

**Stichting IRC, International Water and Sanitation Centre  
Riviervismarkt 5 – 2513 AM The Hague (NL)**

# **Financial Report 2023**

**(Including Annual Accounts)**

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### Corporate Information

<b>Legal form:</b>	<b>Foundation</b>
<b>Corporate name:</b>	Stichting IRC, International Water and Sanitation Centre
<b>Statutory seat:</b>	The Hague, The Netherlands
<b>Chamber of Commerce registration nr:</b>	41151952
<b>CEO:</b>	1 January – 31 December 2023, Patrick Barré Moriarty

Dates of (re)nomination of the Supervisory Board members:

	<b>Accession or Reappointment in</b>	<b>Resignation or Reappointment in</b>
<b>Mr. Robert Bos</b> (Chair up to May 2023)	2013, 2017	2023
<b>Ms. Wambui Gichuri</b> (Chair from May 2023)	2021	2025
<b>Mr. Louis Boorstin</b>	2017, 2021	2025
<b>Ms. Clarissa Brocklehurst</b> (Vice-Chair)	2017, 2021	2025
<b>Mr. Jan Sebel (Treasurer)</b>	2022	2026
<b>Ms. Akiça Bahri</b>	2023	2027
<b>Mr. Koos Wieriks</b>	2023	2027

## Director's Statement

*At IRC, we want every person in the world to enjoy their human right to safe water, sanitation and hygiene, now and forever.*

*Our mission is to work with people in the poorest communities in the world, with local and national governments, with nongovernmental organisations and with the private sector, to develop Water, Sanitation and Hygiene services that last not for years, but forever. We identify the barriers to making this happen and we tackle them. We help people to make the change from short-term interventions to long-term services that will transform their lives and their futures.*

*IRC is a foundation (Stichting) registered in the Netherlands and operating under Dutch law. As well as an office in The Hague, we have registered branch offices in Burkina Faso, Ethiopia, Ghana, Uganda, Mali and Niger. We are also present through consultants and projects in three additional countries: Bangladesh, India, and Rwanda.*

*IRC's formal governance is assured through a Supervisory Board (Raad van Toezicht) with up to seven members, and a Board of Directors (Raad van Bestuur) with one member: the IRC CEO (Directeur). To ensure that the voice of IRC's decentralised workforce is included in governance IRC has a Global Works Council with representatives from councils in each registered office. Practical management is undertaken by 10 department managers (including five Country Directors of decentralised national offices) – who meet as a 'Management Team'. The Management Team's mandate is to provide strategic advice to the CEO. In addition, operational decisions that affect the entire organisation are taken by an 'Executive Team' consisting of the CEO, CFO and Manager of the Growth Hub (business development).*

*As a unique think-and-do tank, our business model is based around three pillars:*

- mission-driven support to partner districts in focus countries, coupled with knowledge sharing, capacity building and influencing at national level and globally; and,*
- market-responsive not-for-profit professional services provided to a wide range of clients within and beyond our focus countries.*
- environmental and social awareness both within our own organisation and in the work we do.*

*The highpoint of 2023 was our All Systems Connect symposium, held in the Hague and attended by more than 700 people including 10 national ministerial delegations. The symposium highlighted IRC (and our One For All partners') convening power and ability to influence the global water and sanitation agenda. The national delegations included representatives of local government, academia, civil society and service providers – providing a vivid illustration of our commitment to driving lasting change through collective action. All Systems Connect, as its name implies was also about connecting beyond IRC's traditional water and sanitation niche. Representatives from health, climate and finance helped to identify how WASH can be part of a broader global development agenda.*

*A high-level meeting in March in New York, held in the presence of the Dutch King and Prime Minister of Botswana, during the UN's Water Conference led to the launch five months later in Stockholm of our Heads of State Initiative – a campaign with partners including the Government of the Netherlands, UNICEF and SWA which aims to bring water and sanitation to the highest levels of executive decision making and power.*

In-country, investments since 2017 in supporting partner districts are bearing fruit as the approaches developed are taken up by national government and replicated at scale. In Ghana our work in Asutifi North district has now expanded into the wider Ahafo region. In Ethiopia we led the development of a national WASH financing strategy. Even in the insecurity plagued countries of the Sahel, courageous local leaders continue to champion and implement a systems-based approach to serving their citizens.

In February 2023, a retreat hosted by our Ethiopia office brought representatives from across the organisation to further design our future IRC network, given the working name of OneIRC. This led to the development of a set of key working documents (charter, network design, and change plan) that were endorsed by IRC's Supervisory Board during its May meetings. The focus on All Systems Connect and the large effort this took, progress on implementing the change plan throughout the rest of the year was slow, picking up in the final quarter of the year with the formation of a Change Team. As a result, the target date for the inception of the network was set back from January 2025 to January 2026.

During the year IRC raised a total of €14.6 million, a very promising result which brings us to 96% of our five-year rolling acquisition target (€56 million for 2019-2023). IRC's gross revenue for 2023 was € 12,474,292, our highest ever. Despite this, our final business result for the year was a deficit of €462,993.

IRC's primary income stream is the selling of staff days against a daily tariff, and one of our main operational risks relates to the ability of staff achieve their individual targets on 'productive days'. Improved project management, supported by our cloud-based Exact ERP system, helped us to develop better real time insight into resource planning and management. As a result, our business result excluding foreign exchange rate results showed a slight improvement from 2021 and 2022. Nevertheless, that result is still a deficit of €301,154 and exposing a structural overcapacity in staff, especially in our Netherlands payroll. This can no longer be ignored and was addressed through a decision to implement a cost reduction of at least €380,000 during 2024. The cost reduction includes two involuntary redundancies.

Exchange rate fluctuations are difficult to predict and control, yet they may strongly influence IRC's financial result. Having helped to offset operating losses in 2021 and 2022, in 2023 they contributed some €170,000 to our overall operating loss. Exchange rates are closely monitored and disbursements to country offices can be carried out in different currencies, with the aim to reduce currency exchange risks. IRC does not speculate with its donor funding.

IRC is dependent on donor funding and, therefore, our most important operational risk lies in donors' continued willingness and ability to fund our work. Our championing of systems approaches, our symposia and our One For All alliance are all part of a strategy to ensure that we remain relevant and attractive to donors. Our strong fundraising performance in 2023 indicates that overall, this strategy is working, giving us good reason to be optimistic that, despite the continuing turbulent global environment, we will see a successful renewal in 2024 of IRC's most important grants from the Conrad N. Hilton Foundation and the Directorate-General for International Cooperation (DGIS).

In the medium term, we aim to reduce dependence on any one donor through diversification and an ambition to increase amounts of truly unrestricted income, however, neither is easy and

more than half our income continues to come from our three top donors: the Conrad N. Hilton Foundation, DGIS and UNICEF.

IRC continues to hold a moderate risk appetite in our programming, maintaining sufficient strategic agility to pursue funding opportunities - providing they contribute to IRC's mission. We believe in our thought leadership on systems strengthening and our position in the sector, and we are confident that we will be able to acquire the necessary funding to implement our mission.

We maintain a low risk appetite on compliance and strive towards meeting relevant regulations deriving from country-specific laws and our donors. Monitoring (changes in) policy and legislation is the responsibility of our Country Directors, who actively seek country-specific specialist advice where required. Monitoring compliance to donor regulations is the responsibility of project controllers and finance managers, in conjunction with the respective project managers. Where necessary, IRC facilitates specific training on donor regulations.

Other operational risks continue to relate to country-specific security profiles, most notably the ongoing political and security crisis in our three Sahel countries. During 2023, our Safety & Security policies, guidelines and training were renewed, while general well-being of staff continues to be monitored through surveys and line management consultations.

IRC navigates a world in which major global forces are at play both within and beyond the development sector. We remain convinced that our decision to become a distributed international network, OneIRC, is the right choice in the medium term to continue to ensure that IRC is an impactful and resilient organisation into the future.

## Report of the Supervisory Board

Transforming IRC into a Networked Organization: The process of transforming IRC into a networked organization was the main preoccupation in 2023. IRC's vision is to become a federation – One IRC – a membership organization of independent legal entities including country offices, regional programs, and an IRC Secretariat. The main aim of the federation is to maximize impact at local, regional, national, and global levels. The role of staff and their ownership and leadership of the change process as well as organizational culture, and regular communication will continue to be critical in ensuring success of the process and of the federation.

