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## Financial Report 2021

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*This information has not been audited*



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# Financial Statements 2021

## Vereniging Artsen zonder Grenzen

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▲ Young Zara, infected with malaria, receives treatment in the MSF-supported Aweil State Hospital. Her mother is by her side. South Sudan, October 2021.

The Financial Statements 2021 include the financial information of the Association Artsen zonder Grenzen and the activities carried out under its direct responsibility. The Vereniging Artsen zonder Grenzen (Médecins Sans Frontières - Nederland) was founded September 7, 1984 and has its registered office and actual address at Plantage Middenlaan 14-16, 1018 DD Amsterdam, The Netherlands.

### Our mission

Our mission is the organising of practical medical aid to people in disaster areas and crises worldwide, in accordance with the principles expressed in the MSF Charter. Providing medical humanitarian aid to people in emergency situations, whether caused by conflicts, epidemics, disasters or exclusion from healthcare is the core of what we do. Based on our medical work, we will also make every effort towards effective advocacy on behalf of the population that we assist.

More comprehensive information about the organisation is published on our website [artsenzondergrenzen.nl](https://artsenzondergrenzen.nl) and in the Annual Report of Artsen zonder Grenzen. The Annual Report is published on the website ([artsenzondergrenzen.nl/jaarverslag](https://artsenzondergrenzen.nl/jaarverslag)) and includes the Board Report for the year.

### Artsen zonder Grenzen

Artsen zonder Grenzen is registered with the Amsterdam Chamber of Commerce under number 41215974 and is a Public Benefit Organisation (ANBI) with Legal Entities and Partnerships Identification Number (RSIN) or Tax Number 006790264. Artsen zonder Grenzen is a member of Goede Doelen Nederland and is a CBF recognised charity in the Netherlands (CBF-erkend goed doel).

Artsen zonder Grenzen (Médecins Sans Frontières Nederland) uses the trade names "Artsen zonder Grenzen", "Médecins Sans Frontières - The Netherlands (MSF-NL)", "MSF-Holland" and "Operationale Centre Amsterdam (MSF-OCA)". In addition, "Baby zonder Grenzen" and "Actie zonder Grenzen" are registered trademarks held by the organisation.

In these Financial Statements Artsen zonder Grenzen is further referred to as "MSF-The Netherlands."

### MSF-The Netherlands in the international movement Médecins Sans Frontières

MSF-The Netherlands is part of the international network of Médecins Sans Frontières, which in 2021 counted 25 institutional members (MSF-Associations) worldwide. Each of them is an independent legal entity registered in the country where they operate. All MSF-Associations are united in the Swiss-based association Médecins Sans Frontières International.

MSF-The Netherlands works in particular with the MSF-Associations in Germany and the United Kingdom as well as Canada, Sweden and South Asia; together we take responsibility for the Operational Centre Amsterdam (MSF-OCA). In addition to MSF-OCA, five other MSF operational centres carry out projects independently and under the responsibility of their respective Boards.

These Financial Statements include a chapter, Partnerships, that further describes the international financial cooperation, the mutual agreements made, the governance between the MSF-associations and the risks resulting from their interdependencies.

### Reporting guidelines

The Financial Statements have been prepared in accordance with Dutch Accounting Standard 650 for the Reporting of Fundraising Institutions as published by the Dutch Accounting Standards Board (RJ 650, Raad voor de Jaarverslaggeving). The specific aim of the Guideline 650 is to provide insight into the acquisition of income, the realised expenditure, and the reserves and funds held by the organisation. The Guideline 650 emphasises that the Financial Statements should provide a transparent

insight into the organisation's activities and the outcomes of its activities.

MSF-The Netherlands further complies with established guidelines for fundraising organisations in the Netherlands including the governance code for fundraising organisations, the guidelines on the holding of financial reserves, and the guideline on remuneration for the director and the management. Furthermore, the MSF-sections apply commonly agreed principles of interpretation and cost allocation that are consistent with the accounting policies applied in this Financial Report.

### Presentation of the Financial Statements

Because we consider our activities and the related expenditures on the Association's goals to be our principal objective, we deviate from the prescribed model for the presentation of income and expenditure. These Financial Statements show our expenditures before our income. In addition, the Statement of Expenditure and Income is shown before the Balance Sheet.

The Accounting Policies and the basis used for the valuation of the expenditure and the assets are explained in chapter 5 of these Financial Statements. It is recommended that this be read before viewing the Statement of Expenditure and Income and the Balance Sheet. There were no changes to accounting policies or accounting estimates in 2021.

In applying the principles and policies for drawing up these Financial Statements, management makes various estimates and judgement that may be essential to the amounts disclosed in the Financial Statements. The main areas for consideration and judgement are:

- provisions: estimates for the likelihood as well as timing of (possible) cash outflows (note 3.10 and chapter 5.1), and
- income recognition: judgement in the determination of the value of inheritances (note 3.6 and chapter 5.2).

The nature of these estimates and judgments, including related assumptions, is disclosed in the notes to the relevant financial statement item in order to provide the transparency required under the Dutch Civil Code, article 362:1, Book 2.

### Financial Risks and Forward Statement

Our medical emergency aid operations and financial health could be adversely affected by certain risks. The Board Report elaborates our approach to risk management, internal controls and the extent of the exposure to certain risks. Financial risks are included in chapter 6 of this Financial Report.

In Annex 1 Forward Statement on expenditure and income, the development of main reporting indicators is included. The forward-looking statements are linked to our strategic medical operational ambitions. By their nature, forward-looking statements relate to future events and circumstances and therefore contain uncertainty. Whereas for a part this is anticipated, actual results may differ materially from those presented in the forward-looking statements.

In these Financial Statements the impact of the COVID-19 pandemic on the organisation is addressed in the paragraph below.

### Another year of COVID-19

The first months of 2021 showed that the COVID-19 pandemic was far from over. COVID-19 variants quickly spread around the world despite the arrival of multiple vaccines, whose unequal and in our view, inequitable availability exacerbated the challenges faced in our emergency aid projects. Since the beginning of the pandemic, MSF-The Netherlands' teams have responded to COVID-19 in 135 projects in 27 countries, working alongside local health workers and supporting hospitals and treatment facilities to deliver medical care and improve infection prevention and control measures. COVID-19 continued to present major challenges to the continuity of our medical activities in 2021; however, our response became increasingly integrated into our regular programming this year and managing disruptions to travel and supply became part of our ongoing operations. Notwithstanding, our focus continued to be on staff health, the continuity of medical care, the movement of people, and supply challenges as the four central priorities in our mitigation strategy for operational risks associated with the pandemic.

As in 2020, we complied with government regulations and advice in each of the countries where we worked in 2021. New and flexible ways of working became the norm and relevant travel restrictions remained in place throughout the year. We already had the essential communications infrastructure, policies and procedures in place for this because, even before the pandemic, we were used to working globally and providing support to our teams remotely. Investments in IT infrastructure continued to pay off in 2021, ensuring we could continue to closely support our emergency aid programmes and maintain our regular internal control mechanisms. Our existing decision-making procedures and management structures in the head office, which we adapted in 2020 in response to the pandemic, continued to serve us well.

### The impact on our operations resulting from armed conflict in Ukraine

In late February 2022, Russian forces launched attacks on multiple cities across Ukraine, leading to a full-scale armed conflict. By the end of March, intense fighting and shelling led to more than four million people leaving Ukraine and becoming refugees, according to UNHCR. As the fighting escalates and people continue to flee, our teams are stepping up our medical humanitarian response, both in Ukraine and in neighbouring countries.

MSF-The Netherlands launched an exploratory project in January, a month before the Russian offensive began, to assess the potential consequences of the military build-up along the Ukrainian border with Russia and Belarus. Shortly after the first strikes, we established a coordination office in Poland supporting emergency response and medical donation activities in Ukraine, Moldova, and Russia. The annual budget allocated to the Ukraine region in 2022 thus far is € 4.4 million, which fits well within our reserved budget for unplanned activities.

In response to the armed conflict, many countries have banded together to impose sanctions on Russia. In addition to the emergency response activity in Russia mentioned above, MSF-The Netherlands maintains a coordination office and four operational projects in Russia and Belarus focusing primarily on TB and HIV patients with an annual budget of € 3.1 million. The sanctions on Russia may affect our ability to carry out these programs as planned. We have identified the following direct impacts most likely to affect operations:

- In early March, the European Union announced that it was barring seven Russian banks from the SWIFT financial network. In response, we have taken measures to ensure uninterrupted continuity of our medical programs in Russia for a continuous period of at least three months.
- Sanctions on the Russian financial network may also disrupt our ability to pay the salaries of our internationally mobile staff with domicile in Russia. We are finding solutions on a case-by-case basis.
- The impact of sanctions on our supply chain is difficult to anticipate. Ukrainian hospitals have been hit in the bombardment and critical ruptures are reported in many pharmacies. We also foresee potential supply disruptions to neighbouring countries. But for now, we have been successful in organising an international supply line of medical items, both for donation and for our activities.
- Transport costs have already risen sharply due to increasing fuel prices and systematically higher global inflation. While the economic impacts of rising program costs can be incorporated into our planning, we are also aware of the social costs of rising prices

on living standards across the world which has, in the past, been a further catalyst to conflict. We are anticipating structural cost increases on our operations budgets worldwide as of mid 2022 and beyond.

While the humanitarian needs stemming from the conflict in Ukraine are severe, management anticipates the conflict will not have a direct, detrimental impact on MSF-The Netherlands' financial position. We reserve budget each year for unplanned activities so that we can respond immediately to various crises that emerge, and our current planned medical operations in the Ukraine region continue to fit within that reserved amount. In the event our operational ambitions increase further, management can release additional budget for operations while continuing to maintain a robust financial reserves and cash position.

In response to requests from donors, the MSF-sections have created a restricted fund of € 50 million dedicated to activities in the Ukraine region, which we anticipate will be fully subscribed. In the opinion of management, the conflict in Ukraine will not adversely affect our ability to raise income. While the crisis introduces new uncertainties into our operational portfolio, the strength of our financial position and durable prospects for raising income give confidence that MSF-The Netherlands will continue to meet the goals of the Association.

More detailed information related to income and result sensitivity can be found in Chapter 6.4.



## MAIN FINANCIAL TRENDS 2021

### Increased expenditure on operations

In 2021, our expenditure increased by 11.9% compared to the previous year. This increase was caused by the increase of expenditure on our medical emergency aid operations by € 32.8 million to € 276.2 million, € 14.0 million over budget. The increase in the emergency aid expenses was driven by a number of unforeseen emergencies, including Ethiopia, Myanmar, South Sudan and Sudan, which necessitated an increase in the use of our budget reserved for unplanned emergency aid. In 2021, the amount spent on association goals was 94.5% of the total expenditure (2020: 94.1%) and 83.6% of total income (2020: 86.4%).

### Average number of employees

In 2021, we employed 11,423 full time staff (2020: 10,537 full time staff) working in 115 emergency aid projects in 33 countries (2020: 115 projects in 31 countries) and at the head office.

### Moderate impact of exchange rate developments

In 2021, overall exchange rate developments had a moderate impact on our expenditure on emergency aid with a similar effect on our income. At the end of 2020, we anticipated that exchange rates of the currencies we operate in would remain volatile. The US dollar, which is the currency with the highest impact on our expenditure, appreciated to the euro. In 2021, the main impact on the euro value of the expenditure on emergency aid was caused by currency movements in Ethiopia (ETB), Libya (LYD) and Myanmar (MMK). Realised income from the MSF-sections and from institutional donors ended approximately € 6.7 million (or 2.4%) higher due to the exchange rate effects. The share of the US dollar accounted for an estimated € 3.6 million of the higher income, the British Pound for € 2.5 million, the Hong Kong Dollar, the Swedish Krona and the Canadian Dollar account for the remaining € 0.6 million.

### Positive development in income

In 2021, our total income increased by € 50.1 million to € 363.1 million. This enabled us to deliver critical emergency aid in some of the world's major humanitarian crises, including in Afghanistan, Bangladesh, Ethiopia, Myanmar, South Sudan and Sudan. After the increase in 2020 of 7.3% of income from private donors in the Netherlands and worldwide, 2021 saw a further continuation of positive income development at 15.7%, compared to an anticipated decrease of 8.4%, driven by our fund-raising efforts and the continuing generosity of our donors worldwide during the second year of the COVID-19 pandemic.

In 2021, the Board decision in 2016 to suspend acceptance of institutional funding from the EU and EU-member states was maintained. Although our level of institutional income increased to € 4.4 million (2020: € 3.8 million) the relative share of income remained low at 1.2% in 2021. Maintaining the decision is a principled consequence of our analysis of the humanitarian impact of the agreements made between the EU and countries around the Mediterranean Sea (Turkey, Libya) about refugees and migrant people on the move.

### Financial position at year-end

The stronger than anticipated fundraising across the MSF-sections worldwide resulted in a financial surplus of € 40.9 million, despite the increase in expenditure on our medical emergency aid operations. The result ended € 60.8 million above planning due to the significantly improved income and lower expenditure on programme support and management and administration relating to the impact of COVID-19 operating restrictions, such as travel and working from home. The surplus in 2021 increased by € 15.0 million compared to 2020, with the stronger income more than offsetting the increase in medical emergency aid. The result has been added to the other free reserves. After the addition of the result from 2021, MSF-The Netherlands' overall reserves remained robust at the level of 8.0 months (2020: 6.7 months) in relation to the average total expenditure over the past two years (2020 and 2021) and the budget for the current year (2022).

In 2019, a new financial agreement for the period 2020–2023 was negotiated between the MSF-sections. In line with this agreement MSF-The Netherlands receives a share of the net total income which is total funds raised minus costs for fundraising, offices and the contributions to MSF-International. After a planned mid-term review of the agreement the shares for the coming years have been set at 22.25% for 2022 and 22.10% for 2023 (22.75% in 2020 and 2021). The impact of these reduced percentages has been taken into account in our forward projections. After the surpluses in 2020 and 2021 on the back of the very strong fundraising performance, deficit spending is projected for 2022. Over a period of 4 years (2020–2023) a balanced expenditure and income position is intended. The Board and management will continue to manage expenditure in line with future MSF movement-wide income while ensuring overall reserves do not fall below 4.5 months of total (increased) expenditure.

