

Solidaridad

50 years

ANNUAL FINANCIAL REPORT 2019

THE NETHERLANDS



CONTENTS

MANAGEMENT REPORT	3
REPORT OF THE SUPERVISORY BOARD OF SOLIDARIDAD	18
BALANCE SHEET ON 31 DECEMBER 2019	22
STATEMENT OF INCOME AND EXPENDITURE FOR 2019	23
CASH FLOW STATEMENT FOR 2019	24
GENERAL NOTES TO THE ACCOUNTS	25
ACCOUNTING PRINCIPLES OF VALUATION AND DETERMINATION OF THE RESULT	25
SPECIFIC NOTES TO THE ACCOUNTS	27
SPECIFICATION AND BREAKDOWN OF COSTS BY CATEGORIES	43
AUDITOR'S REPORT	46

MANAGEMENT REPORT

In everything we do, we are driven by our vision and mission. We seek partnerships with others, collaborate with industries and aspire to be a financially sustainable organization. We will always ensure that what we do contributes to our vision of a sustainable and inclusive economy that maximizes the benefit for all.

Our Vision

Solidaridad envisions a world where the people who produce the resources on which we all depend can contribute to change that matters, change that leads to prosperity for all, without harming each other or the environment. This therefore helps to ensure that resources will continue to sustain us for generations to come.

Today, the global economy is not organized in a sustainable way. Many of us now realize that an unsustainable way of life threatens food security, our planet and our businesses. With a world population projected to grow to 9 billion people by 2050, we can only be fed if the agricultural sector makes a transition to smart and sustainable land use. And, as fossil fuel use becomes increasingly problematic, a transition to a bio-based economy is needed. Farmers worldwide therefore have a bright future as providers of food and suppliers of renewable energy and raw materials. They link as never before the issues of food security for developing countries and prosperity for the world as a whole.

Our Mission

Solidaridad is an international network organization with partners all over the world. There is a single agenda and a single strategy: together we learn and progress, together we achieve results, and together we decide on future steps.

Solidaridad is an organization for international cooperation that draws inspiration from the vision, values and capacities of people all over the world. Solidaridad is a transition manager, focusing on producer support and sustainable supply chain and market development. We partner with those who want to make a difference by changing business practices from being a part of the problem to being a part of the solution. Markets have to work for the poor, and companies are the key change makers.

Our aim is to make an impact by being the best in building partnerships, in piloting and scaling up programmes, in learning and innovation. Without a dream there is no first step. At the beginning there are no paved roads; simply by starting to walk, a path is created. Knowledge and values are needed. Skilled and motivated people are our capital. We are realists with a mission. We turn shared vision into meaningful impact in communities: from a shared vision to change that matters.

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 own 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, Southern Africa, East and Central Africa, West Africa, Central America, North America, 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. Nico Roozen handed over his role of ED May 1st, 2019 to Jeroen Douglas.

The members of the Solidaridad Executive Board of Directors in 2019 are: Shatadru Chattopadhyay (Asia), Mandla Nkomo (Southern Africa), Michaelyn Baur (Central America), Isaac Gyamfi (West Africa), Sebastian Teunissen, replaced by Rebecca Kaduru per August 16th, 2019 (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.

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
- landscape innovations
- enabling policy environments

These four Result Areas contribute to two overarching aims: sustainable and inclusive sectors, and sustainable landscapes. 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 and doing 'more with less'. A big challenge is to create a more robust infrastructure for agricultural production. An intervention that goes beyond farm level is 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 are 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 50 years of successful cooperation with companies and with Dutch civil society organizations and government. However, this Dutch identity must now be expanded and embedded in a broader European structure and operation. This will entail a gradual process of expansion of European activities, in which structure will follow 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. 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 Partnerships, Communications & Campaigning and Knowledge Management and Learning.

Corporate engagement

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. By 2020 three strategic partnerships are expected to contribute to sustainable transformative and inclusive supply chains. Nine innovation partnerships (technical or financial service providers) are expected to contribute to the development and implementation of new market based solutions and thirty 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. By 2020 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

Throughout 2019 it became clear that the target of an annual turnover of more than €30 million by 2020 would be met. This is the result of a growth and diversification strategy aimed at deepening and expanding existing partnerships, as well as targeting new donors such as the EU and new European government aid agencies. In 2019 we therefore 1) increased our fundraising targets further; 2) started paving the way for new business models (such as exploring service contracts); as well as 3) providing more targeted support to other Solidaridad Regional Expertise Centres on their fundraising drives. We also started the groundwork for the renewal of our strategic partnership with the Netherlands Ministry of Foreign Affairs post 2020. Meanwhile we continued to invest in our current partnerships and deliver on existing contracts and commitments, as to ensure support from our partners leads to maximum impact and builds the ground for continued cooperation.

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.

Knowledge Management and Learning

Solidaridad Europe'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 (Solidaridad Academy).

Annual Planning

Based on this long term Strategic Plan the Annual Plan has been prepared. 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 2020

The budget for 2020 has been drawn up in the light of the objectives and priorities set out in the MASP (our multi annual strategic plan) for 2016-2020 and detailed in the Annual Plan for 2020. The 2020 budget was approved in the meeting of the Supervisory Board held on 5 December 2019. The income and expenditure statement for this budget is summarized below (in euro).