The Supervisory Board (Board) engaged with staff and management in board meetings and retreats, which provided opportunities for detailed discussions on steps and challenges for the transition. This included reviewing and endorsing key documents such as the OneIRC Charter which is a foundational document for creation of the Network, and the Design and Change Plan. The board-endorsed documents will evolve with new knowledge and continuous feedback.

There is still much to do before the Network launch. Among the areas for further development and discussion are:

- The potential impact of the transition on the Board and governance model. The Board reviewed four models/scenarios for the overall governance of the Network, including: (1) chairs of One IRC members, (2) external members with high profiles; (3) Hybrid (profiles and representation – external members selected on profiles, and some by specific groups (e.g., regions – Africa, Asia, Europe); and all members selected by the IRC collective; and (4) any other hybrid form.
- The Board's preference was the hybrid model with some external board members selected on profile and some by specific groups. The Board saw this as the best option in terms of reflecting the principle of representation without too much bureaucracy. This option will no doubt need further development and discussion.
- Issues regarding HR policy alignment with the decentralization, conflict resolution, and the solidarity fund
- Legal entity uncertainties; establishment requirements (especially for regional programs); fundraising functions; cost efficiency; and ensuring stakeholder awareness and agreement.
- The need to develop a brand for OneIRC that ensures alignment with the mission and vision and that reflects the ongoing change process. The brand development strategy aims for a launch date of 2026 in line with the launch of OneIRC. The Board expressed enthusiasm with the branding.

The Board commends management and staff for the substantial progress made in moving this complex change process forward as the primary drivers, while simultaneously delivering a heavy annual work programme.

One for All Alliance (OFA): Much of 2023 focused on brand and identity. Launched at the All Systems Connect (ASC) symposium in May 2023, the OFA continued to evolve in a positive way, guided by a common vision and strategy – Destination 2030 and a common results framework. The joint delivery of a successful ASC symposium gave the Alliance a strong start to build on. It was an opportunity to present the OFA to key stakeholders, strengthen the partnership, and mobilize attention from other organizations within and outside the sector. The ASC symposium gave excellent visibility to OFA. The OFA also issued its second joint annual report in 2023.

Among the critical areas needing attention going forward is organizational culture and fundraising, building on the progress made and confidence gained from the joint delivery of programmatic activities.

The OFA Advisory Panel was established as part of the Alliance Agreement to provide advice and feedback on behalf of the Parties' boards. Two years since establishment, the Panel decided to: (i) review and clarify its purpose and role in supporting advancement of the Alliance, (ii) review the impact of an expanded alliance/partnership on the Panel, (iii) clarify the Panel's value add to the Alliance; and (iv) reflect on how to improve internal coordination, ensure alignment of partner work programmes and strengthen complementarity.

Programmatic Performance: There were many successes in 2023 including the: (i) ASC symposium that attracted more than 700 participants including ministers; (ii) Heads of State initiatives that saw commitments in Ghana, Ethiopia and Uganda; and (iii) country and regional programs, despite conflict and security challenges especially in the Sahel countries. One area that IRC could consider for the Sahel countries is a strategy to integrate limited aspects of humanitarian development while working with more permanent actors (e.g., national service providers such as utilities) to find entry points for systems strengthening and long-term sector development.

While IRC had positive programmatic performance there were financial challenges. IRC experienced a loss in its business process for a third consecutive year. Reasons for this included a less favourable USD-EUR exchange rate and high indirect costs for some business units. To avoid further losses, IRC will implement cost reductions and take action to maximize income.

*Funding outlook:* IRC continued to diversify its funding base, expand efforts towards raising unrestricted funding while simultaneously working to ensure roll over of two critical grants – from the Directorate-General of International Cooperation (DGIS) and the Conrad N. Hilton Foundation – both in the final year (2024) of their current funding. Further, the current global financial context poses challenges in raising funds for core and programmatic activities, outside of traditional project activities. Engaging with OFA partners in fund raising may potentially offer opportunities.

Audit: In cooperation with our external auditors we took note of certain observations that required our additional attention: (i) a financial difference due to the use of USD-EUR exchange rates. The independent auditors advised that IRC conduct an independent review to further assess and address potential risks, (ii) the need to strengthen the internal control environment, noting that lower productivity in terms of billable days could lead to lower revenues. Implementation of a rate calculation system and regular monitoring and review of targets is recommended. (iii) systemic underspending that calls for emphasizing and improving management of billable days. (iv) Minutes of board meetings should more clearly and better reflect the Board's oversight role and incorporate their comments and advice. The May and November 2023 minutes provide the recommended clarity and reflection.

The independent auditors highlighted the effective functioning of the Exact Enterprise Resources Planning (ERP) system. We have further decided the installation of a Vice Chair, Ms. Clarissa Brocklehurst. Mr. Louis Boorstin replaced Robert Bos the Audit Committee. Both bring solid experience, leadership, and technical expertise to these roles.

Board composition and succession: The Board welcomed Akiça Bakri and Koos Wieriks in May 2023. While the Board is now complete, it is important to note that the second terms of two



members – Mr. Clarissa Brocklehurst and Mr. Louis Boorstin – will end in 2025. It is, therefore, a good time for the Board to initiate a search for replacements, bearing in mind the upcoming transition to OneIRC that will have a new governance structure and model.

The Board held two meetings in 2023: (i) face-to-face in The Hague in May which covered the statutory agenda and a retreat for a detailed discussion on the change process, and (ii) virtually, in November. To contribute towards reducing IRC's carbon footprint, the Board decided to hold one face-to-face meeting and one virtual each year, and organize some meetings out of The Netherlands, preferably in countries where IRC has programmes as an opportunity to experience ongoing work and meet with clients and key country/regional stakeholders. Consequently, the June 2024 Board meeting will take place in Ghana.

My role as Board chair started in May 2023, following the expiry of Mr. Robert Bos' term. We are grateful to Mr. Bos for his excellent leadership which provided space for productive interaction and decision making. He left behind a strong, diverse, and motivated Board. We also congratulate Mr. Bos for being awarded a prestigious royal honor – Officer of the Order of Oranje Nassau – by His Majesty, King William Alexander, in recognition for his lifelong commitment to advancing global health and access to water, sanitation, and hygiene. We are proud of his achievements and wish him the best for the future.

Wambui Gichuri  
Chair

## Financial Report

The financial year 2023 was one of two extremes. IRC's income was the highest ever recorded, with a total of €12,474,292. The income figure fits very well in the IRC Strategic Growth Plan that assumes a gradual growth in the transition from a €10 million organization in 2017 to a €15 million network in 2030. Whereas the income was encouraging, the eventual business Result was not. Even though a negative Result was foreseen for the year, the eventual loss of €462,993 is significant and disappointing. Although more than one-third of the negative Result can be attributed to exchange rates, the Result once again highlights that IRC has difficulties achieving a positive operating Result ever since the 'COVID-years'. The past two years, however, this shortcoming was compensated by positive exchange rate results and a substantial legacy in 2022.

The large deficit started to emerge during the year, with a forecast of €650,000 and €550,000 losses in May and July respectively. The forecast triggered cost reduction measures, both for the short and medium term. During the second half of 2023 planned General Administrative expenses were reduced with some €150,000, while plans were developed to reduce an additional €380,000 as from 2024 onwards – mostly concerning the payroll in the Netherlands. IRC Management is confident that these measures are for now sufficient to regain the potential to achieve positive operating Results, providing however that its two main multiannual programs are being renewed by the end of 2024.

The Annual Plan 2023 assumed a total budget of €11.9 million and a minor deficit of €31,310. The end-of-year figures were above target for total income, but largely off target for the eventual business Result. IRC started the year with 71% of the budget secured and an additional 11% in the weighted pipeline. Major acquisitions during the year included WASH Systems in Health from the Foreign, Commonwealth & Development Office (FCDO) of the UK and a European Union-funded project in the Koudougou, Burkina Faso. Additional substantial new contracts were concluded for the IRC-hosted Agenda for Change Secretariat and related work in the Sahel. New projects in the Sahel countries are much welcomed, because of continued security concerns in these countries and the difficulties finding donor-funded work as a consequence of that fragile context.