### Reserves and current balance sheet positions

The realised surplus for 2021 ended at € 40.9 million resulting in an increased overall reserves position at 8.0 months of operational expenditure (see note 3.9). No transfer was required to maintain the continuity reserves at the desired level of 4.5 months of operational expenditure. The continuity reserves include a buffer capital of € 46.0 million to cover for the potential adverse financial impact of certain risks in our medical and operational activities or financial conditions. With an overall reserves position of 8.0 months of total expenditure we maintained a robust financial position. With reserve levels well in excess of the minimum level of 4.5 months, management is considering increasing the emergency aid expenditure in 2022 and into 2023, while maintaining the overriding objective of achieving a balanced budget over the period 2020-2023.

Operating assets decreased by a net amount of € 1.0 million with major investments of recent years now completed, and inventory decreased by € 2.3 million compared to 2020 to € 17.8 million. The decrease in inventory follows after the high inventory levels in 2020 which were mainly due to delays occurring in shipping of relief supplies to our projects at the end of that year. 2021 remained challenging for our Supply, given the continuing difficulties for supply chains caused by the COVID-19 pandemic, but managing these challenges became part of ongoing business. Receivables increased substantially by € 14.1 million and provisions and liabilities decreased by € 9.0 million. The combination of various movements in balance sheet positions resulted in a significant inflow of cash of € 22.3 million. For the coming years, the forward cash flow planning indicates that we will continue to ensure sufficient liquidity for the organisation.

### Main financial indicators

The financial indicators presented below give an overview of the main expenditure and income figures for the year 2021 and the perspective of the trends over the last 5 years. Our main financial reporting indicators concern the development of our operational expenditure and reserves.

#### Expenditure and Income indicators:

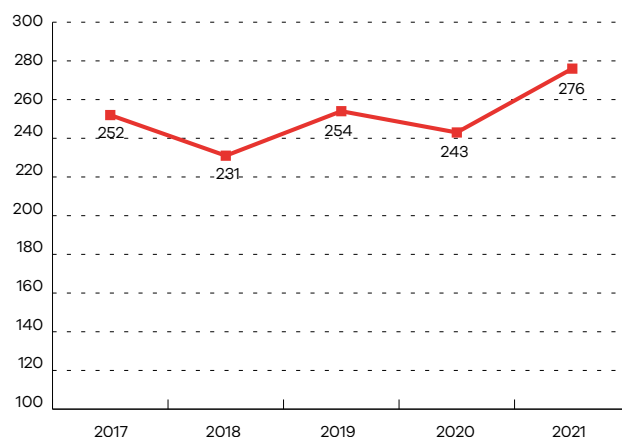
- the development of our emergency aid expenditure in euro;
- the total expenditure as a percentage of the total income;
- the delivery of emergency aid plus the direct support needed to realise it (total spent on Association goals) as a percentage of total expenditure;
- the cost of acquiring income as a percentage of the total income realised;

- the cost of management and administration as a percentage of the total expenditure; and
- the composition of income for the year 2021.

#### Balance sheet indicator:

- the development of our reserves measured in months' worth of total expenditure (see note 3.9).

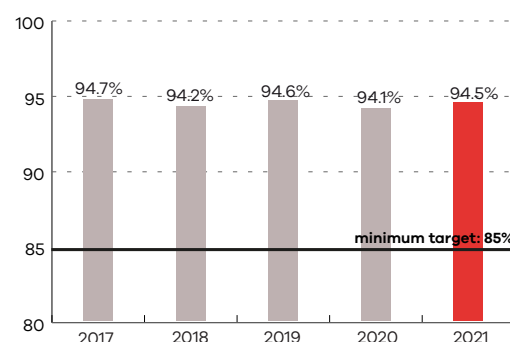
### EMERGENCY AID EXPENDITURE in euro millions



### TOTAL EXPENDITURE as percentage of total income

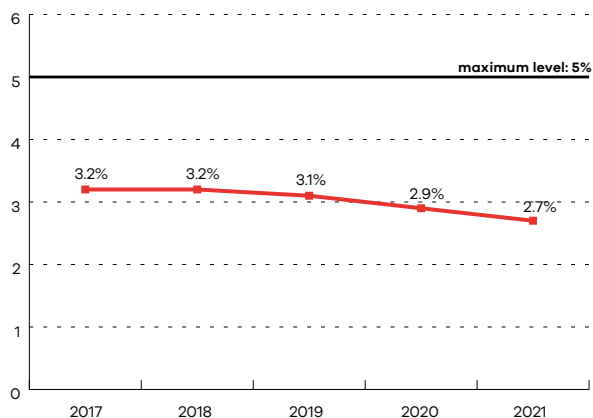


### EXPENDITURE ON ASSOCIATION GOALS as percentage of total expenditure

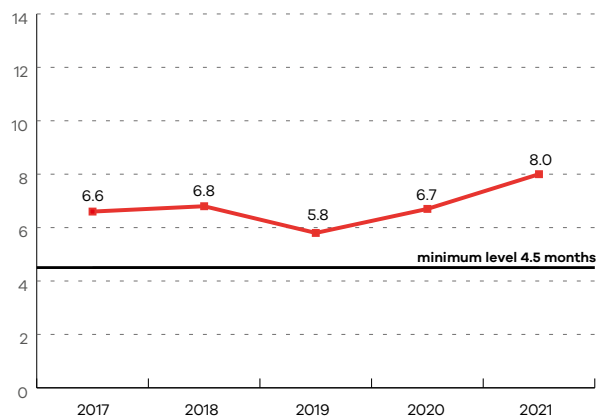




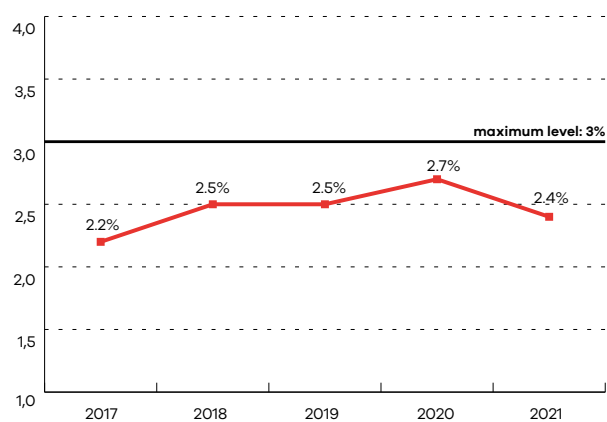
### COST OF ACQUIRING INCOME as percentage of total income



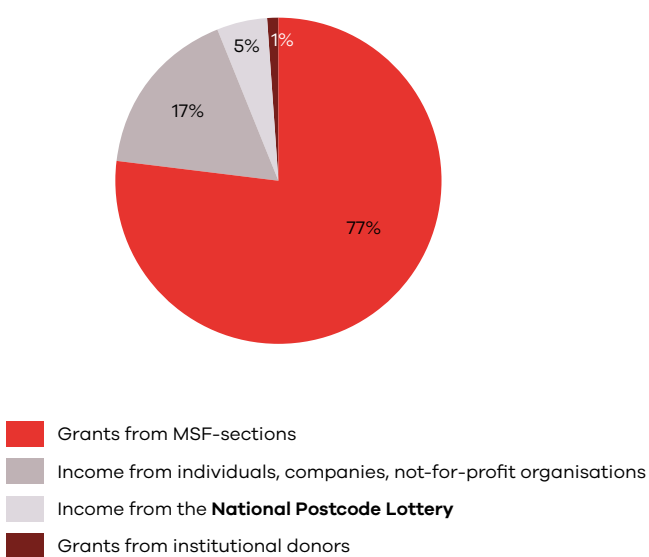
### MONTHS OF RESERVES related to total expenditure



### COST OF MANAGEMENT AND ADMINISTRATION as percentage of total expenditure



### ORIGIN OF INCOME 2021



## Statement of Expenditure and Income for 2021 in euro thousands

EXPENDITURE	Explanatory notes	2021	Budget 2021	2020
<b>Spent on Association goals</b>				
Emergency aid	2.1	276,202	258,224	243,368
Grants provided to third parties	2.2	2,900	2,080	2,281
Programme support	2.3	21,796	24,709	21,948
Information and awareness raising	2.4	2,679	2,872	2,727
<b>Total spent on Association goals</b>		<b>303,577</b>	<b>287,885</b>	<b>270,324</b>
Cost of acquiring income	2.5	9,769	10,090	9,170
Management and administration	2.6	7,834	9,189	7,634
<b>Total expenditure</b>	2.7	<b>321,180</b>	<b>307,164</b>	<b>287,128</b>
<b>INCOME</b>				
Income from individuals	2.8	58,537	54,193	57,830
Income from companies	2.8	2,085	1,815	1,579
Income from not-for-profit organisations	2.8	2,082	2,490	2,879
Income from the <b>National Postcode Lottery</b>	2.9	17,500	13,500	13,500
Grants from MSF-sections	2.10	277,883	211,900	232,946
Grants from institutional donors	2.11	4,350	3,032	3,838
Other income	2.12	639	270	421
<b>Total income</b>		<b>363,076</b>	<b>287,200</b>	<b>312,993</b>
<b>Result operational activities</b>		<b>41,896</b>	<b>-19,964</b>	<b>25,865</b>
Net financial income and expenses	2.13	-1,024	0	16
<b>RESULT EXPENDITURE AND INCOME</b>		<b>40,872</b>	<b>-19,964</b>	<b>25,881</b>
<b>ALLOCATION OF THE RESULT</b>				
Additions to and withdrawals from the reserves	3.9			
Continuity reserves		0	0	0
Other reserves		41,292	-19,964	25,700
Restricted funds		-420	0	181
<b>Total</b>		<b>40,872</b>	<b>-19,964</b>	<b>25,881</b>

## Balance Sheet as at 31 December 2021 in euro thousands

<b>ASSETS</b>	<i>Explanatory notes</i>	<b>31 December 2021</b>	<b>31 December 2020</b>
Intangible assets	3.1	3,061	4,335
<b>Tangible fixed assets</b>			
Operating assets	3.2 a	22,498	23,491
		<b>25,559</b>	<b>27,826</b>
<b>Inventory</b>			
Stocks for emergency aid	3.3	<b>17,802</b>	20,133
<b>Receivables and accrued income</b>			
Grants receivable from MSF-sections	3.4	41,968	22,324
Grants receivable from institutional donors	3.5	1,187	858
Receivables from inheritances	3.6	9,542	9,544
Other receivables and accrued income	3.7	7,852	15,904
		<b>60,549</b>	<b>48,630</b>
Cash at bank and in hand	3.8	<b>133,470</b>	111,125
<b>Total assets</b>		<b>237,380</b>	<b>207,714</b>
<b>LIABILITIES</b>			
<b>Reserves and funds</b>	3.9		
<b>Reserves</b>			
Continuity reserves	3.9 a	110,000	110,000
Other reserves	3.9 b	93,567	52,275
		<b>203,567</b>	<b>162,275</b>
<b>Funds</b>			
Restricted funds	3.9 c	<b>676</b>	1,096
		<b>204,243</b>	<b>163,371</b>
Provisions	3.10	<b>2,499</b>	3,725
Long-term liabilities	3.11	<b>56</b>	50
Short-term liabilities	3.12	<b>30,582</b>	40,568
<b>Total liabilities</b>		<b>237,380</b>	<b>207,714</b>



## Cash Flow Statement for 2021 in euro thousands

<b>CASH FLOW RECEIPTS FROM OPERATING ACTIVITIES</b>	<b>2021</b>	<b>2020</b>
<b>Receipts from individuals, companies and not-for-profit organisations</b>		
Donations	44,583	44,427
Inheritances	14,002	16,607
Companies	2,085	1,579
Not-for-profit organisations	2,082	2,879
<b>Total receipts from individuals, companies and not-for-profit organisations</b>	<b>62,752</b>	<b>65,492</b>
Receipts from the <b>National Postcode Lottery</b>	<b>17,500</b>	13,500
<b>Receipts from MSF-sections (concerning project grants)</b>		
MSF-Germany	126,300	124,472
MSF-USA	51,511	43,079
MSF-United Kingdom	39,493	30,046
MSF-Canada	10,517	10,806
MSF-Hong Kong	10,208	10,514
MSF-Sweden	8,067	13,331
Other MSF-sections	11,473	5,440
<b>Total received from MSF-sections</b>	<b>257,569</b>	<b>237,688</b>
Receipts from institutional donors	<b>4,402</b>	4,247
<b>Other receipts</b>		
Interest received	2	75
Received tax net and VAT	134	236
Received from MSF-sections for monies advanced	12,405	11,420
Other receipts	259	166
<b>Total other receipts</b>	<b>12,800</b>	<b>11,897</b>
<b>Total receipts</b>	<b>355,023</b>	<b>332,824</b>

*continued next page*

<b>CASH FLOW PAYMENTS FROM OPERATING ACTIVITIES</b>	<b>2021</b>	<b>2020</b>
Payments made in project countries	<b>136,552</b>	125,286
Grants provided to third parties	<b>164</b>	1,830
Grants to MSF-Sections	<b>2,700</b>	9,046
<b>Payments to MSF-sections</b>		
MSF-Belgium	14,770	15,326
MSF-Spain	6,283	1,762
MSF-Canada	2,855	2,541
MSF-France	2,455	2,296
MSF-Germany	2,216	2,182
MSF-United Kingdom	2,206	2,097
MSF-International (including contributions)	2,148	1,579
MSF-USA	1,958	2,221
Other MSF-sections	6,143	4,572
MSF-Supply and MSF-Logistique	17,461	11,492
<b>Total payments to MSF-sections</b>	<b>58,495</b>	<b>46,068</b>
<b>Payments at head office</b>		
Suppliers of goods and services	89,566	78,948
International and head office personnel	45,492	43,832
<b>Total payments at head office</b>	<b>135,058</b>	<b>122,780</b>
<b>Total payments</b>	<b>332,969</b>	<b>305,010</b>
<b>Total cash flow from operating activities</b>	<b>22,054</b>	<b>27,814</b>
<b>CASH FLOW FROM INVESTMENT ACTIVITIES</b>		
Investments in intangible assets and tangible fixed assets	206	423
Receipts from disinvestments	0	-625
<b>Total cash flow from investment activities (deduct)</b>	<b>206</b>	<b>-202</b>
<b>Total cash flow from financing activities</b>	<b>0</b>	<b>0</b>
<b>Total cash flow</b>	<b>21,848</b>	<b>28,016</b>
Adjustment to exchange rates at end of the financial year	497	-2,633
<b>MOVEMENT IN LIQUIDITY POSITION</b>	<b>22,345</b>	<b>25,383</b>
<b>MOVEMENT IN LIQUIDITY POSITION</b>		
Liquidity position at the end of the financial year	133,470	111,125
Liquidity position at the beginning of the financial year	111,125	85,742
<b>Movement in liquidity position</b>	<b>22,345</b>	<b>25,383</b>

# Notes to the Statement of Expenditure and Income for 2021

▲ Embergen got sick with drug resistant Tuberculosis (TB). Once a week, he visits the polyclinic and receives his treatment kit. Once a day, he contacts the medical counsellor on his smartphone and takes his drugs while the counsellor observes it. MSF has been working in Uzbekistan since 1998 in close cooperation with the Ministry of Health to improve the diagnosis and treatment of people with TB. Uzbekistan, September 2021.