INCOME	Budget 2020	Budget 2019
Income from individuals	925,000	900,000
Income from companies	646,000	930,000
Income from Dutch Postcode Lottery	1,350,000	1,350,000
Income from government subsidies	28,673,000	24,141,000
Income from related organizations	-	70,000
Income from other non profit organizations	2,887,000	2,689,000
Total income	34,481,000	30,080,000
EXPENDITURE		
Expenditures on achieving our objectives		
Communication and information	841,000	830,000
Structural aid	32,776,000	28,551,000
	33,617,000	29,381,000
Costs of income generation	898,000	872,000
Costs of management and administration	201,000	192,000
Total expenditure	34,716,000	30,445,000
Result excluding interest	-235,000	-365,000
Interest and income from investments	60,000	100,000
RESULT	-175,000	-265,000

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 2020 and that the budget will therefore be exceeded. The revenues from individuals, collection in churches, direct mail and inheritances are budgeted on the basis of historic values, taking current developments and trends into account. The 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 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 key results on our website. Some results reported in 2019 were:

We publish our key results on our website. Some results reported in 2019 were:

- Keten Duurzaam Varkensvlees (KDV) and Solidaridad extend their successful collaboration with a second three-year phase. In the first phase of the project, 2,000 Mozambican small-scale family businesses were supported by improving their production systems.
- Solidaridad received the national Energy Globe Award for its UniSol project in which it contribute to sustainability in agriculture among 2,658 producers in Paraguay. The Energy Globe Award is one of the world's most prestigious environmental awards.
- The water efficient sugarcane production programme in India supported 35,000 farmers across 25,000 hectares of land to use sustainable water efficient agricultural practices. Sugarcane productivity increased by one tonne, production cost decreased by 9,572 Indian Rupees and income from sugarcane increased from 84,969 to 176,105 Indian Rupees for 55% of the farmers.
- The Honduran palm oil sector signed a zero-deforestation agreement. This was the result of a public-private negotiation led by Solidaridad to help producers, traders and buyers to fulfill their commitments to deforestation-free supply chains.
- In partnership with Fairphone, Philips, Fairtrade, UNICEF and Hivos/Stop Child Labour, Solidaridad established social and environmental criteria for Artisanal and Small-scale Mining in Uganda to increase transparency of the gold supply chains.
- In South America, Solidaridad launched a digital platform for apps which generate information to help farmers make better decisions and enhance knowledge transfer from agricultural technicians to farmers.
- The launch of new pilots: e.g. the project for fair wage management systems in the textiles and garment industry in China and the dairy project in Tanzania's Tanga region.

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 to 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 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.
5. In 2020 large contracts will come to an end, causing more urgency to diversify and increase our funding streams. This will also play a part in the new Multi Annual Strategic Plan.

Risk management and control systems

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. During 2019 Solidaridad improved the integrity system with the introduction of an Integrity Policy, a Communication Plan Integrity, and staff training in dealing with Ethical Dilemmas.

Continuity reserve

A reservation of resources is desirable for the continuity of the support given to the Solidaridad goals. Our 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. Solidaridad prefers a reservation of 1.0 times the annual costs of maintaining the operational structure. 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). The Guidelines state that the continuity reserve should be no more than 1.5 times the annual costs of maintaining the operational structure. The internal risk management and control systems provide reasonable assurance that financial statements are correct and that these systems have worked properly during the year under review.

COVID-19

Governments and companies worldwide have been taking measures due to COVID-19. The measures also impact the work of Solidaridad in its regions of activity, which may have a negative impact on its calendar year 2020 financial results. Solidaridad's projects may face delays due to lockdown measures and/or travel restrictions. The Foundation is in close contact with its donors and has developed a proposition which outlines concrete actions in response to the COVID-19 crisis.

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.

Establishment and statutes Solidaridad Europe

Solidaridad Europe was founded in December 2017. No activities took place in Solidaridad Europe in 2019.

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 integrity systems 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. 2019 was the first year in which the HR cycle followed the new job- and salary framework.

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 2019, Solidaridad Netherlands employed 51 people (2018: 48). An average of 46.9 full-time staff is under contract (FTEs). In 2018 this figure was 44.5. 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 2019 was € 60,300 (2018: € 62,800).

The goal of the diversity policy is that Solidaridad's staff should reflect the European population wherever possible. Solidaridad in the Netherlands has 35 female and 16 male employees at the end of 2019 (2018: 34 female and 14 male). The average age is 39 years. Ten employees left in 2019, and thirteen new employees joined. The rate of absence due to sickness in 2019 was 6.7% (in 2018: 4.4%). The short absence (less than a week) was 0.6% (2018: 0.9%), medium absence was 0.5% (2018: 0.4%) and long absence (more than six weeks) was 5.7% (2018: 3.2%).

In 2019, extra attention has been invested in leadership development and diversity inclusiveness. Furthermore, quality standards and work processes have been updated and further aligned with the global network organization.

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 making double-sided printing and copying the norm.

Our finances

Analysis of the results for 2019 in comparison to 2018 and the budget for 2019

The total income in 2019 was € 36,782,393 an increase of € 6,029,985 compared to 2018. Income from subsidies increased by € 4,847,196 compared to 2018, and was € 4,688,048 higher than budgeted. Income from other fundraising increased by € 1,183,549 compared to last year, and was € 2,014,345 higher than budgeted. This is mostly due to new contracts signed in 2019, income from inheritances and postponed spending in 2018 to 2019.

