduced donor budgets as a result of the refugee crisis in Europe is another.

The refugee crisis sharply reduced available ODA funding as the first year of refugee reception is ODA-eligible expenditure. In the Netherlands, for example, roughly 20% of the ODA budget is spent on the reception of asylum seekers in the Netherlands. For Hivos it meant that two contracts that were almost signed by bilateral donors were ultimately cancelled because the budget was needed to cover the extra expenditure for refugees. The relative unpredictability of the duration of approval processes provides a third explanation. For example, in 2015 the Global Fund provisionally approved a large subsidy for a programme in Southern Africa, but the inception phase lasted for the rest of the year, so that the first commitments for this programme could only be made in early 2016.

## RESULTS AND RESERVES

Before appropriation, we recorded a positive result of €2.598.000. The most important factor contributing to this surplus is the revaluation of the participations held by Hivos in the framework of its microfinance programme. HTF is responsible for managing these participations, but the beneficial ownership lies with Hivos and hence they are part of Hivos's balance sheet. As they must be presented at fair market value, they were subject to an upward revaluation of €3.4 million in 2015. The amount was subsequently added to the appropriated programme fund for HTF participations (i.e. from €25.2 million to 28.7 million). The second factor contributing to the surplus is an amount of €3.113.000 for exchange rate differences. Hivos receives many subsidies in USD or GBP. Fluctuations against the euro are absorbed into the appropriated programme fund for currency valuation. To cover the operating costs of programmes and projects, an amount of €4.221.000 was withdrawn from the reserve for programme management. This amount had been earmarked and set aside for this purpose in previous years. A net total of €2.316.000 was added to the appropriated reserves and funds.

The remaining surplus of €282.000 was added to the appropriated continuity reserve for business operations. This surplus is the result of careful budget monitoring and a sustained effort to make all programmes and projects contribute sufficiently to the

organisation's overheads. This is not a given, since many international donors are reluctant to do so, even though they profit from the knowledge and expertise that Hivos and other organisations bring to the table.

With the net addition of in total €576.000, the reserve for business operations stands at €4.441.000, or, together with the reserve for programme management (€2.859.000 at year end), 36% of annual operating costs. Hivos aims for at least 60%, which is still a long way ahead. It should be noted, though, that the project budgets always contain an amount earmarked for Hivos's operating costs. Until 2015 this amount was partly set aside in the reserve for programme management; since 2015, with the introduction of a new budgeting system with delegated responsibilities, the amounts for Hivos's operating costs are contained in the project commitments. Hence Hivos always has the resources available to meet its obligations towards donors and partners. The purpose of the reserve for business operations is meeting extra costs if the worst comes to the worst; it is also intended for meeting unforeseen costs and normal (though difficult to predict) business risks - currency fluctuations, retrenchment costs, etc. Within the reserve for business operations, Hivos has set aside an amount of €500.000 for calamities, e.g. fraud by partner organisations, for which donors hold Hivos liable. Within the appropriated 'refunds & interest' programme fund, Hivos has set aside 25% for calamities. This amount will in particular be used for disputed amounts between Hivos and donors which are not related to proven fraud. For 2016, Hivos has budgeted a deficit. This expectation is based on secured income (known as at 31 October 2015) only; since then Hivos has managed to secure additional funding, meaning that the deficit will probably be less than expected or will in fact be a surplus.

## RISKS

In terms of risk appetite, Hivos has an above average appetite when it comes to the results we try to achieve and the capacity of the organisations with which we work. We cannot guarantee beforehand that the social changes we aim for will happen, nor can we guarantee that innovations will lead to success. We

deliberately work with organisations whose capacity needs to be developed; here, again, success is not a given. On the other hand, Hivos is very risk averse when it comes to financial commitments: all our financial commitments towards projects and partner organisations are backed up by secured funding from donors or our own resources.

With the closure of MFS-2, Hivos no longer has a single dominant subsidy and can thus no longer benefit from the relative security such a subsidy provides. The MFS subsidy was also very effectively used to leverage more funding for programmes, as the subsidy could be used as matching funds or to support CSOs in developing sufficient capacity to deliver results and attract funding from other donors. It is therefore to be expected that income will fluctuate more than before, especially at the level of Hivos's regional hubs and themes. It may mean that it becomes difficult to retain specific regional and thematic knowledge, which in turn may influence the capacity to attract new funding. To address this risk, one of the things for which Hivos has used the reorganisation is to strengthen its capacity for resource mobilisation on the international market.

Related to this is the risk that Hivos cannot deliver as expected. Each donor has its own requirements and demands, which complicates the task of delivering operational excellence - procedures and regulations often have to be adapted, specific audit protocols followed, etc. - and does not improve efficiency. To address this, Hivos has decentralised tasks and responsibilities and put more emphasis on project management. It has also invested in increased staff capacity in order to guarantee accountability and improve the capacity to deliver results.

Unfortunately, fraud is an unavoidable risk. To minimise fraud and embezzlement, Hivos is going to further intensify the financial intake and monitoring process. It has also introduced a whistle-blowing procedure, which ensures the staff and stakeholders of Hivos, partner organisations and suppliers a safe window to share any information they might have about irregularities - or worse - within their organisation.

One of Hivos's most important assets is its sound reputation. As Hivos becomes engaged in advocacy more and more, there is a clear risk that other parties might feel that they are being wrongly portrayed or otherwise damaged by an advocacy campaign. Hivos addresses this risk in various ways, including taking extra precautions with publications and other public statements through sound legal proofing, as well as by being well-insured.

Finally, a risk with which Hivos is confronted more and more often is the shrinking space for civil society. In many countries, restrictive NGO laws and regulations are being introduced and freedom of expression is being curbed. This first and foremost affects Hivos's partners, but it also has implications for some of Hivos's regional hubs, which may lose their license to operate if they continue to support specific themes and partners. It is a risk disguised as bureaucracy, for which there is often no straightforward answer. One mitigation strategy which Hivos actively explores - partly because it fits in well with our policy on strengthening local ownership - is to register Hivos as a local organisation.

## FUTURE

The challenges for the near future are, in financial terms, more or less clear: to ensure a stable stream of income, improve our cost-effectiveness, increase the financial reserves to a level of 50-60% of annual operating costs, and to be prepared for continuous adaptation, as this will be part of our daily reality. As explained, the reorganisation has addressed these challenges and we therefore feel confident that Hivos can meet them.

The restructured collaboration with HTF and Triodos Bank is very important to meeting this challenge. Following 20 years of highly successful collaboration, Hivos decided it was time to rethink our involvement in and ambitions for HTF and microfinance. The fact that MFS-2 (and hence Hivos's capacity to contribute financially at the same level as before) came to an end made the reorientation urgent, but equally important was the notion that microfinance has found solid ground worldwide - as well as the fact that the themes in which Hivos works require different instruments to those they needed earlier. The new 5-year agreement with HTF and Triodos Bank ensures that Hivos will remain strongly involved with HTF. The joint objective of Hivos, HTF and Triodos Bank is to

let HTF grow substantially by attracting investments from others, and thus ensure its long-term financial sustainability. At the same time, Hivos's financial involvement will be heavily reduced. Hivos will again have €24-32 million at its disposal in 5 years' time, all programme funds. These funds are currently used as guarantees and subordinated loans to HTF. They will be used to support social innovation initiatives and other Hivos programmes. As such, these funds will form a highly welcome tool for promoting Hivos's social change objectives. The funds will not be used to increase Hivos's financial reserves.

Another new instrument that will be used in the near future is the company that Hivos has established to manage social impact investment funds. This company will first manage social impact investments in the creative industries in the MENA region, but may in due time expand its operations to other regions and themes. We are realistically optimistic about the possibilities of social impact investment funds - they are not the final solution, but they are definitely an important addition to our possibilities for supporting social entrepreneurs. In a region like the MENA region this is often the best way to support people who are working towards transformative changes.

The refugee crisis will continue to take its toll on the funding available from bilateral donors. Competition for funds, which is already fierce, will only increase. Although not directly related, the refugee crisis may also negatively affect public opinion on international co-operation in the Netherlands and Europe - an opinion which is already none too positive. At the same time, in many of the countries in which we work, public opinion (often stimulated or even orchestrated by local authorities) is not very favourable towards our work on sexual rights and diversity.

These types of challenges are not new to Hivos. We are used to looking at them as opportunities, taking into account (but not allowing ourselves to be paralysed by) the threats - and that is what we will continue to do.