In 2021, our total expenditure increased by € 34.1 million or 11.9% compared to the previous year. This was primarily caused by the expenditure on our medical emergency aid which increased by € 32.8 million to € 276.2 million. In 2021 the direct emergency aid expenditure incurred as a response to COVID-19 amounted to € 4.3 million. COVID-19 activities were integrated into the normal operations of our emergency aid projects.

The overall expenditure concerning programme support, information and awareness raising, fundraising and management and administration increased by 1.4% to € 42.1 million. The share of expenditure spent on management and administration in 2021 was 2.4% of the total expenditure (2020: 2.7%).

Income increased by 16.0% to € 363.1 million, while compared to 2020, a decrease of 8.2% was budgeted. Income in euro from private donors in MSF-The Netherlands and the MSF-sections increased above budget by 15.4% to € 340.6 million (2020: € 295.2 million). Income from institutional donors increased from € 3.8 million in 2020 to € 4.4 million, ending above the planned € 3.0 million. The total cost of acquiring income increased by € 0.6 million to € 9.7 million, but decreased as a percentage of the total income, ending at 2.7% (2020: 2.9%) and remained steadily under the internal norm of 5% as set by the Board.

In 2021, the amount spent on Association goals was 94.5% of the total expenditure (2020: 94.1%) and 83.6% of the total income (2020: 86.4%). The total expenditure was 88.5% of the total income (2020: 91.7%).



## EXPENDITURE

### 2.1 Emergency aid in euro thousands

#### COVID-19

We entered 2021 with our eyes set on emerging from the constraints and demands of 2020 – a year characterized by the COVID-19 pandemic and the tremendous operating challenges our teams faced as a result. COVID required a rapid overhaul of how we work in order to continue delivering essential care to our patients. And while COVID mortalities, hospitalizations, staffing shortages, supply chain issues, and travel restrictions all had a profound impact on our programming, many of our projects resiliently provided continuity of care to those suffering from acute and chronic medical conditions.

In 2020, the Management Team identified four main priorities for operations in relation to COVID-19:

1. Keep all staff as safe as possible and support them
2. Adapt our medical humanitarian activities to help prevent the spread of COVID-19
3. Address challenges in movement of staff
4. Address our supply challenges

Those themes have largely continued into 2021. COVID-19 remained a defining consideration in our planning for medical activities by ensuring we have the necessary staff and supplies in place to fulfil our aims. But whereas in 2020 we opened a number of COVID-specific emergency interventions to support the increasing caseloads due to the pandemic's waves, in 2021 we have integrated the medical activities for COVID into our standard programming and planning. As a result, many of the emergency COVID interventions that began in 2020 have ended or have been handed over to existing MSF projects or other local actors.

COVID-specific spending reduced from € 18.0 million in 2020 (led by expenditure in Bangladesh, South Sudan and Venezuela), to less than a quarter of that amount in 2021 (led by expenditure in Myanmar, Venezuela, and Syria).

However, overall expenditure on Emergency Aid increased meaningfully in 2021 by € 32.8 million to € 276.2 million as we continued to respond to medical humanitarian needs worldwide and as our ability to get key staff and supplies to our programs improved. We opened new exploratory interventions this year due to developments in Burkina Faso, Guatemala, the United

Kingdom, and Poland/Lithuania and we expanded our engagement in countries like Ethiopia, South Sudan and Sudan and with our search and rescue efforts in the Mediterranean.

2021 was an intensely dynamic year for our teams carrying out our medical humanitarian programmes. And while the impact of the COVID-19 pandemic cannot be understated, affecting virtually every country on Earth, a multitude of natural disasters, armed conflicts and other infection diseases have additionally threatened the security of vulnerable people around the world. Our mission is to continue providing lifesaving medical care to those in greatest need while working to raise awareness and create debate about these crises through our policy of *témoignage* — acting as a witness and speaking out about the plight of populations in danger.

#### Emergency response to conflict, natural disaster and epidemics

On 28 July 2021, MSF received notification from the Ethiopian authorities that all activities must be suspended in the country for a period of three months. At the time of suspension, **Ethiopia** was one of our largest medical emergency aid programs with projects in Amhara, Gambella, Somali and Tigray regions providing approximately 64,000 outpatient consultations per month across 84 locations. Nearly all of our 1,000 Ethiopian staff were suspended from work and around 65 international staff were asked to leave the country. This came at a time of a major armed conflict between government forces and the TPLF (Tigray People's Liberation Front) in the northern region of Tigray, and only a month after the tragic killing of three MSF colleagues there. Despite an extensive investigation, we continue to wait for concrete answers from the conflict actors on both sides. While the lifting of our suspension on 25 October 2021 is seen as a positive step, we were not able to restart lifesaving activities immediately due to security concerns and to bureaucratic limitations imposed by the government. We are still committed to the population of Ethiopia and we are continuing our engagement with the authorities into 2022 to get the necessary assurances and permissions.

After years of not being permitted to work in **Sudan**, our return at the end of 2020 was well timed. Shortly after the

conflict in Tigray began, our teams were in place to respond to the refugees who were crossing the border from Ethiopia into eastern Sudan. Our combined activities responding to the Tigray crisis led to our largest operational growth in 2021, with total program expenditure increasing in Ethiopia by € 6.3 million to € 15.7 million and in Sudan by € 9.5 million to € 12.2 million. Our staff carried out this important work in the refugee camps in the east and in the mountains of south Darfur while political turbulence in the country intensified following the political coup in Khartoum on 25 October. We donated a mass casualty kit to a hospital in the capital city facing critical gaps in supplies after repeated protests from citizens were met with military violence.

**Afghanistan** has long been a fragile country with a population structurally exposed to violence and humanitarian crisis. Following the US withdrawal on 30 August and the subsequent change of power in the country, the banking sector and broader economy have collapsed and large parts of the government and health system have ceased functioning. Throughout the period, our team in Lashkar Gah remained in the hospital treating medical, obstetric and surgical emergencies while shelling, mortar and rocket attacks, and airstrikes took place extremely close by. On 9 August, a rocket exploded in the compound very close to the emergency room, but fortunately there were no casualties. In Kandahar, where we run a project for patients with drug-resistant tuberculosis (DR-TB), we provide patients with remote consultations and buffer stocks of medication to avoid having to cross frontlines. Although the security situation is dire, we continue to assert that medical facilities be respected. Program expenditure in Afghanistan increased by € 1.2 million in 2021 to € 17.3 million.

2021 brought a new dynamic in the European migrant crisis along the **Belarusian-Polish** and **Lithuanian** borders. Our teams entered the region in September, assessing the needs of people on the move and responding where possible. At the same time, we continued trying to gain access to the 'secure zone' where humanitarian actors have been unable to enter, which runs the length of the Belarusian border. We believe this is where the highest needs exist for those who have been able to cross the border. In Lithuania, MSF teams continue working in detention centres for migrants and asylum seekers. In addition to the centres, the team responds to calls for assistance from people transiting through the nearby forest. Total expenditure in Poland and Lithuania totalled € 0.2 million in 2021.

**Haiti** had a very difficult year, punctuated by a series of political, natural, and social crises. 2021 saw 1,000+

reported kidnappings, exemplified by a horrific incident where passengers on a bus that failed to pay tax to a criminal group were stopped, the bus driver was killed, and all passengers were shot in the hand or foot. Our staff is confronted with this violent context on a professional and personal level which takes a deep toll. Access to our project sites in Artibonite and Port-au-Prince, which focus on adolescent sexual health and urban violence, is increasingly risky for our staff due to shifting front lines.

The Caribbean nation faced a destructive 7.2 magnitude earthquake, and then just days later, a tropical storm. Hundreds of landslides occurred in the impacted area due to the destabilized soil getting wet. MSF quickly launched an emergency response in the department of Nippes, a rural part of Haiti where few actors try to gain access. Our activities focused on mobile clinics, non-food item (NFI) distributions, and repairing the damaged water networks. Teams distributed 11,000 hygiene kits with the support of community health workers via motorbikes, donkeys, or by foot to reach the most remote areas. Resulting from these emergencies, program expenditure in Haiti more than doubled in 2021 to € 6.9 million.

Flooding in **South Sudan** has long been an issue, but those seen in 2021 were anecdotally the worst in nearly 80 years. It is hard to say how many people are directly affected by the floods but estimates put this at 800,000. The Bentiu camp for internally displaced people (IDP), where we provide secondary healthcare and surgical services, was surrounded by water higher than ground level on all sides in late November, with mud dykes around the camp serving as the final line of defense. Prior to the flood, approximately 100,000 people lived in the camp, but that had grown to nearly 120,000 by October with another 32,000 people setting up informal camps in the surrounding areas. Our teams began fixed site clinics in the surrounding area where they encountered a reported Severe Malnutrition Rate as high as 12% in addition to large numbers of sexual violence cases.

Water and sanitation (WatSan) needs in the IDP camp are critical. After conducting a survey in August, MSF found that only 22% of the latrines were useable. But since the flooding, the sewage trucks were without access and almost all latrines were full and almost overflowing. We worked to build a faecal sludge management plant inside the camp while managing to get a large piece of open land to treat the sludge using lime stabilization, a technique previously used in Bangladesh. 350 latrines were made operable again as a result of the WatSan team's work. South Sudan became our largest country as defined by Emergency Aid expenditure in 2021, increasing by € 4.7 million to € 31.1 million.

In Cox's Bazaar, **Bangladesh**, where approximately 900,000 Rohingya refugees continue to live in the world's largest refugee camp following 2017 attacks in Myanmar, we see the population's needs remain high but the funding from donor governments and other actors is declining. There is a growing pressure on our programmes; already 250 of the 350 total hospital beds available for all 900,000 people in the camps are run by MSF. In March, a large fire broke out that destroyed the only belongings of thousands of families and burned our hospital facility to the ground. Within a single week, the team pitched tents over the charred remains of the hospital and restarted clinical activities. Work has begun to rebuild the hospital and to expand services to more patients. Our level of expenditure in Bangladesh increased slightly to € 15.8 million in 2021.

In **Myanmar**, widespread protests mobilized with acts of civil disobedience following a military coup on 1 February. Demonstrations began in the shape of social media protests and sitting down in the streets, followed by reports of police firing bullets and using tear gas to disperse people which resulted in deaths. MSF's emergency preparedness teams of medical staff and counsellors were activated to provide support to both medical and community facilities where protestors may prefer to go. A donation of medical supplies was made to Yangon General Hospital to treat injured people. In addition to the emergency response, we remain focused on providing continuity of medical care in our existing project locations, especially for patients with chronic diseases. Program expenditure in Myanmar rose by 35% in 2021 to € 14.1 million.

Active fighting has been rampant since the 2021 elections in the **Central African Republic** between government forces and a coalition of rebel groups. This activity prompted MSF to enact its mass casualty plan in Bambari and to launch several short-term emergency projects following the frontline of the conflict, contributing to our total expenditure of € 17.0 million. Teams have witnessed violence against health centres and wide scale displacement that has increased the vulnerability of the population. In line with our operational strategy to move along with the conflict and provide emergency medical care, we are setting up new interventions rapidly.

We want to ensure some continuity of care where possible and are collaborating with other organisations. In Kouango, we made pre-agreements with Médecins Du Monde to take over parts of our intervention once we leave, giving us the flexibility to continue responding to urgent needs on the frontline in this volatile context. This crisis has had an enormous consequence on civilians,

where we see an increase in sexual violence, pillaging, and war wounded. Basic rules of International Humanitarian Law are not being respected; health structures being looted and severely damaged due to violence.

The month of March marked the 10th anniversary of the tragic war in **Syria**, where our annual expenditure grew by € 2.7 million in 2021 to € 12.4 million. Approximately half of the population of Syria, nearly 13 million people, have been displaced and many are still unable to find safety. The heavy impact of the war, humanitarian crisis, and economic crisis is making life incredibly grim for people living in Syria today. We respectfully stand by those who have suffered so much and our teams in Syria continue to show great dedication and commitment to assisting those experiencing such difficulty. Al Hol Camp remains a critical site of intervention along with re-establishing our presence in Raqqa and supporting a local NGO running an Expanded Program on Immunization (EPI) in Kobane/ Ayn Al Arab. Our COVID response has scaled up and down rapidly to meet the needs of each successive wave and we have expanded our operations in Hassekeh focusing on medical needs in detention facilities and for displaced people with non-communicable diseases.

In just a few years' time, the city of Marib in **Yemen** has grown rapidly in population, from 400,000 to 2.7 million people, mostly due in part to the arrival of many internally displaced people (IDPs). The Yemeni civil war's frontline is dynamic and active, and between 18 February and 18 April, the Marib General Hospital received more than 1,000 war wounded. We did not have surgical capacity at the time but received critical support from our partner section MSF France while we continued primary healthcare activities, maintained 8 mobile clinics to the IDP camps and setup a public health centre.

