

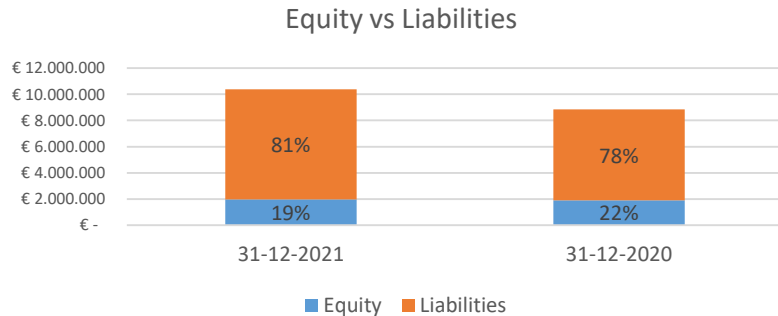
2021

FINANCIAL REPORT



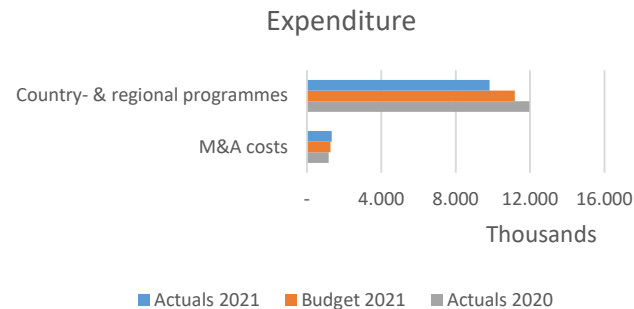
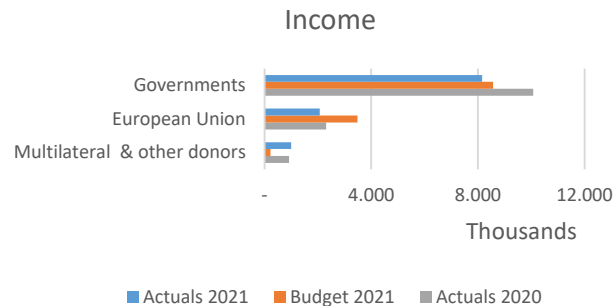
Key Figures 2021

Equity vs Liabilities



NIMD achieved a positive result of €0.07 million in 2021. As in the previous year, our equity increased in 2021, thanks to this positive result. This is in line with our ambition to strengthen our financial base for the organization. And a better result than foreseen. Our liabilities also increased in 2021, by almost €1.5 million. This is because we received more pre-financing from donors. As a consequence, the ratio of equity to liabilities became 19% of the total balance.

Income & Expenditure

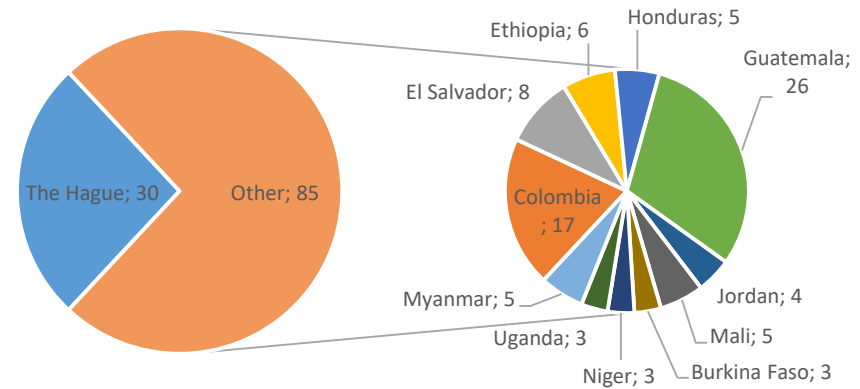


In 2021, NIMD received income for programmes from 24 different donors. These contributions brought our total annual income to €11.2 million, lower than NIMD's income of €13.3 million in 2020. This mainly due to the ending of some EU grants in 2021 and less funding available within the two grants of the Ministry of Foreign Affairs The Netherlands. This amount still provided a solid basis for NIMD to continue its work worldwide in the coming years, and is a bit below the 2021 annual budget (€12.3 million). Of NIMD's total expenditure in 2021 (€11.2 million), we spent 88% (€9.9 million) on programmes. These included country and regional programmes, and thematic programmes (knowledge, innovation and positioning).. The remaining 12% was allocated to non-direct human resources and office running costs (management and accounting costs).

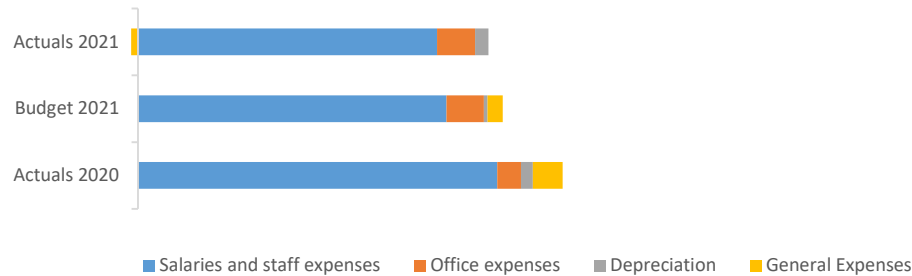
Key Figures 2021

Employees in offices NIMD (per 31/12/2021)

NIMD had eleven offices in 2021 (including NIMD HQ), in which 115 people work, in total, either under a staff contract or as consultants. The biggest of these offices is our international office in The Hague (30 persons) and our office in Guatemala (26 persons). In most offices, the number of staff is generally in line with the previous year except for Myanmar and Uganda. Any major country-level changes compared to last year are due to the start (+) or finalization (-) of grants.



Management & Accounting Costs



Compared to last year, NIMD had lower management and accounting costs in 2021, both in terms of volume (€2.7 million in 2021, compared to €3.4 million in 2020) and in relation to the other line items (24% in 2021, compared to 26% in 2020). These figures include all expenditure from NIMD's international office, including the costs of staff in The Hague working directly on programmes. The decrease was foreseen and is mainly caused by less salary costs which is the result of the reorganisation of 2020.

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1.1 STATEMENT OF THE EXECUTIVE DIRECTOR

At the moment of writing of this statement (May 2022), Russia is waging a cruel, devastating, unjustifiable and unprovoked war against Ukraine, a sovereign and democratic neighbor. It is a war against a people and it is a war against the choice made by the Ukrainians to build their democratic state and their open society. This brutal attack is a pivotal moment in the history of democracy worldwide, and it signals an unprecedented urgency to continue and enlarge the support to democracy by organizations such as NIMD, funded by states and by multilateral and private donors.

Throughout 2021, we have been confronted with sharp contrasts. As in previous years, we have been fortunate to work with deeply motivated aspiring politicians in our Democracy Schools. Their dedication in highly complex contexts is a great source of inspiration.

We also see how populations still believe in democracy, but are suspicious of many of their elected politicians who are often seen as serving their own interests rather than the interests of the people. Political leaders who want to undermine democracy actively attempt to exploit this exasperation, supported by a 'coalition of the unwilling' consisting of autocratic countries and movements. Threats against democracy are visible in an increasing number of countries where we work.

Globally, the number of full democracies decreases and the quality of the existing democracies is eroding. NIMD had to take the difficult decision to close our office in Yangon after the coup d'état in Myanmar in February 2021. The military take-overs in Mali and Burkina Faso did not stop our work in those countries, but certainly the context is as challenging, as it also is in El Salvador and a few other countries where we work.

And yet we continue, inspired and energized by the aspirations of the people we work with. We choose to work primarily with people who often have to overcome significant hurdles to run for office: women, young people, minorities, people living in remote areas far from their capital. These underrepresented groups deserve to enjoy the same political rights, as equal rights are the essence of true democracies.

In 2021, NIMD has made important steps. The organization started to work with its new organogram at the Head Office in The Hague with two major changes. The Grants Coordination Team has taken the coordinating role in the two consortia where NIMD is the lead partner. We also stepped up our external relations and fundraising efforts, with the newly formed Positioning Team. The first positive results are visible. The two consortia, Power of Dialogue and LEAP4Peace, are well on course in the implementation of their programmes. Our portfolio of programmes and projects funded by partners other than the Dutch Ministry of Foreign Affairs is increasing.

We aim to be a global player, capable of working in a wide variety of political cultures and contexts. In 2020, NIMD worked in 22 countries around the world through its network of implementing partners and country/regional offices.

The financial year 2021 ended with a moderately more positive balance than foreseen in 2020, with a stable and expanding funding position. We are confident to continue on this path in 2022.

NIMD IN 2021

EXPENDITURE

The total expenditure in 2021 amounted to € 11.2 million, which is below the budgeted amount for 2021 (10% underspending) and the 2020 actual expenditure (15% below 2020 actual expenditure). There are different reasons for this under expenditure, but the main reasons are less spending due to COVID-19 and the end of the contracts of some bigger grants in 2021.