During 2023, IRC managed a total of 110 projects – big and small – in about 20 different countries. Project income during 2023 came from 36 different donors, with half of the funding coming from Foundations and a little more than a quarter from Governmental sources. The Conrad N. Hilton Foundation remained IRC's largest donor, contributing 33% (2022: 29%) of the total income, followed by the Directorate-General for International Cooperation (DGIS) with 16% of the total income (2022: 18%). UNICEF 16% (2022: 12%), the Osprey Foundation 6% (2022: 6%), USAID 6% (2022: 6%), the Church of Jesus Christ of Latter-Day Saints 5% (2022: 4%) and the FCDO 4% (2022: 0%) complete the IRC top seven donors for 2023 – together responsible for 86% (2022: 89%) of IRC's income during the year. One-fourth of the total income derives from projects with restrictions on the use of IRC's Full Cost Tariffs (inclusive of an overhead component), putting at risk the ability of IRC to fully recover its indirect costs. The average size of income per project during 2023 was €113,000 (2022: €98,000) – gradually increasing during the past years.

To achieve its mission and ambition, as well as maintain organizational flexibility, IRC works with partner organizations, Associates and other consultants. Of the total income in 2023, 16% went to partner organizations and another 13% was spent on Associates or consultants. An additional 28% was used for direct project costs such as travel, meeting venues (including the All Systems Connect symposium) and equipment. Of the total income, 43% was available for IRC to recover its indirect costs. This portion, also referred to as Net Revenue, is made up of income deriving from time spending (billable days) and other costs recovery through contract handling fees and – where applicable – directly charging indirect costs on project budgets. The Net Revenue portion of the total income has been gradually reducing since 2021, while the total indirect costs

increased due to a growing staff size and inflation on salaries. As a consequence, IRC is no longer able to sufficiently recover its indirect costs. The mentioned cost reduction measures for 2024 are meant to steer towards a positive operating Result, at least from 2025 onwards. It is expected that the financial year 2024 will end with a break-even Result.

Staff accounted for 11,089 billable days during 2023, more than 330 days above target. Writing billable hours on project budgets is IRC's primary source of income. As such, achieving 103% of the target is encouraging and a large improvement compared to 2022. Indirect costs recovery takes place using so-called Full Cost Tariffs, which include an overhead component based on cost price. In projects where a Full Cost Tariff cannot be applied, indirect costs recovery takes place through specific Admin Fees and other agreed overhead-compensation measures.

On December 31<sup>st</sup> 2023, IRC employed 100 staff members (2022: 96) of which 68 (2022: 62) were located in one of IRC's focus countries or regional programs. The total personnel costs increased with 2% compared to the previous year. New employment conditions were agreed for the IRC office in the Netherlands (2023-2025), while all country offices now have (revised) salary scales. In addition to its employees, IRC also hosted 4 staff for the Agenda for Change, Sanitation and Water for All (SWA) and the Aquaya Institute. Furthermore, more than 20 Associates and 6 interns contributed to IRC's efforts during 2023.

IRC is own-risk bearer for unemployment benefits, because of the so-called B3 status. A provision of €161,000 for staff redundancies and unemployment costs was included in the Financial Report of 2022. The disappointing business Result of 2023 and the immediate outlook for 2024 necessitated immediate cost reductions, which are being implemented. From the provision, €110,000 will be used and the remainder is released. Even though IRC has no obligation to pay unemployment premiums, an unemployment accrual is made (since 2023) using the applicable premium and charged to the above-mentioned provision. At the end of December 2023, the total provision was €157,636.

The provision for accrued employee leave rights for staff in the Netherlands decreased with some €103,000 following a reduction of leave entitlement and an increase in the uptake of leave days. The latter is considered a sign that everybody in IRC is aware of the present financial challenges. The jubilee provision remained stable at some €37,500.

During 2023, a total of 66 projects were fully completed with a combined positive project result of €45,180. A project loss accrual of €49,000 was added, anticipating losses in three specific projects. Therefore, our net result on projects is €3,820 negative. The project results included a €41,000 deficit in organizing the ASC symposium. If the currently available data on projects do not change significantly, our prognosis for 2024 is a favourable combined result.

During 2023, a total of €117,755 was taken from the Earmarked Reserves for investments in the OneIRC transition, the resources planning system (Exact ERP) and some construction following the office move. The Earmarked Reserves are used for unplanned unemployment benefits, investments in ICT and financial systems, the website as well as the incidental office move. In November 2022, the Supervisory Board also agreed to use the Earmarked Reserves for institutional development (e.g. the OneIRC transition). IRC's policy is to allocate half of the Annual Result to the General Reserves, and the other half to the Earmarked Reserves. Due to the investments in 2023 and the significant business loss, the Earmarked Reserves have been fully depleted. IRC's total Reserves on December 31<sup>st</sup> 2023 were €945,650 – equivalent to 47% of the capital buffer target of €2 million.

On December 31<sup>st</sup> 2023, IRC had €5.33 million cash and cash equivalents – a decrease of about €850,000. The cash position was influenced by the postponement of a €1.5 million annual disbursement, on request of the donor. On the basis of existing project contracts, IRC expects a total of €9 million disbursements during 2024. The present liquidity position enables IRC to



meet all of its short-term financial obligations. In April 2024, IRC had 90% of the expected revenue for 2024 contracted and an additional 35% as proposals in the pipeline (13% if expected success rates are considered). The total expected revenue for 2024 will be met.

During 2023, IRC acquired a total of €14.6 million of new project work, which exceeded the target of €11.5 million. Main acquisitions included WASH Systems in Health (€3.8 million from Foreign, Commonwealth & Development Office (UK) - FCDO ), WASH in the Koudougou, Burkina Faso (€3.8 million from the European Union), Agenda for Change related work in the Sahel, and new funding for the Agenda for Change Secretariat (€1.1 million from the Osprey Foundation).

## Forward Looking Statement

2024 will be a pivotal year in IRC's transformation from Northern based INGO to international network. The May 2023 agreement by IRC's Supervisory Board of the OneIRC Charter, change plan and organisational design was followed by the creation of an internal Change Team to oversee and lead the process. A senior leadership retreat in Rwanda in February 2024 updated IRC's internal management with the creation of a "Directors Platform" grouping the leaders of IRC's main business units and supported by a "Secretariat" dealing with cross-cutting functions such as communications, administration and fundraising. Creating these new structures is an important step in the "dry running" process during which we will test and finesse the governance structures necessary for the future networked organisation over the next two years (2024/25), prior to launch in 2026.

2024 is also pivotal because grants from two of our most important donors (DGIS and the Conrad N. Hilton Foundation) will end in December and need to be renewed. After a very successful fundraising year in 2023 we are confident in doing so successfully, at the same time we are aware of the elevated risk profile this presents as we approach the end of the current grants, uncertainty that is added to by the current political uncertainty in the Netherlands.

After the huge effort of organising All Systems Connect in 2023, there is no single major event planned for 2024. This is important as it gives our teams time to build on the successes and new relations forged during the conference. These include our One For All Alliance with Water For Good and Water For People which had an excellent retreat in February 2024, in which we focussed on reviewing progress to date and putting a renewed focus on joint programming and fundraising. A sign of the continued commitment of all organisations to the process is our intention to register One For All as a legal entity (a registered Charity) in the UK during 2024. With One For All's merger with US based NGO Life Water International, we also added an additional country of activities (Cambodia).

The global outlook continues to be volatile and challenging. In the Netherlands the ongoing attempts to form a government feed into budget uncertainty in DGIS. In the Sahel, military rule and insecurity dissuades donors, places our staff at risk and means the need to challenge our usual activities and grow our focus in emergency work. Our move towards a networked model is part of building resilience to this reality. So too are investigations into possibly restructuring our work in Burkina Faso, Mali and Niger into a single programme, delivered in the three countries. Despite the overall uncertainty, we remain confident in our vision of strong national systems delivering services to their populations, and the growing support of key donors and partners and in helping us to deliver these.