The Hague, May 2016  
Edwin Huizinga, Executive Director  
Sanne Nolst Trenité, Director of Operations

# 2. BALANCE SHEET AS AT 31 DECEMBER 2015

amounts x EUR 1.000

After appropriation of the results

		31-12-2015	31-12-2014
<b>ASSETS</b>			
	Ref. <sup>1)</sup>		
<b>Intangible fixed assets</b>			
Software for business operations	1	270	457
<b>Tangible fixed assets</b>			
Buildings for business operations		579	645
Furniture and fixtures for business operations		355	331
Cars for business operations		56	45
Buildings for objective		332	46
<b>Tangible fixed assets</b>	2	1.322	1.067
<b>Financial fixed assets</b>			
Reserved cash		20.004	19.885
Certificates Triodos Bank		3.000	3.000
HTF Participations		28.670	25.230
<b>Financial fixed assets</b>	3	51.674	48.115
<b>Claims, prepayments and accrued income</b>			
Claims for grants	4	58.040	120.825
Prepayments and accrued income	5	4.595	3.003
<b>Claims, prepayments and accrued income</b>		62.635	123.828
<b>Cash at bank and in hand</b>	6	37.887	38.195
<b>Total</b>		<b>153.788</b>	<b>211.662</b>

<sup>1)</sup> Itemised in Chapter 6: Notes to the balance sheet

After appropriation of the results

	31-12-2015	31-12-2014
<b>LIABILITIES</b>		
	Ref. <sup>1)</sup>	
<b>Reserves and funds</b>		
Reserves		
Appropriated reserve for business operations	2.841	2.682
Appropriated reserve for business operations - reorganisation	600	600
Appropriated reserve for business operations - programme development	500	500
Appropriated reserve for business operations - calamities	500	0
Appropriated reserve for programme management	2.859	7.081
Appropriated reserve for translation differences	198	0
	7	7.498
Funds		
Appropriated fund, Private Funds	3.134	2.600
Appropriated fund, Xandra Fund	20	10
Appropriated fund, Nat.Postcode Lottery	1.274	1.520
Appropriated fund, Stop Aids Now!	13	13
Appropriated fund, Refunds + Interest	3.741	3.900
Appropriated fund, Currency valuation	4.593	1.481
Appropriated fund, HTF participations	28.670	25.230
	8	41.445
<b>Reserves and funds</b>	<b>48.943</b>	<b>45.617</b>
<b>Long-term liabilities</b>		
General loan fund	84	84
Participation in North-South Plan	718	718
Guarantees issued	23.570	23.570
	9	24.372
Long-term project liabilities	8.330	24.381
<b>Long-term liabilities</b>	<b>32.702</b>	<b>48.753</b>
<b>Current liabilities</b>		
Current project liabilities	63.984	107.396
Accruals and deferred income	7.110	7.445
Reorganisation	1.049	2.450
<b>Current liabilities</b>	<b>72.143</b>	<b>117.291</b>
<b>Total</b>	<b>153.788</b>	<b>211.662</b>

<sup>1)</sup> Itemised in Chapter 6: Notes to the balance sheet

# 3. STATEMENT OF INCOME AND EXPENSE FOR THE YEAR ENDED 31 DECEMBER 2015

amounts x EUR 1.000

		Actual 2015	Budget 2015	Actual 2014	Budget 2016
<b>INCOME</b>	Ref. <sup>1)</sup>				
<b>Income from direct fundraising</b>					
<i>Donations and gifts</i>		620	1.250	598	2.474
<i>Legacies</i>		104		35	
<i>Climate fund CO2 compensation</i>		746		917	
Income from direct fundraising	B	1.470	1.250	1.550	2.474
Income from third-party campaigns	11	8.820	8.500	9.597	2.917
Grants from governments	12	49.614	78.170	135.499	70.918
<i>of which MFS-2 grant of Alliance partners</i>		3765		2755	
<b>Income from investments</b>					
<i>Dividend HTF participations</i>		934		572	
<i>Net investment / realized exchange gains HTF participations</i>		3.441		-6.218	
Income from investments		4.374		-5.647	863
Exchange risk gain/loss		3.113		442	
<b>Other income</b>					
<i>Interest minus bank costs</i>		187		111	
<i>Exchange gain/loss</i>		-103		-20	
<i>Other income</i>		324		95	
Other income		408	350	186	23
<b>Total income</b>	D	<b>67.798</b>	<b>88.270</b>	<b>141.627</b>	<b>77.195</b>

<sup>1)</sup> Itemised in Chapter 8: Notes to the statement of income and expense

		Actual 2015	Budget 2015	Actual 2014	Budget 2016
<b>EXPENSE</b>					
<b>Spent on objectives/Programmes (new commitments)</b>					
<i>Green Entrepreneurship</i>		18.320	30.000	58.534	68.775
<i>Rights &amp; Citizenship</i>		16.195	49.000	36.499	
<i>Expression &amp; Engagement</i>		20.395		32.740	
<i>Action for Change</i>		1.768		7.265	
<i>MFS-2 programmes of Alliance partners</i>		3.765	3.170	2.755	
<b>Total expenditure on objectives</b>	C	<b>60.443</b>	<b>82.170</b>	<b>137.793</b>	<b>68.775</b>
Costs spent on objective as a % of total income (= C / D)		89,2%	93,1%	97,3%	89,1%
Costs spent on objective as a % of total costs (= C / F)		93,5%	93,7%	95,5%	85,6%
<b>Spent on generating income</b>					
Costs of direct fundraising	A	305	300	242	280
<i>Direct fundraising: costs as a % of income (= A / B)</i>		20,8%	24,0%	15,6%	11,3%
Costs of third-party campaigns		235	200	110	520
Costs of obtaining government grants		1.532	2.500	1.735	1.473
<b>Total costs of generating income</b>		<b>2.072</b>	<b>3.000</b>	<b>2.087</b>	<b>2.273</b>
<b>Management and accounting costs</b>	E	<b>2.123</b>	<b>2.500</b>	<b>4.467</b>	<b>9.294</b>
<i>Man. and accounting costs as a % of total income (= E / F)</i>		3,3%	2,9%	3,1%	11,6%
<b>Total costs</b>	F	<b>64.639</b>	<b>87.670</b>	<b>144.347</b>	<b>80.342</b>
<b>Operating Result</b>		<b>3.160</b>	<b>600</b>	<b>-2.720</b>	<b>-3.148</b>
Exchange risk Regional Office budget					
<b>Extraordinary expense</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Results before appropriation</b>		<b>3.160</b>	<b>600</b>	<b>-2.720</b>	<b>-3.148</b>
<b>Added to/withdrawn from:</b>					
- Appropriated reserve for programme management		4.221		-1.419	
- Appropriated reserve for translation differences		-281		7	
- Appropriated reserve for business operations		-113		530	
- Appropriated reserve for business operations - Reorganisation		0		-300	
- Appropriated reserve for Programme Development		0		-500	
- Appropriated fund for HTF participations		-3.441		6.218	
- Appropriated funds for Programmes		-3.265		-1.295	3.000
<b>Total addition/withdrawal</b>		<b>-2.878</b>	<b>0</b>	<b>3.242</b>	<b>3.000</b>
<b>Results after appropriation</b>		<b>282</b>	<b>600</b>	<b>522</b>	<b>-148</b>

# 4. CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2015

amounts x EUR 1,000

Using the indirect method		2015	2014
<b>Cash flow from operating activities</b>	Ref.		
Results before appropriation	<sup>1)</sup>	3.160	-2.720
Movements in reserves and funds		166	-178
Amortisation and depreciation	<sup>2)</sup>	598	512
Movements in claims for grants	<sup>3)</sup>	62.785	-44.783
Movements in other claims	<sup>3)</sup>	-1.592	762
Movements in long-term liabilities	<sup>3)</sup>	0	1.172
Movements in long-term and current project liabilities	<sup>3)</sup>	-59.464	24.974
Movements in current liabilities	<sup>3)</sup>	-1.736	-1.263
<b>Cash flow from operating activities</b>		<b>3.917</b>	<b>-21.524</b>
<b>Cash flow from investing activities</b>			
Additions to tangible fixed assets	<sup>2)</sup>	-509	-205
Additions to intangible fixed assets	<sup>2)</sup>	-156	-91
Additions to financial fixed assets	<sup>2)</sup>	-3.559	6.074
<b>Cash flow from investing activities</b>		<b>-4.225</b>	<b>5.778</b>
<b>Cash flow from financing activities</b>			
Income from long-term liabilities		0	0
Repaid on long-term liabilities		0	0
<b>Cash flow from financing activities</b>		<b>0</b>	<b>0</b>
<b>Movements in cash at bank and in hand</b>		<b>-308</b>	<b>-15.746</b>
<b>Recapitulation</b>			
Cash at bank and in hand at end of financial year	<sup>3)</sup>	37.887	38.195
Cash at bank and in hand at start of financial year	<sup>3)</sup>	38.195	53.941
<b>Movements in cash at bank and in hand</b>		<b>-308</b>	<b>-15.746</b>

<sup>1)</sup> See Chapter 3: Statement of income and expense for 2015

<sup>2)</sup> See Chapter 6: Notes to the balance sheet

<sup>3)</sup> See Chapter 2: Balance sheet as at 31 December 2015

# 5. ACCOUNTING PRINCIPLES

These are the annual accounts of Hivos Foundation in The Hague. The annual accounts have been prepared in accordance with the Guidelines for Reporting by Fundraising Organisations and with due observance of the Financial Regulations for the MFS co-financing system 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 have remained unchanged since the previous financial year.

## 5.1 GENERAL NOTES

### 5.1.1 Activities

Hivos supports more than 700 partners in approximately 33 countries in Africa, Asia and Latin America. Hivos provides those local private organisations with financial resources, expertise, advice and political support. Hivos also develops programmes of its own, while the Foundation is also active in the field of advocacy, both in the international arena and in the Netherlands. As a partner in coalitions and a broker of contacts, Hivos is a member of numerous networks. Civil society building and sustainable economic development make up Hivos's central policy areas. Its programme is chiefly put into practice by the regional offices in Zimbabwe, India, Costa Rica, Indonesia, Kenya and Bolivia. These offices are responsible for an important share of the dealings with partner organisations, to which they offer advice and assistance, as well as providing capital, expertise and contacts. Hivos uses various means, including its knowledge programme, to encourage parties to gather, exchange and apply expertise for development.

### 5.1.2 Changes to estimates

No changes to the estimates have been made.

### 5.1.3 Consolidation

These annual accounts combine the balance sheets and statements of income and expense of the Hivos offices in individual countries with the annual accounts of the Hivos head office. The Managing Board of Hivos has full control over all these offices. As all of the

offices use a single system, transactions between the separate offices are eliminated. The following offices are included in the consolidation:

Head office (The Hague, the Netherlands)  
Southern Africa regional office (Harare, Zimbabwe)  
East Africa regional office (Nairobi, Kenya)  
Central America regional office (San José, Costa Rica)  
South America regional office (La Paz, Bolivia)  
India regional office (Mumbai, India)  
Southeast Asia regional office (Jakarta, Indonesia)  
South Africa country office (Johannesburg, South Africa)

### 5.1.4 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.

### 5.1.5 Estimates

To apply the accounting principles and rules for compiling the annual accounts, the Managing Board of Hivos is required to form opinions about various matters and to make estimates that might be essential for the amounts presented in the annual accounts. Estimates have been made regarding the collectability of claims. Hivos is not exposed to any risks to its results in this respect, since the liabilities balancing the claims need not be paid if a claim proves to be a bad debt.

