

REPORT OF THE BOARD OF DIRECTORS, 2018

1. THE NATURE OF ACTIVITIES AND OPERATIONS

NCA is a member of the ACT Alliance, one of the world's largest humanitarian coalitions. Together, we work around the world to create positive and sustainable change. Our support is provided unconditionally with no intention of influencing anyone's religious beliefs and affiliation.

NCA is an ecumenical, diaconal organisation headquartered in Oslo with offices in 21 countries in addition to humanitarian operations offices. We collaborate with civil society organisations, church-based organisations and other institutions in Africa, Asia, Latin America, Middle East and Europe. We 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.

NCA works in accordance with the guidelines of the Global Strategy Faith in Action. This strategy defines humanitarian efforts and partnerships with religious actors as fundamental pillars for reaching our two long-term goals: to save lives and to seek justice. Together they define our work towards a more just world.

Many of the countries NCA works in struggle with conflict and are vulnerable to widespread corruption. Ever-growing security challenges hamper NCA's work and communication strategies related to it. We work continuously and routinely to deal with this reality. Thorough security assessments of travel plans are undertaken in cooperation with our partners and we are working on measures to strengthen internal procedures and information about the ACT Alliance's Code of Conduct that we adhere to, in particular the organisation's notification and alert system.

2018 was a year in which Norwegian Church Aid (NCA) faced a series of humanitarian crises and delivered life-saving emergency assistance to a large number of people. It was also a year in which the consequences of climate change were even more apparent, and we could see how the poorest people are those most severely affected. We also further established ourselves as a clear and influential player in the development policy debate, both in Norway and internationally, and were part of several major events during the year, such as the Olav Festival and the Arendal Week. The highlight of the year was when Dr. Denis Mukwege, our long-time partner in Congo, received the Nobel Peace Prize together with Nadia Murad. This was an important milestone in the fight against gender-based violence, which is a central aspect of NCA's work. While 2018 was a year characterised by some major internal changes, the organisation continued its work to achieve our mission: To save lives and seek justice.

Part 1 The work of the Board

In 2018, NCA's Board held five ordinary and four extraordinary Board meetings. The Board considered 48 cases, which consisted of 25 decision cases, 20 information cases and 3 process cases. Issues covered included an adjustment of the Faith in Action strategy, work on a new programme plan, the presentation of various ACT collaboration models, anti-corruption, the status of the TV campaign funds, and, as always, a constant focus on financial management. In 2018, the Board elected a new auditor for the consolidated accounts, and in September the new auditor BDO AS presented itself and its mission to the Board.

In late spring, issues arose which meant that the Board no longer had confidence in the General Secretary, and a severance agreement was therefore entered into. The Head of the Politics and Society Department was asked to step in as Acting General Secretary until the post was filled. As a consequence of this change in management, several temporary adjustments were made to the Senior Management Team. The Board was clear that it was important to ensure that the Acting General Secretary had sufficient support and scope to exercise good management of both the Senior Management Team and the organisation.

The Board appointed an internal nomination committee that worked together with a recruitment agency during the Autumn on the recruitment of a new General Secretary. In November, the Board appointed Dagfinn Høybråten as NCA's new General Secretary for a six-year term. The Board is pleased that he has accepted the position and has great faith that he will lead and continue NCA's work in line with the organisation's identity and history, while further developing the organisation's profile in the face of demanding activities and a constantly changing landscape.

In 2018, there was an unusually large board member turnover, with five new members joining mid-year.

In October 2018, the Board undertook a joint trip, which takes place every third year. This time the destination was Tanzania where NCA has a varied and extensive programme. It is important that the Board gains first-hand experience of NCA's work in the field, to see how we work with rights holders, as well as partners and in relation to government authorities. The programme in Tanzania is focused on Economic Empowerment and Resource Governance and key partners' inter-faith platforms are important to this work. This is in line with NCA's strategy to primarily work through faith-based partners. The Board attended meetings with several of these platforms and gained an understanding of how important and necessary this cooperation is and were able to see how much can be accomplished in society when religious leaders stand together.

During the spring, the Chairman of the Board held meetings with representatives from several of the organisation's owners in the wake of a case concerning maternal health, reproductive health and abortion. A report from the Board was requested concerning the decision that was made by the Board in 2012. This report was sent out to the Council together with documents for the Council meeting.

