

# Solidaridad

## ANNUAL REPORT 2022

Stichting Solidaridad Network



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## MESSAGE FROM THE SUPERVISORY BOARD

It is with great pride that we present our 2022 Annual Report covering a year with significant high notes. We increased our global revenue by 22% to 68.9 million Euros, thanks to significant funding from donors like the Dutch Ministry of Foreign Affairs, the Dutch Postcode Lottery, and USAID. The trust that these partners place in Solidaridad is built upon the strong results we have achieved in past years.



Solidaridad's more than 1,100 staff members have done an impressive job working alongside small-scale farmers, workers and miners to improve the future outlook in every region where we work. Throughout this annual report, you will find stories and statistics that bring the impact of our work to life.

Solidaridad is an organization that is creating long-lasting, positive effects that will ripple throughout communities for years to come. I am impressed by the organization's commitment to transparency and accountability, as well as its dedication to impact-driven results.

On behalf of the International Supervisory Board, I would like to thank staff, partners and donors for their continued support. Your unwavering commitment to our joint mission of a more inclusive economy and thriving livelihoods, and the shared vision for creating prosperous communities continues to be inspirational and motivating. It's a cause worth fighting for.

Shamanin S. Zaman

A handwritten signature in black ink, appearing to read 'Shamanin S. Zaman', written in a cursive style.

Chair of the International Supervisory Board,  
30 April 2023

## MESSAGE FROM THE ED

Over the course of 2022, Solidaridad worked with 1.4 million small-scale farmers in low- and middle-income countries. They received training in sustainable and profitable production practices and gained improved access to essential services and inputs. As a result, farmers are now applying these practices on 3.4 million hectares of farmland. Much of this work was made possible by the development of innovative digital solutions that allow more farmers to access the information they need to produce sustainably and profitably.



We intensified our efforts in improving working conditions for workers and miners which benefited no less than one million people. We also joined with companies, processors, and governments to develop and implement policies and practices that truly benefit small-scale farmers, workers and miners. Our work influenced 20 policies and helped improve mandatory sustainability frameworks. Though hard to measure, this important work has a ripple effect that leads to changes at a systemic level.

Our pride in these results is tempered by the significant challenges ahead of us: increased global fragmentation, shrinking space for constructive dialogue, polarization, poverty and climate change, to name a few. We see – and hear – from farmers about the increasing struggle to meet rigorous sustainability requirements, while at the same time not earning sufficient income to maintain these practices and support their families. And though the costs of living and farming continue to rise for farmers, the prices they earn for their produce often stay the same or decrease.

We recognize that our work is far from over, and that there is always much more to be done. We remain confident that with your continued support and partnership, we can make a real difference in the lives of many more individuals and communities in the years to come.

Thank you for joining us on this journey, and we look forward to what we will achieve together in the future.

Jeroen Douglas

A handwritten signature in blue ink, consisting of stylized, overlapping loops and lines.

Executive Director of Solidaridad Network

30 April 2023

## OUR MISSION, VISION AND OBJECTIVES

Solidaridad is an international civil society organization with over 50 years of experience in developing solutions to make communities more resilient — from our early roots supporting repressed communities in Latin America to our current work fostering more sustainable supply chains. We currently work in over 40 countries, on five continents, through eight independently supervised regional offices.

International cooperation with people throughout the value chain is at the heart of our work, with a focus on small scale and family farmers, and workers on farms, in mines, and in supply chains and their communities.

We envision a world in which the economy works for all: where all we produce, and all we consume, can sustain us while respecting the planet, each other and the generations to come.

We enable farmers and workers to earn a living income, shape their own future, and produce in balance with nature by working throughout the whole supply chain to make sustainability the norm.

We're reclaiming sustainability in its essence: power to the people (inclusivity), respect for the planet (producing in balance with nature) and a fair share for everyone in the chain (prosperity). That's the true meaning of sustainability for Solidaridad. Supply chains cannot be sustainable if we don't take all these aspects into account.

Although we work in almost 50 countries with 8 independently supervised regional officers, we share a commitment to a common set of values:

- Solidarity: we are faithful to the name of our organization in a deeply rooted solidarity with smallholder farmers, workers, and producers
- Solutions: we are pragmatic problems solvers
- Impact: we are impact-driven and fully committed to achieve change that matters
- Interdependence: we are dependent on each other and on the planet, so we need to collaborate
- Innovation: we believe continuous learning and development adds value and leads to positive change
- Inclusivity: we believe everyone has the potential to contribute and the right to be heard
- Integrity: we adhere to the highest ethical principles and professional standards

The Solidaridad network structure was built on the idea that meaningful change grows from within communities, and a collaborative work environment based on the exchange and debate of different ideas and perspectives will create the most innovative solutions. Diversity and representation of many different perspectives and identities is not just nice to have; it is essential to the mission of reclaiming sustainability.



Inclusion is prioritized at all levels of work within Solidaridad; from programming that promotes gender equality in historically male-dominated sectors such as gold or palm oil, to leadership within our Senior and Board level positions. A strong integrity structure supports open and honest dialogue and secure pathways for reporting and addressing issues.

All this makes up the core of what Solidaridad stands for: equity. Creating a more fair and equitable supply chain starts from our working culture and permeates through our programmes, communications and partnerships.

## **OUR ORGANISATION**

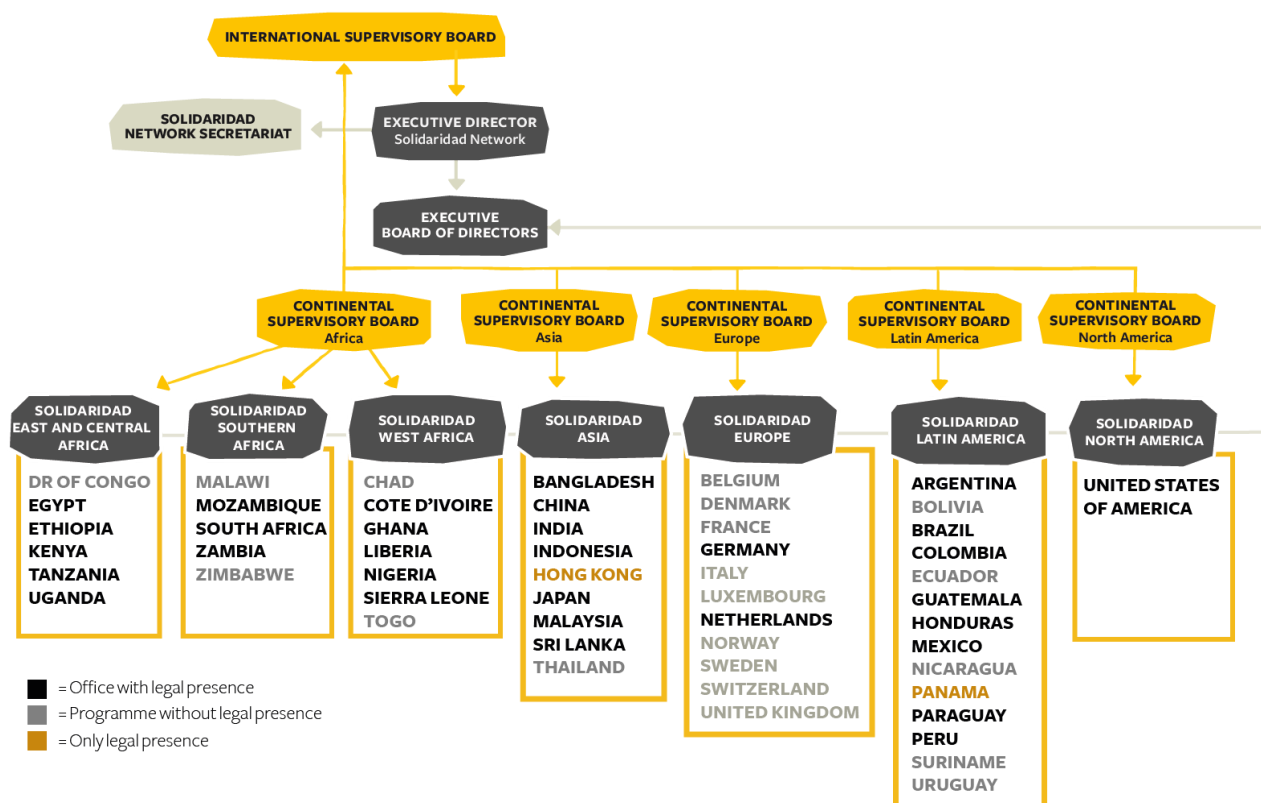
This management report provides information on the global level, it covers all entities within our network. The financial statements cover one entity; the coordinating entity "Stichting Solidaridad Network" which coordinates and provides services to all the other Solidaridad entities.