## 5.2 VALUATION PRINCIPLES

### 5.2.1 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.



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.

## **5.2.2 Comparison with the previous year**

### **5.2.3 Foreign currencies**

#### **5.2.3.1 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, which is the functional and presentation currency of Hivos.

#### **5.2.3.2 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.

#### **5.2.3.3 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. Any resulting exchange differences are taken directly to the legal reserve for translation differences within equity.

#### **5.2.4 Intangible fixed assets**

Intangible fixed assets are presented at acquisition price less amortisation. The amounts presented take into account the effect of impairment.

#### **5.2.5 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.

#### **5.2.6 Financial fixed assets**

##### **5.2.6.1 Reserved Cash**

Reserved cash refers to cash held as security for liabilities, as required by the Dutch Ministry of Foreign Affairs/Development Cooperation's guidelines for loans and guarantees.

##### **5.2.6.2 Certificates / Participations**

Participations in partner organisations are valued at fair value taking into account possible impairments at reporting date

#### **5.2.7 Claims for grants and other claims**

Claims for grants refer to claims on governments and other authorities arising from liabilities into which the Foundation has entered based on agreements to that effect as part of its programme; these amounts include the related programme 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.

#### **5.2.8 Cash at bank and in hand**

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

#### **5.2.9 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.

#### **5.2.10 Reserves and funds**

##### **5.2.10.a Appropriated reserves**

Appropriated reserve for business operations  
The appropriated reserve for business operations contains three different types of reserves; Continuity reserve for business operations, Reorganisation and Programme Development

The continuity reserve is meant to create a sufficient buffer that can be used to complete pending programmes appropriately – including staffing them with own people – if one or more key sources of funding were to dry up unexpectedly, and with due observance of existing legal and moral obligations. The reorganisation reserve will be used for remaining costs in 2016 of the reorganisation 2014/2015; the Programme Development reserve will be used for unexpected costs relating to programme development. The appropriated reserve for business operations is freely disposable.

Appropriated reserve for programme management

Projects approved during the reporting year are presented as expenses. The corresponding grants are presented as income, including the programme management fee. The unrealised programme management fee is held in the appropriated reserve for programme management. The portion of the programme income that has not yet been spent is added to the appropriated reserve for programme funds.

##### **5.2.10.b Appropriated funds for programmes**

All sums that are received during a given year and that relate to a specific appropriated fund are added to the funds. The programme liabilities (including the programme management fee realised) are added to the funds.

#### **5.2.11 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 organisations.

## **5.3 PRINCIPLES FOR DETERMINATION OF THE RESULTS**

### **5.3.1 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 realised.

### **5.3.2 Legacies**

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

### **5.3.3 Grant income**

Grant income, including the programme management fee, is recognised 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 as described in paragraph 5.2.1 income from direct fundraising is recognised in the year it has been received. For all other income, the new commitments signed in a certain year form the basis.

### **5.3.4 Project liabilities**

Project liabilities are presented in the year during which the liability becomes definite.

### **5.3.5 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 Organisations, 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.

#### **5.3.6 Pensions**

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

#### **5.3.7 Translation differences**

Currency translation differences stemming from the settlement or translation of monetary items are presented in the statement of income and expense during the period in which they emerge.

#### **5.3.8 Amortisation of intangible assets and depreciation of tangible fixed assets**

Intangible fixed assets (including goodwill) and tangible fixed assets are amortised and depreciated from the moment that they are taken into use, over the expected remaining useful life of the asset. Land and investments in property are not depreciated. If the estimated remaining useful life changes, the future amortisation and depreciation are adjusted accordingly

## **5.4 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

### **5.4.1 Currency risk**

All programme activities within Hivos are carried out in EUR, USD or GBP. To minimise the currency risk, all partner contracts are financed in the same currency as the donor contract (if the currency of the donor contract is EUR, USD or GBP). In the event that a donor grants funds to Hivos in a currency other than EUR, USD or GBP, a translation is made to one of the three currencies and received funds are exchanged as soon as they are received.

For the regional offices, a monthly exchange rate is included which is based on the information provided by the local governments (national banks).

### **5.4.2 Credit Risk**

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

# 6. NOTES ON THE BALANCE SHEET AS AT 31 DECEMBER 2015

amounts x EUR 1.000 <sup>1)</sup>

## ASSETS

### 1 Intangible fixed assets

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

	acquisition price 31-12-2014	disposals 2015	acquisition price after disposals
<b>Intangible assets for business operations</b>			
software (4 years)	1.648	0	1.648
<b>Total intangible fixed assets</b>	<b>1.648</b>	<b>0</b>	<b>1.648</b>

### 2 Tangible fixed assets

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

	acquisition price 31-12-2014	disposals 2015	acquisition price after disposals
<b>Tangible assets for business operations</b>			
buildings (10-50 yrs) <sup>1)</sup>	1.401	0	1.401
furniture and fittings (3-10 yrs)	992	0	992
cars (5 yrs)	81	0	81
<b>Tangible assets for objective</b>			
building in Harare (50 yrs) <sup>2)</sup>	106	0	106
building in San Jose (50 yrs) <sup>3)</sup>	0	0	0
<b>Total tangible fixed assets</b>	<b>2.580</b>	<b>0</b>	<b>2.580</b>

accumulated amortisation 31-12-2014	disposals 2015	accumulated amortisation after disposals
1.191	0	1.191
<b>1.191</b>	<b>0</b>	<b>1.191</b>

book value 01-01-2015	additions 2015	amortisation 2015	book value 31-12-2015
457	156	344	270
<b>457</b>	<b>156</b>	<b>344</b>	<b>270</b>

accumulated depreciation 31-12-2014	disposals 2015	accumulated depreciation after disposals
756	0	756
661	0	661
36	0	36
60	0	60
0	0	0
<b>1.513</b>	<b>0</b>	<b>1.513</b>

book value 01-01-2015	additions 2015	depreciation 2015	book value 31-12-2015
645	3	69	579
331	187	163	355
45	28	17	56
46	0	2	44
0	291	4	287
<b>1.067</b>	<b>509</b>	<b>254</b>	<b>1.322</b>

<sup>1)</sup> 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 2015 was €1.075.000.

<sup>2)</sup> The office premises in Harare, stand 2956, Salisbury Township, 2855 centiares in size, was purchased for €76.245 at the end of 1994.

<sup>3)</sup> 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

	31-12-2015	Added	Withdrawn	01-01-2015
- Reserved cash				
Hivos's bank accounts, North-South Plan	970	3 <sup>1</sup>		966
Deposit & guarantee for Hivos's bank accounts	19.035	116 <sup>2</sup>		18.919
<b>Total reserved cash</b>	<b>20.004</b>	<b>119</b>	<b>0</b>	<b>19.885</b>

<sup>1)</sup> Interest receipts on dedicated bank accounts

<sup>2)</sup> Interest receipts + dividend receipt of certificates Triodos Bank on dedicated bank accounts

These funds serve to cover the deposit for the Hivos-Triodos Fund (HTF) and the guarantee provided to Stichting Triodos Sustainable Trade Fund (TSTF)

	31-12-2015	Added	Withdrawn	01-01-2015
- Certificates Triodos Bank	3.000			3.000

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 31/12/2015 was €3.505.360.

	31-12-2015	Added	Withdrawn	01-01-2015
- HTF Participations	28.670	3.440 <sup>1</sup>		25.230

<sup>1)</sup> Adjustment of the market valuation of the HTF participations

The Hivos-Triodos Fonds (HTF) participates in local credit institutions in the South. As Hivos is the economic owner, all income related to these participations are for Hivos. Because of this economic ownership the participations are included in the financial fixed assets for the actual value per 31-12-2015

The breakdown of the HTF participations valuations per 31-12-2015 are as follows:

Company	Geography	Ownership %	31-12-2015	Ownership %	31-12-2014
Africap	South Africa	2,07%	160	2,07%	205
Akiba Bank	Tanzania	7,94%	805	7,94%	752
Banco Solidario	Ecuador	1,23%	1.086	1,23%	1.180
Bank Andara	Indonesia	15,51%	996	15,51%	1.311
Bellwether	India	21,73%	2.658	21,73%	2.332
Centenary	Uganda	18,29%	19.541	18,29%	16.757
Eco E II	Costa Rica	7,09%	1.039	7,09%	963
LeapFrog	South Africa	1,85%	1.566	1,85%	1.159
MFX Solutions	USA	4,26%	342	4,72%	571
Novastar	Mauritius	3,67%	480	0,00%	0
			<b>28.670</b>		<b>25.230</b>

Note: Hivos applies a slightly different valuation policy than HTF for establishing the fair market value. Valuation by HTF is € 405.286 higher.

