



**OXFAM  
NOVIB  
ANNUAL  
ACCOUNTS  
2016-2017**



**OXFAM**  
Novib

# OXFAM NOVIB ANNUAL ACCOUNTS 2016-2017

In line with Oxfam International, our reporting period covers the fiscal year April 1, 2016 to March 31, 2017. The Annual Report and Annual Accounts are available online at [oxfamnovib.nl/jaarverslag](http://oxfamnovib.nl/jaarverslag).

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# DIRECTORS' REPORT



## 1.1 GENERAL INFORMATION

Oxfam Novib is a member of the Oxfam network and a worldwide development organization that mobilizes the power of people to fight poverty. Around the globe, we work to find practical, innovative ways for people to lift themselves out of poverty and thrive.

In the past fifteen years alone, global extreme poverty has been cut in half. Billions of people are standing up to injustice, the trauma of war, and complex problems like climate change and economic inequality. But there is much more to be done. That is why Oxfam Novib exists: to tackle the injustices that cause and perpetuate poverty. We work to make the world safer and fairer for everyone. We exist to defeat poverty.

### Our vision

A just world, without poverty. That is our vision. We want a world where people are valued and treated equally, enjoy their rights as full citizens, and can influence decisions affecting their lives.

### Our values

When people's basic rights are respected, we can rid the world of poverty and injustice. This is what we stand for:

- **Empowerment**  
Everyone, from our staff and supporters to people living in poverty, should feel they can be a catalyst for change.
- **Inclusiveness**  
We seek out partnerships and embrace inclusive decision-making. We believe everyone has a contribution to make, regardless of visible and invisible differences.
- **Accountability**  
We take full responsibility for our actions and are committed to the highest standards of integrity. We will also hold others - individuals as well as companies and governments - fully accountable for their actions.

### Our approach

Oxfam's approach is rights-based.

We believe sustainable development is about cooperating with people, enabling them to get what they need, because they are entitled to. That is why we help people around the world to stand up for their rights.

We use a combination of rights-based sustainable development programs, campaigns, advocacy, and humanitarian assistance in disasters and conflicts, while putting gender justice at the heart of all our programs. We challenge the structural causes of the injustice of poverty, and work with allies and partners locally and globally.

### Our goals

Oxfam Novib contributes to Oxfam's six strategic change goals as stated in the Oxfam Strategic Plan 2013-2019, 'The Power of People Against Poverty'.

#### - The right to be heard

More people will exercise civil and political rights to influence decision-makers and hold them accountable.

#### - Advancing gender justice

More women will claim and advance their right to lead, and violence against women will be significantly less socially-acceptable and prevalent.

#### - Saving lives - now and in the future

Fewer people will die or suffer as a result of natural disasters and conflict. Those most at risk will have exercised their right to have clean water, food, sanitation, and other fundamental needs met. More people will be free from violence and coercion, and better able to take control of their own lives in dignity.

#### - Sustainable food

People who live in rural poverty will enjoy greater food security, income, prosperity, and resilience through significantly more equitable and sustainable food systems.

#### - Fair sharing of natural resources

The world's most marginalized people will be significantly more prosperous and resilient, despite climate stress and rising competition for land, water, food, and energy sources.

#### - Financing for development and universal essential services

There will be higher quality and increased quantity of financial flows that target poverty and inequality.

### Legal and organizational structure

Oxfam Novib is a Foundation (in Dutch: Stichting) registered with the chamber of commerce (Kamer van Koophandel or KvK) in The Hague under number 27108436.

In our previous Annual Report (2015/16) we reported on a turbulent year, during which we had to severely cut back our expenditures and went through a big internal change process. By contrast 2016/17 was year of recovery and finalizing the new organization's structure and way of working. We continued our collaboration with partners, affiliates and country offices across 23 countries. In accordance with the Oxfam 2020 plan, we are nearing completion of the One Oxfam initiative, including the redeployment of staff.

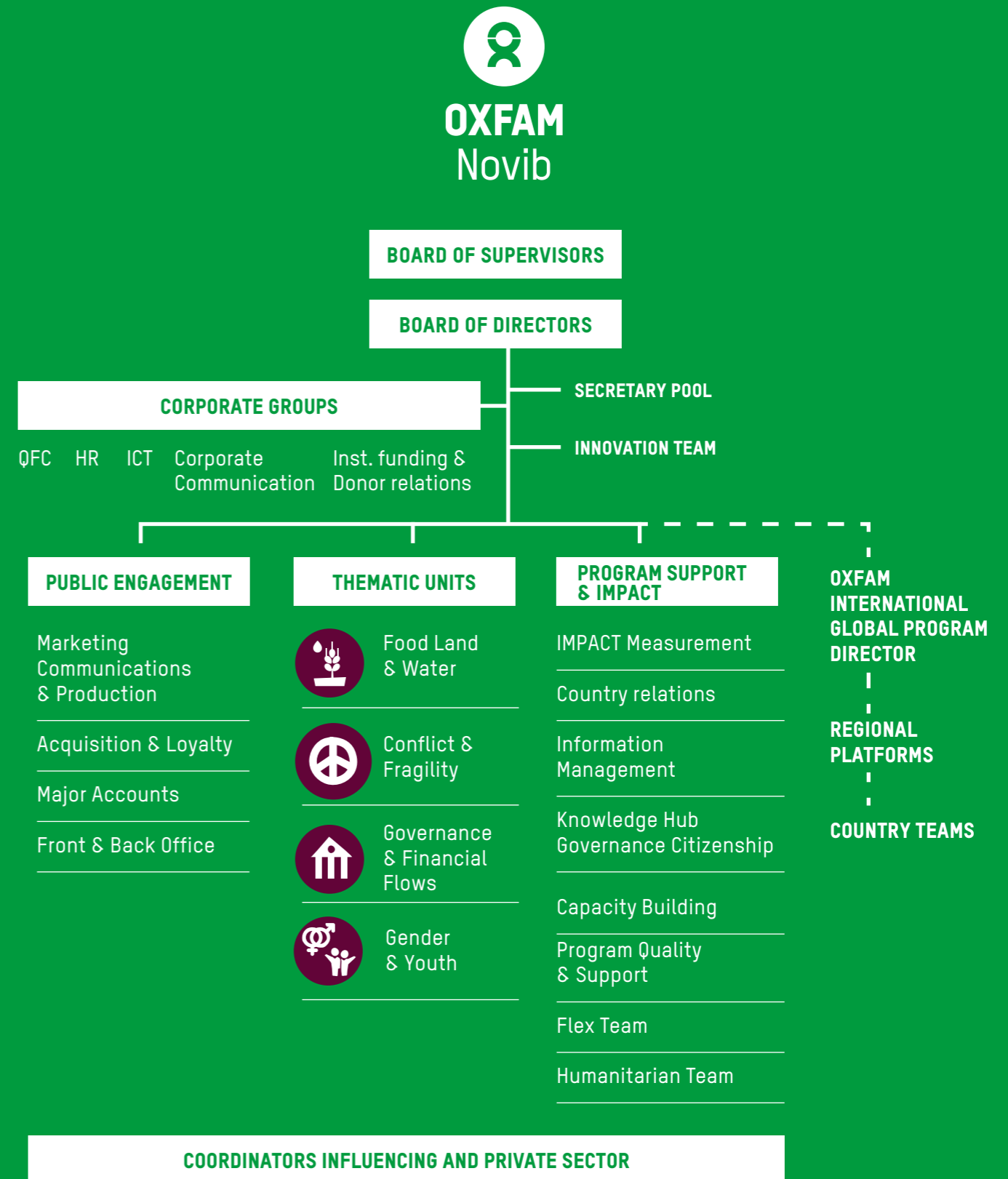
### Organization chart

In 2016/17 we have been developing a new organizational structure. In the coming two years the three members of the Board of Directors will redistribute their tasks. The Executive Director will become responsible for Public Engagement, in addition to the units Corporate Communications and Innovation. The main task of Director Programs & Campaigns will be the central management of multiple project departments (Thematic Units, Program Support & Impact). The Director of Operations will remain responsible for the departments of Quality, Finance and Control (QFC), HR, ICT, Institutional Funding and Donor Relations and Corporate Communication.

### Embedding the Project Organization

In 2016/17, Oxfam Novib continued its transformation into a project organization. Our donor landscape has changed significantly; our funding comes from a variety of donors, each with their own specific requirements. In addition, Oxfam Novib's role is shifting from a grant-maker towards an implementer of programs, together with local partners.

# OUR ORGANIZATION



Organizing our work in projects allows us to professionally manage scope, budget and deliverables in an efficient way.

In The Hague, we further implemented our reorganization along the lines of the major themes we are working on: governance and financial flows; food, land and water; gender; youth; and conflict and fragility. The unit Program Support & Impact was created to host program support functions such as impact measurement, information management and capacity building. All our work in the Netherlands was brought together in one unit: Public Engagement. Corporate functions now fall under Corporate Groups.

Regarding the country offices, Oxfam Novib invested in making the Executing/ Partner Affiliate model work (see the box on ‘One Oxfam’). On behalf of the confederation, Oxfam Novib will be an Executing Affiliate in 13 countries: Afghanistan, Burundi, Cambodia, Egypt, Mozambique, Niger, Nigeria, Occupied Palestinian Territory and Israel (OPTI), Somalia, Tunisia, Turkey, Uganda and Vietnam. In these countries, we provide all the necessary legal commitments, operational services, management support and systems to enable Oxfam to deliver effective programs. In almost all these countries the restructuring has been completed and the establishment of the Executing Affiliate role is nearly finished.

Last year, we worked extensively on the challenging task to embed the project organization. We have made progress on the detailed design part; e.g. we are going to introduce a tariff structure based on cost. It also implies that we increasingly focus on project-based work, instead of planning at the organizational level. A renewed Outcome Framework with predetermined outcome and output indicators, aligned with our main themes, allows us to continue measuring and demonstrating results at an organizational level. We are proud to state that we have succeeded in delivering great projects

and programs in complex international settings; after the major restructuring of our organization we are able to meet and even exceed our targets for new contracts with donors. At the same time, we realize that to make our project organization truly successful, we have to invest in the quality of implementation, the harvesting of lessons learned and the scaling-up or accurate closing of projects.

In transforming into a project organization, Oxfam Novib has paid much attention to optimization of business processes and staff development in all departments. Compass was introduced as a new Oxfam-wide intranet, as well as a portal for the service catalogue and the implementation of Success Factors, a self-service HR system for employees.

### One Oxfam

Oxfam Novib is a proud affiliate of the Oxfam confederation, in which 20 like-minded organizations join forces to defeat poverty and injustice. Today, we are active in more than 90 countries. Oxfam builds on the strengths of each affiliate to seek maximum impact and a truly global reach.

Under the Oxfam 2020 project the confederation is changing into a stronger Oxfam, which is more globally balanced, sustainable, accountable and relevant in every country we work in. By improving our collaboration, we also enhance our efficiency, cost effectiveness, impact and ability to influence.

In each country the different affiliates work in, we are moving towards a single program strategy, a single country team, and single budget per country: One Oxfam. Regional platforms, led by an Oxfam regional director, will provide strategic leadership, deliver regional impact and facilitate connections between practitioners. Affiliates will use new ways to engage with countries and regions, as Partner Affiliates providing thematic and capacity building support, and some as Executing Affiliates providing back office support.

In 2016/17 we welcomed two new affiliates: Oxfam Brazil and Oxfam South Africa, while we are preparing for Turkey and Colombia to follow soon. By the end of the reporting year, almost all regional directors had been recruited, and regional platforms were being installed. 61 out of 67 program countries have signed their One Oxfam Country strategies.

### Composition of the Board of Directors

#### Farah Karimi (1960)

Mrs. Karimi started as Executive Director on 1 February 2008. She was re-appointed in this position by the Board of Supervisors in February 2016. As Executive Director and chair of the Board of Directors, Mrs. Karimi has final responsibility for the strategic direction and organizational development of Oxfam Novib.

Mrs. Karimi holds other positions related to her chairmanship of the Board of Directors. She is a member of the Executive Board of Oxfam International, the Oxfam Executive Board Operations Committee, the Executive Board Long Term Development and Knowledge Committee and the Oxfam Finance, Risk and Audit Committee, the Executive Board Humanitarian Committee and chair of Oxfam Sweden. She represents Oxfam Novib on the Board of SH0 (Samenwerkende Hulporganisaties, the Dutch umbrella organization for emergency appeals). She is chair of the Executive Board of the Oxfam Novib Fund.

#### Tom van der Lee (1964)

Mr. Van der Lee joined the Board of Directors in August 2009, as Director of Campaigns and Advocacy. He was re-appointed in this position by the Board of Supervision in January 2014. He led the Public Engagement unit, the thematic units and was responsible for the cross cutting work on influencing and private sector engagement.

Related to his membership of the Board of Directors, Mr. Van der Lee was chair of the Campaigns Group of the Oxfam

network, the Oxfam Private Sector Team and the Board of Oxfam Sweden, and vice chair of the board of Partos, the Dutch sector organization for international cooperation, until November 2016. He is a member of the International Press Centre Nieuwspoot.

Mr. Van der Lee left Oxfam Novib on March 23, 2017.

#### Arnold Galavazi (1956)

Mr. Galavazi started working as Director of Operations in September 2014 and as such is responsible for the departments of Quality, Finance & Control, HR, ICT, Institutional Funding and Donor Relations (IFDR) and Facility Services. Mr. Galavazi holds consultation meetings with the Works Council and negotiates with the Union on CLA, on behalf of the Board of Directors. His other position is chair of the Value Board, the goal of which is to oversee and define investment thresholds and evaluate, prioritize, and select new investments for the Board of Directors’ approval.

#### Aletta van der Woude (1967)

Ms. Van der Woude was appointed Director of the International Department on September 1, 2014, with responsibility for all regional programs and country offices. From January 2016 forward she was also responsible for Oxfam Novib’s role in the change process towards one Oxfam in countries and regions.

Related to her membership of the Board of Directors, Ms. Van der Woude was also a member of the Oxfam Program Directors and the Oxfam Change Directors group. Her other positions included membership of the board of Aids Fonds (former Stop Aids Now!) until the end of 2016.

Ms. Van der Woude left Oxfam Novib on March 31, 2017.

### Composition of the Board of Supervisors

#### Hanzo van Beusekom (1972)

Mr. van Beusekom was first appointed in January 2010, and reappointed in

2013 and 2016. He has been Chair of the Board since October 2013. He is a member of the Remuneration Committee. On account of his position as Chair of Oxfam Novib’s Board of Supervision, he is a member of the Board of Oxfam International. He has been elected chair of the Governance Committee of Oxfam International.

Mr. van Beusekom is a partner at Clear Conduct, a specialized strategic consulting firm on regulatory practice, risk management, and business conduct. He is a senior consultant with the World Bank aiming to improve financial inclusion. He is also a visiting lecturer at several universities and serves a board member at sSSiO.

#### Joyeeta Gupta (1964)

Mrs. Gupta was first appointed in November 2012 until November 2014, with a maximum period of tenure ending in 2019. She is a member of the Remuneration Committee.

Mrs. Gupta is Professor of Environment and Development in the Global South at the University of Amsterdam (UvA) Faculty of Social and Behavioral Sciences, and at the UNESCO-IHE Institute for Water Education in Delft. Her other positions include that of Vice-Chair of the Committee on Development Cooperation and membership of the Advisory Council on International Affairs.

#### Kees Tukker (1955)

Mr. Tukker was first appointed in November 2012 until November 2014 with a maximum period of tenure until 2019. He is a member of the Financial Committee.

As an independent consultant and advisor, Mr. Tukker has worked for organizations in the media and in mental health care. As a media professional he has held several leading positions in major public broadcasting organizations. He is also working on several books, one of them being a study of one of the leading figures in the food supply system in the Netherlands during World War II.

#### Peter Verbaas (1959)

Mr. Verbaas was first appointed in November 2012 until November 2015, with a maximum period of tenure ending in 2020. He is Chair of the Financial Committee.

Mr. Verbaas teaches at Nyenrode University and the Center for Private Wealth Management, Banking and Governance. He is a partner at Charistar consultancy on philanthropy, shared value, and impact. His other positions include a non-executive position at VU Medisch Centrum Fonds, membership of the Advisory Committee of Waarborgfonds Sociale Woningbouw, membership of the Supervisory Board of ASN Novib Microkredietfonds and a seat on the non-executive board of UBS Bank Nederland.

#### Jan van Zijl (1952)

Mr. van Zijl was appointed in June 2015, with a maximum period of tenure ending in 2023. He was appointed on the recommendation of the Works Council.

Mr. van Zijl is a former Member of Parliament. He also was Chair of the MBO Council and Chair of Samenwerking Beroepsonderwijs Bedrijfsleven. Currently he is vice president of ABP. His other positions include that of Chair of Vluchtelingenwerk, the position of Chair of the Foundation Learning from Each Other (an NGO in Peru) and membership of the Advisory Board of Foundation Instituut Gak Fund.

#### Laurien Koster (1950)

Mrs. Koster was appointed in June 2015, with a maximum period of tenure ending in 2023. Mrs. Koster became chair of the Remuneration Committee in June 2015.

Until her retirement, Mrs. Koster was the Chair of the Netherlands Institute for Human Rights. Previously she was, amongst other positions, President of the Court in Alkmaar and she worked as a judge and a lawyer for over 27 years.

Mrs. Koster is also a member of the Advisory Council of the Advanced Master Human Rights of the University of Leiden.

## 1.2 ACTIVITIES AND FINANCIAL POSITION

### 1.2.1 Core activities

Oxfam Novib is organized according to the following major themes: Governance and Financial Flows, Land, Water and Food, Gender, Youth, Conflict and Fragility, and Humanitarian work.

#### 1. Governance and Financial Flows

We support civil society organizations inempowering citizens to hold governments and the private sector to account, including protecting and widening the space for civic actions. We influence governments and international institutions to tackle tax evasion and avoidance. We encourage them to increase the transparency and accountability of their budgets, and to ensure reliable fiscal policies. We engage them in enhancing development aid and innovative finance. We advocate for governments, international institutions, and the private sector to ensure an inclusive, sustainable, and stable financial sector; a sector that works in the public interest and that serves smallholders and people living in poverty with adequate financial services.