Further from the conflict's frontline, MSF's Mother and Child Hospital in Taiz Houban completed a retrospective review of vancomycin antibiotic use with 103 patients admitted to the paediatric ward. Antimicrobial resistance (AMR) is a global problem and considered a threat to public health that disproportionally affects those in low resource settings. Resistant pathogens place a high burden on the system and require adapted guidelines, trainings, and microbiology diagnostic laboratories to fight. We aim to continue improving access to care in our facilities while also limiting the development of AMR with appropriate antimicrobial stewardship. Overall spending in Yemen increased by € 3.3 million to € 18.5 million in 2021.

In December, we concluded a second Health Seeking Behaviour Study in **Sierra Leone**, where we increased overall annual expenditure by € 2.5 million to € 8.0 million.



Following the end of the Ebola outbreak in 2015, we stayed on to support maternal and child health in the remote district of Tonkolili. We conducted our first study there in 2016 to benchmark the barriers to healthcare. The 2021 study showed progress – deliveries from pregnant women in a health facility increased from 52% to 90% and complications during birth decreased from 22% to 9%. We found a drastic reduction in the mortality rate for children under 5 years old, which was at the emergency threshold in 2016. While the survey also identified that much work remains to improve adolescent reproductive healthcare and the availability of contraception, the MSF-supported Ministry of Health model of free and accessible maternal and child healthcare has been instrumental in improving health outcomes and reducing barriers to care.

### Search and Rescue operations

In 2021, we resumed Search and Rescue operations on the Mediterranean with our own vessel, the Geo Barents. Going forward, we made the choice to run search and rescue operations independently and give a greater focus to communications and advocacy. However, we continue to see political and media fatigue when it comes to the situation of migrants on the Mediterranean and we have been discussing different approaches to address what is happening at sea and to trigger change. Since 2015, MSF has assisted more than 80,000 people at sea including both rescues and transfers.

The situation unfolding in the central Mediterranean highlights the need for NGO vessels like the Geo Barents to be at sea due to the shameful absence of state-led search and rescue operations on the world's deadliest sea border. Instead of receiving support for saving lives, we have experienced administrative detentions from state officials lasting weeks, which interfere with rescues and needlessly put lives at risk. Expenditure on search and rescue increased by € 3.9 million to € 6.6 million in 2021.

### Improving tuberculosis treatment

TB-PRACTECAL, a clinical trial led by MSF across Belarus, Uzbekistan and South Africa, has found that a new, all-oral, six-month treatment regimen is safer and more effective at treating Rifampicin-resistant TB than the current accepted standard of care. The trial found that 89% of those patients in the shorter treatment regimen group were cured compared to 52% in the standard care control group, which can take up to 20 months, include painful injections, and up to 20 pills a day that can cause severe side-effects.

MSF has shared this data with the World Health Organization in the hopes that these results will serve as a major contribution to the growing body of evidence for

global treatment recommendations to be updated to include a short, effective, and safe treatment regimen. MSF-The Netherlands spent a combined € 10.1 million on TB programmes in those countries in 2021, with the clinical trial project funded in part by an additional grant of € 4.0 million from the **National Postcode Lottery** that was awarded in 2020 for the project phase 2021-2023. This extra grant was, in line with the project plan, fully spent in 2021.

### Amsterdam Procurement Unit and Costs of Inventory

The costs of the Amsterdam Procurement Unit (APU) are charged to Emergency Aid and mostly concern the costs of procurement staff, warehousing, freight handling and regulatory quality control in the Netherlands. APU costs in 2021 were € 5.3 million, compared to € 6.4 million in 2020. Following the transition to the new logistics service provider VCK, € 0.3 million was spent in 2021 on the Supply Review project. These costs were included in the costs of APU. In total, APU costs decreased in 2021 as a result of one-time 2020 transition costs not recurring and due to a decrease in the provision for the value adjustment for obsolescence.

After the transition to the new logistics service provider, our effort to review and clean up all the stocks and related records continued into 2021. As a result, stocks totalling € 1.8 million were written off in 2021. This write off was partially foreseen in 2020 and led to a value adjustment for obsolescence of € 1.1 million. It is expected that further write-offs of stock will be required in 2022. For this reason, a value adjustment for obsolescence of € 0.8 million is anticipated as at 31 December 2021 (see note 3.3).

### Projects Beginning and Ending

Although the number of our operational projects remained steady at 115 when comparing total activity between 2020 and 2021, in fact we experienced a very high project turnover this year. We began 2021 with 90 active projects, then proceeded to open 25 new projects throughout the course of the year. Of those 25 new projects, 6 were short-term interventions which were closed again before year-end, and an additional 9 longer-term projects were also closed, concluding 2021 with 100 active projects.

Among the 25 new projects opened, 8 were in response to armed conflict in countries like Chad, Ethiopia, Syria and Yemen. Following a few years of reduced expenditure in Chad, three new programs were opened this year responding to malnutrition and community health care needs in addition to the armed conflict, increasing program spending in Chad to € 6.0 million (2020: € 2.5 million). Another 6 projects were opened due to internal

instability including in Haiti, Myanmar, and Sudan, all nations with presidents either assassinated or ousted by military coup d'état in 2021.

Global visibility of COVID-19 remained high in 2021. But whereas last year we opened 11 new projects specifically focused on health needs caused by the COVID-19 virus, in 2021 we opened just 2 new COVID-specific interventions in India and Pakistan. By the end of 2021, considerations for COVID have largely been integrated into our standard medical programming, resulting in 4 COVID-specific project closures including India and Pakistan. With adequate PPE stock now in place in most of our projects, we have tried to make the necessary preparations to provide continuity of care even in the event of new waves of COVID.

Among the closed longer-term projects were 3 in South Kivu, Democratic Republic of Congo that MSF had been operating for more than 10 years. The Baraka hospital and the healthcare programs in Baraka and Kimbi Lulinge impacted millions of patients' lives over their many combined years of operation, but after recent years of repeated kidnappings, robberies, and violence against our staff, we were sadly forced to withdraw from these programs. MSF continues to support the remaining health structures from a distance with donations and expertise and we maintain a coordination office in Bukavu and emergency response capability.

This year also saw the closure of our medical emergency aid project in Amman, Jordan, which for many years also served as a coordination office for our activities in south Syria. The Jordan project provided care to Syrian refugees suffering from non-communicable diseases in Irbid as well as giving COVID-19 support to the Zaatari refugee camp, both located along the Syrian border. The Amman Branch office remains in place to support recruitment, fundraising, and communications.

Back in 2020, we foresaw scaling down activities or closing projects in these countries and recognized costs related to those severance payment obligations to our national staff. Costs recognized for additional severance obligations in 2021 relate to Jordan's coordination office closure, Venezuela's structural staffing reductions, as well as in Russia, Tajikistan and Uzbekistan due to the closure of our TB Clinical Trial, and are provided for in these Financial Statements (see note 3.10 Provisions).

More information on our emergency aid is published on our website [artsenzondergrenzen.nl](https://artsenzondergrenzen.nl)

Costs emergency aid per country in euro thousands	Explanatory notes	Costs emergency aid 2021	Budget 2021	Costs emergency aid 2020
Afghanistan		17,336	17,044	16,114
Bangladesh		15,804	14,962	15,483
Belarus		1,599	1,693	1,658
Central African Republic		17,048	13,938	16,357
Chad		5,964	2,979	2,468
Congo, Democratic Republic		17,251	19,458	30,051
Ethiopia		15,713	10,394	9,400
Guatemala		47	0	0
Haiti		6,895	3,553	3,316
India		7,129	7,509	5,036
Iraq		3,922	4,842	6,146
Jordan		2,945	2,822	5,539
Kenya		1,027	1,017	997
Libya		4,351	4,483	3,675
Lithuania		237	0	0
Malaysia		2,382	2,373	2,251
Mediterranean Sea		6,640	3,006	2,772
Myanmar		14,079	10,072	10,395
Netherlands		0	0	12
Nigeria		11,281	11,114	11,292
Pakistan		6,586	7,259	5,705
Russia		1,789	1,688	1,280
Sierra Leone		8,039	5,425	5,498
Somalia		9,561	7,942	8,351
South Africa		1,604	1,580	1,385
South Sudan		31,094	27,338	26,380
Sudan		12,207	0	2,713
Syria		12,373	6,931	9,640
Tajikistan		2,511	2,407	2,016
United Kingdom		133	0	0
Uzbekistan		7,723	7,937	7,664
Venezuela		6,078	6,842	7,419
Yemen		18,508	16,506	15,197
Various exploratory projects		31	0	178
Reserved in the budget for unplanned emergency aid			27,975	
		269,887	251,089	236,388
Other costs and movements in provisions for emergency aid		988	1,911	531
Grants and contributions		0	0	13
Procurement unit costs		5,327	5,224	6,436
<b>Total emergency aid expenditure</b>	<i>note 2.7</i>	<b>276,202</b>	<b>258,224</b>	<b>243,368</b>



The composition of the expenditure for emergency aid in main categories is as follows:

Emergency aid per category in euro thousands	Explanatory notes	Costs emergency aid 2021	Budget 2021	Costs emergency aid 2020
Purchase of medical items		<b>39,865</b>	32,200	30,809
Purchase of non-medical items		<b>24,032</b>	17,899	17,509
Subcontracted services		<b>21,686</b>	24,494	23,891
Transport		<b>32,018</b>	21,824	23,014
General and running costs		<b>16,491</b>	17,157	14,065
Miscellaneous and other costs		<b>5,232</b>	2,892	5,588
<b>Personnel costs</b>				
Total costs international staff posted in projects		<b>39,001</b>	39,769	33,995
Total costs national staff		<b>84,759</b>	90,448	83,907
Accommodation and transport		<b>10,676</b>	9,209	8,191
Total costs staff Procurement unit		<b>2,442</b>	2,332	2,399
<b>Total emergency aid expenditure</b>	<i>note 2.7</i>	<b>276,202</b>	<b>258,224</b>	<b>243,368</b>

In 2021, we amended the categorisation and allocation method of emergency aid expenses. The comparative figures for 2020 have been adjusted.

Actual emergency aid expenditure grew by 11.3% in 2021 primarily due to growth in operational volume. New emergencies in Ethiopia, Myanmar, South Sudan and Sudan account for the majority of increases in Purchase of medical and non-medical items. Freight for these purchases, along with additional vehicles and fuel needed to support the emergencies, caused an associated increase in Transport. Fuel for the Geo Barents, our search and rescue vessel on the Mediterranean, also contributed to increased transport costs. Charter costs for the Geo Barents were primarily responsible for higher General and running costs.

In 2020, Supply chain disruptions related to the COVID-19 pandemic coupled with internal supply chain management challenges reduced our ability to procure and deliver items to our emergency aid projects, reducing overall expenditure for the year. In 2021, improved supply

chain performance explains a good portion of this year's increase in Emergency aid.

National staff expenses were less than originally forecasted in India's Patna advanced HIV project, which MSF-The Netherlands took over operationally from MSF-Spain, and due to the closure our Democratic Republic of Congo's Baraka project towards the end of 2020.

Subcontracted services includes payments of incentives to staff working in emergency aid programmes but employed by the Ministry of Health of the project country, totalling € 8.8 million (2020: € 10.3 million) and payments for referral of patients and external laboratory testing of € 3.8 million (2020: € 2.4 million).

Personnel costs are further detailed in note 2.1a.

## 2.1a Personnel costs and personnel emergency aid

in euro and full time equivalents

In 2021 we employed 11,423 staff in full time equivalents (2020: 10,536) working in 115 emergency aid programmes in 33 countries (2020: 115 emergency aid programmes in 31 countries) and at the head office. In this note 2.1a details of personnel costs and personnel in emergency aid projects are explained. See notes 2.7a and 2.7b for explanation of the costs for personnel at head office.

Costs of personnel posted in emergency aid programmes are charged directly to the emergency aid expenditure. Costs included in the Total costs international staff

posted in projects include personnel costs related to salaries, per diem allowances, training and preparation for departure and posting. Costs of personnel to whom the provisions of Dutch labour law apply and costs of personnel posted from other MSF-sections are both included.

For the staff employed under Dutch contract terms, the components of salaries, social security and pension costs included in the Costs international staff posted in projects are as follows:

<b>international staff on Dutch contract terms</b>	<b>2021</b>	<b>Budget 2021</b>	<b>2020</b>
Salaries	<b>15,667,833</b>	14,621,146	14,408,591
Social security contribution	<b>529,203</b>	632,477	601,895
Pension contributions	<b>1,572,701</b>	1,566,527	1,463,959

<b>international staff hired from other MSF-sections</b>	<b>2021</b>	<b>Budget 2021</b>	<b>2020</b>
Payroll costs international staff hired from MSF-sections	<b>13,843,729</b>	11,544,803	13,423,524

In 2021 the number of international staff positions increased by 5.5% compared to 2020 and ended at 749 staff in full time equivalents. This is 51 FTE higher than the originally planned budget of 698 FTE. This increase is in line with the higher than budgeted expenditure on emergency aid. The numbers of departures increased from 860 in 2020 to 1088 in 2021 but was still lower than budgeted.

On average, international staff stayed 8.2 months in the emergency aid projects which is a decrease compared 2020 (9.7 months) but still higher than the last pre COVID-19 year (2019: 7.1 months).

The category international staff on Dutch contract terms increased to 436 FTE (2020: 395 FTE), while the category international staff hired from MSF-sections remained stable at 285 FTE (2020: 282 FTE). The average salary costs per FTE for international staff on Dutch contracts and international staff hired from MSF-sections remained at the same level as in 2020.