### 4 Claims for grants

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

	2015		2014	
	Total	Remaining term > 1 year	Total	Remaining term > 1 year
Direct fundraising	-196	-107	193	13
Third-party fundraising	41	-33	2.219	1.015
Grants	58.194	35.680	118.413	58.562
	58.040	35.541	120.825	59.590

### 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

	2015	2014
Debtors not including grants	2.524	445
Current account between head office/regional offices	627	1.470
Prepayments (employees/travelling)	169	81
Project prepayments	883	219
Receivable (and prepaid)	384	627
Other	7	161
	4.595	3.003

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:

	2015	2014
In hand	6	6
Bank	37.881	38.189
	37.887	38.195

### OTHER INFORMATION

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

Hivos is the registered owner of 47.504 Gold Standard Verified Emission Reductions (VER). The Gold Standard VERs are purchased and sold in the framework of the Renewable Energy/biogas programmes, to strengthen the financial sustainability of the programmes

- Hivos is the only shareholder in Hivos Impact Investment B.V., a for-profit social venture that manages impact investment funds that are aligned with the programmes of Hivos Foundation. In 2015 there were no activities yet.

- Hivos is the only shareholder in Mid East Creatives Fund B.V. The aim of Mid East Creatives Fund is to offer financial support to start-ups in the creative sector in the MENA region, with a social impact. In 2015 there were no activities yet.

- Hivos is the only shareholder in ACES Biogas Ltd, a private limited in Uganda, which aim is to provide carbon finance services to suppliers of biogas systems in Africa, public education, promotion of greenhouse gas emission reductions and greenhouse gas emission reduction certificate selling activities.

This excludes the purchase and sale of certificates on behalf of the company.

## LIABILITIES

### 7 Reserves

The reserves serve to guarantee the continuity of the business operations in the short and medium term.

	Appropriated reserve for business operations	Appropriated reserve for programme management	Appropriated reserve for translation differences *)	Total reserves
Balance as at 1 January 2015	3.782	7.081	0	10.862
Added	1.357	4.872 <sup>1</sup>		5.948
Withdrawn	500	9.094 <sup>2</sup>		9.594
Total movements in 2015	857	-4.221	0	-3.645
<b>Balance as at 31 December 2015</b>	<b>4.639</b>	<b>2.859</b>	<b>0</b>	<b>7.217</b>

<sup>1</sup> The Hivos offices abroad use local currencies. For consolidation into the Hivos annual accounts, which are denominated in euros, the 2014 and 2015 end-of-year exchange rates have been used for the balance sheet. The average exchange rate for 2015 has been used for the statement of income and expense. The resulting differences are settled in the reserve for translation differences. As this differences does not represent a real profit or loss, the reserve can have a negative balance at year end according to par 650 of the Guidelines for Annual Reporting.

<sup>1</sup> Approved programme management fee

<sup>2</sup> Realised programme management fee

Appropriated reserve for business operations	31-12-2015	Added from results	Withdrawn and added to results	01-01-2015
Continuity reserve for business operations	2.841	576	500	2.765
Reorganisation	600	0	0	600
Calamities	500	500	0	0
Programme Development	500	0	0	500
Translation differences	198	281	0	-83
<b>Balance as at 31 December</b>	<b>4.639</b>	<b>1.357</b>	<b>500</b>	<b>3.782</b>

#### Restricted purpose of reserve for business operations:

**Continuity reserve for business operations:** to guarantee the continuity of the organisation

**Reorganisation:** to be used for the reorganisation in 2016

**Calamities:** to be used for claims of donors

**Programme Development:** to be used for unexpected costs relating to programme development

### 8 Funds

Programme funds	Income Category	31-12-2015	Added	Withdrawn	01-01-2015
Private Funds	direct fundraising	3.134	1.253 <sup>1</sup>	719 <sup>2</sup>	2.600
Xandra Fund	direct fundraising	20	10 <sup>1</sup>	0	10
National Postcode Lottery (NPL)	third-party campaigns	1.274	1.350 <sup>1</sup>	1.596 <sup>2</sup>	1.520
Stop Aids Now! (SAN!)	third-party campaigns	13	500 <sup>1</sup>	500 <sup>2</sup>	13
Refunds and interest	government grants	3.741	0 <sup>1</sup>	160 <sup>2</sup>	3.900
Currency valuation	all categories	4.593	3.705	593	1.481
HTF participations	income investments	28.670	3.440		25.230
<b>Balance as at 31 December</b>		<b>41.445</b>	<b>10.259</b>	<b>3.567</b>	<b>34.754</b>

<sup>1</sup> Additions represent the income for 2015

<sup>2</sup> Withdrawals represent the new programme liabilities for 2015

#### Restricted purpose of programme funds:

**Private Funds:** funds for CO<sub>2</sub> compensation are used for renewable energy projects; earmarked private donations are used for the projects mentioned; unearmarked donations will be used in 2016 and beyond to finance innovations and sensitive projects for which no donor can be found.

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

**SAN!:** to be used for HIV/AIDS projects.

**Refunds and interest:** to be used in 2016 and beyond to finance innovations and sensitive projects for which no donor can be found; 25% of the fund is reserved for calamities.

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

**HTF participations:** to be used for participations in microcredit and financial institutions in the framework of Hivos's Green Entrepreneurship programme.

# 7. NOTES TO THE STATEMENT OF INCOME AND EXPENSE FOR THE YEAR ENDED 31 DECEMBER 2015

## 9 Long-term liabilities

Hivos's long-term liabilities comprise project liabilities with terms of more than 1 year plus other liabilities.

Long-term liabilities	31-12-2015	Added	Withdrawn	01-01-2015
General loan fund	84			84
Participation in North-South Plan	718			718
Guarantees issued	23.570			23.570
	<b>24.372</b>	<b>0</b>	<b>0</b>	<b>24.372</b>

These liabilities are deposits for the Hivos-Triodos Fund (HTF) and the guarantee to Stichting Triodos Sustainable Trade Fund (TSTF)

Long-term project liabilities	Balance as at 31-12-2015	Payment obligation beyond 2016	Payment obligation beyond 2017	Payment obligation beyond 2018
Government, co-financing	7.306	5.999	1.297	0
EU projects	861	722	137	0
Other projects	162	144	18	0
	<b>8.330</b>	<b>6.866</b>	<b>1.453</b>	<b>0</b>

## 10 Current liabilities

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

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

	2015	2014
Project payments	63.984	107.396
Creditors	1.325	515
Open amounts related to salaries	90	24
Outstanding costs	1.647	3.638
Outstanding project payments (other)	1.689	1.678
Payments in transfer	961	637
Payable taxes	1.206	952
Other	192	0
Reorganisation Provision	1.049	2.450
	<b>72.143</b>	<b>117.291</b>

## OTHER INFORMATION

### Pension charges:

Stichting Hivos Foundation of The Hague is a member of the PFZW pension fund. This pension scheme can be qualified as a defined benefit scheme. Pursuant to Article 310 of RJ Guideline 271, this scheme is presented as a defined contribution scheme.

### Commitments and contingencies not included on the face of the balance sheet:

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

- Software licence and maintenance. Lessor: Aptean.  
The maintenance obligation until 31-12-2017 is \$37.500 per year
- Rental copy and printing equipment. Lessor: Pci Netherlands (Dantuma). The rental obligation until 05-04-2017 is €25.541 per year (price level for 2015).

To finance the installation of biogas digesters in the 4S@scale programme in East Africa, Hivos has taken up a loan of €550.000 (year end) with the Common Fund for Commodities.

amounts x EUR 1.000 <sup>1)</sup>

	Realisation 2015	Realisation 2014
<b>11 Income from third party campaigns</b>		
<b>Foundations</b>		
William and Flora Hewlett Foundation	4.669	1.517
Nationale Postcode Loterij (NPL)	1.350	2.869
American Jewish World Service	836	170
Stop Aids Now! (SAN)	500	504
Stichting DOEN	127	82
Just India Fund	85	418
Arcus Foundation	73	129
Omidyar Network	1	715
Ford Foundation	-42	573
Human Rights Watch	0	7
<b>Foundations Total</b>	<b>7.599</b>	<b>6.985</b>
<b>Other</b>		
Alliance 2015	149	88
Other	1.072	2.524
<b>Other Total</b>	<b>1.221</b>	<b>2.612</b>
<b>Total Income from third party campaigns</b>	<b>8.820</b>	<b>9.597</b>

	Realisation 2015		Realisation 2014	
<b>12 Grants from governments</b>				
<b>Delegation of the European Union</b>		<b>832</b>		<b>1.133</b>
<b>Governments</b>				
Swedish International Development Agency	6.193		5.230	
The Royal Danish Ministry of Foreign Affairs	5.248		11.840	
Dutch Ministry of Foreign Affairs	2.659		27.055	
Department for International Development	1.994		10.617	
Royal Netherlands Embassies	823		1.562	
Norwegian Ministry of Foreign Affairs	706		2.593	
Swiss Agency for Development and Cooperation	100		3.170	
US Department of State	46		857	
Ministry of Foreign Affairs Republic of Estonia	33		52	
Ministry of Foreign Affairs of the Republic of Latvia	8		8	
Embassy of the Czech Republic	3		7	
UNFPA	0		24	
State Secretariat for Economic Affairs	0		20	
<b>Governments Total</b>		<b>17.813</b>		<b>63.033</b>
<b>MFS2 - Ministry of Foreign Affairs The Netherlands</b>		<b>25.283</b>		<b>53.058</b>
<b>Other</b>				
The Global Fund	3.931		12.792	
Other	1.628		3.958	
Agentschap NL (Senternovem)	127		1.399	
Refunds	0		127	
<b>Other Total</b>		<b>5.686</b>		<b>18.276</b>
<b>Total Grants from governments</b>		<b>49.614</b>		<b>135.499</b>