#### 2. Land, Water and Food

We support people living in poverty in their efforts to claim their right to land, water and food. In the long term this results in a more just food system, one which sustainably addresses the needs and aspirations of smallholders, agricultural workers, and vulnerable communities. We develop and implement a food justice campaign GROW, addressing the unequal division of profit in international value chains, we work on specific value chain rights and the position of small-scale farmers (palm oil, rice, aquaculture) and work on land rights and water governance; and have a special program on the potential of traditional seeds in tackling food security and climate change.

#### 3. Gender

We work towards changing the attitude of tolerance for gender discrimination.

We challenge social norms and values that, even in the 21st century, try to legitimize and even promote the use of violence against women and girls; rules and structures that excuse the violation of their sexual and reproductive rights, and limit their full participation in political and income-generating activities. Together with our partners, we provide women and girls with opportunities to mobilize and raise their voices, to develop their leadership, to influence and participate in decision-making spaces, and to create sustainable economic opportunities in local markets using household methodologies.

#### 4. Youth

We aim to work jointly with young people to challenge the barriers that prevent them from enjoying their rights. Ensuring that the next generation is educated and healthy, can earn a living as employees or as entrepreneurs, and that develops leaders and movements for active citizens at a young age are crucial factors in the global fight against inequality and injustice. Harnessing the energy and strength of young people and working with this target group is core to Oxfam Novib's goal of creating transformational change. Furthermore, we strive to enable young people to participate in society and have an effective voice in decision-making processes which affect them, including in our own projects.

#### 5. Conflict and Fragility

Our work on conflict and fragility takes a long-term approach that seeks to address the underlying root causes of conflict, such as structural inequality, marginalization, and lack of access to natural resources. We seek to create inclusive security for all, with an emphasis on the inclusion of women and marginalized groups.

#### 6. Humanitarian work

We work closely with our partners – in collaboration with other Oxfam organizations – to deliver specialized and efficient emergency response.

Our expertise covers two broad themes: emergency food security and livelihoods (EFSL), and water, sanitation and hygiene (WASH). Operating independently, without influence from any interest groups, we design and implement programs that are sensitive to existing tensions and violence. We make communities more resilient to future crises. To strengthen their ability to cope, we routinely incorporate disaster preparedness into our development work. We also take a long-term view to rebuilding when giving emergency aid immediately after a crisis. We aim to strengthen and empower local organizations so that they have an in-depth understanding of the needs of affected communities and are more prominently represented at an international level.

### 1.2.2 Key percentages and financials

2016/17 was a successful financial year for Oxfam Novib despite some major changes in the institutional funding structure. 2016/17 was the first financial year after the end of the Dutch Ministry of Foreign Affairs' (Development Cooperation) co-financing program. The end of this programme marked the end of a funding modality. Before this, Oxfam Novib has prepared for the situation and successfully managed to diversify its funding base. In 2016/17 Oxfam Novib received funding from 32 donors, including the Dutch Ministry of Foreign Affairs.

The total income of Oxfam Novib in 2016/17 not only exceeded the budgeted amount by €29.2 million but also was in fact up compared with last year (an increase of €18.6 million). The additional income was spent mainly on the organization's goals of structural poverty alleviation. The expenditure on goals was €30.0 million higher than budgeted and €27.6 million higher than the previous year. Following this growth, the management and administration costs increased slightly (up by €0.2 million compared with the budgeted amount and €0.4 million compared with the previous year). The costs of generating income were €1.5 million lower than the budgeted amount and €0.8 million lower

than in the previous year. Consequently, the net result of Oxfam Novib was €1.0 million higher than the budgeted amount and €8.6 million lower than in the previous year (see 3.2 'Consolidated statement of income and expenditure' and 3.7 'Notes to the statement of income and expenditure'). In addition, by the end of the financial year 2016/17 Oxfam Novib had sufficient cash and cash equivalents to cover its debts and project obligations, while the level of the contingency reserve remained within the desirable range of €13 million to €20 million (see 3.1 'Consolidated balance sheet as at March 31 after appropriation of net result' and 3.6 'Notes to the consolidated balance sheet'). This shows that the financial position of the organization is healthy and no additional external funding in the form of loans from third parties is anticipated to be needed.

This year Oxfam Novib also met the CBF criterion related to the costs of direct fundraising. The CBF criterion for organizations holding the CBF Seal of Approval is that the average costs over three consecutive years may not be higher than 25 percent of the direct fundraising income. Oxfam Novib's direct fundraising costs amounted to 18.8 percent of the income from direct fundraising (three-year average).

The key figure "Management and administration costs" (including a loan granted during the year) was 1.4 percent. This is below the budgeted level of 1.5 percent, and below the 2 percent maximum set by the Board of Directors. It is higher than the percentage of last financial year (1.2 percent), which is due to the increase in program expenditure.

The key figure 'Expenditure on goals' is stated as a percentage of total income and total expenditure. 'Expenditure on goals' accounts for 95.4 percent of total income, which is above the budgeted 94.3 percent; and, 93.9 percent of total expenditure, which is above the budgeted 91.9 percent. For more details related to the key percentages see 3.7.7. 'Expenditure allocation'.

### 1.2.3 Fundraising

We would like to express our gratitude to those who contributed to our global efforts to defeat poverty: our highly valued supporters. In 2016/17 their number remained stable with 326,823 people who supported our work with €25.6 million.

#### Online media presence

Last financial year our strategy to reach out to our supporters online proved successful, although the income from these sources is still low. In 2016/17 we decided to fully integrate our online strategies into our campaigns and community fundraising.

#### Inspire and connect with donors

Our supporters contribute to our work in many ways. They donate as individuals or as private foundations, they support fellow entrepreneurs, or leave legacies for a better future. They help us out as volunteers during events, sign our petitions, like our posts, and buy our calendars. We are grateful for all contributions, small and large; yet we will continue to broaden our donor base, to increase the support for and funding of our work.

To recruit new donors, we currently depend on Direct Dialogue as our primary channel. In 2016/17 we started a carefully conceived transition towards reaching potential donors through multiple channels. To diversify our income streams, we must develop all segments, and continue our efforts to convert our public campaign supporters and activists into financial supporters. Our focus will stay on acquiring regular givers with the highest potential, and engaging with them in long-term relationships.

Another change in our fundraising and mobilizing strategy, concerns our presence at public events. In the coming years we will attend fewer events and intensify the ones where we can meet with and further engage our current supporters, building on long-term relationships.

#### Legacies and bequests

In 2016/17 Oxfam Novib increased its legacy activities in order to make more people aware of this very special way of giving. This resulted in many personal conversations about ending poverty through gifts in wills and personal talks about life stories. We are very grateful for the 45 legacy gifts we have received. We will continue on the path of close and personal contact with our donors, offering them support and advice. In the long run their support might also add to the diversification of our income.

#### Major donors and private foundations

Oxfam Novib is supported by private individuals, family foundations that contribute to our mission in a special and substantial way. Some of these donors have a Personal Fund that which Oxfam Novib manages for them. In 2016-17, we were able to increase our network and engage a number of new major donors.

#### Entrepreneurs for Entrepreneurs

Our business network, Entrepreneurs for Entrepreneurs, allows small and medium-sized enterprises (SME) in the Netherlands to help their fellow entrepreneurs in Africa and Asia. In 2016/17 some 750 business ambassadors supported our efforts to give these entrepreneurs access to finance and essential training; together they generated €2.1 million. Six engaged business ambassadors travelled to Uganda with Oxfam Novib to see the results of our microfinance work there.

We highly appreciate our 'super ambassadors', entrepreneurs who joined us on previous field trips and who are putting an extra effort into supporting the work of the Entrepreneurs Network. They delivered valuable input and support to help build a program for SME Development and Impact Investment activities. In 2016/17 we organized regular meetings to enable our business ambassadors to inspire each other and learn more about Oxfam Novib's work.



#### 1.2.4 Policies

##### Investment policy

Oxfam Novib's investment activities relate to the mission to end injustice and poverty. In order to realize this mission, the organization invests in Oxfam Novib Fund which is managed by Triple Jump BV on behalf of Oxfam Novib. The Fund provides funding to microfinance institutions in order to support access to finance for the poorest, because they have no access to the official banking system. By way of an exception Oxfam Novib also made equity investments in the past (see 3.6.2 'Financial assets').

Oxfam Novib has set a number of investment criteria which allow it to maximize mission-related objectives while at the same time managing the financial risks resulting from these investment activities. The investment criteria set targets on the following aspects, amongst others:

- A single microfinance institution (MFI) is eligible for a maximum of 7.5 percent of the total Oxfam Novib fund (ONF) microfinance portfolio.
- The total investment in any single MFI may not exceed 25 percent of this MFI's total portfolio.
- Investments in any single local currency may not exceed 7.5 percent of ONF's total microfinance portfolio (except in the case of XOF, where up to 10 percent is permitted).
- Un-hedged local currencies may not account for more than 30 percent of ONF's total microfinance portfolio.
- The total investment in subordinated debt is limited to 15 percent.
- The total indirect investments in holdings etc. may not exceed 15 percent of the total microfinance portfolio.

The investment criteria are laid down in the contract between Oxfam Novib and Triple Jump B.V. In addition, the criteria are measured and monitored via quarterly portfolio and management reports.

The foreign exchange risk on loans granted (for microfinance in developing countries) is hedged by means of forward exchange contracts. In order to avoid any currency risk to our beneficiaries, such contracts always match the duration and amount of the long-term microfinance contract, except where there is no market for forward exchange contracts in the local currency. However, in accordance with the investment criteria mentioned above, the total un-hedged FX exposure may not exceed 30 percent of the total investment portfolio.

##### Policy on the size and the function of reserves and funds

In accordance with the Dutch Accounting Standard for Fundraising Institutions (RJ 650), Oxfam Novib's equity is divided into reserves and funds:

- Within the reserves, a distinction is made between the contingency reserve and the earmarked reserve. The earmarked reserves are intended for purposes that have been approved by the Board of Directors and the Board of Supervisors.
- The funds are resources that are tied to particular purposes by third parties.

##### Contingency reserve

The contingency reserve exists to ensure that the organization is able to meet its obligations in the future. This reserve is intended to guarantee the continuity of the organization. In line with the model developed, the desirable size of the contingency reserve has been calculated on the basis of an estimate of the income flow insecurity and cost flexibility. The Directive for the Financial Management of Charities ('*Richtlijn Financieel Beheer Goede Doelen*') issued by the Dutch Association of Fundraising Organizations (VFI) was taken into account in making the calculation. This calculation indicates a desirable minimum size of €13 million and a maximum size of €20 million. At the end of the 2016/17 financial year the size of the contingency reserve was €15.1 million.

The contingency reserve has remained within the permitted size of €126.1

million (1.5 times the work organization's annual costs) mentioned in the Association of Fundraising Institutions' 'Reserves of Charities' code.

##### Earmarked reserve for Oxfam Novib development cooperation projects

The 'earmarked reserve for Oxfam Novib development cooperation projects' consists of the part of the unrestricted net assets comprising the funds earmarked in any year – from the income from direct fundraising, from the Dutch Postcode Lottery, and from the net income of the publishing house – for grants to partner organizations and own implementation. Approved grants to be disbursed from these funds to partner organizations and own implementation are recognized in the statement of income and expenditure and charged to this earmarked reserve.

##### Earmarked reserve for loans and guarantees

The earmarked reserve for loans and guarantees comprises two elements. The first element consists of all funds intended for the provision of loans, investments in the Triple Jump Innovation Fund and the Oxfam Novib Impact Investment facility that have not yet been disbursed. When a loan is disbursed, a corresponding amount is added to the 'earmarked fund for loans to partner organizations'. The second element of this reserve consists of the value of the participating interests held in TCX, ASN-Novib Fund, Oikocredit and Triple Jump, which have been financed from Oxfam Novib's own resources. These participating interests are held in order to enable the organization to carry out its lending activities as effectively as possible.

##### Earmarked reserve for hypo tax

Staff members who work abroad and who are non-Dutch residents or of non-Dutch origin are subject to 'hypo tax': an amount is withheld from their gross monthly salaries which is equal to the wage tax that Oxfam Novib would be required to withhold if the staff member in question were resident in the Netherlands for tax purposes. Oxfam Novib adds the hypo

tax withheld to a provision and uses the funds in question to pay any wage tax or equivalent tax due in respect of the staff members working abroad. The level of the hypo tax provision has been reviewed in 2016/17 and it was concluded that the provision was over provided for €1.0 million which was released to the profit and loss account. As the amount was collected with a specific objective (tax), it was decided to add the released amount to an earmarked reserve.

##### Earmarked reserve for management and administration costs

The 'earmarked reserve for management and administration costs' (the 'ICR reserve') is used to finance activities related to projects and programs. The level of this earmarked reserve is determined with due regard for internal guidelines designed to guarantee the continuity of the project cycle.

#### 1.2.5 Risk and uncertainty

##### Integrity

Integrity and accountability are at the heart of our work and must therefore be part of our DNA. This means we are accountable for our actions, for spending our donor money wisely and for adhering to moral and ethical principles.

We commit to complying with our Code of Conduct and remain true to our mission, aims and core values: Empowerment, Inclusiveness and Accountability. Though we must comply with procedures, we also care to create an open and safe environment without undesirable behavior; an environment that allows for dilemmas to be discussed. In 2016 and early 2017, Oxfam Novib paid particular attention to awareness-raising activities on integrity throughout the organization.

##### Code of Conduct

Oxfam Novib highly values its Code of Conduct. In 2016, we decided to apply the policy Certificate of Good Conduct to all new employees, instead of to a selection of staff. A special campaign informed employees and gave instructions to managers about the Code. By the end of

the fiscal year, all employees had signed the Code.

Oxfam Novib works in a complex, multi-level and dynamic environment. Working in such an environment, it is of paramount importance to identify risks on different levels within the organization and manage them adequately. Risk management, throughout the organization, is therefore considered a high priority. Oxfam Novib has integrated risk management at all organizational levels, as well as in our relationships with our partner organizations. Oxfam Novib's risk policy is based on the internationally recognized management model for risk management, COSO (Committee of Sponsoring Organizations) and on the risk management policy of the Oxfam confederation.

##### Risks at the organizational level: the Risk Register

Oxfam Novib's Risk Register identifies potential internal and external risks, classifies the risks and defines and monitors mitigation measures. We renew our risk register on an annual basis and, in addition, update it biannually. Both renewal and update are carried out in close consultation with the management team and the Board of Directors, before being submitted to (the financial committee of) the Board of Supervisors.

Based on the risks mentioned in the risk registers, mitigation measures are determined which are monitored through the Balanced Score Card and through the annual update of the register. In some cases we create internal project teams to deal with these risks.

##### Risks at the country level: control framework

All country offices have separate (financial) risk profiles. Wherever and whenever needed, Oxfam Novib supports its country offices from our office in The Hague. We minimize risks by providing support and training, and through a solid control framework. Furthermore, through the internal audit cycle (as explained above), all main risk areas are tested and

checked regularly. When audits prove that risks are not mitigated well enough, we draft an action plan, provide support and plan a follow-up.

##### Risks at the project level: partner assessments

Risks within the projects we execute are managed throughout the entire process. The Oxfam Novib Project Cycle describes our ways of working and the checks and balances we have implemented.

When a (local) partner organization implements a project, a financial and governance risk assessment is carried out as part of the assessment of this partner. A uniform risk assessment method called 'Risk Assessment Method Oxfam Novib' (RAMON) is mandatory whenever we take on a new partner organization and an annual update of the findings is obligatory. We manage risks regarding our partners through this tool and through periodical reporting and field visits. As our country offices manage our local partners, potential risks are carefully managed from the country itself. Payments to partner organizations are done only when all contractual conditions have been fulfilled.

##### Risks at the personal level: security

As we work in high-risk, conflict-sensitive and fragile areas, the safety of our employees is paramount. Oxfam Novib provides mandatory security training for all travelling employees, a global toolkit for security management, security briefings in-country and constant monitoring of the security situation in designated areas. If a security situation does not allow our staff to work in a safe way, our projects continue to be closely monitored from another location.

In order to ensure a safe working environment for all Oxfam Novib employees, the organization complies with an anti-bullying and anti-harassment policy in addition to the Code of Conduct. Oxfam Novib also provides in-house confidential counselors, who are selected and approved by the Board of Directors and the Works Council.

The measures Oxfam Novib has taken to mitigate the above-mentioned risks are sufficient. In addition, the levels of the reserves are sufficient to absorb the financial consequences related to these risks.

### 1.3 INFORMATION ABOUT THE BOARD OF DIRECTORS

The Directors of Oxfam Novib are appointed following a formal and transparent procedure. Vacancies for Board of Director's positions are

published both internally and externally. According to this formal procedure, the members of the Remuneration Committee of the Board of Supervisors and as well as the Executive Director select the most suitable candidate. A formal 'voorgenomen besluit ter benoeming' is submitted for advice to the Works Council.

Oxfam Novib adheres to the Advisory Scheme for the Remuneration of Directors of Charity Organizations of 'Goede Doelen Nederland' (Association of Fundraising Organizations) and the Wijffels Code of Good Charity Governance.

The 'Remuneration Policy for the Board of Directors' is based on the criteria of this Scheme and Code relating to remuneration, job grading, and maximum salary for directors.

For general information see 1.1 'General Information' and for remuneration details see 3.7.8 'Salary and emoluments paid to directors'.

### 1.4 OUTLOOK

See 5.

# BOARD OF SUPERVISORS' REPORT



The Board of Supervisors has a supervisory role at Oxfam Novib and functions as the employer and a sounding board for the Board of Directors. The Board of Supervisors upholds the principles of the Code of Good Governance for Charities and acts accordingly.

The Board of Supervisors' mandate and tasks are laid down in statutes and further detailed in a regulation. Members of the Board of Supervisors are recruited on the basis of an agreed profile and through open advertising. In 2016/17 the Board met four times and held a Masterclass Agility and Governance together with the Board of Directors. In addition, its members regularly join meetings with stakeholders.

#### **Composition and functioning of the Board of Supervisors**

The Board of Supervisors has six members and is chaired by Hanzo van Beusekom. The chair of the Oxfam Novib Board of Supervisors is also a member of the Board of Supervisors of Oxfam International. In 2016 Hanzo van Beusekom was reappointed as chair of the Board of Supervisors of Oxfam Novib until November 2018.