As in previous years and in order to offer more insight, in calculating the actual management and accounting costs we have split the salary expenses of the office in The Hague over the two sub-categories: 'Programmes & Projects' and 'Finance & Support'. This is based on the direct hours included in the timesheets.

The largest part of our spending still relates to country and regional programmes (91% in 2020 compared to 88% in 2021). As can be seen, the proportion of the budget allocated for total management and accounting costs increased with 3% (9% in 2020 and 12% in 2021), a fluctuation that is due to the termination of some contracts.

A more detailed overview of the management and accounting costs will be found in Section 3.4.2 ("Specified Statement Management & Accounting Costs 2021"). The figures shown here include all expenditure from NIMD's headquarters, including the costs of staff in The Hague working directly on programmes, which in the statement of income and expenditure are divided over the two categories.

In terms of the management and accounting costs, the total expenditure was approximately 7% under budget and 20% lower than last year, which is in line with our cost-saving plans after the reorganization of 2021.

THE OPERATING RESULT

NIMD's continuity reserve ensures that the organization can meet its future obligations and has sufficient means to react on eventualities. In 2021, we were able to add € 57.000 to our reserves (in 2020: € 160.000). Part of our equity (reserve) is an appropriated reserve formed to finance, in 2019 and 2020, the investment in our new project management system. Between 2020 and 2024, this reserve will serve to finance the depreciation of this system.

Section 3.3 ("Income Overview") offers an overview of different donors that contributed to this result. Section 3.4 ("Specified statement Expenditure 2021") gives a more detailed explanation of the expenses in 2021, including the management and accounting expenses.

FUNDRAISING

NIMD's funding base will need to be further diversified over the coming years and the organization has assigned dedicated fundraising staff to materialize this ambition, together with our Programme & Knowledge Advisors and colleagues at the country offices. With each donor presenting its own programme demands and requirements for accountability, the task of delivering and reporting progress to a wider variety of donors will be increasingly complicated. To address this, NIMD is adopting a continuous improvement process for its internal management information system and procedures (e.g. approval of new funding opportunities). Next to the use of our Project Management

System, a separate team within the office in The Hague is tasked with the responsibility to manage these different demands, in close collaboration with our colleagues abroad.

In 2021, the Netherlands Ministry of Foreign Affairs, including the Royal Netherlands Embassies (RNE), provided 62% of the organization's overall income, a decrease compared to 2020 (72%). The figure confirms the trend of the last years towards a gradual decrease of the proportional weight of the Dutch MFA funding (2019: 74%, 2018: 72%, 2017: 80%, 2016: 79%). The percentage is in line with our budget for 2021, where we expected 61%.

In 2021, contracts with the European Union (Burundi, Cape Verde, El Salvador, Ethiopia, Honduras, Jordan, Mali and Myanmar) represented 18% of our income (in 2020 this was 17%). Other governments, together with other (multilateral) donors provided 20% of the income (in 2020 this was 10%). Within this last category, our programmes in Colombia and Guatemala, financed by Swedish International Development Cooperation Agency (SIDA), cover 11%.

STAFF

NIMD works both with local partner organizations and through its country/regional offices. Together, these form the organization's network, linking NIMD's worldwide expertise and resources to local knowledge and experience, ensuring strategies and programmes are custom-built to reflect the local political needs and contexts.

In addition to our headquarters in The Hague, NIMD has eleven country offices. We have country offices in Burkina Faso, Colombia, El Salvador, Ethiopia, Guatemala, Honduras, Jordan, Mali, Myanmar, Niger and Uganda. Our former country office in Benin has transformed into the *Institut pour la Gouvernance Démocratique*. After a challenging start in Benin due to the termination of previous funding agreements, later in 2021 we have been able to secure new funding and are looking forward to continue our strong cooperation.

In Myanmar, the coup d'etat has forced us to leave the country. However, Myanmar continues to be a vital country in our network, and we are currently exploring new solutions to continue our work with Myanmar's political and civic actors.

In total 85 persons are working in NIMD's country offices, excluding the staff at the office in The Hague. This reduction compared to 2020 (103) is mainly due to the termination of projects in Uganda (DGF) and Myanmar (EU). At the beginning of 2021, NIMD's headquarters in The Hague hosted 30 employees (28,11 FTE). By 31 December 2021, this number still was 30 employees (28,21 FTE). In total, seven colleagues joined the organisation, and seven left. In 2021 colleagues were leaving for different reasons; finding new challenges outside of NIMD, ending of intern contracts, but also due to the reorganization that took place in 2020.

COVID-19

The global pandemic continued to affect the work of NIMD in 2021, even though we reached most of our objectives. In a number of countries where we work, vaccination has been incomplete at best, and many colleagues, family and friends have been infected. Some colleagues have had to mourn the death of relatives due to the virus. Social distancing and the isolation due to the lockdowns have demanded a lot from staff members, and we had to find new ways of working together. We have had to suspend much of our travel to and often even within programme countries.

With the world opening up, and most colleagues vaccinated, taking into account our current (cash) position, we do not foresee any financial issues for the continuity of NIMD due to the COVID-19 crisis.

FUTURE

We will continue striving to reach our objective to gradually enlarge our resilience against financial shocks by enlarging our portfolio of donors and programmes. Within three years, NIMD should engage the next round of 5-year Dutch MFA funding with confidence, building on an increased financial stability. This is a realistic objective, because we can build on the strong confidence shown to NIMD by its partners and the people we work with. Our deep gratitude goes out to all colleagues throughout the world, to our network and all partners who contribute to this confidence. They allow us to work on what is motivating all of us, our mission to support democracy.

Thijs Berman (Executive Director), May 2022

1.2 STATEMENT OF THE SUPERVISORY COUNCIL

THE SUPERVISORY COUNCIL

The Supervisory Council is charged with the supervision of the day-to-day affairs of NIMD and with the (financial) management and policy pursued by the Executive Director. The Supervisory Council also has an advisory role. Based on the statutes, the Supervisory Council is responsible for the following duties and powers:

- Appointment and dismissal of the Executive Director and remuneration of the Executive Director;
- Approval of the annual plan, including the budget;
- Approval of the Multi-Annual Plan including multi-annual budget (issued once every four years);
- Approval of the yearly accounts, including financial report;
- Discharging the Executive Director from liability for his management in the past financial year;
- Appointment of the external auditors;
- Approval of intended decisions by the Executive Director regarding specific issues and agreements of, amongst others, far-reaching changes to the organizational structure and/or the terms of employment.

THE COMPOSITION OF THE SUPERVISORY COUNCIL

According to the constitution of NIMD, members of the Supervisory Council are elected for a maximum term of four years and can be re-elected for a second term of a maximum of another four years. Members are elected by the Supervisory Council based on a profile of the Supervisory Council as a whole. Since January 2021 Mr E. Kronenburg is the chair of the Supervisory Council. The composition of the Council in 2021 and as per date of approval of this report is as follows:

Name	Appointed to the Supervisory Council	End 1st term	Re-appointed	End 2nd term
Mr E. Kronenburg, Chair	14 October 2020	13 October 2024		
Mrs I.C. van Biezen	26 March 2015	25 March 2019	26 March 2019	25 March 2023
Mrs A. Mijnsbergen	26 March 2015	25 March 2019	26 March 2019	25 March 2023
Mrs W.J.J.M. van Eupen	01 November 2018	31 October 2022		
Mrs H.A.M. Nauta - van Moorsel	01 January 2019	31 December 2022		
Mr F.J.M. de Lange	01 January 2019	31 December 2022		
Mrs K.G. Ferrier	01 March 2020	29 February 2024		

FOCUS OF THE SUPERVISORY COUNCIL

The Supervisory Council meets regularly and, according to the constitution, at least four times a year. The Executive Director and, depending on the subjects, members of the Management Team are present during the meetings. This of course excludes discussions the Supervisory Council members wish to hold amongst themselves. During most of the meetings of the Supervisory Council a thematic presentation by a staff member, and discussion about said theme, is part of the agenda.

A delegation of the Supervisory Council meets the employee representative body at least once a year. In 2021, there were several meetings with the employee representative body and a few times with all staff. Individual members of the Supervisory Council do meet the Executive Director, other members of the Management Team and of the rest of the staff on specific topics. The Supervisory

Council aims to have a good and close relationship with all staff in order to execute its supervisory and advisory roles as effectively as possible.

The worldwide COVID-19 crisis continues to have an impact on NIMD and its staff. The Supervisory Council has from the beginning of the crisis been in close contact with the Executive Director on this impact, including how the pandemic impacts staff worldwide and programmes, projects and other activities. NIMD is in close contact with the Netherlands Ministry of Foreign Affairs and other donors regarding the impact on NIMD and its staff.