The focus in 2024 (and 2025) will, therefore, be twofold: protecting and growing our existing business, whilst preparing for our new network model. The former requires continuing to deliver existing projects at efficiently and to high quality, whilst working intensively with key donors to ensure a smooth renewal of key grants. The latter, an equally intense focus on preparing countries for autonomy in 2026, and the secretariat to support them. To this end we will be preparing business plans for all countries; identifying modalities for registration as independent entities; and, implementing a needs assessment based on a survey looking into preparedness for independence. We will also be developing a new brand strategy, as an integral part of preparing for the launch of OneIRC in 2026.

Faced by a clear structural overcapacity (as evidenced in the last three years business results), we undertook an exercise at the end of 2023 aiming to reduce costs with at least €380,000. This primarily affected our Netherlands office, as well as smaller reductions in Uganda and Mali/Niger. Other than this, IRC's staff global staff complement has stayed largely stable compared to 2023.

With this as background, and acknowledging the unavoidable uncertainty related to the need to renew major grants, IRC is well placed to make 2024 a successful year in its transition to a new future. With strong and motivated staff across the organisation, visionary senior leadership, supportive donors and a clear and recognised niche in systems strengthening, we are well placed to drive towards our vision for a legitimate, adaptable and resilient future as a network organisation.

## Forward Looking Statement in figures for 2024

### Budget and Actuals in €

<u>INCOME</u>	<u>Budget</u> <u>2024</u>	<u>Actual 2023</u>	<u>Budget</u> <u>2023</u>
DGIS Building WASH Systems for SDGs	1,433,943	1,486,762	1,507,500
Other project funding (committed)	6,722,118	10,987,529	6,988,900
Other project funding (proposed)	4,264,447	-	3,395,417
<b>Total</b>	<b>12,420,508</b>	<b>12,474,292</b>	<b>11,891,817</b>
<u>EXPENSES</u>	<u>Budget</u> <u>2024</u>	<u>Actual 2023</u>	<u>Budget</u> <u>2023</u>
Personnel costs	4,994,292	4,872,684	4,824,977
Other project related costs	7,115,988	7,663,580	6,541,473
General & administrative expenses	1,126,596	981,142	1,169,727
Recovered overhead expenses	-760,368	-697,657	-623,050
<b>Total</b>	<b>12,476,508</b>	<b>12,819,749</b>	<b>11,913,127</b>
<b>Operating result</b>	<b>-56,000</b>	<b>-345,458</b>	<b>-21,310</b>
<b>Financial income and expenditures +/-</b>	<b>45,000</b>	<b>-117,535</b>	<b>-10,000</b>
<b>Annual Result</b>	<b>-11,000</b>	<b>-462,993</b>	<b>-31,310</b>



## Acknowledgements

On behalf of IRC, I would like to thank all of our donors and partners for their continued support in 2023. As in previous years, we give especial thanks for the Dutch government's department for international development (DGIS) and its inclusive green growth section (IGG) for their continuing partnership and flexible support to our programmes. We also thank the Conrad N. Hilton Foundation for their partnership and leadership in providing safe and reliable water services. We are equally grateful to the 34 additional donors who share our vision and funded our work during the year, notably UNICEF, the Osprey Foundation, the Church of Latter Day Saints Charities, USAID, FCDO and the James Percy Foundation.

Partnerships and alliances are at the core of how we operate, and we acknowledge the many partners with whom we have worked during the year, especially our One for All Alliance partners Water For People and Water For Good. We continue to be especially appreciative of the support and trust bestowed on us by the governments (local and national) of our focus countries and partner districts.

IRC's primary asset in delivering our mission is our people and the knowledge, skills and passion they bring to their work. I would like to thank all IRC staff for their continued commitment, their resilience and dedication to our vision and mission continues to be a source of inspiration.

The Hague, May 2024

Patrick Moriarty  
CEO



**Annual Accounts**



## Balance Sheet as at 31 December 2023

(After result appropriation)

		<u>31 December 2023</u>		<u>31 December 2022</u>	
		€	€	€	€
<b><u>ASSETS</u></b>					
<b>Fixed Assets</b>					
Tangible fixed assets	1	37.324		48.727	
			<u>37.324</u>		<u>48.727</u>
<b>Current assets</b>					
Accounts receivable	2	381.963		438.887	
VAT receivable	3	8.923		52.452	
DGIS Building WASH systems	4	516.057		-	
FCDO WASH Systems for Health	5	218.906		-	
Other receivables	6	58.954		98.281	
Cash and cash equivalents	7	5.331.341		6.184.271	
			6.516.144		6.773.891
<b>Total assets</b>			<u><b>6.553.468</b></u>		<u><b>6.822.618</b></u>
<b><u>EQUITY AND LIABILITIES</u></b>					
<b>Reserves</b>					
Foundation's General Reserves	8	894.949		1.240.187	
Result financial year					
Earmarked Reserves	9	<u>50.701</u>		<u>168.456</u>	
			945.650		1.408.643
<b>Provisions</b>					
Staff related provisions	10	<u>195.441</u>		<u>198.573</u>	
			195.441		198.573
<b>Current liabilities</b>					
DGIS Building WASH systems	4	-		970.705	
Short term net balance on projects	11	4.789.574		3.529.676	
Tax and Pension premiums payable	12	83.122		88.775	
Accounts payable	13	174.080		264.640	
Other current liabilities	14	<u>365.601</u>		<u>361.606</u>	
			5.412.377		5.215.402
<b>Total equity and liabilities</b>			<u><b>6.553.468</b></u>		<u><b>6.822.618</b></u>

## Income Statement for 2023

		2023 Actual €	2023 Budget €	2022 Actual €
<b><u>INCOME</u></b>				
Project funding	15	10,987,529	10,384,317	10,153,371
DGIS Watershed Strategic Partnership	16	-	-	-6,647
DGIS Building WASH systems	17	1,486,762	1,507,500	1,564,255
<b>Total</b>		<b><u>12,474,292</u></b>	<b><u>11,891,817</u></b>	<b><u>11,710,979</u></b>
<b><u>EXPENSES</u></b>				
Personnel expenses	18	4,872,684	4,824,977	4,787,201
Direct project related expenses	19	7,663,580	6,541,473	6,780,940
General & administrative expenses	20	981,142	1,169,727	1,008,069
Recovered overhead expenses	21	-697,657	-623,050	-800,673
<b>Total</b>		<b><u>12,819,749</u></b>	<b><u>11,913,127</u></b>	<b><u>11,775,538</u></b>
<b>Operating result</b>		<b><u>-345,458</u></b>	<b><u>-21,310</u></b>	<b><u>-64,559</u></b>
<b>Financial income and expenditures +/-</b>	22	-117,535	-10,000	123,195
<b>Annual result</b>		<b><u>-462,993</u></b>	<b><u>-31,310</u></b>	<b><u>58,636</u></b>

### **ALLOCATION OF THE ANNUAL RESULT**

The 2023 Annual Result is charged to the Foundation's reserves as follows:

	€
Annual Result 2023	-462,993
Use of earmarked reserves during the year	117,755
Result 2023 before appropriation	-345,238
Added to the General Reserves	-345,238
Added to the Earmarked Reserves	<u>0</u>

## Cash Flow Statement for 2023

	<u>2023</u>	<u>2022</u>
	€	€
<b>Cash flows from operating activities</b>		
Annual result	-462.993	58.637
<b>Adjustments for:</b>		
Depreciation	21.832	16.150
Movement in provisions	-3.133	128.715
Interest Income	-50.949	
Bad debts accrual	-	-
	<u>-32.250</u>	<u>144.865</u>
Changes in working capital		
Short-term net balance	70.288	-2.837.115
Receivables	-376.277	10.438
Current liabilities	-92.218	105.733
	<u>-398.207</u>	<u>-2.720.944</u>
<b>Cash (used in)/generated from operations</b>	<u>-893.450</u>	<u>-2.517.442</u>
Interest income	50.949	-
Interest received	-	-
	<u>50.949</u>	<u>-</u>
<b>Net cash used in operating activities</b>	<u>-842.501</u>	<u>-2.517.442</u>
<b>Cash flows from investing activities</b>		
Purchases of fixed assets	-10.429	-45.808
Proceeds from sales of fixed assets	-	-
<b>Net cash used in investing activities</b>	<u>-10.429</u>	<u>-45.808</u>
<b>Net cash flow</b>	<u>-852.930</u>	<u>-2.563.250</u>
<b>Cash and cash equivalents</b>		
Opening book year	6.184.271	8.747.521
Closure book year	<u>5.331.341</u>	<u>6.184.271</u>
Movement	<u>-852.930</u>	<u>-2.563.250</u>

## Basis of the Valuations

### General Notes

#### Objective

Our mission is to work with people in the poorest communities in the world, with local and national governments, with non-governmental organisations (NGOs) and with the private sector, to develop water, sanitation and hygiene (WASH) services that last not for years, but forever. We identify the barriers to make this happen and we tackle them. We help people to make the change from short-term interventions to long-term services that will transform their lives and their futures.