To become more familiar with Oxfam Novib's working method, members of the Board of Supervisors visit several projects during their terms in office. In June 2016 Jan van Zijl travelled to Mozambique and in February 2017 Laurien Koster travelled to Niger and Diffa region, to visit the Oxfam Novib offices, partners and projects. They were both accompanied by Executive Director Farah Karimi.

#### **The Board of Supervisors as a sounding board**

The Oxfam transition process towards One Oxfam in-country has reached its final stage in 2016/17. Many countries have now completed the transition process and operate under the One Oxfam structure. Some still have to go through the process. The Board of Supervisors was regularly informed about all major changes. They assisted the Board of Directors in their strategic choices regarding Oxfam International and approved final decisions as an affiliate.

In 2015 Oxfam Novib started working as a project organization, with new units and new ways of working. In 2016/17 an initiative was started to embed Project Management in the organization. Important deliverables of this project are the cost price structure and the tariff structure. These subjects were discussed with the Financial Committee of the Board of Supervisors.

The Oxfam International (OI) Board of Supervisors holds at least one face-to-face meeting each year. The chair of the Dutch organization's Board of Supervisors participates in these meetings on Oxfam Novib's behalf. The Board of Supervisors discusses the proposals for confederation development in its meetings, based on the agendas of the Confederation meetings. As our chair, Hanzo van Beusekom, was unable to attend the meeting in October 2016, Peter Verbaas went in his place. Hanzo van Beusekom attended the meeting in March 2017. During this meeting the OI Board of Supervisors approved the Annual Operation Plan and Budget.

#### **The Board of Supervisors in its supervising role**

As part of its supervising role, the Board of Supervisors approved the 2015/16 Annual Account and Board Report, the 2017/18 Annual Plan and Budget and the risk register. The Annual Report on Internal Audits and the Annual Report on possible fraud and irregularities were also discussed with the Board of Supervisors.

The financial and audit committee, consisting of two members of the Board of Supervisors, prepares advice for the Board of Supervisors on the annual account, the budget, and the financial reports. The committee also monitors the follow-up of points raised in internal and external audits, recommendations in the auditor's management letter, and the updating of the risks register. In 2016 the committee also monitored two projects of Oxfam Novib and discussed the audit of these projects with the auditor.

The Board of Supervisors is informed by the Board of Directors and the Works Council, as well as through staff presentations on various fields of working of Oxfam Novib. The Board of Supervisors also stayed informed through the members' individual contacts within the organization and via participation in a number of events and activities.

#### **The Board of Supervisors as an employer**

The remuneration committee of the Board of Supervisors, consisting of three members of the Boards, conducted performance reviews of for the Directors. Due to the announced departure of Tom van der Lee as Director of Campaigns and

Advocacy, the remuneration committee and Farah Karimi discussed the recruiting strategy and started the recruitment process to find a new Director of Programs and Campaigns.

#### **Compensation**

Members of the Board of Supervisors do not receive compensation for their work. The costs of travel, accommodation, and telephone calls are reimbursed on the basis of a regulation applicable to all Oxfam Novib staff members and volunteers of Oxfam Novib. A total of € 2,525.51 was paid out in reimbursements in 2016/17.

The 2016/17 composition of the Board of Supervisors is included in Section 1.1 'General information'.

#### **Closing remarks**

Last year two of our Directors left Oxfam: Tom van der Lee and Aletta van der Woude. They both have served Oxfam Novib exceptionally well. We would like to take this opportunity to thank them for all they have done for Oxfam Novib and for the Oxfam confederation. Moreover, the Board of Supervisors would like to express its sincere gratitude to all staff of Oxfam Novib, who perform their important duties so well, often in difficult circumstances. We have great confidence that Oxfam Novib will continue to play an important part in the fight for a just world without poverty.

#### **Hanzo van Beusekom**

Chair of the Oxfam Novib Board of Supervisors

# CONSOLIDATED FINANCIAL STATEMENTS

## 3.1 CONSOLIDATED BALANCE SHEET AS AT MARCH 31 AFTER APPROPRIATION OF NET RESULT

Amounts in thousands of Euros	MARCH 31, 2017	MARCH 31, 2016
<b>ASSETS</b>		
Tangible fixed assets	8,277	9,480
Financial fixed assets	54,970	54,949
Inventories	40	47
Receivables from governments		
Long-term	3,667	4,392
Current	6,810	9,070
	10,478	13,462
Receivables	33,610	21,257
Cash and cash equivalents	84,315	81,619
<b>TOTAL</b>	<b>191,690</b>	<b>180,814</b>
<b>LIABILITIES</b>		
Reserves and funds		
Reserves		
Contingency reserve	15,079	17,184
Earmarked reserves	51,285	51,162
	66,364	68,346
Funds	45,159	46,192
	111,523	114,538
Provisions	3,544	4,193
Liabilities:		
Long-term	1,086	463
Current	15,905	15,169
Prepayments from donor organizations	-	9,105
	16,990	24,737
Project liabilities:		
Long-term	20,871	9,318
Current	38,761	28,029
	59,633	37,347
<b>TOTAL</b>	<b>191,690</b>	<b>180,814</b>

### 3.2 CONSOLIDATED STATEMENT OF INCOME AND EXPENDITURE

Amounts in thousands of Euros

	FIN STMNT. 2016/17	BUDGET 2016/17	FIN STMNT. 2015/16
<b>INCOME</b>			
Income from direct fundraising	40,723	34,252	37,845
Revenues from third-party campaigns	15,489	14,000	18,502
Government grants	79,919	71,585	81,565
Income from affiliated non-profit organizations	15,709	17,265	12,459
Income from other non-profit organizations	21,060	8,958	7,122
Income from interest	4,019	3,133	2,266
Other income	2,991	1,513	1,502
<b>Total Income</b>	<b>179,911</b>	<b>150,707</b>	<b>161,263</b>
<b>EXPENDITURE</b>			
<b>Expenditure on goal of 'structural poverty alleviation'</b>			
Food, Land and Water	42,616	37,887	29,875
Governance and Financial Flows	42,823	26,589	22,564
Conflict and Fragility	40,238	37,988	23,706
Gender and Youth	33,226	29,866	22,888
Humanitarian	4,378	2,065	38,660
Public Engagement	8,426	7,789	6,424
	<b>171,707</b>	<b>142,183</b>	<b>144,116</b>
<b>Costs of generating income</b>			
Costs of direct fundraising	6,821	7,738	7,310
Expenditure on third-party campaigns	356	599	270
Costs of securing government grants	1,503	1,855	1,891
	<b>8,681</b>	<b>10,191</b>	<b>9,470</b>
<b>Management and administration</b>			
Management and administration costs	2,539	2,335	2,099
<b>Total expenditure</b>	<b>182,926</b>	<b>154,709</b>	<b>155,686</b>
<b>Net result</b>	<b>(3,015)</b>	<b>(4,002)</b>	<b>5,577</b>
Loans and guarantees provided	8,368	600	21,163
Loans and guarantees repayments received	(9,260)	-	(6,917)
Microfinance Innovation Fund	-	-	2,245
<b>Expenditure on goals - not reflected in statement of income and expenditure</b>	<b>(892)</b>	<b>600</b>	<b>16,491</b>
<b>Appropriation of net result</b>			
Added / charged to: earmarked reserves	9,288	1,844	(14,616)
Added / charged to: earmarked funds	(1,032)	(865)	13,236
Added / charged to: projects reserve	(9,164)	(4,374)	6,706
Added / charged to: contingency reserve	(2,106)	(607)	251
<b>Net result</b>	<b>(3,015)</b>	<b>(4,002)</b>	<b>5,577</b>

### 3.3 CONSOLIDATED CASH FLOW STATEMENT

Amounts in thousands of Euros

	FIN STMNT. 2016/17	FIN STMNT. 2015/16
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Operating result</b>	<b>(3,014)</b>	<b>5,577</b>
Adjustments for:		
Amortization and depreciation	1,492	1,460
Changes to allowance for bad debts	634	509
Stock dividend/movements in value of participating interests	(601)	(69)
Movements in provisions	(649)	(2,745)
	<b>877</b>	<b>(845)</b>
<b>Changes in working capital:</b>		
Inventories	7	5
Receivables from governments	2,985	(4,984)
Receivables	(12,391)	(3,167)
Liabilities	(7,747)	5,099
Project liabilities	22,286	(10,469)
	<b>5,140</b>	<b>(13,516)</b>
<b>Cash generated from operations</b>	<b>3,002</b>	<b>(8,784)</b>
Interest received	38	(11)
Dividends received	-	-
Interest paid	-	-
Income tax expense	-	-
<b>Net cash generated from operating activities</b>	<b>3,041</b>	<b>(8,795)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of tangible assets	(1,435)	(986)
Acquisition of investment property	(211)	(2,245)
Committed loans	(8,368)	(21,550)
Disposal of property, plant and equipment (PPE)	1,145	-
Disposal of investment property	-	-
Repayment on loans	9,260	6,933
<b>Net cash used in investing activities</b>	<b>391</b>	<b>(17,848)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of shares	-	-
Purchase of treasury shares	-	-
Dividends paid	-	-
Proceeds from borrowings	-	-
Repayments of borrowings	77	94
<b>Net cash used in investing activities</b>	<b>77</b>	<b>94</b>
<b>NET CASH FLOWS</b>	<b>3,508</b>	<b>(26,549)</b>
Exchange gains / (losses) on cash and cash equivalents	(813)	3,809
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>2,696</b>	<b>(22,740)</b>
Cash and cash equivalents at the end of the financial year	84,315	81,619
Cash and cash equivalents at the beginning of the financial year	81,619	104,358
<b>NET MOVEMENT IN CASH AND CASH EQUIVALENTS</b>	<b>2,696</b>	<b>(22,740)</b>

The cash flow statement has been prepared according to the indirect method. Cash and cash equivalents increased from €81.6 million at April 1, 2016 to €84.3 million at March 31, 2017. This balance of cash and cash equivalents comprises a variety of components. The main ones are discussed briefly below.

- Cash and cash equivalents are needed because funds, once pledged are made available in steps (as in the case of SHO) or are ‘restricted funds’, i.e. tied to particular purposes (such as in the case of the ‘Named Fund’);
- In addition, there are reserves which are largely earmarked for particular purposes;
- Project funding has, on balance, been received in advance.

Put briefly, the increase in cash and cash equivalents in 2016/17 is attributable to:

- Operating activities  
Adjusted for depreciation charges and the decrease in provisions, the net cash flow from operating activities is positive €3.0 million. The net cash flow from operating activities mainly consists of:
  - A negative net result of €3.0 million;
  - Depreciation of €1.5 million;
  - A €0.6 million increase in the provision for bad debts;
  - A €0.6 million decrease in stock dividend/movement in value of participating interests
  - A €0.6 million decrease in provisions;
  - A €3.0 million increase in receivables from governments and a decrease of €12.4 million in other receivables;
  - A €7.7 million decrease in debts is mainly caused by a decrease in prepayments received from governments.
  - Cash flow from project liabilities increased by €22.3 million.
- Investing activities  
The cash flows from investing activities were positive €0.4 million. These cash flows relate to capital expenditure on financial fixed assets (commitment and repayment of

microfinance loans and investment in the Innovation Fund) and tangible fixed assets (both investment and disposal).

- Financing activities  
The cash flow from financing activities involves limited amounts.

## 3.4 ACCOUNTING POLICIES FOR THE VALUATION OF ASSETS AND LIABILITIES

### 3.4.1 General

Oxfam Novib’s activities focus on realizing a just world without poverty. This includes:

- Direct poverty reduction, increasing people’s capacity to provide for their basic needs by themselves;
- Civil society building, reinforcing the capacity of plural and democratic organizations – tailored to local organizations – to pursue fairer power relations;
- Lobbying and advocacy directed at those in power, such as policy-makers within governments and businesses;
- Knowledge and innovation management, systematically collecting, documenting, analyzing, and ensuring access to knowledge and experience for the benefit of innovation and quality improvement across all areas of the organization, in addition to intervention strategies.

Oxfam Novib’s postal address is P.O. Box 30919, 2500 GX The Hague.

The financial statements have been prepared in accordance with the Dutch Accounting Standard for Fundraising Institutions (RJ 650) published by the Dutch Accounting Standards Board. This guideline requires that costs to be allocated not only to the costs of direct fundraising and the achievement of the organization’s goals (food, land and water; governance and financial flows; conflict and fragility; gender; youth; humanitarian); and, public information & marketing but also to:

- Management and administration costs;
- Costs of generating income, disaggregated into costs of direct

fundraising, expenditure on joint campaigns, expenditure on third-party campaigns and costs of securing government grants.

The item ‘other income’ has been broken down into separate categories (see 3.7.6) and the other expenditure has been allocated to the goal of structural poverty alleviation, the costs of generating income, and management & administration costs.

All items listed in the financial statements take the currencies of the economic environments in which Oxfam Novib operates (the functional currencies) into account. The financial statements are stated in euros, being both the functional and the presentation currency of Oxfam Novib.

These financial statements cover the period from April 1, 2016 through March 31, 2017.

### 3.4.2 Tangible fixed assets

Tangible fixed assets are carried at historical cost less accumulative depreciation through their estimated useful life. Depreciation in the first year of an asset’s life is calculated on a time-weighted basis. No provision is made for the future costs of large-scale maintenance on buildings. Any maintenance costs are taken to the statement of income and expenditure.

### 3.4.3 Financial fixed assets

The asset items under this heading are valued as follows:

- participating interest in Triple Jump: at net asset value;
- ASN-Novib Fund: at net asset value;
- participating interest in TCX: at net asset value;
- Loans; deposits for guarantees; Innovation Fund: at amortized cost (translated into euros at the rates of exchange ruling at the balance sheet date, if denominated in a foreign currency).

The foreign exchange risk on loans granted (microfinance loans in developing countries) is hedged by

means of forward exchange contracts, except where there is no market for forward exchange contracts in the local currency. In accordance with Guideline 290, the forward exchange contracts are stated at fair value.

### 3.4.4 Inventories

Inventories are measured at historical cost less a provision for obsolescence. The provision for obsolescence is determined on the basis of anticipated sales. Historical cost comprises all costs directly incurred on the items in question, such as printing costs, royalties, translation costs, author fees, and copyrights.

### 3.4.5 Receivables

Upon first recognition, receivables are stated at fair value of the contribution that is delivered. Trade receivables are subsequently measured at their amortized cost price. A provision for bad and doubtful debts is deducted from the carrying amount of the receivables.

Receivables denominated in foreign currencies are translated into euros at the rates of exchange ruling at the balance sheet date. The receivables for projects approved by governments and other external organizations are stated at face value, i.e. the project liabilities to partner organizations less the funds already received for the projects in question.

### 3.4.6 Cash and cash equivalents

Cash and cash equivalents are stated at face value. Cash and cash equivalents denominated in foreign currencies are translated into euros at the rates of exchange ruling at the balance sheet date. Any exchange differences are taken to the statement of income and expenditure.

### 3.4.7 Provisions

Provisions are recognized for legally enforceable or constructive obligations existing at the balance sheet date, the settlement of which is likely to require an outflow of resources the extent of which can be reliably estimated. Provisions

are measured on the basis of the best estimate of the amounts required to settle the obligations at the balance sheet date. Unless otherwise indicated, provisions are stated at the face value of the expenditure expected to be required to settle the obligations.

### 3.4.8 Other assets and liabilities

Upon first recognition liabilities are stated at fair value, and are subsequently measured at their amortized cost. Other assets and liabilities are stated at face value. Other assets and liabilities denominated in foreign currencies are translated into euros at the rates of exchange ruling at the balance sheet date.

### 3.4.9 Related parties

Oxfam Sweden is consolidated in the Oxfam Novib financial statements. For other related parties such as Triple Jump, Impact Investment and ASN Bank, please refer to 3.6.2 ‘Financial fixed assets’. All transactions with the indicated related parties are at arm’s length.

## 3.5 ACCOUNTING POLICIES FOR THE CONSOLIDATED STATEMENT OF INCOME AND EXPENDITURE

With due consideration to the accounting policies for the valuation of assets and liabilities outlined above, net income is defined as the difference between (i) income from direct fundraising, the share in revenues from joint campaigns and third-party campaigns, government grants, income from affiliated non-profit organizations, income from other non-profit organizations, and other income, and (ii) expenditure in the context of the goal of ‘structural poverty alleviation’ (inclusive of imputed costs), the costs of generating income, and the management and administration costs. Income and expenditure are attributed to the year to which they relate and expenditure is recorded at historical cost unless indicated otherwise.

### 3.5.1 Income from direct fundraising

Income from direct fundraising is recognized in the year to which the item of income relates. Non-recurring items of income are recognized in the year in which they are received. Gains arising from inheritances, legacies, bequests, etc. are recognized in the year in which the amount involved can be measured reliably. Since 2009, this has been carried out by a specialized external agency. Grants from the US and international foundations are recognized as income on the basis of approved project funds.

### 3.5.2 Costs of direct fundraising

The costs of direct fundraising include the direct and indirect costs of recruiting and maintaining relationships, measured at historical cost. The indirect costs are the allocated implementation costs.

### 3.5.3 Revenues from joint campaigns

Contributions from other members of the Oxfam confederation and other external organizations are assigned to the year in question, on the basis of project funds approved in collaboration with those organizations.

### 3.5.4 Revenues from third-party campaigns

The regular contribution from the Dutch Postcode Lottery is recognized in the year to which the income in question relates. Proceeds from the ‘Extra Drawing’ and the ‘Dream Fund’ are recognized in the year in which the funds are pledged. Funding received from emergency relief programs implemented by SHO (a coalition of Dutch humanitarian aid organizations) is recognized in the year in which it is received. Contributions received from AIDS FONDS are recognized in the year to which the contribution relates.

### 3.5.5 Government grants and Oxfam Novib’s own project funds

Government grants are recognized as income on the basis of approved project funds. The proportion of the central overhead costs relating to these government grants is allocated to the year in question on an actual cost basis.

The project funds allocated from the income from direct fundraising and the Dutch Postcode Lottery are added to the 'Earmarked Reserve for Oxfam Novib Development Cooperation Projects'. These funds are recognized as expenditure on the basis of project funding approved during the year and are charged to the earmarked reserve.

### 3.5.6 Income from affiliated non-profit organizations

This category of income includes the grants Oxfam Novib receives from other Oxfam affiliates. These grants are mainly derived from their government back-donors, but not exclusively.