# 8. NOTES TO THE ALLOCATION OF EXPENSE FOR THE YEAR ENDED 31 DECEMBER 2015

amounts x EUR 1.000 <sup>1)</sup>

Appropriation Expense	Objective					Total
	Action for Change	Expression & Engagement	Green entrepreneurship	Rights & Citizenship	MFS2 alliantie partners	
Grants and contributions	1.289	14.873	13.360	11.810	3.765	<b>45.098</b>
Publ. and communication	18	205	184	163		<b>569</b>
Employee costs	400	4.610	4.141	3.661		<b>12.811</b>
Costs of housing	13	154	138	122		<b>427</b>
Office and general expenses	36	420	377	333		<b>1.167</b>
Amortisation, depreciation and interest	12	134	120	106		<b>371</b>
<i>Operating costs</i>	<i>479</i>	<i>5.522</i>	<i>4.960</i>	<i>4.385</i>	<i>0</i>	<b><i>15.345</i></b>
<b>Totals</b>	<b>1.768</b>	<b>20.395</b>	<b>18.320</b>	<b>16.195</b>	<b>3.765</b>	<b>60.443</b>

Income raised				Mngt & Acc	Total 2015	Budget 2015	Total 2014
Direct fund-raising	Third-party Campaigns	Government grants	Total income raised	Total mngt. & account.			
					<b>45.098</b>	<b>68.135</b>	<b>123.876</b>
150	0	0	<b>150</b>		<b>720</b>	650	751
119	197	1.283	<b>1.598</b>	1.286	<b>15.696</b>	13.987	14.250
8	6	38	<b>52</b>	78	<b>557</b>	750	529
24	23	153	<b>201</b>	643	<b>2.011</b>	3.598	4.442
4	9	58	<b>71</b>	116	<b>558</b>	550	499
305	235	1.532	<b>2.072</b>	2.123	<b>19.541</b>	<b>19.535</b>	<b>20.470</b>
305	235	1.532	<b>2.072</b>	2.123	<b>64.639</b>	<b>87.670</b>	<b>144.347</b>

Employee costs:	2015	2014
The breakdown of the employee costs for 2015 are:		
Salaries	10.839	10.197
Social Security	1.739	1.535
Pension	1.150	1.076
Temporary employees	628	288
Other employee costs	1.339	1.154
<b>Total</b>	<b>15.696</b>	14.250
<b>Total contracted employees:</b>		
The average contracted employees during year 2015 was:		
Hivos Head Office	139	145
Hivos Regional Offices	202	198
<b>Total</b>	<b>341</b>	343
<b>Independent auditor costs:</b>		
The breakdown of the auditor costs for 2015 are:		
Annual accounts	203	225
Ministry Foreign Affairs MFS II subsidy	10	10
Project audits	21	21
Fiscal advice	3	3
<b>Total</b>	<b>237</b>	259

# 9. NOTES TO THE RESULTS FOR 2015

## BUDGET VERSUS ACTUAL FIGURES

### Income

Income 2015: 67.798.000; budget 2015: 88.270.000; income 2014: 141.627.000

The income available for Hivos's objective totalled €67.798.000 in 2015 (€61.245.000 if the income from revaluation of HTF participations and exchange rate differences is not taken into account; neither are budgeted and they have no effect on the operating result), whereas €88.270.000 had been budgeted. The difference is mainly due to the fact that Hivos was not particularly successful in obtaining new subsidies throughout the year. Some proposals were rejected; some proposals took longer to be approved than anticipated at the time of drafting the budget for 2015. The exceptions were several proposals which were approved by the Global Fund, in Latin America, Southeast Asia and Southern Africa. However, the approval of the programme in Southern Africa came too late to lead to any financial commitments to partner organisations in 2015, thus the approval did not have an effect on the 2015 income. Similarly, several other new and substantive subsidies were obtained at the end of the year, all too late to have a significant effect on the income. A second factor contributing to the difference between budgeted and actual income is that Hivos had not yet committed the full balance of MFS-2 in 2015, as Hivos was granted a budget-neutral extension. At the time the budget was drafted in October 2014, Hivos was still aiming to commit the entire balance of MFS-2 in 2015.

Direct fundraising and third-party campaigns (e.g. the Postcode Lottery, STOP AIDS NOW!, the Hewlett Foundation and others) did quite well.

In the framework of the Hivos Green Entrepreneurship programme (and its predecessors), Hivos and HTF have built up a sizeable portfolio of loans to and participations in microfinance institutions in developing countries. HTF was and is responsible for the management of that portfolio, while Hivos was and is responsible for providing the funding and the knowledge on development issues. Hivos is the economic owner of the participations, and therefore the value of the participations is reflected in Hivos's balance sheet (and not in that of HTF). The total market value of the participations increased in 2015, from €25.230.000 in 2014 to €28.670.000 in 2015. The upward revaluation is largely the result of a higher fair market value, as well as currency differences.

Hivos receives many subsidies in foreign currency. The GBP and USD subsidies are subsequently regranted in GBP and USD. The functional and presentation currency for Hivos's annual accounts is the euro, hence there are exchange rate differences. In 2015 this resulted in a positive difference of €3.113.000. This amount is added to the appropriated fund for valuation differences and remains fully available to the respective programme funds.

As lead agency for the Hivos Alliance 'People Unlimited 4.2', Hivos

realised €3.765.000 in income for the other members of the Alliance (Free Press Unlimited, Mama Cash and IUCN-NI). That income was passed on to the Alliance members in its entirety.

### Expense

Expense 2015: 64.639.000; budget 2015: 87.670.000; expense 2014: 144.347.000

Expenditure related to Hivos's objective came to €64.639.000 in 2015 (including the contributions for Hivos Alliance members), compared to budgeted expenditure of €87.670.000. The difference from the budget can be explained by the less-than-expected commitments for MFS-2 (budget-neutral extension) and the less-than-expected new subsidies. Financial commitments to partners and projects can be made only if and when Hivos has secured funding for them.

2015 is the last year for the programmes Green Entrepreneurship, Rights&Citizenship, Expression&Engagement and Action for Change. During the year, the shift towards the Green Society and Open Society programmes started; the budget anticipated this shift. Broadly speaking, Rights&Citizenship, Expression&Engagement and around 2/3 of Action for Change are more or less continued in Open Society; Green Entrepreneurship and 1/3 of Action for Change in Green Society. Compared to the budget, the Open Society programmes did slightly better than the Green Society; also in terms of regional spread.

Costs of direct fundraising came to €305.000, in line with budget, or 21% of income from direct fundraising. Costs were higher than in 2014, because Hivos has decided to invest more in more focused fundraising.

The costs of direct fundraising are composed of the following elements: the full employee costs for the staff responsible for direct fundraising (1.8 FTEs) plus a mark-up per FTE for material costs (accommodation, office supplies, ICT). The mark-up is calculated by translating the total of the relevant material costs into Hivos's total employee costs. Costs of mailing campaigns and other promotional material are also allocated to this item.

The costs of fundraising on the international market and third-party campaigns were comparable to those in 2014, though less than budgeted, partly due to vacancies. Costs for fundraising on the international market are considerably higher than the costs of direct fundraising, but as a percentage of funds raised the costs are considerably lower. The costs of international fundraising are allocated as follows: the full employee costs of Tender Support and Control, 25% of the costs for the directors of regional offices and directors of programmes, 25% of the costs of programme development managers, 5% of the costs of other programme staff and a mark-up per FTE for material costs (accommodation, office supplies, ICT).

Hivos's management and accounting costs are low in comparison

to those of other major charitable organisations. This is thanks in part to the organisation's own efforts, but is also – and more importantly – due to the fact that Hivos passes on most of its income to organisations in the South.

Management and accounting costs are allocated in accordance with the guidelines of the Dutch Association of Fundraising Organisations (VFI). The employee costs for the Executive Director and the executive secretariat, for quality control and internal controls and for the Finance department are allocated entirely to management and accounting. The proportion that these positions represent in the overall workforce at Head Office is then used to allocate the employee costs for the Human Resources department. The costs of the ICT and Facility Management departments are allocated based on the number of jobs.

### Financial results

On balance Hivos realised a positive result of €3.160.000, before appropriation. After appropriation a positive result remained of €282.000 which has been added to the reserve for business operations.

An amount of €4.221.000 has been withdrawn from the appropriated reserve for programme management. In previous years these funds were set aside and earmarked for this purpose by the respective project budgets. During the year no additions were made to the appropriated reserve for programme management.

The amount resulting from the revaluation of the adjustment of the market value of HTF participations has been added to the appropriated fund HTF participations. The resources in appropriated funds may only be used for programmes. The appropriated funds for private funds, for the National Postcode Lottery, for refunds & interest and for valuation differences showed an increase, mostly because of an increase in the valuation fund. Hivos made a deliberate decision not to spend the private funds and fund for refunds and interest immediately. As the MFS-2 co-financing system will not be continued, Hivos will have much fewer freely (or at least relatively freely) disposable resources after 2015. With that situation in mind, Hivos has decided to earmark the freely disposable resources that it receives between 2012 and 2015 for expenditure from 2016 forward, and to maintain the programme fund until that time. This will enable Hivos to continue to finance a number of the innovative projects for which no donor has yet been found in 2016 and beyond.

### Allocation of expense

The table labelled 'Notes to the allocation of expense' shows a substantial decrease in the grants and contributions (financial resources made available to partner organisations) in comparison to the budget, and an even larger decrease in comparison to 2014. This matches the lower income realised in 2015. Income was less than budgeted, due to the fact that Hivos initially had fewer proposals approved than expected and/or the process for

approving the proposals took longer than anticipated. In the last quarter of 2015 the success rate for proposals improved, but this was too late to have a significant effect on the income in 2015. In addition, Hivos obtained a budget-neutral extension for MFS-2, hence the financial commitments towards partners in the MFS-2 framework were less than budgeted.

The total operating costs were in line with the budget, but personnel costs were higher than budgeted; other costs were lower. At the time of drafting the budget (October 2014), the exact timing of the effects of the reorganisation that was implemented in 2015 was not yet clear.