To improve the governance structure and in line with generally accepted good governance policies, the Supervisory Council started to work on their own regulations in 2019. This discussion led to the decision to create an Audit Committee and a Remuneration Committee, with dedicated regulations for those committees. The regulations were approved on 7 May 2020. The committees are installed as per that date.

As of 7 May 2020, the members of the Audit Committee are Mrs A. Mijnsbergen (Chair) and Mrs I.C. van Biezen. Members of the Remuneration Committee are Mr E. Kronenburg (the regulations state the chair is qualitate qua member of the Remuneration Committee) and Mr F.J.M. de Lange.

The Supervisory Council had five meetings in 2021. During these meetings the following topics were on the agenda:

- The monitoring of the finalization of the reorganization;
- Input and discussion on the updated authorization matrix, which is updated after the reorganization of 2020
- Input/discussion on the Multi Annual Plan (MAP) 2021-2025;
- Financial - and operational management including Human Resources;
- Follow up and monitoring on the fundraising strategy;
- Approval of the Annual Report including Financial Statements 2020;
- Reporting of findings based on the audit executed in 2020 by Dubois & Co Register-accountants;
- Discussion on the Social Annual Report provided by the Confidential Advisor 2020;
- Approval of the annual plan for 2022, including budget;
- The composition of the Supervisory Council related to upcoming vacancies and the regulations of the Supervisory Council, Audit Committee and Remuneration Committee;
- Policy and activities - related to programmes and projects and to knowledge and strategic relations (including communications) - of NIMD and the decision-making process related to the starting and ending of activities (including in specific countries);
- Monitoring of the situation in Myanmar and what impact this has on the staff, office and programming;
- Discussion on digital security and what NIMD has done on this;
- Presentation on the imagine survey done in 2021;
- Regulations of the Advisory Council.

AUDIT COMMITTEE in 2021

The Audit Committee (AC) formally met twice in 2021. In between there was regular contact with the Executive Director and the Head of Finance, Control & Support on specific issues the AC needed to be informed about, or when the Executive Director requested the advice of the AC. The Chair of the AC informs the Chair of the Supervisory Council about the activities of the AC and reports to the Supervisory Council during its meetings or in between if necessary.

Permanent issues on the agenda are the financial situation; the administrative organization including internal control; ICT, information management and legislation and regulation regarding privacy; human resources; risk assessment; fundraising and the relation with the donors; and findings of the external auditors. The Executive Director or Head of Finance, Control & Support will contact the AC the moment there is a suspicion of financial mismanagement.

In 2021, specific attention was given to a number of subjects including the finalization of the reorganization and treasury. In addition, the annual financial report 2021, the budget for 2022, the way of dealing with exchange rate differences and the internal cost recovery policy have been discussed.

REMUNERATION COMMITTEE in 2021

On 22 January 2021 and on 20 January 2022 the Remuneration Committee also conducted the annual performance review with Executive Director. All members of the Supervisory Council and the employee representation body gave their input for this review.

The Remuneration Committee also prepared a discussion held in May 2022 on the composition of the Supervisory Council related to upcoming vacancies and the regulations of the Supervisory Council, Audit Committee and Remuneration Committee.

And finally the Remuneration Committee prepared a self-evaluation that the Supervisory Board is planning to conduct every year. The self-evaluation is scheduled to take place in Q3 of 2022.

1.3 INTEGRITY

NIMD is committed to promoting a culture of integrity and transparency. We aim for the highest level of integrity in all our work. As part of this commitment, we introduced a comprehensive [Integrity Policy](#) in 2019, which was approved by the Supervisory Council on 17 April 2019.

The Integrity Policy is based on generally accepted guidelines regarding integrity and on the key values outlined in our Labour Conditions – justice; legal security; a safe environment; openness and clarity; individual and shared responsibility; room for initiative, diversity and creativity.

The Integrity Policy consists of:

- the Code of Conduct
- the Complaints procedure
- the Whistleblowing Policy
- the SEAH (Sexual Exploitation, Abuse and Sexual Harassment) Policy

The policy's underlying principle is that every person working with and for NIMD will be treated with respect and dignity at all times and in a working environment free from any abuse, including sexual harassment or exploitation, discrimination, and abuse of authority. NIMD will react swiftly and strongly against any form of misconduct.

In 2021, we again focused on further implementing this policy. This has meant creating visibility and understanding around the Integrity Policy and highlighting its importance among NIMD staff and external stakeholders. Employees from various Country Offices have been actively involved in presenting and promoting the Integrity Policy.

For NIMD, introducing an integrity policy has not just been a routine exercise. It has been more than simply drawing up a number of rules of conduct and meeting specific legal requirements. Throughout the introduction of the policy, NIMD has remained aware that our collegial attitude and a shared objective to collectively respect and protect our Integrity Policy are also crucial aspects of integrity. This demands an open and respectful attitude towards each other, accepting and welcoming differences.

We require our employees to abide by common social standards and values, beyond complying with the obvious legal requirements set out in the policy. Throughout 2021, we put in place a series of measures, outlined below, to enlarge our ownership of the policy and meet both requirements.

CONFIDENTIAL ADVISOR NETWORK

NIMD has a Confidential Advisor Coordinator and an External Confidential Counsellor. These two Counsellors have been appointed in 2017 by the Director, in collaboration with the Staff Representation Body (PvT).

In 2020, the Confidential Advisor Coordinator in The Hague identified several needs amongst NIMD's international staff, mainly related to the accessibility of the confidential counseling services. In order to meet our own ambitions included in the MAS 2021-2025, and to take into account local circumstances such as culture, language and trustbuilding, we decided to set up a network of voluntary Confidential Advisors across the NIMD Country Office network. We recruited Regional Confidential Advisors for Central America, South America and West Africa. The network started its work in 2020.

The network of voluntary Confidential Advisors is coordinated by the Confidential Advisor Coordinator, based in The Hague, who can also provide counselling services to all staff in NIMD Country Offices worldwide.

In 2021, both Confidential Counsellors in The Hague continued their work as independent advisors on work-related issues.

As part of their induction programme, all new employees in The Hague have a meeting with the Confidential Advisor Coordinator. This meeting highlights the importance of the Integrity Policy, and also makes the new colleagues aware of the services provided by the Confidential Counsellors.

The Confidential Advisor Coordinator remained available in 2021 to all employees in The Hague and the Country Offices. This year, their main focus was to support employees through the COVID-19 pandemic and the 2020 reorganization of the office in The Hague, including the impact of this reorganization on the Country Offices.

As part of the ongoing implementation of the Integrity Policy, both Counsellors gave a presentation to all employees of NIMD in the Netherlands in 2021. The aim was to ensure that all staff are aware of the service provided by the Counsellors, and how to access these services. This information has also been shared with all Country Offices. In addition, the Confidential Advisor Coordinator organized several online meetings with all Directors of Country Offices as a follow-up.

SOCIAL ANNUAL REPORT

The Confidential Advisor Coordinator draws up a yearly report, which includes feedback from the External Confidential Counsellor. This report contains information about relevant training activities that the Counsellors have followed; an overview of any activities designed to raise awareness on integrity; and an update on the number of complaints received. This report is confidential and no information is disclosed that can be used to identify any complainant.

In 2022, as in previous years, the Confidential Advisor Coordinator presented their year report to the NIMD Management Team. The Executive Director decided that the report should be shared with the NIMD Supervisory Council.

2021 HIGHLIGHTS

Following the introduction of the Integrity Policy in 2019, NIMD worked hard to roll out this policy and ensure maximum transparency in all its work in 2020 and 2021.

In 2021, our focus was on ensuring that the Integrity Policy was embraced by staff and seen as more than simply a document that needs to be signed. Our work in 2021 has set a solid foundation to deepen our focus on integrity in the coming years. We will continue to renew and revise our Integrity Policy where needed, and hold regular sessions and discussions on integrity-related issues.

Some key achievements for 2021 include:

- The further setup and roll out of the international Confidential Advisors network.
- The introduction and guidance of regional confidential advisors in Uganda, Colombia and Guatemala. A confidential advisor in Honduras was also added to the team in April 2021.
- Further finetuning of the internal training module developed at the end of 2020 by the Confidential Advisor Coordinator and a communications specialist from NIMD.
- Training sessions by the Confidential Advisor Coordinator and communications specialist for the regional confidential advisors.
- The Regional Confidential Advisor in Colombia elaborated the protocol on gender-based violence.
- Monthly meetings of the international Confidential Advisors network.
- Regular bilateral meetings between coordinators and team members.
- An online presentation to all NIMD staff worldwide about the confidential advisor network.
- Development of different documents and brochures.
- Confidential Advisor awarded an LVV accreditation and follows continuous training.
- Different courses have been followed by the confidential advisor (eg building collaborative relationships with executives and the advising role of a confidential advisor).
- Support to all staff during the COVID-19 pandemic.