### 3.5.7 Income from other non-profit organizations

This category of income includes other restricted grants received from various non-profit organizations and foundations, such as IKEA Foundation, Cordaid, ZOA and CARE Netherlands.

### 3.5.8 Expenditure on structural poverty alleviation

Oxfam Novib has organized its work into a number of thematic areas. In order to reflect these thematic areas in the structure of the financial statements, new sub-categories have been introduced under the heading 'Expenditure on goal of structural poverty alleviation' which replaced the division presented in the financial statements of the previous year.

Expenditure on the goal of structural poverty alleviation is now broken down into the following six categories:

- Food, Land and water;

- Governance and financial flows;
- Conflict and fragility;
- Gender and Youth;
- Humanitarian;
- Public information and marketing.

The implementation costs are allocated to these categories, as well as to 'costs of direct fundraising'. This allocation is made in accordance with the consistency principle and on the basis of fixed, internally defined allocation keys. These allocation keys are based on the hours worked by staff and the use of resources and services.

The expenditure on public information and marketing also represents the costs of information and communication, including the implementation costs allocated thereto and the costs of the publishing house.

### 3.5.9 Costs of generating income

The costs of generating income include those incurred from the activities of direct fundraising and of running third party campaigns; and, those needed to secure government grants.

### 3.5.10 Management and administration costs

The management and administration costs are calculated in accordance with the guideline published by 'Goede Doelen Nederland', the trade association of charities (the former VFI guideline). They include the costs of the Board of Directors, the Board of Supervisors, the financial accounting function, the general secretariats, and the controllers and all costs indirectly allocated thereto, to the extent that these cannot be allocated directly to the goals and

generation of income. The way in which Oxfam Novib implements the 'Goede Doelen Nederland' guideline is set out in the table below.

### 3.5.11 Foreign currencies translation

Amounts in foreign currencies are translated into euros at the rates of exchange ruling at the balance sheet date. Transactions denominated in foreign currencies are translated at the rates of exchange ruling at the time of the transaction. Exchange differences are taken to the statement of income and expenditure.

### 3.5.12 Pension cost

Effective January 1, 2017, Oxfam Novib changed the pension plan within the current contract. Together with the Works Council and Unions a new pension plan has been agreed upon. The new pension plan is a Defined Contribution Scheme ending on the current contract date of December 31, 2019.

### Outline of the new pension plan:

With the contribution that is paid the members buy their old-age pension and if applicable a partner pension on their retirement date.

Additionally, the employer pays for the following insurances:

- partner pension during employment
- orphans' pension
- Premium Waiver in case of disability.

Oxfam Novib pays the premiums each month. The active members of the pension plan pay pension contributions in the form of a percentage of their pensionable salaries. All pension plans before this are now non-contributory.

## ALLOCATION OF MANAGEMENT AND ADMINISTRATION COSTS IN ACCORDANCE WITH THE 'GOEDE DOELEN NEDERLAND' GUIDELINE

COST CATEGORY	MANAGEMENT AND ADMINISTRATION ('GOEDE DOELEN NEDERLAND')	NOTES 'GOEDE DOELEN NEDERLAND'	MANAGEMENT AND ADMINISTRATION (AS IMPLEMENTED BY OXFAM NOVIB)
Board of Supervisors Board	100%		100%: Board of Supervisors, annual report, auditors' fees
Board of Directors	100%	except in case of work directly aimed at goals and/or fundraising; then pro rata	cost center Board of Directors: 37.5% (Executive Director 50%, Operations Director 100%, Lobbying and campaigns Director and Director International Department in transition 0%)
general secretariat	100%	except in case of work directly aimed at goals and/or fundraising; then pro rata	100% cost center secretariat Board of Directors
finance, planning and control	100%	except in case of work directly aimed at goals and/or fundraising (e.g. project accounting); then pro rata	cost center quality and control 37%: head, secretary, controllers; balance to goals / cost center financial accounting 100% / business controllers 100%
legal costs	partially	to be allocated as far as possible to the matter in question; general legal costs to be allocated to management and administration or pro rata	legal staff member is allocated to cost center secretariat Board of Directors: 100% management and administration
ICT	pro rata	to number of staff members or work spaces; specific applications excepted	ICT desk and general ICT costs allocated to categories 1 to 5
housing/support	pro rata	to number of staff members or square meters	support costs (internal service), cost of housing, Information & Service allocated to categories 1 to 5
human resources	pro rata	to number of staff members	HR desk costs and central staff budgets allocated to categories 1 to 5
staff costs and costs of outside staff	partially	to be allocated as far as possible to the activity to which the (outside) staff member is assigned	100% is allocated to the activity to which the staff member or outside staff member is assigned
communication	partially	to be allocated as far as possible to the activity to which the activity relates	communication desk costs allocated to categories 1 to 5
private donors and membership accounting	no	to be allocated as far as possible to the activity for which it is used (mostly fundraising and/or public information)	55% charged to management and administration
project accounting	no	to be allocated in full to projects in question	not charged to management and administration

## 3.6 NOTES TO THE CONSOLIDATED BALANCE SHEET

### 3.6.1 TANGIBLE FIXED ASSETS

	BUILDINGS	FURNITURE, FIXTURES, PLANT AND EQUIPMENT	INFORMATION SYSTEMS	VEHICLES	ASSETS UNDER CONSTRUCTION	TOTAL
<i>Amounts in thousands of Euros</i>						
Acquisition cost at March 31, 2016	10,246	3,033	12,277	420	1,078	27,053
Depreciation through March 31, 2016	(4,566)	(2,367)	(10,324)	(316)	-	(17,573)
<b>Balance at March 31, 2016</b>	<b>5,679</b>	<b>665</b>	<b>1,953</b>	<b>105</b>	<b>1,078</b>	<b>9,480</b>
<b>Movements 2016/17</b>						
Capital expenditure in 2016/17	258	299	720	158	-	1,435
Depreciation in 2016/17	(233)	(127)	(1,072)	(81)	(13)	(1,526)
<b>Disposals 2016/17</b>						
Divestments in 2016/17	-	(29)	-	(39)	(1,078)	(1,145)
Depreciation through March 31, 2017	-	19	-	1	13	33
<b>Balance at March 31, 2017</b>	<b>5,704</b>	<b>828</b>	<b>1,601</b>	<b>144</b>	<b>-</b>	<b>8,277</b>
Acquisition cost at March 31, 2017	10,503	3,303	12,997	539	-	27,343
Depreciation through March 31, 2017	(4,799)	(2,475)	(11,396)	(396)	-	(19,066)

All tangible fixed assets are assets that are needed for the organization's operations. Tangible fixed assets are depreciated as follows:

- **buildings**  
depending on the type (\*)
- **furniture, fixtures and equipment**  
8-10 equal annual installments
- **plant and equipment**  
depending on the type (\*)
- **ICT infrastructure**  
3-5 equal annual installments
- **ICT workstation**  
3-5 equal annual installments
- **ICT other**  
3-5 equal annual installments
- **ERP system**  
7 equal annual installments
- **Vehicles**  
3 equal annual installments

(\*) = Based on the NL-SfB code. In 1977 a Dutch SfB Committee was set up which developed a classification catalog for the Dutch building industry, known as NL-SfB. The catalog details, inter alia, the replacement cycle of building components. This period is used as the depreciation period.

Oxfam Novib's building serves as collateral for the forward exchange contracts concluded to hedge the foreign exchange risk on loans granted to microfinance institutions. As a result of the decentralization of Oxfam Novib's international department, several field offices have a limited number of cars available for their operations.

The assets under construction refer to the development of a new Customer Relationship Management system (CRM). In August 2016, the Board of Directors of Oxfam Novib decided to stop the project implementation Blackbaud CRM. Technically it would have been possible to adjust the system to make it suitable to new insights in the requirements and scope of a CRM system. But considering the unequal balance between the huge investment of time and money, technological developments and the possible results, the Board decided it would be irresponsible to finalize the Blackbaud CRM system. Therefore, this investment has been fully written off.



### 3.6.2 FINANCIAL FIXED ASSETS

	LOANS TO OTHER OXFAMS	PARTICIPATING INTEREST TRIPLE JUMP	LOANS ON IMPACT INVESTMENTS	PARTICIPATING INTEREST IMPACT INVESTMENTS	TCX	OIKOCREDIT	ASN-NOVIB FUND	TRIPLE JUMP INNOVATION FUND	LOANS	FORWARD EXCHANGE CONTRACTS	TOTAL
Amounts in thousands of Euros											
<b>Nominal value at March 31, 2016</b>	301	1,361	371	-	1,965	307	1,066	7,020	42,481	997	55,870
Allowance at March 31, 2016	-	-	-	-	-	-	-	-	923	-	923
<b>Balance at March 31, 2016</b>	301	1,361	371	-	1,965	307	1,066	7,020	41,558	997	54,949
<b>Deconsolidation</b>	-	-	(371)	691	-	-	-	-	-	-	320
<b>Positive movements:</b>											
Paid-up share capital	-	-	-	-	-	-	-	-	-	-	-
Movements in value of participating interests	-	140	-	5	425	6	25	-	-	-	601
Exchange rate differences	-	-	-	-	128	-	-	458	993	-	1,579
Changes in value of forward exchange contracts	-	-	-	-	-	-	-	-	-	(766)	(766)
Committed loans	-	-	-	-	-	-	-	-	8,368	-	8,368
	-	140	-	5	553	6	25	458	9,361	(766)	9,782
<b>Negative movements:</b>											
Paid capital	-	109	-	-	-	-	-	-	-	-	109
Repayments on loans	77	-	-	-	-	-	-	-	9,260	-	9,337
Loans committed but not yet disbursed	-	-	-	-	-	-	-	-	-	-	-
	77	109	-	-	-	-	-	-	9,260	-	9,446
<b>Nominal value at March 31, 2017</b>	224	1,392	-	696	2,518	313	1,091	7,479	42,582	231	56,526
Allowance at March 31, 2017	-	-	-	-	-	-	-	-	1,557	-	1,557
<b>Balance at March 31, 2017</b>	224	1,392	-	696	2,518	313	1,091	7,479	41,025	231	54,970
Oxfam Novib's share in share capital		23%									

#### Life of loans and guarantees

In 1996 Oxfam Novib took a participating interest in the equity of Oikocredit (Ecumenical Development Cooperative Society UA, EDCS), having its registered office in Amersfoort.

In collaboration with ASN Bank, having its registered office in The Hague, the ASN-Novib Fund was established. This fund was opened to the public on January 1, 2000. The manager of the ASN-Novib Fund is Triple Jump. Triple Jump BV is an Amsterdam-based company which was incorporated by ASN Bank, NOTS

Foundation, Stichting Doen and Oxfam Novib to provide support to more new microfinance institutions and to allow them to develop into professional financial institutions within a short timeframe.

The management of Oxfam Novib's loan portfolio was also transferred to Triple Jump effective March 1, 2007. In 2016/17, Oxfam Novib has reduced its interest in Triple Jump's equity from 25 percent to 23 percent.

In December 2007, Oxfam Novib took an equity interest in the TCX Currency

Exchange Fund. TCX is based in Amsterdam and is an initiative of FMO (Entrepreneurial Development Bank). It is a guarantee fund which aims to minimize the foreign exchange risks associated with loans provided in local currencies.

In 2013, the Triple Jump Innovation Fund foundation was launched. The goal of the Triple Jump Innovation Fund foundation is to promote and support innovation in developing countries. Oxfam Novib focuses in particular on start-up MFIs (Microfinance institutions) with good growth potential.

Guarantees are amounts held on deposit for which guarantees have been issued to third parties, such as Oikocredit.

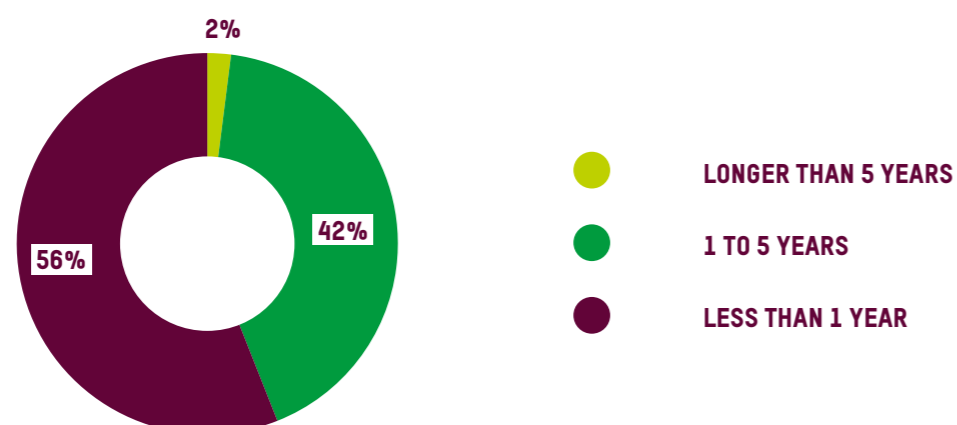
On the basis of an estimation of the risk on non-repayment of the current loan portfolio, an addition of €0.7 million and a small release for bad and doubtful debts has been added to the statement of income and expenditure. The total provision amounted to €1.6 million at the end of the 2016/17 financial year.

#### SPECIFICATION OF PROVISION

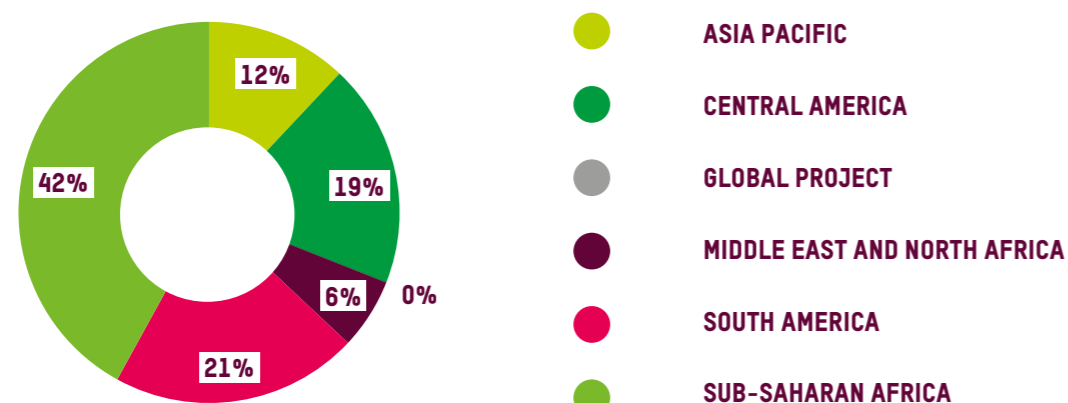
Amounts in thousands of Euros

	PROVISION FOR BAD LOANS
<b>Balance at March 31, 2016</b>	923
Plus: addition from net income	712
Less: write-off of loans	-
Less: release to net income	78
<b>Balance at March 31, 2017</b>	1,557

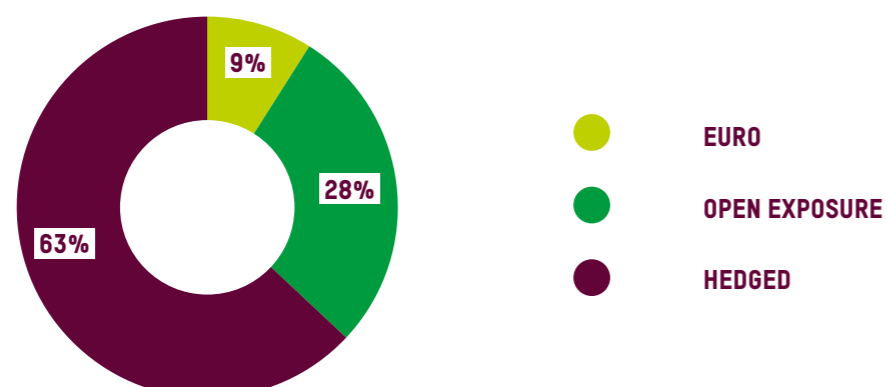
### Life of outstanding loans



### Loan portfolio by region



### Loan distribution by currency



The foreign exchange risk on loans granted (for microfinance in developing countries) is hedged by means of forward exchange contracts, which always match the duration and amount of the long-term microfinance contract in order to avoid currency risk for our beneficiaries. However, in some cases there is no

market for foreign exchange contracts in the local currencies and in those cases hedging is not possible.

In accordance with Guideline 290, the forward exchange contracts have been valued at fair value since 2008. The fair value of the forward exchange contracts

at the end of the 2016/17 financial year was negative €0.9 million. The contracts with a positive value of €0.2 million are included under 'Financial fixed assets', and the contracts with a negative value of €1.1 million are included under 'Liabilities'.

### 3.6.3 INVENTORIES

Amounts in thousands of Euros

	MARCH 31, 2017	MARCH 31, 2016
<b>Inventories publishing house</b>	<b>66</b>	<b>56</b>
Less: provision for obsolescence	26	8
<b>Total</b>	<b>40</b>	<b>47</b>
<b>Movements in provision for obsolescence</b>		
<b>Balance at March 31, 2016</b>	<b>8</b>	<b>19</b>
Plus: addition from net income	53	3
Less: charged to the provision	35	13
<b>Balance at March 31, 2017</b>	<b>26</b>	<b>8</b>

### 3.6.4 RECEIVABLES, RECEIVABLES FROM GOVERNMENTS AND PROJECT FUNDS OVERVIEW

Amounts in thousands of Euros

	MARCH 31, 2017	MARCH 31, 2016
<b>Receivables from governments</b>	<b>10,478</b>	<b>13,462</b>
Other debtors	657	101
Project funds Oxfam and other external organizations	18,740	9,161
Debtor Dutch National Postcode Lottery	3,375	3,375
Central overhead costs institutional funds	4,636	3,910
Fundraising proceeds receivable	968	1,037
Interest receivable	104	142
Prepaid pension	284	-227
Other prepaid costs	49	215
Amounts to be received by field offices	2,082	1,293
Other prepayments and receivables	2,715	2,250
<b>Receivables</b>	<b>33,610</b>	<b>21,257</b>

All receivables are, given as a whole, short-term in nature.

Receivables on account of contributions pledged by participants in a Partner Plan by regular donors and government

donors are shown under 'Debtors and receivables from governments', and are stated less a provision for bad debts.

