

Solidaridad

ANNUAL FINANCIAL REPORT 2020

THE NETHERLANDS



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MANAGEMENT REPORT

Signs of the Times

The severe impact of the COVID-19 pandemic has shown all too clearly how unequal our global economy is. European economic priorities are centred in the region, often lacking the nuanced conversation around the interconnectedness of the global supply chain. Many products sold here are grown, made or mined far across our borders by people who have no fallback scenarios and are vulnerable to poverty. In particular, women workers, farmers and small-scale miners are affected severely by this.

The pandemic magnifies our true challenges: **Poverty, Inequality and Climate Change**. Despite governments and companies increasingly committing to fighting climate change and allocating resources in their policies, mitigation strategies and climate financing still fall behind. Right-wing populist politics further exacerbates making climate a full priority. Meanwhile, the producers are often the ones who suffer most from the impact of climate change, since it deepens their poverty.

The growing world population, forcing us to deliver more food with the same amount of land and water available, is not helpful. Agri-food is the world's largest economic sector. The food system fails to provide most of these people with an adequate income. Three-quarters of all farmers live in poverty. About 78% of the world's poor people — close to 800 million people — live in rural areas and rely largely on farming, livestock, aquaculture and other agricultural work to put food on their plates and make a living. They are at the wrong end of global supply chains: farm work and labour is not rewarded by our economy. An average of just 4 to 7 percent of the retail price ends up in the hands of producers. As a result, they are forced to increase their production in an irresponsible manner, damaging the environment because they lack the knowledge and resources to produce in a sustainable way. They also have little say in the policies that determine their future. In sum, their chances of achieving a decent quality of life are limited and shrinking. For female farmers and workers in vulnerable employment conditions, the situation is often even worse. Meanwhile, the gap between the haves and have nots is becoming bigger and bigger, with the world's 26 richest people owning as much as the poorest 50%.

Too much value is extracted from local communities and ecosystems and concentrated in the hands of a small number of increasingly consolidated (European) traders, fast-moving consumer goods brands and retailers. Across commodities we have witnessed the consolidation of traders, brands and retailers into oligopolists that are getting ever richer and more powerful. An example: when we started our work in coffee at the end of the eighties and early nineties, we worked with several dozen traders, roasters and brands; today the bulk of all coffee in the world is handled by four global traders and four global brands. Today also, consumers spend four to seven times more money on their coffee through all kinds of value addition (Nespresso cups, special devices) than when we started Fairtrade, but small-scale producers and workers do not benefit from value creation. In thirty years time, the world coffee price has stagnated around US\$1 per pound. Market actors in Europe do not take external costs into account, the use of natural resources, a fair price for the farmers and living wage.

At the same time we see a clear upward trend in Europe towards social enterprises and the so-called Benefit Corporations (B-corps). Those mostly smaller companies make sustainability a direct part of their business model. They are using business as a force for good and step away from profit maximization.

Also some bigger companies are embracing stewardship models and are moving away from shareholder value, towards stakeholder value. Those frontrunners set the scene for more inclusive business models.

Governments sometimes seem small compared to the big companies, but their role is crucial to regulate the market. There is increasing political momentum in Europe for regulatory frameworks promoting sustainable production. As part of the EU's Green Deal, which seeks to make the EU economy sustainable, the European Commission is preparing legislation requiring that EU companies conduct due diligence on respect for human rights and the environment throughout their international supply chains. An increasing number of multinationals is calling on the EU to adopt sustainability regulation, and various EU member states are already implementing some form of legislation for companies to address environmental and human rights risks.

European consumers, mostly young and urban citizens, are increasingly aware and open to purchasing high-quality, sustainably sourced products. An increasing group of consumers (in Germany over half, in the Netherlands 38%) are willing to pay more for sustainable products. At the same time, citizens are wary about sustainability claims of brands. In the Netherlands for example, 43% of citizens don't trust such claims. Existing certification labels don't help them either. It is difficult to understand that even by buying certified products, where farmers receive a price premium (Fairtrade), this often still does not cover costs of production, a decent livelihood and the costs needed to prevent negative environmental impact to society at large. At the same time citizens have seen the price of a cup of coffee or a bar of chocolate rise over the years, and it is difficult to grasp the reality of the unfair distribution of value in the chain. This intransparency affects consumer behaviour and is a breeding ground for citizen movements.

Sustainability seems to have lost its true meaning. There is no such thing as sustainability when the people who produce our goods live in poverty, when natural resources are not managed sustainably and working conditions are poor. We are reclaiming sustainability: respect for people, planet and a fair share for everyone in the chain. Solidarity is not a luxury, it is a necessity in our interconnected world.

Why, How, and for Whom?

Our strategy in Europe is guided by the overall vision and mission of the Solidaridad Network. Our **vision** is a world where all we produce and consume can sustain us, the planet and the next generations. Our **mission** is to enable farmers and workers to earn a decent income, shape their own future, and produce in balance with nature by working throughout the whole supply chain to make sustainability the norm.

We work for the same target group as all other Regional Expertise Centres (RECs) in the Solidaridad Network: small-scale farmers and workers on farms, in mines and factories in our focus supply chains, in low and middle income countries. Even though we are not directly collaborating with these target groups, all our activities are aimed to make an impact for these marginalised groups, with special emphasis on women and youth.

The global Solidaridad Network

Solidaridad is an international network organization with offices across the globe. The interconnected network places a focus on decentralized responsibility and implementation by regional teams. Local knowledge, experience and vision are guiding principles. The network's connectedness is fostered by a global vision, strategy, programming, communication and internal quality-control systems. Each part of the network contributes to the whole. The premise of the structure is that it promotes capacity building: strengthening Solidaridad teams in the region, enabling them to take control of supervisory tasks and to

manage programming themselves. The regional Solidaridad teams cooperate with their partners on the planning, implementation, communication and evaluation of programmes, and on reporting their results.

Solidaridad Network

The Solidaridad Network consists of eight regional expertise centers located in Asia, South America, Central America, North America, Southern Africa, East and Central Africa, West Africa and Europe - each with their own specific expertise and focus. Solidaridad's programmes are developed and implemented by regional centers, each of which is locally registered and has a local legal structure, and which:

- are connected to the supervisory bodies of Solidaridad Network and the Executive Board, thereby contributing to the network strategy;
- manage interaction between the regional center and the country offices;
- are responsible for the development, implementation, reporting and evaluation of the programmes in their respective regions, taking the network's quality standards and systems into account;
- are responsible for regional fund-raising, thereby contributing to the network budget;
- employ local staff;
- are responsible for appropriate financial management and supervision, including the auditing of financial statements by an independent auditor.

Supervision

In line with its vision on local ownership and governance, Solidaridad created legal entities in Panama City, Nairobi, Hong Kong, San Francisco and Utrecht for its regional expertise centers. From these legal entities, funds are received for and allocated to the country programmes in the regions. The legal entities also act as contract partners for development contracts per continent, serving as a financial and administrative organization, including the handling of internal payments and consolidating financial statements.

The regional operations are supervised by Continental Supervisory Boards (CSBs), which are legally registered in the same places as the continental legal entities. Solidaridad's five CSBs provide direct supervision to the regional centers and country offices. The CSBs consist of leaders in business, civil society organizations or academic institutions from each continent: North America, South America, Africa, Asia and Europe. Each of these continental organizations is connected with the Solidaridad Network Foundation in Utrecht, the Netherlands, through the delegation of supervisory board members to the International Supervisory Board, thus creating a global network.

Management

The Executive Board of Directors (EBoD) is the main policy-making body, ensuring coherence between international commodity strategies and regional programmes. The EBoD is also responsible for the overall implementation of the international policy and commodity strategy. It consists of the managing directors from each regional expertise center. The chair of the EBoD is the Executive Director of Solidaridad Network, Jeroen Douglas. The members of the Solidaridad Executive Board of Directors in 2020 are: Shatadru Chattopadhyay (Asia), Mandla Nkomo (Southern Africa), Michaelyn Baur (Central America), Isaac Gyamfi (West Africa), Rebecca Kaduru (North America), Heske Verburg (Europe), Gonzalo la Cruz (South America) and Rachel Wanyoike (East and Central Africa).

Network Secretariat

The Solidaridad Network Secretariat is based in the Netherlands and fulfils several functions within the global organization. It facilitates global policy development and acts as a service center for the eight

regional offices. The Network Secretariat provides support related to Solidaridad's quality assurance systems, as well as maintaining standards for financial management, accountability and control, planning, monitoring and evaluation, ICT infrastructure and human resource management. It is also responsible for global communication, which includes managing the international website, and developing communication guidelines, tools and standards for global branding. The Network Secretariat will also be facilitating network wide innovation projects from 2021 onwards.

Annual and long term planning

Strategic planning

Solidaridad positions itself as a 21st century civil society organization with a solution and market-oriented focus. Markets are becoming legitimate channels for social and ecological change. Solidaridad is not a watchdog. What fits us better is the role of the guide dog and we need to avoid becoming a lap dog. Solidaridad is a critical partner defending the public goods for future generations.

Market transformation is the driving concept

Most market processes are part of the problem, so we have to turn business practices into part of the solution. The driving concept for this is market transformation. Markets can only produce more desirable social and ecological outcomes through the interaction between good governance, corporate social and ecological responsibility and innovative civil society contributions. Public-private sector partnerships will be increasingly important for leveraging change.

Challenges to overcome

Both the population and consumption per capita are expected to grow rapidly for decades to come. By and large, these growth patterns outpace efforts to reduce negative impacts. One of the most pressing examples of growth outpacing sustainability is climate change. Attempts to reduce greenhouse gas emissions have been estimated to be seven times too slow to compensate for rapidly increasing consumption. Ecological challenges are increasingly interlinked on a global scale due to the intensity of the use of land, water and energy. In general, inequality in our world is growing. The richest 26 multibillionaires at the top of the income ladder hold wealth equal to the annual income of the 3.8 billion people at the bottom. The increasing disparity between rich and poor should inspire us to choose another – more inclusive – model of growth based on participation. Participation is key. Social inclusion – leaving no one behind – based on a broad pro-poor growth strategy.

Theory of Change

Solidaridad designed a Theory of Change and defined Result Areas for a five-year period, ending 2020:

- good practices
- robust infrastructures in agriculture, mining and industry
- enabling policy environments

These Result Areas contribute to two overarching aims: sustainable and inclusive sectors. At the highest level, the result chain has to contribute to a more sustainable and inclusive social, environmental and economic development. Good practices in agriculture will remain a focus point for Solidaridad's work in the years to come. We can only make a difference in the field by working directly with farmers.

Bringing continuity and innovation

Solidaridad has defined a strategy based on continuity and innovation. The factor of continuity is related to optimization of production, smart and sustainable practices. A big challenge is to create a more robust

infrastructure for agricultural production. Interventions that go beyond farm level are urgently needed. Good practices at the production site are of great value but not sufficient, sustainable or lasting. They have to be embedded in robust agricultural infrastructures, sustainable landscapes and enabling policy environments.

Innovations in Solidaridad's strategy

Inclusive development starts with women. Solidaridad will renew and improve its gender inclusion strategies. By choosing inclusive development, society can tap into the unused potential of women by offering them fair chances. Diversity – gender diversity – gives better results, better decision making and better cooperation. Women are better at giving the benefits of their work back to their communities and families. New technologies will enable Solidaridad to reach speed and scale in its programming. The information technology revolution will allow us to switch from compliance to continual improvement, from codes of conduct to incentives from peer comparison. Your neighbour's better performance is a strong incentive for improving your own practices and shows the business case of sustainability more clearly than an auditing report. Grants will be linked to credits and impact investments. Influencing the direction and the flow of capital, credit and investments is decisive for the future. The challenge is to link grant funding to decisions that bankers and investors make. Only blended funding will allow us to bring scale and speed to our programmes.