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.

The Solidaridad Network consists of seven regional expertise centres located in Asia, Southern Africa, East and Central Africa, West Africa, Latin America, North America, and Europe - each with their own specific expertise and focus. Solidaridad's programmes are developed and implemented by the regional centres, 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 centre 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 fundraising, thereby contributing to the network budget;
- employ local staff; and
- are responsible for appropriate financial management and supervision, including the auditing of financial statements by an independent auditor.



The overview above shows the seven management regions and the countries in which Solidaridad has legal seats. The yellow boxes represent the five Continental Supervisory Boards plus the International Supervisory Board. Stichting Solidaridad Network is the light grey entity, represented by the Executive Director of Solidaridad, Jeroen Douglas who is leading the Executive Board of Directors, consisting of the Managing Directors of the eight regions.

## SUPERVISION

The seven regional expertise centres are supervised by five Continental Supervisory Boards (CSBs). The CSBs consist of leaders in business, civil society organizations or academic institutions from each continent: North America, Latin America, Africa, Asia and Europe. Each of these continental organizations is connected with Solidaridad Network Foundation in Utrecht, the Netherlands, through the delegation of supervisory board members to the International Supervisory Board (ISB), thus creating a global network.

The International Supervisory Board (ISB) is the highest level of international oversight within Solidaridad Network. The ISB monitors policies, the quality of programmes, financial control of the Solidaridad Network and the performance of the Executive Board of Directors (EBoD).

The members of the ISB are:

<b>Name</b>	<b>Country</b>	<b>Position</b>	<b>Start of term</b>	<b>End of term</b>	<b>Representing</b>
Mariam Gabala Epse Dao	Ivory Coast	Chair	18 December 2018	15 December 2022	CSB Africa
		Chair	22 June 2015	17 December 2018	
		Member	18 December 2014	21 June 2015	
Shamanin Zaman	Bangladesh	Chair	15 December 2022	PM	CSB Asia
		Member	21 June 2021	14 December 2022	
		Member	19 January 2017	20 June 2021	
Bernhard Roehrs	Guatemala	Member	11 February 2022	1 January 2026	CSB Latin America
Kannan Pashupathy	United States	Member	10 November 2021	9 November 2025	CSB North America
			5 June 2019	9 November 2021	
			5 June 2014	4 June 2018	
Jan Karel Mak	The Netherlands	Member	1 January 2021	31 December 2024	CSB Europe
			10 December 2018	31 December 2022	

The members of the CSB Asia are:

<b>Name</b>	<b>Country</b>	<b>Position</b>
Shamanin Zaman	Bangladesh	Chair
Mumunusamy Subbramaniam (Mr. Subbu)	India	Member
Mahesh Haribhai Mehta	India	Member
Sato Kan Hiroshi	Japan	Member
Dr. Liang Xiaohui	China	Member

The members of the CSB Africa are:

<b>Name</b>	<b>Country</b>	<b>Position</b>
Audrey Gadzepko	Ghana	Chair
Mariam Gabala Epse Dao	Ivory Coast	Member
Kamau Kuria	Kenya	Member
Susan Waceke Watiru	Kenya	Member
Henry Horomani	Zimbabwe	Member
Herman Kasekende	Zambia	Member



The members of the CSB Latin America are:

<b>Name</b>	<b>Country</b>	<b>Position</b>
Bernardo Roehrs	Guatemala	Chair
Roberto Ugaz	Peru	Member
Carolina da Costa	Brazil	Member

The members of the CSB North America are:

<b>Name</b>	<b>Country</b>	<b>Position</b>
Kanan Pashupatty	United States	Chair
Chris Wolz	United States	Member
Deborah Barry	Mexico	Member

The members of the CSB Europe are:

<b>Name</b>	<b>Country</b>	<b>Position</b>
Jan Karel Mak	The Netherlands	Chair
Carlos Alva Nieto	The Netherlands/Mexico	Member
Katrien Termeer	The Netherlands	Member
Claire Gentil	The Netherlands/France	Member
Martin Staehle	Germany	Member
Marion Kappeyne van de Coppello	The Netherlands	Member
Kajsa Johansson	Sweden	Member

## 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 centre. The chair of the EBoD is the Executive Director of Solidaridad Network, Jeroen Douglas.

The members of the Solidaridad Executive Board of Directors in 2022 are: Shatadru Chattopadhyay (Solidaridad Asia), Isaac Gyamfi (Solidaridad West Africa), Rachel Wanyoike (Solidaridad East and Central Africa and Solidaridad Southern Africa), Gonzalo la Cruz (Solidaridad Latin America), Michaelyn Baur (Solidaridad North America) and Heske Verburg (Solidaridad Europe).

## OUR ACTIVITIES IN 2022



In 2022, Solidaridad made progress with learning in its thematic fields of expertise. A study was concluded to bring together different approaches to agroecological and regenerative agriculture. Field research on incentive systems for farmers provided essential insights for our programmes. Exploring public procurement approaches and strategies resulted in valuable input for future programming.

We worked on eight global innovation programmes, focusing on building a solid business plan into the innovation cycle. Following evaluations of our programmes, we reviewed our learning structure and concluded that more focus, coordination between programmes and a better connection with field projects is essential.

In 2022, we celebrated the end of most of the travel restrictions with a face-to-face gathering to share and plan our learning efforts in materializing gender and social inclusion in our advocacy projects.