To realize its goals, the foundation works together with partner organisations in developing countries as well as other agencies and individuals within and outside the Netherlands that work in the same areas of focus.

#### General

The annual accounts have been prepared in accordance with the Guideline for financial reporting 640 'Not-for-profit organisations' of the Dutch Accounting Standard Board. The basis of the valuations has not changed compared to 2022. Assets and liabilities are generally valued at historical cost, production cost or at fair value at the time of acquisition. If no specific valuation principle has been stated, valuation is at historical cost. All amounts are in Euro (functional currency), unless specified otherwise. If assets and liabilities are expressed in foreign currencies, conversion takes place against the official exchange rate at the balance sheet date. The exchange rate results are included in the income statement. All current assets and liabilities are due within one year, while all non-current assets and liabilities are due after one year.

In the Balance Sheet, Income Statement and the Cashflow Statement, references are made to the notes.

In the appendix, information is given on the IRC Full Cost Tariffs for 2024.

#### Disbursements

IRC accounts for branch office expenses via disbursements and expense reporting. The disbursement account is the nett of all cash transfers to the branch office and the expenses reported to date. The balance represents pre-financing for expenses to be made in the future. All other balance sheet items in any branch office are not included in the financial statement, as they are considered not material and are as a nett represented in the disbursement account.

#### Judgements, estimates and uncertainties

In applying the principles and policies for drawing up the financial statements, the Director of IRC makes different estimates and judgments that may be essential to the amounts disclosed in the financial statements. If it is necessary in order to provide the true and fair view required under Book 2, article 362, paragraph 1, the nature of these estimates and judgments, including related assumptions, is disclosed in the notes to the relevant financial statement item.

#### Going concern

The present accounting policies of valuation and determination of results used are based on the assumption of going concern.

#### Tangible fixed assets

The tangible fixed assets are valued at the historic purchase price less straight-line depreciation over the estimated useful economic life. The residual value of the tangible fixed assets is set at zero.

- Computer equipment is depreciated over three years.
- Other durable business assets are depreciated over ten years.

No extra-ordinary depreciations, nor value adjustments or impairments have been determined at the balance sheet date.

## **Impairment of fixed assets**

On each balance sheet date, the entity assesses whether there are any indications that a fixed asset may be subject to impairment. If there are such indications, the realisable value of the asset is determined. If it is not possible to determine the realisable value of the individual asset, the realisable value of the cash-generating unit to which the asset belongs is determined.

An impairment occurs when the carrying amount of an asset is higher than the realisable value; the realisable value is the higher of the fair value less cost to sell and the value in use. An impairment loss is directly recognised in the income statement while the carrying amount of the asset concerned is concurrently reduced.

The realisable value is initially based on a binding sale agreement; if there is no such agreement, the realisable value is determined based on the active market, whereby usually the prevailing bid price is taken as market price. The costs deducted in determining net realizable value are based on the estimated costs that are directly attributable to the sale and are necessary to realize the sale. For the determination of the value in use, an estimate is made of the future net cash flows in the event of continued use of the asset / cash-generating unit; these cash flows are discounted, based on a discount rate. The discount rate does not reflect risks already taken into account in future cash flows.

If it is established that an impairment that was recognised in the past no longer exists or has reduced, the increased carrying amount of the asset concerned is set no higher than the carrying amount that would have been determined if no impairment value adjustment for the asset concerned had been reported. An impairment of goodwill cannot be reversed.

## **Accounts receivable**

Receivables are recognised initially at fair value and subsequently measured at amortised cost. If payment of the receivable is postponed under an extended payment deadline, fair value is measured on the basis of the discounted value of the expected income. When a receivable is uncollectible, it is written off against the allowance account for receivables.

## **Cash and cash equivalents**

Cash and cash equivalents are at face value and at full disposal for IRC to execute its projects and programmes. It consists of petty cash and the balances on the ABN AMRO bank accounts in The Netherlands. Two types of bank accounts can be distinguished: non-interest-bearing current accounts and interest-bearing deposit accounts. There are only non-interest-bearing current accounts in the country offices.

The balances on the bank and deposit accounts are withdrawable on demand. Balances in the foreign currency accounts (U.S. Dollars and British Pounds) have been converted to Euro at the official exchange rate at the balance sheet date.

## **Provisions**

Provisions are recognised for legally enforceable or constructive obligations that exist at the balance sheet date, and for which it is probable that an outflow of resources will be required, and a reliable estimate can be made.

Provisions are measured at the best estimate of the amount that is necessary to settle the obligation as per the balance sheet date. The provisions are carried at the nominal value of the expenditure that is expected to be necessary in order to settle the obligation, unless stated otherwise

If obligations are expected to be reimbursed by a third party, such reimbursement is included as an asset in the balance sheet if it is probable that such reimbursement will be received when the obligation is settled.

## **Jubilee benefits**

The provision for jubilee benefits is measured at the present value of expected benefits payable during employment. The calculation of the provision takes the gross salary at the end of the book year and the likely stay into account.

## **Net balance on projects**

The 'net balance on projects' comprises amounts for projects that were not completed at the balance sheet date minus the amounts that were already received or billed to external clients. Projects in progress are valued on the basis of the directly attributable salary expenses at the rates applicable for the reporting year, plus other direct expenses.

Project losses/gains are recognized upon completion except for provisions related to expected losses that are made at the moment they are foreseeable and are deducted from the work in progress balance.

Work in progress is balanced with the item 'pre-invoiced on projects' and is shown on a net basis in the balance sheet as long as the individual amounts meet the criteria for netting.

## **Pension benefits**

IRC operates a defined benefit pension plan at ABP. This provides defined pension benefits to staff in the Netherlands upon reaching retirement age. The amount depends on age, years of service and compensation. IRC has accounted for the multi-employer defined benefit plan as if it was a defined contribution plan. IRC has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods other than higher future contributions. The premium payable during the financial year is charged to the result. Pension schemes for staff in IRC Branch Offices follow country-specific labour law.

## **Liabilities**

On initial recognition current liabilities are recognised at fair value. After initial recognition current liabilities are recognised at the amortised costs price. This is usually the nominal value. All current liabilities fall due within one year unless mentioned otherwise.

## **Rental and lease agreements**

The company may have lease contracts (including rental contracts) whereby a large part of the risks and rewards associated with ownership are not for the benefit of nor incurred by the company.

## **Cash flow statement**

The cash flow statement has been prepared using the indirect method. The cash items disclosed in the cash flow statement comprise cash at banks and in hand except for deposits with a maturity longer than three months. Cash flows denominated in foreign currencies have been translated at average estimated exchange rates. Interest paid and received are included in cash from operating activities. Under the investments in tangible fixed assets, only the investments are included for which cash was paid.

## **Principles for the determination of the result**

### **Income from projects**

Income from projects comprises the hours spent per employee on the basis of time registration at the rates applicable in the reporting year, increased by other costs that can be charged to clients. Revenues from the services rendered are recognised in proportion to the services delivered, based on the services rendered up to the balance sheet date in proportion to the total of services to be rendered. This is consistent with the 'percentage of completion method'. Operating subsidies are recorded as income in the Income Statement in the year in which the subsidised costs were incurred.

## **Expenses**

Selling expenses and general and administrative expenses comprise costs chargeable to the year that are not directly attributable to projects.

## **Employee costs**

Salaries, wages and social security contributions are charged to the Income Statement based on the terms of employment, where they are due to employees and the tax authorities respectively.