The total expenditure in 2019 was € 36,705,478, which is € 6,330,258 higher than in 2018, and € 6,260,478 higher than budgeted because of the postponed income and new grants. Of the total expenditure, € 35,590,720 was directly spent on our objectives. This has led to a result of €265,038 in the statement of income and expenditure in 2019, where 2018 had a result of € 541,254.

Historical summary

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

INCOME	2019	2018	2017	2016	2015
Fundraising	7,953,345	6,769,796	7,098,270	5,186,484	11,410,304
Subsidies	28,829,048	23,981,852	15,947,922	13,393,322	9,876,813
Other	-	759	-	-	-
Total income	36,782,393	30,752,407	23,046,192	18,579,806	21,287,117
EXPENDITURE					
Communication and information	757,116	626,840	754,089	476,903	628,141
Structural aid	35,193,604	28,826,815	21,511,093	16,805,986	19,594,336
Total expenditure on objectives	35,950,720	29,453,655	22,265,182	17,282,889	20,222,477
Costs of income generation	574,888	735,549	621,423	490,064	830,710
Costs of management and administration	179,870	186,016	173,622	142,596	134,840
Total expenditure	36,705,478	30,375,220	23,060,227	17,915,549	21,188,027
Result excluding interest	76,915	377,186	-14,035	664,257	99,090
Interest and income from investments	188,123	164,068	237,297	187,427	315,282
RESULT	265,038	541,254	223,262	851,684	414,372

Policy on assets and investments

Solidaridad spent € 36 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 € 6.7 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, such as ASN and 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.

	2019	2018	2017	2016	2015
Total income	36,782,393	30,752,408	23,046,192	18,579,806	21,287,117
Total costs of income generation	574,888	735,549	621,423	490,064	830,710
<i>Costs of income generation as a percentage of income</i>	1.6%	2.4%	2.7%	2.6%	3.9%

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.

	2019	2018	2017	2016	2015
Total expenditure	36,705,478	30,375,220	23,060,227	17,915,549	21,188,027
Amount spent on objectives	35,950,720	29,453,655	22,265,182	17,282,889	20,222,477
<i>Spending ratio spent on objectives</i>	97.9%	97.0%	96.5%	96.5%	95.5%

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.

	2019	2018	2017	2016	2015
Total expenditure	36,705,478	30,375,220	23,060,227	17,915,549	21,188,027
Costs of income generation	574,888	735,549	621,423	490,064	830,710
<i>Spending ratio costs of income generation</i>	1.6%	2.4%	2.7%	2.7%	3.9%

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.

	2019	2018	2017	2016	2015
Total expenditure	36,705,478	30,375,220	23,060,227	17,915,549	21,188,027
Management and administration	179,870	186,016	173,622	142,596	134,840
<i>Spending ratio management and administration</i>	0.5%	0.6%	0.8%	0.8%	0.6%

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 16 July 2020.

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 wide). 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 will appoint one member to be chairperson, or appoint 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 2019, 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 wide).

The CSB met four times in 2019. The most important topics discussed were:

- Strategy: evaluating the meetings of the Executive Board of Directors in May and October, the ISB meeting in July and approval of the (European) Annual Plan 2020. Preparation for the new MASP.
- Finance: approval of the annual financial report for 2018, discussing interim figures for 2019 and approval of the budget for 2020. Budget approval for Germany. Collection of third party related transactions.
- Management: 50 year anniversary of Solidaridad alongside ED change, recruiting new CSB members, discussions on impact investment and PlusPlus.
- Evaluation: Annual report 2018, CSB, Advocacy for Change and Practice for Change.

In February the audit committee (Carlos Alva Nieto (chair) and Claire Gentil) advised the CSB on the annual financial accounts for 2018. In December the audit committee (Carlos Alva Nieto (chair), Martin Staehle (observer) and Claire Gentil) advised the CSB on the budget for 2020.

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 2019 are listed in the following table.

Name	Function	End of term	Education and positions
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.
Jan Karel Mak	Chair	December 2020	<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.
Katrien Termeer	Member	December 2020	<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.
Harriet Lamb	Member	January 2020 (before end of term)	<ul style="list-style-type: none"> - MPhil International Development - Honorary Fellow, Trinity Hall, Cambridge - Chief Executive Officer Ashden - 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.
---------------------------------	--------	-------------	--

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 once in 2019 and the postponed meeting of December took place in February 2020. 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	1 January 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 and one of the three board members of Foundation Seafood Trade Intelligence Portal (STIP).

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 440 points, for which the full-time maximum average annual income in 2019 is € 120,515 (excluding employer's pension contribution). The income of Heske Verburg for 2019 was € 104,894.

The Continental Supervisory Board approved this Annual Financial Report by signing it on 29 July 2020.