Scale is an important factor in agriculture

Good practices helped smallholder farmers escape from extreme poverty, but they remain poor. There are 500 million smallholder farmers in the world who sustain 2.5 billion people. Farm size is still going down. In Africa in the last decade, farm size has gone down and is increasingly too small for a decent living. Children of farmers choose for a difficult life in rapidly growing megacities. The average age of farmers has reached 60 years in many regions. Small is often not beautiful. Monocultures will be difficult to manage in more sustainable landscapes addressing issues of expansion, soil fertility, fossil energy and water use. The dilemma is: small is not beautiful, but neither is big. Solidaridad sees a big challenge for agriculture in general with a need for doubling the production in the next 30 years, making farming an attractive occupation for young people and an interesting sector to invest in.

Regulation can benefit frontrunners

Through policy influencing, Solidaridad is hoping to encourage regulations that make sustainability the legal norm. This is an important step in the transition to sustainable societies. In doing so, our business partners will be rewarded for their frontrunner role. By creating a level playing field through regulation, governments can involve those who were unwilling to meet voluntary standards on sustainability.

Solidaridad in Europe

There were two main ambitions for Solidaridad in Europe for the period 2016-2020. The first ambition is to strengthen Solidaridad's presence in Europe. Solidaridad has a strong and respected history and profile in the Dutch society as a result of over 50 years of successful cooperation with companies and with Dutch civil society organizations and government. However, this Dutch identity is now expanded and embedded in a broader European structure and operation. This entails a gradual process of expansion of European activities, in which structure follows strategy, and in which benefits and costs are balanced by using a pragmatic approach. In 2018 a legal entity in Germany was founded to support our expansion in Europe and in 2019 we started scoping opportunities for a presence in Sweden. In 2020 we continued our conversations with like-minded European organisations to intensify collaboration on sustainable value chains. The end goal is a stronger European network of relations with companies and donors. Ambition 2

is a clear focus on core activities: having transferred the project-cycle-management responsibilities to the other regional expertise centers in the previous period, Solidaridad Europe's focus is on the five core activities, being Policy Influencing, Donor Relations, Corporate Engagement and Partnerships, Communications & Campaigning and Knowledge Management and Learning.

Corporate engagement and partnerships

The European private sector is pivotal in the transition towards a more sustainable and inclusive economy. Solidaridad engages with businesses that show leadership, have innovative capacities, build credibility and invest in long term commitment and transformation. Strategic partnerships are expected to contribute to sustainable transformative and inclusive supply chains. Innovation partnerships (technical or financial service providers) are expected to contribute to the development and implementation of new market based solutions and supply chain parties for the full range of commodities and geographic scope are supported in their change towards sustainability.

Policy influencing

Now that sustainability is becoming more mainstream, involvement of governments at different levels is becoming a more important precondition in promoting inclusive sector transformation. Building on the track record of evidence-based policy influencing through dialogue engagement with policy actors at national and global level will continue and expand. Global multi-stakeholder initiatives in cotton & textiles, cocoa, palm oil and sugar cane have become more inclusive and European government policy on responsible trade and business is more effective in support of sustainable practices in cocoa, oil palm, textiles and gold.

Donor relations

Sustainable, economic development aligned with the SDGs are at the heart of the strategy of many European donors, providing ample opportunities for successful fundraising. The Donor Relations team strives to be a reliable recipient of donor funds, with strong programmes and a solid track-record. Solidaridad Europe maintains strong relationships with existing donors such as the Dutch Ministry of Foreign Affairs, EU and Norad and puts strong focus on business development to tap into new resources of funding, official development aid and foundations alike. There are three trends that the Donor Relations team has identified:

- 1) Donors are increasingly decentralising their funding;
- 2) "Its climate funding, stupid". Solidaridad is increasingly investing in its climate proposition;
- 3) Consortia are becoming the norm, and we have increased our cooperation with other NGOs and CSOs in Europe around fundraising.

Communication and Campaigning

Strong positioning built on authenticity, integrity, and transparency, and effective communication built on real life stories will contribute to attract, bind, and enhance partners and consumers in sustainable solutions. Doing important work is only half the battle. Informing and inspiring others to join us is essential for ensuring that improvements continue. Campaigning is a very effective way to engage the public and our stakeholders.

Knowledge Management and Learning

Solidaridad's overall goal with regard to Knowledge Management and Learning (KML) is to build knowledge to deliver effective, efficient and relevant programming and to enable continuous improvement in the organization. The KML strategy is based on three pillars: 1) KML aims to generate

evidence by making sure quantitative and qualitative project data is collected in projects, 2) KML aims to bring together internal and external intelligence and produce knowledge products that support colleagues in their programming and show our track record and thought leadership to external stakeholders, and 3) KML aims to strengthen functional excellence in the organization and teams by facilitating training, learning trajectories and information sharing.

Annual Planning

The strategic plan shows how Solidaridad translates its mission and vision into operational objectives and has been drawn up by the management and approved by the Supervisory Boards. The annual plans are a translation of the multi annual strategic plan into more specific objectives, desired results, activities and budgets. A context analysis and evaluation of the previous annual plan serve as guidelines in preparing the next annual plan. The Annual Plan has been drawn up by the management and approved by the Supervisory Boards.

Budget Solidaridad in the Netherlands for 2021

The budget for 2021 has been drawn up in the light of the objectives and priorities set out in our new MASP (multi annual strategic plan) for 2021-2025 which has been developed in the course of 2020 and detailed in the Annual Plan for 2021. The 2021 budget was approved in the meeting of the Supervisory Board held on 3 December 2020. The income and expenditure statement for this budget is summarized below (in euro).

INCOME	Budget 2021	Budget 2020
Income from individuals	925,000	925,000
Income from companies	1,130,000	646,000
Income from Dutch Postcode Lottery	1,350,000	1,350,000
Income from government subsidies	30,572,000	28,673,000
Income from related organizations	86,000	-
Income from other non profit organizations	288,000	2,887,000
Total income	34,351,000	34,481,000
EXPENDITURE		
Expenditures on achieving our objectives		
Communication and information	788,000	841,000
Structural aid	32,858,000	32,776,000
	33,646,000	33,617,000
Costs of income generation	970,000	898,000
Costs of management and administration	204,000	201,000
Total expenditure	34,820,000	34,716,000
Result excluding interest	-469,000	-235,000
Interest and income from investments	34,000	60,000
RESULT	-435,000	-175,000

The amounts shown in this budget for contributions from governments, companies, Dutch Postcode Lottery as well as the income from other Solidaridad offices, are based on donor contracts. The risk that this budget will not be achieved is limited to the extent to which these parties may not meet their contractual obligations. It is expected that supplementary commitments will be made during 2021 and that the budget will therefore be exceeded. The revenues from individuals, collection in churches, direct mail, inheritances and interest and income from investments are budgeted on the basis of historic values, taking current developments and trends into account. These sources of income are monitored on a monthly basis so that adjustments can be made if necessary. The expected expenditures include all expenditure relating to committed programme funding.

Our stakeholders

Developing mutually beneficial partnerships is perhaps the single most important aspect of our work in reconciling social and ecological responsibility with market and supply chain realities. As such, we partner with hundreds of players of all shapes, forms, and sizes from across global supply chains from local producers and associations, supply chain service and input providers, to governments, civil society, policy and decision-makers, CSR leaders, leading global brands and companies, and consumers.

Although many of our partners have differed in their interests or agendas, they all share one thing in common: They all believe we should - and can - create a world in which all we produce and consume can sustain us while respecting the planet, each other, and the next generations.

Since 1969 through today, we continue to build capacity, expertise, policy, tools and methodologies that will enable change that matters. Yet we can't do it alone. Ultimately we all need to become change-makers: small-holder farmers, miners, cutters, dyers, brands, businesses, governments and consumers alike. Creating change that matters requires us all to change together.

Our impact

Our approach to sustainability is to work from producer to consumer, along with key stakeholders, every step of the way. How?

Sustaining people, the planet, and profits

In order to make a real impact and ensure sustainable livelihoods for people and ecosystems, we believe that the market has an important role to play. This means that sustainability needs the support of market players, such as companies, retailers, miners, and producers. Sustainability must also be reinforced by market processes like pricing, which reflects social and ecological costs of production and environmental values.

Working from producer to consumer

We have over 50 years of experience in supporting producers in achieving economic, social and ecological sustainability. This enables producers in developing countries to build capacity and earn higher prices for their goods while also highlighting the importance of landscape maintenance in preserving the environment we all share on the local and global level. We develop a range of instruments and services used by hundreds of thousands of farmers and other producers all over the world.

To achieve our mission, the formulation and implementation of sustainable policies in European industries and governments is crucial and needs ongoing attention. There is still limited awareness of sustainability

issues and risks among industry actors, and agreed (voluntary) frameworks and policies are not yet effective and have not sufficiently resulted in changing conditions in producing countries. While companies set ever-increasing commitments related to traceability and certification and focus on risk reduction, they are struggling to meet due diligence requirements. However, nowadays sustainability is on the agenda of many companies. They are taking responsibility for the origin of their products and have started to see sustainability as one of the preconditions for the continuity of their business.

At the same time we see policy developments have not yet led to the scale of inclusive and sustainable practices that Solidaridad aims for, and sometimes have negative unintended effects on smallscale producers.

Over these 50 years we executed numerous campaigns making consumers aware of sustainability challenges and their role in the value chain. Over the last couple of years specifically, we've seen more and more consumers being concerned about the way products are produced, and the impact these have on the environment and the climate. An increasing niche of consumers is now considering the sustainability of a product or service before purchasing it. We aim to grow this niche with our campaigns, and by cooperating with key partners.

Solidaridad services

Solidaridad works on creating sustainable supply chains from the producer to the consumer. This enables producers in developing countries to get a better price for better products and it helps to preserve people's environment. It helps companies in the marketplace to implement CSR and find sustainable suppliers. Our worldwide network of expertise centers closely collaborates with local partners. Together we deliver the following services:

Services to producers

- Training farmers in farming techniques that have less negative impact on people and the environment and lead to better products and higher yields.
- Supporting producer organizations through capacity building and organizational strengthening.
- Assisting producer organizations to get access to means of production, finance and markets.
- Supporting agricultural producer organizations and industrial producer companies to qualify for social and environmental certification standards.

Services to companies

- Support companies to CSR and source sustainably in developing countries.
- Develop sustainable business concepts in order to broaden the marketplace for sustainable products from developing countries.
- Support the marketing of sustainable products and communication about CSR to better inform consumers and business partners.

Other services

- Developing initiatives and standards for sustainable production and fair trade.
- Supporting civil society organizations that empower women, farmers or employees, as well as organizations that protect nature and the environment.
- Seeking dialogue with stakeholders and the public using our network, knowledge, experience and views on sustainable economic development and CSR.