<b>International staff (in FTE)</b>	<b>2021</b>	<b>Budget 2021</b>	<b>2020</b>
Emergency aid - international staff on Dutch contract terms	<b>436</b>	375	395
Emergency aid - international staff hired from MSF-sections	<b>285</b>	282	282
Emergency aid - (Amsterdam) office staff seconded to project countries	<b>18</b>	31	20
<b>Total international staff</b>	<b>739</b>	<b>688</b>	<b>697</b>
Emergency aid - Non allocated FTE (paid in-between-mission leave, sick leave, etc.)	<b>10</b>	10	13
<b>Total international staff</b>	<b>749</b>	<b>698</b>	<b>710</b>

<b>International staff departures</b>	<b>2021</b>	<b>Budget 2021</b>	<b>2020</b>
Medical	<b>145</b>	201	97
Paramedical	<b>397</b>	459	312
Logistics, advocacy, administrative & other support	<b>546</b>	640	451
<b>Total international staff departures</b>	<b>1,088</b>	1,300	860

Gender * (women - men)	<b>42% - 58%</b>	n/a	45% - 55%
Gender heads of mission * (women - men)	<b>31% - 68%</b>	n/a	40% - 60%
Nationality (Dutch - other)	<b>8% - 92%</b>	n/a	10% - 90%
Average age	<b>43</b>	n/a	42

\*The mandatory binary gender disclosure does not reflect the full scope of the diversity approach of the organisation.

### Remuneration policy International personnel

The remuneration policies for international staff are fully aligned between the MSF-sections. The remuneration for international staff is based on two layers: a principled indemnity for the first 12 months of volunteer employment and a modest salary after 12 months of employment. There are two components that determine the salary. The salary is benchmarked to the cost of living of the resident country of the international staff member and takes into account local labour market conditions. In addition, the remuneration grid for international staff is composed of six main categories of responsibility. During their posting international staff receive a basic per diem allowance that is based on the indexed cost of living of the country to which they are posted.

### Pension contributions international staff

All staff on a Dutch contract are enrolled in a pension scheme with the Premium Pension Institution Brand New Day. The pension premium is fully paid by MSF-The Netherlands to the statutory maximum of 1.875% savings. For more information on the pension scheme for staff see note 2.7b and chapter 5, Accounting Policies.

<b>National staff employed in the project countries</b>	<b>2021</b>	<b>Budget 2021</b>	<b>2020</b>
Medical	<b>466</b>	402	406
Paramedical	<b>4,136</b>	4,098	3,725
Non-medical project staff	<b>334</b>	308	273
Logistics, administrative & other support	<b>5,382</b>	5,192	5,084
<b>Total national staff employed in the project countries</b>	<b>10,318</b>	<b>10,000</b>	<b>9,488</b>

#### **National staff salaries**

Salary costs national staff (including payroll taxes and social security costs)	<b>75,154,471</b>	69,104,352	71,321,965
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#### **Remuneration policy national staff**

National staff employed in the project countries are remunerated in accordance with MSF's international reference function grid and according to benchmark evaluations performed to ensure a fair and competitive pay in the country in which they are employed.

In addition, the MSF-The Netherlands standardised terms and conditions of employment adjusted to the local laws

and customs apply. MSF-The Netherlands does not have any obligations from foreign pension plans for national staff other than applicable mandatory social security contributions.

The average cost per national employee in euro decreased mainly as a result of the appreciation of the euro against local currencies in which we pay our salaries.



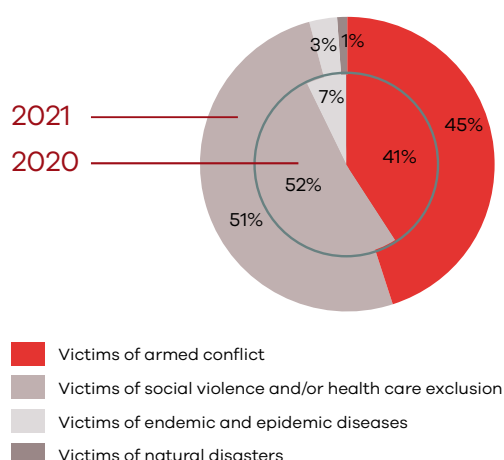
## 2.1b Typology of expenditure and funding of projects

In our Strategic plan 2020-2023 we stated that we seek to address the most significant medical humanitarian needs, prioritising those most closely connected to the consequences of violence, in particular the people that are systematically targeted and persecuted that are directly or indirectly affected by violence and/or that are deliberately excluded and socially marginalised. We aim to respond to a diverse range of crises and needs, build our capacities and ensure that our interventions include a productive balance of innovative and established activities. For the majority of our operations, we prioritise contexts with severe or significant medical humanitarian needs, where our medical interventions will have clear value. Our principal focus is on improving the health of affected groups in the short-to-medium term. We strive to fairly distribute our resources across our operations. The

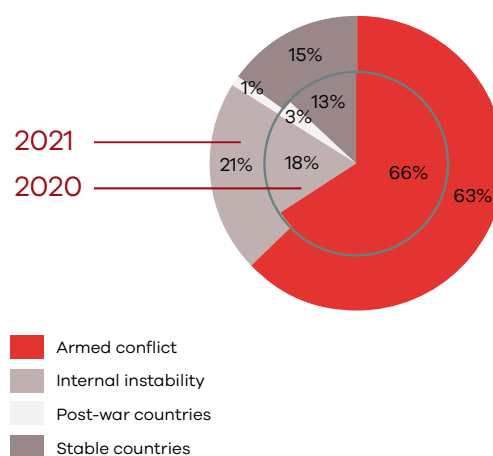
level of support we give to different groups is determined by weighing medical impact, proximity, strategic presence, innovation, research opportunities, potential for change, geographic spread and context.

In 2021 84.3% (2020: 84.1%) of our projects were situated in contexts of armed conflict or internal instability. In addition, the graphics indicate which groups of beneficiaries were impacted by our programmes. Within the expenditure on emergency aid we aim at a share of about 15% to be spent on the costs for medical, logistical and administrative coordination. In 2021 coordination costs amounted to 17.8% of the total spent on emergency aid (2020: 17.8%).

**WHO DID WE REACH?**  
as percentage of emergency aid



**WHERE DID WE WORK?**  
as percentage of emergency aid



## 2.2 Grants provided to third parties in euro thousands

	2021	Budget 2021	2020
Contribution to MSF-India	2,023	1,900	1,571
Grant to MSF-India for the COVID-19 Response in India	480	0	0
Grant to MSF-Belgium for emergency aid programmes in Brazil, Greece (Lesbos), Lebanon and Sierra Leone (MSF Academy for Healthcare)	210	0	225
Contribution to Drugs for Neglected Diseases initiative (DNDi) paid through MSF-International	164	180	191
Grant to MSF-France for emergency aid programmes in Madagascar	17	0	0
Grant to MSF-Switzerland for emergency aid programmes in Mozambique	6	0	0
Grant to MSF-Spain for a project in Bihar, India (COVID-19 response)	0	0	171
Grant to Arq Psychotrauma Expert Group for a staff health research project	0	0	75
Grant to York University for the development of a safe water tool	0	0	48
<b>Total grants provided to third parties</b>	<b>2,900</b>	<b>2,080</b>	<b>2,281</b>

Grants and contributions to third parties concern general funding of initiatives supporting the Association's goals. The contribution to MSF-India is based on their annual budget and in line with their long term strategic planning. In 2021 we awarded grants to MSF-India, MSF-Belgium and MSF-Switzerland and MSF-France for specific emergency aid programmes as mentioned above to respond to the wishes of our donors.

## 2.3 Programme support in euro thousands

	<i>Explanatory notes</i>	<b>2021</b>	<b>Budget 2021</b>	<b>2020</b>
Direct costs	<i>note 2.7</i>	<b>1,289</b>	2,540	1,025
Costs joint projects with MSF-sections	<i>note 2.7</i>	<b>359</b>	321	650
Costs foreign offices	<i>note 2.7</i>	<b>480</b>	548	515
Contribution to the MSF Transformational Investment Fund	<i>note 2.7</i>	<b>157</b>	200	134
Costs personnel head office	<i>note 2.7</i>	<b>14,677</b>	14,874	14,308
Attributed overhead costs	<i>note 2.7</i>	<b>4,834</b>	6,226	5,316
<b>Total Programme support</b>		<b>21,796</b>	<b>24,709</b>	<b>21,948</b>

The expenditure for Programme support ended slightly below 2020, while an increase of € 2.8 million was foreseen. Just as in 2020 our plans were impacted by the COVID-19 pandemic. In the category Direct costs this is reflected in lower than budgeted expenditure on Travel and accommodation, Head office projects and Advice. Compared to 2020 and to the budget, Attributed overhead costs ended lower. This was mainly a result of the underspending in the ICT department (see also note 2.7). Included in the category Costs joint projects are the

costs of support to the programmes' administration software managed from MSF-Switzerland (€ 193,887) and the costs of the shared Geographic Information System (GIS) managed as well by MSF-Switzerland (€ 165,475). Costs foreign offices concern our programme support office and positions in Amman, Jordan supporting our programmes' communication in the region, and in Arabic in general, and the recruitment of staff from Tunis, Tunisia.

## 2.4 Information and awareness raising in euro thousands

	<i>Explanatory notes</i>	<b>2021</b>	<b>Budget 2021</b>	<b>2020</b>
<b>Direct costs</b>				
Donor periodical Artsen zonder Grenzen Magazine (50%; see also chapter 5, Accounting Policies)		<b>277</b>	240	219
Contributions to the MSF-International campaign Access to Essential Medicines		<b>197</b>	250	224
General communications and information activities		<b>833</b>	1,084	940
<b>Total direct costs</b>		<b>1,307</b>	<b>1,574</b>	<b>1,383</b>
<b>Attributable costs</b>				
Costs personnel head office	<i>note 2.7</i>	<b>1,032</b>	915	980
Attributed overhead costs	<i>note 2.7</i>	<b>340</b>	383	364
<b>Total information and awareness raising</b>		<b>2,679</b>	<b>2,872</b>	<b>2,727</b>

The total costs of Information and awareness raising decreased slightly compared to 2020 and ended also just below budget.

The increase in the costs of personnel in this category is the result of additionally hiring 0.8 FTE's while a decrease was planned in the budget.

## 2.5 Cost of acquiring income in euro thousands

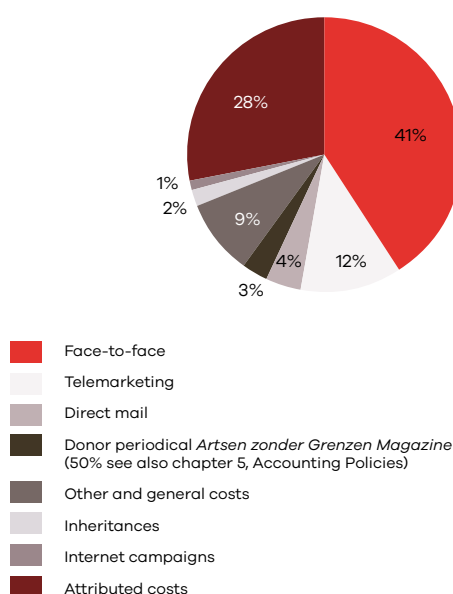
	<i>Explanatory notes</i>	<b>2021</b>	<b>Budget 2021</b>	<b>2020</b>
<b>Direct costs</b>				
Face-to-face		<b>4,028</b>	4,555	3,673
Telemarketing		<b>1,199</b>	696	901
Direct mail		<b>412</b>	437	651
Donor periodical Artsen zonder Grenzen Magazine (50%; see also chapter 5, Accounting Policies)		<b>277</b>	240	219
Inheritances		<b>172</b>	216	161
Internet campaigns		<b>101</b>	207	88
Corporate fundraising		<b>0</b>	0	30
Other and general costs of fundraising		<b>829</b>	919	955
<b>Total direct costs</b>		<b>7,018</b>	<b>7,270</b>	<b>6,678</b>
<b>Attributable costs</b>				
Costs personnel head office	<i>note 2.7</i>	<b>2,070</b>	1,988	1,817
Attributed overhead costs	<i>note 2.7</i>	<b>681</b>	832	675
<b>Total cost of acquiring income</b>		<b>9,769</b>	<b>10,090</b>	<b>9,170</b>



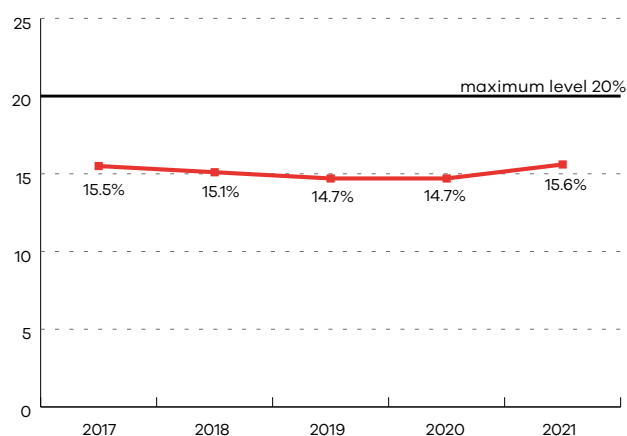
In 2021, 28 staff members (in FTE) worked on activities related to acquiring income (2020: 24 FTE). The increase in staff was mainly the result of additional investments in the management of our donor database. Overall the cost of acquiring income ended higher than in 2020, but lower than budgeted. In response to the COVID-19 pandemic changes between the different fundraising channels were made. During periods of lockdown we scaled back our investments in face-to-face fundraising and invested

more in telemarketing. As planned we spent less on direct mail. The total cost of acquiring income from individuals, companies and not-for-profit organisations ended at 15.6% of the income raised. MSF-The Netherlands strives to keep this percentage below 20%. The weight of the various components of the cost of acquiring income and the overall cost effectiveness of the cost of acquiring income are shown below.