1.4 Organization and Quality Management

GOVERNANCE STRUCTURE

The Netherlands Institute for Multi-Party Democracy is a foundation. Its highest governing body – the Supervisory Council – oversees NIMD’s work and strategic direction by approving important policy documents, such as the organization’s multi-annual plans, financial overviews and the selection of strategic partners. The Supervisory Council appoints the Executive Director, who is responsible for the governance of NIMD, its strategic development, financial position and overall performance. The Executive Director works in a Management Team of three persons including himself (Head of Programmes & Knowledge and Head of Finance, Control & Support).

The Advisory Council is a body of representatives from NIMD’s seven founding political parties, and serves as the linking pin with these parties. The Advisory Council's main formal role is to provide advice, including at its own initiative, to the Executive Director and Supervisory Council.

At the organization's headquarters, the employee representative body within NIMD consists of three members elected by the staff. They act as the collective voice of the workforce at NIMD's Headquarters.

NIMD is registered under RSIN identification number 810625921 and operates as a Public Benefit Organization under Dutch tax law with *Algemeen Nut Beogende Instelling* (ANBI) status. This entails a number of benefits and responsibilities such as tax advantages for funding partners.

The Financial Statement 2021 fulfills the requirements set out by the Guideline 640 for Non Profit Organizations and is audited by Dubois & Co. The Executive Director of NIMD adopts the Financial Statement after approval by the Supervisory Council.

QUALITY MANAGEMENT 2021

In order to be accountable to our stakeholders, NIMD has a Quality Management System that serves as a framework for all NIMD policies, guidelines and procedures. In 2021, NIMD was audited by SGS in November 2021 according to the ISO 9001:2015 and Partos 9001:2018 version, and its ISO-certificate has been renewed.

This certification ensures the effectiveness of our quality and control system and strengthens our accountability to our stakeholders.

NIMD continued to carry out internal audits of its quality management system, monitoring risks and looking at all opportunities for improvement. At the same time, in 2021, we took the time to review all of NIMD's internal processes to ensure the quality of our work. Moreover, NIMD also complies with the general guidelines of the International Aid Transparency Initiative (IATI). NIMD is committed to the quality of its work and ensures that our work is efficient and transparent.

RISK MANAGEMENT

At NIMD, risk management is a system that evaluates, counters and mitigates risks at different levels of the organisation. This enables NIMD to observe and manage the impact of potential uncertainties and to ensure foresight and appropriate risk-based decision-making at all levels of the organisation.

At NIMD, every employee has a role to play in managing risks, from identifying to countering and mitigating them. However, it is important that every member of staff understands what is expected of them in the risk management process. Within NIMD there are different levels at which risks are assessed.

Risks at the organizational level

The Supervisory Council meets with the Director at least four times a year. Upon invitation these meetings are held in the presence of the Management Team. In these meetings risks are discussed, as they are included in the progress reports. In addition, the MT is responsible for sending an annual plan and budget to the Supervisory Council indicating possible risks.

Risks at the program level

The Global Annual Work Plan is discussed on the Management Team level, where each country office provides their own risk assessment. This risk assessment is included and reviewed in the annual plans where risks are identified and evaluated by the Grant Coordinators to inform decision-making and used for monitoring.

Risks at the country program level

On the Country Programme level the Political Economic Analysis (PEA) review gives a good indication on what programmatic risks there are and how to mitigate them. NIMD also has a set of policies and procedures that are integrated to the Risk Management System at NIMD. These procedures and policies are applied to manage and avoid certain risk within the organization, including the risks on country level.

IDENTIFIED RISKS IN 2021

With the end of the two major grants funded by the Ministry of Foreign Affairs (The Netherlands Strategic Partnership Grant and the Dialogue for Stability Grant) in 2020, NIMD expects that income will fluctuate more than in previous years and the coverage of overhead costs will be less flexible than in previous years. This impacts on NIMD's selection of funding opportunities: if they require co-financing by NIMD, this is only feasible if matching funds from our continuity reserve are available and if their use can be justified.

As for the implementation of programmes, NIMD has been increasingly working in post-conflict areas, and will continue to work in conflicted-affected and fragile environments in the near future. The volatility of the political situation in these environments often leads to a degree of uncertainty about the potential to allocate funding as planned, as illustrated by the situation in Myanmar since the coup d'état early 2021. This risk is acknowledged and mitigated by continuous monitoring and evaluation, while keeping our donors informed and agreeing on any changes in programming with them.

Another financial risk arises from NIMD's model of working with organizations whose expertise and capacities sometimes need to be further developed. To mitigate this risk, programme progress and accountability are accurately monitored through financial and narrative reports, audits, missions and evaluations, as well as through a fraud and incapacity policy.

As indicated, in addition, a yearly risk assessment screens the organizational capacity of the implementing partner organizations and country offices. Based on these assessments, some partner organizations/country offices will need to further invest in optimizing their capacity and sustainability.

Aside from these risk assessments, NIMD normally visits each country office once every two years for an internal audit. This gives a good and quantifiable oversight of the country office's capacities, priorities, and ongoing responsibilities. In 2021, due to COVID-19 related restrictions, only the office in Ethiopia received an internal audit.

On the management of staff-related risks, we further invested in our integrity policy in 2021. This served to ensure that our policy properly reflects the most recent insights on how to respect the highest possible standards of integrity in NIMD's activities, both internally and in our contacts with partners, suppliers, and clients. A more detailed description of this policy can be found in Chapter 1.3 ("Integrity").

In 2021, NIMD had three cases of disputes with contractors in different parts of the world. Two related to a consultancy contract, one to a labor contract. The labor dispute has been settled. On the consultancy contracts, NIMD engaged in a dialogue with the two complainants where the rationale has been explained behind the termination of their contracts. This has led to a positive outcome and no court cases have been filed. In 2021 we also discovered a breach of our code of conduct, without ill intent. In one of our country offices, a vehicle had been purchased from one of the staff members. The case has been closed with the cancellation of the purchase. Persons involved have been informed on the breach.

As part of our Safety & Security Policy we attach a high priority to personal safety. This applies to our colleagues working in The Hague office, colleagues in the different country offices, and the partner organizations involved in our programmes and projects.

1.5 BUDGET 2022

All amounts in euros

	BUDGET 2021
INCOME	
Grants from Governments	10.609.929
Grants from the European Union	1.297.711
Grants from bi- & multilateral donors	813.227
	12.720.867
EXPENDITURE	
Spent on country- & regional programmes (including Knowledge, positioning & Innovation)	11.610.414
Management & accounting costs	1.204.099
	12.814.513
Result	-93.646

In the setup of our budget we present the income in three categories (Governments, European Union and Other donors). Our new long-term programmes (PoD & L4P) financed by the Ministry of Foreign Affairs The Netherlands for the period 2021 to 2025, provide a stable basis for financing our activities around the world.

As in previous years, the expenditure in 2022 is split in two categories. One directly linked to our programming and a second for our Management and Accounting costs.

All expenses in our countries are included under country and regional programmes. As in previous years, the 2022 budget directly allocates the cost of country and regional programme staff in The Hague to this budget line. This is also the case for the cost of staff dedicated to knowledge, positioning and innovation. This means that the non-direct time of these colleagues, and the other costs incurred by the office in The Hague, are included in the Management and Accounting costs.

As of 2021 the new programmes provide a stable source of income, still NIMD needs to find new ways to finance our management and accounting costs. This is an ongoing search and fundraising is one of our top priorities. With this in mind a deficit is expected and accepted. Also as our equity can cover for this deficit.