Results

Solidaridad is rising to meet the challenges of tomorrow by building upon a history of achievement, including major results for farmers, miners and workers. We publish our results on our website. Below, a selection of our results reported in 2020 across the network:

- The evaluation of the Advocacy for Change programme has been positive and insightful. Through a multi-stakeholder approach, inclusive dialogue and civil society strengthening Solidaridad has increased civic space for farmers, miners and workers to enable them to stand up for their rights and claim a better position in the supply chain. The evaluation showed that multi-stakeholder partnerships were an effective way to engage different stakeholders and deliver on a shared agenda. Solidaridad's advocacy programming has been effective, because we were seen as a credible, reliable and neutral player, with a neutral, a-political positioning and a constructive (pragmatic) approach.
- The evaluation of the Golden Line programme also found good results. In Ghana and Tanzania, mercury (used for the extraction of gold) is now used in a more safe and responsible way. For example concrete ponds for application of mercury are installed to prevent ground and water pollution and awareness on the importance of using protective gear has increased. In Ghana, almost 3,000 women were supported in developing their farm or petty-trading business as an alternative to mining. Successful women groups were formed that managed savings and loans and business skills training helped them to professionalize their business. Advocacy in the programme has resulted in more attention to women's socio-economic position in gold mining.
- Our cocoa programming has resulted in good progress in 2020. In the MASO cocoa project in Ghana we found that youth who receive Solidaridad training increased the adoption of sustainable agricultural practices by 25 percentage points compared to similar youth who did not receive the training.
- A global consortium, including Solidaridad, launched the Cocoa Barometer that zoomed in on the state of sustainability in the global cocoa sector, outlining the current challenges in cocoa (child labour, deforestation, poverty), as well as the necessary changes to tackle their root causes. The Cocoa Barometer resulted in an all-time high of publicity, with almost 2 billion people worldwide visiting the various websites that referred to the Cocoa Barometer in general, and an enormous reach through articles in the Financial Times, Confectionary News, NU.nl and almost all Dutch newspapers.
- Solidaridad published a [guidebook on wet processing](#) for textile companies. This guidebook analyzed the challenges and consequences of this process, and considered the various areas where environmental impacts can be addressed throughout a garment's value chain.
- As voluntary sustainability initiatives didn't bring the wanted impact, Solidaridad advocated for more mandatory rules to complement the voluntary initiatives. The launch of its position paper on European Regulatory Frameworks fueled the debate on introducing regulation at EU level that would require intergovernmental partnerships, measures to support farmers in the Global South, and mandatory due diligence from businesses.
- Solidaridad in partnership with Palmas del Ixcán, Cargill and Oleon, have been supporting smallholder palm oil producers in Guatemala, to pursue the Roundtable for Sustainable Palm Oil (RSPO) certification. Smallholder producers improved the productive performance of their plantations and made important steps toward more sustainability. Solidaridad launched the China Sustainable Soy Guidelines in Beijing. The guidelines aim at addressing concerns related to sustainability in the soy sector in the country. The guidelines were developed under Solidaridad's global programme, 'Back to reducing greenhouse gas emissions from deforestation and forest

degradation (REDD) & mobilizing Asian and US markets to reduce commodity driven deforestation in Brazil’.

- In the midst of the COVID-19 pandemic, Solidaridad mobilized its partners to deliver protection kits to day laborers working in the harvest in Minas Gerais, Brazil. They were delivered to 750 hired laborers for the harvest period, between April and June. Following the mandatory lockdown in Paraguay, indigenous people in Central Chaco were unable to work or buy food outside their communities. Solidaridad and its partners in Central Chaco coordinated efforts to alleviate this emergency. Using our digital tools, normally used to provide farmers with advice on sustainable agricultural practices, 28,557 beneficiaries were sensitized on the need to practice social distancing and other precautionary measures to prevent infection in West Africa. In Asia, Solidaridad has been engaged in a number of relief activities to aid prevention efforts to protect rural communities, smallholder farmers, and daily-wage workers during COVID-19.

Our risks

Trust first...

While Solidaridad’s employees and partners work on the basis of reciprocal trust, management guards against individual abuses of this trust. Risks – and their consequences for strategy – are continually assessed. The board is aware that economic conditions can change quickly, politics can be unstable, and markets volatile.

Solidaridad has zero tolerance for fraud and corruption, meaning that Solidaridad staff members, all non-staff persons associated with Solidaridad, suppliers of goods and services, implementing partners and other responsible parties contracted by Solidaridad for a Solidaridad funded project are not to engage in fraud or corruption. All incidents of fraud and corruption have to be reported and will be assessed and as appropriate, investigated. Solidaridad will pursue rigorously disciplinary and other actions against perpetrators of fraud, including recovery of financial loss suffered by Solidaridad.

Our main risks

1. Reputational damage, for example resulting from partnerships with companies. Solidaridad has internal guidelines for non disclosure agreements (NDAs) and memoranda of understanding (MoUs) with companies.
2. Illegitimate use of grant funds, which requires repayment obligations to donors. The budget is approved by the Managing Director and the segregation of duties in the project management is appropriate. With large grants, the suitability of expenditure is investigated by an external auditor.
3. The economic climate and the willingness of private individuals to donate. Solidaridad maintains quality marks and periodic external audits ensure compliance.
4. The effects of COVID-19 on achieving our objectives, but also on the wellbeing of our local staff and farmers and workers.
5. The unpredictability of government policies. Political decision-making – and available funding – are hard to predict, as are the political forces which affect partner companies. Solidaridad defines thematic areas and target policy makers with highest chance of success of the period to come.

Risk management and control systems

Solidaridad manages risks at organisational, programme and project level. Risks are assessed and response measures taken and monitored to mitigate and/or absorb the impact of a risk. Internal control

procedures are in place to mitigate and/or absorb financial risks relating to potential misuse of funds (i.e. due to corruption, fraud, or theft), as well as for receiving, allocating and payment of funds. Financial management follows a low risk strategy reserving funds for investments risks and potential losses.

Solidaridad is committed to transparency and the effective deployment of resources. It monitors project progress and the use of funds with a project management system. Operations are audited internally and externally, and outcomes are discussed with the management and the Continental Supervisory Board. As a learning organization, Solidaridad strives for continuous improvement and quality management is certified to ISO 9001:2015. If something is not to somebody's satisfaction, Solidaridad would like to be informed about it. A complaints procedure is therefore part of our quality policy. The procedure is published on the Dutch website in Dutch and the global website in English. And besides, we also refer to it in our contracts with partners. The Solidaridad Code of Good Conduct and Practices is also endorsed by our Network partners. There is also a protocol for inappropriate behavior, which includes procedures preventing undesirable behavior and procedures for involving internal or external confidential advisors and the complaints procedure for employees. Solidaridad has an Integrity Policy and a Communication Plan Integrity in place and staff trained in dealing with Ethical Dilemmas.

Our organization

Establishment and statutes Solidaridad the Netherlands

Solidaridad Foundation was founded on June 15, 1976 and is based in Utrecht, the Netherlands. In December 2017 Solidaridad formalized the new and updated statutes, in accordance with present circumstances and the statutes of Solidaridad Network and changing the name in Solidaridad the Netherlands.

Quality management

Solidaridad aims to achieve high quality on all fronts. Solidaridad is certified under the ISO 9001:2015. The standard provides a quality management framework and ensures a philosophy of continual improvement. External auditors provide independent evaluations of the quality of each aspect of its operations. In addition Solidaridad is certified under the ISO PARTOS norm since 2015 (Partos Declaration 2015: version 2018), an add-on to ISO 9001:2015. This quality standard has been specifically designed for civil society organizations in the Netherlands ensuring a philosophy of good governance, CSR, integrity and transparency.

The Central Bureau on Fundraising (CBF) monitors all philanthropic bodies in the Netherlands and evaluates their management and policy, in order to increase the transparency of the charitable sector. Solidaridad is entitled to use the CBF quality mark and complies with its requirements. Per 2019 CBF is also monitoring the integrity system of Solidaridad (that includes a Code of Conduct and a complaints procedure) on behalf of the Ministry of Foreign Affairs.

The Dutch Association of Fundraising Organizations (Goede Doelen Nederland) is the umbrella organization for philanthropic organizations that raise funds across the Netherlands. Its goal is to increase public confidence in fundraising institutions. Solidaridad upholds the principles of the Goede Doelen Nederland in relation to respect, reliability, openness and quality.

Solidaridad is recognized by the Taxation Department as a charitable institution (ANBI), which means that donations and bequests to Solidaridad are not taxed. Donors can obtain income tax deductions for their contributions to Solidaridad.

External reporting includes an annual report and accounts, which are verified by an auditor and accompanied by an auditor's opinion. In 2015 the Continental Supervisory Board appointed Dubois&Co Registeraccountants as its external auditor. This appointment, which is reviewed annually, covers the audit of the annual accounts as well as those for various projects. Dubois&Co Registeraccountants does not provide any non-auditing (e.g. advisory) services. The auditor discusses their findings with the Managing Director and financial controller and may also call the attention of the Continental Supervisory Board to any points that need to be addressed, or where improvements could be made.

Personnel

Solidaridad is an international network organization with a relatively new and culturally diverse staff. Our staff is the key factor for realizing the vision and strategy of Solidaridad. The HR strategy "Growth through Connection" reflects the common HR strategy at the network level. The implementation of HR policy and its related Performance Management and Talent Management takes place at the regional level. This requires the strengthening of senior capacity in order to realize the innovation agenda and to absorb the growth of the agenda.

Solidaridad wants to be a learning organization. Learning together also means creating a culture of cooperation, providing and receiving feedback and allowing each other to learn and improve. In the past year, we have invested in HR to help employees and managers within Solidaridad to prepare, conduct and record discussions about performance, personal growth and improvements. Each year employees are invited by their manager for an individual planning meeting, performance and appraisal evaluations. Every year, the Managing Director has a planning, performance and appraisal evaluation with the chair of the Supervisory Board.

At the end of 2020, Solidaridad Netherlands employed 55 people (2019: 51), a total of 52.1 full-time staff is under contract (FTEs). In 2019 this figure was 46.9. Solidaridad has its own salary structure, which is based on job descriptions. Per function the tasks and responsibilities are described. The functions are weighed on the basis of the following four characteristics: knowledge and experience, independence, social skills and risks, responsibility and influence. Solidaridad's wages policy follows that of the Dutch government. The average gross annual salary per FTE in 2020 was € 62,100 (2019: € 60,300).

The goal of the diversity policy is that Solidaridad's staff should reflect the European population wherever possible. Solidaridad in the Netherlands has 40 female and 15 male employees at the end of 2020 (2019: 35 female and 16 male). The average age is 40 years. Nine employees left in 2020, and thirteen new employees joined. The rate of absence due to sickness in 2020 was 4.4% (in 2019: 6.7%). The short absence (less than a week) was 0.5% (2019: 0.6%), medium absence was 0.4% (2019: 0.5%) and long absence (more than six weeks) was 3.4% (2019: 5.7%).

In 2020, extra attention has been invested in operational excellence since it is key to deliver on our promises. We continued to use intelligence and evidence to deliver effective, efficient and relevant programming and enable continuous improvement in the organization. We improved and professionalised the processes in the organisation, also to ensure the internal preconditions are in place for smooth network cooperation. Integrity as well as inclusiveness continues to be high on our agenda.

Environment

Solidaridad minimizes the impact of its work on the environment as far as possible, by re-using materials wherever possible, by purchasing sustainable products (office supplies with an eco-label, energy-efficient equipment, green energy, solar panels, and sustainably produced coffee and tea), by separating its waste for recycling, and by digitally and electronically processing documents limiting the use of paper. We will continue on this path and strive for a zero footprint. In 2020 due to COVID-19 restrictions Solidaridad's CO2 emissions of 36,7 tons were considerably lower than previous years (700 tons of CO2 for three consecutive years combined). CO2 travel emissions were compensated for € 900 through the Banco offset scheme in South America financing the Coffee of the Future initiative aimed at storing carbon.

Our finances

Analysis of the results for 2020 in comparison to 2019 and the budget for 2020

The total income in 2020 was € 34,373,294 a decrease of € 2,409,099 compared to 2019. Income from subsidies decreased by € 1,222,848 compared to 2019, and was € 1,066,800 lower than budgeted. Income from other fundraising decreased by € 1,186,251 compared to last year, and was € 959,094 higher than budgeted. This is due to income from inheritances in 2019 and postponed spending in 2020 to 2021, partially due to COVID-19.

