

# REPORT FROM NCA BOARD OF DIRECTORS, 2016

## 1. THE NATURE OF ACTIVITIES AND OPERATIONS

**Norwegian Church Aid** is an ecumenical, diaconal organisation headquartered in Oslo with Representations in 20 countries. Norwegian Church Aid collaborates with civil society organisations, faith-based organisations and other institutions in Africa, Asia, Latin America and Europe.

**Norwegian Church Aid** works to save lives and seek justice. Our support is provided unconditionally with no intention of influencing anyone's religious beliefs and affiliation.

**Norwegian Church Aid** is a member of the ACT Alliance, one of the world's largest humanitarian coalitions. Together, we work throughout the world to create positive and sustainable change. To save lives and seek justice is, for us, faith in action.

**Norwegian Church Aid** provide emergency assistance in disasters and work with long-term development in local communities. In order to address the root causes of poverty, we advocate for just decisions by public authorities, businesses and religious leaders.

### 1.1 NEW STRATEGY

In 2016, the new global "Faith in Action" strategy was put into effect. The strategy states that the organisation's main focus is on humanitarian responses to crises and fighting for justice through its work with religious actors. Good, effective implementation was an important focus in the first year of the strategy.

Norwegian Church Aids long-term goal is to SAVE LIVES and to SEEK JUSTICE. Seven thematic programme areas were also adapted and implemented together with the strategy:

- Water, Sanitation and Hygiene (WASH)
- Peacebuilding
- Gender-Based Violence (GBV)
- Reproductive Health
- Climate Resilience
- Resource Governance
- Economic Empowerment

*Results will be presented in the Global Results Report 2016.*

Extensive and thorough studies were conducted in 2016 to define a baseline for all country programmes so that the organisation has a common point of reference for the work when the results are evaluated and reported in the years ahead. This has been an instructive process that has strengthened the focus on preliminary studies and context analyses before projects commence.

Commitment concerning a new four-year framework agreement with Norad was received in spring 2016. Norad used a new method for assessing applications for the first time: RAM Light. The system consists of 17 standards, divided into four main categories: strategy, capacity, programme and project plans, and results achieved. Norwegian Church Aid scored 82 points and thus the highest score of the organisations that applied to Norad in 2016. This is a result that we are incredibly proud of and that highlights the amount of excellent work that our staff and partners have done globally. Norad's feedback on the various main categories also provides Norwegian Church Aid with useful information we can use in our ongoing work on improving the quality of our work.

## 1.2 STRATEGIC GOALS

In 2016, the organisation strategically focused on four areas:

- Humanitarian response
- Diversified and robust income
- Implementation of the new strategy
- Increased cooperation and better coordination

### Humanitarian response

There have not been as many displaced people in the world as there are now since World War II. At the same time as displacement and migration are increasing due to armed conflicts, climate change, and social instability, steadily more funding is being moved from traditional aid projects to humanitarian efforts. It is therefore important that Norwegian Church Aid adapts its organisation and strengthens its ability and capacity to respond quickly to humanitarian disasters. Providing a scalable response that helps more people. In 2016, Norwegian Church Aid, together with its partners, worked on disaster response in places such as Syria/Iraq and South Sudan, drought and famine victims in Ethiopia, and the many who lost their houses and homes after the typhoon in Haiti.

Some key statistics from 2016:

- In Syria, Lebanon and Iraq, NCA reached **555,000** beneficiaries through WASH/Humanitarian assistance.
- In South Sudan, NCA reached **94,272** beneficiaries through WASH services and provision of food and Non-Food Items (NFIs)
- In Ethiopia, NCA has reached **65,520** people through drought and refugees responses.
- In Haiti, NCA reached **20,500** beneficiaries through WASH/Humanitarian assistance.

*More results will be presented in the Global Results Report 2016.*

In 2016, Norwegian Church Aid signed a letter of intent with other Scandinavian sister organisations (DanChurchAid, Swedish Church and Finn Church Aid), as well as the Lutheran World Federation (LWF), concerning cooperation on major, global, and acute disasters. The partnership has been called ACT Fast, and ensures that these organisations can plan cross-sector responses through pre-defined mandates and routines. The purpose of the ACT Fast partnership is to ensure bigger, faster and more effective responses.