## PROJECT FUNDS OVERVIEW

	BALANCE AT MARCH 31, 2016					CHANGES IN 2016-17					BALANCE AT MARCH 31, 2017				
	PROJECT OBLIGATIONS	RECEIVABLES/ PREPAYMENTS DONORS	RECEIVABLES COUNTERPARTS	COMMITMENT SPACE	TOTAL	APPROVED	RECEIVED FUNDS	PROJECT RANSFERS	FX AND INTEREST	BANK COST	PROJECT OBLIGATIONS	RECEIVABLES/ PREPAYMENTS DONORS	RECEIVABLES COUNTER-PARTS	COMMITMENT SPACE	TOTAL
Amounts in thousands of Euros															
Co-financing MFS	-	3,933	1,275	-	(5,208)	-	3,933	(1,275)	-	-	-	-	-	-	-
DGIS Strategic Partnership	21	(8,804)	-	-	8,825	25,293	14,515	15,098	-	-	10,216	1,974	-	-	8,242
Dutch government	3,997	(44)	-	-	4,041	15,896	11,690	10,763	-	-	9,130	4,163	-	-	4,968
European Union	5,459	4,157	-	-	1,301	16,559	18,416	15,867	-	0	6,150	2,300	-	-	3,850
Bilateral donors	8,658	5,347	-	136	3,447	15,602	18,908	18,671	(8)	1	5,589	2,041	-	127	3,675
<b>Governments funds</b>	<b>18,135</b>	<b>4,590</b>	<b>1,275</b>	<b>136</b>	<b>12,406</b>	<b>73,350</b>	<b>67,462</b>	<b>59,124</b>	<b>(8)</b>	<b>1</b>	<b>31,085</b>	<b>10,478</b>	<b>-</b>	<b>127</b>	<b>20,735</b>
Oxfams	5,517	3,873	-	-	1,644	15,631	14,466	17,120	-	-	4,027	5,038	-	-	(1,011)
United Nations	1,227	1,759	-	-	(532)	2,256	4,020	3,207	-	-	277	(4)	-	-	281
World Bank	-	-	-	-	-	31	39	31	-	-	-	(8)	-	-	8
US Foundations	24	(257)	-	-	281	232	80	253	-	-	3	(105)	-	-	108
International Foundations	4,810	2,044	-	-	2,767	10,830	9,150	11,644	-	-	3,997	3,723	-	-	274
National Foundations	4,125	1,372	-	-	2,753	20,215	10,167	8,293	-	-	16,048	11,420	-	-	4,628
<b>External funds</b>	<b>15,703</b>	<b>8,790</b>	<b>-</b>	<b>-</b>	<b>6,913</b>	<b>49,196</b>	<b>37,923</b>	<b>40,548</b>	<b>-</b>	<b>-</b>	<b>24,352</b>	<b>20,064</b>	<b>-</b>	<b>-</b>	<b>4,288</b>
Stop Aids Now!	68	114	-	574	529	184	294	75	-	-	177	-	-	684	861
SHO	575	-	-	(1)	575	307	1,588	623	-	(1)	260	-	-	1,281	1,540
NPL special projects	1,017	-	-	1,556	2,573	360	-	1,246	-	0	131	-	-	1,196	1,327
<b>Third Party Campaign</b>	<b>1,661</b>	<b>114</b>	<b>-</b>	<b>2,129</b>	<b>3,677</b>	<b>851</b>	<b>1,881</b>	<b>1,944</b>	<b>-</b>	<b>(0)</b>	<b>568</b>	<b>-</b>	<b>-</b>	<b>3,160</b>	<b>3,728</b>
Oxfam Novib Projects	1,848	-	-	30,577	32,425	17,273	8,216	15,492	(95)	13	3,628	-	-	21,413	25,041
<b>Own funds</b>	<b>1,848</b>	<b>-</b>	<b>-</b>	<b>30,577</b>	<b>32,425</b>	<b>17,273</b>	<b>8,216</b>	<b>15,492</b>	<b>(95)</b>	<b>13</b>	<b>3,628</b>	<b>-</b>	<b>-</b>	<b>21,413</b>	<b>25,041</b>
<b>TOTAL</b>	<b>37,347</b>	<b>13,493</b>	<b>1,275</b>	<b>32,843</b>	<b>55,421</b>	<b>140,670</b>	<b>115,481</b>	<b>117,108</b>	<b>(103)</b>	<b>13</b>	<b>59,633</b>	<b>30,541</b>	<b>-</b>	<b>24,700</b>	<b>53,791</b>

### 3.6.5 CASH AND CASH EQUIVALENTS

Amounts in thousands of Euros	MARCH 31, 2017	MARCH 31, 2016
Savings accounts	44,620	28,200
Cash and current accounts	34,901	51,853
Current account Triple Jump	4,795	1,565
<b>TOTAL</b>	<b>84,315</b>	<b>81,619</b>

An amount of €34.1 million in cash and cash equivalents is readily available. €5.6 million consists of earmarked project funds and €44.6 million is in savings accounts.

### 3.6.6 Notes to the reserves and funds

In accordance with the Dutch Accounting Standard for Fundraising Institutions (RJ 650), Oxfam Novib's equity is divided into reserves and funds:

- within the reserves, a distinction is made between the contingency reserve and the earmarked reserves;
- the funds are resources that are tied to particular purposes by third parties.

#### Contingency reserve

The contingency reserve exists to ensure that the organization can meet its obligations in the future. Its level is determined by the risks the organization runs of any drop in income. This reserve is intended to guarantee the organization's continuity.

In line with the model developed, the desirable size of the contingency reserve is calculated on the basis of an estimation of the insecurity in income flows and the flexibility of costs. In doing this, the Directive for the Financial Management of Charities ('Richtlijn Financieel Beheer Goede Doelen') issued by the Dutch Association of Fundraising Organizations ('Goede Doelen Nederland') was taken into account. This calculation indicates a desirable minimum size of €13 million and a maximum size of €20 million. The size of the contingency reserve was €17.2 million at the start of the year and €15.1 million at the end of the year.

The contingency reserve is within the permitted size, as given in the 'Reserves of Charities' code of the Association of Fundraising Institutions (VFI), of 1.5 times the work organization's annual costs. In Oxfam Novib's case that would amount to €126.1 million.

#### General notes on earmarked reserves

The earmarked reserves are designated for purposes that have been approved by the Board of Directors and the Board of Supervisors. The largest earmarked reserves are those for Oxfam Novib development cooperation projects and for loans and guarantees. The funds in question will lead to project approvals or loans to partner organizations.

The funds held in the earmarked reserve for loans originate from the co-financing program as well as from repayments on loans previously granted. When a loan is paid out to a partner, the corresponding amount is added to the earmarked loans fund and withdrawn from the earmarked reserve. This guarantees that all funds used for loans are in fact applied for their intended purposes.

#### General notes on funds

The largest earmarked fund is the earmarked loans fund. The resources added to this fund are the monies paid out as loans to partner organizations. Repayments received on those loans are withdrawn from the fund.

### 3.6.6.1 RESERVES

#### CONTINGENCY RESERVE

Amounts in thousands of Euros

	CONTINGENCY RESERVE
Balance at March 31, 2016	17,184
Added	-
Withdrawn	(2,106)
Net movements	2,106
Balance at March 31, 2017	15,079

#### EARMARKED RESERVES

Amounts in thousands of Euros	OXFAM NOVIB PROJECTS	POLICY ON SENIOR STAFF	LOANS / GUARANTEES	MANAGEMENT/ ADMINISTRATION COSTS	EXCHANGE RATE RESULTS	HYPOTAX	TOTAL EARMARKED RESERVES
Balance at March 31, 2016	30,577	447	15,182	4,522	434	-	51,161
Added	8,121	-	17,819	6,528	-	1,024	33,492
Withdrawn	17,286	447	9,555	5,845	234		33,366
Net movements	(9,164)	(447)	8,263	683	(234)	1,024	125
Balance at March 31, 2017	21,413	-	23,445	5,206	200	1,024	51,285

#### EARMARKED RESERVE FOR OXFAM NOVIB DEVELOPMENT COOPERATION PROJECTS

Amounts in thousands of Euros

	OXFAM NOVIB PROJECTS
Balance at March 31, 2016	30,577
Added: funds received	8,216
Interest less exchange differences	(95)
	8,121
Withdrawn: approved funds	17,286
	17,286
Balance at March 31, 2017	21,413

#### Earmarked reserve for Oxfam Novib development cooperation projects

The 'earmarked reserve for Oxfam Novib development cooperation projects' consists of the part of the unrestricted net assets comprising the funds set aside in any year for grants to partner organizations from the income from direct fundraising, from the Dutch Postcode Lottery, and from the net income of the publishing house. Approved grants to be disbursed from these funds to partner organizations are recognized in the statement of income

and expenditure and are charged to this earmarked reserve. The total earmarked reserves increased by €0.1 million in 2016/17.

#### Earmarked reserve for policy on staff > 55 years

An earmarked reserve was created in 2002 to cover the extra costs related to the policy on staff > 55 years. Employees who were aged 55 and older in 2001 were able to gradually shift into retirement while retaining their salary. This group was extended to include employees

aged 53 or 54 in 2001 who opted for participation in this scheme. While this policy is not applicable anymore, Oxfam Novib nevertheless still has obligations towards the employees who were covered by this policy. Furthermore, an assessment of the employees' contracts was made and it was concluded that provisioning is a more suitable accounting treatment. Therefore, the amount of €0.4 million has been reclassified from earmarked reserves to provisions (see 3.6.7 'Provisions').

#### EARMARKED RESERVE FOR LOANS AND GUARANTEES

Amounts in thousands of Euros	COMMITMENT SPACE	PARTICIPATING INTERESTS	TOTAL
Balance at March 31, 2016	3,463	11,719	15,182
<b>Added:</b>			
Repayments on loans and guarantees	9,260	-	9,260
Appropriation of net result from lending activities	8,559	-	8,559
	17,819	-	17,819
<b>Withdrawn:</b>			
Loans and guarantees provided	8,368	-	8,368
(Stock) dividends and capital gains on part. interests	-	1,187	1,187
	8,368	1,187	9,555
Balance at March 31, 2017	12,914	10,532	23,445

The earmarked reserve for loans and guarantees comprises two elements. The first element consists of all funds intended for the provision of loans and investments in the Triple Jump Innovation Fund that have not yet been disbursed. When a loan is disbursed, a corresponding amount is added to

the 'earmarked fund for loans to partner organizations'. The second element of this reserve consists of the value of the participating interests held in TCX, ASN-Novib Fund, Oikocredit, Impact Investments and Triple Jump, which have been financed from Oxfam Novib's own resources. These participating

interests are held in order to enable the organization to carry out its lending activities as effectively as possible. For more information about these participating interests, please refer to 3.6.2 'Financial fixed assets'.

## EARMARKED RESERVE FOR MANAGEMENT AND ADMINISTRATION COSTS

	AIDS FONDS	SHO CAMPAIGNS	NPL	GOVERNMENT	OTHER DONORS	TOTAL
Amounts in thousands of Euros						
Balance at March 31, 2016	80	399	24	1,105	2,914	4,522
Added: approved management and administration costs	(11)	119	-	3,752	2,668	6,528
Withdrawn: realized management and administration costs	22	305	24	3,077	2,417	5,845
Balance at March 31, 2017	46	214	-	1,781	3,165	5,206

The 'earmarked reserve for management and administration costs' is used to finance the management of projects in developing countries. The level of this earmarked reserve is determined with due regard for internal guidelines designed to guarantee the continuity of the project cycle. The increase in this reserve was €0.7 million in 2016-17.

### Earmarked reserve for hypo tax

Staff members who work abroad and

who are non-Dutch residents or of non-Dutch origin are subject to 'hypo tax': an amount is withheld from their gross monthly salary which is equal to the wage tax that Oxfam Novib would be required to withhold if the staff member in question were resident in the Netherlands for tax purposes. Oxfam Novib adds the hypo tax withheld to a provision and uses the funds in question to pay any wage tax or equivalent tax due in respect of the staff members

working abroad. The level of the hypo tax provision has been reviewed in 2016/17 and it was concluded that the provision was over-provided by €1.0 million, which was released to the statement of income and expenditure profit and loss account. As the amount was collected with a specific objective (taxation), it was decided to add the released amount to an earmarked reserve (see 3.6.7 'Provision').

## 3.6.6.2 FUNDS

	AIDS FONDS	SHO CAMPAIGNS	NPL	PERSONALIZED FUNDS	LOANS PARTNER ORGANIZATIONS	SEEDS GROW	TOTAL
Amounts in thousands of Euros							
Balance at March 31, 2016	574	(1)	1,556	1,834	42,092	136	46,192
Added	293	1,588	-	167	8,368	(8)	10,407
Withdrawn	184	306	360	297	10,291	1	11,440
Balance at March 31, 2017	683	1,281	1,196	1,704	40,169	127	45,159

### AIDS FONDS

The organization formerly called STOP AIDS NOW!, a partnership of Aids Fonds, Hivos, ICCO, Cordaid Memisa, and Oxfam Novib, merged with Aids Fonds effective December 1, 2016. After deduction of management and administration costs, €293,000 was added to this fund. The €184,000 withdrawal was spent on projects during the financial year.

### SHO campaigns

SHO (Samenwerkende Hulp Organisaties) is a coalition of Dutch humanitarian aid organizations that join forces to raise

funds to provide aid to victims when major humanitarian disasters occur. SHO coordinates the provision of aid by its members and ensures that the general public in the Netherlands is informed of the situation. During the 2016/17 financial year one new campaign was started, relating to the Famine Action (Hongersnood Actie). The Nepal response (started during the 2015/16 financial year) continued in 2016/17. More details are provided in 3.10 SHO.

### NPL special projects

The 'NPL special projects' fund comprises

the funds received from extra drawings of the Dutch Postcode Lottery. €360,000 was spent in 2016/17.

### Personalized Fund

The 'Personalized Fund' consists of the assets of individual personalized funds managed separately within Oxfam Novib. The income generated from these assets is recognized on a cash basis as 'income from direct fundraising' and is available for spending or is added back to the fund. At year end the Personalized Fund's assets, which are managed by Oxfam Novib, consisted of the following:

## PERSONALIZED FUND

Amounts in thousands of Euros

	AS AT MARCH 31, 2017
Hans Geveling Derde Wereld Fonds	1,077
Herman Schuurman Fonds	112
Douma-Hamers Onderwijs Fonds	73
Verboom-Pieterse Fonds	82
Hogerop Fonds	10
Voorhoeve Fonds	42
Fair Keys First Fund	107
Hilda Buma Fonds	6
Schroders Charity Fund	52
Kihle fonds	62
Martin Vliegenthart Fonds	80
<b>TOTAL</b>	<b>1,704</b>

### Guarantees and loans to partner organizations

For more information about the loans and guarantees funds please refer to 3.6.2 'Financial fixed assets'.

### 3.6.7 PROVISIONS

Amounts in thousands of Euros	HYPOTAX	PROJECT COSTS	REORGANIZATION	SENIOR STAFF	TOTAL
Balance at March 31, 2016	1,589	363	2,241	-	4,193
Withdrawn	466	2	2,241	-	2,708
	466	2	2,241	-	2,708
Reclassification	-	579	-		579
Changes charged to statement of income and expenditure	(161)	71	1,124	447	1,481
	(161)	650	1,124	447	2,059
Balance at March 31, 2017	962	1,011	1,124	447	3,544

All provisions are, given as a whole, current in nature.

#### Hypo tax

Staff members who work abroad and who are non-Dutch residents or of non-Dutch origin are subject to 'hypo tax': an amount is withheld from their gross monthly salaries which is equal to the wage tax that Oxfam Novib would be required to withhold if the staff member in question were resident in the Netherlands for tax purposes. Oxfam Novib adds the hypo tax withheld to a provision and uses the funds in question to pay any wage tax or equivalent tax due in respect of the staff members working abroad. The level of the hypo tax provision was reviewed in 2016/17 and it was concluded that the provision was over-provided by €1.0 million which was released to the statement of income and expenditure. As the amount was collected with a specific objective (taxation), it was decided to add the released amount to an earmarked reserve (see 3.6.6.1 'Reserves').

#### Project costs

A provision is made for realized project costs where there is a risk of agreed

funds being uncollectible from donors. Previously €0.6 million provision on projects were booked against receivables. In 2016/17 this amount was reclassified to a provision to give a transparent view. An additional provision of €0.1 million was added this year.

#### Reorganization

During the year 2014/15 a reorganization was announced by the Board of Directors. The end of the government financing period effective year end 2015/16 made a reorganization unavoidable. A social plan was drafted and approved by the Trade Union and the Board of Directors. The financial consequences of the reorganization in general and the social plan specifically were budgeted for. A provision of €5.2 million was recognised in 2014/15. Of this amount, €3.9 million was charged to MFS II funds.

The total costs related to reorganizations in 2016/17 amounted to €2.2 million. The provision formed has been fully withdrawn. An additional amount of €1.1 million has been provided for the

remaining costs still to be paid out in the coming years.

#### Senior Staff

An earmarked reserve was created in 2002 to cover the extra costs related to the policy on staff > 55 years. Employees who were aged 55 and older in 2001 were able to gradually shift into retirement while retaining their salaries. This group was extended to include employees aged 53 or 54 in 2001 who opted for participation in this scheme. While this policy is not applicable anymore, Oxfam Novib nevertheless still has obligations towards the employees who were covered by this policy. Furthermore, an assessment of the employees' contracts was made and it was concluded that provisioning is a more suitable accounting treatment. Therefore, the amount of €0.4 million has been reclassified from earmarked reserves to provisions.

### 3.6.8 DEBTS

Amounts in thousands of Euros	MARCH 31, 2017	MARCH 31, 2016
<b>Long-term liabilities</b>		
Forward exchange contracts	1,086	463
	<b>1,086</b>	<b>463</b>
<b>Current liabilities</b>		
Accounts payable	7,942	7,665
Taxes	797	727
Fundraising contributions received in advance	2,995	2,964
Other accruals and payables	4,171	3,814
	<b>15,905</b>	<b>15,169</b>
<b>Prepayments from governments</b>		
Bilateral donors	-	9,105
	-	<b>9,105</b>
<b>TOTAL</b>	<b>16,990</b>	<b>24,737</b>

For more information about the forward exchange contracts to hedge the foreign exchange risk on loans granted to microfinance institutions, please refer to 3.6.2 'Financial fixed assets', where the forward exchange contracts with positive value are explained. Contracts with negative values (€1.1 million) are reported as long-term liabilities.