Signed on original by:

Jan Karel Mak (chair)

Carlos Alva Nieto

Katrien Termeer

Claire Gentil

Martin Staehle

Marion Kappeyne de Coppello

BALANCE SHEET ON 31 DECEMBER 2019

(in euro after allocation of surpluses)

ASSETS	2019	2018
Tangible fixed assets	116,866	121,456
Financial fixed assets	460,250	460,250
	577,116	581,706
Receivables, prepayments and accrued income	3,238,802	1,865,838
Stocks and shares	98	98
Cash and bank balances	8,619,348	20,618,906
	11,858,248	22,484,842
Total assets	12,435,364	23,066,548
LIABILITIES		
Reserves and funds		
Reserves		
· Continuity reserve	6,674,981	6,515,353
· Reserve for financing operational assets	116,866	121,456
· Reserve for financing assets to meet our objectives	460,250	460,250
· Reserve for financing innovations	360,000	250,000
	7,612,097	7,347,059
Designated funds		
· Designated fund for Haiti	-	-
	7,612,097	7,347,059
Long-term debts	-	-
Short-term debts	4,823,267	15,719,489
Total liabilities	12,435,364	23,066,548

STATEMENT OF INCOME AND EXPENDITURE FOR 2019

(in euro)

INCOME	Actual 2019	Budget 2019	Actual 2018
Income from individuals	1,527,673	900,000	1,133,474
Income from companies	1,474,439	930,000	1,255,523
Income from Dutch Postcode Lottery	1,357,905	1,350,000	1,361,760
Income from government subsidies	28,829,048	24,141,000	23,981,852
Income from related organizations	88,890	70,000	133,527
Income from other non profit organizations	3,504,438	2,689,000	2,885,512
	36,782,393	30,080,000	30,751,648
Other income	-	-	759
Total income	36,782,393	30,080,000	30,752,407
EXPENDITURE			
Expenditure on achieving our objectives			
Communication and information	757,116	830,000	626,840
Structural aid	35,193,604	28,551,000	28,826,815
	35,950,720	29,381,000	29,453,655
Costs of income generation	574,888	872,000	735,549
Costs of management and administration	179,870	192,000	186,016
Total expenditure	36,705,478	30,445,000	30,375,221
Result excluding interest	76,915	-365,000	377,186
Interest and income from investments	188,123	100,000	164,068
RESULT	265,038	-265,000	541,254
Allocation of surpluses			
Continuity reserve	159,628	-265,000	260,610
Reserves for financing operational assets	-4,590	-	90,255
Reserves for financing assets to meet our objectives	-	-	-
Reserves for financing innovations	110,000	-	250,000
Designated fund for Haiti	-	-	-59,611
Result	265,038	-265,000	541,254

CASH FLOW STATEMENT FOR 2019

(in euro)

	2019	2018
Cash flow from operational activities		
Surplus from the statement of income and expenditure	265,038	541,254
Depreciation	41,992	24,520
Changes in working capital:		
· Short-term receivables	-1,372,964	-114,740
· Short-term debts	-10,896,222	-925,224
	-11,962,156	-474,190
Cash flow from investment activities		
(Des) investments in tangible fixed assets	-37,402	-114,775
Changes in financial fixed assets	-	-
Changes in stocks and shares	-	-
	-37,402	-114,775
Cash flow from financing activities		
Changes in long-term debts	-	-
Changes in cash and bank balances	-11,999,558	-588,965
Cash and bank balances		
Balance on 1 January	20,618,906	21,207,871
Balance on 31 December	8,619,348	20,618,906
Changes in cash and bank balances	-11,999,558	-588,965

The cash flow statement has been drawn up using the indirect method. The cash and bank balances at the end of 2019 were €11,999,558 lower than at the end of 2018.

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 first year in which the size of the inheritance can be reliably established.

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 2019			
Cost	109,662	93,284	202,946
Depreciation	24,164	57,326	81,490
Book value at 1 January 2019	85,498	35,958	121,456
Changes in book value			
Additions	16,016	21,386	37,402
Disposal (costs)	-2,111	-15,379	-17,490
Disposal (depreciation)	2,111	15,379	17,490
Depreciation	-19,444	-22,548	-41,992
Movement	-3,428	-1,162	-4,590
At 31 December 2019			
Cost	123,567	99,290	222,858
Depreciation	41,497	64,494	105,992
Book value at 31 December 2019	82,070	34,796	116,866

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

	2019	2018
Loan to Seafood Trade Intelligence Portal (STIP)	-	-
Participation AgroFair Europe B.V.	460,250	460,250
	460,250	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 2019, as in 2018, our interest is 8.75% of the issued share capital. The valuation of the investment is based on the acquisition price. There have been no changes in 2019. For the total value of the investment, a reserved fund has been set up, because the funds are not to be spent freely by Solidaridad.

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, is 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 is uncertain, the valuation is at nil.

Receivables

	2019	2018
Contribution Dutch Postcode Lottery	1,350,000	1,350,000
Final payment of grants and subsidies	796,133	324,351
Interest	56,784	66,480
Prepaid expenses	408,865	113,549
Other receivables	627,020	11,458
	3,238,802	1,865,838

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 2018 Solidaridad received less prepayments from donors. 'Other receivables' increased due to 4 inheritances that were known in 2019 but not yet received.

Stocks and shares

The participations have been retained for meeting our objectives. However most of the Oikocredit participations have been sold during 2014. The remaining participations of Oikocredit are valued at market value on July 1, 2019, because the data for the end of 2019 were not yet available when preparing these financial statements.