In 2016, Norwegian Church Aid with other ACT Alliance members advocated actively for the localisation of humanitarian aid – in particular before, during and after the first-ever World Humanitarian Summit in Istanbul in May 2016. NCA is a signatory to the Charter for Change, an initiative, led by both National and International NGOs, to practically implement changes to the way the Humanitarian System operates to enable more locally-led response. The Charter sets out 8 points that NCA has committed to deliver on by May 2018. That means we aim to live by the same principles that we demand from our Government and other National authorities.

The international department's humanitarian section developed a special strategy for humanitarian responses, recruited staff with expertise in water, sanitation, and hygiene, and carried out exercises based on new routines intended to ensure fast, robust, and scalable disaster responses.

The Human Resource department produced a new contingency plan, handbook, and checklist for emergency aid operations, and trained personnel to strengthen our capacity to deploy emergency personnel.

The finance department followed up by creating new routines for the department's contributions in humanitarian operations, including working on routines for immediate access to funds in an operating country and secure cash transport. The routines for rapidly starting earmarked fundraising campaigns for disasters have been improved, in collaboration with the marketing department, which refined the contingency plan for this.

Good communication is an important element of fundraising work in such crises and the communications department worked diligently on improving media coverage, including by training emergency personnel as spokespeople, training its own personnel in the use of satellite equipment, and improving the department's visual communication capacity by recruiting new staff.

Norwegian Church Aid is an important voice against injustice in the world today. Good communication is what enables churches in Norway to have the tools and information they need to mobilize their congregations to stand together with Norwegian Church Aid as we work to see a more just world through advocacy, long-term development and emergency assistance. It is also imperative that we clearly communicate and present Norwegian Church Aid's work and results to the public and our donors so that we can continue securing their support.

It is important to Norwegian Church Aid that the funds it raises are spent on its mission. It therefore refined its purchasing routines in 2016 and country offices made training our partner organisations a priority.

### **Diversified and robust income**

It has been a delight to see the impressive mobilization that has happened during Norwegian Church Aid's Christmas and Lenten Campaigns, as well as the emergency and disaster support in 2016, with significant support from the churches, business and individuals alike. These funds give us both the ability and the flexibility we need to support those that truly need help the most.

Norwegian Church Aid raised NOK 871 million in 2016. Well over half of these funds came from agreements with the Norwegian Ministry of Foreign Affairs and Norad. A steadily growing proportion of the grants follow the political priorities at any given time and the agreements have shorter time horizons. This, combined with the fact that the need for assistance and emergency funds is greater than ever, makes securing more and stronger sources of funding for our work a priority for Norwegian Church Aid. Norwegian Church Aid work for a more robust and diversified income base with more funds raised and more international funding.

A new funding architecture has been adopted, with defined goals for increasing income. Both Norwegian Church Aid's country offices and the head office have worked systematically on attracting more and new international donors. Internal procedures were developed in 2016 with the aim of strengthening the systematic quality assurance of applications, budgets, contracts, and reports for both Norwegian and international donors. This is expected to result in greater predictability, better resource allocation, and improved communication in the work. There is a need to be more explicit as far as proactive networking with new donors is concerned. Investments in networking have helped to secure funding in a steadily more competitive market.

The merger of offices in places such as Palestine and Myanmar (with DanChurchAid) helps to make country offices more robust by increasing our capacity in the region, making us more cost effective and helping make funding for our programmes more resilient and secure by allowing access to other countries' funding bases.

The finance department also revised various routines and agreements, as well as principle-based guidelines for ethics and marketing with respect to legacy gifts, an income source that Norwegian Church Aid worked on with other humanitarian organisations throughout 2016 to ensure quality and raise awareness.