## **Exchange rate results**

The currency used throughout this report is Euro. Transactions in foreign currencies are stated in the financial statements at the exchange rate of the functional currency which is monthly adjusted based on the value of the currency on the last day of the month. The translation differences resulting from settlement and conversion are credited or charged to the Income Statement. Non-monetary assets valued at historical cost in a foreign currency are converted at the exchange rate on the transaction date.

## **Result**

The result is the difference between the realisable value of the services provided and the costs and other charges during the year. The results on transactions are recognised in the year in which they are realised. The result is determined taking into account the recognition of unrealised changes in fair value of financial instruments.

## Notes to the Balance Sheet

### Assets

#### 1 Tangible fixed assets

Movement in tangible fixed assets can be specified as follows:

	<b>Office Equipment</b>		<b>Computer Equipment</b>		<b>Total</b>
	€		€		€
<u>Position as of 1 January 2023</u>					
Purchase price	138.000		75.501		213.502
Minus: Accumulated depreciation	-122.697		-42.078		-164.775
<b>Book value</b>	<b>15.303</b>		<b>33.423</b>		<b>48.727</b>
<u>Transactions during financial year</u>					
Additions	9.561		868		10.429
Minus: Depreciation	-5.541		-16.291		-21.832
Minus: Disposals at cost	-61.052		-		-61.052
Plus: Accumulated depreciation disposals	61.052		-		61.052
<b>Total transactions</b>	<b>4.020</b>		<b>-15.423</b>		<b>-11.403</b>
<u>Position as of 31 December 2023</u>					
Purchase price	86.509		76.370		162.878
Minus: Accumulated depreciation	-67.185		-58.369		-125.554
<b>Book value 31 December 2023</b>	<b>19.323</b>		<b>18.001</b>		<b>37.324</b>

#### 2 Accounts receivable

The outstanding balance for accounts receivable amounts to €381,963 as of 31 December 2023 (2022: €438,887)

Aging of outstanding receivables can be specified as follows:

	<b>Original amount</b>		<b>Provision</b>		<b>31 Dec. 2023</b>
	€		€		€
Less than 6 months	293,455		-		293,455
6 to 12 months	88,508		-		88,508
12 to 18 months	-		-		-
<b>Balance 31 December 2023</b>	<b>381,963</b>		<b>-</b>		<b>381,963</b>



### 3 VAT receivable

On 31 December 2023, a total amount of € 8,923 VAT was to be claimed from the tax authorities. At the end of 2022, the refundable VAT amounted to € 52,452.

VAT receivable can be specified as follows:

	<b>2023</b>	<b>2022</b>
	€	€
Position as of 1 January	52.452	12.850
Plus: Addition to receivable	74.380	110.854
Minus: receipt	-117.909	-71.251
<b>VAT position 31 December</b>	<b>8.923</b>	<b>52.452</b>

### 4 DGIS Building WASH systems

In 2017 the Ministry of Foreign Affairs (DGIS) issued a grant totalling €4,800,000 for the period 2017 through 2021. In 2019, the grant was increased by € 6,850,000 to a total new budget of € 11,650,000 - with the total program period extended until 31 December 2024.

The grant is for the project "Building WASH systems to deliver the Sustainable Development Goals".

	€
Funding received 2017 till 2023	9,700,000
Expense reported 2017 till 2023	10,216,057

### 5 FCDO WASH Systems for Health

The project funded by Foreign, Commonwealth & Development Office (FCD)-UK, started in spring 2022 with a total budget for phase 1 of GBP 1,200,000 and the possibility of another GBP 1,800,000 for phase 2. With phase 2, the project duration is six years, which is two years for phase one and four years for phase two. The funding is based on declaration of costs from partners and own costs. A total of €496,805 was declared for 2023, of which €99,431 were cost from two partners and €397.374 was spent by IRC.

The partners are:

London School of Hygiene and Tropical Medicine  
University of Leeds Reim

At the end of 2023 we received €277,899 as funding, the declaration for the expenses of September till December was still to be received.

	<b>31 December 2023</b>	<b>31 December 2022</b>
	€	€
Transactions 2023	496.805	-
Total costs declared 2023	496.805	-
Total received from FCDO during 2023	-277.899	-
<b>Total outstanding balance</b>	<b>218.906</b>	<b>-</b>

## 6 Other receivables

	2023	2022
	€	€
Rent deposits for office in The Hague, NL (Intern. Water House)	-	28,708
Rent deposits for office in The Hague, NL (Nutshuis)	19,690	19,691
Deposit Horizon - SWA Staff hosting	17,284	-
Prepaid amount (invoices 2022 - expenses 2023)	-	5,000
To be claimed from NWP (shared office costs)	-	4,325
Other receivables	21,980	40,557
<b>Other receivables 31 December</b>	<b>58,954</b>	<b>98,281</b>

## 7 Cash and cash equivalents

	2023	2022
	€	€
Current and saving accounts	4,329,524	5,673,849
Disbursement Ghana office	148,141	143,227
Disbursement Burkina Faso office	750,806	147,477
Disbursement Ethiopia office	-52,328	55,969
Disbursement Uganda office	147,359	126,815
Disbursement Mali	5,472	19,105
Disbursement Niger	-	6,495
Disbursement IRC Honduras	-	10,361
Disbursement IRC Rwanda	2,345	951
Cash in hand	23	23
<b>Balance 31 December</b>	<b>5,331,341</b>	<b>6,184,271</b>

The amounts on the bank accounts and cash in hand are unrestricted for regular activities. The disbursement to country offices represents the nett of all cash transfers to the country office and the expenses reported to date. The balance is considered pre-financing for expenses to be made in the future.

### 8 Foundation's General Reserves

The foundation's General Reserves serve to cover general business risks without restrictions.

The Annual Result 2023 is allocated to the Reserves as follows:				
	€			
Result 2023 before appropriation	-345,238			
Added to the General Reserves 50%	-345,238			
Added to the Earmarked Reserves 50%	-			
			<b>2023</b>	<b>2022</b>
			€	€
Foundation's General Reserves on 1 January			1,240,187	1,193,000
Addition to the General Reserves from Annual Result			-345,238	47,187
Transfer to General Reserves from Earmarked Reserves			-	-
<b>Position 31 December</b>			<b>894,949</b>	<b>1,240,187</b>

### 9 Earmarked reserves

Since 2016, IRC maintains Earmarked Reserves. With the endorsement of the Supervisory Board, 50% of the Annual Result is added to the Earmarked Reserves annually. The Earmarked Reserves are used for unplanned unemployment benefits (for which IRC is own-risk bearer), investments in the website and (ICT) systems, rebranding, and the occasional office move. In November 2022, the Supervisory Board agreed to also use the Earmarked Reserves for planned organisational development.

		<u>2023</u>	<u>2022</u>
		€	€
Foundation's Earmarked Reserves on 1 January		168,456	157,006
Correction Annual Results appropriation years 2016-2020		0	0
Use of Earmarked Reserves during the year		-117,755	-35,736
Addition to the Earmarked Reserves from Annual Result		0	47,186
<b>Position 31 December</b>		<b>50,701</b>	<b>168,456</b>

The use of Earmarked Reserves totalling €117,755 concerns investments in ICT systems (Exact Enterprise Resources Planning system – ERP €28,265), moving office (€20,819) and other management expenses about the future of IRC (€68,671).

## 10 Staff related provisions

At 12.5, 25 and 40 years employment with IRC, each employee is entitled to receive an extra allowance equal to respectively 25%, 70% and 100% of one month's salary including holiday allowance and end of year allowance. The jubilee provision calculation is based on the Employment Conditions (IRC AVR2023-2025); i.e. only after ten years of service are employees entitled to the built-up provision.

IRC is own-risk bearer for unemployment benefits, because of the so-called B3 status. A provision of €161,000 for staff redundancies and unemployment costs was included in the Financial Report of 2022. From the provision, €110,000 will be used and the remainder is released. Even though IRC has no obligation to pay unemployment premiums, an unemployment accrual is made (since 2023) using the applicable premium and charged to the above-mentioned provision. At the end of December 2023, the total provision was €157,636.