Cash and bank balances

	2019	2018
Cash	213	249
Bank accounts	4,194,045	7,704,779
Savings accounts	425,090	8,413,878
Deposits	4,000,000	4,500,000
	8,619,348	20,618,906

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
ASN Bank	€ 250,000	Ten years	22-06-2020	3.75%
Triodos Bank #1	€ 1,000,000	Ten years	14-04-2022	4%
Triodos Bank #2	€ 500,000	Ten years	01-05-2022	3.5%
Triodos Bank #3	€ 500,000	Nine years	01-05-2021	3.4%
Triodos Bank #4	€ 500,000	Six years	18-12-2023	0.45%
Triodos Bank #5	€ 500,000	Seven years	18-12-2024	0.6%
Triodos Bank #6	€ 500,000	Eight years	18-12-2025	0.7%
Triodos Bank #7	€ 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:

	2019	2018
At 1 January	6,515,353	6,254,743
Appropriation of the result	159,628	260,610
At 31 December	6,674,981	6,515,353

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.

For 2020 the budgeted costs for the operational structure are € 5,913,000 and at the end of 2019 the continuity reserve amounted to € 6,674,981, i.e. 1.1 times the annual costs of maintaining the operational structure.

In 2019 the ratio consists of 1.4 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 in the reserve for financing operational assets is as follows:

	2019	2018
At 1 January	121,456	31,201
Appropriation of the result	-4,590	90,255
At 31 December	116,866	121,456

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.

The movement in the reserve for financing assets to meet our objectives is as follows:

	2019	2018
At 1 January	460,250	460,250
Appropriation of the result	-	-
At 31 December	460,250	460,250

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:

	2019	2018
At 1 January	250,000	-
Appropriation of the result	200,000	250,000
Innovation expenses	-90,000	-
Total movement	110,000	250,000
At 31 December	360,000	250,000

The innovation projects were selected through a predefined set of criteria.

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 Haiti. In 2018 the programme 'Haiti smallholder sugar cane productivity' received the last remaining payment. The movements in the designated fund Haiti was as follows:

	2019	2018
At 1 January	-	59,611
Appropriation of the result		
Project expenses Haiti	-	-54,000
Administration fee	-	-5,611
Total movement	-	-59,611
At 31 December	-	-

Short-term debts

	2019	2018
Final payments project partners	1,597,899	444,651
Accrued expenses	102,680	89,179
Accrued personnel expenses	301,818	272,154
Grants received for coming years	2,587,252	14,611,081
Creditors	26,545	100,758
Social securities	49,858	48,060
Wage tax	157,215	153,606
	4,823,267	15,719,489

The final payments to project partners increased in comparison to 2018 mostly due to timing of receiving funds from donors. In 2019 Solidaridad received less advance payments in comparison to 2018.

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 € 199,000. 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.

Project commitments following years

Solidaridad has the following contingent, not legally commendable, commitments to project partners and Solidaridad offices within the Network for support in the coming years. All mentioned commitments are financed by agreed donor grants for the coming years.

	2019	2018
Project partners - Agreed projects next year	1,899,276	1,262,831
Project partners - Agreed projects after next year	1,736,740	1,455,082
Solidaridad Network - Agreed projects next year	9,999,723	10,682,780
Solidaridad Network - Agreed projects after next year	1,164,501	7,089,357
	14,800,240	20,490,050

Inheritances

Solidaridad has one ongoing inheritance including usufruct (in 2018: 2), where the valuation is not yet reliable enough to value in the statement of income and expenditure.

INCOME

Income from individuals

	Actual 2019	Budget 2019	Actual 2018
Direct mail	763,335	800,000	805,256
Inheritances	764,338	100,000	328,218
	1,527,673	900,000	1,133,474

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 2019, like many development organizations Solidaridad has struggled to keep her income from private donors at the same level due to an ageing donor base. In 2019, Solidaridad sent out five direct mails (2018: six) which were focused on regular individual donors.

Inheritances

Solidaridad receives regular inheritances and bequests, which (partly) consist of houses and/or investments. In 2019, substantially more inheritances were received than budgeted and than in 2018.

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 income from companies in 2019 was higher than budgeted and higher than in 2018. This was due to postponed spending in 2018 as well as new contracts in 2019. The breakdown is as follows:

	Actual 2019	Budget 2019	Actual 2018
Henkel	500,000	500,000	680,935
ASN	140,351	150,000	155,663
BASF	134,300	130,000	128,900
Syngenta	12,202	-	120,911
Kering	111,900	-	-
Unilever	228,935	-	-
Others (less than €100,000)	346,751	150,000	169,114
	1,474,439	930,000	1,255,523

The donations of the companies mentioned relate to funding to different projects.

Income from Dutch Postcode Lottery

The breakdown is as follows:

	Actual 2019	Budget 2019	Actual 2018
Yearly contribution	1,350,000	1,350,000	1,350,000
Programmes	7,905	-	11,760
	1,357,905	1,350,000	1,361,760

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 2019, as well as in 2018, 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 2019 on a different programme.

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.
2. 'Practice for Change' (PfC). The total amount agreed is € 44,500,000 for the period 2016-2020. 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.

The agreement with Sustainable Trade Initiative (IDH) has been made in relation to the 'Sustainability Initiative Fruit and Vegetables'. The total amount agreed is € 480,000 for the period 2014-2018. The final payments were processed in 2019.

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.

In 2019 two new RvO agreements were granted to Solidaridad:

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.

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 are postponed to 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.