2.1 BALANCE SHEET

All amounts in euros

	31/12/2021	31/12/2020	
ASSETS			
FIXED ASSETS			
Intangible fixed assets	108.123	199.633	3.2.1
Tangible fixed assets	123.041	118.123	3.2.2
CURRENT ASSETS			
Receivables			
Accrued subsidies	757.851	235.581	3.2.3
Programme receivables & prepayments	333.625	1.003.952	
Other advance payments & accrued receivables	167.633	154.442	
	1.259.109	1.393.976	
Liquidities	8.884.769	7.133.519	3.2.4
TOTAL ASSETS	10.375.043	8.845.251	
LIABILITIES			
EQUITY			
Continuity reserve	1.859.946	1.702.420	3.2.5
Appropriated reserve	108.123	199.633	
	1.968.069	1.902.053	
LONG-TERM LIABILITIES			
Rental debt	63.885	18.667	3.2.6
	63.885	18.667	
CURRENT LIABILITIES			
Advance received subsidies	6.463.136	4.954.121	3.2.7
Programme liabilities	1.475.609	1.484.129	
Other advance receipts & accrued liabilities	404.343	486.282	
	8.343.088	6.924.531	
TOTAL LIABILITIES	10.375.043	8.845.251	

2.2 STATEMENT OF INCOME AND EXPENDITURE

All amounts in euros

	ACTUAL 2021	BUDGET 2021	ACTUAL 2020	
INCOME				
Grants from Governments	8.159.469	8.570.042	10.065.776	3.3
Grants from the European Union	2.063.122	3.482.090	2.309.078	
Grants from bi- & multi lateral donors	995.501	223.071	920.288	
TOTAL INCOME	11.218.093	12.275.204	13.295.142	
EXPENDITURE				
Spent on country- & regional programmes (including Knowledge, positioning & Innovation)	9.823.971	11.173.113	11.959.325	3.4
Management & accounting costs	1.328.106	1.273.157	1.175.566	
TOTAL COSTS	11.152.077	12.446.270	13.134.892	
RESULT BEFORE APPROPRIATION	66.016	-171.066	160.250	
Added to/withdrawn from:				
Reserves				
Appropriated reserve Project Connect	-91.510		20.785	
	-91.510		20.785	
RESULT AFTER APPROPRIATION	157.526		139.465	
ALLOCATION OF RESULTS				
	RESULT 2021		RESULT 2020	
Continuity reserve	157.526		139.465	
Appropriated reserve Project Connect	-91.510		20.785	
	66.016		160.250	

2.3 CASH FLOW STATEMENT

All amounts in euros

	2021	2020
CASH FLOW FROM OPERATIONAL ACTIVITIES		
Result	66.016	160.250
Corrections for:		
- Depreciation assets	107.074	93.917
Changes in working capital:		
- Receivables	134.867	145.677
- Liabilities	1.463.775	1.557.153
	<u>1.598.642</u>	<u>1.702.830</u>
NET CASH GENERATED FROM OPERATIONAL ACTIVITIES	1.771.732	1.956.997
CASH FLOW FROM INVESTING ACTIVITIES		
- Investments	<u>-20.481</u>	<u>96.467-</u>
NET CASH USED IN INVESTING ACTIVITIES	20.481-	96.467-
IN- / DECREASE IN LIQUIDITIES	1.751.251	1.860.530
CHANGE IN LIQUIDITIES		
Liquidities as of 01 January	7.133.519	5.272.989
Liquidities as of 31 December	<u>8.884.769</u>	<u>7.133.519</u>
IN- / DECREASE IN LIQUIDITIES	1.751.251	1.860.530

3.1 GENERAL NOTES AND PRINCIPLES OF VALUATION AND CALCULATION OF RESULTS

3.1.1 GENERAL

OBJECTIVE

The object of the NIMD is to support the democratization process in young and emerging democracies by strengthening political parties/political groupings as the backbone of an inclusive democracy. The dialogue between the supported parties is a key priority, as it facilitates the establishment of an effective sustainable pluralistic and multiparty political system. NIMD links its activities to the objectives of national and international policy on sustainable poverty reduction in DAC countries (development assistance committee countries) and other countries, and to the objectives of the international human rights framework, including specifically women rights and the rights of other underrepresented groups.

INTEGRATION OF COUNTRY OFFICES

These Annual Accounts combine:

- the balance sheets, and statements of income and expense of NIMD's offices in the programme countries
- the Annual Accounts of the NIMD office in The Hague.

NIMD's Executive Director has full accountability for all NIMD offices, and management is organized centrally. There is organizational connectedness and economic unity between the entities that form part of the NIMD family, both when it comes to programming and operationally. As all entries from NIMD offices are registered in one system, transactions between the different offices are eliminated. The legal entities included in the consolidated Annual Accounts are the NIMD offices in the following countries: Burkina Faso, Colombia, El Salvador, Ethiopia, Honduras, Guatemala, Jordan, Mali, Myanmar, Niger, the Netherlands and Uganda. At the end of 2020, the office in Benin was closed due to the end of the programming in Benin. In 2021 we started the process of registering an office in Thailand to continue our work in Myanmar.

RELATED PARTIES

International Lobby and Advocacy (ILA) towards the United Nations, the European Union and other regional organizations formed a key component of the Power of Dialogue Programme (PoD) between the Netherlands Ministry of Foreign Affairs and NIMD for 2021-2025. NIMD is a member of the European Partnership for Democracy (EPD), which focuses its work on the strategic priorities for ILA vis-à-vis the EU. NIMD has a seat (as Vice-Chair) in the Board of EPD. For 2021, NIMD paid a membership fee of €25.000 (2020: €25.000) and in 2021 no separate contract for ILA towards lobbying of the EU (2020: € 100.000).

In 2016, NIMD founded the Global Partnership for Multiparty Democracy (GPMD). The objective of GPMD is to strengthen the position of organizations supporting political parties from a multiparty perspective within the democracy assistance sector. This is done by developing joint positions on issues relating to political party support, and lobbying for and advocating these positions to the international donor community. GPMD partner organizations are provided with a communication and coordination channel to continuously support the improvement of their approaches through knowledge-sharing activities. This channel also aims to assist them in performing any tasks that are directly or indirectly conducive to achieving GPMD objectives. As GPMD is an independent foundation, representation in NIMD's financial statements is through the membership fee and our contribution to the formalization and set up of the foundation.

NOTES TO THE CASH FLOW STATEMENT

The cash flow statement has been prepared using the indirect method. The financial resources in the cash flow statement comprise both cash at bank and cash in hand. Cash flows denominated in foreign currencies have been translated at an average of the exchange rate for at year end. Interest income and expenses from operating activities are included in the cash flow. Transactions that do not involve any incoming or outgoing cash flows are not presented in the cash flow statement.

ESTIMATES

To apply the accounting principles and rules for compiling the Annual Accounts, the NIMD Management Team is required to form opinions about various matters and make estimates that might be essential for the amounts presented in the Annual Accounts. Estimates have been made regarding provisions and monitoring and the collectability of claims. NIMD is not exposed to any risks to its results in this respect.

3.1.2 PRINCIPLES OF VALUATION AND CALCULATION OF RESULTS

FINANCIAL REPORTING PRINCIPLES

The Financial Statements have been prepared in accordance with the Dutch Accounting Guidelines for Annual Reporting (RJ 640 for not-for-profit organizations) .

PRESENTATION

The annual accounts are presented in Euro.

GENERAL PRINCIPLE OF VALUATION

The annual accounts are based on accrual accounting and use the historical cost basis. Assets and liabilities are accounted for with their nominal values unless stated differently. Receivables are discounted for provisions when necessary.

OTHER CURRENCIES

Values of assets and liabilities in currencies other than Euro are converted into Euro using the exchange rates as of 31 December. Exchange rate differences are directly included in the results. During the financial year transactions in other currencies are accounted for using the exchange rate of the last payment made or -in the case of some country office administrations- using the end of cumulative period interbank exchange rate.

COMPARISON WITH PREVIOUS ANNUAL ACCOUNTS

The principles of valuation and calculation of results are the same as those in the previous annual accounts. The presentation of the figures have been changed. Less details are shown, this in line with general accepted standards within the NGO-sector and to increase the readability of our annual accounts.

INTANGIBLE FIXED ASSETS

Investments in developing programme management software and website are valued at historical cost. Depreciation is linear and in 3 years, starting when assets are taken into account.

TANGIBLE FIXED ASSETS

Tangible fixed assets are valued at historical cost minus linear depreciation during estimated economic life span. Fixed Assets are depreciated as follows:
Renovation real estate - 4/5 years
Furniture - 4 years
Computer equipment - 3 years
Fixed Assets at Country Office - 2-5 years depending on assets

RECEIVABLES

In the receivables the claims on grants are included under accrued subsidies and these refer to claims on governments and other authorities arising from liabilities into which NIMD has entered based on agreements to that effect as part of its program; these amounts include the related program management fee. Upon initial recognition, other receivables are presented at the fair value of the consideration, expressed in euros. Allowances for bad debts are deducted from the claim's book value.

LIQUIDITIES

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

EQUITY

The equity includes two different types of reserves: the continuity reserve and an appropriated reserve for Project Connect. The continuity reserve is meant to create a sufficient-sized buffer that can be used to complete pending programmes appropriately, including staffing them with NIMD employees, if one or more key sources of funding were to dry up unexpectedly, and with due observance of existing legal and moral obligations. The continuity reserve is also meant to cover unexpected losses. The appropriated reserve for Project Connect (Programme Management System) is used to cover the depreciation of our investment in Project Connect over three years.

LIABILITIES

Programme liabilities are recognized as costs set out in the statement of costs and revenues, and as liabilities in the balance sheet at the moment that the decision to grant a subsidy is laid down in a contract. Contractual obligations to subcontractors (organizations or individuals without outcome responsibility as they implement activities on the basis of instructions by NIMD) are not recognized as costs until their expenditure is invoiced or otherwise reported. Programme liabilities are valued at the maximum NIMD commitment (according to the contract) minus any advance payments already transferred..