The total expenditure in 2020 was € 35,147,233, which is € 1,558,245 lower than in 2019, and € 431,233 higher than budgeted. Of the total expenditure, € 34,273,707 was directly spent on our objectives. This has led to a positive result of € 67,290 in the statement of income and expenditure in 2020, where 2019 had a result of € 265,038. The result of 2020 is partially affected by the reserves for financing assets and innovations, leading to an addition of € 126,939 to the continuity reserve.

Historical summary

The table below shows the financial results for the past five years (in euro).

INCOME	2020	2019	2018	2017	2016
Fundraising	6,767,094	7,953,345	6,769,796	7,098,270	5,186,484
Subsidies	27,606,200	28,829,048	23,981,852	15,947,922	13,393,322
Other	-	-	759	-	-
Total income	34,373,294	36,782,393	30,752,407	23,046,192	18,579,806
EXPENDITURE					
Communication and information	573,690	757,116	626,840	754,089	476,903
Structural aid	33,700,017	35,193,604	28,826,815	21,511,093	16,805,986
Total expenditure on objectives	34,273,707	35,950,720	29,453,655	22,265,182	17,282,889
Costs of income generation	692,155	574,888	735,549	621,423	490,064
Costs of management and administration	181,371	179,870	186,016	173,622	142,596
Total expenditure	35,147,233	36,705,478	30,375,220	23,060,227	17,915,549
Result excluding interest	-773,939	76,915	377,186	-14,035	664,257
Interest and income from investments	841,229	188,123	164,068	237,297	187,427
RESULT	67,290	265,038	541,254	223,262	851,684

Policy on assets and investments

Solidaridad spent € 34 million on financing projects. These funds come from many different sources, including government contributions as well as donations from individuals, companies and institutions. Solidaridad has an asset buffer of € 6.8 million to cover any unexpected large fall in income. If funding is received and cannot immediately be usefully deployed in support of Solidaridad's objectives, since it takes time to prepare and implement projects, these funds are temporarily invested. Solidaridad's partners, suppliers and staff need to be sure that Solidaridad will always be able to meet its liabilities and donors and other funding bodies must be confident that the money they donate to Solidaridad is in safe hands. It is therefore extremely important that Solidaridad's assets are managed responsibly. Investment rules have been drawn up to ensure this is the case. These rules also stipulate that Solidaridad will comply with the Guidelines Financial Management for Charity Organizations prepared by the Dutch Association of Fundraising Organizations (Goede Doelen Nederland). In view of the limited volume and complexity of the portfolio, Solidaridad manages its assets internally to reduce costs. By far most of the asset buffer is invested in savings deposits with socially responsible banks, currently with Triodos Bank.

Key figures

The costs of the organization's income generation as a percentage of the total income – is a calculation method to evaluate whether a fundraising institution is worthy of support. This indicator shows the proportion of the proceeds from fundraising that are used to generate these funds. Solidaridad aims for a (reasonably) stable proportion until 4% unless it can be demonstrated that an investment in income

generation will generate sufficient additional income in the future. The table below shows the income and income generation costs and the relevant percentages for the past five years.

	2020	2019	2018	2017	2016
Total income	34,373,294	36,782,393	30,752,408	23,046,192	18,579,806
Total costs of income generation	692,155	574,888	735,549	621,423	490,064
<i>Costs of income generation as a percentage of income</i>	<i>2.0%</i>	<i>1.6%</i>	<i>2.4%</i>	<i>2.7%</i>	<i>2.6%</i>

Solidaridad calculates three ratios related to spending: the ratio of spending on the organization's objectives to its total expenditure, the ratio of its spending on income generation to its total expenditure and the ratio of its spending on management and administration to its total expenditure. The tables below show the amounts Solidaridad spent on its objectives, income generation and management and administration and the resulting spending ratios, for the past five years.

	2020	2019	2018	2017	2016
Total expenditure	35,147,233	36,705,478	30,375,220	23,060,227	17,915,549
Amount spent on objectives	34,273,707	35,950,720	29,453,655	22,265,182	17,282,889
<i>Spending ratio spent on objectives</i>	<i>97.5%</i>	<i>97.9%</i>	<i>97.0%</i>	<i>96.5%</i>	<i>96.5%</i>

Solidaridad strives to achieve the highest possible, but at least 95%, spending ratio on the organization's objectives without endangering the quality of implementation of the projects. The CBF has not set a minimum ratio, because this percentage depends to a great extent on the type of organization.

	2020	2019	2018	2017	2016
Total expenditure	35,147,233	36,705,478	30,375,220	23,060,227	17,915,549
Costs of income generation	692,155	574,888	735,549	621,423	490,064
<i>Spending ratio costs of income generation</i>	<i>2.0%</i>	<i>1.6%</i>	<i>2.4%</i>	<i>2.7%</i>	<i>2.7%</i>

Solidaridad aims for a (reasonably) stable proportion until 4% unless it can be demonstrated that an investment in income generation will generate sufficient additional income in the future.

	2020	2019	2018	2017	2016
Total expenditure	35,147,233	36,705,478	30,375,220	23,060,227	17,915,549
Management and administration	181,371	179,870	186,016	173,622	142,596
<i>Spending ratio management and administration</i>	<i>0.5%</i>	<i>0.5%</i>	<i>0.6%</i>	<i>0.8%</i>	<i>0.8%</i>

Solidaridad strives to achieve the lowest possible, with a maximum of 2%, percentage of management and administrative costs without endangering the quality of its operations.

Abbreviations

CBF – Central Bureau on Fundraising
CSB – Continental Supervisory Board
CSR – Corporate Social Responsibility
EBoD – Executive Board of Directors
ISB – International Supervisory Board
MASP – Multi Annual Strategic Plan
REC – Regional Expertise Centers

Signing

The Managing Director composed this Annual Financial Report by signing it on 18 March 2021.

Signed on original by: Heske Verburg

REPORT OF THE SUPERVISORY BOARD OF SOLIDARIDAD

The Solidaridad Network aims to be an effective, influential and innovative learning organization with a reputation as one of the best organizations engaged in international development cooperation. This requires a wide range of checks and balances. In recent years, a fully operational supervisory structure for the network has been put in place. Our structure is intended to ensure that Solidaridad Network is a credible organization that has a transparent, responsible, cost-effective system of supervision, and that affirms Solidaridad's vision, programme and working methods. It is based on the following fundamental principles: promoting solidarity by means of global strategies for commodities; ensuring a high degree of autonomy for the regional expertise centers; maintaining a professional approach that maximises the impact of Solidaridad programmes; and a shared vision and mission.

Supervision

Solidaridad's governance structure is based on the continental European governance model. This means, amongst others, a board with a two-tier structure, emphasis on dialogue with stakeholders and focus on achieving consensus. This governance model follows the subsidiarity principle. It aims to ensure that decisions are made as closely as possible to the deepest levels in the organization and that constant checks are made to verify that actions across the Solidaridad Network are justified in light of the possibilities available at the continental, regional or national level.

Our Continental Supervisory Board (CSB) oversees the general affairs of Solidaridad in the Netherlands (as well as Europe). The CSB consists of a minimum of three and a maximum of seven members. The CSB will itself decide on the number of its members. The members of the CSB appoints one member to be chairperson, or appoints an independent third party as chairperson. Members of the CSB are appointed for a period of four years and can only be reappointed once. If a member has fulfilled the position of chairperson of the CSB during a period of tenure, this member can be reappointed twice. In 2020, our CSB consists of seven people who support Solidaridad's mission and who meet the requirements of the job profile drawn up by the board. One of the standing committees of Solidaridad is a financial audit committee, which is specifically responsible for overseeing the financial affairs of Solidaridad in the Netherlands (as well as Europe).

The CSB met four times in 2020. The most important topics discussed were:

- Strategy: evaluating the meetings of the Executive Board of Directors and the ISB meetings, approval of the (European) Annual Plan 2021. Approving the new MASP 2021-2025.
- Finance: approval of the annual financial report for 2019, discussing interim figures for 2020 and approval of the budget for 2021.
- Management: COVID-19 and business continuity in relation to the objectives, recruitment of a new CSB member, new large contracts (Reclaim Sustainability, PFC Extension, Syngenta, Henkel), sale of the shares of AgroFair B.V., the change of Foundation STIP to STIP B.V. as well as the sale of the shares of STIP B.V. in 2020.
- Evaluation: Annual report 2019, CSB, risk analysis on PlusPlus (AgriCrowd B.V.).

In July the audit committee (Carlos Alva Nieto (chair), Martin Staehle and Claire Gentil) advised the CSB on the annual financial accounts for 2019. In December the audit committee advised the CSB on the budget for 2021.

To guarantee a separation of functions and to prevent conflicts of interest, no close relationships are permitted between the members of the CSB as well as between members of the supervisory boards and the management, nor any links between such members and an organization with which Solidaridad, in the normal course of its work, conducts transactions that can be valued in monetary terms.

The members of the CSB with their education and academic titles, term and positions held in 2020 are listed in the following table.

Name	Function	End of term	Education and positions
Jan Karel Mak	Chair	December 2024 (second term)	<ul style="list-style-type: none"> - MSc Environmental Sciences - Chief Executive Officer Deerns Groep B.V. - Chair University Fund Wageningen - Chair of Continental Supervisory Board of Solidaridad - Member of Solidaridad Germany e.V.
Carlos Alva Nieto	Member	December 2023 (second term)	<ul style="list-style-type: none"> - MSc Supply Chain and Operations - MSc Chemical Engineering - Global Business Manager, AkzoNobel - Member of Continental Supervisory Board of Solidaridad - Member of Solidaridad Germany e.V.
Katrien Termeer	Member	December 2024 (second term)	<ul style="list-style-type: none"> - MSc Land Use Management, Wageningen University - PhD Public Administration, Erasmus University - Professor of Public Administration and Policy, Wageningen University - Member advisory council public administration and advisory council animal affairs Dutch Government - Crown appointed member of Social Economic Council (SER) - Member of Continental Supervisory Board of Solidaridad - Member of Solidaridad Germany e.V.
Claire Gentil	Member	June 2021	<ul style="list-style-type: none"> - MSc Pure Mathematics (France) - MSc Mathematical Logic (Netherlands) - Chief Risk Officer, Region Netherlands & Africa (Wholesale banking), Rabobank - Member of Continental Supervisory Board of Solidaridad - Member of Solidaridad Germany e.V.
Martin Staehle	Member	March 2023	<ul style="list-style-type: none"> - MSc Political Economy - Former Managing Director of Research International (Germany) - Member of Continental Supervisory Board of Solidaridad - Member of Solidaridad Germany e.V.
Marion Kappeyne van de Coppello	Member	August 2023	<ul style="list-style-type: none"> - MSc International Public Law, Leiden University - Retired Diplomat of the Dutch Ministry of Foreign Affairs - Member of Continental Supervisory Board of Solidaridad - Member of Solidaridad Germany e.V.

Kajsa Johansson	Member	June 2024	<ul style="list-style-type: none"> - MSc Civil Engineering - University degree Development Studies - PhD Candidate Sociology - Strategic Advisor We Effect and Vi Agroforestry - Member of Continental Supervisory Board of Solidaridad - Member of Solidaridad Germany e.V.
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Within the Solidaridad Network, the International Supervisory Board (ISB) is the highest level of international oversight. The ISB monitors policies, the quality of programmes, financial control of the Solidaridad Network and the performance of the Executive Board of Directors (EBoD). Direct supervision of the regional expertise centers (RECs) is organized by continent. Each Continental Supervisory Board (CSB) is represented in the ISB thus enabling the ISB to focus on the interest of Solidaridad Network as a whole, instead of focusing on individual RECs. The ISB met three times in 2020, of which one was a postponed meeting of 2019. The five members of the ISB are:

Name	Function in the board	Appointed per	Representing
Mariam Dao Gabala	Chair	22 June 2015 as chairperson, a member of the ISB since 18 December 2014	CSB Africa
Roxana Barrantes	Member	11 July 2018	CSB Latin America
Shahamin Sahadat Zaman	Member	19 December 2016	CSB Asia
Kannan Pashupathy	Member	5 June 2014	CSB North America
Jan Karel Mak	Member	10 December 2018	CSB Europe

Management

Solidaridad in the Netherlands is managed by a statutory director, the Managing Director. H.F. (Heske) Verburg has been appointed as Managing Director per January 1, 2017 by the International Supervisory Board. The statutory director has the final responsibility for daily management and implementation of the programmes and activities. Heske Verburg has been employed by Solidaridad from October 1, 2016.