Together with the Norwegian volunteer community and the general public, we were very pleased to congratulate two outstanding Nobel Prize winners in 2018. By raising the issue of sexualised violence in war, the prize puts the spotlight on a field with which our organisation has worked for many years. We have also cooperated specifically with the new Nobel laureates through the organisation's longstanding support for Dr. Mukwege's work in DR Congo. For several years, NCA has also worked on projects to support vulnerable groups in Northern Iraq and in Syria. The Nobel Peace prize to Nadia Murad also highlights the long-term work of NCA in this area.

Part 2

International programmes

Mobilising religious partners

Working with faith-based and religious partners is a central tenet of NCA's partner-based approach. Examples of this work from 2018 include a mid-term review of NCA's collaboration with and support to South Sudan Council of Churches and the implementation of the Action Plan for Peace in South Sudan. The NCA Ethiopia office wrote a report and held a seminar about Ethiopian faith-based organisations' role in humanitarian responses in the country.

Income

Securing a stable and diverse income base is important for NCA to achieve impact in our work with partners and rights holders around the world. Despite this ambition, NCA experienced a slight decline in income from non-Norwegian donors in 2018. Nonetheless, NCA successfully secured two grants from ECHO, being the lead for projects in Bangladesh and Pakistan. A new project in Sudan was approved for support by the Office of U.S. Foreign Disaster Assistance (OFDA), in addition to support for the global WASH cluster Field Support team (FST). A GBV application (EUR 9 million) was submitted to Europeaid in 2018 and final negotiations are underway for securing the grant. Efforts were undertaken to improve relationships with donors, especially ECHO, with several staff attending the ECHO Partner meeting, European Days and meeting Desk Officers in Brussels, and engaging local TAs in the field. NCA has also strengthened our income from private donors during 2018.

Innovation

Innovation has and will continue to be integrated into NCA's programme framework, country strategies, donor reporting and applications throughout 2019. In 2018, NCA presented results from several projects at international and national events, including the presentation of two of our Economic Empowerment projects at TEDx talks.

NCA was lead agency for phase two of the Innovation Norway funded Humanitarian Innovation Platform (HIP). HIP's mandate is to increase humanitarian organisations' ability to deliver smarter and more effective assistance to people in need. HIP members also secured further Innovation Norway funding to address a pressing humanitarian challenge - securing dignified IDs for rights-holders in cash programming. More information about this project and the platform <https://hiplatform.org/>.

Long term development

NCA's long-term development programme spanned over 30 countries in 2018, and was managed primarily by our 21 country offices. It was the third year of NCA's framework agreement with Norad and results from the first three years of this funding period will be integral to securing a new agreement with Norad in 2019/2020. Whilst these results will be reported in full to Norad later in 2019, preliminary highlights from each of NCA's global programmes are presented below.

New programme framework

With NCA's current programme plan coming to an end in 2019, the development of a new 10 year programme framework started in 2018. This will be completed in 2019 and will come into effect in 2020.



Dancing of joy in the peace committee.

Photo: Håvard Bjelland/Norwegian Church Aid

Peacebuilding

Inter Church Committee transforms conflict in Wau, South Sudan.

In June 2016, violence erupted in Wau town. The violence erupted because of a unilateral decision to relocate county headquarters from Wau to Baggari, triggering a series of violent interethnic confrontations between Dinka, Jur and Fertit, and resulting in the displacement of more than 30,000 people.

The Inter Church Committee (ICC) in Wau (Bahr el Ghazal Region) initiated People to People dialogue by holding separate consultative meetings with different groups and leaders from conflicting communities. The community consultations created a safe space for dialogue and reduced recurrent tensions. The dialogue process was facilitated by church leaders, headed by Bishop Paride Taban and Bishop Isaiah Dau, and led to a peace agreement which ended the intercommunal fighting. To follow-up the implementation of the recommendations, the ICC formed inclusive peace

committees in five blocks in Wau town. The block peace committees were comprised of all ethnic groups, SSCC and non-member churches, Muslims, traditional leaders, women and youth. The role of the block committee was to monitor the implementation of the peace agreement in their respective blocks, as well as resolve disputes within their blocks.

As a result of block peace committees effort, relative peace returned to the town, free movement, relationships and trust was restored, and over 20,000 IDPs had by the end of 2018 returned to their homes.