Collecting non-earmarked funds in the private market is an important focus for Norwegian Church Aid and the systematic use of digital channels and new payment solutions, as well as product development in the [gaversomforandrerwerden.no](http://gaversomforandrerwerden.no) webshop, have contributed to a 17% increase in income from digital surfaces.

The relationships and partnerships with congregations in Norway are vital anchors and important for our fundraising activities. Norwegian Church Aid contacts have therefore been nominated in more than a thousand congregations and special materials have been produced for congregations

to use in the Lent campaign, Christmas campaign, and religious education. This collaboration is more important than ever for maintaining a faith that is manifested through practical actions. It provides hope, both for those in the field and for everyone here at home who can feel the apathy when faced with global challenges today.

## **Implementation of the new strategy**

In the first part of 2016, it was important to ensure that the implementation of the new global strategy got off to a good start and that the seven global programme areas were well anchored throughout the organisation's work. A number of sub-strategies and plans were drawn up, adopted and implemented during the year. Among other things, Norwegian Church Aid now has a new marketing strategy, communications strategy, with specific country plans under preparation, and a strategy for public policy lobbying, all of which will apply up to 2020. Advocacy consultants have also been posted to the international department's five sections in order to strengthen advocacy work throughout the organisation.

Collaborating with religious actors is an important strategic focus for Norwegian Church Aid, which is why a dedicated religion and development position has been established, with close cooperation with the ACT Alliance, World Council of Churches, and the Lutheran World Federation as part of the job description. As a response to the challenges of our time it is vital to support and work closely with our global networks.

Norwegian Church Aids constituencies are unique for our organisation and define the value we work for both globally and nationally.

Throughout the organisation systems and plans have been reviewed and adapted to the work with the new Faith in Action strategy.

## **Increased cooperation and better coordination**

Norwegian Church Aid is a large, complex organisation with offices and work in many countries and numerous time zones. The organisation requires extensive administration and there are many quality assurance and reporting routines. Because we live off the money we fundraise and our goal is to spend as much of that money as possible in the field, it is important that both the human and financial resources in the organisation are used appropriately and efficiently.

That is why the reporting lines from country offices to the head office were changed in 2016 to ensure that country representatives are followed up more closely and continuously.

A general pay and personnel policy has been introduced for the entire organisation, adapted to the different countries' legislation. Recruitment and employment routines have been simplified and improved, and the entire organisation has focused on rational cooperation between departments and the joint utilisation of competence and knowledge across expert environments.

## **1.3 SUMMARY**

In summary, Norwegian Church Aid's board can look back on a year of change and a willingness to change, documented by a series of active measures and improvements in the work on strategic initiatives, and measures for ensuring that, among other things, the funding of a lot of activities in many countries.

The strategy points out the challenge of the greater need for work on, and funding of, humanitarian efforts in conflict and disaster zones, and the additional value Norwegian Church Aid brings as a faith-based actor in cooperation with partners around the world. Aid has been the strategic element in operations since 2016. This was in focus throughout 2016 and the organisation has come a long way with respect to deploying its resources in line with its main strategic focuses.

## 2. THE ACCOUNTS FOR THE YEAR

The total incoming resources in 2016 amounted to 871 MNOK, with an income structure similar to that of previous years. 61% of the funding came from Norwegian Government agencies, 18% from other organisations and institutions, and 19% were donations.

In 2016, 963 MNOK of expenses were incurred, of which ninety-three per cent were used to fulfil NCA's mandate or obtain new funding. The annual accounts have been prepared in compliance with the Norwegian Accounting Act and Norwegian accounting standards for NGOs.

The annual result totaled minus 91 MNOK. 77 MNOK of this is due to earmarked donations received in previous periods and spent during 2016, e.g. TV Telethon funding. The unrestricted funds were reduced by 14 MNOK, mainly to cover future pension commitments.

The liquidity is good; the net cash inflow from operating and investing activities differs from the annual result due to the liquidation of TV Telethon investments, in addition to a reduction of other accruals.

## 3. WORKING ENVIRONMENT

Norwegian Church Aid strives for diversity and promotes inclusiveness across the boundaries of religion, ethnic origin, culture, gender, age, disability, sexual orientation and political views.