From the start of the Foundation Solidaridad Europe on 14 December 2017, Heske Verburg is appointed as Managing Director. Heske Verburg is one of the two board members of Solidaridad Germany. She was one of the three board members of Foundation Seafood Trade Intelligence Portal (STIP), until the Foundation was changed into a Limited on October 8th, 2020.

Heske Verburg holds a seat on the advisory council of the Environmental Sciences Group of Wageningen University and Research.

Remuneration

In accordance with Solidaridad's statutes, the members of the Supervisory Boards of Solidaridad receive no remuneration of any kind.

For the management the CSB annually updates policy on salaries. The Guidelines for the Remuneration of Directors in Philanthropic Organisations (Adviesregeling Beloning Directeuren van Goede Doelen) are taken as guidelines in the evaluation. The latter proposes a maximum norm for annual incomes, based on certain criteria. The CSB concluded that the Director's position has a Basic Score for management positions (BSD) score of 445 points, for which the full-time maximum average annual income in 2020 is € 125,011 (excluding employer's pension contribution). The income of Heske Verburg for 2020 was € 111,030 (excluding employer's pension contribution).

The Continental Supervisory Board approved this Annual Financial Report on 18 March 2021.

Signed on original by:

Jan Karel Mak (chair)

Carlos Alva Nieto

Katrien Termeer

Claire Gentil

Martin Staehle

Marion Kappeyne de Coppello

Kajsa Johansson

BALANCE SHEET ON 31 DECEMBER 2020

(in euro after allocation of surpluses)

ASSETS	2020	2019
Tangible fixed assets	123,599	116,866
Financial fixed assets	278,868	460,250
	402,467	577,116
Receivables, prepayments and accrued income	3,554,365	3,238,802
Stocks and shares	98	98
Cash and bank balances	9,458,997	8,619,348
	13,013,460	11,858,248
Total assets	13,415,927	12,435,364
 LIABILITIES		
Reserves and funds		
Reserves		
· Continuity reserve	6,801,920	6,674,981
· Reserve for financing operational assets	123,599	116,866
· Reserve for financing assets to meet our objectives	278,868	460,250
· Reserve for financing innovations	60,000	360,000
	7,264,387	7,612,097
Designated funds		
· Designated funds for grants received	350,000	-
· Designated funds for grants from lotteries	65,000	-
	415,000	-
Long-term debts	-	-
Short-term debts	5,736,540	4,823,267
Total liabilities	13,415,927	12,435,364

STATEMENT OF INCOME AND EXPENDITURE FOR 2020

(in euro)

INCOME	Actual 2020	Budget 2020	Actual 2019
Income from individuals	1,040,064	925,000	1,527,673
Income from companies	673,190	646,000	1,474,439
Income from Dutch Postcode Lottery	1,546,320	1,350,000	1,357,905
Income from government subsidies	27,606,200	28,673,000	28,829,048
Income from related organizations	4,443	-	88,890
Income from other non profit organizations	3,503,077	2,887,000	3,504,438
Total income	34,373,294	34,481,000	36,782,393
EXPENDITURE			
Expenditure on achieving our objectives			
Communication and information	573,690	841,000	757,116
Structural aid	33,700,017	32,776,000	35,193,604
	34,273,707	33,617,000	35,950,720
Costs of income generation	692,155	898,000	574,888
Costs of management and administration	181,371	201,000	179,870
Total expenditure	35,147,233	34,716,000	36,705,478
Result excluding interest	-773,939	-235,000	76,915
Interest and income from investments	841,229	60,000	188,123
RESULT	67,290	-175,000	265,038
Allocation of surpluses			
Continuity reserve	126,939	-175,000	159,628
Reserves for financing operational assets	6,733	-	-4,590
Reserves for financing assets to meet our objectives	-181,382	-	-
Reserves for financing innovations	-300,000	-	110,000
Designated funds for grants received	350,000	-	-
Designated funds for grants from lotteries	65,000	-	-
Result	67,290	-175,000	265,038

CASH FLOW STATEMENT FOR 2020

(in euro)

	2020	2019
Cash flow from operational activities		
Surplus from the statement of income and expenditure	67,290	265,038
Depreciation	49,057	41,992
Changes in working capital:		
· Short-term receivables	-315,563	-1,372,964
· Short-term debts	913,273	-10,896,222
	714,057	-11,962,156
Cash flow from investment activities		
(Des) investments in tangible fixed assets	-55,790	-37,402
Changes in financial fixed assets	181,382	-
Changes in stocks and shares	-	-
	125,592	-37,402
Cash flow from financing activities		
Changes in long-term debts	-	-
Changes in cash and bank balances	839,649	-11,999,558
Cash and bank balances		
Balance on 1 January	8,619,348	20,618,906
Balance on 31 December	9,458,997	8,619,348
Changes in cash and bank balances	839,649	-11,999,558

The cash flow statement has been drawn up using the indirect method. The cash and bank balances at the end of 2020 were € 839,649 higher than at the end of 2019.

GENERAL NOTES TO THE ACCOUNTS

Guidelines for annual reporting

The annual accounts have been drawn up in accordance with the Guideline for Fundraising Institutions (Richtlijn Fondsenwervende instellingen: RJ 650), which is part of the accounting standards produced by the Dutch Accounting Standards Board (Raad voor de Jaarverslaggeving).

Foreign currencies

Assets and liabilities in foreign currency have been converted at the exchange rate on the balance sheet date. Items in the statement of income and expenditure have been converted to euros using the exchange rate at the time of the transaction.

ACCOUNTING PRINCIPLES OF VALUATION AND DETERMINATION OF THE RESULT

Tangible fixed assets

The operating assets are valued at purchase price minus annual straight-line depreciation based on the expected useful economic life. Purchases made in the reporting year are depreciated from the date of purchase.

Financial fixed assets

Advance payments and loans are valued at their nominal value, taking into account any risk that they may not be collectible. Participations that do not enable Solidaridad to exercise a significant influence on commercial and financial policies are valued at purchase price after deducting exceptional depreciations where applicable.

Receivables

After initial recognition the receivables are measured at amortised costs on the basis of the effective interest method. Gains and losses are recognised in the income statement through the amortisation process. Receivables are valued taking into account any risk that they may not be collectable.

Stocks and shares

Investments listed on the stock exchange and other investments are valued at their market value. Realized and unrealized price gains and losses are entered into the statement of income and expenditure.

Other assets and liabilities

All other items in the balance sheet are, after initial recognition, measured at amortised costs on the basis of the effective interest method. Gains and losses are recognised in the income statement through the amortisation process.

Income and expenditure

Income is accounted for in the year to which it relates. Expenditure is determined with due regard to the accounting policies for valuation as described above and is allocated to the accounting year to which it relates. Losses are accounted for in the year in which they can be anticipated. Income from inheritances

is accounted for in the year in which the size of the inheritance can be reliably established based on the deed of division.

Taxation

The annual accounts have been prepared under the assumption that the activities of Solidaridad are exempt from corporate income tax.

SPECIFIC NOTES TO THE ACCOUNTS

ASSETS

Tangible fixed assets

A summary of the movements in tangible fixed assets is given below:

	Furniture	Computers	Total
At 1 January 2020			
Cost	123,567	99,290	222,857
Depreciation	41,497	64,494	105,991
Book value at 1 January 2020	82,070	34,796	116,866
Changes in book value			
Additions	3,087	52,703	55,790
Disposal (costs)	-	-33,818	-33,818
Disposal (depreciation)	-	33,818	33,818
Depreciation	-21,651	-27,406	-49,057
Movement	-18,564	25,297	6,733
At 31 December 2020			
Cost	126,654	118,175	244,829
Depreciation	63,148	58,082	121,230
Book value at 31 December 2020	63,506	60,093	123,599

The tangible fixed assets have been retained for our operations. The expected useful economic life for furniture is five year, therefore the depreciation is 20% per year. For computers the depreciation is 33⅓% per year (expected useful life of three years).

Financial fixed assets

	2020	2019
Loan to Seafood Trade Intelligence Portal (STIP)	-	-
Participation AgroFair Europe B.V.	-	460,250
Participation AgriCrowd B.V. (PlusPlus)	278,868	-
	278,868	460,250

The financial fixed assets have been retained for meeting our objectives.

Investment in AgroFair Europe B.V., the Netherlands

AgroFair is a market leader in ecologically sustainable products. AgroFair supplies their customers with responsible products. The producers apply fair, responsible, social, environmental and economic standards. The AgroFair approach will be an inspiration to other companies in the industry so that producers, plantation workers and their families can enjoy better livelihoods and produce in harmony with the surrounding ecosystems.

In 2020 our interest of 8.75% of the issued share capital has been sold for € 1,095,000. The valuation of the investment was based on the acquisition price of € 460,250. The sale of the shares resulted in a book profit of € 634,750, which is reflected in 'Interest and income from investments'.

The movement of the participation in AgroFair B.V. is as follows:

At 1 January		460,250
Total sales of shares of AgroFair B.V.	1,095,000	
Book profit Solidaridad Netherlands	634,750	
	<hr/>	
Movement		-460,250
		<hr/>
At 31 December 2020		-
		<hr/>

Seafood Trade Intelligence Portal (STIP)

The mission of the Seafood Trade Intelligence Portal (STIP) is to enable companies to create a more sustainable seafood industry. STIP believes sustainable seafood starts with transparency: in many sourcing countries, seafood supply chains are characterised by comparatively small companies, which tend to operate in relative anonymity. As a consequence, it is difficult for ambitious companies to find matching business partners and jointly develop roadmaps leading to less complex and better-organised chains. STIP's products and services shed light on what happens in supply chains and enable companies to find business partners that can meet their quality and sustainability requirements. The Managing Director of Solidaridad the Netherlands, Heske Verburg, was one of the three board members of Foundation Seafood Trade Intelligence Portal (STIP).

In 2016 Solidaridad granted STIP loans (free of interest) of € 233,927 in total. Because repayment was uncertain, the valuation was set at nil. In 2020 the legal form of the Foundation was changed into a private limited company to transfer the ownership. The shares of the private limited company were sold for € 250,000, which is reflected in 'Interest and income from investments'.

The movement of the loan to Stichting STIP is as follows:

At 1 January 2020

Original loan to Seafood Trade Intelligence Portal (STIP)	233,927
Less: impairment in 2016	-233,927
	<hr/>
Book value at 1 January 2020	-
	<hr/>

Changes in book value

Sales of shares in STIP B.V. at 15 October 2020	250,000
Less: repayment of capital Solidaridad West-Africa	-35,000
Less: repayment of capital Solidaridad Asia	-70,000
Less: book profit Solidaridad Netherlands	-145,000

Movement -

At 31 December 2020

Cost	-
Impairment	-

Book value at 31 December 2020 -

Solidaridad can be held liable until February 2022 by the purchaser for:

- claims in relation to a breach of guarantees for a maximum amount equal to 20% of the purchase price;
- all claims under the agreement for a maximum amount of € 100,000.