Gender-based Violence (GBV)

Faith leaders fighting GBV through the Tamar Campaign

The prevalence of GBV in the Democratic Republic of Congo (DRC) has reached epidemic proportions, exacerbated by decades of war in the region. Everyone is affected by GBV, but women and children are the most vulnerable in such a context. The Tamar Campaign, developed based on holy scriptures, has mitigated violence through understanding causes and roots of GBV in cultural and religious social norms and consequences of such violence for families and society. It also provided concrete steps for creating a culture of peace within a framework rooted in local cultural values. The campaign was carried out by the interfaith platforms in South and North Kivu, and has allowed members of different faiths to come together and work towards a common goal as agents of change. In addition the Tamar campaign has been developed based on Muslim scriptures in Mali and Somalia.

Reproductive Health

NCA Malawi are successfully combating cervical cancer

Malawi has the highest rate of cervical cancer in the world with around 2,300 women developing the disease and 1,600 dying annually. This is aggravated by the high HIV burden with 10.8% of women infected with the virus and 6.4% of men. The reasons for poor cancer survival in Africa are many. There are no effective screening programmes, community and health care worker awareness is poor, plus there is a shortage of trained professionals, oncology staff, treatment facilities and equipment.

NCA Malawi and their partner DREAM have been supporting the Balaka and Mangochi districts in southern Malawi to scale up access to cervical cancer screening services since 2016. When we assessed this project, we saw that cervical cancer screening increased from 500 women in 2016 to 939 women in 2017. Of those screened, 37 had suspected cancer. We also saw in this study that there was a general increased risk of abnormal cervical cancer results among women with HIV and in those aged above 30 years. The methods used in the screening was visual inspection by acetic acid (VIA), a method commonly used in resource poor settings like Malawi.

The next step of the project will be to improve the awareness of cervical cancer in the local community where we work, assessing the VIA method's accuracy and to train more health workers to manage cervical cancer in the health service in Malawi. Detecting cervical cancer in its early stages is crucial since Malawi lacks radiotherapy and quality palliative care for cancer patients. From 2019 Malawi will offer the HVP vaccine to young girls. That will be a good investment to reduce the burden of cervical cancer in Malawi for the future.



Photo: Haldis Kårstad/Norwegian Church Aid

Water, Sanitation and Hygiene (WASH)

The NCA global WASH programme continued to focus on sustainability of WASH services.

Water pumping in durable interventions is done more and more via solar energy, less fossil fuel consumption and with lower running costs.

The NRK Telethon WASH programme fund are almost used up: the goal of reaching 1,300,000 people with safe and clean water has been achieved. This will be finalised in 2019.

WASH services have the potential to unlock a trust relation between NCA/partners and the communities. They are a solid step on which to build further programming.

WASH committees are an expression of civil society and contribute to a democratic use of natural resources.

WASH committees are opening arenas to discuss with local WASH government authorities the WASH priorities of the communities they represent.



Photo: Håvard Bjelland/Norwegian Church Aid

Climate Resilience

Climate smart women in Pakistan

Pakistan is highly vulnerable to the impacts of climate change. Much of its rural population is poor and most of its economy depends on natural resources including agriculture and livestock, both of which are highly climate sensitive. These sectors are especially vulnerable due to low resilience and almost no capability to withstand the effects of climate change.

NCA, its partner organisation LASOONA, and the Agriculture Extension Department, have responded to this situation through a climate change adaptation project especially for women working in these sectors.

The project recommends seed varieties and fertilizer appropriate for the climate conditions of the rain fed areas of Swat District. Using the Farmer Field School Methodology, the women have adopted soil fertility, erosion control and improved crop management practices that make agricultural production less fragile to climate change.



Photo: Norwegian Church Aid

Photo: Norwegian Church Aid



Photo: Norwegian Church Aid



Moreblessings Chidaushe from Norwegian Church Aid represented civil society at the Ministerial Round table at UNs Financing For Development conference in New York in April 2018. She emphasised the need to curb illicit financial flows and increase social spending to reduce poverty and inequality.