GENERAL PRINCIPLE OF CALCULATION OF RESULTS

The general principle of calculation of results is historical cost. Revenue is accounted for in the year in which it is realized. Expenditure is taken into account in the year in which it is incurred. Costs and revenue are thus accrued to the financial year in which the activities concerned take place. In the case of granting subsidies to partner organizations, the relevant activity is signing the grant contract that sets out the obligation, according to Accounting Guideline RJ 640.

SUBSIDIES

The subsidies NIMD receives are reported based on accrual accounting. Average duration of funding is between one and three years.

3.2 NOTES TO THE BALANCE SHEET

3.2.1 INTANGIBLE FIXED ASSETS		
PROJECT CONNECT		
Acquisition price at beginning of year		274.530
Mutations in year		-
Acquisition price at year end		274.530
Accumulated amortization at beginning of year		74.897
Mutations in year		91.510
Accumulated amortization after mutations at year end		166.407
Book value at beginning of year		199.633
Added: investments		-
Deducted: depreciation 33%		91.510
Book value at year end		108.123

3.2.2 TANGIBLE FIXED ASSETS					
	COMPUTER EQUIPMENT	FURNITURE	RENOVATION REAL ESTATE	FIXED ASSETS COUNTRY OFFICES	TOTAL TANGIBLE FIXED ASSETS
Acquisition price at beginning of year	194.819	174.679	112.751		482.248
Mutations in year	-	-	-		-
Acquisition price at year end	194.819	174.679	112.751		482.248
Accumulated depreciation at beginning of year	185.799	171.536	101.827		459.163
Depreciation in year	5.108	1.513	8.943		15.564
Accumulated depreciation after mutations at year end	190.907	173.049	110.771		474.727
Book value at beginning of year	9.019	3.143	10.924	95.038	118.123
Mutations in year				20.481	20.481
Depreciation in year	5.108	1.513	8.943		15.564
Book value at year end	3.911	1.630	1.980	115.519	123.041

The mutations presented are the investments and depreciations done at country offices in local currency. The revaluation to Euros is done at the NIMD office in The Hague.

3.2.3 RECEIVABLES		31 December 2021	31 December 2020
ACCRUED SUBSIDIES		757.851	235.581

The accrued subsidies show the claims of NIMD towards donors, based on signed agreements, which are part of the programme income in 2021, which have not been received yet. For the biggest part, this relates to claims towards EU funded programmes 89% (Burundi, Cape Verde, Ethiopia, Honduras and Myanmar). As our programmes in Ethiopia and Myanmar ended in 2021, the final installment from the delegations have not been received yet and explain the increase compared to last year. Also the (ongoing) EU Programme in Honduras shows a relatively big claim towards the European Union.

PROGRAMME RECEIVABLES & PREPAYMENTS	333.625	1.003.952
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The programme receivables and pre-payments are either advance contract payments for 2022 or costs paid in 2021, but relating to 2022. The biggest part (69%) relates to unspent balances of 2021 (advances for 2022) for our (consortium) partners within our PoD and L4P grants. As last year (2020) a pre-payment of our new grants was done in December, the open amount in 2020 was much bigger.

3.2.3	RECEIVABLES (continued)	31 December 2021	31 December 2020
OTHER ADVANCE PAYMENTS & ACCRUED RECEIVABLES			
	Accrued interest	-	17
	Advances to staff	710	1.677
	Rent advance	48.250	52.252
	Claim with regards to supplies and services International IDEA	13.706	8.942
	Debtors	1.000	-
	Other non-programme advances & accruals	103.968	91.555
		167.633	154.442

The other advance payments and accrued receivables mainly relate to payments done in 2021, but which relate to 2022. Of which the prepayment of the rent and prepayment of insurances form the biggest part (82%)

3.2.4	LIQUIDITIES	31 December 2021	31 December 2020
	Bank accounts NIMD Head Quarter	6.833.749	5.778.374
	Petty cash NIMD Head Quarter (EUR and foreign currencies)	3.508	5.627
	Bank accounts Country Offices	2.042.957	1.344.570
	Petty cash Country Offices	4.555	4.948
		8.884.769	7.133.519

Bank balances are directly retrievable, except for the security bank account. This bank account refers to a rent security for the office in The Hague and has a balance of EUR 50.100.

3.2.5	EQUITY	31 December 2021	31 December 2020
CONTINUITY RESERVE			
	Accumulated as of 01 January	1.702.420	1.562.955
	Added: result bookyear	66.016	160.250
	Added: from appropriation reserve	91.510	74.897
	Deducted: used reserve	-	95.682
	Accumulated as of 31 December	1.859.946	1.702.420
APPROPRIATED RESERVE PROJECT CONNECT			
	Accumulated as of 01 January	199.633	178.848
	Added: from continuity reserve	-	95.682
	Deducted: used reserve	91.510	74.897
	Accumulated as of 31 December	108.123	199.633

The appropriated reserve for Project Connect has been created to cover the depreciation costs of the Project Management System that NIMD introduced in 2020. The reserve was created by including the full investment in the previous (2016-2020) Netherlands Ministry of Foreign Affairs programmes (SP & Dfs).

3.2.6	LONG-TERM LIABILITIES	31 December 2021	31 December 2020
RENTAL DEBT			
	Balance as of 01 January	18.667	46.667
	Added	68.494	-
	Deducted	23.275	28.000
	Balance as of 31 December	63.885	18.667

Of the open balance at year end 2021, an amount of EUR 13.825 will be paid in 2022 (within one year). The rest (EUR 50,060) will be used in the period 2023-2025. The increase in 2021 is caused by the signing of a new rent agreement in 2021 (see below under "claims and liabilities not taken into account in the balance sheet")

3.2.7	CURRENT LIABILITIES	31 December 2021	31 December 2020
ADVANCE RECEIVED SUBSIDIES			
Ministry of Foreign Affairs The Netherlands	See specification below	3.757.024	3.255.935
European Union		403.964	427.442
Other		2.302.148	1.270.743
		6.463.136	4.954.121
ADVANCE RECEIVED SUBSIDIES FROM MINISTRY OF FOREIGN AFFAIRS			
Subsidy Dialogue for Stability		-	380.174
Subsidy Strategic Partnership		-	-124.238
Subsidy LEAP 4 Peace		154.387	-
Subsidy Power of Dialogue		3.602.637	3.000.000
	-	3.757.024	3.255.935

Advance received subsidies all relate to pre-financing from donors on running programmes.

For the Dialogue for Stability programme (DfS), financed by the Ministry of foreign affairs The Netherlands (project number 28231) an amount of EUR 64.880,- has been included in 2021 for the closure of the programme. The programme itself ended on 31-12-2020. In the last five years, a total amount of EUR 13.934.706 has been used. Final approval on the programming and spending has been received on 12-11-2021.

For our Strategic Partnership programme, also financed by the Ministry of foreign affairs The Netherlands (project number 27543), an amount of EUR 76.115 has been included to finance the closing activities in 2021. With this, the total amount used in this programme is EUR 30.692.383. The Ministry approved and accepted this final report on 28-10-2021.

We returned the open amounts on these two subsidies to the ministry in 2021, we therefore present no open amounts.

PROGRAMME LIABILITIES	1.475.609	1.484.129
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Programme liabilities can be either contract liabilities to be paid in 2022 (for costs related to 2021), or payments made in 2022 which relate to 2021. 39% relates to contract liabilities in Benin (IGD), Burundi (BLTP), Guatemala (Carter Center), Mozambique (IMD) and Myanmar (GEN). 59% relates to liabilities included in the accounts of our country offices.

OTHER ADVANCE RECEIPTS & ACCRUED LIABILITIES			
Creditors		40.739	122.535
Other non-programme advances & accruals		49.504	39.071
Personnel related liabilities	See specification below	314.100	324.676
		404.343	486.282
PERSONNEL RELATED LIABILITIES			
Capitalised holliday allowance rights		95.818	92.699
Holliday allowance		84.023	86.034
Income insurance premiums due		54.545	56.192
Salary to be paid		3.511	3.920
Tax withheld from salary		76.202	85.831
		314.100	324.676

Other advance receipts and accrued liabilities relate mainly (57%) to personnel related liabilities of our staff in The Hague. The other non-programme advances and Creditors are all items paid in 2022, but related to 2021 (audit fees, interest, subscriptions, etc).

Rent agreement

The contract period for the rent of NIMD's office in The Hague is 1 September, 2021 renewed for five years. The rent is € 138.257 per annum (without VAT) and service costs. The Rabobank guarantees rent and service costs for €50,100 on the basis of the balance on a separate bank account. International IDEA is subtenant of NIMD for the same period and pays a rent of € 52,932 per annum (not including VAT and service costs).