In 2019 a third contract was signed:

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' is the agreement with the Ministry of Foreign Affairs via UNICEF. This agreement relates to the 'IMVO Garment and Textile Covenant' and the total amount agreed is € 80,191 for the period 2017-2018. The agreement was renewed for the period of 2018-2019 for a total amount of € 78,400. In 2019 a new contract was signed with the Ministry of Foreign Affairs via UNICEF regarding '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 2019	Budget 2019	Actual 2018
Ministry of Foreign Affairs (AfC)	6,766,346	6,500,000	8,150,196
Ministry of Foreign Affairs (PfC)	14,817,314	14,377,000	13,505,242
Ministry of Foreign Affairs via Simavi (FLOW)	557,119	525,000	543,402
NORAD	2,766,890	-	52,593
Sustainable Trade Initiative (IDH)	22,325	-	198,887
Netherlands Enterprise Agency	1,099,502	978,000	982,142
Ministry of Economic Affairs	-	-	22,557
European Union	2,244,539	1,709,000	470,303
World Bank	-	-	4,648
Netherlands Space Office	443,760	-	-
Others	111,253	52,000	51,882
	28,829,048	24,141,000	23,981,852

Income from subsidies increased by € 4,847,196 compared to 2018, and was € 4,688,048 higher than budgeted due to postponed spending to 2019 and new contracts in 2019.

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 2019	Budget 2019	Actual 2018
Network Secretariat	46,340	20,000	20,000
West Africa	5,000	5,000	77,769
Asia	27,550	10,000	25,552
East and Central Africa	-	5,000	10,206
South America	10,000	10,000	-
South Africa	-	15,000	-
Northern America	-	5,000	-
	88,890	70,000	133,527

Income from other non profit organizations

	Actual 2019	Budget 2019	Actual 2018
Churches	104,369	75,000	65,478
Achmea Foundation (Palm)	88,404	90,000	80,071
Achmea Foundation (Dairy)	211,176	232,000	173,281
Rabobank Foundation (Dairy)	100,000	-	-
Grants from other organizations	3,000,489	2,292,000	2,566,682
	3,504,438	2,689,000	2,885,512

Churches

Since 2010 the income of the offertory schedules in churches is slowly declining, however an increase is shown in the income for 2019 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 2019, more income was received from organizations than in 2018.

With the Achmea Foundation two contracts are signed: one relates to 'Palm Oil RSC Activities Ghana' for the period of 2017-2020 and amounts to € 310,157. The second one relates to 'Dairy 2025: Climate Smart Dairy Farming' for the period of 2018-2021, for a total amount of € 999,130.

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.

In 'Grants from other organizations' a grant of the Mastercard Foundation is included. Solidaridad was granted USD 15 million for 2015-2020, of which USD 2.2 million were spent the previous year and USD 3.1 million in 2019.

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 2019	Budget 2019	Actual 2018
PR and market development	252,213	280,000	122,385
Campaigns	227,863	230,000	216,642
Costs own activities	480,076	510,000	339,027
Operating costs	277,040	320,000	287,813
	757,116	830,000	626,840

For 2018 and 2019 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.

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.

Sugar

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

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.

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.

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.

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.

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.

Solidaridad in Europe

Solidaridad is an international network organization with 8 regional offices on 5 continents. The breakdown of projects costs in Europe (via Solidaridad the Netherlands) is as follows:

	Actual 2019	Actual 2018
Projects via Solidaridad regional expertises centres	24,914,553	20,839,163
Project costs via the Netherlands	3,265,784	1,678,738
Projects via Solidaridad Network Secretariat	3,285,877	2,701,743
Total project costs	31,466,214	25,219,644
Operating costs in the Netherlands	3,727,390	3,607,171
	35,193,604	28,826,815

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 2019	Actual 2018
Projects in Solidaridad South America		
Conductive policy environment for responsible small-scale mining	162,807	140,774
Capacity enhancement	206,000	206,000
Developing a collaborative and cost-effective technical assistance model	350,724	353,970
Enhancing the potential of the Sustainable Trade Platform	363,917	327,750
Responsible practices in the ASM Peruvian and Colombian gold sectors	137,119	145,040
D3S Platform Fund	262,000	496,000
Territorial organization and land use	108,288	140,775
Cocoa agroforestry in the Brazilian Amazon	-	22,557
LI in the Paraguayan Chaco	255,680	474,658
Soy (Feeding the world)	94,000	122,200
Advocafe: Building capacity for non-competitive collaboration	94,000	122,200
Programme development	102,864	-
Norad - Back to REDD+ and Mobilizing Markets	2,042,533	-
Others (less than € 100,000)	229,539	710,408
	4,409,471	3,262,332
Projects in Solidaridad North America		
Next generation cocoa youth programme	212,915	247,680
Others (less than € 100,000)	-	10,000
	212,915	257,680