Investment in AgriCrowd B.V., the Netherlands

In 2020 the private limited company 'AgriCrowd B.V.', also known as PlusPlus was set up by Solidaridad, Lendahand, Cordaid (ICCO at the time of establishment) and Truvalu. PlusPlus is an online platform that provides access to finance for small and medium sized agricultural and food businesses in emerging economies by connecting them to a crowd of investors in Europe. In emerging economies, there is a large number of enterprises, the so-called missing middle, who do not have access to finance. PlusPlus offers people in Europe the opportunity to create social and economic impact by investing in an agricultural or food business in Africa, Asia or Latin America.

Solidaridad holds 40% of the shares of the legal entity. Solidaridad agreed on € 400,000 shareholders contribution to PlusPlus.

The movement of the participation in AgriCrowd B.V. is as follows:

At 1 January	-
Valuation participation in AgriCrowd B.V.	278,868
At 31 December	278,868

Receivables

	2020	2019
Contribution Dutch Postcode Lottery	1,350,000	1,350,000
Final payment of grants and subsidies	1,716,171	778,583
Interest	23,084	56,784
Receivables from AgriCrowd B.V.	333,274	-
Receivables from other related parties	26,436	321,093
Prepaid expenses	15,204	105,322
Other receivables	90,196	627,020
	3,554,365	3,238,802

The receivables have mostly been retained for meeting our objectives. All receivables are due within one year. The increase of the receivables is related to timing of receiving or transferring funds. In comparison to 2019 Solidaridad received less prepayments from donors. 'Other receivables' in 2019 included 4 inheritances that were known in 2019, which were received in 2020.

'Receivables from AgricCrowd B.V.' reflect prepaid expenses on behalf of AgriCrowd, this amount will be settled in 2021 together with the Shareholder capital to be paid under short-term debt.

Stocks and shares

The participations have been retained for meeting our objectives. Most participations of Oikocredit have been sold during 2014, the remaining participations are valued at market value on January 1st, 2021.

Cash and bank balances

	2020	2019
Cash	142	213
Bank accounts	6,708,675	4,194,045
Savings accounts	180	425,090
Deposits	2,750,000	4,000,000
	9,458,997	8,619,348

The bank balances have mostly been retained for meeting our objectives. For an amount of € 46,940, a bank guarantee has been given in favour of the lease of the office building and therefore this amount can not be freely available. All other checking and savings accounts are freely at Solidaridad's disposal. The breakdown of the various deposits is as follows:

Bank	Amount	Term	Enddate	Interest rate
Triodos Bank #1	€ 500,000	Nine years	01-05-2021	3.4%
Triodos Bank #2	€ 500,000	Ten years	01-05-2022	3.5%
Triodos Bank #3	€ 500,000	Six years	18-12-2023	0.45%
Triodos Bank #4	€ 500,000	Seven years	18-12-2024	0.6%
Triodos Bank #5	€ 500,000	Eight years	18-12-2025	0.7%
Triodos Bank #6	€ 250,000	Eight years	18-12-2026	0.9%

LIABILITIES

Reserves

By designating funds as reserves, the Continental Supervisory Board indicates how they intend to employ the resources available to them. Solidaridad has designated a continuity reserve, a reserve for financing operational assets and a reserve for financing assets to meet our objectives.

Continuity reserve

The movement in the continuity reserve can be specified as follows:

	2020	2019
At 1 January	6,674,981	6,515,353
Appropriation of the result	126,939	159,628
At 31 December	<u>6,801,920</u>	<u>6,674,981</u>

The continuity reserve is intended to cover short-term risks and to ensure that Solidaridad can continue to meet its moral and other obligations. Solidaridad bases itself on the concept of sustainable relationships with its partners and with its staff. The size of the continuity reserve is determined as a trade-off between the desirability of deploying as much as possible of our resources for our objectives and the need to maintain a healthy financial basis for the future. We are guided in this decision by the Guidelines Financial Management for Charity Organizations prepared by the Dutch Association of Fundraising Organizations (Goede Doelen Nederland). Solidaridad is convinced a reservation of resources is desirable for the continuity of the support given to the charity's goals, and endeavours a continuity reserve of at least 1.0 where the Guidelines maximum is 1.5 times the annual costs of maintaining the operational structure.

In 2020 the ratio consists of 1.4 times the annual costs of maintaining the operational structure. For 2021 the budgeted costs for the operational structure are € 5,716,000 and at the end of 2020 the continuity reserve amounted to € 6,801,920, i.e. 1.2 times the annual costs of maintaining the operational structure.

Reserve for financing operational assets

The reserve for financing operational assets is kept for the funds used to the benefit of the tangible operational assets and is valued against the book value of these assets. The movement is as follows:

	2020	2019
At 1 January	116,866	121,456
Appropriation of the result	6,733	-4,590
At 31 December	<u>123,599</u>	<u>116,866</u>

Reserve for financing assets to meet our objectives

The reserve for financing assets to meet our objectives is kept for the means used for the benefit of the financial fixed assets for the objectives and is valued at the book value of these assets.

At 1 January		460,250
Less: reserve AgroFair B.V.	-460,250	
Addition: reserve AgriCrowd B.V.	278,868	
Movement		<u>-181,382</u>
At 31 December		<u>278,868</u>

Reserve for financing innovations

The reserve for financing innovations is for the means to invest in innovative themes of Solidaridad. The innovation themes are: gender, impact investment, digital solutions and landscape and climate innovations. The movement in the reserve for financing innovations is as follows:

	2020	2019
At 1 January	360,000	250,000
Appropriation of the result	-	200,000
Innovation expenses	-300,000	-90,000
Total movement	-300,000	110,000
At 31 December	60,000	360,000

The innovation projects were selected through a predefined set of criteria and are mainly included in the project expenses through Solidaridad regional offices.

Designated funds

Compared to the reserves, funds differ in the sense that not Solidaridad's Continental Supervisory Board, but a third party designates the funds. Within Solidaridad, that applies to the designated fund for grants. In 2020 this designated fund was created for the grants received from Flexiplan and the Dutch Postcode Lotteries.

The movements in the designated fund for grants from Flexiplan is as follows:

	2020	2019
At 1 January	-	-
Appropriation of the result - Flexiplan grant	350,000	-
At 31 December	350,000	-

The movements in the designated fund for grants from Dutch Postcode Lotteries is as follows:

	2020	2019
At 1 January	-	-
Appropriation of the result - Dutch Postcode Lotteries	65,000	-
At 31 December	65,000	-

The contribution from the Dutch Postcode Lotteries is received through ICCO Cooperation.

Short-term debts	2020	2019
Payments related to projects related parties	1,992,392	1,161,457
Payments related to projects	256,457	436,442
Shareholders capital AgriCrowd B.V.	250,000	-
Accrued expenses	155,848	102,680
Accrued personnel expenses	300,027	301,818
Grants received for coming years	2,740,083	2,587,252
Creditors	41,733	26,545
Social securities	-	49,858
Wage tax	-	157,215
	5,736,540	4,823,267

The payments related to projects increased in comparison to 2019 mostly due to postponing spending to 2021 due to COVID-19, as well as the timing of receiving funds from donors and co-funding commitments in 2020. In 2020 Solidaridad received more advance payments in comparison to 2019.

In 'Shareholders capital AgriCrowd B.V.' the amount is included that is yet to be settled for the shareholders contribution of Solidaridad.

Contingent liabilities and conditional rights

Rent contract

The office on 't Goylaan 15 in Utrecht is rented as of 2007. The agreement was extended in 2018 by 9,5 years until May 2028. The rent costs are indexed annually based on the consumer price index. The annual rent obligation is approximately € 210,000. The bank guarantee issued in respect of this rent is € 46,940.

Lease contracts

In December 2019 a new lease contract was signed for 3 years for two multifunctional printer-copiers. The fixed annual obligation resulting from this is in total approximately € 1,000.

Inheritances

Solidaridad has one ongoing inheritance including usufruct (in 2019: 1), where the valuation is not yet reliable enough to value in the statement of income and expenditure.

Other liabilities

Solidaridad can be held liable until February 2022 by the purchaser of STIP B.V. for: claims in relation to a breach of guarantees for a maximum amount equal to 20% of the purchase price, and all claims under the agreement for a maximum amount of € 100,000. There are no indications of claims by the purchaser at the publishing date of this annual report.

INCOME

Income from individuals

	Actual 2020	Budget 2020	Actual 2019
Direct mail	795,249	825,000	763,335
Inheritances	244,815	100,000	764,338
	1,040,064	925,000	1,527,673

Income from individuals

The goal of our fundraising is to obtain financial resources for Solidaridad's work, in an efficient way, from a group of private donors in the Netherlands. Integrated multi-media PR campaigns, intended not only for fundraising but also for market development and public education, produce the best results. They contribute to awareness among donors, the business community and consumers regarding the origin of our products and how they are produced, and publicize the work of Solidaridad with its partners.

Direct Mail

Sending a letter with a payment slip is still the most efficient way for Solidaridad to obtain donations. More donors are now using online banking to contribute, but the payment slip is still important to remind them of the urgency of their donation. In 2020 Solidaridad sent out five direct mails (2019: five) which were focused on regular individual donors.

Inheritances

Solidaridad receives regular inheritances and bequests, which (partly) consist of houses and/or investments. In 2020 substantially more inheritances were received than budgeted and but less than in 2019. This is mostly due to one major inheritance in 2019.

Income from companies

These are contributions from companies that support the development of sustainable chains of production. Many companies contribute to Solidaridad projects by donating via their affiliates foundations. These amounts are listed in the category 'other non profit organizations'. The donations of the companies mentioned relate to funding to different projects.

The breakdown is as follows:

	Actual 2020	Budget 2020	Actual 2019
Henkel	150,000	150,000	500,000
ASN	21,163	-	140,351
BASF	3,920	130,000	134,300
Syngenta	43,894	-	12,202
Kering	113,060	-	111,900
Unilever	9,263	-	228,935
Lanxess	90,388	160,000	-
Others (less than €100,000)	241,502	206,000	346,751
	673,190	646,000	1,474,439

The income from companies in 2020 was higher than budgeted but lower than in 2019. This is due to postponed spending in 2020 as well as the end of multi-year contracts in 2020.

Solidaridad signed the following major contracts with companies in 2020:

1. Syngenta Collaboration Agreement 2020-2025 for an amount of € 3,045,000, of which € 1,425,000 is subject to an evaluation in year 3 of the project. This contract will start in 2021.
2. Henkel Partnership Agreement 2021-2025, for an amount of € 1,300,000.

Income from Dutch Postcode Lottery

The breakdown is as follows:

	Actual 2020	Budget 2020	Actual 2019
Yearly contribution	1,350,000	1,350,000	1,350,000
Programmes	196,320	-	7,905
	1,546,320	1,350,000	1,357,905

Yearly contribution

Since 2009, the Dutch Postcode Lottery has made an important contribution to Solidaridad's work every year. The Dutch Postcode Lottery also mentions Solidaridad's projects in its television programmes and in national newspapers. In 2020, as well as in 2019, Solidaridad was granted € 1,350,000. The contract with the Dutch Postcode Lottery was renewed in 2018 for another five years.

Programmes

During 2015 the Dutch Postcode Lottery made an extra donation of € 3.0 million from its lottery income, enabling Solidaridad to expand its support for sugar cane growers, a three-year programme. Solidaridad agreed with the Dutch Postcode Lottery to spend the remaining balance of 2020 on a different programme as COVID-19 response.

In 2020 Solidaridad and ICCO received € 1,000,000 from the Dutch Postcode Lottery to support the crowdfunding platform PlusPlus. Of this donation Solidaridad received € 175,000 to make small and medium sized agrifood enterprises investment ready and ensure a solid pipeline for PlusPlus. Of this amount, a total of € 110,000 was spent in 2020. The remaining € 65,000 is included in the designated funds to be spent.