Worldwide, Hivos's workforce went from 343 to 341 employees (defined as average number of fte during 2015). The offices in Latin America and Indonesia saw an increase in staff as several new projects started during the year. In general, most of the new projects have relatively more staff than before, because Hivos's role has changed – more advocacy, more facilitation of social innovation, more monitoring & evaluation. The number of staff at the offices in Kenya and Zimbabwe stayed at the same level; the office in Mumbai, India was closed. As this office had only 3 staff, the closure had a very limited effect on the total number of staff. The number of staff at the office in The Hague remained relatively stable, despite the reorganisation. The reorganisation had the greatest effect on the office in The Hague, at least in terms of the number of staff. Most staff who were required to leave due to the reorganisation left the organisation on 31 December 2015 or in March 2016, and are therefore still included in the total number of employees as at the end of 2015.

Approximately 60% of the workforce is based at the regional and country offices, where they are responsible for programme management (selecting and monitoring partner organisations) and programme development. The duties of the head office staff in The Hague include programme and policy development, resource mobilisation, programme management for Western Asia, MENA and worldwide programmes, central services such as finance and control, ICT and quality systems, and implementation of the Action for Change programme in the Netherlands. The Action for Change programme will not be continued in 2016.



# 10. REMUNERATION OF THE EXECUTIVE BOARD (VFI)

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. Following an assessment in 2011, this parcel was once more confirmed in 2012, in accordance with the Remuneration Committee's advice. The Supervisory Council bases its decision on the VFI Advisory Regulations for the Remuneration of Directors of Charities, which use weight criteria to determine maximum standards for annual incomes. As a consequence, the remuneration policy and the amount of the remuneration of the Executive Board fall within the scope defined in the guidelines of the Wijffels Code and within the standard defined by the Dutch Ministry of Foreign Affairs for MFS co-financing organisations. The latter compliance is examined separately by the independent auditor as part of the MFS report.

The relevant actual annual incomes of the Executive Board for 2015 were €111.182 (1.0556 fte/12 months) for the Executive Director Mr E. Huizing and €87.980 (1 fte/12 months) for the Director of Programmes and Projects Mr B. Witjes. The BSD scores, as they are commonly known (the scores for weight criteria based on the VFI Advisory Regulations as they applied in 2010), were 461.1 and 424 points, respectively. These remunerations remained below the relevant ceilings (Wijffels Code, VFI, MFS organisations).

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

Name	E.Huizing		B.G.M. Witjes	
Title	Executive Director		Director of Programmes & Projects	
<b>Employment</b>				
<b>Type of contract (duration)</b>	5 years		permanent	
hours	38		36	
part-time percentage	105,56%		100,00%	
period	01-01 - 31-12		01-01 - 31-12	
<b>Remuneration (EUR)</b>				
<b>Annual income</b>				
gross wages/salary	102.947		78.055	
holiday allowance	8.236		9.925	
end-of-year bonus, 13th/14th month	0			
variable annual income	0			
<b>Total</b>		<b>111.183 <sup>*)</sup></b>		<b>87.980 <sup>*)</sup></b>
Social security charges (employer's contribution)		<b>8.914</b>		<b>8.914</b>
Taxable allowances/additions				
Pension charges (employer's contribution)		<b>14.708</b>		<b>7.074</b>
Other future remuneration				
End-of-employment payments				
<b>Total remuneration for 2015</b>		<b>134.804</b>		<b>103.968</b>
<i>Total remuneration for 2014</i>		<i>136.327</i>		<i>106.407</i>

<sup>\*)</sup> Relevant for DG standard of the Dutch Ministry of Foreign Affairs

# 11. 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 presented in this section is based on the Dutch Policy Rules for Application of the WNT (Beleidsregels toepassing WNT) of 26 February 2014, including the amendment of 12 March 2014, as issued by the Dutch Ministry of the Interior and Kingdom Relations. The remuneration maximum according to WNT in 2015 for Hivos is € 163.000

## Remuneration of senior executives & former senior executives - with employment contracts

title	Name	BoD/SC (T) On payroll (L) or External (E)	date from <sup>1</sup>	date to <sup>2</sup>	part-time % <sup>3</sup>	Nr of days in year
Executive Director	E. Huizing	L	01-01-15	31-12-15	100,00%	365
Director of Programmes and Projects	B.G.M. Witjes	L	01-01-15	31-12-15	100,00%	365

WNT-maximum	fixed remuneration	variable remuneration	taxable fixed and variable expense allowances	provisions for future remunerations	Total remuneration	type of variable remuneration
163.000	111.182			14.708	125.890	
163.000	87.980			7.074	95.054	

## Remuneration of Supervisory Council members - no employment contracts

title	Name	BoD/SC (T) On payroll (L) or External (E)	date from <sup>1</sup>	date to <sup>2</sup>	part-time % <sup>3</sup>	Nr of days in year
Voorzitter	Mr. J.E.C. de Groot	T	01-01-15	31-12-15	15,00%	365
Lid 1	Ms A. van Gorsel	T	01-01-15	31-12-15	10,00%	365
Lid 2	Prof. M. Baud	T	01-01-15	31-12-15	10,00%	365
Lid 3	Dr. J. van de Ven	T	01-01-15	31-12-15	10,00%	365
Lid 4	Mr. A.P. Mesker	T	01-01-15	31-12-15	10,00%	365
Lid 5	Mr. M. Karman	T	01-01-15	31-12-15	10,00%	365
Lid 6	Mr. V. Vivekanandan	T	01-01-15	31-12-15	10,00%	365

WNT-maximum	fixed remuneration	variable remuneration	taxable fixed and variable expense allowances	provisions for future remunerations	Total remuneration	type of variable remuneration
24.450	948				948	
16.300	948				948	
16.300	1.659				1.659	
16.300	948				948	
16.300	-				-	
16.300	-				-	
16.300	950				950	

## Other reporting obligations WNT

In 2015 there were no other employees with remuneration above the applicable WNT maximum. There were also no employees for whom a listing based on WOPT or WNT should have been made.

In 2015 no severance payments were made to other employees who, based on the WNT, should be included in the list above

## Assessment

Movement in the reservation for outstanding leave entitlement not included in the remunerations presented above is to be recognised in this assessment in accordance with the applicable regulations.

E. Huizing: movement in reservation for outstanding leave entitlement for 2014 is EUR 2.449

B. Witjes: movement in reservation for outstanding leave entitlement for 2014 is EUR 2.386

# 12. OVERVIEW OF FUNDING FOR PROGRAMMES AND PROJECTS FOR 2015

amounts x EUR 1.000 <sup>1)</sup>

## EUR-Contracts

Donor Group	Donor	Fund #	Donor Reference #	Currency Fund	Fund	Received	Con-tracted	Spent (-)
European Union	Delegation of the European Union	1000001	9.ACP.RPR.49, no 12	EUR	1.162	777	818	864
		1000008	ANE/2009/227-820	EUR	465	422	446	446
		1000010	DCI-Food/2009/214-612	EUR	1.044	642	993	993
		1000011	EIDHR/2009/166-586	EUR	789	723	763	763
		1000056	DCI-ASIE/2010/250-133	EUR	479	379	400	400
		1000067	ONG-PVD/2004/095-463-949	EUR	230	177	-	-
		1000116	DCI-NSAED/2010/239-285	EUR	1.000	956	1.000	971
		1000145	DCI-NSA PVD/2009/228-110	EUR	300	32	185	185
		1000146	DCI-FOOD/2010/242-563	EUR	1.136	693	1.130	999
		1000158	FED/2011/231-870	EUR	1.195	1.075	1.163	1.095
		1000208	UG/FED/2011/274-982	EUR	480	461	461	461
		1000289	DCI-ENV / 2010 / 247-383	EUR	697	548	678	501
		1000309	DCI-ASIA/2012/308-116	EUR	2.000	1.021	2.000	989
		1000318	EIDHR/2012/308-591	EUR	300	270	300	280
		1000320	DCI-FOOD/2012/301-117	EUR	1.489	851	1.417	1.060
		1000358	DCI-MED/2013/323-584	EUR	1.350	356	1.350	417
		1000389	DCI-ASIA/2013/312-235	EUR	1.000	223	982	37
1000391	DCI-NSAPVD/2013/322-231	EUR	500	296	485	198		
1000444	EIDHR/2014/348-263	EUR	709	277	709	276		
	<b>Delegation of the European Union Total</b>				<b>16.325</b>	<b>10.179</b>	<b>15.279</b>	<b>10.933</b>
<b>European Union Total</b>					<b>16.325</b>	<b>10.179</b>	<b>15.279</b>	<b>10.933</b>
Foundations	Ford Foundation	1000016	Grant# 1100-0154	EUR	402	302	400	400
			<b>Ford Foundation Total</b>		<b>402</b>	<b>302</b>	<b>400</b>	<b>400</b>
	Just India Fund	1000421	UUHIP	EUR	520	520	503	489
			<b>Just India Fund Total</b>		<b>520</b>	<b>520</b>	<b>503</b>	<b>489</b>
	Nationale Postcode Loterij (NPL)	1000251	120303	EUR	3.190	3.190	3.189	3.187
		1000324	250302	EUR	1.350	1.350	480	478
		1000412	Bijdrage 2013	EUR	1.350	1.350	335	334
		1000418	Telephone Tree, Shelter me	EUR	1.519	1.519	1.229	781
	1000464	NPL bijdrage 2014	EUR	1.350	1.350	100	36	
		<b>Nationale Postcode Loterij (NPL) Total</b>		<b>8.759</b>	<b>8.759</b>	<b>5.333</b>	<b>4.817</b>	
	Stichting DOEN	1000250	110307	EUR	695	695	689	680
			<b>Stichting DOEN Total</b>		<b>695</b>	<b>695</b>	<b>689</b>	<b>680</b>
Stop Aids Now! (SAN)	1000249	120229	EUR	500	500	500	498	
	1000329	20130494/lvE	EUR	500	500	500	490	
	1000409	20140238/CVDV/BRF	EUR	500	500	500	421	
	1000468	Stop Aids Now!	EUR	500	500	500	147	
	<b>Stop Aids Now! (SAN) Total</b>		<b>2.000</b>	<b>2.000</b>	<b>2.000</b>	<b>1.556</b>		
<b>Foundations Total</b>				<b>12.376</b>	<b>12.276</b>	<b>8.926</b>	<b>7.942</b>	
Governments	Department for International Development	1000227	202351-102/ 41959/ 40050815	EUR	3.326	3.200	2.396	2.250
		1000415	Purchase Order no 40050815	EUR	2.404	1.658	2.404	2.151
		1000447	Purchase Order Number: 0050815	EUR	1.228	1.228	1.228	1.225
		<b>Department for International Development Total</b>		<b>6.958</b>	<b>6.085</b>	<b>6.028</b>	<b>5.626</b>	
	Ministry of Foreign Affairs Finland	1000514	DDP 2015-2017	EUR	300	300	-	-
		<b>Ministry of Foreign Affairs Finland Total</b>		<b>300</b>	<b>300</b>	<b>-</b>	<b>-</b>	
	Ministry of Foreign Affairs The Netherlands	1000015	18384/DMW0109305	EUR	24.354	20.760	22.148	22.051
1000216	MRF2012-2015; act.no. 23512	EUR	1.995	999	1.464	1.387		