	<b>Jubilee provision</b>	<b>Provision unemployment</b>	<b>Total</b>
	€	€	€
<b>Position as of 1 January 2023</b>	37,573	161,000	<b>198,573</b>
Addition	231	47,636	<b>47,867</b>
Release	-	-51,000	<b>-51,000</b>
<b>Book value 31 December 2023</b>	<b>37,804</b>	<b>157,636</b>	<b>195,440</b>

## 11 Short term net balance on projects

The item 'short-term net balance on projects' amounts to €4,501,367 as of 31 December 2023. It concerns amounts that were received and invoiced for projects that were not completed as of 31 December 2023. At the end of 2022, the short-term net balance was €3,529,676.

	<b>31 Dec. 2023</b>	<b>31 Dec. 2022</b>
	€	€
Accrual project losses	49.000	7.000
Total expenses on projects	-21.226.596	-15.592.850
Disbursements sub-grants	-1.073.793	-1.014.685
Funds received (projects in progress)	27.040.964	20.130.211
<b>Total Net Balance</b>	<b>4.789.575</b>	<b>3.529.676</b>

The remaining €7,000 accrual for project losses of 2022 is used in 2023 for a foreseen project loss in the National Coordinator Uganda project. A total of €49,000 was added to cover the expected losses on two projects in Burkina Faso and one in Ethiopia.

## 12 Tax and Pension premiums payable

	<b>2023</b>	<b>2022</b>
	€	€
Employer Tax and Pension premiums payable	83.122	88.775
<b>Balance 31 December</b>	<b>83.122</b>	<b>88.775</b>

## 13 Accounts payable

The aging of the outstanding items is as follows:		2023	2022
		€	€
Less than 6 months		174,080	264,640
6 to 12 months		-	-
<b>Accounts payable balance</b>		<b>174,080</b>	<b>264,640</b>

## 14 Other current liabilities

Other current liabilities is specified as follows:		2023	2022
All current liabilities fall due within one year.		€	€
Hypotax		4,375	531
Holiday allowance		101,031	108,487
Year-end allowance		15,971	16,166
Employee leave rights payable		65,144	168,786
Salaries to be paid		-	-1,829
Accrued expenses/prepayments		179,080	69,465
<b>Book value 31 December</b>		<b>365,601</b>	<b>361,606</b>

## Contingencies and Commitments not included in the balance sheet

### Theoretical unemployment (WW) commitments

IRC is a so-called B3-entity and as such responsible for it owns potential unemployment commitments (own risk bearer). The total theoretical amount of combined unemployment benefits of staff in the Netherlands on 31 December 2023 is €1,437,961. Additionally, the total amount of transitional allowance is €909,845 - providing mutual consent on contract termination.

### Sick pay

IRC bears its own risk for the Sickness Benefits Act. The costs of continued salary payments to personnel in the event of illness are to be borne entirely by IRC. The costs in the first year of illness is 100% whereas in the second year it is 70%.

### Number of employees as per 31 December 2023

Total employees on contract from IRC the Netherlands as per 31 December 2023 is 32 (29.3 FTE), which is a reduction in headcount of 2 as compared to 2022.

The number of employees working from the branch offices as per 31 December 2023 is 68 (67.5 FTE), an increase in headcount of 6 as compared to 2022.

Total IRC employees as per 31 December 2023 is 100 (96.8 FTE), which excludes staff hosted by IRC (4) and interns (1).

### Risk carrier for disability (WIA)

As per 1-1-2013 IRC has insured disability risk (WIA). There are no risks outstanding associated from before 31 December 2023.

### Rental and lease agreement

As from November 1st 2022, IRC in the Netherlands is housed in the Nutshuis in The Hague. A rental agreement has been established with Fonds1818 for an initial period of 5 years, ending 31 October 2027, with an option to renew for an additional period of 5 years. The rental agreement with NSI/Vastned for the former office in the International Waterhouse has been concluded as per 31 December 2022.

The copy machine is leased through Fonds1818 for a period up to 14 August 2025.

<u>The future rent and lease obligations can be specified as follows:</u>	€
Rent obligations up to 1 year office	45,470
Rent obligation up to 1 year copiers	2,284
Rent obligations > 1 year office	128,832
Rent obligation > 1 year copier	1,427
<b>Lease/rent obligations total</b>	<b>178,013</b>

## Notes to the Statement of Income and Expenses

### Income from projects

The income from projects consists of the paid days spent by IRC employees on externally financed projects (at the current external rates), increased by other costs charged (for projects with a rate based on direct costs), out of pocket expenses on projects (e.g. travel expenses, consultants and contributions to partner organizations) and project results that derived from subsequent calculation of projects at completion.

<b>15 Project Funding</b>	<b>Actuals 2023</b>	<b>Budget 2023</b>	<b>Actuals 2022</b>
	€	€	€
IRC Projects	10,967,309	10,384,317	9,826,537
Result on closed project	-3,820	-	-63,837
Other income	24,040	-	390,671
	10,987,529	10,384,317	10,153,371

<b>16 DGIS Watershed Strategic Partnership</b>	<b>Actuals 2023</b>	<b>Budget 2023</b>	<b>Actuals 2022</b>
	€	€	€
Programme 2017 - 2020	-	-	-6,647
	-	-	-6,647

<b>17 DGIS Building WASH systems</b>	<b>Actuals 2023</b>	<b>Budget 2023</b>	<b>Actuals 2022</b>
	€	€	€
Programme 2017 - 2021 (expanded to 2024)	1.486.762	1.507.500	1.564.255

The total revenue from projects in 2023 was €12,474,292 – including project losses and other income. Total revenue exceeded about 5% of the 2023 annual budget. Project income came from a total of 110 projects.

## Expenses

### 18 Personnel expenses

The total personnel expenses for 2023 were € 4,872,684, which was as planned and some 2% higher than during 2022.

	<b>Actuals 2023</b>	<b>Budget 2023</b>	<b>Actuals 2022</b>
Total FTE used from the Netherlands	30.9	31.83	31.8
Total FTE used from country offices	65.3	63.7	62.7
Total FTE used in 2023	96.2	95.5	94.5
is as follows:	<b>2023</b>	<b>2023</b>	<b>2022</b>
<i>Salary expenses</i>	<b>€</b>	<b>€</b>	<b>€</b>
Gross salaries including vacation allowance	2,531,220		2,250,156
National insurance contributions	240,138		242,848
Pension premium contributions	281,084		324,748
<b>Personnel expenses The Netherlands</b>	<b>3,052,441</b>	<b>3,057,500</b>	<b>2,817,753</b>
Other allowances	82,423	80,000	84,499
Personnel expenses Ghana	287,932	260,814	257,346
Personnel expenses Burkina Faso	285,892	217,735	265,413
Personnel expenses Ethiopia	468,589	382,194	391,891
Personnel expenses Uganda	413,684	379,023	422,672
Personnel expenses Mali	180,059	165,026	179,008
Personnel expenses Niger	54,227	60,980	33,119
Personnel expenses India	46,843	72,500	50,739
Personnel expenses Bangladesh	35,775	32,500	27,672
Personnel expenses Honduras	16,604	26,705	28,669
Personnel expenses NFC	-	-	-
<b>Total salary expenses</b>	<b>4,924,468</b>	<b>4,734,977</b>	<b>4,558,780</b>
<i>Other personnel expenses</i>			
Provision & Liability adjustments *	-106,775	-	147,134
Training and education	10,573	30,000	29,370
Personnel administration	15,920	12,500	15,726
Health expenses and health support	2,982	5,000	5,588
Travel free weeks and social events	11,572	12,500	18,165
Personnel insurances	4,768	15,000	12,212
Miscellaneous	9,175	15,000	225
	-51,784	90,000	228,421
<b>Total personnel expenses</b>	<b>4,872,684</b>	<b>4,824,977</b>	<b>4,787,201</b>
* Release of untaken holidays and unemployment provision			



<b>19 Direct project related expenses</b>	<b>Actuals 2023</b>		<b>Budget 2023</b>		<b>Actuals 2022</b>
	€		€		€
<b>Total project related expenses</b>	<b>7.663.580</b>		<b>6.541.473</b>		<b>6.780.940</b>

Other project related expenses are contributions to partners, consultants, travel, meetings and other project expenses.

## **20 General & administrative expenses (G&A)**

G&A concerns all office related expenses as well as management and operational costs of the organisation. Total G&A amounts to €981,142 in the year 2023, which is 16% lower than budgeted.