Our increased experience with digital tools throughout the network made us organize the first all-staff, directors and supervisors digital gathering, dubbed the Yellow Week. In this three-day online event, we shared experiences and discussed the particularities of working together in a multicultural environment. For

our new colleagues, we organized a first global onboarding cycle to feel part of the global network, get inspired by our work, and find their way within the organization.

At Solidaridad, we are convinced that good data and the good use of it is a key ingredient for project and organizational success. To that end, in 2022 we have focused on building internal capacity on data analysis and developed several tools, such as dashboards, which allow us to visualize data in a more attractive and simple manner. This way, we facilitate the use of data so that decisions and adaptations can be made on time. We have taken a two-pronged approach to guarantee the quality of data:

- we continued to further operationalize our data model (which standardizes KPIs, data points and data collection methodologies and have developed a data dictionary)
- while complementing it qualitative data and sense-making sessions to validate and triangulate findings.

More participatory approaches were deployed such as Focus Group discussions, Outcome Harvesting techniques and Most Significant Change which allow us to make sense out of data together with project beneficiaries and other stakeholders.

And this is just the highest level look at the work we completed in 2022. On our website

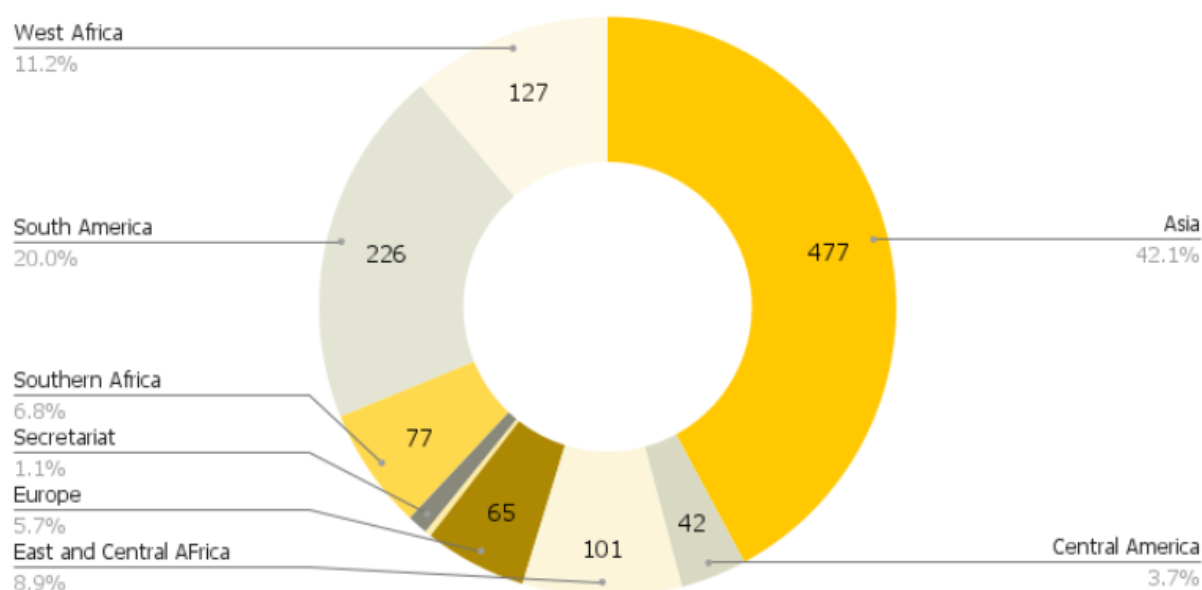
[https://www.solidaridadnetwork.org/annual\\_report/global-2022/](https://www.solidaridadnetwork.org/annual_report/global-2022/) a further read is provided of our activities and impact per region.

## **OUR PEOPLE IN 2022**

As of 31 December 2022, Solidaridad employed 1132 staff filling a total of 1048 full-time equivalent (FTE). This is an increase compared to 2021, when we employed 1089 staff with a total FTE of 1041. Our number of female staff was 384 out of 1132, a ratio of 33.9%. This is a slight improvement from 32.9% in 2021. We continue to execute our specific strategy to get this more in balance and particularly to get more women in leadership positions. Our Regional Expertise Centres have 100% standardized HR policies for equal recruitment, job grading and promotion.

The overall population of management and implementation staff remains diverse across our seven Regional Expertise Centres. Our network structure includes a newly appointed female Chair of our International Supervisory Board and our Executive Board of Directors has a 50/50 ratio in gender and is dominated by representatives from the Global South.

## Human Resources



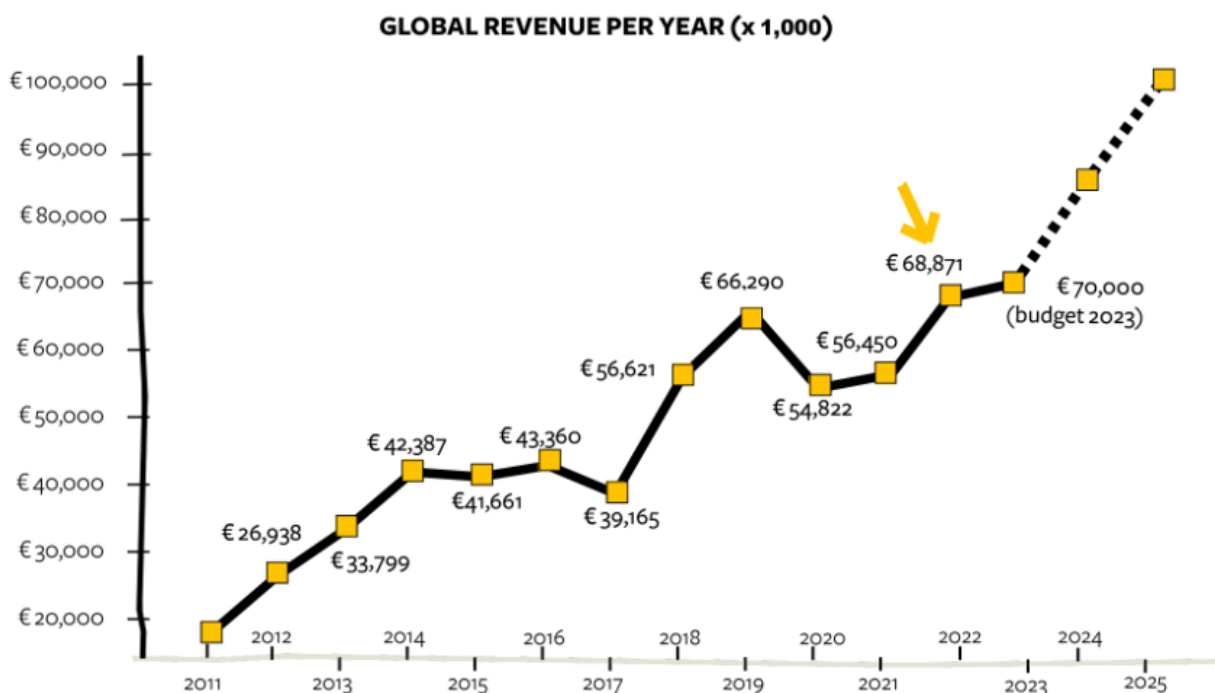
Note: staff includes all people who are on the payroll and all full time associated consultants.