Donor Group	Donor	Fund #	Donor Reference #	Currency Fund	Fund	Received	Con-tracted	Spent (-)	
		1000217	MRF 2012-2015; Act.no. 23511	EUR	1.500	1.424	1.497	1.449	
		1000293	Act.no. 24675	EUR	1.000	1.000	1.000	944	
		1000302	Activity no. 25006	EUR	1.298	1.231	1.298	1.239	
		1000331	Act.nr. 24956; DSO/ EM-070/13	EUR	5.947	5.700	5.860	4.893	
		1000340	Act.nr. 25247	EUR	248	248	248	241	
		1000341	Activity 25262 (DSH0116539)	EUR	2.386	2.267	2.279	2.231	
		1000383	Act. nrs. 26010	EUR	20.150	10.282	19.345	9.663	
		1000422	2014-157970	EUR	5.000	2.700	4.762	2.241	
		1000451	Act. Nrs 26010	EUR	2.000	145	2.000	345	
			<b>Ministry of Foreign Affairs The Netherlands Total</b>			<b>65.877</b>	<b>46.756</b>	<b>61.901</b>	<b>46.684</b>
		Norwegian Ministry of Foreign Affairs	1000200	INS -11/0036	EUR	1.257	1.257	1.254	1.208
			1000366	INS - 2159	EUR	594	581	565	541
			1000385	INS-2159	EUR	320	-	320	320
		1000441	INS-2159	EUR	363	352	335	306	
			<b>Norwegian Ministry of Foreign Affairs Total</b>			<b>2.534</b>	<b>2.190</b>	<b>2.474</b>	<b>2.375</b>
		Royal Netherlands Embassies	1000026	ACT 19565 VS NR	EUR	5.162	3.288	4.754	4.754
			1000286	Activity no 24211	EUR	4.006	3.608	3.636	3.184
1000393	Activity nr. 26118		EUR	1.516	1.516	1.516	1.461		
1000482	RSB0117890 / act.nr.26118		EUR	1.450	1.400	1.124	1.091		
	<b>Royal Netherlands Embassies Total</b>			<b>12.135</b>	<b>9.813</b>	<b>11.030</b>	<b>10.490</b>		
Swedish International Development Agency	1000297	54030364	EUR	3.520	3.309	3.478	3.369		
	1000378	DDP - SIDA	EUR	1.021	981	985	994		
	1000386	E&E Programme	EUR	5.043	3.223	3.317	2.799		
	<b>Swedish International Development Agency Total</b>		<b>9.583</b>	<b>7.513</b>	<b>7.780</b>	<b>7.162</b>			
Swiss Agency for Development and Cooperation	1000367	7F-07289.01	EUR	1.145	1.145	1.145	918		
	1000439	Donor no. 7F-07289.01	EUR	537	303	537	296		
	<b>Swiss Agency for Development and Cooperation Total</b>			<b>1.682</b>	<b>1.448</b>	<b>1.682</b>	<b>1.214</b>		
<b>Governments Total</b>				<b>99.069</b>	<b>74.105</b>	<b>90.895</b>	<b>73.551</b>		
MFS	Ministry of Foreign Affairs The Netherlands	Div	DSO/MO-28/2011	EUR	256.673	248.233	253.160	250.625	
			<b>Ministry of Foreign Affairs The Netherlands Total</b>		<b>256.673</b>	<b>248.233</b>	<b>253.160</b>	<b>250.625</b>	
<b>MFS Total</b>				<b>256.673</b>	<b>248.233</b>	<b>253.160</b>	<b>250.625</b>		
Other	Agentschap NL (Senternovem)	1000349	FDOV12KE06	EUR	5.550	2.554	2.541	1.419	
			<b>Agentschap NL (Senternovem) Total</b>		<b>5.550</b>	<b>2.554</b>	<b>2.541</b>	<b>1.419</b>	
		1000111	LA 1244 / ECU 1031-10	EUR	1.163	1.072	1.112	1.077	
	<b>Alliance 2015 Total</b>		<b>1.163</b>	<b>1.072</b>	<b>1.112</b>	<b>1.077</b>			
Other	1000110	S2008.0005	EUR	588	405	304	304		
	1000228	REFUNDS 2010	EUR	1.602	1.412	278	274		
	1000262	120302	EUR	1.200	1.200	1.200	1.170		
	1000266	MoU 19.04.12	EUR	200	142	185	90		
	1000325	81158028	EUR	1.000	900	1.000	911		
	1000354	SSRC	EUR	200	200	200	199		
	1000356	81162146	EUR	3.000	3.000	3.000	2.705		
	1000375	Digital Defenders Partnership	EUR	590	590	590	508		
	1000390	Agri-Hub	EUR	202	184	202	97		
	1000397	A-033394-05-506759	EUR	391	391	391	372		
	1000398	Mannekus	EUR	270	-	270	270		
	1000407	Cocoon/NEBE 2	EUR	393	284	385	333		
	1000423	Pig Rearing Intervention	EUR	795	395	744	365		
1000448	GS 751	EUR	680	-	640	640			
1000449	GS 1174	EUR	215	-	190	189			

Donor Group	Donor	Fund #	Donor Reference #	Currency Fund	Fund	Received	Con-tracted	Spent (-)
		1000455	Private Funding 2013	EUR	1.336	-	240	230
		1000459	CFC/PD/2013/02/0041	EUR	1.100	550	296	212
		1000471	81185436	EUR	3.640	29	-	-
		1000496	W 08.270.314	EUR	300	72	195	-
		1000505	101526220	EUR	240	192	140	60
		1000507	GS 751	EUR	328	-	328	328
		1000511	I-105896	EUR	344	-	310	278
	<b>Other Total</b>				<b>18.613</b>	<b>9.946</b>	<b>11.088</b>	<b>9.534</b>
<b>Other Total</b>					<b>25.326</b>	<b>13.573</b>	<b>14.741</b>	<b>12.029</b>
<b>Grand Total</b>					<b>409.768</b>	<b>358.365</b>	<b>383.001</b>	<b>355.080</b>

#### USD-Contracts

Foundations	American Jewish World Service	1000214	DAF29-122011	USD	1.315	1.315	1.313	1.308
		1000240	DAF 29-122011	USD	700	700	700	700
		1000414	Twaweza	USD	400	400	400	400
		1000504	#5200	USD	893	500	500	500
	<b>American Jewish World Service Total</b>				<b>3.308</b>	<b>2.915</b>	<b>2.913</b>	<b>2.908</b>
	Arcus Foundation	1000388	1303-29	USD	250	250	249	239
		1000500	G-PGM-1505-1275	USD	350	174	42	-
	<b>Arcus Foundation Total</b>				<b>600</b>	<b>423</b>	<b>291</b>	<b>239</b>
	Ford Foundation	1000211	1120-1598	USD	1.400	933	694	349
		1000231	1110-0122	USD	600	600	472	427
		1000326	Grant number 0135-0345	USD	200	200	170	145
		1000457	0140-1104	USD	1.000	-	100	24
		1000494	#0155-1047	USD	200	200	-	-
	<b>Ford Foundation Total</b>				<b>3.400</b>	<b>1.933</b>	<b>1.436</b>	<b>944</b>
	Omidyar Network	1000107	ATTI	USD	2.400	1.691	2.191	2.191
		1000280	SEATTI	USD	2.139	2.139	2.048	1.995
	<b>Omidyar Network Total</b>				<b>4.539</b>	<b>3.830</b>	<b>4.239</b>	<b>4.186</b>
	William and Flora Hewlett Foundation	1000198	2011-6940	USD	4.500	4.500	4.500	4.500
		1000298	Grant # 2012-8151	USD	770	770	768	766
		1000381	#2013-9378	USD	450	450	450	420
		1000431	Grant #2014 - 9206	USD	2.500	2.500	2.500	2.500
		1000490	#2015-2908	USD	300	300	250	250
		1000512	Grant nr. #2015-3079	USD	8.000	3.500	3.500	3.500
		1000516	#2015-2385	USD	355	355	250	250
	<b>William and Flora Hewlett Foundation Total</b>				<b>16.875</b>	<b>12.375</b>	<b>12.218</b>	<b>12.186</b>
<b>Foundations Total</b>					<b>28.721</b>	<b>21.476</b>	<b>21.097</b>	<b>20.464</b>
Governments	Department for International Development	1000192	200120-102/40049683	USD	3.022	2.827	2.712	2.702
		1000206	PO 5731, 2011/S-36 059176	USD	7.060	6.276	6.674	6.224
		1000314	ARIES Code Nr 200304/ amendment no. 02/2012	USD	4.803	4.802	4.803	4.802
		1000346	PO 5731	USD	3.920	1.494	1.683	1.529
	<b>Department for International Development Total</b>				<b>18.805</b>	<b>15.399</b>	<b>15.872</b>	<b>15.258</b>
	Norwegian Ministry of Foreign Affairs	1000365	ZIB-00007	USD	450	450	450	441
		1000419	ZIB-0013 Agreement ZIB 12/007	USD	650	650	639	639
		1000436	2073-TIM-13/0008	USD	667	292	667	202
		1000484	ZIB-14/0028	USD	213	213	198	153
	<b>Norwegian Ministry of Foreign Affairs Total</b>				<b>1.980</b>	<b>1.604</b>	<b>1.953</b>	<b>1.435</b>
	Royal Netherlands Embassies	1000277	Activity 23921	USD	1.500	1.425	1.278	1.278
		1000279	Fondo Emancipación LAP0110874	USD	12.000	5.728	12.000	5.740
	<b>Royal Netherlands Embassies Total</b>				<b>13.500</b>	<b>7.153</b>	<b>13.278</b>	<b>7.018</b>
	Swedish International Development Agency	1000483	SIDA	USD	3.842	1.419	3.842	823