Power of Dialogue

For the period 2021-2025 NIMD has been selected as one of the Dutch MFA's to receive funding in the Power of Voices framework. The Dutch Ministry decided on 02-12-2020 (project number 4000004353) to grant a consortium of four organisations (NIMD, Akina Mama Wa Afrika (Uganda), Institut Gorée (Senegal), Centre d'Etudes Méditerranéennes et Internationales (CEMI, Tunisia)) in which NIMD is the leading partner, a subsidy for the period from 1 January 2021 to 31 December 2025. The maximum contribution for these 5 years is €32.677.156.

LEAP 4 Peace

For the period 2021-2025 NIMD has been selected as one of the Dutch MFA's to receive funding in the Women, Peace & Security framework. The Dutch Ministry decided on 10-12-2020 (project number 4000004358) to grant a consortium of four organisations (NIMD, Gender Equality Network (GEN, Myanmar), Burundi Leadership Training Programme (BLTP, Burundi) and Gender Action for Peace and Security (GAPS, UK)) in which NIMD is the leading partner, a subsidy for the period from 1 January 2021 to 31 December 2025. The maximum contribution for these 5 years is €4.933.530.

3.3 INCOME OVERVIEW

All amounts in euros

DONOR	INCOME 2021	INCOME 2020
Grants from Governments		
Ministry of Foreign Affairs The Netherlands	6.532.374	9.546.394
Embassy of the Netherlands	362.495	43.218
Swedish International Development Cooperation Agency (SIDA)	1.228.431	458.705
Finnish Ministry of Foreign Affairs	31.433	17.458
Dutch Ministry of the Interior and Kingdom Relations	4.736	-
Grants from Governments	8.159.469	10.065.776
Grants from the European Union		
European Union	2.063.122	2.309.078
Grants from the European Union	2.063.122	2.309.078
Grants from multilateral & other donors		
Different donors	995.501	920.288
Grants from multilateral & other donors	995.501	920.288
	11.218.093	13.295.141

3.4 NOTES TO THE STATEMENT OF INCOME AND EXPENDITURE

All amounts in euros

3.4.1 SPECIFIED STATEMENT EXPENDITURE 2021

NIMD's budget contains two categories: items spent on country and regional programmes, which includes knowledge, positioning and innovation, and management & accounting costs. The core of our work, of course, relates to the first category and this is the biggest part of our budget. The budget and actual project expenses for the country and regional programmes comprise direct activity costs (e.g. mission costs, or activities in The Netherlands), as well as direct local overhead costs of the implementing partner organizations and NIMD country offices.

Based on our timewriting, we have split the salaries and staff expenses into two parts. The direct time has been listed under the country and regional programmes, and under knowledge, positioning & innovation. All indirect time of our staff expenses and all other general expenses have been included under management and accounting costs, which are shown in the second category of our budget. For a specification of the split of the salary costs and the detailed management and accounting costs, please see chapter 3.5

		EXPENDITURE 2021	BUDGET 2021	ACTUALS 2020
Spent in country- & regional programmes	a	8.437.235	9.564.320	9.779.430
Spent on country- & regional programmes in NIMD HQ	b	1.386.735	1.608.793	2.179.896
Management & accounting costs in NIMD HQ		1.328.106	1.273.157	1.175.566
		<u>11.152.077</u>	<u>12.446.270</u>	<u>13.134.892</u>

See 3.4,2

Of our spending in country- & regional programmes (a) most has been spent in Guatemala (16%), Ethiopia (11%) and Uganda (9%). The total amount of almost 8,5 mio has been financed mainly by our PoD programme granted by the Ministry of Foreign Affairs The Netherlands (43%), the European Union (22%) and SIDA (14%). In 2021 we had 8 contracts running financed via the European Union (Jordan, Cape Verde, Burundi El Salvador, Ethiopia, Honduras, Mali and Myanmar).

3.4 NOTES TO THE STATEMENT OF INCOME AND EXPENDITURE

All amounts in euros

3.4.2 SPECIFIED STATEMENT MANAGEMENT & ACCOUNTING COSTS 2021

	ACTUALS 2021	BUDGET 2021	ACTUALS 2020	
Salaries and staff expenses	2.362.939	2.437.350	2.838.978	3.4.2.1
Office expenses	299.864	296.100	186.159	3.4.2.2
Depreciation	107.074	28.300	93.917	3.4.2.3
General Expenses	-55.035	120.100	236.409	3.4.2.4
	<u>2.714.841</u>	<u>2.881.850</u>	<u>3.355.462</u>	

Based on our timewriting, we have split the salaries and staff expenses into two parts. The direct time has been listed under the country and regional programmes, and under knowledge, positioning & innovation. All indirect time and other expenses have been included under management and accounting costs. Under the General Expenses we show a credit amount, which is caused by exchange rate gains, and some unforeseen positive differences. Below, under 3.4.2.4. a detailed explanation can be found.

Salaries and staff expenses					
Spent on country- & regional programmes	69,1%	Direct	65,7%	1.072.830	a
		Indirect	34,3%	560.622	b
Management & accounting costs	30,9%	Direct	43,0%	313.906	a
		Indirect	57,0%	415.581	b
			2.362.939	-	-

		Salaries and staff expenses	Office-, general expenses and depreciation	Total
Spent on country- & regional programmes	a	1.386.735	-	1.386.735
Management & accounting costs	b	976.203	351.903	1.328.106
		<u>2.362.939</u>	<u>351.903</u>	<u>2.714.841</u>

NOTES TO THE SPECIFIED STATEMENT PROGRAMME MANAGEMENT COSTS

3.4.2.1 Salaries and staff expenses

Breakdown of the employee costs:

	ACTUALS 2021	BUDGET 2021	ACTUALS 2020
Gross Salaries	1.794.969	1.721.000	2.113.502
Social Securities	289.162	307.400	344.688
Other salary costs	1.662	10.000	2.556
Pension	176.688	140.000	199.325
Commuting	12.004	56.800	26.776
Mission costs for indirect staff	3.160	42.000	-539
Education & Training	19.070	59.500	17.636
Staff Insurances	65.659	65.000	77.498
Security Policy	5.048	15.000	4.029
Other personnel costs	14.271	36.050	56.050
Reimbursements from staff insurances	-18.754	-15.400	-2.542
	<u>2.362.939</u>	<u>2.437.350</u>	<u>2.838.978</u>

Salaries and staff expenses are considerably lower than 2020 (17%), this mainly due to the operationalisation of the reorganisation which happened at the end of 2020. In 2020 NIMD employed 35,18 FTE, in 2021 this was 28,11 FTE. Our overall spending is within budget, but some deviation can be seen on certain items, which we will explain below. We started in 2021 with 30 colleagues and also ended the year with 30 persons working in our The Hague office. In total 7 persons joined NIMD and also 7 (different) colleagues left.

NOTES TO THE SPECIFIED STATEMENT PROGRAMME MANAGEMENT COSTS (Continued)

The gross salaries, social securities and pension expenses all were 4% above the budgeted amounts. For our social securities and pension the split over these two items was different than we budgeted. But the overall increase is more or less equal to the increase of the gross salaries. This increase is mainly caused by the inflation correction done at 01-07-2021 (NIMD follows the RIJK salary scales).

The other salary costs are lower compared to the budgeted amount due to less recruitment and decreased lunch costs in 2021. Again mainly due to the Coronavirus, the mission costs and the costs of commuting are considerably lower compared to the budget.

In 2021 we did not use the full amount for Training and Development, nor for Safety and Security. Again the Coronavirus had an impact on the number of trainings and courses. The actual other personnel cost are below budget, and relate to remuneration of the supervisory council (see WNT in chapter 3.5), temporary staff, and some Coronavirus related expenses.

Like last year, a credit amount was allocated to cover the costs of illness of staff members for an extended period. The reimbursement of staff insurances in 2021 was a bit higher than budgeted and also higher than the 2020 actuals.

3.4.2.2 Office expenses

Breakdown of the office costs:

	ACTUALS 2021	BUDGET 2021	ACTUALS 2020
Rent	107.114	106.900	107.235
Cleaning	25.623	36.000	32.209
Other housing expenses	6.567	16.300	6.344
ICT-expenses	90.617	69.000	84.360
Project Connect	-	-	-95.253
Phone and Internet expenses	19.546	34.900	24.717
Bank charges	36.607	15.000	12.491
Other Office expenses	13.791	18.000	14.055
	<u>299.864</u>	<u>296.100</u>	<u>186.159</u>

Within the office expenses overall we are in line with the budgeted amount. As in 2020 the investment in Project Connect was included as a negative amount, the 2021 figures show a considerable increase on a total level compared to the previous year. Rent, which is the biggest budgetline in this category is in line with the budget. Cleaning costs are 29% lower than foreseen, this mainly due to the re-charging of costs to our lessee.

Our ICT expenses increased due to some addition costs for accomodating working from home, but also higher Project Connect maintance costs than foreseen. The budget is in line with previous year. Bank charges include the negative interest to be paid for cash balances above a certain amount. This adds up to almost € 28k in 2021.