Inclusivity is a core value of Solidaridad. We strive to provide equal access to opportunities and resources for all our colleagues to avoid exclusion or marginalization. Diversity in Solidaridad is equal inclusion based on gender, religion, belief, ethnicity, marital status or civil partnership, pregnancy and maternity, nationality, social position, economic position, disability, age, sex, sexual orientation, gender identity or reassignment. Solidaridad aspires to be an organization in which everyone works together side by side, in an atmosphere of equality and mutual respect, raising the floor to achieve a level playing field for everyone. We believe everyone has the potential to contribute and the right to be heard.

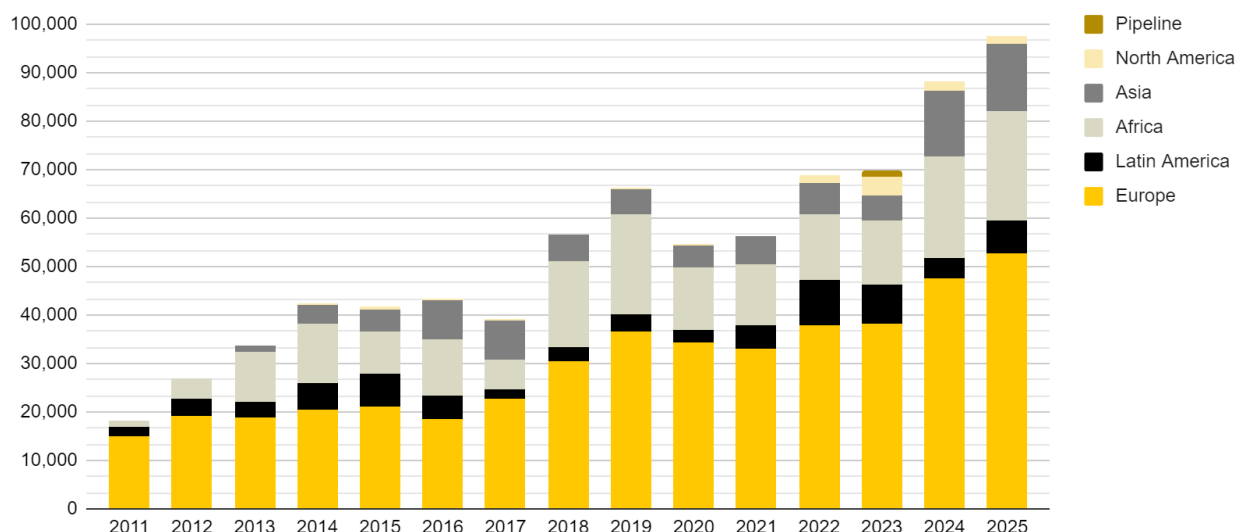
In February of 2022, we launched our first Global Integrity, Inclusivity & Diversity Survey promoting an inclusive working environment, with an atmosphere of equality and mutual respect. Global and regional results from the survey have been incorporated into each of our seven Regional Expertise Centres with Inclusivity Communities of Practices implementing regional feedback across implementation, support and management teams to further Solidaridad's equal access and continues to develop as an organization with a diversity of staff.

## OUR FINANCES IN 2022

The revenue of Solidaridad Network increased with € 12.4 million from € 56.5 million in 2021, to € 68.9 in 2022. The revenue was € 13.9 million higher than the secured budget of € 55 million. After two difficult years due to the influence of the Covid-19 virus, Solidaridad was able to contract new grants and to execute our activities in the field according to our planning. These circumstances were reflected in our global revenue figures.



From the total revenue of € 68.9 million in 2022, € 37.8 million (55%) was generated by Solidaridad Europe (2021: 59%). The three regional offices on the African continent generated € 13 million (20%) (2021: 22%) and Solidaridad Asia generated € 6.6 million (10%) (2021: 10%). Latin America generated 9.3 million (14%) (2021: 8%) and North America generated € 1.5 million (2%) (2021: 1%). Proportionally, the America's started to contribute heavier to the total global revenue. It is expected that this trend will continue, as Solidaridad has received a significant five year grant from the US government.



The total revenue in 2022 came from the following sources:

INCOME	2021	2022
Income from individuals	1,235,286	975,678
Income from Companies	5,360,007	9,494,228
Income from Lottery Organisations	1,350,000	9,501,623
Income from Government Grants	38,932,569	35,978,043
Income from non-profit Organisations	4,580,652	3,615,466
Income from other Organisations	3,814,967	8,532,366
Other income	1,176,519	773,277
Pipeline	0	0
	<b>56,450,000</b>	<b>68,870,680</b>

(figures in €)

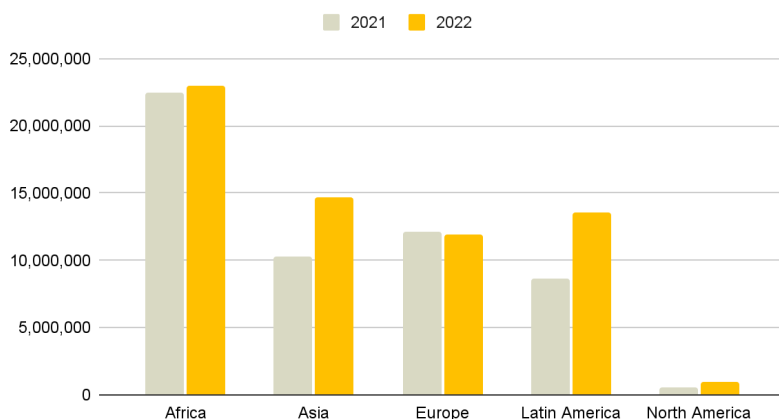
Compared to 2021, Solidaridad received more income from the Dutch Postcode Lottery (+ € 8.2 million) and from companies (+ € 4.1 million) due to which the total income from governments, still the biggest contributor, decreased in relative terms from 69% in 2021 to 52% in 2022. The increase in income from companies came from the Latin American and African regions.



## Expenditure in 2022

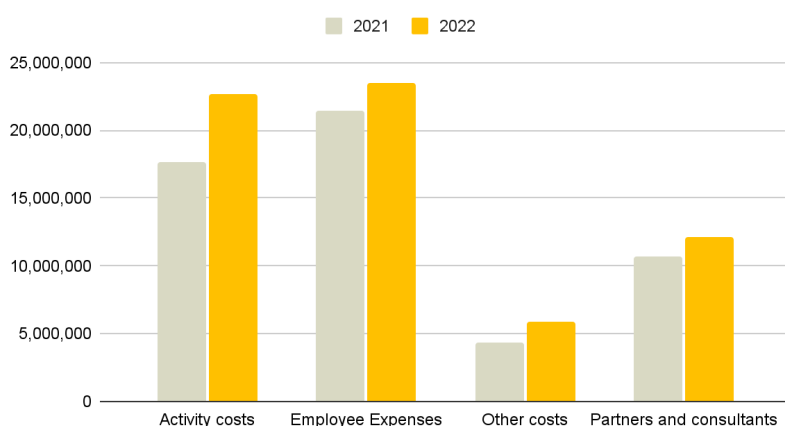
The total expenditure that was invested in the own regions amounted to € 64.1 million (2021: 54.1 million). Expenditure in all regions increased, The expenditure in Asia and Latin America increased compared to the year 2021.