Donor Group	Donor	Fund #	Donor Reference #	Currency Fund	Fund	Received	Con-tracted	Spent (-)
	<b>Swedish International Development Agency Total</b>				<b>3.842</b>	<b>1.419</b>	<b>3.842</b>	<b>823</b>
	Swiss Agency for Development and Cooperation	1000306	81014847	USD	<b>9.400</b>	-	<b>9.400</b>	<b>492</b>
		1000430	SDC contract no. 81026341	USD	4.071	4.050	3.940	3.940
	<b>Swiss Agency for Development and Cooperation Total</b>				<b>13.471</b>	<b>4.050</b>	<b>13.340</b>	<b>4.432</b>
	The Royal Danish Ministry of Foreign Affairs	1000428	ZADT	USD	7.458	5.468	7.458	7.458
		1000438	Conexión	USD	1.797	-	90	33
		1000513	2013 Tripartite agrmnt	USD	6.671	6.671	6.671	6.671
	<b>The Royal Danish Ministry of Foreign Affairs Total</b>				<b>15.926</b>	<b>12.140</b>	<b>14.219</b>	<b>14.162</b>
	US Department of State	1000283	S-LMAQM-12-CA-1126	USD	1.250	1.250	1.221	1.195
		1000363	S-LMQM-13-GR-1229	USD	962	1.271	962	956
		1000492	S-LMAQM-12-CA-1126-A003	USD	323	283	-	-
	<b>US Department of State Total</b>				<b>2.536</b>	<b>2.805</b>	<b>2.183</b>	<b>2.150</b>
<b>Governments Total</b>					<b>70.059</b>	<b>44.570</b>	<b>64.687</b>	<b>45.278</b>
Other	Other	1000195	Scholarship KBFUS	USD	989	988	988	988
		1000232	MoU Irish Aid Twaweza	USD	1.302	1.302	1.302	1.302
		1000292	Space for Human Rights	USD	1.876	1.876	1.859	1.859
		1000360	OR2013-07027	USD	250	214	196	171
		1000361	OR2013-06976	USD	200	196	195	223
		1000405	Subgrant Award No 91015-S-001	USD	704	377	704	426
		1000406	20140152	USD	1.835	1.588	1.835	1.628
		1000480	HIVOS/20150209	USD	418	289	418	133
		1000506	No. 2015/Grant/007	USD	1.855	-	23	9
		1000528	OGP Civil Society Coordination	USD	358	-	211	18
	<b>Other Total</b>				<b>9.786</b>	<b>6.830</b>	<b>7.732</b>	<b>6.758</b>
	The Global Fund	1000175	MEI-011-G01-H	USD	4.314	4.277	4.211	4.099
		1000317	BOL-910-G09-H	USD	14.491	12.216	14.491	14.056
		1000380	MEI-011-G01-H	USD	6.158	4.108	6.069	3.981
		1000416	GUA-311-G05-H	USD	14.694	12.072	14.694	11.532
		1000473	CRI-H-HIVOS	USD	4.883	933	2.259	175
		1000493	BOL-910-G09-H	USD	1.303	463	1.303	652
		1000520	Grant name QPA-H-Hivos	USD	11.465	-	3.369	-
		1000522	QRA-H-HIVOS	USD	4.330	2.054	2.888	21
	<b>The Global Fund Total</b>				<b>61.639</b>	<b>36.124</b>	<b>49.282</b>	<b>34.516</b>
<b>Other Total</b>					<b>71.425</b>	<b>42.954</b>	<b>57.014</b>	<b>41.274</b>
<b>Total USD Contracts</b>					<b>170.205</b>	<b>109.000</b>	<b>142.798</b>	<b>107.016</b>

#### GBP-Contracts

Governments	Department for International Development	1000345	PO 6071	GBP	26.414	6.438	18.599	9.886
		1000434	MAVC	GBP	1.208	-	0	0
	<b>Department for International Development Total</b>				<b>27.622</b>	<b>6.438</b>	<b>18.599</b>	<b>9.886</b>
<b>Governments Total</b>					<b>27.622</b>	<b>6.438</b>	<b>18.599</b>	<b>9.886</b>
<b>Total GBP Contracts</b>					<b>27.622</b>	<b>6.438</b>	<b>18.599</b>	<b>9.886</b>

1) Please note this overview is not a complete overview of all Hivos funding. The following funds have been left out:

- In case there have been no changes in a fund in 2015 (funding, funds received, contracting and payments)
- In case the fund total was < €/\$ 200.000

## 13. PROPOSED APPROPRIATION OF NET RESULT

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Following the appropriation of result proposed by the board of directors, an amount of € 282.000 of the net result for 2015 of € 282.000 will be added to the appropriated reserve for business operations.

## 14. EVENTS AFTER BALANCE SHEET DATE

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In its meeting of May 10, 2016, the Hivos Supervisory Council has approved the new agreement (2016-2020) between Hivos, HTF, Triodos Bank and TIM. This new agreement restructures the collaboration between Hivos and HTF. Hivos will no longer issue guarantees for loans of HTF, nor will it invest in new participations. Between 2016 and 2020 the current guarantees will be restructured to subordinated loans, of which 8 million per year will be repaid to Hivos in 2016-2018. In 2019 and 2020 another 4 million per year will be repaid, if solvability and liquidity of HTF permit. Hivos has 4 out of 6 seats in the Supervisory Council of HTF.

# 15. INDEPENDENT AUDITOR'S REPORT



## Independent auditor's report

To: The supervisory board of Stichting Hivos

### Report on the financial statements 2015

#### Our opinion

In our opinion the accompanying financial statements give a true and fair view of the financial position of Stichting Hivos as at 31 December 2015, and of its result for the year then ended in accordance with the Guideline for annual reporting 650 'Charity organisations' of the Dutch Accounting Standards Board and the rules of and following the WNT.

#### What we have audited

We have audited the accompanying financial statements 2015 of Stichting Hivos, The Hague ('the foundation').

The financial statements comprise:

- the balance sheet as at 31 December 2015;
- the statement of income and expenditure for the year then ended;
- the notes, comprising a summary of the accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is the Guideline for annual reporting 650 'Charity organisations' of the Dutch Accounting Standards Board and with the rules of and following the Dutch Standards for Remuneration of Senior Officials in the Public and Semi – Public Sector Act (WNT).

#### The 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 section 'Our responsibilities for the audit of the financial statements' of our report.

We are independent of Stichting Hivos in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO) and other relevant independence requirements in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA).

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

Ref.: e0383462

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### Responsibilities of management and the supervisory board

Management is responsible for:

- the preparation and fair presentation of the financial statements and for the preparation of the directors' report, both in accordance with the Guideline for annual reporting 650 'Charity organisations' of the Dutch Accounting Standards Board and with the rules of and following the Dutch Standards for Remuneration of Senior Officials in the Public and Semi – Public Sector Act (WNT); and for
- such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the foundation's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the foundation or to cease operations, or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the foundation's ability to continue as a going concern in the financial statements.

The supervisory board is responsible for overseeing the foundation's financial reporting process.

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

Our responsibility is to plan and perform an audit engagement to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our audit opinion aims to provide reasonable assurance about whether the financial statements are free from material misstatement. Reasonable assurance is a high but not absolute level of assurance which makes it possible that we may not detect all misstatements. Misstatements may arise due to fraud or error. They are considered to be material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

### Announcement with respect to the directors' report

We have read the directors' report in order to identify material inconsistencies, if any, with the audited financial statements. Based on reading the directors' report we confirm, to the extent we can assess, that the directors' report is consistent with the information in the financial statements and that the directors' report contains all information required by Guideline for annual reporting 650 'Charity Organisations' of the Dutch Accounting Standards Board. We have not audited or reviewed the information in the directors' report.

Amsterdam, 29 June 2016  
PricewaterhouseCoopers Accountants N.V.

J.L. Sebel RA

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### **Appendix to our auditor's report on the financial statements 2015 of Stichting Hivos**

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

#### **The auditor's responsibilities for the audit of the financial statements**

We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error. Our audit consisted, among others of the following:

- identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining 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 intentional override of internal control;
- obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the foundation's internal control;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the 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 and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the foundation to cease to continue as a going-concern;
- evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the supervisory board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