Resource Governance

Campaign launch - national and global advocacy for tax funded social protection

Nine countries launched the regional "Make it Happen" campaign that was championed by faith actors and youth. The campaign calls on leaders to take decisive action for tax justice, to make sure that natural resources pay for hospitals, schools, and social security that benefits all instead of enriching just a few. The campaign puts inequality on the agenda and was supported by the incoming General Secretary of AACC and the moderator of World Council of Churches, which are key institutions to engage in the mobilisation to fight inequality. As part of the campaign launch, Tanzanian partners and NCA also commissioned a study called 'Make It Possible'. The report findings are used to advocate for tax funded social protection, and have been subject for discussions with the Tanzanian government and used when NCA submitted recommendations to IMF's consultation to design a Strategic Framework on Social Spending. NCA was also invited to give input after we participated in the 2018 World Bank/IMF Spring Meetings in Washington D.C.

Economic Empowerment

Promoting youth engagement in innovation and entrepreneurship in the Gaza Strip

The lives of many young people in Gaza is beset by oppression, violence and deprivation. With unemployment rates among youth reaching 70%, many young Palestinians are increasingly disillusioned with life, unable to secure employment and struggle to fill their free time.

Recognising the specific nature of youth, and the overall political, economic and social challenges faced by Palestinian society, the DCA-NCA joint office in Palestine and local NGO MA'AN Development centre has placed youth at the centre of their work in Gaza.

The HUB for Innovation and Entrepreneurship provides opportunities for young Palestinian entrepreneurs in Gaza to work with project managers, academics and experts in business and agriculture, to design and build products, services, businesses and social ventures to address daily and immediate gaps in agriculture and food safety in the Gaza Strip. With the vision to create an ecosystem for innovation, the HUB supports business incubation and acceleration by offering training, mentoring, technical support, networking and logistic services. To get projects started, DCA-NCA helps to mobilise

resources through seed funding, crowd sourcing and online fundraising. Partnerships with national and international academic institutions, advisors and experts are fostered to develop a global network in innovation, research, agriculture and agribusiness. The HUB runs as a social enterprise and resources are reinvested locally, projects are run locally and solutions are developed locally.

Examples on projects that have received start-up capital include:

- Modelling a new irrigation system to address water salinity;
- Using olive-oil residue to produce bio-energy; and
- Developing new mixtures of locally produced fodder for poultry farms.

Humanitarian Response

The goals for NCA's emergency response is anchored in a contextually appropriate conflict- and gender-sensitive design, placing communities and people affected by crisis at the centre of humanitarian action. NCA's emergency response adheres to humanitarian principles, ensuring provision of emergency relief in an impartial manner and with an emphasis on LRRD principles (linking relief, rehabilitation and development).

In 2018 there were three humanitarian responses administrated from the Head Office. In total 200,000 recipients were reached through work with WASH and GBV through these three operations in Bangladesh, Niger and Nigeria. In Bangladesh NCA's response for Rohingya refugees is still ongoing in the world's largest refugee settlement in Cox's Bazar. In Niger NCA's response is ongoing with a WASH response for internally displaced persons (IDPs) and refugees from Nigeria. This response will be concluded in 2019. In Nigeria NCA's response is ongoing for IDPs in Borno. In Southern Nigeria the WASH response for refugees from Cameroon was concluded in December 2018.



Building of latrines in Anyake Settlement near Adikpo, Photo: Iker Montes-Burgos/Norwegian Church Aid

In addition, several NCA country offices have had humanitarian responses, which include Somalia, Ethiopia, Sudan, South Sudan, Angola, Syria, Iraq and DRC. The main component in these responses has been WASH and GBV. The results will be presented later in 2019.

Content of humanitarian WASH response in 2018:

NCA's Emergency WASH work aims to improve water, sanitation and hygiene conditions by:

- Drilling and rehabilitation of wells for host communities with large numbers of IDPs, refugees in camps or host communities.
- Protecting water networks and the provision of safe and hygienic sanitation facilities, such as latrines and showers, for vulnerable populations and waste removal.
- Programmes to reduce health hazards and environmental pollution where IDPs and refugees live in host communities and camps.
- Education and awareness raising programmes on hygiene and sanitation.



Watertrucking in Puntland, Somalia. Photo: Håvard Bjelland/Norwegian Church Aid

Content of Humanitarian GBV Response in 2018:

NCA's Emergency GBV programme is implemented in partnership with national, local and/or community-based organisations with experience in gender and/or protection programs. Prioritised programme components include:

- psychosocial support and complementary medical services;
- protection from violence;
- awareness-raising; and
- advocacy and capacity-building of partners and relevant government offices.