Expenditure in the own region



Compared to the year 2021 the activity costs increased significantly with € 5 million to € 22.6 million, making up 35% of Solidaridad's costs. This contains travel and accommodation costs, as well as other costs such as training costs related to our programs, benchmarks, and other materials that are needed for the execution of programs in the field. For the biggest part (37%) (2021:40%), our expenses went to staff costs. Solidaridad's projects are mostly carried out by its own staff rather than by external partners and consultants.

Expenditure per cost category



## RISKS AND UNCERTAINTIES

Solidaridad works in a complex and very dynamic environment, where our activities result in exposure to risks. In this environment, we remain aware of both ever-changing opportunities for creating value and the challenges that will occur in pursuit of that value. Solidaridad is not expected to just realize its strategic plan objectives, but is expected to work with greater accountability, transparency and efficiency.

In 2022, Solidaridad has updated and strengthened its global internal control framework and has further developed its financial monitoring framework. Our aim in the coming years is to adopt an explicit risk management policy for handling and reducing the identified risks and developing mitigation measures (policies, procedures and control checks). The focus is to manage risks appropriately rather than to eliminate them, and to give reasonable rather than absolute assurance.

### Overview of our main risks

Risks	Influence on results or activities	Mitigating measures
Changes in government or government's interest/policies.	Activities can be put on hold until the new government is in place and is as interested in our programmes.	<ul style="list-style-type: none"> <li>- Work closely with government authorities at different levels.</li> <li>- Engage with new authorities after elections.</li> </ul>
National and/or regional-level political crises (Honduras, Nicaragua, Eastern Africa)	Reduced participation of essential stakeholders, cancelling of events, reduced access to communities.	<ul style="list-style-type: none"> <li>- Focus on strengthening partner relationships.</li> <li>- Maintain neutrality.</li> </ul>
Fluctuating market conditions (low international commodity prices) create instability and an undesirable investment climate.	International prices may affect economic income and imbalances in crop profitability.	<ul style="list-style-type: none"> <li>- Strengthen messaging and proof of business case to engage in continuous improvement processes guided by voluntary standards.</li> <li>- Promote diversification</li> </ul>
Reputational damage resulting from misconduct of grassroots partner organisations.	Budget losses or decreased activities	<ul style="list-style-type: none"> <li>- Code of Good Conduct and Practices endorsed by all our partner organisations.</li> <li>- Solidaridad has internal guidelines for non disclosure agreements (NDAs) and memoranda of understanding (MoUs) with companies.</li> </ul>

Grassroot civic partner organizations may phase limited capacity to apply an effective or extensive internal control system and risk management framework.	Budget losses or decreased activities	<ul style="list-style-type: none"> <li>- Solidaridad aims to enhance preventive activities, and monitor the different improvement initiatives on internal control, especially with respect to the pace of implementation and strengthening of the first three lines of defences.</li> <li>- External audit; policies, protocols and guidance ("fourth line of defense") .</li> <li>- Further development of our strategic partnership building framework.</li> </ul>
Network Organization - Decentralized structure	Disassociation or disconnection	<ul style="list-style-type: none"> <li>- Circular and interdependent management and governance network structure.</li> <li>- Close cooperation, strong team ('we') culture</li> </ul>
Limited IT infrastructure for successful quality management	Poor data does not inform project progress and impact of our work	<ul style="list-style-type: none"> <li>- Strong Finance and PMEL teams in all the Network support programme monitoring at the regional level.</li> <li>- Project Cycle Management procedure is widely used across the Network, and with project partners for standardized procedures on monitoring and evaluation</li> </ul>
Credit fund risks- Cash and cash equivalent at financial institutions	Budget losses or decreased activities	<ul style="list-style-type: none"> <li>- Cash balances, whenever possible, are held with banks that have a satisfactory credit risk rating. (equivalent or above A-).</li> <li>- Main deposits are held in hard currencies.</li> </ul>

## INTERNAL CONTROL

One way of managing risks and uncertainties is through the application of appropriate internal controls. Solidaridad Network commits to the principles of fairness and transparency for establishing an organizational culture that thrives on excellence, next to a robust organizational control and integrity strategy. All the independent financial statements of all the Network's organisations are audited externally, and outcomes are discussed with the management and the International or Continental Supervisory Board. As a learning organization, Solidaridad strives for continuous improvement and indeed some Solidaridad organisations are even certified to ISO 9001:2015. If something is not to anybody's satisfaction, Solidaridad would like to be informed about it. A complaints procedure is therefore part of our quality policy. The procedure can be requested by anybody by email or phone. And besides, we also refer to it in our contracts with all our employees and partners. The Solidaridad Code of Good Conduct and Practices is endorsed by almost everyone that has a contractual relationship with Solidaridad Network. There is also a protocol for inappropriate behavior, which includes procedures preventing undesirable behavior and procedures for involving internal or external counselors and the complaints procedure for employees. Solidaridad has policies in place throughout the network regarding Related Party Transactions and Ancillary Activities to increase its transparency. There is a whistleblower procedure in place as and for staff and stakeholders that work with us there is a Solidaridad Code of Good Conduct.

### Enhancing transparency and accountability

In coming years, we aim to safeguard the implementation of our multi annual plan strategy (MASP III) by taking the steps below :

- Further define our global policy architecture, and build and implement effective internal control systems and strengthen our "second line of defence" . Safeguard our assets and funds, while ensuring that these assets and funds are used in furtherance of our strategic objectives.
- Develop a comprehensive risk management framework; identify our risks network- wide and manage these risks to enhance and sustain performance.
- Align risk management and control with our mandates and objectives, and their underlying functions and activities throughout the Network. Embed risk management in our decision-making process.
- Offer continuous support, training and strengthen oversight; provide the Network with a solid internal control framework (set of standards, processes, and structures).
- Encourage high levels of integrity in the workplace, while at the same time devise strategies to identify incidences of corruption or fraud and the corresponding disciplinary measures.