Positions are established in the organisation in order to ensure the highest level of professionalism, and specialists at the Head Office work together with their counterparts at the Representations. This gives the staff an experience of working in a truly global organisation, while at the same time, reinforcing coordination across Norwegian Church Aid's operations. Norwegian Church Aid's technical infrastructure, such as the intranet, global ERP system, and document management system, ensures information sharing and supports our work around the world.

There was a rate of 4,34 % sick leave at the Head Office in 2016 compared to 3,42% in 2015.

As of December 31<sup>st</sup> 2016, Norwegian Church Aid had 142,3 permanent and 11 temporary employees at the Head Office, compared to 136,6 permanent and 8,4 temporary employees 31.12.15.

Member of staff in the period 2012-2015:

Year	2012	2013	2014	2015	2016
Permanent Positions Head Office	149,2	137,7	144,2	136,6	142,3
Temporary Project Positions Head Office	2,3	0,6	7,0	8,4	11
<b>Total Head Office</b>	<b>151,5</b>	<b>138,3</b>	<b>151,2</b>	<b>145</b>	<b>153,3</b>
NRK Telethon 2014			12	0	0
<b>Positions in Field Offices on contract from Head Office</b>	<b>45,7</b>	<b>47</b>	<b>53</b>	<b>45</b>	<b>47</b>
<b>Positions in Field Offices on local contract</b>	<b>820</b>	<b>768</b>	<b>669</b>	<b>629</b>	<b>541</b>

By the end of 2016 Norwegian Church Aid employed 142,3 permanent members of staff. They were distributed between the various departments as follows:

Department of International Programmes	50,9
Department of Communications	12,5
Marketing Department	27,9
Department for Human Resources	10
Department of Finance	29,5
Department for Development Policy *	9,5
Secretariat	2

\*4,5 members of staff position belongs to Changemaker

Our staff members around the world are localised as follows:

	2015		2016	
	Expats	Local	Expats	Local
Afghanistan	2	55	2	48
Angola	1	11	1	11
Brazil	0	2	0	0
Burundi	1	15	1	13
DR Congo	3	30	2	28
Ethiopia	2	30	2	41
Guatemala	1	8	0	8
Greece	0	0	3	0
Haiti	2	19	3	12
Jordan	2	0	4	4
Kenya	1	16	1	10
Laos	0	39	0	0
Malawi	1	18	1	18
Mali	1	36	1	36
Myanmar	1	6	1	4
Nepal	1	0	0	0
Northern Iraq	4	39	6	21
Pakistan	1	23	1	25
Palestine and Israel	1	7	0	0
Serbia	1	0	0	0
Somalia	0	23	0	15
South Africa	1	7	1	5
South Sudan	6	80	5	69
Sudan	3	118	3	127
Switzerland*	3	0	3	0
Syria/Tyrkey	2	0	0	0
Tanzania	2	17	4	21
Vietnam	1	9	1	5
Zambia	1	21	1	20
<b>Total</b>	<b>45</b>	<b>629</b>	<b>47</b>	<b>541</b>

\* 2013 two positions were established in Switzerland (Geneva). They work with the coordination of the global "water, sanitation and hygiene cluster".

## 4. EQUAL OPPORTUNITY

Norwegian Church Aid is committed to equal opportunity and equal rights for all employees, regardless of gender. We strive for gender balance at all levels, both at the Head Office and at the Representations. Women and men are provided the same opportunities for professional development and salary increases.

The gender breakdown of employees shows 61% women and 39% men at Head Office, and 43% women and 57% men at the Representations (including employees on contract from Head Office). The senior management team is made up of 50% women and 50% men and division leaders consist of 67% women and 33% men. The Board consists of 50% women and 50% men.

Total	Head Office		Field Offices	
	Female	Male	Female	Male
Managers	63 %	37 %	53 %	47 %
Staff	59 %	41%	33 %	67 %

## 5. PROSPECTS FOR THE NEXT YEAR

During 2017, the organisation will focus on three strategic areas:

### **Religion - part of the solution!**

NCA will work towards making the central role religious actors play in aid visible to key stakeholders.