Advocacy

Political milestones

On January 17, 2018, Norway finally gained a Minister of International Development after many years of not having one. On several occasions, NCA has requested that the government reintroduce the Development Minister position, most recently on January 10, 2018 together with 51 other organisations. This was therefore a great victory for Norwegian civil society that works with development issues.

Another important milestone was the Norwegian Government's establishment of a consensus forum in 2018, which will lead to more coordinated development policies, that NCA and others have spent years advocating for. NCA is one of two civil societies represented in the forum. The forum also has representatives from the business sector, academia, trade unions, political leadership from three departments, and bureaucrats from all departments.

In 2018, NCA strongly criticized the Norwegian government for exporting military equipment to countries that are participating in the war in Yemen. Over the course of 2018, Norway has stopped selling A-material to the United Arab Emirates and froze new licenses to Saudi Arabia. These are two steps in the right direction, but Norway has not stopped all exports of military equipment so NCA continues to cooperate with Changemaker and other organisations in the work against arms export.

Climate work in Norway and internationally

Combating climate change and working for better climate adjustments for the world's poor is an important aspect of NCA's advocacy work. A key theme in 2018 was to increase focus on Norway's revised climate goals for 2020. We have gathered a large number of environmental and development organisations to support our demand for Norway's next climate goal to be a reduction of emissions by at least 53% before 2030.

We have also repeatedly raised this issue in the political arena. As a result, the Norwegian Government has stated unequivocally that Norway's climate goals must be reinforced. Other achievements in a national context include increasing Norwegian climate change financing for developing countries. There have also been clear signals that this will be escalated further in the years to come.

Internationally, we have mostly worked with climate negotiations under auspices of the UN. We achieved a breakthrough for many of our requirements regarding Norway's positions during these negotiations, in particular concerning the climate financing regulations. Climate change is also a topic to which our church network has a strong commitment. For the 2018 and 2019 period, NCA is the coordinator of the Climate Pilgrim Project.

Major events in 2018

The Lenten Campaign

The 2018 Lenten Campaign took place from the 18th – 20th March. 1,105 congregations all around Norway ordered material from NCA for the campaign and around 30,000 people walked with collection boxes to raise funds for NCA's international work. We reached far more people via social media and paid advertising than in 2017, but in strong competition with a potential government crisis and other campaigns, the overall level of funds raised was lower. The 2018 Campaign took place early in the year, while the evenings were still dark, and just a few days after another nationwide fundraising event. The result of NOK 31.5 million is a decrease from the previous year.

There was a significant increase in the number of contributions given via Vipps (a mobile payment app) on the campaign days which shows the importance of visibility on collection boxes and of face-to-face encounters with the public across the country. We can see loyal and dedicated commitment from the congregations and a stable number of collection box teams from year to year. We are now working to further increase the visibility of the digital collection for each congregation.

The theme of the political campaign during the Lenten Campaign was CLIMATE CRISIS = WATER CRISIS. The political demand was to halt climate change and for Norway to reduce its emissions. One of the world's first urban water crises arose in Cape Town in January, partly due to climate change and drought. This made the campaign even more relevant and contributed to high visibility for NCA in the run-up to the Campaign. The campaign was well-dispersed and created a lot of engagement on NCA's Facebook page.



Photo: Erlend Angelo/Norwegian Church Aid

Olav Festival

NCA played a prominent role at the Olav Festival 2018 in Trondheim with two visual exhibitions, a photo exhibition and an experience container, and several seminars. This is a great opportunity to meet our network in an significant ecclesiastical and cultural arena, as well as providing us with the opportunity to raise awareness of NCA and our work. This was a very positive experience based on our clear profile as a faith-based organisation in the development community. Our photo exhibition and container were centrally located at the festival site and our seminars made a new and innovative contribution to the festival. Olav Festival's main theme for 2018 was The Body and we therefore focused resource governance, the church's role in the face of war and conflict, and rape as a weapon of war. We also took part in the Climate Pilgrim Walk to Nidaros Cathedral, led by Nidaros' Bishop Herborg Finnset and "the Green Bishop", Geoff Davies from South Africa.

The photo exhibition *Ser alt du er* (See everything you are) by NCA's in-house photographer, Håvard Bjelland, with captions by the poet Trygve Skaug received a lot of positive attention. It has also subsequently been displayed at several other venues and occasions, including at Birkelunden in Oslo in connection with the World Council of Churches' 70th anniversary.