# FINANCIAL STATEMENTS 2022 STICHTING SOLIDARIDAD NETWORK

(single, not consolidated)

## BALANCE SHEET ON 31 DECEMBER 2022

(in Euros after allocation of surpluses)

	31-12-2022	31-12-2021
<b>ASSETS</b>		
Tangible fixed assets	30,556	28,972
Financial fixed assets	554,000	554,000
	<u>584,556</u>	<u>582,972</u>
Receivables, prepayments and accrued income	1,233,858	2,701,089
Cash and bank balances	1,081,137	398,756
	<u>2,314,995</u>	<u>3,099,844</u>
<b>Total assets</b>	<b><u>2,899,551</u></b>	<b><u>3,682,817</u></b>
<b>LIABILITIES</b>		
Solidaridad General reserve	2,187,518	2,225,326
Solidaridad Innovation reserve	89,380	406,000
	<u>2,276,898</u>	<u>2,631,326</u>
Short-term debts	622,653	1,051,490
	<u>622,653</u>	<u>1,051,490</u>
<b>Total liabilities</b>	<b><u>2,899,551</u></b>	<b><u>3,682,817</u></b>

## INCOME AND EXPENDITURE STATEMENT 2022

(in Euros)

	2022 Actual	2022 Budget	2021 Actual
<b>INCOME</b>			
Income Solidaridad entities (related organisations)	2,341,624	2,743,819	2,819,276
Other Income	903	0	0
<b>Total income</b>	<b>2,342,527</b>	<b>2,743,819</b>	<b>2,819,276</b>
<b>EXPENDITURE</b>			
Activity costs	180,060	92,900	39,738
Partners and consultants	378,555	236,001	306,343
Solidaridad staff costs	1,491,024	1,667,000	1,609,890
Other costs	219,217	194,319	297,200
Expenditure Solidaridad entities (related organisations)	424,184	521,300	930,472
<b>Total expenditure</b>	<b>2,693,040</b>	<b>2,711,520</b>	<b>3,183,643</b>
<b>Result excluding Financial Income &amp; Expenditure</b>	<b>-350,513</b>	<b>32,299</b>	<b>-364,367</b>
<b>Result on Financial Income &amp; Expenditure</b>	-3,915		-294,198
<b>RESULT</b>	<b>-354,428</b>	<b>32,299</b>	<b>-658,565</b>
<b>Appropriation of the result</b>			
Solidaridad General reserve	-37,808	0	-14,565
Solidaridad Innovation reserve	-316,620	0	-644,000
<b>Result</b>	<b>-354,428</b>	<b>0</b>	<b>-658,565</b>

### Appropriation of result

In anticipation of the approval of the financial report by the International Supervisory Board, the net result of - € 354,428 has been taken from the reserves.



## CASH FLOW STATEMENT FOR 2022

(in Euros)

	2022	2021
<b>Cash flow from operational activities</b>		
Surplus / (shortage) from the income & expenditure statement	-354,428	-658,565
Non cash transactions	13,902	331,816
Changes in working capital:		
Short-term receivables	1,467,231	-672,076
Short-term payables	-428,837	443,570
	<u>697,869</u>	<u>-555,254</u>
<b>Cash flow from investment activities</b>		
(Des)investments in tangible fixed assets	-15,486	-3,157
Changes in financial fixed assets	0	0
Changes in stocks and shares	0	0
	<u>-15,486</u>	<u>-3,157</u>
<b>Cash flow from financing activities</b>		
Changes in long-term debts	0	0
	<u>0</u>	<u>0</u>
<b>Total changes in cash flow</b>	<b><u>682,383</u></b>	<b><u>-558,410</u></b>
<b>Cash and bank balances</b>		
Balance on 1 January	398,756	957,166
Balance on 31 December	1,081,137	398,756
<b>Changes in cash and bank balances</b>	<b><u>682,383</u></b>	<b><u>-558,410</u></b>

## NOTES TO THE CASH FLOW STATEMENT

The cash flow statement has been drawn up using the indirect method. The indirect method establishes a clear link between the balance sheet and the income and expenditure statement, while it also helps us understand the sources of cash flow, and disclose the non-cash transactions (such as depreciation).

### **Cash flow from operating activities**

At the end of 2022, the total cash flow from operating activities has increased by € 1,253,139. This is mostly due to the reduction in the short term receivables in 2022. Receivables that were outstanding at the end of the year 2021 from other Solidaridad entities, were received in the course of 2022.

The non cash transactions remained unchanged. This financial year it was decided to avoid burdening Solidaridad West Africa with interest costs. The fixed assets were depreciated with € 13,902.

### **Cash flow from investment activities**

The investments in tangible fixed assets have slightly increased.

### **Cash and Bank balances**

The cash and bank balances at the end of 2022 were € 1,081,137, an increase of € 682,383 from the 2021 end year position. The negative interest situation ended per October 2022.

## **GENERAL NOTES TO THE ACCOUNTS**

### **Objective of the organisation and nature of the activities**

These accounts represent the single, not consolidated financial statements of Stichting Solidaridad Network. Stichting Solidaridad Network was founded in 2011 and has its legal seat in Utrecht, the Netherlands. The foundation aims to support organisations in developing countries that systematically work to combat poverty. Solidaridad works throughout the whole supply chain to make sustainability the norm and ensure farmers, processors and workers have a living income, influence, and produce in balance with nature.

The Network Secretariat fulfils several functions within Solidaridad's network organisation; it facilitates network policy development and acts as a service centre 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, developing communication guidelines, tools and standards for global branding. The Network Secretariat employs the Executive Director who works closely together with the Managing Directors of the regional expertise centres and is the chair of the Executive Board of Directors (EBoD).

### **Guidelines for annual reporting**

The annual accounts of Stichting Solidaridad Network have been drawn up on the basis of Guideline 640 for Non-Profit Organisations which is part of the accounting standards produced by the Dutch Accounting Standards Board (Raad voor de Jaarverslaggeving).

### **Foreign currency**

Assets and liabilities denominated in foreign currency are translated at the fx rate prevailing on the balance sheet date. Differences between the fx rate on the date of transaction (contract date) and the fx rate on balance sheet date will be taken to the unrealized fx reserve in the balance sheet.

Income and expenditure is reported using the fx rate of the settlement date (date of receipt or payment). The difference between the fx rate on the date of transaction (contract date) and the settlement date will be taken to the realized fx reserve in the Income & Expenditure statement. Any remaining unrealized fx differences relating to the transaction will be removed.

**Related parties**

Income, expenditure and receivable or payable balances with related (Solidaridad) entities are disclosed under the relevant headers. Other than transactions with other Solidaridad entities, there were no transactions with related parties.

## **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 collectable. 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.

**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**

A distinction is made between restricted and unrestricted income. Restricted income is related to grants with conditions associated with it by the donor regarding the duration and/or purpose of the grant. If there are no restrictions, income is unrestricted. Examples of unrestricted income are inheritances, grants with no restriction in any form, income from campaigns or direct mailing and income from interest or investments.

Restricted income from grants is accounted for in the year to which it relates and to the extent that the grant has been utilised by the end of the financial year. (Portions of) received grants that are not utilised are

shown on the balance sheet as liabilities (deferred income from grants). Utilised grants that are not yet received are shown on the balance sheet as assets (accrued income from grants).

Unrestricted income is recognised on a cash basis. If the income leads to a positive result for the year, the positive result will be added to the general reserves. Examples are income from campaigns, inheritances or grants with no restriction whatsoever.

Expenditure is determined with due consideration 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.