#### COST OF ACQUIRING INCOME as percentage of total cost of acquiring income



#### COST OF ACQUIRING INCOME as a percentage of total income from individuals, companies and not-for-profit organisations



## 2.6 Management and administration in euro thousands

	<i>Explanatory notes</i>	<b>2021</b>	<b>Budget 2021</b>	<b>2020</b>
Direct costs	<i>note 2.7</i>	<b>1,307</b>	1,798	1,074
Contributions to MSF-International	<i>chapter 7</i>	<b>821</b>	1,141	899
Costs personnel head office	<i>note 2.7</i>	<b>4,292</b>	4,406	4,127
Attributed overhead costs	<i>note 2.7</i>	<b>1,414</b>	1,844	1,534
<b>Total management and administration</b>		<b>7,834</b>	<b>9,189</b>	<b>7,634</b>

The costs of management and administration amounted to 2.4% of the total expenditures in 2021 (2020: 2.7%) and are explained in more detail in note 2.7. A number of activities planned for 2021 were postponed resulting in lower direct costs than budgeted. The contribution to MSF-International ended lower than budgeted as a result

of underspending in the International Office and additionally the contribution percentage of MSF-The Netherlands decreased (see also note 7.2). A table showing the composition of the direct costs and personnel costs of management and administration can be found in chapter 5, Accounting Policies.

## 2.7 Total expenditure: specification of cost allocation and personnel costs in euro thousands

The total of all costs and the cost allocations over the six principal expenditure destinations reported upon plus the category Overhead are explained on the following pages. In the table on the next page the overhead costs are also specified as a separate expenditure destination: To be attributed overhead. The total costs of the expenditure destinations include the direct costs of the destination, the allocated personnel costs and the attributed overhead costs. First the costs of head office

employees are allocated to the six expenditure destinations and to the category Overhead in proportion of the number of full time equivalents (FTE) employed at head office in those destinations and in the activities included in the category Overhead. Thereafter the total overhead costs are attributed, again according to the proportion of FTE. The principles and policies applied to the allocation of costs per destination are explained further in chapter 5, Accounting Policies.

The total of all costs and the breakdown of the costs is as follows:

Expenditure destination	Spent on Association goals							Total 2021	Budget 2021	Total 2020
	Emergency aid	Grants provided to third parties	Programme support	Information and awareness-raising	Cost of acquiring income	Management and administration	To be attributed Overhead			
<b>Direct costs</b>										
Emergency aid	270,422							<b>270,422</b>	252,48	236,397
Costs joint projects with MSF-sections			359					<b>359</b>	321	650
Costs foreign offices			480					<b>480</b>	548	515
Grants and contributions		2,900	157	197		821		<b>4,075</b>	3,671	3,551
Publicity and communications				617	5,763			<b>6,380</b>	6,987	6,032
Housing							678	<b>678</b>	641	658
Office and general costs			246	396	1,058	168	167	<b>2,035</b>	2,515	2,000
ICT			500	86	83	130	3,144	<b>3,943</b>	4,662	4,033
Cost of inventory	1,837							<b>1,837</b>	1,655	2,315
Travel and accommodation	25		153	11	22	45	22	<b>278</b>	849	681
Advice			198			868	30	<b>1,096</b>	1,653	891
Evaluations, assessments and research			154					<b>154</b>	381	93
Head office projects	219		38			1	64	<b>322</b>	884	1,010
Board and Association						95		<b>95</b>	111	82
Depreciation and interest	453				92		1,864	<b>2,409</b>	2,961	2,584
<b>Subtotal direct costs</b>	<b>272,956</b>	<b>2,900</b>	<b>2,285</b>	<b>1,307</b>	<b>7,018</b>	<b>2,128</b>	<b>5,969</b>	<b>294,563</b>	<b>280,319</b>	<b>261,492</b>
<b>Allocated employee costs for head office personnel</b>										
Salaries and social security	2,023		12,163	855	1,716	3,557	1,744	<b>22,058</b>	22,865	20,561
Pension contributions	208		1,250	88	176	365	179	<b>2,266</b>	2,616	2,124
Other personnel costs	211		1,264	89	178	370	181	<b>2,293</b>	1,364	2,951
<b>Subtotal all costs</b>	<b>275,398</b>	<b>2,900</b>	<b>16,962</b>	<b>2,339</b>	<b>9,088</b>	<b>6,420</b>	<b>8,073</b>	<b>321,180</b>	<b>307,164</b>	<b>287,128</b>
Allocation of overhead	804	0	4,834	340	681	1,414	-8,073			
<b>Total all costs head office and emergency aid</b>	<b>276,202</b>	<b>2,900</b>	<b>21,796</b>	<b>2,679</b>	<b>9,769</b>	<b>7,834</b>	<b>0</b>	<b>321,180</b>	<b>307,164</b>	<b>287,128</b>

### Overhead

The costs of overhead amounted to 2.5% of the total expenditure in 2021 (2020: 3.1%). The costs of overhead decreased from € 8,779,862 in 2020 to € 8,072,672 in 2021. The costs of overhead decreased in 2021 mainly due to lower costs of IT.

## 2.7a Personnel head office in full time equivalents

In 2021 we employed 11,537 staff in full time equivalents (2020: 10,536) working in emergency aid programmes and at the head office. Personnel posted in emergency aid programmes are charged directly to the emergency aid expenditures. The total number of designated FTE employed in the head office increased in 2021 by 5.0% to 356 with a main increase in the category Programme Support and Fundraising.

The associated personnel costs and other personnel information are explained in note 2.1. In this note 2.7a costs of Personnel at head office are explained.

In 2021 the average illness percentage over the full year ended at 4.4%, 0.4% higher compared to 2020. The increase is explained by an increase in long term illness as well as COVID-19 related illness. A further investigation into measures with the aim to reduce our illness percentage started and will lead to additional interventions to decrease the illness percentage. The increase is in line with the overall trend in the labour market and 0.7% below the country average of 5.1%.

Personnel head office	2021	Budget 2021	2020
Programme support	214	220	207
Procurement Unit allocated to emergency aid programmes	32	30	32
Information and awareness raising	14	12	13
Fundraising	28	25	24
Management and administration	57	56	55
Overhead	28	29	26
Programme support staff charged from London and Berlin Offices	0	0	2
National staff seconded to head office positions	1	0	0
Emergency aid - (Amsterdam) office staff seconded to emergency aid programmes	-18	-31	-20
<b>Total personnel at head office</b>	<b>356</b>	<b>341</b>	<b>339</b>
Volunteers working at the head office in Amsterdam (# persons)	31	n/a	31
Volunteers working at the head office in Amsterdam (FTE)	9	n/a	9
Gender * (women - men)	60% - 40%	n/a	60% - 40%
Gender senior management * (women - men)	54% - 46%	n/a	62% - 38%
Nationality (Dutch - other)	45% - 55%	n/a	49% - 51%
Average age	43	n/a	43
Employment (full time - part time)	66% - 34%	n/a	61% - 39%
Illness percentage	4.4%	< 3.0%	4.0%

\*The mandatory binary gender disclosure does not reflect the full scope of the diversity approach of the organisation.



## 2.7b Remuneration, social security and personnel costs head office

### Remuneration policy

Our remuneration policy for the Amsterdam head office personnel is benchmarked with the remuneration of the public sector and the not-for profit sector in the Netherlands combined. The remuneration reference is the 1st quartile, implying that 75% of staff with a comparable position in the reference sector earn more than staff employed by MSF-The Netherlands. Scaling of employees is based on a function grid. The function-remuneration grid applied by MSF-The Netherlands has 12 scales and features a decreasing growth for management positions, including the Management Team.

### Personnel cost head office staff

Under the header Allocated employee costs for head office personnel, the item Salaries and social security of head office personnel consists exclusively of the gross salaries, taxed reimbursement of expenses and associated social security costs. In 2021 the social security costs amounted to € 2,840,318 (2020: € 2,888,816). The personnel costs measured per full time equivalent decreased by 1.0% from € 75,687 in 2020 to € 74,925 in 2021. The cost of recruitment and training and development of head office personnel, canteen costs and the costs of temporary staff are included in the item Other personnel costs.

### Pension contributions

As of 1 January 2013, all staff on a Dutch contract are enrolled in a pension scheme with the Premium Pension

Institution Brand New Day, to which the provisions of the Dutch Pension Act apply. The pension scheme is based on the 3% rate (staffel) model. The pension premium is fully paid by MSF-The Netherlands to the statutory maximum of 1.875% savings provision and is calculated over 12x the monthly salary plus the holiday allowance. The pension premium is calculated using the minimum allowable deductible for both the retirement and the survivors pension scheme. MSF-The Netherlands does not pay any pension premium above the fiscal maximum. Included in the pension scheme is a survivors pension insurance that is indexed at 2%. Pension premiums are recognised in personnel costs when they are due. No future liabilities are expected to arise from these pension schemes.

### Personnel contracted on behalf of MSF-sections

During 2021, 60.1 staff in full time equivalents (FTE) (2020: 51.4) were employed on Dutch contract terms but fully expensed to other MSF-sections, of which 38.8 staff in FTE were working abroad. The other 22.0 staff in FTE were mainly working from the Amsterdam office in MSF-International positions. While our remuneration policies apply, costs and FTE are fully reported in the financial statements of each staff's respective hiring MSF-section. The costs of these staff members are reimbursed by the other MSF-sections based on actual salary costs. In 2021 the total reimbursed costs amounted to 3,753,719 (2020: 3,202,550). For a small number of staff we receive a contributions for Overhead costs. These are reported in note 2.12: Other income.

## 2.7c Employment and remuneration of the Directors in euro

### General Director

MSF-The Netherlands has a titular General Director that carries end responsibility as delegated by the Board. In 2021 this position was primarily occupied by Oliver Behn. The General Director is supported by a management team of functional directors. At the end of 2021 the management team consisted of a Director Operations, Medical Director, Director Resources, Staff Director and Deputy Director.

### Directors' remuneration

MSF-The Netherlands applies the Advisory Scheme for the Remuneration of Directors of the Dutch charity branch organisation Goede Doelen Nederland as published 11 November 2020 and valid retroactively as of 1 January 2020. The advisory scheme sets criteria for determining the level of responsibility required for executive positions and sets maximum annual income standards, as well as standards for severance payments to directors.

The remuneration of the General Director and the management team is based on the criteria described in the Advisory Scheme published in 2020, resulting in a total score of 610 points out of the total possible of 645. In the management model of MSF-The Netherlands the General Director is rated at 92% (561 points) while each member of the Management Team is rated 80% (488 points), with €168,893 (group J) and €140,780 (group I) maximum salaries respectively and as applicable from 1 January 2021. Pension contributions and employer's costs are not included in these salary figures. The function-remuneration grid of MSF-The Netherlands results in all of its directors' salaries under the maximum allowable in the Advisory Scheme.

MSF-The Netherlands does not pay any pension premium above the fiscal maximum of €112,189 (2021).

In 2021, 1.2 FTE was used for the position of General Director (2020: 1.0 FTE). In 2021 an estimated total of €182,322 (2020: €154,102) was spent on the general director's remuneration. The annual, full year, gross salary including holiday allowance agreed with Florine Clomegah-Freitas is €125,025 (per 22-11-2021).

In the table below the employment contract and the remuneration of the General Director and the members of the management team are specified:

Employment	Position	Employment period in 2021	Type of contract	End of current assignment
<b>General Director</b>				
<b>Oliver Behn</b>	<b>General Director a.i.</b>	<b>01/01 - 31/12</b>	<b>indefinite</b>	<b>31-05-25</b>
Nelke Manders	General Director	01/01 - 31/07	indefinite	ended 28-02-2021
Florine Clomegah-Freitas	General Director	22/11 - 31/12	fixed term	21-11-24
<b>Management team</b>				
Akke Boere	Director Operations a.i.	15/01 - 31/12	indefinite	31-01-22
Melissa McRae	Medical Director	01/01 - 30/04	indefinite	ended 15-02-2021
Bern-Thomas Nyang'Wa	Medical Director	01/05 - 31/12	MSF-UK	07-02-24
Mihaela Ionasc	Director Staff	01/01 - 31/12	indefinite	15-04-24
Shekhar Pula	Director Resources	01/01 - 31/12	fixed term	ended 31-12-2021
Judith Sargentini	Deputy Director	01/01 - 31/12	fixed term	30-11-23

	Remuneration			Other employment costs			
	Gross per year excluding holiday allowance	Holiday allowance	Salary according to the advisory scheme definition	Pension contributions	Social security costs	Transition allowance	Total salary costs directors 2021
<b>General Director</b>							
<b>Oliver Behn</b>	<b>116,827</b>	<b>6,519</b>	<b>123,346</b>	<b>14,921</b>	<b>12,616</b>	<b>0</b>	<b>150,883</b>
Nelke Manders	70,161	5,613	75,774	11,653	5,993	60,000	153,420
Florine Clomegah-Freitas	12752	1020	13,772	3,369	1,302	0	18,443
<b>Management team</b>							
Akke Boere	101,246	8,100	109,346	14,432	9,273	0	<b>133,051</b>
Melissa McRae	37,220	2,035	39,255	3,495	4,364	0	<b>47,114</b>
Bern-Thomas Nyang'Wa	na	na	na	na	na	0	<b>89,755</b>
Mihaela Ionasc	99,048	7,924	106,972	22,419	10,673	0	<b>140,064</b>
Shekhar Pula	108,307	8,665	116,972	19,546	12,616	8,545	<b>157,679</b>
Judith Sargentini	87,276	6,982	94,258	14,297	12,616	0	<b>121,171</b>

The General Director and members of the management team all worked full time (100% labour percentage), which is 40 hours a week. There are no payments made for any other remuneration or other taxable disbursements other than mentioned in the table above. No loans or guarantees and no advance payments were provided to the general director or any of the management team members.

### Management team appointments

Early in the year 2021, the Board of MSF-The Netherlands and Nelke Manders jointly decided to separate their ways as of 1 March 2021. In the period between the 1st of March and the 31st of July Nelke Manders was on a paid severance leave. As part of the mutual agreement, she received a compensation of € 10,000 for outplacement costs like coaching and training. In addition a transition allowance of € 60,000 was paid.

On the 15th of January 2021, Oliver Behn assumed the role of interim General Director leaving his position as Director Operations, with Akke Boere stepping up into the position of interim Director Operations on the same date.

The Board recruited Florine Clomegah-Freitas to be the new General Director. She started on the 22nd of November and formally assumed all the duties as General Director on the 17 of December 2021.