Arendal Week 2018

Arendal Week is an important arena for NCA since there is considerable potential to present ourselves as a serious development policy influencer and to put development policy on the national agenda. This is also a good opportunity to develop new collaborations and to strengthen existing collaborative relationships. NCA put several topics on the agenda which included the Norwegian export of weapons, debt policy, climate policy, sustainable water management and development technology. Arendal Week also gave us a lot of exposure, in particular through the Church Ship with its central location. On the business sector side, we launched a report on sustainable water management together with Storebrand and Hydro, who also participated on the panel. We also enjoyed successful cooperation with a number of organisations.

ACT Assembly

The second meeting of the General Assembly of the ACT Alliance was held from 28th October to November 1st in Uppsala, Sweden. The General Assembly is the highest governing body of the Alliance and brings together over 145 ACT members every four years. The aim is to enable members to strengthen their commitment to one another, to celebrate mutual achievements and to endorse the future direction of the alliance. The Community of Practice on Youth Participation, co-chaired by Changemaker, hosted a two day pre-assembly meeting and were engaged throughout the meeting of the Alliance. The General Assembly brought together over 30 youth representatives from youth organisations associated with the Alliance from around the world.

Justice Conference 2018

NCA contributed to organising of the first Justice Conference on November 1st, 2018 at Sentralen in Oslo. The Conference aim was mobilisation for the UN's Sustainable Development Goals among faith-based organisations with a focus on four key themes: reduced inequality, climate, modern slavery and justice, and Christian theology in practice. 250 people attended the conference and Prime Minister Erna Solberg delivered the opening address. Another speaker included Agnes Aboum, moderator of the World Council of Churches Central Committee. NCA contributed on the topics of inequality and climate. Acting General Secretary Lisa Sivertsen participated on the discussion panel. The Justice Conference was evaluated positively by participants and will be held again in 2019.

Nobel Peace Prize and Christmas campaign hand in hand

There was great jubilation at NCA when our longstanding partner in Congo, Dr. Denis Mukwege, was awarded the Nobel Peace Prize together with Nadia Murad. The Communications Department had prepared well for how Mukwege might receive the prize, resulting in a lot of good publicity on the day the Nobel Peace Prize was announced up until the award ceremony. This was a golden opportunity to highlight our important and dedicated work on gender-based violence. We achieved broad visibility in various areas and had several successful collaborations with partners in the church network, the rest of the civil society and academia. NCA stood out as a clear and visible operator in combating gender-based violence.

The Nobel Peace Prize also required us to reconsider our long-planned Christmas Campaign. Since the ceremony took place during the Christmas Campaign, the Marketing Department changed the entire campaign to focus on NCA's work in Congo and Iraq. The focus of the campaign was *A Child is Born* and we focused children born in conflict areas. Due to the publicity generated from the Nobel Peace Prize and the rapid adjustments made to the Christmas Campaign, the result was a very successful campaign. At the time of writing this report, the campaign has raised NOK 27 million, which is NOK 1.2 million more than forecast. This is the first time that the Christmas Campaign has directly incorporated a political cause.



Nadia Murad and Dr. Denis Mukwege won the Nobel Peace Prize 2018
Photo: Håvard Bjelland/Norwegian Church Aid

Administration

New HR system

In an effort to continue professionalising NCA's human resource activities, the implementation of the new HR system, Aditro was a priority task in 2018. During the year, Aditro was deployed as a global HR system and all employees were registered in the system. The Performance Development Review targets and business management tool has also been implemented in Aditro for the head office, and this will be further developed globally in 2019.

Financial management

On the financial side, a procedure review took place of the 15 country offices and the head office. The purpose of the review was to investigate compliance with NCA's financial management, logistics and partner procedures. The review of the 15 offices was an instructive and beneficial process that strengthened the relationship between the head office and the country offices. We attached great importance to strengthening our logistics and procurement expertise and resources, with closer and more effective cooperation between the financial and programme departments.

After many years with PWC as our group auditor, we changed to BDO in 2018. Within logistics, in 2018 we piloted a new warehouse management system for the national offices, with Sudan as the first country.

Record numbers of regular sponsors

In 2018, NCA made an extra effort to increase the number of regular sponsors. This resulted in record-high recruitment of new sponsors and increased NCA's annual income from regular donors to NOK 67.3 million, which is a new record. Most sponsors were recruited through our annual summer campaign in which teams of recruiters travel all over Norway to present NCA's work. We also tested a number of new initiatives and channels, including an exciting pilot campaign based on door-to-door recruitment.