### **More money in, more money out!**

NCA will continue to work towards increasing our financial volume and the percentage of it transferred to partners. We will work towards being more visible to key stakeholders where the money come from and how it is used.

### **Promote innovation!**

NCA will work toward becoming an organisation where employees propose innovative solutions. Innovation and fostering an innovative work culture is an important goal for NCA.

## 6. GOING CONCERN EXPECTATION

The annual accounts are based on the assumption that Norwegian Church Aid is a going concern. The organisation has neither the intention nor the need to liquidate or curtail materially the scale of operations. This expectation is based on the forecast for 2017 and long-term strategic plans. The organisation is in a sound financial position.

## 7. ENVIRONMENTAL CONSIDERATIONS

The organisation is not engaged in production or other activity that adversely affects the external environment. One of the organisation's goals, however, is to promote positive environmental practices at all levels of project intervention.

## 8. RISK MANAGEMENT

Norwegian Church Aid's income is based on fundraising, grants from Norwegian public authorities and international donors. This means that Norwegian Church Aid's financial risks are strongly correlated with the organisation's ability to remain a relevant and credible actor in the humanitarian sector, particularly in the eyes of the Norwegian authorities, partners, media and Norwegian public opinion. In this regard, the financial risks are closely connected to the reputational risks to which the organisation is exposed.

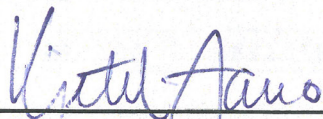
We strive for efficiency and quality starting from the planning phase through the implementation and reporting of all our projects. Moreover, we meet – and quickly resolve – challenges associated with corruption, fraud and mismanagement by putting in place strict procedures, carrying out external audits, as well as closely following up when these instances occur. Norwegian Church Aid annually presents a report of fraud and corruption cases that the organisation has faced each year. The report titled “Norwegian Church Aid’s Anti-Corruption Report” is distributed to Norwegian authorities as well as published on Norwegian Church Aid’s website. Transparency is an important part of Norwegian Church Aids work against corruption, and also contributes to reducing the risks that fraud and corruption presents.

Norwegian Church Aid is also exposed to financial risk through the financial investment and currency markets. The liquidity is good and the credit risk is negligible.

## 9. CONCLUSION

The Board of Directors considers that the annual financial statements and accompanying notes and cash flow statement give sufficient information about operations and position at year-end. No event has occurred after year-end that is of significance in the assessment of the financial statements.

Oslo, April 27<sup>th</sup> 2017



**Kjetil Aano**

*Chairman of the Board*



**Sissel Vartdal**

*Board member*



**Brita Bye**

*Board member*



**David Hansen**

*Board member*



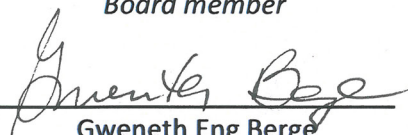
**Tuva Krogh Widenskjold**

*Board member*



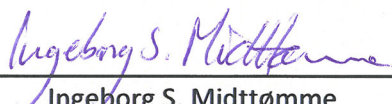
**Ottar Mæstad**

*Board member*



**Gweneth Eng Berge**

*Board member*



**Ingeborg S. Midttømme**

*Board member*



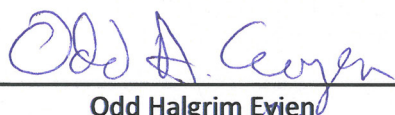
**Kjersti Toen**

*Board member*



**Øyvind Eggen**

*Board member*



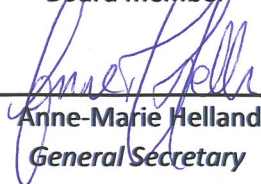
**Odd Halgrim Evjen**

*Board member*



**Bo Christoffer Iwar Brekke**

*Board member*



**Anne-Marie Helland**

*General Secretary*