3.4.2.3 Depreciation

Breakdown Depreciation

	ACTUALS 2021	BUDGET 2021	ACTUALS 2020
Depreciation furniture	1.513	4.300	3.493
Depreciation computer equipment	5.108	13.700	5.185
Depreciation Programme Management Software & Website	-	800	-
Depreciation Project Connect	91.510	-	74.897
Depreciation Renovation Office	8.943	9.500	10.342
	<u>107.074</u>	<u>28.300</u>	<u>93.917</u>

Depreciation is in line with the budget and expenses of 2020 with the exception of the depreciation of Project Connect and computer equipment. As we have an appropriated reserve for Project Connect, costs will not have an impact on the overall result and were therefore not budgeted. For the computer equipment, the foreseen investment in new equipment was postponed to April 2022.

3.4.2.4 General expenses

Breakdown General Expenses

	ACTUALS 2021	BUDGET 2021	ACTUALS 2020
Third party services	78.344	55.500	61.016
Audits	63.732	25.000	16.240
Insurances	15.016	22.600	20.615
Other General expenses	23.850	17.000	17.495
Differences / other gains & losses	-235.978	-	121.043
	<u>-55.035</u>	<u>120.100</u>	<u>236.409</u>

The general expenses are lower than budgeted, this is caused by the negative amount included under "Differences / Other gains & Losses". On almost all budget lines there is an overspending compared to budget. This goes for audit costs and some additional consultancies (translation services, proposal development and financial capacity). The higher audit costs are caused by both the startup of the new programmes and the closing of the previous grants with the Ministry. The differences / other gains and losses include previously not claimed income. (-126k). When final donor reports have been submitted the closing of the programmes in our books can happen. This causes additional income in 2021. The programmes which have been closed are the DGF Programme in Uganda and the PBF programme in Burundi. The differences / other gains and losses also include exchange rate differences (-44k). Amounts in foreign currency are translated into euros at the exchange rates of the balance sheet date. Transactions denominated in foreign currency are translated at the exchange rates ruling at the time of the transaction. The result of all these differences are not budgeted, because of their unpredictability, but have been incorporated in the statement of income and expenditure.

3.5 Specification Wet Normering Topinkomens

The Supervisory Council determines the remuneration policy, the amount of the remuneration of the Executive Board, and the amounts of the other elements of remuneration. Following the agreements in 2011, this parcel was once more confirmed in 2016.

The Law "Wet normering bezoldiging topfunctionarissen publieke en semipublieke sector" (WNT) applies since 2013. The justification is based on the WNT-limits for development.

The maximum remuneration in 2021 for NIMD's senior executive is €191.000. The displayed individual WNT-limit is calculated in proportion to the size and also to the time of employment, with the knowledge that the calculation can never be greater than 1.0 FTE. The individual WNT-limit for the members of the Supervisory Board is for the chairman 15% and for the other members 10% of the maximum remuneration of the senior executive, calculated in proportion to the duration of employment.

	Mr T. Berman	
2021		
Function	Executive Director	
Duration of employment	01-01 / 31-12	
Size of employment (in FTE)	1,0	
Contract Type	Employment	
<u>Remuneration</u>		
Remuneration	101.282	
Remuneration payable in time (Pension Contribution)	15.322	
Total	116.605	
Individual Remuneration maximum (WNT)	191.000	
Minus: unduly paid and not yet reimbursed	0	
Total remuneration	116.605	
Reasons for acceptance/rejection exceeding maximum remuneration		Not Applicable
Explanation of unduly paid and not yet reimbursed		Not Applicable
2020		
Function	Executive Director	
Duration of employment	01-01 / 31-12	
Size of employment (in FTE)	1,0	
Contract Type	Employment	
<u>Remuneration</u>		
Remuneration	99.938	
Remuneration payable in time (Pension Contribution)	15.150	
Total	115.088	
Individual Remuneration maximum (WNT)	189.000	
Minus: unduly paid and not yet reimbursed	0	
Total remuneration	115.088	
Reasons for acceptance/rejection exceeding maximum remuneration		Not Applicable
Explanation of unduly paid and not yet reimbursed		Not Applicable

Remuneration of supervisory council

2021

	Mr E. Kronenburg	Mrs. I. van Biezen	Mrs. A. Mijnsbergen	Mrs. W.J.J.M. van Eupen	Mrs. E. Nauta - van Moorsel	Mr. F. de Lange	Ms. K.G. Ferrier
Function	Chairman	Member	Member	Member	Member	Member	Member
Duration of membership	01-01 / 31-12	01-01 / 31-12	01-01 / 31-12	01-01 / 31-12	01-01 / 31-12	01-01 / 31-12	01-03 / 31-12
Individual WNT maximum	28.650	19.100	19.100	19.100	19.100	19.100	15.917
Remuneration							
Salary		0	0	0			
Remuneration	1.250	1.000	1.000	750	1.250	1.250	1.000
Pension Contribution	0	0	0	0	0	0	0
Total remuneration	1.250	1.000	1.000	750	1.250	1.250	1.000

2020

	Mr E. Kronenburg	Mrs. I. van Biezen	Mrs. A. Mijnsbergen	Mrs. W.J.J.M. van Eupen	Mrs. E. Nauta - van Moorsel	Mr. F. de Lange	Ms. K.G. Ferrier	Mr. E. van Middelkoop	Mrs. I. van Veldhuizen
Function	Member	Member	Member	Member	Member	Member	Member	Chairman	Member
Duration of membership	14-10 / 31-12	01-01 / 31-12	01-01 / 31-12	01-01 / 31-12	01-01 / 31-12	01-01 / 31-12	01-03 / 31-12	01-01 / 31-12	01-01 / 31-12
Individual WNT maximum	3.938	18.900	18.900	18.900	18.900	18.900	15.750	28.350	18.900
Remuneration									
Salary		0	0	0				0	0
Remuneration	500	1.000	1.250	1.250	1.250	1.250	1.250	1.250	1.250
Pension Contribution	0	0	0	0	0	0	0	0	0
Total remuneration	500	1.000	1.250	1.250	1.250	1.250	1.250	1.250	1.250

INDEPENDENT AUDITOR'S REPORT

To: the Executive Director and the Supervisory Council of Stichting Netherlands Institute for Multiparty Democracy Foundation.

A. Report on the audit of the financial statements 2021 included in the financial report.

Our opinion

We have audited the financial statements 2021 of Stichting Netherlands Institute for Multiparty Democracy based The Hague, the Netherlands.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Stichting Netherlands Institute for Multiparty Democracy at 31 December 2021 and of its result for 2021 in accordance with the 'RJ-Richtlijn 640 Organisaties zonder winststreven' (Guideline for annual reporting 640 'Not-for-profit organisations' of the Dutch Accounting Standards Board) and the Policy rules implementation of the Standards for Remuneration Act (WNT).

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KvK nummer 34374865

The financial statements comprise:

1. the balance sheet as at 31 December 2021;
2. the statement of income and expenditure for 2021; and
3. the notes comprising of 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 2021. 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 Netherlands Institute for Multiparty Democracy 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.



Compliance with rule against overlapping pursuant to the WNT not audited

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

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

The financial report contains other information, in addition to the financial statements and our auditor's report thereon.

The other information consists of:

- the statement of the Executive Director;
- the statement of the Supervisory Council.

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

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

By performing these procedures, we comply with the requirements of the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, being the statement of the Executive Director in accordance with Guideline for annual reporting 'RJ-Richtlijn 640 Organisaties zonder winststreven' (Guideline for annual reporting 640 'Not-for-profit organisations').

C. Description of responsibilities regarding the financial statements

Responsibilities of the Executive Director and the Supervisory Council for the financial statements.

The Executive Director is responsible for the preparation and fair presentation of the financial statements in accordance with the Guideline for annual reporting 'RJ-Richtlijn 640 Organisaties zonder winststreven' (Guideline for annual reporting 640 'Not-for-profit organisations' and the Policy rules implementation of the Standards for Remuneration Act (WNT). Furthermore, the Executive Director is responsible for such internal control as the Executive Director 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 Executive Director is responsible for assessing the foundation's ability to continue as a going concern. Based on the financial reporting framework mentioned, the Executive Director should prepare the financial statements using the going concern basis of accounting, unless management either intends to dissolve the foundation or to cease operations, or has no realistic alternative but to do so.

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

The Supervisory Council is responsible for monitoring the financial reporting process of the organisation.

Our responsibilities for the audit of the financial statements

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

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

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

We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing and the Audit Protocol WNT 2021, ethical requirements and independence requirements.

Our audit included among others:

- 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 entity's internal control;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a foundation to cease to continue as a going concern.
- evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Amsterdam, 19 July 2022

Dubois & Co. Registeraccountants

A.P. Buteijn RA