Digitalisation

NCA is focused on improving digitalisation, so in 2018 we established Digiboard, an important management and coordination body to ensure the coordinated effective development of new digital tools and related processes across the organisation. In September 2018, a digitalisation strategy was approved for NCA which outlines the goals of becoming a more data-driven organisation to better enable a results approach.

2. THE ACCOUNTS FOR THE YEAR

The total incoming resources in 2018 amounted to 928 MNOK, with an income structure similar to that of previous years. 63% of the funding came from Norwegian Government agencies, 18% from other organisations and institutions, 17% were donations and 1% came from other sources.

In 2018 996 MNOK of expenses were incurred, of which 95% 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 68 MNOK. 58 MNOK of this is due to earmarked donations received in previous periods and spent during 2018, e.g. TV Telethon funding. The unrestricted funds were reduced by 9,3 MNOK.

The liquidity is good; the net cash flow is positive and differs from the annual result due to invested capital sold off to finance activities.

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 Country Offices. 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 3,5 % sick leave at the Head Office in 2018 compared to 3,29 % in 2017. Norwegian Church Aid has employees in a variety of countries. The Norwegian Working Environment Act regulates the health, safety and environment (HSE) efforts for employees in Norway who have their place of work at the Head Office. During 2018 there have not been reported any significant injuries or accidents. HSE responsibility for employees at the country offices is handled in accordance with national legislation. Employee safety and health during travel abroad is also an important part of the systematic HSE work of the organisation.

As of December 31st 2018, Norwegian Church Aid had 132 permanent and 17 temporary employees at the Head Office, compared to 136,9 permanent and 7 temporary employees 31.12.2017.

| Year | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|--|-------|-------|-------|-------|-------|------|
| Permanent Positions Head Office | 137,7 | 144,2 | 136,6 | 142,3 | 136,9 | 132 |
| Temporary Project Positions Head Office | 0,6 | 7,0 | 8,4 | 11 | 7 | 17 |
| Total Head Office | 138,3 | 151,2 | 145,0 | 153,3 | 143,9 | 149 |
| NRK Telethon 2014 | 0 | 12,0 | 0 | 0 | 0 | 0 |
| Positions in Country Offices on contract from Head Office | 47,0 | 53,0 | 45,0 | 47,0 | 42,5 | 42 |
| Positions in Country Offices on local contract | 768 | 669 | 629 | 541 | 523 | 613 |

Member of staff in the period 2013-2018:

By the end of 2018 Norwegian Church Aid employed 149 members of staff at Head Office. They were distributed between the various departments as follows:

| | |
|--|----|
| Department of International Programmes | 55 |
| Department of Communications | 13 |
| Marketing Department | 28 |
| Department for Human Resources | 11 |
| Department of Finance | 31 |
| Department for Politics and Society | 9 |
| Secretariat | 2 |

Our staff members around the world are localised as follows:

| | 2016 Expats | 2016 Local | 2017 Expats | 2017 Local | 2018 Expats | 2018 Local |
|-----------------------|----------------|---------------|----------------|---------------|----------------|---------------|
| Afghanistan | 2 | 48 | 2 | 50 | 2 | 33 |
| Angola | 1 | 11 | 1,5 | 16 | 3 | 17 |
| Bangladesh | 0 | 0 | 1 | 0 | 2 | 0 |
| Burundi | 1 | 13 | 1 | 18 | 1 | 15 |
| DR Congo | 2 | 28 | 1 | 18 | 1 | 21 |
| Ethiopia | 2 | 41 | 2 | 44 | 2 | 43 |
| Guatemala* | 0 | 8 | 0 | 0 | 0 | 0 |
| Greece | 3 | 0 | 0 | 0 | 0 | 0 |
| Haiti* | 3 | 12 | 0 | 0 | 0 | 0 |
| Jordan | 4 | 4 | 5 | 4 | 6 | 5 |
| Kenya | 1 | 10 | 1 | 10 | 1 | 11 |
| Malawi | 1 | 18 | 1 | 17 | 1 | 23 |
| Mali | 1 | 36 | 1 | 50 | 1 | 50 |
| Myanmar* | 1 | 4 | 0 | 0 | 0 | 0 |
| Northern Iraq | 6 | 21 | 4 | 20 | 4 | 84 |
| Niger | 0 | 0 | 2 | 0 | 1 | 8 |
| Nigeria | 0 | 0 | 3 | 0 | 1 | 18 |
| Pakistan | 1 | 25 | 1 | 23 | 1 | 22 |
| Palestine and Israel* | 0 | 0 | 0 | 0 | 0 | 0 |
| Somalia | 0 | 15 | 0 | 14 | 0 | 17 |
| South Africa | 1 | 5 | 0 | 3 | 0 | 2 |
| South Sudan | 5 | 69 | 6 | 68 | 6 | 72 |
| Sudan | 3 | 127 | 4 | 127 | 4 | 128 |
| Switzerland** | 3 | 0 | 0 | 0 | 0 | 0 |
| Tanzania | 4 | 21 | 1 | 19 | 1 | 19 |
| Vietnam | 1 | 5 | 0 | 3 | 0 | 3 |
| Zambia | 1 | 20 | 2 | 19 | 1 | 22 |
| TOTAL | 47 | 541 | 39,5 | 523 | 39 | 613 |