From the total G&A costs an amount of €697,657 could be recovered on projects, as recovered contract coordination fee and in cases where Full Cost Tariffs were not used. Full Cost Tariffs include an overhead component to recover indirect costs (including G&A expenses). Projects funded for by USAID, EU or UNICEF generally do not allow the use of overhead components in tariffs. Indirect costs are then made direct on project budgets and an administration fee is agreed on. IRC also charges a contract handling fee for Associates and other consultants.

<b>The specification of the G&amp;A is as follows:</b>	<b>Actuals 2023</b>	<b>Budget 2023</b>	<b>Actuals 2022</b>
	<b>€</b>	<b>€</b>	<b>€</b>
Housing	123,854	87,500	194,744
Depreciation expenses	21,832	25,000	16,150
Information Technology	89,864	75,000	130,179
Office supplies	1,777	5,000	1,898
Printing	2,266	2,500	4,485
Communication, postage	4,053	5,000	-38
Supervisory Board	26,275	22,500	28,361
Auditor	76,604	60,000	69,209
Management, marketing, PR and Advisory	14,258	35,000	29,278
Influencing & advocacy, monitoring	1,745	30,000	21,118
Fundraising & Business Development	26,416	50,000	31,209
Revised VAT pre-pro rata 2020	-16,980	-	-26,095
Tax & legal consultancy	-	10,000	10,233
Translations	-	7,500	8,450
Expenses ICT systems	28,265	35,000	35,736
Literature, memberships & Works Council	26,872	22,500	29,988
Alliance steering committee	13,531	20,000	15,145
Other management expenses	72,313	70,000	19,054
<b>General &amp; Administrative expenses Netherlands</b>	<b>512,945</b>	<b>562,500</b>	<b>619,106</b>
General & Administrative expenses Ghana	153,338	124,321	108,156
General & Administrative expenses Burkina Faso	76,067	133,012	108,907
General & Administrative expenses Ethiopia	44,532	95,186	34,245
General & Administrative expenses Uganda	136,697	158,038	94,455
General & Administrative expenses Mali	30,450	54,882	42,672
General & Administrative expenses Niger	21,695	35,826	-
General & Administrative expenses India	4,613	4,945	242
General & Administrative expenses Honduras	804	1,017	287
<b>Total gross General &amp; Administrative expenses</b>	<b>981,142</b>	<b>1,169,727</b>	<b>1,008,069</b>
<b>21 Recovered overhead expenses</b>	<b>-697,657</b>	<b>-623,050</b>	<b>-800,673</b>
<b>Total net General &amp; Administrative expenses</b>	<b>283,485</b>	<b>546,677</b>	<b>207,396</b>

## 22 Financial income and expenditures +/-

Financial income & expenditures in 2023 amounts to an additional cost of €117,535 and is mainly due to (unrealized) exchange rate results.

<b>Financial income &amp; expenditures can be specified as follows:</b>	<b>Actuals 2023</b>		<b>Budget 2023</b>		<b>Actuals 2022</b>
	€		€		€
Interest deposit Accounts	50,949		-		-1,027
Bank costs	-6,473		-10,000		-9,690
Accrual bad debts	-		-		-
Realised currency exchange result	-59,423		-		90,654
Unrealised currency exchange result	-102,415		-		43,471
Result former years	-		-		-
Cash & payment differences	-173		-		-212
<b>Total financial income &amp; expenditures</b>	<b>-117,535</b>		<b>-10,000</b>		<b>123,195</b>

<b>Annual result</b>	<b>-462,993</b>		<b>-31,310</b>		<b>58,636</b>
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The appropriation of the Annual Result to the General Reserves and Earmarked Reserves is elaborated on in the Notes to the Balance Sheet (#7-8)

### Subsequent events

There are no subsequent events to be disclosed.

## Remuneration of the Director

Name Dr. Patrick Moriarty  
Job Position CEO

Year	2023	2022
Type contract		
Hours	40	40
Part time percentage	100%	100%
Period	01/01-31/12	01/01 - 31/12

	€	€
Annual Income, gross		
Gross salary	117,330	106,398
Holiday allowance	9,209	8,512
Year end allowance	9,554	8,831
Variable income	-	-
<b>Gross employee income</b>	<b>136,093</b>	<b>123,741</b>
Employers Social Security costs	13,523	3,948
Taxable disbursement	-	-
Employers Pension Contribution	22,408	22,028
Other (future) benefits	-	-
Severance Entitlement	-	-
<b>Total Remuneration CEO</b>	<b>172,024</b>	<b>149,717</b>

As from May 2022, the IRC CEO is being paid conform the UK fiscal norms.

## Remuneration of the Supervisory Board members

Ms. Gichuri	3,000
Ms. C. Brocklehurst	1,600
Mr. J. Sebel	1,600
Mr. L. Boorstin	1,600
Mr. K. Wieriks	1,067
Akiça Bahri	1,067
Mr. R. Bos	1,667
<b>Total Remuneration Supervisory Board members</b>	<b>11,601</b>

## Remuneration of the Supervisory Board

The members of the Supervisory Board received a total allowance of € 11,601. An additional €14,674 was spent on a flights, venue and hotel accommodation for two in-person meetings and project visits of Supervisory Board members. There are no loans, advances or guarantees provided to the Director or one of the Supervisory Board members. Hotel costs and flights to attend meetings are paid on actual expenditure for the Supervisory Board members. A specification of the allowances paid is provided under Remuneration of the Director



Approved and signed by the Supervisory Board

The Hague, 30 May 2024

The Hague, 30 May 2024

**Patrick Moriarty**  
CEO

**Wambui Gichuri**  
Supervisory Board, Chair

**Jan Sebel**  
Supervisory Board, Treasurer

**Louis Boorstin**  
Supervisory Board

**Clarissa Brocklehurst**  
Supervisory Board

**Koos Wieriks**  
Supervisory Board

**Akiça Bahri**  
Supervisory Board

## Other Information

### Result appropriation

The Annual Result appropriation is proposed by the Board of Directors (CEO), for endorsement by the Supervisory Board. Since 2016, the (endorsed) proposal has been to allocate 50% of the Annual Result to the General Reserves and 50% to the Earmarked Reserves. A ceiling of €250,000 for the Earmarked Reserves is applied.



## Independent Auditors Opinion

To be provided by PWC

## Annexes

### IRC Full Cost Tariffs 2024

Full Cost Tariffs include an overhead component to recover indirect costs. The below tariffs are daily tariffs and exclude VAT, if applicable

#### IRC Office, The Netherlands

CEO	€ 1,265
Manager	€ 1,035
Senior Programme Officer	€ 945
Programme Officer I	€ 865
Programme Officer II	€ 755
Communications Officer	€ 900
Programme Controller	€ 895
Senior Support Officer	€ 865
Programme Support Officer	€ 715
General Support Officer	€ 425

#### IRC Office, Ghana

Manager	€ 795
Senior Programme Officer	€ 395
Programme Officer	€ 365
Communications Officer	€ 390
Programme Controller	€ 375
General Support Officer	€ 370

#### IRC Office, Burkina Faso

Manager	€ 655
Programme Officer	€ 285
Communications Officer	€ 260
Programme Controller	€ 320
General Support Officer	€ 275

#### IRC Office, Uganda

Manager	€ 710
Senior Programme Officer	€ 500
Programme Officer I	€ 435
Programme Officer II	€ 370
Communications Officer	€ 450
Programme Controller	€ 435
General Support Officer	€ 410

#### IRC Office, Ethiopia

Manager	€ 545
Senior Programme Officer	€ 270
Programme Officer I	€ 230
Programme Officer II	€ 185
Communications Officer	€ 225
Programme Controller	€ 220
General Support Officer	€ 165

#### IRC office, Mali

Manager	€ 545
Senior Programme Officer	€ 360
Programme Officer	€ 255
Communications Officer	€ 260
Programme Controller	€ 385
General Support Officer	€ 220

#### IRC office, Niger

Programme Officer	€ 255
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#### IRC presence, West Africa

Regional Senior Programme Officer	€ 635
Regional Programme Officer I	€ 365
Regional Programme Officer II	€ 255
Regional Programme Controller	€ 430

#### IRC presence, South Asia

Manager	€ 375
Senior Programme Officer	€ 310