### **Taxation**

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

## NOTES TO THE BALANCE SHEET

### ASSETS

#### Tangible fixed assets

	Total	Buildings	Furniture & Fixtures	Computers	Equipment
<b>As at 1 January 2022</b>					
Cost	263,581	109,947	65,697	80,411	7,526
<u>Depreciation</u>	<u>234,608</u>	<u>109,237</u>	<u>49,467</u>	<u>74,273</u>	<u>1,631</u>
Book value as at 1 January	28,973	710	16,230	6,138	5,895
<b>Changes in book value</b>					
Additions	15,486	0	0	14,387	1,099
<u>Depreciation</u>	<u>13,902</u>	<u>709</u>	<u>6,079</u>	<u>5,481</u>	<u>1,633</u>
Movement	29,388	709	6,079	19,868	2,732
<b>As at 31 december 2022</b>					
Cost	279,066	109,946	65,697	94,798	8,625
<u>Depreciation</u>	<u>248,510</u>	<u>109,946</u>	<u>55,546</u>	<u>79,754</u>	<u>3,264</u>
As at 31 december 2022	<b>30,556</b>	<b>0</b>	<b>10,151</b>	<b>15,044</b>	<b>5,361</b>

The tangible fixed assets have been retained for our operations. The expected useful economic life per category is shown below:

	Useful economic life (in years)	Depreciation percentage
Buildings	5	20,0%
Furniture & fixtures	5	20,0%
Equipment	5	20,0%
Computers	3	33,3%

#### Financial fixed assets

	31-12-2022	31-12-2021
Loans to other RECs	554,000	554,000
<b>Financial fixed assets</b>	<b>554,000</b>	<b>554,000</b>



The loan has been given to Solidaridad West Africa, as a part of a long term loan agreement. The loan is meant to financially contribute to a construction project in Ghana initiated by Solidaridad West Africa. This loan is provided against an interest rate of 2%. For the financial year 2022 it was decided to avoid burdening Solidaridad West Africa with interest costs.

### Receivables, Prepayments And Accrued Income

	31-12-2022	31-12-2021
Other receivables and prepaid expenditures	215,603	71,851
Receivables from related (Solidaridad) organisations	1,018,255	2,629,237
<b>Total receivables, prepayments and accrued income</b>	<b>1,233,858</b>	<b>2,701,088</b>

All intercompany receivables and all accrued income are due within one year, and they are expected to be realized in the course of 2023. The balances of intercompany receivables per related (Solidaridad) organisations are shown below:

Receivables from related (Solidaridad) organisations	31-12-2022	31-12-2021
Solidaridad East and Central Africa	187,129	211,898
Solidaridad West Africa	467,984	453,228
Solidaridad South America	179,142	0
Solidaridad Europe	184,000	1,964,111
<b>Total receivables from related (Solidaridad) organisations</b>	<b>1,018,255</b>	<b>2,629,237</b>

### Cash and bank balances

	31-12-2022	31-12-2021
Current accounts	525,954	162,765
Savings accounts	555,184	235,991
<b>Total cash and bank balance</b>	<b>1,081,137</b>	<b>398,756</b>

The cash is free at the disposal of Stichting Solidaridad Network.

## LIABILITIES

### Reserves and Funds

	<b>Total</b>	<b>Solidaridad General reserve</b>	<b>Solidaridad Innovation reserve</b>
Balance on 1 January	2,631,326	2,225,326	406,000
Dotation (+)	0	0	0
Withdrawal (-)	-354,428	-37,808	-316,620
Balance on 31 December	<b>2,276,898</b>	<b>2,187,518</b>	<b>89,380</b>

The general reserve ensures the Network Secretariat's sustainability prospects, and creates a flexible mechanism which facilitates the Solidaridad Network at large. Stichting Solidaridad Network bases itself on the concept of sustainable relationships with its partners and with its staff. The size of the general reserve is determined as the trade-off between the desirability of deploying as much as possible of our reserves for our objectives and the need to maintain a healthy financial basis for the future. The general reserve is intended to ensure that the Stichting Solidaridad Network can continue to meet its obligations.

The Executive Board of Directors of Solidaridad Network have prepared guidelines, which the Supervisory Boards have approved, stating that:

A reservation of resources is desirable for the continuity of the support given to the charity's goals; The continuity should be no more than 1.5 times the annual costs of maintaining the operational structure.

In 2022, a withdrawal of € 37,808 was made from the Solidaridad general reserve and at the end of 2022 the total amount was € 2,187,518. The costs for maintaining the operational structure are defined as all costs except expenditures related to other Solidaridad entities, activity costs and costs for partners and consultants.

The costs for maintaining Stichting Solidaridad Network's operational structure in 2022 were € 1,733,849. At the end of 2022 the level of the general reserve is 1.26 times the level of costs needed to maintain the operational structure (2021: 1.17). Although the continuation reserve reduced slightly, the costs reduced faster due to which the ratio slightly improved.

The Solidaridad innovation reserve was created in 2020 with a total value of € 1,050,000. In 2021, there was a dotation of € 100,000 according to the income realized for this purpose. There was also a withdrawal of € 744,000 according to the expenses realized for this purpose. From the remaining balance of € 406,000, € 316,620, has been expensed in 2022, leaving a balance of € 89,380 that will be spent in 2023. The

Solidaridad Innovation reserve intends to finance innovation track teams that work on global solutions in line with the Solidaridad Network innovation strategy in MASP III (2021-2025).

### Short term debts

All short term debts are due within one year, and they are expected to be realized in 2023.

	31-12-2022	31-12-2021
Deferred income from related (Solidaridad) organisations	15,000	0
Accrued salary payables	80,576	218,670
Other creditors & accrued liabilities	213,570	84,193
Payables to related (Solidaridad) organisations	313,507	748,626
<b>Total short term debts</b>	<b>622,653</b>	<b>1,051,490</b>

The accrued salary payables consist of the social securities for the payroll of December 2022 (payable in January 2023), the provision for employees' paid leave not taken (up until the end of 2022) and the reserve for the employees' holiday allowance (payable in May 2023). The other creditors & accrued liabilities consist of mostly the reserve for the audit expenses for 2022, and other payables to suppliers that are expected to be realized and fully paid in the course of 2023.

The payables to related (Solidaridad) organisations were considerably decreased in 2022 compared to 2021, the Network Secretariat paid off its balances from 2021 which contained contracts with other Solidaridad entities for the financing of innovation tracks. The details are shown below:

	31-12-2022	31-12-2021
Solidaridad Asia	215,725	159,586
Solidaridad Southern Africa	0	29,144
Solidaridad South America	0	22,398
Solidaridad Central America	97,782	155,203
Solidaridad North America	0	382,295
<b>Total payables to related (Solidaridad) organisations</b>	<b>313,507</b>	<b>748,626</b>

## **Contingent liabilities and conditional rights**

### *Rental Contract*

Stichting Solidaridad Network has entered into a five-year rental contract for the rental of the ground floor of 't Goylaan 15 in Utrecht per 1 August 2016. On the first of May 2018 the duration of the contract was extended to 30 April 2028. The rental costs are indexed annually based on the consumer price index. The annual rent obligation is approximately € 40,000.