* Joint Country Offices with other ACT organisation in lead.

** In 2013 three positions were established in Switzerland (Geneva). They work with the coordination of the global "water, sanitation and hygiene cluster". As of 2017 these are home-based positions with no permanent duty station, hence excluded from the above overview.

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 65,5% women and 34,5% men at Head Office, and 33% women and 66% men at the Representations (including employees on contract from Head Office). The senior management team is made up of 57% women and 43% men and division leaders consist of 45% women and 55% men. The Board consists of 54% women and 46% men.

| Total | Head Office | | Country Offices | |
|----------|-------------|------|-----------------|------|
| | Female | Male | Female | Male |
| Managers | 62 % | 38 % | 43 % | 57 % |
| Staff | 69 % | 31 % | 32 % | 68 % |

5. PROSPECTS FOR THE NEXT YEAR

During 2019, the organisation will focus on three strategic areas:

Digitalization for impact

By 31 December 2019, NCA has increased the digital literacy within the organization, and is on track with the implementation of our key digitalization projects.

Income for impact

By 31 December 2019, NCA has achieved the funding targets as stated in our overall budget, by strengthening and diversifying our income base.

Cooperation for impact

By 31 December 2019, cooperation across NCA is improved, and we have strengthened, and established new, ways of working with external actors.

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 2019 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 on Corruption and Assets Misappropriation 2018 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. Investments are made in accordance with the ethical guidelines approved by the Board, and are distributed between shares and bonds to obtain a balanced portfolio. The size of the funds is regularly assessed to ensure it is sufficient to ensure the solidity of the organisation's finances, but not larger than necessary when compared to the total turnover. 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 25th 2019




Kjetil Aano

Chair of the Board



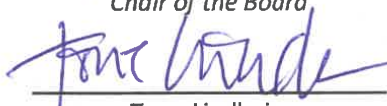
Sissel Vartdal

Deputy chair of the Board



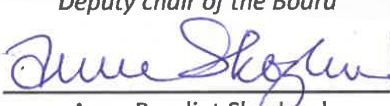
Kjetil Drangsholt

Board member



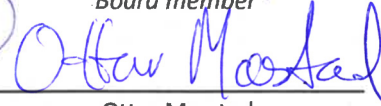
Tone Lindheim

Board member



Anne Bergljot Skoglund

Board member



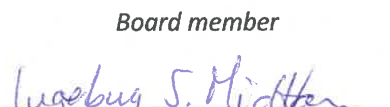
Ottar Mæstad

Board member



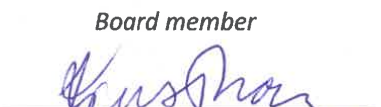
Bo Christoffer Iwar Brekke

Board member



Ingeborg S. Midttømme

Board member



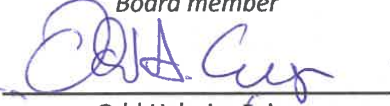
Kjersti Thoen

Board member



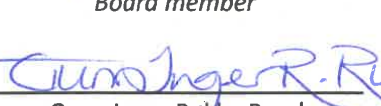
Embla Regine Mathisen

Board member



Odd Halgrim Evjen

Board member



Gunn Inger Røkke Ruud

Board member



Dagfinn Høybråten

General Secretary