Income from government subsidies

Government subsidies include all the project grants from various government agencies.

The agreements with the Ministry of Foreign Affairs has been made in relation to:

1. 'Strategic Partnerships for Lobby and Advocacy (AfC)'. The total amount agreed is € 32,000,000 for the period 2016-2020. This contract ended in 2020.
2. 'Practice for Change' (PFC). The total amount agreed is € 44,500,000 for the period 2016-2020. For this contract Solidaridad received an extension for two more years, for an amount of € 20,000,000. Additionally an amount of € 12,875,000 was granted for 'National Initiatives for Sustainable and Climate Smart Oil Palm Smallholders (Ni-scops) in Asia and Africa', for the period 2018-2023.
3. The grant of the Ministry of Foreign Affairs awarded from the Funding Leadership Opportunities for Women (FLOW II) framework to Simavi. Together with Simavi and Healthy Entrepreneurs, Solidaridad executes the 'Going for Gold' Programme. The total amount agreed for Solidaridad is € 2,996,993 for the period 2016-2020. This contract ended in 2020.

4. As of 2021 Solidaridad enters into a new agreement with the Dutch Ministry of Foreign Affairs: 'Reclaim Sustainability' for a period of 5 years with a contract value of € 53,712,412.

Solidaridad has different agreements with Netherlands Enterprise Agency (RvO).

1. 'Increasing water use efficiency in sugarcane growing in India': The total amount agreed is € 2,414,387 originally for the period 2015-2019, however this is extended until mid 2021.
2. 'Food security through improved resilience of small scale farmers': The total amount agreed is € 4,400,000 for the period 2013-2020. This contract is extended until mid 2021.
3. 'Sustainable Food and Nutrition Security India' (SDGP) for a total amount of € 1,900,000 as of July 2019 until July 2023.
4. 'Circular Coffee from Peru' (SDGP): for an amount of € 1,462,291 for the period of 2019-2023.
5. 'Palm LAB - Palm Oil Labour Assessment Builder' (FVO): a total amount of € 292,663 for the period of January 2020 up and until December 2023.
6. 'Smart Farming, Healthy Food (Bangladesh)' (SDGP): an amount of € 1,959,813 for the duration of May 2020 up and until April 2025.
7. 'Intel4Value - Intelligent Value Chain Management Columbia' (SDGP): a total amount of € 1,071,000 for the period of October 2020 up to and including September 2024.

As of 2021 Solidaridad is granted two new contracts with RvO:

8. 'Apparel Wage Risk Management Initiative' (FVO): an amount of € 306,171, for the period of January 2021 until January 2024.
9. 'Realising the Potential of Responsible ASGM Trade' (FVO): for a total contract value of € 473,327, between January 2021 and January 2025.

With the Ministry of Economic Affairs an amount was agreed of € 152,557 for the period 2017-2018 regarding 'Cocoa and Biodiversity in the Brazilian Amazon'. The final payments were processed in 2020.

Additionally, there are different agreements with the European Union:

1. 'Reaching the unreached estates and surrounding communities on equitable water, sanitation, and hygiene (WASH) for improved health and nutrition' in Sri Lanka. The total amount agreed is € 5,619,616 for the period 2017-2021.
2. The second agreement relates to the Green Tanning Initiative: 'Promoting technologies that reduce the environmental impact of leather processing and creating sustainable employment in the industry in Ethiopia' for a total amount of € 1,166,722 in the period of 2018-2020. Solidaridad received an extension for another year for this project from the EU.
3. 'Bottom Up!' a EU-garment programme for the period of 2019-2022, with a contract value of € 1,498,000.

With the Netherlands Space Office a new contract was signed in 2019 for a period 2019-2022. The total amount granted is € 2,576,557.

Within 'Others' are the following agreements with the Ministry of Foreign Affairs via UNICEF:

1. 'Covenant on Garment and Textiles' for an amount of € 85,050 for the period of 2019-2021.
2. 'IMVO Covenant Responsible Gold' for the period of 2019-2022, with a contract value of € 109,200.

The breakdown can be specified as follows:

	Actual 2020	Budget 2020	Actual 2019
Ministry of Foreign Affairs (AFC)	6,163,690	6,145,000	6,766,346
Ministry of Foreign Affairs (PFC)	14,047,424	14,536,000	14,817,314
Ministry of Foreign Affairs via Simavi (FLOW)	622,268	531,000	557,119
NORAD	2,827,591	2,520,000	2,766,890
Sustainable Trade Initiative (IDH)	-	-	22,325
Netherlands Enterprise Agency	827,635	1,851,000	1,099,502
European Union	2,143,922	1,819,000	2,244,539
Netherlands Space Office	826,301	823,000	443,760
Partnership for Growth	53,156	388,000	-
Others	94,213	60,000	111,253
	27,606,200	28,673,000	28,829,048

Income from subsidies decreased by € 1,222,848 compared to 2019, and was € 1,066,800 lower than budgeted due to postponed spending to 2021 and postponed signing of new contracts to 2021. This is partially related to COVID-19.

Income from related organizations

Solidaridad in the Netherlands receives contributions from other Solidaridad offices worldwide to achieve joint goals. The priorities are market development and market linkage. The breakdown is as follows:

	Actual 2020	Budget 2020	Actual 2019
Network Secretariat	-	-	46,340
West Africa	-	-	5,000
Asia	4,443	-	27,550
South America	-	-	10,000
	4,443	-	88,890

Income from other non profit organizations

	Actual 2020	Budget 2020	Actual 2019
Churches	56,995	50,000	104,369
Achmea Foundation (Palm)	200,269	125,000	88,404
Achmea Foundation (Dairy)	207,276	124,000	211,176
Rabobank Foundation (Dairy)	-	100,000	100,000
Mastercard Foundation	2,609,258	2,413,000	2,718,303
Grants from other organizations	429,279	75,000	282,186
	3,503,077	2,887,000	3,504,438

Churches

Since 2010 the income of the offertory schedules in churches is slowly declining, the income for 2019 was relatively high mostly due to earmarked donations.

Grants from organizations

These are donations from organizations that support the development of sustainable chains of production. Many companies contribute to Solidaridad projects by donating via their affiliated foundations to Solidaridad. These amounts should be read in relation with the category 'income from companies'. In 2020, less income was received from organizations than in 2019.

With the Achmea Foundation multiple contracts are signed:

1. 'Palm Oil RSC Activities Ghana' for the period of 2017-2020 and amounts to € 310,157. Solidaridad has proposed to extend the project period until mid 2021.
2. 'Dairy 2025: Climate Smart Dairy Farming': a total amount of € 999,130 for the period of 2018-2021.
3. 'Palm Oil Ghana Donation Agreement 2020-2023' for a total amount of € 286,233.

A contract is signed with the Rabobank Foundation regarding 'Dairy 2025: Climate Smart Dairy Farming' for the period of 2018-2021, with a contract value of € 200,000.

Solidaridad was granted USD 15 million for 2015-2020 from the Mastercard Foundation. This contract is extended until the end of the first quarter in 2021.

EXPENDITURE

Expenditure on achieving our objective: communication and information

Solidaridad conducts campaigns and communicates in a wider sense about sustainable economic development, in order to stimulate companies to act, to influence the public agenda and to win support from private donors.

	Actual 2020	Budget 2020	Actual 2019
PR and market development	74,966	205,000	252,213
Campaigns	193,650	300,000	227,863
Costs own activities	268,616	505,000	480,076
Operating costs	305,074	336,000	277,040
	573,690	841,000	757,116

For 2019 and 2020 Solidaridad was granted a specific subsidy for campaigns.

Expenditure on achieving our objective: structural aid

Solidaridad works to create sustainable supply chains from producers to consumers. We do so in thirteen commodities: cotton, textiles, gold, cocoa, tea, coffee, fruits & vegetables, sugar, soy, palm oil, livestock, dairy and aquaculture.

Sugar

If produced sustainably, sugarcane is the crop of the future, poised to improve the lives of millions globally.

Cotton

In recent years, alongside increasing consumer awareness and commitments made by industry, the production and consumption of sustainable options like organic cotton have become more common. Despite these welcome advances, social and environmental issues still prevent cotton from being fully sustainable.

Gold

Gold symbolizes prosperity, reward, love, commitment and so much more, but shouldn't it also shine brightly in the lives of the Peruvian miner digging deep underground, or the mother from Ghana who supports three children by working in a gold mine? These are the lives gold touches every day.

Livestock

Billions of people across the world consume livestock products. Demand for meat, dairy and leather in developing countries will double over the coming decades. This offers millions of farmers an income and many more a nutritious diet.

Dairy

Dairy consumption is increasing globally, and this presents an opportunity for farmers in developing countries. Small-scale dairy farmers need to produce high-quality dairy if they are to realize their full potential in this growing, formalized market.

Coffee

Most of us start our day with coffee. But few are aware of how it gets to our breakfast table and who gets most of the money we pay for it. Nor can we be confident about the future supply of our beloved caffeinated beverages, which fuels so many of us from countless cultures.

Tea

Tea has been cultivated for thousands of years, reaching all corners of the world. It transcends borders because it requires global trade and yet each local cultivates its own flavour and drinking customs. Tea truly has the power to bring people together, and has the power to sustain the lives of those involved in its production for thousands of years to come.

Fruit and vegetables

Fruit and vegetables are an important part of a balanced diet, delivering nutrients to our bodies that can reduce the risk for cancers, obesity, and heart attacks. Yet the production of these foods is often anything but balanced and many people do not have access to these healthy products.

Textiles

Factories that collapse on workers in Bangladesh, emissions of untreated wastewater from dyeing, use of hazardous chemicals, and inequality in the supply chain are the prices paid for satisfying our growing demand for clothing. At present, these consequences fall on the people that work in and live near the mills and factories that produce our clothes.

Cocoa

Cocoa is one of the world's most savoured products, mainly in the form of chocolate. Chocolate is something we all love – we reach for it in times of celebration and joy, stress and sadness, and just to sweeten our day. This simple pleasure, though, has complex and harsh consequences for those who produce cocoa.

Palm oil

Palm oil and palm-derived products are everywhere. Why? Because it's the world's least expensive vegetable oil. In addition to that, it is incredibly versatile in its applications. However, the reach of palm oil extends far beyond products and uses, which have consequences for the humans and lands that produce this oil. This is why sustainable production is capable of transforming industries and lives all over the globe.

Soy

Soy is fundamental to both the human and animal food supply. In fact most soy goes on to feed livestock. As the fastest-growing agricultural material, soy fuels expansion that encroaches on the environment, workers, and surrounding communities. This small bean has a big impact, affecting millions of lives globally.

Aquaculture

Aquaculture is the fastest growing food production sector in the world. Global production of farmed fish and shellfish has more than doubled over the past 15 years. Meanwhile, per-capita consumption of fish is 17 kg per year, nearly half of which comes from aquaculture, a sector which employs around 12 million people worldwide.

Solidaridad in Europe

Solidaridad is an international network organization with 8 regional offices on 5 continents. The breakdown of projects costs of Solidaridad is as follows:

	Actual 2020	Actual 2019
Projects via Solidaridad regional expertises centres	23,078,961	24,914,553
Project costs via the Netherlands	2,862,113	3,265,784
Projects via Solidaridad Network Secretariat	3,972,080	3,285,877
Total project costs	29,913,154	31,466,214
Operating costs in the Netherlands	3,786,863	3,727,390
	33,700,017	35,193,604

Operating costs

For notes to the operating costs please see "Specification and breakdown of costs by categories".