In 2015/16, €9.1 million was received in advanced payments mainly from the Dutch government relating to Strategic Partnership, a project which was about to start at that time. There is no equivalent advanced payment this year.

#### 3.6.9 Project liabilities

Project liabilities outstanding at March

31, 2017 amount to €59.6 million (March 31, 2016: €37.3 million). About 65 percent of these liabilities are current in nature and are payable by April 1, 2018. The other 35 percent are long-term project liabilities, i.e. due in more than one year. There are no project liabilities maturing after five years. For further details of these project liabilities please refer to table 3.6.4 'Project funds overview'.

#### 3.6.10 Assets and liabilities not included in the balance sheet

Oxfam Novib's building serves as collateral for the forward exchange contracts concluded to hedge the foreign exchange risk on loans granted to microfinance institutions.

Oxfam Novib provides a guarantee of €288,820 for one microfinance loan managed by Triple Jump B.V. Out of this amount €260,521 has been provisioned for as part of the provision for bad loans (see 3.6.2 Financial Assets).

Oxfam Novib has lease commitments relating to printers and telephone exchange at its office in The Hague until 2020 for an amount of €120,000.

The total value of contracts signed by back-donors in 2016/17 amounted to €142.0 million.

The other off-balance-sheet commitments are rental contracts for country offices:

### 3.6.10 ASSETS AND LIABILITIES NOT INCLUDED IN THE BALANCE SHEET

Amounts in thousands of Euros	REMAINING PERIOD OF THE CONTRACT		
	<1 YEAR	1-5 YEARS	>5 YEARS
Office rental contracts for country offices	469	345	-

## 3.7 NOTES TO THE STATEMENT OF INCOME AND EXPENDITURE

### 3.7.1 INCOME FROM DIRECT FUNDRAISING

Amounts in thousands of Euros

INCOME FROM DIRECT FUNDRAISING	FIN STMNT. 2016/17	BUDGET 2016/17	FIN STMNT. 2015/16
Donations by notarial deeds	2,372	2,550	2,429
Personalized funds	167	50	82
Inheritances	1,296	1,041	1,528
Private donors	16,911	16,518	16,478
Gifts	2,205	2,680	2,436
Companies	2,621	2,670	2,797
Influencing activities	86	30	-
Oxfam Sweden	3,223	4,131	2,148
Oxfam South Korea	-	128	-
Foundations	11,841	4,455	9,947
<b>TOTAL</b>	<b>40,723</b>	<b>34,252</b>	<b>37,845</b>

In 2016/17, 326,800 people and companies supported Oxfam Novib financially (320,900 in 2015/16). This number comprises 218,900 regular donors and 107,900 incidental donors.

From direct fundraising Oxfam Novib received €37.5 million and Oxfam Sweden received €3.2 million; this is €6.4 million higher than budgeted (€7.3 million positive variance from Oxfam Novib, offset by €0.9 million negative variance in Oxfam Sweden). In 2015/16, total

income from direct fundraising for Oxfam Novib was €35.7 million and for Oxfam Sweden it was €2.1 million.

The fierce competition in the fundraising market continued in 2016/17. The income from donations by notarial deeds, personalized funds, private donors, and gifts was €0.1 million lower than budgeted. Income from inheritances was €0.3 million higher than budgeted and income from companies is broadly in line with the budget.

On behalf of the entire Oxfam confederation, Oxfam Novib has assumed responsibility for setting up a fundraising office in Sweden. The income was €0.9 million lower than budgeted, with fewer donors than expected.

Income from foundations was €7.4 million higher than budgeted, mainly due to income from Save the Children foundation.

### 3.7.2 SHARE OF REVENUES FROM THIRD-PARTY CAMPAIGNS

Amounts in thousands of Euros

REVENUES FROM THIRD PARTY CAMPAIGNS	FIN STMNT. 2016/17	BUDGET 2016/17	FIN STMNT. 2015/16
Standard contribution NPL	13,500	13,500	13,500
Dream fund NPL	-	-	25
Emergency relief SHO	1,707	-	4,477
Aids Fonds	282	500	500
<b>TOTAL</b>	<b>15,489</b>	<b>14,000</b>	<b>18,502</b>

Revenues from third-party campaigns include: the Dutch Postcode Lottery (NPL), Samenwerkende Hulporganisaties (SHO) and AIDS FONDS.

#### Dutch Postcode Lottery (NPL)

During the 'Goed Geld Gala' in February 2017, Oxfam Novib received €13.5 million. This amount was for the 2016 calendar year. Due to the fact that the financial year differs from the calendar year, there is a revenue gap for the first quarter of calendar year 2017. Based on the existing agreements and taking a risk analysis into account, Oxfam Novib assumes that €13.5 million will be received during the 'Goed Geld

Gala' in February 2018. Based on this assumption, 25% of the €13.5 million has been added to the revenues.

#### Samenwerkende Hulporganisaties (SHO)

As a matter of policy, Oxfam Novib does not budget any income from emergency relief programs. Two responses took place during 2016-17. The Nepal response started during the 2015/16 financial year and accounted for an additional income of €0.1 million in

2016-17. During the 2016/17 financial year a new campaign started: the Famine Action (Hongersnood Actie). The income amounted to €1.7 million. Section 3.10 SHO provides more detailed information on the income and expenditures in 2016/17 and previous years.

#### AIDS FONDS

During 2016/17 Oxfam Novib received total income of €0.3 million from Aids Fonds.

### 3.7.3 GOVERNMENT GRANTS

Amounts in thousands of Euros

GOVERNMENT GRANTS	FIN STMNT. 2016/17	BUDGET 2016/17	FIN STMNT. 2015/16
Dutch government grants	43,495	25,700	56,398
European Union	17,840	22,570	9,956
Other government grants	18,585	23,315	15,211
<b>TOTAL</b>	<b>79,919</b>	<b>71,585</b>	<b>81,565</b>

#### Dutch government grants

In 2016 the Dutch Ministry of Foreign Affairs (Development Cooperation) co-financing program ended on the basis of the original grant application made in 2010. The grants were disbursed on a cash basis and the final adjustment was complete in 2016-17.

Grant income from the Dutch Government Strategic Partnership for Lobby and Advocacy – "Dialogue and Dissent" amounted to €27.0 million in 2016-17, which is €11.4 million higher than budgeted. This is due to the fact that the income was budgeted as a one-year equivalent while the income reported in these financial statements reflects the duration of the actual commitments which in some cases are up to three years.

Grant income other than the above Strategic Partnership from Dutch

government bodies amounted to €16.7 million in 2016/17 (2015/16: €17.7 million). It is €6.6 million more than budgeted, following an increase by €4.6 million in project approvals to counterparts and €2.0 million higher project costs of own implementations. New contracts were signed for a total of €20.1 million. These contracts included €11.0 million for Addressing Root Causes (ARC) projects in Burundi and Pakistan.

A public service contract was awarded to Oxfam Novib jointly with HIIVOS for the implementation of the VOICE fund. This fund aims to strengthen the lobbying and advocacy capacity of the civil society organizations and representatives of the most marginalized and discriminated people, in order to empower these groups and have their voices heard and respected.

#### European Union

Grant income from the European Union was €17.8 million in 2016-17, which is €4.7 million less than budgeted, and €7.8 million more than in 2015-16 (€10.0 million). Delays in signing several EU contracts resulted in grants being realized only at the beginning of the new fiscal year 2017/18.

#### Other governments

Grant income from non-Dutch governments was € 4.8 million less than budgeted. This is mainly due to a budget reduction of a total amount of €4.7 million by the Swedish International Development Cooperation agency following their overall development aid budgetary reductions after the refugee crisis.

### 3.7.4 INCOME FROM AFFILIATED NON-PROFIT ORGANIZATIONS

Amounts in thousands of Euros

INCOME FROM AFFILIATED NON-PROFIT ORGANIZATIONS	FIN STMNT. 2016/17	BUDGET 2016/17	FIN STMNT. 2015/16
Oxfams	15,709	17,265	12,459
<b>TOTAL</b>	<b>15,709</b>	<b>17,265</b>	<b>12,459</b>

#### Oxfams

Grant income from Oxfams was €15.7 million in 2016/17, which is €1.6 million lower than budgeted, and €3.2

million higher than in 2015/16 (€12.5 million). The income shown here is the amount received from other members of the Oxfam confederation for the

implementation of projects by Oxfam Novib and partners.

### 3.7.5 INCOME FROM OTHER NON-PROFIT ORGANIZATIONS

Amounts in thousands of Euros

INCOME FROM OTHER NON-PROFIT ORGANIZATIONS	FIN STMNT. 2016/17	BUDGET 2016/17	FIN STMNT. 2015/16
Other restricted grants	21,060	8,958	7,122
<b>TOTAL</b>	<b>21,060</b>	<b>8,958</b>	<b>7,122</b>

Other restricted grants include income from various non-profit organizations, such as IKEA Foundation, Cordaid, ZOA

and CARE Netherland. A total €21.1 million was received in 2016/17, which is €12.1 million higher than budgeted

and €14.0 million higher than in 2015/16 (€7.1 million).

### 3.7.6 OTHER INCOME AND REVENUE

Amounts in thousands of Euros

INCOME FROM INTEREST	FIN STMNT. 2016/17	BUDGET 2016/17	FIN STMNT. 2015/16
Interest current account	6	200	30
Interest own account	33	-	(85)
Interest on loans, deposits and participating interests participating interests	3,980	2,933	2,321
<b>TOTAL</b>	<b>4,019</b>	<b>3,133</b>	<b>2,266</b>

#### OTHER INCOME

Exchange results	(121)	-	-
Changes in share capital value	-	-	(63)
Dividend payment Triple Jump	-	-	79
Impact investment income	13	-	18
Income public information activities publishing house	1,500	1,513	1,468
Others	1,598	-	-
<b>TOTAL</b>	<b>2,991</b>	<b>1,513</b>	<b>1,502</b>

Total interest received on current account deposits and interest received on own funds is €0.2 million lower than anticipated in the budget. The interest received on loans is €1.0 million higher than budgeted. This is mainly from interest received on the loan portfolio in Triple Jump. Total income from interest in 2016/17 was €0.9 million higher than budgeted.

Other income is €1.5 million higher than budgeted. This is mainly due to an additional income of €1.6 million received from the VOICE fund, which is specifically for administration, capacity strengthening and linking and learning purpose.

This additional income is then offset by €0.1 million foreign exchange losses.

The publishing house publishes books, calendars, and other print products. Its income is in line with budget. The gross profit of the publishing house is recorded under 'other income' because the publishing house is not a fundraising business but has a public information role. The public information relates to development cooperation in general and Oxfam Novib's mission in particular. The publishing house expenditure is included under 'Public information and marketing' (see 3.7.7 'Expenditure allocation').

The table below presents the figures in the format specified by 'Goede Doelen Nederland' in its Financial Management Guideline. The figures are based on the profit figures of the entities in which the aforementioned participating interests are held. Net income from cash and cash equivalents represents the interest received on current account deposits and on the organization's own funds. For more information on the management of cash and cash equivalents, please refer to the section on 'Cash and cash equivalents' in the notes to the balance sheet.

### SUMMARY ON THE BASIS OF THE 'GOEDE DOELEN NEDERLAND' FINANCIAL MANAGEMENT GUIDELINE RETURN ON SAVINGS AND INVESTMENTS

Amounts in thousands of Euros

	2011	2012	2013/14	2014/15	2015/16	2016/17
<b>MISSION-RELATED INVESTMENTS</b>						
Bond yields	-	-	-	67	242	305
Dividends	86	182	47	68	79	79
Realized price gains	47	(41)	-	1,720	69	600
Unrealized price gains	(10)	540	(123)	(642)	(538)	587
Gross investment return	123	681	(76)	1,213	(148)	1,571
Investment costs	-	-	-	-	-	-
<b>Net investment return</b>	<b>123</b>	<b>681</b>	<b>(76)</b>	<b>1,213</b>	<b>(148)</b>	<b>1,571</b>

#### INVESTMENT PERFORMANCE

Average performance 2011 to 2016/17 (%)	8,41%
Average performance 2011 to 2016/17 ('000 euro)	561

#### NET INCREASE IN CASH AND CASH EQUIVALENTS

Interest on current account and organization's own funds on savings accounts and deposits	425	342	262	12	(55)	39
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### 3.7.7 EXPENDITURE ALLOCATION

	GOAL OF STRUCTURAL POVERTY ALLEVIATION						COSTS OF GENERATING INCOME			MANAGEMENT & ADMINISTRATION	TOTAL		
	FOOD, LAND AND WATER	GOVERNANCE AND FINANCIAL FLOWS	CONFLICT AND FRAGILITY	GENDER AND YOUTH	HUMANITARIAN	PUBLIC INFORMATION AND MARKETING	DIRECT FUNDRAISING	THIRD-PARTY CAMPAIGNS	GOVERNMENT GRANTS		FINANCIAL STATEMENTS 2016/17	BUDGET 2016/17	FINANCIAL STATEMENTS 2015/16
Amounts in thousands of Euros													
Grants and contributions	23,773	23,773	22,053	16,033	516	-	-	-	-	-	86,148	81,124	71,135
Fees and other payments	759	759	759	759	-	-	-	-	-	-	3,034	4,108	3,272
Outsourced work	315	315	315	315	-	-	-	-	-	-	1,261	1,373	917
Publicity, communication, other	848	922	718	607	-	4,193	5,492	219	62	204	13,265	14,248	15,813
Staff costs	7,514	7,671	7,104	6,527	1,326	3,110	1,183	127	1,058	1,676	37,296	28,237	37,622
Provision for reorganization	267	267	267	267	-	-	-	-	56	-	1,124	-	-
Housing costs	150	150	150	150	-	150	19	1	37	42	847	837	758
Office and general expenses	8,721	8,697	8,602	8,298	2,535	727	96	7	224	548	38,456	23,135	24,876
Depreciation	270	270	270	270	-	246	31	2	66	69	1,494	1,648	1,292
<b>TOTAL</b>	<b>42,616</b>	<b>42,823</b>	<b>40,238</b>	<b>33,226</b>	<b>4,378</b>	<b>8,426</b>	<b>6,821</b>	<b>356</b>	<b>1,503</b>	<b>2,539</b>	<b>182,926</b>	<b>154,709</b>	<b>155,684</b>
Publicity and communication (except if allocated to goals):							5,492	219	62	204	5,978		
Other internal operating costs	16,655	16,787	16,126	15,245	3,862	4,233	1,329	137	1,385	2,334	78,093		
<b>Total internal operating costs</b>											<b>84,071</b>		
<b>Maximum size of contingency reserve is 1.5 times the annual internal operating costs:</b>												<b>126,107</b>	

#### Notes to the expenditure allocation

Oxfam Novib uses several cost allocation keys:

- keys for the allocation of the costs incurred by the central and management departments and the Board of Directors to management and administration costs. More information can be found in Section 3.4 'Accounting policies for the valuation of assets and liabilities';
- keys used within the Public Engagement unit for the allocation of costs to goals of structural poverty alleviation, direct fundraising, third-party campaigns (Dutch Postcode Lottery), and management & administration;
- keys for the allocation of the costs of the primary process to activities that further the organization's goals and to the generation of income from institutional sources of funding;

- key for the allocation of the costs of the generation of income from external sources of funding to government grants, joint campaigns, and third-party campaigns;
- keys for the allocation of the costs of shared resources (ICT, housing, miscellaneous staff costs, support departments, etc.) to the different expenditure categories on the basis of full-time equivalents;
- key for the allocation of the costs of grants (project approvals) to the goals of structural poverty alleviation on the basis of the outcome indicators. The costs of approved projects related to the thematic areas are also included.

#### Notes to the figures

##### Grants and contributions

This expenditure reflects the amounts that have been approved for disbursement to partner organizations. These grants are disbursed on a cash basis. Conversely, income and expenditure is recognized on the basis of partner organizations' projects and programs that have been approved by Oxfam Novib. Under the Dutch Accounting Standard for Fundraising Institutions (RJ 650), income and expenditure must be recognized on the basis of approvals rather than on a cash basis.

Oxfam Novib has set itself an ambitious institutional fundraising target for the financial year 2016/17 which was €10.0 million higher than the actual realization in the previous financial year.

The results at the year end of 2016/17 show that the organization has been very successful in achieving these targets: the expenditure related to grants and contributions not only exceeded the result reported in the financial year 2015-16 by €15.0 million but also exceeded the budget for 2016/17 by €5.0 million. This is mainly a result of higher than expected number of contracts signed with the institutional donors in 2016/17 which consequently allowed Oxfam Novib to upscale its work directly contributing to its goal of structural poverty alleviation.

##### Fees and other payments

Fees and other payments mainly exist of a core contribution to Oxfam International. The contribution was slightly lower than last year by €0.2 million.

##### Outsourced work

Outsourced work comprises the fees paid to Triple Jump for managing the microfinance portfolio. The fee was lower than budget by €0.1 million.

##### Publicity, communication and other campaigning costs

This category comprises the campaigning costs incurred on projects, as well as the costs associated with loans, recruitment, public information & marketing, the provision of information to the corporate sector, and third-party campaigns. The expenditure was below the budget by €1.0 million mainly related to Oxfam Sweden.

##### Staff costs

Compared to the 2015/16 financial year, total staff costs decreased by €0.3 million.

In 2016/17 staff costs were €9.1 million higher than budgeted. The main causes can be summarized as follows:

- Staff costs allocated to projects were higher than budgeted by €7.1 million. This is because the level of income generated from back donors was significantly higher than the budget resulting in more projects being implemented in 2016-17. Consequently, we required additional staff in order to implement these projects.
- Other staff costs were €2.0 million higher than budgeted. This is related to extra pension costs and extra staff costs due to the change in the organization.

The composition of staff costs is as follows:

## STAFF COSTS

Amounts in thousands of Euros	FIN STMT. 2016/17
Salaries headquarters	18,777
Salaries local contracts and ex-pats	12,492
Social security contributions	2,427
Pension costs	2,642
Temporary workers	749
Commuting costs	654
Other costs (incl. participations)	(445)
<b>TOTAL</b>	<b>37,296</b>

### Employees in The Hague

The total number of staff members working at Oxfam Novib's headquarters was 309 as of March 31, 2017 (April 1, 2016: 329).