### *Other liabilities*

Stichting Solidaridad Network has entered into a three-year contract with Salesforce (SFDC Ireland Limited) for the purchase of licence fees. The agreement came into effect on January 1 2021 and the fixed annual obligation resulting from this is approximately € 92,000.

Stichting Solidaridad Network has entered into a three-year contract with FinancialForce (Financial Force UK Limited) for the purchase of licence fees for a cloud-based accounting application which is built on the Salesforce platform. The contract came into effect on 31 January 2021 and the fixed annual obligation resulting from this is approximately € 66,690.

# NOTES TO THE STATEMENT OF INCOME AND EXPENDITURE

## INCOME

### Income from related (Solidaridad) organisations

Stichting Solidaridad Network does not agree contracts with donors by itself; it receives contributions from other Solidaridad offices worldwide to achieve joint goals. Compared to 2021, the income from other offices reduced with € 0.5 million to € 2.3 million in 2022. This is because Stichting Solidaridad Network was less involved in programmatic activities compared to the year 2021. The breakdown is as follows:

	Income 2022	Income 2021
<b>Income from related (Solidaridad) entities</b>		
Solidaridad Asia	115,889	143,723
Solidaridad Southern Africa	20,149	24,529
Solidaridad East and Central Africa	107,967	209,591
Solidaridad West Africa	177,256	226,514
Solidaridad South America	158,976	71,920
Solidaridad Central America	32,421	20,387
Solidaridad North America	68,499	19,789
Solidaridad Europe	1,660,467	2,102,823
<b>Total</b>	<b>2,341,624</b>	<b>2,819,276</b>

## EXPENDITURE

### Activity costs

	2022	2021
Travel and living expenses	159,635	37,838
Other activity costs	20,425	1,899
<b>Total activity costs</b>	<b>180,060</b>	<b>39,738</b>

The activity costs are mostly related to the employees travel expenses. The travel-related expenses and movement of the staff members have increased drastically. Last year these costs remained limited, due to the covid-19 pandemic.

## Partners and consultants

	2022	2021
Partner and consultants costs	378,555	306,343
<b>Total partner and consultant costs</b>	<b>378,555</b>	<b>306,343</b>

The expenses for partners and consultants increased in 2022 compared to the year before because staff that left Solidaridad in 2022 has been replaced with consultants.

## Solidaridad staff costs

	2022 actual	2022 budget	2021 actual
Gross salaries	1,158,935	1,123,336	1,205,862
Social premiums	138,866	169,062	139,979
Pension costs	184,273	224,106	197,979
Other staff costs	8,950	150,496	66,070
<b>Total Solidaridad staff costs</b>	<b>1,491,024</b>	<b>1,667,000</b>	<b>1,609,890</b>

The total staff costs were 10% below the approved budget for 2022, and 7% below the total staff costs in 2021. Between 1 January and 31 December 2022 two (2) employees left the organisation and one employee has been employed. At the end of the year 2022 12 staff members were employed by Stichting Solidaridad Network, expressed as 11.92 full-time equivalent (FTE) (2021: 13.92). The division between male and female is as follows: 47% female employees and 53% male employees.

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

### *Pension costs*

Solidaridad Network Foundation has a service agreement with Centraal Beheer APF for a defined contribution pension scheme for its employees. Paid and to be paid premiums during 2022 have been charged to the income & expenditure statement.



## Remuneration of the director

	<b>2022</b>	<b>2021</b>
Executive Director	Jeroen Douglas	Jeroen Douglas
Period	January-December	January-December
Employment contract	Permanent	Permanent
Hours	36	36
Percentage of full time	100	100
Salary including 13th month and holiday pay	134,116	130,388
Employers pension contribution	25,456	24,656
Gross salary to the Executive Director	<b>159,572</b>	<b>155,044</b>
Employer social security contribution	9,881	9,952
Total salary costs to the organisation	<b>169,453</b>	<b>164,996</b>

## Other costs

	<b>2022</b>	<b>2021</b>
Audit & Legal fees	38,325	34,482
Depreciation costs	13,902	39,816
Communication costs	2,318	4,099
Office and general costs	164,672	218,804
<b>Total other costs</b>	<b>219,217</b>	<b>297,200</b>

Compared to the previous year the other costs decreased in 2022. This decrease is mainly due to the office and general costs, and specifically the software licence expenses which were decreased in 2022 compared to 2021 as the result of a classification. Stichting Solidaridad Network pays software licences on behalf of the other offices and then reclaims it from them. In previous years this was presented in income from related entities. In 2022 the reclaimed costs are netted off in order to present a more just picture of the true costs Stichting Solidaridad Network.

**Expenditures related (Solidaridad) entities**

	<b>2022</b>	<b>2021</b>
Solidaridad Asia	202,217	190,000
Solidaridad Southern Africa	190,400	55,980
Solidaridad East and Central Africa	5,577	0
Solidaridad West Africa	0	12,500
Solidaridad South America	4,834	94,318
Solidaridad Central America	0	175,590
Solidaridad North America	21,156	402,084
Solidaridad Europe	0	0
<b>Total expenditure to related (Solidaridad) entities</b>	<b>424,184</b>	<b>930,472</b>

The expenditure to other regions mostly related to financing innovation track teams in other entities that work on global solutions in line with the Solidaridad Network innovation strategy. All the other expenditures to related organisations are the result of our close cooperation with all our different entities across the world; in 2022 we tried to employ to the fullest our internal capacity in the Solidaridad Network.

**Financial income and expenditure**

	<b>2022</b>	<b>2021</b>
Interest income (expense) on bank accounts	3,915	2,198
Interest income (expense) on long term investments	0	-8,000
Expense on long term investments	0	300,000
<b>Total financial income and expenditure</b>	<b>3,915</b>	<b>294,198</b>

The expenses and the interest income on long term investment are realized according to the original loan agreement with Solidaridad West Africa and the addendum agreed in 2021 (see financial fixed assets). However, for this financial year it was decided to avoid burdening Solidaridad West Africa with interest costs. The interest expense was charged directly to the bank accounts of Stichting Solidaridad Network in 2021.

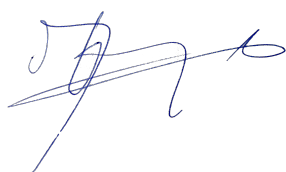
## OTHER INFORMATION

### Appropriation of result

In anticipation of the approval of the financial report by the International Supervisory Board, the net result of € 37,808 has been withdrawn from the general reserve and € 316,620 has been withdrawn from the innovation reserve.

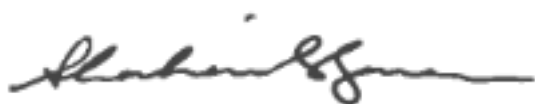
### Signing

The Executive Director of Solidaridad Network Foundation, Jeroen Douglas, has adopted this financial report by signing it on 30 April 2023



Jeroen Douglas,  
*Executive Director of Solidaridad Network*

The International Supervisory Board (ISB) has provided its consent to this financial report by signing it on 30 April 2023



Shamanin S. Zaman  
*Chair of the International Supervisory Board*

# **INDEPENDENT AUDITOR'S REPORT**