Projects via Solidaridad regional expertises centers

The breakdown per Solidaridad office with their most important projects is as follows:

	Actual 2020	Actual 2019
Projects in Solidaridad North America		
Next generation cocoa youth programme	238,091	212,915
Norad - Back to REDD+ and Mobilizing Markets	96,216	-
Others (less than € 100,000)	50,000	-
	384,307	212,915

	Actual 2020	Actual 2019
Projects in Solidaridad South Africa		
Developing a national standard for sustainable F&V in Mozambique	94,000	111,390
LI in Mazabuka region, Zambia	252,472	350,880
Livestock Global to Local agenda	106,959	111,497
Healthy Fruits & Vegetables for Africa	115,466	141,000
Grazing Lands, Livestock and Climate Resilient Mitigation in the Kafue Basin	126,100	211,920
Improving Product & Market Capacity of Smallholder F&V Farmers in SA	227,893	209,093
Southern Africa Towards Soy Bean Import Substitution	334,410	171,190
Sugarcane Programme for Southern Africa	235,980	225,874
Capacity enhancement	379,700	334,400
Programme development	95,315	124,264
Others (less than € 100,000)	214,481	185,980
	2,182,776	2,177,488
Projects in Solidaridad Central America		
An integrated landscape management approach in RACS, Nicaragua	145,080	258,500
From farm to landscape in Zona Litoral del Norte, Honduras	374,347	564,000
PanAmericana sugarcane in the Americas	30,362	110,638
Palm oil Mexico	-	127,012
Palm oil Nicaragua	82,013	82,012
Capacity enhancement	200,000	224,000
Mesoamerica (palm oil)	289,000	815,890
Others (less than € 100,000)	46,221	75,042
	1,167,023	2,257,094
Projects in Solidaridad West Africa		
Next generation cocoa youth programme	2,044,886	2,413,365
Sustainable gold landscape Ghana	115,200	115,200
Sustainable cocoa landscape Ghana	115,200	115,200
Golden Line Ghana	238,703	160,760
Oil Palm Service Providers	108,035	-
Capacity enhancement	142,500	142,500
Transformation of the cocoa and palm oil supply chains in Liberia	276,351	331,104
Improving access to services in mining sector in Ghana	238,553	516,060
Improving SH Productivity through BMP service provision by RSCs	56,352	195,520
Programme development	162,970	100,986
Satellite for Business (Sat4Business) - Ghana	271,091	215,630
National Initiatives for Sustainable & Climate Smart oil Palm Smallholders Ghana	604,420	334,750
National Initiatives for Sustainable & Climate Smart oil Palm Smallholders Nigeria	1,230,234	743,717
Others (less than € 100,000)	222,412	232,596
	5,826,907	5,617,388

	Actual 2020	Actual 2019
Projects in Solidaridad South America		
Conductive policy environment for responsible small-scale mining	147,768	162,807
Capacity enhancement	229,000	206,000
Developing a collaborative and cost-effective technical assistance model	347,631	350,724
Enhancing the potential of the Sustainable Trade Platform	362,486	363,917
Responsible practices in the ASM Peruvian and Colombian gold sectors	154,324	137,119
D3S Platform Fund	225,000	262,000
Territorial organization and land use	108,289	108,288
Climate Smart Beef in Dry Chaco Paraguay	100,000	85,000
LI in the Paraguayan Chaco	349,680	255,680
Soy (Feeding the world)	94,000	94,000
Advocafe: Building capacity for non-competitive collaboration	94,000	94,000
Programme development	112,223	102,864
Norad - Back to REDD+ and Mobilizing Markets	2,126,849	2,042,533
Others (less than € 100,000)	350,626	144,539
	4,801,876	4,409,471
Projects in South and South East Asia		
Building capacity on participatory decision making in Ganga basin	521,860	521,860
Sustainable soy landscape development in Central Java, Indonesia	235,000	235,000
Sustainable transformation of the Indonesian tea industry	216,576	216,576
Sustainable and inclusive shrimp business in Bangladesh	216,576	216,576
Capacity enhancement	253,400	362,000
WASH - Reaching the unreached estates and surrounding communities Sri Lanka	834,963	689,423
Organic Cotton in Maharashtra	282,000	235,000
Palm Oil India	94,002	188,000
Palm Oil Indonesia	87,000	227,480
India Sustainable Soy Project	117,500	117,500
Transforming Sugarcane Sector for Efficient & Sustainable Production in India	156,041	235,000
Trinitea (digital tool tailor-made for smallholders in Indian tea industry)	313,550	185,016
Asian Sustainable Palm Oil Network (ASPN)	94,000	94,000
Responsible Industrial Minerals	150,000	351,000
Projects in China	318,100	218,609
Increasing water use efficiency in Sugarcane	-	563,309
Programme development	216,437	290,166
Ni-scops Indonesia	534,649	932,396
Ni-scops Malaysia	669,318	739,717
Enhancing Indonesian Palm Oil SHs to Improve Sustainable Palm Oil Production	-	173,720
Smart Farming, Healthy Food (Bangladesh)	105,491	-
Others (less than € 100,000)	339,892	704,726
	5,756,355	7,497,074

	Actual 2020	Actual 2019
Projects in Solidaridad East and Central Africa		
Food security through improved resilience of small scale farmers	474,726	384,043
LI Kilimanjaro transboundary landscape	213,036	221,016
Going for Gold Tanzania	229,797	134,462
Capacity enhancement	313,000	189,500
Better mill initiative Ethiopia	89,605	-
Green Tanning Initiative	150,000	174,451
Scaling Investments 4 Resilience of EA Coffee Producers	690,032	867,987
Bottom Up! Ethiopia	312,804	283,885
Uganda landscape & conservation project	151,824	148,050
Catalyst for Business Driven and Climate Smart Dairy Farming	55,415	239,307
Others (less than € 100,000)	279,478	100,422
	2,959,717	2,743,123
Total projects via Solidaridad regional expertises centers	23,078,961	24,914,553

	Actual 2020	Budget 2020	Actual 2019
Direct mail administration	46,764	25,000	34,006
Partnerships GDN and CBF	26,710	25,000	21,505
Fundraising campaigns	150,387	275,000	71,505
Operating costs	468,294	543,000	447,872
	692,155	898,000	574,888
<i>Costs of income generation as a percentage of income</i>	<i>2,0%</i>	<i>2,6%</i>	<i>1,6%</i>

For notes to the operating costs please see "Specification and breakdown of costs by categories".

Costs of management and administration

This contains only operating costs. For notes to the operating costs please see "Specification and breakdown of costs by categories". The management and administration costs include the following personnel costs: director, 0.2 FTE; secretariat, 0.2 FTE; HRM manager, 0.2 FTE; controller, 0.5 FTE; administrator 0.4 FTE; and quality officer, 0.2 FTE. Solidaridad strives to achieve the lowest possible percentage of management and administrative costs without endangering the quality of its operations.

SPECIFICATION AND BREAKDOWN OF COSTS BY CATEGORIES

Explanation of cost allocation

Operating costs are allocated to the various cost categories. The calculation method for 2020 is the same as the one used in 2019. The job descriptions for each member of staff are used to determine which parts of their work relate to the various categories. The general overhead is then allocated using the same percentage distribution as for the staff costs.

Expenditure	Objectives		Income generation	Management and administration	Total 2020	Budget 2020	Total 2019
	Structural aid	Communication and information					
Projects via Solidaridad offices worldwide	29,913,154	-	-	-	29,913,154	28,381,000	31,466,214
Communication	-	268,616	223,861	-	492,477	830,000	607,092
Personnel	3,283,023	264,484	405,987	157,239	4,110,733	4,584,000	3,847,589
Travel and accommodation	51,706	4,166	6,394	2,476	64,742	260,000	281,441
Premises	215,009	17,321	26,589	10,298	269,217	223,000	233,615
Office/general	197,946	15,947	24,479	9,481	247,853	378,000	227,535
Depreciation	39,179	3,156	4,845	1,877	49,057	60,000	41,992
	33,700,017	573,690	692,155	181,371	35,147,233	34,716,000	36,705,478

Personnel

The breakdown is as follows:

	Actual 2020	Budget 2020	Actual 2019
Gross salaries	3,117,928	3,285,000	2,912,073
Social premiums	498,153	492,500	465,117
Pension expenses	398,322	492,500	360,769
Other personnel expenses	96,330	314,000	109,630
	4,110,733	4,584,000	3,847,589

Number of staff members

During 2020 the average number of staff members employed by Solidaridad, expressed as full-time equivalents (FTEs), was 50.3 (2019: 46.9).

Pension

Solidaridad has a service agreement with Centraal Beheer APF for a defined contribution pension scheme for its employees. Paid and to be paid premiums during 2020 has been charged to the profit and loss account of 2020.

Remuneration management

The Managing Director of Solidaridad in the Netherlands is Heske Verburg who was appointed as statutory director per January 1, 2017 by the International Supervisory Board. The statutory director has the final responsibility for daily management and implementation of the programmes and activities. Her total salary for 2020 was € 126,631. The level and composition of this salary is based on the applicable regulations:

Remuneration of the Managing Director	Heske Verburg 2020	Heske Verburg 2019
Year		
Period in year	01/01 - 31/12	01/01 - 31/12
Hours	36	36
FTE factor	1.0	1.0
Contract type	Employment	Employment
Remuneration		
Gross salary	95,169	89,951
End of year allowance	7,899	7,429
Holiday pay paid in year	7,962	7,515
Total	111,030	104,895
Taxable benefits	-	-
Employers pension contribution	15,601	14,538
Total	126,631	119,433

Solidaridad provided no loans, advances or guarantees to the Managing Director.

As of January 1, 2013 the *Wet Normering bezoldiging topfunctionarissen publieke en semipublieke sector*, or WNT (law salary senior executives of public and semi-public sector) has been operative. The WNT is applicable for Solidaridad the Netherlands, the maximum for the development sector is € 189,000 for 2020. The remuneration of the Managing Director falls well within the guidelines.

Remuneration of the Managing Director	Heske Verburg 2020	Heske Verburg 2019
Year		
Period in year	01/01 - 31/12	01/01 - 31/12
FTE factor	1.0	1.0
Contract type	Employment	Employment
Remuneration	111,030	104,895
Remuneration payables in time (employers' share of pension costs)	15,601	14,538
<i>Total</i>	<i>126,631</i>	<i>119,433</i>
Remuneration maximum	189,000	181,000
Minus: unduly paid and not yet reimbursed	-	-
Total remuneration	126,631	119,433
Reason for acceptance/rejection exceeding maximum remuneration:	Not applicable	
Explanation of unduly paid and not yet reimbursed:	Not applicable	

Remuneration Supervisory Boards

In accordance with Solidaridad's statutes, the members of the Supervisory Boards of Solidaridad receive no remuneration of any kind. The boards consist of the following members during 2020:

	<u>Function</u>
Mariam Gabala Epse Dao	ISB member
Roxana Barrantes	ISB member
Shahamin Sahadat Zaman	ISB member
Kannan Pashupathy	ISB member
Jan Karel Mak	ISB and CSB member
Carlos Alva Nieto	CSB member
Katrien Termeer	CSB member
Claire Gentil	CSB member
Martin Staehle	CSB member
Marion Kappeyne de Coppello	CSB member
Kajsa Johansson	CSB Member

Interest and income from investments

The breakdown of interest and income from investments is as follows:

	Actual 2020	Budget 2020	Actual 2019
Received dividend from AgroFair Europe B.V.	-	-	87,500
Sale of shares AgroFair B.V.	634,750	-	-
Sale of shares STIP B.V.	145,000	-	-
Interest	61,479	60,000	100,623
	841,229	60,000	188,123

The income from sale of shares of AgroFair B.V. consists of the book profit of € 634,750. The income from sale of shares of STIP B.V. consists of the book profit of € 250,000 minus repayments of initial capital injections in STIP of Solidaridad WAF and Solidaridad Asia, amounting up to € 105,000.

AUDITOR'S REPORT