### Employees at country offices

The number of field staff increased from 569 on March 31, 2016 to 837 on March 31, 2017. The significant growth is mainly driven by the implementation of the Oxfam 2020 strategy.

### Staff pensions

The pensions of Oxfam Novib's staff are insured with Zwitserleven. In January

2015 Oxfam Novib entered into a contract with Zwitserleven for 5 years. This pension scheme was revised in 2017. After consulting the Unions and Works Council, a new pension plan was proposed and agreed upon. In this new pension plan, pension accrual is based on the defined contribution scheme. The duration of the proposed contract is from January 1, 2017 to December 31, 2019.

### Housing costs

The housing costs in 2016/17 were in line with budget and €0.1 million higher than the housing costs for 2015/16.

### Office and general expenses

The office and general expenses were €15.3 million above budget, and €13.6 million more than those in 2015/16. This is mainly due to office and general expenses allocated to projects. In the budget, the portion of the project costs relating to own implementation form part of the budget for approvals to partner organizations.

### Auditors' fees

The following auditors' fees were charged to the statement of income and expenditure in the financial year:

## AUDITORS' FEES

Amounts in thousands of Euros	AUDIT OF THE FINANCIAL STATEMENTS	OTHER AUDIT SERVICES	TAX CONSULTANCY SERVICES	OTHER SERVICES	TOTAL
Mazars Paardekooper Hoffmann Accountants NV	78	271	-	-	349
Deloitte Sweden AB	8	-	-	-	8
KPMG	-	68	-	-	68
BDO	-	38	-	-	38
<b>TOTAL</b>	<b>86</b>	<b>377</b>	<b>-</b>	<b>-</b>	<b>463</b>

The fees specified above relate to services provided to Oxfam Novib by audit firms and external auditors as defined in Section 1(1) of the Netherlands Audit Firms Supervision Act (Wta) (as well as by accounting firms in the Netherlands and abroad, including their tax and

consultancy departments) which were charged directly to Oxfam Novib.

In 2016/17 €78k was paid to Mazars in fees for the audit of the financial statements. An additional €271k relates to projects compliance audit in

accordance to donor agreements, which are included within the program costs.

### Depreciation

Depreciation costs in 2016/17 were €0.2 million lower than the budget, and €0.2 million higher than those in 2015/16.

## KEY PERCENTAGES

Amounts in thousands of Euros

KEY CBF FIGURES	FIN STMT. 2012	FIN STMT. 2013/14	FIN STMT. 2014/15	FIN STMT. 2015/16	BUDGET 2016/17	FIN STMT. 2016/17
<b>Income from direct fundraising</b>	<b>31,158</b>	<b>35,660</b>	<b>30,072</b>	<b>37,845</b>	<b>34,252</b>	<b>40,723</b>
Costs of direct fundraising	6,147	6,671	6,283	7,310	7,738	6,821
as a % of income from direct fundraising 3-year average (CBF criterion max. 25%)	21,8%	20,5%	19,7%	19,6%	20,9%	18,8%
<b>Management and administration</b>	<b>3,366</b>	<b>3,388</b>	<b>2,452</b>	<b>2,099</b>	<b>2,335</b>	<b>2,539</b>
as a % of total expenditure + loans granted (in the year) (own criterion max. 2%)	2,0%	1,5%	1,3%	1,2%	1,5%	1,4%
<b>Expenditure on goals</b>	<b>146,287</b>	<b>188,990</b>	<b>168,289</b>	<b>144,116</b>	<b>142,183</b>	<b>171,707</b>
as a % of total income	93,5%	91,4%	87,0%	89,4%	94,3%	95,4%
as a % of total expenditure	91,8%	93,9%	94,0%	92,6%	91,9%	93,9%

The costs of direct fundraising amounted to 18.8 percent of the income from direct fundraising (three-year average). The CBF criterion for organizations holding the CBF Seal of Approval is that the average costs over three consecutive years may not be higher than 25 percent of the direct fundraising income. The key figure 'Management and administration costs' (including loan granted in the year) was 1.4 percent. This is below

the budgeted level of 1.5 percent and below the 2 percent maximum set by the Board of Directors of Oxfam Novib. The management costs allocated to management and administration are in accordance with the 'Goede Doelen Nederland' guideline (the former VFI guidelines). See 3.5.7 'Allocation of management and administration costs in accordance with the 'Goede Doelen Nederland' guideline'.

The key figure 'Expenditure on goals' is stated as a percentage of total income and total expenditure. 'Expenditure on goals' accounts for 95.4 percent of total income, which is above the budgeted 94.3 percent; and, 93.9 percent of total expenditure, which is above the budgeted 91.9 percent.

### 3.7.7.1 COSTS OF DIRECT FUNDRAISING

	COSTS OF DIRECT FUNDRAISING	PUBLIC INFORMATION AND MARKETING	MANAGEMENT AND ADMINISTRATION COSTS
The allocation of costs is as follows:			
A. Costs of activities that are primarily focused on recruiting new relations, e.g. notary fees.	100%	0%	0%
B. Costs of activities where requests for single and structural gifts are associated with giving information about the work Oxfam Novib is doing, e.g. street teams, door-to-door, corporate fundraising, and direct mail.	75%	25%	0%
C. Costs of activities where requests for single and structural gifts are equally as important as giving information about the work Oxfam Novib is doing, e.g. TV formats and events.	50%	50%	0%
D. Costs of activities that are primarily focused on giving information about the work Oxfam Novib is doing and where requests for single and structural gifts are of secondary importance, e.g. TV commercials and advertisements.	25%	75%	0%
E. Costs of activities that are primarily focused on giving information about the work Oxfam Novib is doing, e.g. Oxfam Novib News and loyalty activities.	0%	100%	0%
F. Costs that are charged by banks for the financial traffic of single and structural gifts	0%	0%	100%

The costs of direct fundraising amounted to €6.8 million in 2016/17. These costs were €0.9 million lower than budgeted. The costs of direct fundraising accounted for 16.8 percent of the total income from direct fundraising. The CBF criterion for organizations holding the CBF Seal of Approval is that the average costs over three consecutive years may not be higher than 25 percent of the income. Oxfam Novib's three-year average is 18.8 percent.

#### 3.7.8 Salary and emoluments paid to directors

Oxfam Novib adheres to the Advisory Scheme for the Remuneration of Directors of Charity Organizations of 'Goede Doelen Nederland' (Association of Fundraising Organizations) and the Wijffels Code of Good Charity Governance. The 'Remuneration Policy for the Board of Directors' is based on the criteria

of this Scheme and Code relating to remuneration, job grading, and maximum salary for directors.

#### Annual income

The Advisory Scheme sets criteria for determining the level of skill, effort, and responsibility required for executive positions and sets maximum annual income standards. The Board of Supervisors has assessed the positions of the Board of Directors on the basis of those criteria. Oxfam Novib has a multi-member Board of Directors with a Chair.

The position of the Chair was rated at 470 points, which corresponds to a maximum annual income for 2017 of €124,377 (salary component only) on the basis of full-time employment. In 2016 it was €124,233.

The positions of the other members of the Board of Directors were rated at 432

points, which corresponds to a maximum annual income for 2017 of €109,677 (salary component only) on the basis of full-time employment. In 2016 it was €109,550.

'Goede Doelen Nederland' has published a guideline against which directors' actual annual incomes can be assessed. None of those incomes exceeded the abovementioned maximum amounts.

The table below shows the directors' remunerations received during the period from January 1, 2016 to December 31, 2016. In the financial year 2015/16, the disclosure was made according to the financial period April 1, 2015 to March 31, 2016. This has been rectified for 2016/17 and the prior year comparative figures have been updated. This revision did not lead to any undue payment.

### 3.7.8 SALARY AND EMOLUMENTS PAID TO DIRECTORS

Amounts in Euros

Name	F. KARIMI	A. VD WOUDE	T. VAN DER LEE	A. GALAVAZI
Job title	EXECUTIVE DIRECTOR	EXECUTIVE DIRECTOR DIRECTOR INTERNATIONAL DEPARTMENT	DIRECTOR LOBBYING AND CAMPAIGNS	DIRECTOR OPERATIONS
Employment				
Type of contract	permanent	permanent	permanent	permanent
Period	1/1/16-31/12/16	1/1/16-31/12/16	1/1/16-31/12/16	1/1/16-31/12/16
FTE	1,0	1,0	1,0	1,0
Former top official	no	no	no	no
Real or fictional employment	real	real	real	real
hours	36	36	36	36
FTE percentage	100	100	100	100
period	1/1/16-31/12/16	1/1/16-31/12/16	1/1/16-31/12/16	1/1/16-31/12/16
Individual WNT maximum (euros)	168,000	168,000	168,000	168,000
Remuneration 2016 (euros)				
Remuneration	116,053	90,701	100,898	99,859
Taxable expenses	34	-	-	-
Deferred remuneration (pensions)	10,929	9,235	10,445	10,354
	<b>127,015</b>	<b>99,936</b>	<b>111,343</b>	<b>110,213</b>
-/- Undue payment	-	-	-	-
<b>Total remuneration 2016 (euros)</b>	<b>127,015</b>	<b>99,936</b>	<b>111,343</b>	<b>110,213</b>

#### INFORMATION FOR 2015

Period	1/1/15-31/12/15	1/1/15-31/12/15	1/1/15-31/12/15	1/1/15-31/12/15
FTE	1,0	1,0	1,0	1,0
Remuneration 2015 (euros)				
Remuneration	110,198	87,516	96,131	94,056
Taxable expenses	48	-	-	-
Deferred remuneration (pensions)	11,007	9,363	10,536	10,489
<b>Total remuneration 2015 (euros)</b>	<b>121,253</b>	<b>96,879</b>	<b>106,666</b>	<b>104,545</b>

- The pension costs consist of the employer's portion of the contributions to the pension plans.
- No loans or guarantees have been provided and no advance payments have been made to the members of the Board of Directors.

Members of the Board of Supervisors do not receive any remuneration or fees and were all appointed for the entire financial year. A total of €2,525 was paid out in reimbursements in 2016/17. None of those incomes exceeded the below mentioned maximum amounts.

### 3.7.8.1 Executives' Pay Financed from Public Funds (Disclosure) Act

Oxfam Novib comes within the purview of the Executives' Pay Financed from Public Funds (Disclosure) Act, Wet normering bezoldiging topfunctionarissen

publieke en semi publieke sector (WNT). Accordingly, the taxable annual salaries of its officers must be disclosed and are not permitted to exceed the amount of €168,000 for the calendar years 2016 and 2017. None of the Directors or

other officers of Oxfam Novib, nor those employed on consultancy basis, received a taxable annual salary in excess of these amounts in 2016/17.

## EXECUTIVES' PAY FINANCED FROM PUBLIC FUNDS (DISCLOSURE) ACT

Amounts in Euros						
Name	H. VAN BEUSEKOM	J. GUPTA	K. TUKKER	P. VERBAAS	J. VAN ZIJL	L. KOSTER
Function	CHAIR	MEMBER	MEMBER	MEMBER	MEMBER	MEMBER
Period	1/1 - 31/12	1/1 - 31/12	1/1 - 31/12	1/1 - 31/12	1/1 - 31/12	1/1 - 31/12
Individual WNT maximum	25,200	16,800	16,800	16,800	16,800	16,800
Remuneration	-	-	-	-	-	-
Taxable expenses	-	-	-	-	-	-
Deferred remuneration	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-
-/- Undue payment	-	-	-	-	-	-
<b>Total Remuneration 2016</b>	-	-	-	-	-	-
Obligatory justification if exceeded	PM	PM	PM	PM	PM	PM
INFORMATION 2015						
Period	1/1 - 31/12	1/1 - 31/12	1/1 - 31/12	1/1 - 31/12	1/1 - 31/12	1/1 - 31/12
Remuneration	-	-	-	-	-	-
Taxable expenses	-	-	-	-	-	-
Deferred remuneration	-	-	-	-	-	-
<b>Total Remuneration 2015</b>	-	-	-	-	-	-

## 3.8 SEPARATE FINANCIAL STATEMENTS OXFAM NOVIB

### 3.8.1 SEPARATE BALANCE SHEET OXFAM NOVIB AS AT MARCH 31 AFTER APPROPRIATION OF NET RESULT

Amounts in thousands of Euros	MARCH 31, 2017	MARCH 31, 2016
<b>ASSETS</b>		
Tangible fixed assets	8,271	9,459
Financial fixed assets	54,970	55,269
Inventories	40	47
<b>Receivables from governments</b>		
Long-term	3,667	4,392
Current	6,810	9,070
	10,478	13,462
Receivables	33,564	21,171
Cash and cash equivalents	83,688	81,037
<b>TOTAL</b>	<b>191,011</b>	<b>180,445</b>
<b>LIABILITIES</b>		
<b>Reserves and funds</b>		
Reserves		
Contingency reserve	15,079	17,184
Earmarked reserves	50,948	51,203
	66,027	68,387
Funds	45,159	46,192
	111,186	114,579
Provisions	3,544	4,193
<b>Liabilities</b>		
Long-term	1,086	463
Current	15,563	14,759
Prepayments from donor organizations	-	9,105
	16,649	24,327
<b>Project liabilities</b>		
Long-term	20,871	9,318
Current	38,761	28,029
	59,633	37,347
<b>TOTAL</b>	<b>191,011</b>	<b>180,445</b>

### 3.8.2 SEPARATE STATEMENT OF INCOME AND EXPENDITURE OXFAM NOVIB

#### SEPARATE STATEMENT OF INCOME AND EXPENDITURE

Amounts in thousands of Euros

	FIN STMNT. 2016/17	BUDGET 2016/17	FIN STMNT. 2015/16
<b>INCOME</b>			
Income from direct fundraising	37,966	30,812	35,697
Revenues from third-party campaigns	15,489	14,000	18,502
Government grants	79,919	71,585	81,565
Income from affiliated non-profit organizations	15,709	17,265	12,459
Income from other non-profit organizations	21,060	8,958	7,122
Income from interest	4,019	3,133	2,266
Other income	2,991	1,513	1,640
<b>Total Income</b>	<b>177,153</b>	<b>147,267</b>	<b>159,253</b>
<b>EXPENDITURE</b>			
<b>Expenditure on goal of 'structural poverty alleviation'</b>			
Food, Land and Water	42,616	37,887	29,725
Governance and Financial Flows	42,823	26,589	22,450
Conflict and Fragility	40,238	37,988	23,587
Gender and Youth	33,226	29,866	22,773
Humanitarian	4,378	2,065	38,465
Public Engagement	7,690	6,608	6,424
	<b>170,971</b>	<b>141,002</b>	<b>143,424</b>
<b>Costs of generating income</b>			
Costs of direct fundraising	5,258	5,227	5,848
Expenditure on third-party campaigns	356	599	269
Costs of securing government grants	1,503	1,855	1,891
	<b>7,117</b>	<b>7,680</b>	<b>8,008</b>
<b>Management and administration</b>			
Management and administration costs	2,458	2,206	2,066
<b>Total expenditure</b>	<b>180,547</b>	<b>150,888</b>	<b>153,499</b>
<b>Net result</b>	<b>(3,393)</b>	<b>(3,621)</b>	<b>5,754</b>
Result of participations	-	-	(173)
<b>Net result</b>	<b>(3,393)</b>	<b>(3,621)</b>	<b>5,581</b>
Loans and guarantees provided	8,368	600	21,163
Loans and guarantees repayments received	(9,260)	-	(6,917)
Microfinance Innovation Fund	-	-	2,245
<b>Expenditure on goals - not reflected in statement of income and expenditure</b>	<b>(892)</b>	<b>600</b>	<b>16,491</b>
<b>Appropriation of net result</b>			
Added / charged to: earmarked reserves	9,288	1,844	(14,616)
Added / charged to: earmarked funds	(1,032)	(865)	13,236
Added / charged to: projects reserve	(9,542)	(3,993)	6,710
Added / charged to: contingency reserve	(2,106)	(607)	251
<b>Net result</b>	<b>(3,393)</b>	<b>(3,621)</b>	<b>5,581</b>

### 3.8.3 Accounting policies for the valuation of assets and liabilities in the separate financial statements

#### General

The financial statements have been prepared in accordance with the Dutch Accounting Standard for Fundraising Institutions (RJ 650) as published by the Dutch Accounting Standards Board. The accounting policies for the separate financial statements and the consolidated financial statements are the same.

With regard to the accounting policies for the organization's balance sheet and statement of income and expenditure, reference is made to the notes to the consolidated financial statements unless otherwise specified below.

#### 3.8.3.1 Financial fixed assets

The asset items, additional to the consolidated asset items, are valued as follows:

- Participating interest in Oxfam Sweden: zero – Oxfam Novib has no equity interest in Oxfam Sweden. Oxfam Sweden is consolidated because Oxfam Novib has significant influence over Oxfam Sweden.

Oxfam Sweden has its headquarters in Stockholm. The foundation dedicates itself to raising awareness of people who are living in poverty and suffering from injustice. The foundation involves citizens by bringing them together and mobilizing them through campaigns and fundraising for projects and programs run by Oxfam.

The Board of Directors of Oxfam Sweden is the organization's highest decision-making body and consists of seven members:

- Chair: F. Karimi
- Board member: T. van der Lee
- Board member: C. Daun Wennborg
- Board member: P. Vanags
- Board member: A. Ochani
- Board member: M. Palm-Jensen
- Board member: S. Arkelsten

The valuation of the net asset value of Oxfam Sweden was set at zero as at March 31, 2017. Oxfam Sweden is fully included in Oxfam Novib's consolidated financial statements.

#### Impact Investments B.V.

Impact Investments B.V. is a private limited liability company that is registered under the name "Inclusive Impact Investments B.V." It has its headquarters in The Hague. The company aims to fight poverty and injustice by means of direct investment (using loans and equity) in developing countries such as Uganda, Nigeria, and Vietnam.

Oxfam Novib decreased its shareholding in the company from 100% to 41% during 2016/17. Therefore, Impact Investment

B.V. is no longer consolidated in Oxfam Novib's financial statements.

### 3.9.2 Notes to financial statement items affected by the consolidation of Oxfam Sweden

There is a difference between the consolidated result and equity and the corresponding figures as presented in the separate financial statements. Although it holds with no equity interest, Oxfam Novib does have significant control over Oxfam Sweden. For this reason, Oxfam Sweden's result and equity are included in the consolidated financial statements of Oxfam Novib but not in the separate ones.