Also in early 2021 Melissa McRae handed over her activities as Medical Director to Bern-Thomas Nyang'wa and left her position on 15 February 2021. Bern-Thomas Nyang'wa started on the 7th of February 2021, assuming full responsibilities as Medical Director as of 15 February 2021.

At the end of the year on 31 December 2021, the contract of Shekhar Pula ended by mutual agreement. Shekhar Pula received a compensation of € 5,000 for outplacement costs like coaching and training. In addition he received a transition allowance of € 8,545.

Expatriate tax regulations (30% ruling) were in 2021 applied to the salary of the Medical Director Melissa McRae and the Director Operations Oliver Behn.

Bern-Thomas Nyang'wa is employed by MSF-United Kingdom (MSF-UK). His salary costs, contributions to the National Insurance and pension contributions were invoiced to MSF-The Netherlands starting 1st of May 2021. The total amount invoiced by MSF-UK amounted to € 89,755.

### Other information directors

The MSF-The Netherlands policy applying to all directors' positions is that the director is appointed to her or his position for an initial period of three years, with the option of a three years extension.

Judith Sargentini is a Board member of ASKV-stichting Vluchteling, Amsterdam and a board member of Stichting NIODfonds. Bern-Thomas Nyang'wa is visiting lecturer, School of Medicine, University of Leeds and Trustee of SECCA-UK. Florine Clomegah-Freitas is president of WorldWide Women Forum, a French based NGO. During 2021 Shekhar Pula was a Board member of Foundation Stop Ecocide and partner in TeqTam BV. None of these occupations were remunerated in 2021. The other directors did not have secondary occupations.

## 2.7d Board costs and expenses paid to board members

in euro thousands

The Board of the Association MSF-The Netherlands supervises the organisational policies as carried out by the General Director who has been appointed by the Board. With the exception of the president the board

members receive no remuneration for their supervisory function. The General Assembly is the highest supervisory body of the Association and is held once per year at a minimum.

The Board and Association costs shown here concern the following:

	2021	Budget 2021	2020
Costs MSF-OCA Council (see note 7.2)	32	40	9
Costs of the Association and General Assembly	33	46	42
Costs of carrying out supervisory responsibilities	36	34	31
Remuneration president Marit van Lenthe	91	91	86
Volunteer allowances board members	8	9	8
<b>Total Board costs and expenses paid to board members</b>	<b>200</b>	<b>220</b>	<b>176</b>

For the time spent in fulfilling the duties concerned with international governance and as chair of the OCA-Council, the MSF-The Netherlands president, Marit van Lenthe, received a salary (including holiday allowance, pension contributions and social security) of € 91,139 for 0.75 FTE (2020: € 85,905 for 0.75 FTE) in compensation.

The remuneration of Board members is in line with the MSF-The Netherlands statutes and the applicable Standards Accreditation regulation (Normen Erkenningsregeling) and has been evaluated by the Board remuneration committee in 2020.

In 2021, 10 board members (2020: 10 board members) made use of the expense policy allowing board members to apply for a volunteer allowance of € 100 per month with a maximum of € 1,000 a year to cover small expenses. In 2021

an amount of € 8,300 (2020: € 8,000) was paid as volunteer allowance to these board members. No loans or guarantees and no advance payments were provided to any of the board members.

As at December 31, 2021 the Board of the Association MSF-The Netherlands had 10 board members (2020: 10). The minimum number of board members required according to the statutes of the Association is 7. Information on the composition of the Board, activities of the Board and association is published in the Board Report for the year at [artsenzondergrenzen.nl](https://artsenzondergrenzen.nl).

## 2.7e Auditors' costs in euro thousands

After a tender process, Deloitte Accountants BV was selected as our independent auditor for 2021. In accordance with our policy no non-audit services were acquired from our independent auditors or associated business units.

The audit of institutional donor contracts (2021: 3 contracts) and the audit of MSF-The Netherlands' entries for the MSF-International Combined Accounts are also included in the total fee of Deloitte Accountants BV.

The following fees were paid to auditors:

	Allocated to:	2021	Budget 2021	2020
Deloitte audit of the financial statements	Advice - head office	287	325	0
PwC audit of the financial statements 2020	Advice - head office	0	0	387
<b>Total auditors' costs</b>		<b>287</b>	<b>325</b>	<b>387</b>

## INCOME

Overall income for the year increased by € 50.1 million from € 313.0 million in 2020 to € 363.1 million in 2021. The fundraising income in most MSF-sections was higher than last year and higher than budgeted, resulting in an increase of grants from MSF-sections of € 44.9 million (see note 2.10). Income from the **National Postcode Lottery** increased as a result of an extra donation by € 4.0 million (see note 2.9). Income from Institutional donors increased by € 0.5 million (see note 2.11).

The income in the Netherlands from individuals, companies and not-for-profit organisations increased by € 0.4 million as shown below. The remaining increase of € 0.2 million is visible in Other income (see note 2.12).

Based on the composition of total income and agreements and contracts made, 75% of total income is considered structural income.

### 2.8 Income from individuals, companies and not-for-profit organisations in euro thousands

	2021	Budget 2021	2020
Donations	44,581	39,691	44,432
Inheritances	13,954	14,500	13,396
Membership fees from Association members	2	2	2
<b>Income from individuals</b>	<b>58,537</b>	54,193	57,830
Income from companies	2,085	1,815	1,579
Income from not-for-profit organisations	2,082	2,490	2,879
<b>Total income from individuals, companies and not-for-profit organisations</b>	<b>62,704</b>	<b>58,498</b>	<b>62,288</b>

The income from individuals, companies and not-for-profit organisations increased by € 0.4 million from € 62.3 million in 2020 to € 62.7 million in 2021.

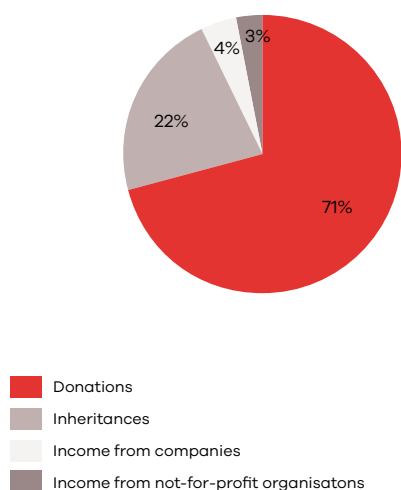
During the budgeting process we expected that the COVID-19 pandemic would impact our income negatively,

but our donors remained very loyal and as a result the income from individuals, companies and not-for-profit organisations remained at the same level as in 2020.

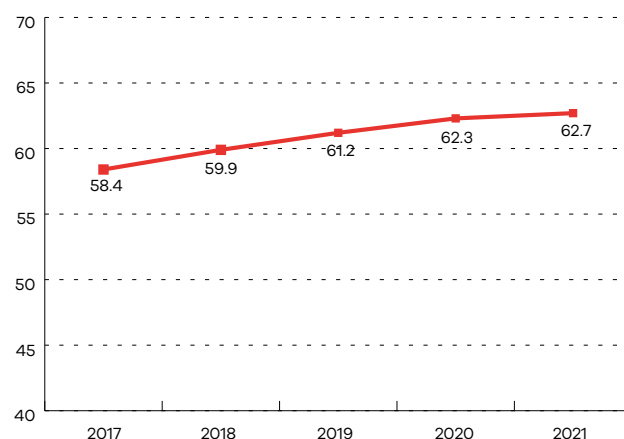
The cost of acquiring income in the Netherlands increased by € 0.6 million and ended at € 9.8 million.



### INCOME AS A PERCENTAGE OF TOTAL INCOME FROM INDIVIDUALS, COMPANIES AND NOT-FOR-PROFIT ORGANISATIONS



### INCOME FROM INDIVIDUALS, COMPANIES AND NOT-FOR-PROFIT ORGANISATIONS IN EURO MILLIONS



### Private donors

In 2021 the number of donors decreased compared to 2020 while they are still higher than in 2019. The number of private donors with a direct debit mandate stabilised in 2021.

Compared to the previous year the number of one-time donations slightly decreased, but we continue to see strong donor support due to continued emergency response visibility around Afghanistan, COVID-19 and other contexts.

	2021	2020	2019	2018	2017
Number of different private donors giving in the year	449,816	461,435	442,675	447,195	454,214
Private donors recruited in the year	40,435	49,514	33,750	36,337	45,405
Active cancellations	2,730	3,237	2,864	2,427	2,487
Donors with a direct debit mandate	311,958	312,631	310,118	316,762	320,577

### Structural income from individuals, companies and not-for-profit organisations

The income from donors with direct debits, donations with a notarial deed and a large part of the income acquired from legacies and inheritances can be considered structural income.

Measured over a 5-year period, 2017-2021, an estimate of 75% of income from individuals is considered structural income.

## 2.8a Earmarked income from individuals, companies and not-for-profit organisations

in euro thousands

(see also note 3.9c: restricted funds)

The earmarked income is specified as follows:

	Receipts in 2021	Expenditures in 2021	Not spent in 2021
Afghanistan	1,099	-1,099	0
Bangladesh	325	-325	0
South Sudan	308	-308	0
Haiti	196	-196	0
COVID-19	188	-188	0
Sudan	100	-100	0
Yemen	77	-77	0
Syria	55	-55	0
Uzbekistan	50	-50	0
Central African Republic	38	-38	0
Pakistan	31	-31	0
Sierra Leone	58	-58	0
India	28	-28	0
Greece	23	-23	0
Ethiopia	20	-20	0
Madagascar	17	-17	0
Congo, Democratic Republic	11	-11	0
Mozambique	7	-7	0
Brazil	6	-6	0
Others	2	-2	0
<b>Subtotal earmarked donations</b>	<b>2,639</b>	<b>-2,639</b>	<b>0</b>
Donations for the Stone fund (training of national employees)	1	-1	0
<b>Total as at 31 December moved to restricted funds</b>	<b>2,640</b>	<b>-2,640</b>	<b>0</b>

All the earmarked donations received in 2021 was spent in line with the wishes of the donors.

## 2.9 Income from the National Postcode Lottery in euro thousands

	2021	Budget 2021	2020
<b>National Postcode Lottery</b> , regular draw	<b>13,500</b>	13,500	13,500
<b>National Postcode Lottery</b> , extra contribution	<b>4,000</b>	0	0
<b>Total income from the National Postcode Lottery</b>	<b>17,500</b>	<b>13,500</b>	<b>13,500</b>

In 2021 MSF-The Netherlands received a contribution of € 13,500,000 from the regular draw of the **National Postcode Lottery**. This is the maximum possible annual contribution to MSF-The Netherlands according to the five-year agreement. The current five-year agreement with the **National Postcode Lottery** runs until 31 December 2022. In addition the **National Postcode**

**Lottery** awarded MSF-The Netherlands at the end of 2020 an extra contribution for the Tuberculosis breakthrough project. The income recognised in the Statement of Expenditure and Income is equal to the maximum eligible costs incurred in the book year. The full amount of the extra contribution of € 4,000,000 was spent in 2021.

## 2.10 Grants from MSF-sections in euro thousands

	2021	Budget 2021	2020
MSF-Germany	<b>139,281</b>	96,500	114,249
MSF-USA	<b>56,989</b>	47,100	43,083
MSF-United Kingdom	<b>39,185</b>	24,600	35,745
MSF-Canada	<b>14,361</b>	12,000	10,875
MSF-Hong Kong	<b>10,138</b>	8,900	10,637
MSF-Sweden	<b>7,495</b>	7,300	10,395
MSF-Ireland	<b>4,060</b>	3,300	3,780
MSF-Japan	<b>3,188</b>	2,700	4,036
MSF-Switzerland	<b>2,698</b>	0	41
MSF-France	<b>124</b>	0	0
MSF-International	<b>116</b>	0	101
MSF-Norway	<b>100</b>	0	0
MSF-Taiwan	<b>83</b>	0	0
MSF-Austria	<b>35</b>	0	1
MSF-Australia	<b>20</b>	0	0
MSF-Italy	<b>10</b>	0	0
MSF-Denmark	<b>0</b>	0	3
MSF-Non allocated	<b>0</b>	9,500	0
<b>Total grants from MSF-sections</b>	<b>277,883</b>	<b>211,900</b>	<b>232,946</b>

During the 2021 budgeting process we anticipated a decrease in the grants from MSF-sections. Most sections expected that the COVID-19 pandemic would impact their fundraising activities and as a result have a negative effect on income. On a monthly basis income projections

of all MSF-sections are updated and throughout the year we noticed better than expected results. The total grants from MSF-sections ended 19.3% higher than last year. The grants from MSF-sections can be largely considered as structural income (see also note 7.4)

## 2.11 Grants from institutional donors in euro thousands

	2021	Budget 2021	2020
Canadian government (DFATD, IHA)	3,514	1,532	1,448
Global Fund (GFATM)	836	1,500	1,051
Japanese Government (MOFA)	0	0	1,339
<b>Total grants from institutional donors</b>	<b>4,350</b>	<b>3,032</b>	<b>3,838</b>

The project grants from institutional donors refer to the realised portion of the grants awarded that concern activities carried out in the financial year. The increase in grants from the Canadian government is the result of extra grants related to COVID-19 and the earthquake emergency in Haiti. As budgeted we did not receive grants from the Japanese government in 2021. The grants

from institutional donors are all used to cover operating expenses and are not considered as structural income.

## 2.12 Other income in euro thousands

	2021	Budget 2021	2020
Other income	639	270	421
<b>Total other income</b>	<b>639</b>	<b>270</b>	<b>421</b>

Other income mainly consists of reimbursements of shared costs for hosting staff from MSF-sections, mainly MSF-International, in the office.

## 2.13 Net financial income and expenses in euro thousands

	2021	Budget 2021	2020
Realised exchange results from transactions in non-euro currencies	-1,421	0	2,413
Unrealised exchange results from transactions in non-euro currencies	759	0	-2,434
Interest income	2	0	47
Interest costs	-364	0	-73
Realised gain on the sale of Vierhouten estate (see 3.2b)	0	0	63
<b>Total net financial income and expenses (-)</b>	<b>-1,024</b>	<b>0</b>	<b>16</b>

The unrealised exchange results concern the value dating of the foreign currency bank balances, contract obligations, still to be received monies from institutional donors and MSF-sections, and accounts payable and receivable balances in non-euro currency. All exchange rate differences recognised are included in the financial income and expenses. It is MSF-The Netherlands policy not to make use of financial instruments to control currency risk on various foreign currencies.