	Actual 2019	Actual 2018
Projects in West Africa		
Next generation cocoa youth programme	2,413,365	1,887,584
Sustainable gold landscape Ghana	115,200	140,775
Sustainable cocoa landscape Ghana	115,200	140,774
Golden Line Ghana	160,760	153,093
Palm oil productivity improvement Nigeria	-	27,000
Capacity enhancement	142,500	140,000
Transformation of the cocoa and palm oil supply chains in Liberia	331,104	407,674
Improving access to services in mining sector in Ghana	516,060	609,480
Improving SH Productivity through BMP service provision by RSCs	195,520	267,276
Programme development	100,986	-
Satellite for Business (Sat4Business) - Ghana	215,630	-
National Initiatives for Sustainable & Climate Smart oil Palm Smallholders Ghana	334,750	-
National Initiatives for Sustainable & Climate Smart oil Palm Smallholders Nigeria	743,717	-
Others (less than € 100,000)	232,596	238,253
	5,617,388	4,011,909
Projects in East and Central Africa		
Food security through improved resilience of small scale farmers	384,043	896,100
LI Kilimanjaro transboundary landscape	221,016	342,807
Enabling policy influencing for improved livelihoods	-	213,549
Going for Gold Tanzania	134,462	127,868
Capacity enhancement	189,500	228,000
Better mill initiative Ethiopia	-	180,061
Green Tanning Initiative	174,451	284,702
Scaling Investments 4 Resilience of EA Coffee Producers	867,987	775,330
Bottom Up! Ethiopia	283,885	-
Uganda landscape & conservation project	148,050	-
Catalyst for Business Driven and Climate Smart Dairy Farming	239,307	-
Others (less than € 100,000)	100,422	432,734
	2,743,123	3,481,151
Projects in Solidaridad Central America		
An integrated landscape management approach in RACS, Nicaragua	258,500	272,548
From farm to landscape in Zona Litoral del Norte, Honduras	564,000	439,525
PanAmericana sugarcane in the Americas	110,638	122,200
Palm oil Mexico	127,012	172,013
Palm oil Nicaragua	82,012	82,013
Capacity enhancement	224,000	200,000
Mesoamerica (palm oil)	815,890	735,000
Others (less than € 100,000)	75,042	150,949
	2,257,094	2,174,248

	Actual 2019	Actual 2018
Projects in South Africa		
Developing a national standard for sustainable F&V in Mozambique	111,390	281,549
LI in Mazabuka region, Zambia	350,880	319,290
Livestock Global to Local agenda	111,497	263,600
Healthy Fruits & Vegetables for Africa	141,000	122,200
Grazing Lands, Livestock and Climate Resilient Mitigation in the Kafue Basin	211,920	235,000
Improving Product & Market Capacity of Smallholder F&V Farmers in SA	209,093	201,999
Southern Africa Towards Soy Bean Import Substitution	171,190	163,566
Sugarcane Programme for Southern Africa	225,874	276,544
Capacity enhancement	334,400	341,000
Programme development	124,264	-
Others (less than € 100,000)	185,980	179,075
	2,177,488	2,383,823
Projects in South and South East Asia		
Building capacity on participatory decision making in Ganga basin	521,860	678,418
Sustainable soy landscape development in Central Java, Indonesia	235,000	305,500
Sustainable transformation of the Indonesian tea industry	216,576	281,549
Sustainable and inclusive shrimp business in Bangladesh	216,576	281,549
Improved livelihoods for smallholder farmers in West Kalimantan	40,000	128,000
Capacity enhancement	362,000	362,000
WASH - Reaching the unreached estates and surrounding communities Sri Lanka	689,423	-507,494
Organic Cotton in Maharashtra	235,000	235,000
Palm Oil India	188,000	428,640
Palm Oil Indonesia	227,480	407,960
India Sustainable Soy Project	117,500	235,000
Transforming Sugarcane Sector for Efficient & Sustainable Production in India	235,000	535,799
Trinitea (digital tool tailor-made for smallholders in Indian tea industry)	185,016	188,000
Asian Sustainable Palm Oil Network (ASPN)	94,000	112,200
Tea Asia 2025	94,000	102,200
Responsible Industrial Minerals	351,000	558,682
Projects in China	218,609	102,777
Increasing water use efficiency in Sugarcane	563,309	-
Programme development	290,166	-
National Initiatives for Sustainable & Climate Smart oil Palm Smallholders (Ni-scops) Indonesia	932,396	-
Ni-scops Malaysia	739,717	-
Enhancing Indonesian Palm Oil SHs to Improve Sustainable Palm Oil Production	173,720	-
Others (less than € 100,000)	570,726	832,240
	7,497,074	5,268,020
Total projects via Solidaridad regional expertises centers	24,914,553	20,839,163

Costs of income generation

	Actual 2019	Budget 2019	Actual 2018
Direct mail administration	34,006	35,000	34,983
Partnerships GDN and CBF	21,505	22,000	20,861
Fundraising campaigns	71,505	268,000	226,870
Operating costs	447,872	547,000	452,835
	574,888	872,000	735,549
<i>Costs of income generation as a percentage of income</i>	<i>1,6%</i>	<i>2,9%</i>	<i>2,4%</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, 0.3 FTE; HRM manager, 0.2 FTE; controller, 0.5 FTE; administrator 0.5 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 2019 is the same as the one used in 2018. 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 2019	Budget 2019	Total 2018
	Structural aid	Communication and information					
Projects via Solidaridad offices worldwide	31,466,214	-	-	-	31,466,214	24,357,000	25,219,645
Communication	-	480,076	127,016	-	607,092	835,000	621,742
Personnel	3,096,056	230,117	372,012	149,404	3,847,589	4,290,500	3,689,241
Travel and accommodation	226,468	16,832	27,212	10,929	281,441	210,000	240,189
Premises	187,984	13,972	22,588	9,071	233,615	227,500	334,987
Office/general	183,092	13,608	22,000	8,835	227,535	465,000	244,897
Depreciation	33,790	2,511	4,060	1,631	41,992	60,000	24,520
	35,193,604	757,116	574,888	179,870	36,705,478	30,445,000	30,375,221

Personnel

The breakdown is as follows:

	Actual 2019	Budget 2019	Actual 2018
Gross salaries	2,912,073	3,145,000	2,832,281
Social premiums	465,117	471,750	428,676
Pension expenses	360,769	471,750	349,337
Other personnel expenses	109,630	202,000	78,947
	3,847,589	4,290,500	3,689,241

Number of staff members

During 2019 the average number of staff members employed by Solidaridad, expressed as full-time equivalents (FTEs), was 46.9 (2018: 44.5).