Oxfam Sweden shows a positive net result of €0.4 million and a positive equity balance of €0.3 million. This causes the following differences:

- Net result of €3.4 million negative versus €3.0 million negative in the consolidated financial statements;
- Total reserves add up to €66.0 million versus €66.4 million in the consolidated financial statements.

The tangible fixed assets in the separate financial statements are slightly lower than in the consolidated financial statements. Receivables are €0.01 million less and cash and cash equivalents are €0.6 million less than in the consolidated financial accounts. Reserves are slightly higher than the consolidated financial statements. Liabilities are €0.3 million less than in the consolidated financial statements.

### 3.9.2 NOTES ON FINANCIAL STATEMENT ITEMS AFFECTED BY THE CONSOLIDATION OF OXFAM SWEDEN

Amounts in thousands of Euros	OXFAM NOVIB PROJECTS	POLICY ON SENIOR STAFF	LOANS & GUARANTEES	MANAGEMENT & ADMINISTRATION COSTS	EXCHANGE RATE RESULTS	HYPOTAX	TOTAL EARMARKED RESERVES
<b>Balance at March 31, 2016</b>	30,618	447	15,182	4,522	434	-	51,202
Added	8,121	-	17,819	6,528	-	1,024	33,492
Withdrawn	17,664	447	9,555	5,845	234	-	33,744
<b>Net movements</b>	<b>(9,542)</b>	<b>(447)</b>	<b>8,263</b>	<b>683</b>	<b>(234)</b>	<b>1,024</b>	<b>(253)</b>
<b>Balance at March 31, 2017</b>	<b>21,076</b>	<b>-</b>	<b>23,445</b>	<b>5,206</b>	<b>201</b>	<b>1,024</b>	<b>50,948</b>

The separate statement of income and expenditure shows the following movements compared with the consolidated income statement:

Total income is €2.8 million less than stated in the consolidated statement of

income and expenditure, resulting from direct fundraising in Oxfam Sweden.

Total expenditure is €2.4 million less than stated in the consolidated statement of income and expenditure. Expenditure on public fund information and marketing

for the goal of 'structural poverty alleviation' was €0.7 million. Expenditure on direct fundraising costs was €1.6 million. The remaining €0.1 million in expenditure concerns management and administration costs.

### 3.10 SHO

#### 3.10.1 FAMINE ACTION (HONGERSNOOD ACTIE)

Amounts in thousands of Euros	FISCAL YEAR		UP TO FISCAL YEAR (INCLUSIVE)	
		TOTAL		TOTAL
<b>INCOME</b>				
Public donations (SHO funds)		1,656		1,656
Interest		-		-
<b>Total income</b>		<b>1,656</b>		<b>1,656</b>
<b>Cost of preparation and coordination (ICR)</b>				
ICR <sup>1</sup>		116		116
<b>Total available for aid activities</b>		<b>1,540</b>		<b>1,540</b>
	EMERGENCY	REHABILITATION	EMERGENCY	REHABILITATION
<b>EXPENDITURE</b>				
Commitments, contractual obligations (D)		260		260
- Expenditure through implementing organizations (field)		260		260
- Expenditure through international umbrella organization				
- Aid provided directly by the organization				
<b>Total available for commitments</b>		<b>1,280</b>		<b>1,280</b>
<b>OVERVIEW OF THE ORGANIZATION'S CASH TRANSFERS</b>				
Transfers				
- Expenditure through implementing organizations (field)				
- Expenditure through international umbrella organization				
- Aid provided directly by the organization				
<b>OVERVIEW OF THE ORGANIZATION'S EXPENDITURE IN THE FIELD</b>				
- Expenditure through implementing organizations (field) <sup>2</sup>				
- Expenditure through international umbrella organization				
- Aid provided directly by the organization				

<sup>1</sup> Total ICR is 7% of income of €1,656,000, amounting to €116,000. The ICR for Oxfam Novib reflects the reservation for those costs. No ICR was spent.

### 3.10.2 NEPAL

	FISCAL YEAR		UP TO FISCAL YEAR (INCLUSIVE)			
			TOTAL			TOTAL
Amounts in thousands of Euros						
<b>INCOME</b>						
Public donations (SHO funds)			51			4306
Interest			-			-
<b>Total income</b>			<b>51</b>			<b>4306</b>
<b>Cost for preparation and coordination (ICR)</b>						
ICR <sup>2</sup>			3			301
<b>Total available for aid activities</b>			<b>48</b>			<b>4,005</b>
	EMERGENCY	REHABILITATION		EMERGENCY	REHABILITATION	
<b>EXPENDITURE</b>						
Commitments, contractual obligations (D)			48			4,005
- Expenditure through implementing organizations (field)			48			4,005
- Expenditure through international umbrella organization						
- Aid provided directly by the organization						
<b>Total available for commitments</b>			<b>-</b>			<b>-</b>
<b>OVERVIEW OF THE ORGANIZATION'S CASH TRANSFERS</b>						
Transfers			623			4,005
- Expenditure through implementing organizations (field)			623			4,005
- Expenditure through international umbrella organization						
- Aid provided directly by the organization						
<b>OVERVIEW OF THE ORGANIZATION'S EXPENDITURE IN THE FIELD</b>						
			1,282			
- Expenditure through implementing organizations (field) <sup>3</sup>	1,182	100	1,282	3,178	100	3,278
- Expenditure through international umbrella organization						
- Aid provided directly by the organization						

<sup>2</sup>Total ICR for Oxfam Novib is 7% of income of €4,306,000, amounting to €301,000. The ICR for Oxfam Novib reflects the reservation these costs. Total ICR spent in the financial year was €84,000.

<sup>3</sup>Expenditure through implementing organizations (field) represents expenditure up to and including December 2016 for Oxfam Great Britain and up to and including March 31, 2017 for One2Watch.

The Hague, July 3, 2017

#### Board of Directors

Farah Karimi, Executive Director  
Arnold Galavazi, Director Operations

The Hague, July 3, 2017

#### Board of Supervisors

Hanzo van Beusekom, Chair  
Joyeeta Gupta, Member of Remuneration Committee  
Kees Tukker, Member of Financial Committee  
Peter Verbaas, Chair of Financial Committee  
Jan van Zijl  
Laurien Koster, Chair of Remuneration Committee

# OTHER INFORMATION

## 4.1 RESULT APPROPRIATION ACCORDING TO STATUTES

According to the statutes (article 23.3), the appropriation of the net result should be carried out in line with the regulations in the 'Goede Doelen Nederland' guideline 'reserves goede doelen'. According to article 10.2, the Board of Directors adopts the annual accounts and according to article 19.2, the Board of Supervisors approves them.

## 4.2 RESULT APPROPRIATION FOR THE YEAR

The operating result in 2016/17 was €3.0 million negative. That deviates by €1.0 million from the budgeted result and by €8.6 million from the 2015/16 result (which was positive €5.6 million). The result is earmarked for the following reserves and funds:

- Added to earmarked reserves  
€+9.3 million
- Movements in earmarked funds  
€-1.0 million
- Movements in projects reserve  
€-9.2 million
- Movements in contingency reserve  
€-2.1 million

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**Net result €-3.0 million**

## 4.3 EVENTS AFTER THE BALANCE SHEET DATE

There have been no material post-balance-sheet events which would require adjustment to Oxfam Novib's financial statements for the 2016/17 financial year.



# AUDITORS REPORT

## INDEPENDENT AUDITOR'S REPORT

To the Supervisory Board and Board of Directors of Stichting Oxfam Novib

### Report on the audit of the financial statements for the year ended 31 March 2017 included in the annual accounts

#### Our opinion

We have audited the financial statements for the year ended 31 March 2017 of Stichting Oxfam Novib, based in The Hague.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Stichting Oxfam Novib as at 31 March 2017, and of its result for the year then ended in accordance with the Guideline for annual reporting 650 "Fundraising Organizations" of the Dutch Accounting Standards Board and with the rules of and following the Dutch Standards for Remuneration of Senior officials in the Public and Semi-Public Sector act (WNT).

The financial statements comprise:

1. the consolidated and separate balance sheet as at 31 March 2017;
2. the consolidated and separate statement of income and expenditure for the year then ended;
3. the consolidated cash flow statement for the year then ended; and
4. 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 and 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 Oxfam Novib 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.

#### Report on the other information included in the annual accounts

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

- the Directors' Report;
- the Board of Supervisors' Report;
- other information;
- multi-annual budget 2017-2022.

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 Guideline for annual reporting 650 "Fundraising Organizations" of the Dutch Accounting Standards Board and 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.

The Board of Directors is responsible for the preparation of the Directors' Report in accordance with the Guideline for annual reporting 650 "Fundraising Organizations" of the Dutch Accounting Standards Board.

#### Description of responsibilities regarding the financial statements

##### Responsibilities of management for the financial statements

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with the Guideline for annual reporting 650 "Fundraising Organizations" of the Dutch Accounting Standards Board and with the rules of and following the Dutch Standards for Remuneration of Senior officials in the Public and Semi-Public Sector act (WNT). Furthermore, the Board is responsible for such internal control as it 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, the Board is responsible for assessing the organization's ability to continue as a going concern. Based on the financial reporting framework mentioned, the Board should prepare the financial statements using the going concern basis of accounting unless the Board either intends to liquidate the organization or to cease operations, or has no realistic alternative but to do so.

The board of Directors should disclose events and circumstances that may cast significant doubt on the organization's ability to continue as a going concern in the financial statements.

##### 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.

# MULTI ANNUAL BUDGET 2017-2022

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

- identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board;
- concluding on the appropriateness of the Board's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the organization'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 company 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.

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

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

Amsterdam, 4 July 2017

**Mazars Paardekooper Hoffman n.v.**

w.s.

drs. R.C.H.M. Horsmans RA RV



## MULTI ANNUAL BUDGET 2017 - 2022

### FINAL BUDGET

Amounts in thousands of Euros

	2017/18	2018/19	2019/20	2020/21	2021/22
<b>STATEMENT OF INCOME AND EXPENDITURE</b>					
<b>Income</b>					
Income from direct fundraising	48,973	53,230	54,743	58,504	62,787
Revenues from third-party campaigns	13,803	13,652	13,500	13,500	13,500
Government grants - strategic partnership	17,077	15,568	15,568	11,676	-
Government grants - other	88,173	100,091	96,331	100,982	106,046
Government grants	105,249	115,659	111,899	112,658	106,046
Income from interest	3,173	3,321	3,734	3,908	4,086
Other income	4,110	4,110	4,110	4,110	4,110
<b>Total Income</b>	<b>175,308</b>	<b>189,971</b>	<b>187,986</b>	<b>192,680</b>	<b>190,529</b>
<b>Expenditure</b>					
Food, Land and Water	40,439	44,336	43,317	43,702	41,931
Governance and financial flows	40,453	44,350	43,332	43,716	41,946
Conflict and Fragility	39,396	43,236	42,215	42,806	41,660
Gender and Youth	36,353	40,246	39,225	40,547	41,596
Humanitarian	1,946	1,480	1,490	1,500	1,510
Public Engagement	8,667	7,998	8,211	8,585	8,809
<b>Expenditure on goal of 'structural poverty alleviation'</b>	<b>167,254</b>	<b>181,647</b>	<b>177,790</b>	<b>180,857</b>	<b>177,453</b>
Costs of direct fundraising	7,377	6,249	6,592	7,058	7,387
Expenditure on third-party campaigns	492	493	494	495	496
Costs of securing government grants	1,737	1,723	1,734	1,746	1,760
<b>Costs of generating income</b>	<b>9,607</b>	<b>8,465</b>	<b>8,820</b>	<b>9,298</b>	<b>9,643</b>
<b>Management and administration costs</b>	<b>2,550</b>	<b>2,254</b>	<b>2,305</b>	<b>2,363</b>	<b>2,413</b>
<b>Total expenditure</b>	<b>179,410</b>	<b>192,366</b>	<b>188,915</b>	<b>192,519</b>	<b>189,509</b>
<b>Net result</b>	<b>(4,102)</b>	<b>(2,395)</b>	<b>(929)</b>	<b>162</b>	<b>1,021</b>
<b>APPROPRIATION OF NET RESULT</b>					
Added / charged to: earmarked reserves	(3,408)	(1,424)	(58)	118	2,261
Added / charged to: earmarked funds	(876)	(919)	(962)	(1,012)	(1,063)
Added / charged to: contingency reserve	182	(52)	91	1,057	(177)
<b>Appropriation of net result</b>	<b>(4,102)</b>	<b>(2,395)</b>	<b>(929)</b>	<b>162</b>	<b>1,021</b>
<b>EXPENDITURE ON GOALS - NOT REFLECTED IN STATEMENT OF INCOME AND EXPENDITURE</b>					
Movement loans portfolio (Triple Jump)	3,600	2,200	2,600	2,600	2,700
Movement Oxfam Novib Innovation Fund	-	-	-	-	-
<b>Other expenditure on goals</b>	<b>3,600</b>	<b>2,200</b>	<b>2,600</b>	<b>2,600</b>	<b>2,700</b>

## Notes to the 2017-18 budget and 2018-2022 multiannual budget

### Income

The total budgeted income for the financial year 2017-18 amounts to €175.3 million. This comprises €58.6 million in unrestricted income and €116.7 million in restricted income.

The total income of €175.3 million is €11.4 million higher than the income of €163.9 million approved in March 2016. This is caused by:

- €9.5 million higher income from institutional fundraising.
- Additional income of €2.8 million received from the Oxfam Collective Resource Allocation (CRA) pool.
- Drop in expected income from Oxfam Sweden by €1 million and from Oxfam South Korea by €0.2 million;
- €0.4 million higher target for the public fundraising income (including the Publishing House);
- Other: minus €0.1 million.

Based on the budgeted income in the multi-annual budget, the amount of €175.3 million for the financial year 2017/18 is anticipated to increase by €15.2 million to a total budgeted income of €190.5 million in the financial year 2021/22. This is mainly caused by:

- An anticipated increase by €17.8 million in income from institutional donors (from €88.2 million in 2017/18 to €106 million in 2021/22), caused by increasing target in the signed back donor contracts;
- A decrease of €17.1 million, as the five-year Strategic Partnership contract with the Dutch Ministry of Foreign Affairs signed in 2015 is set to end in December 2020;
- An anticipated increase by €13.8 million in income from community fundraising (from €49 million in 2017/18 to €62.8 million in 2021/22). This increase is caused by Oxfam Sweden (€6.3 million), foundations (€3.8 million), community fundraising in The Netherlands (€3.6 million) as well as Oxfam South Korea (€0.1 million);
- Other: plus €0.6 million.

### Expenditure

The total budgeted expenditure for the financial year 2017/18 amounts to €179.4 million. €167.3 million (93.2 percent) is for the goal of structural poverty alleviation. €9.6 million (5.4 percent) is planned for costs of generating income and €2.5 million (1.4 percent) is for management and administration.

Expenditure in the multi annual budget shows the general outline only. The total budgeted expenditure of €179.4 million is €14.7 million higher than the €164.7 expenditure in the 2017/18 budget approved in March 2016. This is due to the following reasons:

1. Following the higher institutional fundraising income, as explained under "Income" above, the program expenditure has also been increased by €9.5 million.

2. An additional €2.8 million in costs will be spent in the countries where Oxfam Novib is the Executing Affiliate, to be financed from the income received from the Oxfam CRA pool.

3. A €0.2 million decrease is a result in an increase of the core costs (€2.7 million) and the mitigating measures (€2.9 million) taken to compensate this increase. The following circumstances necessitate increasing the core costs of Oxfam Novib by €2.7 million:

- According to the revised budget of Oxfam Sweden, approved by the Swedish Board of Directors in February 2017, the costs of Oxfam Sweden will increase by €1.5 million in 2017/18;
- Oxfam Novib's contribution to the Oxfam confederation will increase by €0.5 million in 2017/18 as agreed in the Oxfam Executive Board meeting in October 2016;
- Additional pension costs of €0.4 million have been budgeted. These additional pension costs are a consequence of a new pension plan that Oxfam Novib is currently negotiating for its employees;
- An additional budget of €0.3 million

(including Publishing House) has been allocated to Public Engagement to achieve the increased community fundraising targets for 2017/18;

- Other increases are compensated by additional budget cuts within the units or budget shifts between the units.

This €2.7 million in additional core costs will be financed from the contingency reserve of Oxfam Novib. The Board of Directors has decided to mitigate the increase in these costs by reducing certain project funds (such as co-financing DGIS-SP projects and other externally funded projects as well as the innovation fund) by €1.7 million. The Board has also decided to increase the contingency reserve by an amount of €1.2 million from part of the anticipated income from Entrepreneurs for Entrepreneurs program. Consequently, a total amount of €2.9 million will be used to compensate the additional core costs.

4. In addition to the Oxfam Novib project reserve, and in order to maintain it within the required parameters, the Board of Directors has decided to finance the following costs to the total amount of €4.0 million from the project reserve:

- Co-financing of externally funded projects (€1.2 million, of which €0.7 million for DGIS Strategic Partnership);
- Additional allocation to the allocation fund unplanned (€0.6 million);
- Increased capacity for the internal audits for the period of 1 year (€0.6 million);
- Additional investment in the Innovation Fund (€0.5 million);
- Additional allocation to the migration crisis response in Greece (€0.5 million);
- Allocation fund for Oxfam Sweden (€0.3 million per year);
- Other incidental project costs, mainly related to the Oxfam 2020 transition (€0.3 million).

5. Lastly, a cost reduction of €1.4 million is a result of the Board's decisions with regards to the loans reserve. It has been decided to use part of the income of the Oxfam Novib Fund in 2016/17, set aside in the loans reserve, to finance the

financial inclusion activities of Oxfam Novib of €0.1 million. The Board has also decided to allocate an amount of €1.5 million in funds from the anticipated income from the Entrepreneurs for Entrepreneurs program to the loans reserve, increasing the investment in the microfinance portfolio by €1.5 million and

reducing the expenditure by the same amount.

In the budgeted expenditure in the multi annual budget, the total expenditure of €179.4 million for 2017/18 is anticipated to increase by €10.1 million to a total budgeted expenditure of €189.5 million

in 2021/22. Out of the total increase of €10.1 million, €10.2 million is related to the expenditure on the goal of structural poverty alleviation, while the management and administration cost is expected to decrease by €0.1 million.



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