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 2019 has been charged to the profit and loss account of 2019.

Remuneration management

Solidaridad in the Netherlands is managed by a statutory director, the Managing Director. H.F. (Heske) Verburg has been 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 actual income for 2019 was € 119,433. The level and composition of this salary is based on the applicable regulations:

Remuneration of the Managing Director	Heske Verburg 2019	Heske Verburg 2018
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	89,951	84,775
End of year allowance	7,429	7,036
Holiday pay paid in year	7,515	7,139
Total	104,894	98,950
Taxable benefits	-	-
Employers pension contribution	14,538	14,019
Total	119,433	112,969

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 Foundation Solidaridad the Netherlands. The WNT maximum for the development sector is € 181,000 for 2019.

Remuneration of the Managing Director	Heske Verburg 2019	Heske Verburg 2018
Year		
Period in year	01/01 - 31/12	01/01 - 31/12
FTE factor	1.0	1.0
Contract type	Employment	Employment
Remuneration	104,894	98,950
Remuneration payables in time (employers' share of pension costs)	14,538	14,019
<i>Total</i>	<i>119,433</i>	<i>112,969</i>
Remuneration maximum	181,000	174,000
Minus: unduly paid and not yet reimbursed	-	-
Total remuneration	119,433	112,969

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 2019:

	Function
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
Harriet Lamb	CSB member
Martin Staehle	CSB member
Marion Kappeyne de Coppello	CSB member

Interest and income from investments

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

	Actual 2019	Budget 2019	Actual 2018
Received dividend from AgroFair Europe B.V.	87,500	-	52,500
Interest	100,623	100,000	111,568
	188,123	100,000	164,068

Events after reporting period

Governments and companies worldwide have been taking measures due to COVID-19. The measures also impact the work of Solidaridad in its regions of activity, which may have a negative impact on its calendar year 2020 financial results. The financial consequences are not yet fully known. The continuity reserve and liquidity position of Solidaridad in the Netherlands are sufficient to mitigate continuity risks of the Foundation.

AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

To: the Supervisory Board of Stichting Solidaridad Nederland,
Utrecht, The Netherlands.

A. Report on the audit of the financial statements 2019 included in the annual financial report.

Our opinion

We have audited the financial statements 2019 of Stichting Solidaridad Nederland, based in Utrecht, The Netherlands.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Stichting Solidaridad Nederland as at 31 December 2019 and of its result for 2019 in accordance with the Guidelines for annual reporting 650 "Fundraising Organisations" of the Dutch Accounting Standards Board, and the Policy rules implementation of the Standards for Remuneration Act (WNT).

The financial statements comprise:

1. the balance sheet as at 31 December 2019;
2. the statement of income and expenditure for 2019; and
3. the notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing as well as the Policy rules implementation WNT, including the Audit Protocol WNT. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

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

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

Oranje Nassaulaan 1
1075 AH Amsterdam
Postbus 53028
1007 RA Amsterdam

Telefoon 020 571 23 45
E-mail info@dubois.nl
www.dubois.nl
KvK nummer 34374865



Compliance with rule against overlapping pursuant to the WNT not audited

In accordance with the Audit Protocol under the Senior Executives in the Public and Semi-Public Sector (Standards for Remuneration) Act ("WNT"), we have not audited the rule against overlapping as referred to in Section 1.6a of the WNT and Section 5(1)(j) of the WNT Implementing Regulations. This means that we have not audited whether an executive senior official exceeds the norm as a result of any positions as executive senior official at other institutions subject to the WNT, and whether the explanation required in this context is correct and complete.

B. Report on the other information included in the annual financial report

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

- the management report;
- report of the supervisory board.

Based on the following procedures performed, we conclude that the other information is consistent with the financial statements and does not contain material misstatements. We have read the other information.

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

By performing these procedures, we comply with the requirements of the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements. Management is responsible for the preparation of the other information, including the management report, in accordance with the Guidelines for annual reporting 650 "Fundraising Organisations" of the Dutch Accounting Standards Board.

C. Description of responsibilities regarding the financial statements

Responsibilities of management and the Supervisory Board for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements, in accordance with the Guidelines for annual reporting 650 "Fundraising Organisations" of the Dutch Accounting Standards Board and the Policy rules implementation of the Standards for Remuneration Act (WNT). Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

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



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

The Supervisory Board is responsible for monitoring the financial reporting process of the organization.

Our responsibilities for the audit of the financial statements

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

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

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

We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, as well as the Policy rules implementation WNT, including the Audit Protocol WNT, ethical requirements and independence requirements.

Our audit included e.g.:

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



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

Amsterdam, 30 July 2020

Dubois & Co. Registeraccountants

A.P. Buteijn RA