In 2021, interest income remained negative. The amount of interest charged by the banks was kept as low as possible by using the most favourable spread of savings over different accounts at different banks. The development of the amount of interest received over the past five years is shown in note 5.2. MSF-The Netherlands has no contractual obligations on which interest is due.

## 2.14 Donations in kind in euro

In addition to receiving financial support, MSF-The Netherlands also receives donations in kind and enters into contracts which do not involve payment but goods and services in kind. In particular, these donations in kind concern the delivery of medicines and food and are accepted in project countries to support MSF-The Netherlands' nutrition and health programs. These donations in kind are not registered in the bookkeeping and are also not recognised in the result as the reliability of the current registration systems is too limited.

### Donations in kind for emergency aid

MSF-The Netherlands accepts and registers the use of goods made available by third parties when these would have been purchased in case they had not been made available to the organisation.

The best estimate of the total value of these goods received was € 934,889 in 2021 (2020: € 396,378).



<b>DONATIONS IN KIND PER DONOR AND PER CATEGORY</b>	Medical	Non Medical	<b>Total 2021</b>
International Committee of the Red Cross (ICRC)	44,944		<b>44,944</b>
Ministries of Health	154,028	323	<b>154,351</b>
United Nations (UNDP)	124,255		<b>124,255</b>
United Nations (UNFPA)	140,501	29,491	<b>169,992</b>
United Nations (Unicef)	20,784	7	<b>20,791</b>
United Nations (WHO)	404,837	901	<b>405,738</b>
Others	14,818		<b>14,818</b>
<b>Total donations in kind per category</b>	<b>904,167</b>	<b>30,722</b>	<b>934,889</b>

<b>DONATIONS IN KIND PER PROJECT COUNTRY</b>	<b>Total 2021</b>
Bangladesh	332,586
Ethiopia	10,226
India	5,256
Libya	2,714
Myanmar	128,318
North Syria	243,770
South Sudan	192,320
Uzbekistan	11,722
Yemen	7,977
<b>Total donations in kind per country</b>	<b>934,889</b>

In addition the Amsterdam Procurement Unit received donations in kind for goods related to our response to the COVID-19 pandemic to a purchase value of € 17,930 and for shipping of goods to Haiti to a purchase value of € 167,354.

#### **Donations in kind head office**

The ICT department received donations in kind from Azure (cloud Computing solutions) and Microsoft (Surface Hubs) to a purchase value of € 14,621.

▲ In the emergency room of the MSF Kunduz Emergency Trauma Unit, a medic treats a patient who has suffered a complicated fracture of the upper and lower leg due to a bomb blast. Afghanistan, July 2021.

Despite expenditure on emergency aid increasing compared to the prior year, income growth continued to exceed expectations, with the reserves increasing to unexpectedly robust levels of 8.0 months of expenditure. While we have planned a deficit spending in 2022, the Board and management will further explore opportunities to develop our programme implementation capacity in line with the development of our income.

The total cash position at balance sheet date increased by € 22.3 million. In addition the total receivables position also increased substantially by € 14.1 million. This increase is mainly the result of higher receivables from grants from MSF-sections. This also resulted also in an increase of the relative distribution of receivables compared to payables. Primarily due to the realized surplus, the overall balance sheet total increased by € 31.9 million thus maintaining the strong solvency ratios.

As a result of the planned depreciation the net book value of fixed assets decreased by € 2.3 million. Inventories held for emergency aid decreased by € 2.3 million.

Overall reserves and funds increased due to the addition of the surplus of € 40.9 million. Restricted funds decreased by € 0.4 million as earmarked funds from 2020 were spent in 2021. Provisions decreased to € 2.5 million due to lower payment obligations to employees in emergency aid projects that are planned to close in 2021. Short-term liabilities decreased by 19.2% to € 32.8 million. This was mainly the result of lower budgetary commitments to the **National Postcode Lottery** and lower payables to MSF-sections.

### 3.1 INTANGIBLE ASSETS in euro thousands

	Software
<b>Purchase value</b>	
Balance as at 1 January 2021	8,913
Purchases	95
Disinvestments	-236
<b>Balance as at 31 December 2021</b>	<b>8,772</b>
<b>Depreciation</b>	
Balance as at 1 January 2021	4,578
Depreciation	1,369
Disinvestments	-236
<b>Balance as at 31 December 2021</b>	<b>5,711</b>
<b>Balance sheet value as at 31 December 2021</b>	<b>3,061</b>

In 2021, budgeting software for use in our emergency aid projects was delivered. The software will be implemented in 2022 and depreciation will commence accordingly. As at 31 December 2021 no impairment was applied to the intangible assets. The entire intangible assets are used for the realisation of the association goals.

## 3.2 TANGIBLE FIXED ASSETS

### 3.2a Operating assets in euro thousands

	Land	Buildings	Furniture and fixtures	Hardware	Total
<b>Purchase value</b>					
Balance as at 1 January 2021	5,730	17,529	2,289	1,058	<b>26,606</b>
Purchases	0	0	0	47	<b>47</b>
Disinvestments	0	0	0	-63	<b>-63</b>
<b>Balance as at 31 December 2021</b>	<b>5,730</b>	<b>17,529</b>	<b>2,289</b>	<b>1,042</b>	<b>26,590</b>
<b>Depreciation</b>					
Balance as at 1 January 2021	0	1,810	548	757	<b>3,115</b>
Depreciation	n/a	605	320	115	<b>1,040</b>
Disinvestments	0	0	0	-63	<b>-63</b>
<b>Balance as at 31 December 2021</b>	<b>0</b>	<b>2,415</b>	<b>868</b>	<b>809</b>	<b>4,092</b>
<b>Balance sheet value as at 31 December 2021</b>	<b>5,730</b>	<b>15,114</b>	<b>1,421</b>	<b>233</b>	<b>22,498</b>

Land and Buildings are located at Plantage Middenlaan 14-16, Amsterdam, and in use for the offices. The value of the land is recognised according to market value with value reference date 31 December 2017 and as established by an independent valuator. Land is not depreciated. In 2021 no costs for structural maintenance were made. In 2021 € 126,500 was added to the provision for maintenance to the building (see chapter 3.10).

The purchase of hardware concerns the purchase of laptops to replace items that were disposed of in 2021 and additional items to facilitate the growth in staff numbers.

To date no value impairment has been recognised for any of the operating assets. The entire operating assets are used for the realisation of the association goals.

### 3.3 Stock for emergency aid in euro thousands

	2021	2020
Medical materials	14,840	16,371
Other materials	3,025	3,788
Transport equipment	727	1,025
<b>Inventory as at 31 December</b>	<b>18,592</b>	<b>21,184</b>
Value adjustment for obsolescence	-790	-1,051
<b>Net realisable value as at 31 December</b>	<b>17,802</b>	<b>20,133</b>

The majority of the stocks held for emergency aid are held in the Netherlands by the main warehouse at VCK Logistics at Schiphol.

#### Inventory held in transit in the Netherlands

Included in the inventory on the Balance Sheet are stocks for emergency aid that are kept in transit in the Netherlands (see also chapter 5, Accounting Policies). The value of the inventory in transit at the warehouse in the Netherlands as at 31 December 2021 amounts to € 5,148,194 (2020: € 5,109,950). The other stocks at the warehouse have not yet been allocated to aid programmes and concern free stocks and emergency supply stocks. The item Other materials consists mainly of emergency housing materials (tents, tools, etc.) and water and sanitation equipment for the emergency aid programmes. The entire inventory is held for the realisation of the Association goals.

As at 31 December an estimated value of inventory of € 276,411 was shipped by suppliers under Incoterms, where the risk associated with the shipment is transferred to MSF-The Netherlands, but not received in the warehouse (2020 € 719,745). This amount is not included in the net realisable value as presented on the balance sheet.

In 2021, as in previous years, a value adjustment has been made for obsolescence. The estimate for the value adjustment of € 789,641 is based on expiry dates and

expected turnover of items held in stock as at 31 December. After the transition to the new Logistics Service Provider in 2020, the review of the stocks and related records continued in 2021.

As a result there was a write-off totalling € 1,820,849 of which € 1,051,553 was provided for in the 2020 accounts. The write off is attributed to the Costs of emergency aid (see 2.1).

#### Inventory held in Nairobi

During the COVID-19 pandemic part of our orders were directly delivered to our warehouse in Nairobi and from there further distributed to project locations. At 31 December 2021 the value of inventory in Nairobi amounted to € 431,959 (2020: € 664,356) of which € 397,373 are free stocks (2020: € 331,447) and the remaining amount of € 34,586 (2020: € 332,909) is stock allocated to projects.

#### Inventory held in emergency projects

In accordance with our accounting policies inventory held in our emergency projects is fully expensed at the time it is shipped to the programme countries. For internal supply management purposes the estimated value of those inventories is recorded. At the end of 2021 a reported value of € 31,537,052 (2020: € 25,126,049) of medical supplies was held available for immediate use in our emergency aid projects or was on international transport.

### 3.4 Grants receivable from MSF-sections in euro thousands

The receivables from MSF-sections throughout the year developed as follows:

	2021	2020
Balance as at 1 January	22,324	25,403
Project grants awarded	278,038	232,968
Project grants received	-257,569	-237,688
Exchange results on grants received	-1,116	1,707
End of year revaluation of outstanding contract amounts	291	-66
<b>Balance as at 31 December</b>	<b>41,968</b>	<b>22,324</b>

The fundraising income in most MSF-sections was higher than planned during the last quarter of the year. As a result, more grants were awarded towards the end of 2021. This increased the overall balance of Grants receivable from MSF-sections, as these end-of-year grants could not be transferred before the 31st of

December. All receivables from MSF-sections are short-term. The outstanding balance primarily concerns project grants that ended in 2021, 95% of which were received in January and February 2022. One project grant awarded includes an amount of € 177,258 that will be spent in 2022.

### 3.5 Grants receivable from institutional donors in euro thousands

Receivables from institutional grants comprise receivables from both awarded project grants still running and those that have already ended.

Developments of these in the financial year were as follows:

	2021	2020
Balance as at 1 January	858	2,453
Project grants awarded	4,633	2,787
Project grants received	-4,402	-4,247
Exchange results on grants received	38	105
Non-allocated project grants	0	-17
End of year revaluation of outstanding contract amounts	60	-223
<b>Balance as at 31 December</b>	<b>1,187</b>	<b>858</b>

The receivables are as follows:

Receivables from project grant contracts ended in the reporting year	887	858
Receivables from project grant contracts running into the next reporting year	269	0
Receivables from project grant contracts running after the next reporting year	31	0
<b>Balance as at 31 December</b>	<b>1,187</b>	<b>858</b>

The receivables from institutional donors increased slightly compared to 2021. The balance as at 31 December 2021 includes one multi-year grant from The Global Fund

(GFATM). The long-term receivables are counter balanced by the long-term Budgetary commitments as specified in note 3.11.



### 3.6 Receivables from inheritances in euro thousands

	2021	2020
Receivables from inheritances	9,542	9,544
<b>Balance as at 31 December</b>	<b>9,542</b>	<b>9,544</b>

Receivables from inheritances represent the estimated valuation of the accepted inheritances for which settlement is in progress. As at 31 December 2021 receivables from inheritances include 26 properties

(2020: 37 properties) that are held for sale. Included in the receivables is one property, valued at € 532,192 that is rented out and can be classified as long-term.

### 3.7 Other receivables and accrued income in euro thousands

	2021	2020
Prepayments and accrued income	3,714	6,878
Other receivables from MSF-sections	3,989	4,842
Receivable extra donation <b>National Postcode Lottery</b>	0	4,000
Taxes and social security contributions to be received	149	114
Debtors	0	70
<b>Balance as at 31 December</b>	<b>7,852</b>	<b>15,904</b>

All Other receivables and accrued income are short-term. All amounts receivable concern the normal course of operations. The decrease in prepayments and accrued income is mainly caused by the lower amount of invoices related to purchase orders that are un- or partially matched at year end. In 2021 a monthly reconciliation and

netting process, offsetting payables with receivables between MSF-sections resulted in a lower receivable at year-end.

As in 2020, in 2021 no allowance for uncollectable receivables was needed.

### 3.8 Cash at bank and in hand in euro thousands

	2021	2020
Balance of cash at bank and in hand at head office	27,564	20,006
Balance of cash at bank and in hand at projects	13,075	14,526
Balance of savings accounts at head office	92,831	76,593
<b>Balance as at 31 December</b>	<b>133,470</b>	<b>111,125</b>

MSF-The Netherlands holds its main operating cash management accounts at ABN AMRO and one at ING (NL13 INGB 0000 0040 54) which is used for public fundraising. The main savings accounts held at head office are held in euro at ABN AMRO (87%), Rabobank

(7%), ING (3%) and ASN Bank (3%) and are immediately available funds. The total balance increased as a result of the surplus in 2021.

### 3.9 Reserves and funds in euro thousands

	Continuity reserves	Other reserves	Restricted funds	Total 2021	Total 2020
Balance as at 1 January	110,000	52,275	1,096	163,371	137,490
Allocation of the result	0	41,292	-420	40,872	25,881
<b>Balance as at 31 December</b>	<b>110,000</b>	<b>93,567</b>	<b>676</b>	<b>204,243</b>	<b>163,371</b>

Reserves and funds held by MSF-The Netherlands have been built up over the years by retaining surpluses of income over expenditure. Our reserves aim to maintain a capital structure that enables us to achieve our strategic objectives and daily operational needs, to safeguard our ability to continue as a going concern and to meet our current obligations. Our reserves are quantified to cover working capital needs, provide for a risk based buffer capital, finance operating assets investment, fund sudden emergencies and allow for short-term fluctuations in expenditure or income. For the total of the reserves and funds a maximum of 12 months of total expenditure has been set. At balance sheet date the level of reserves was equivalent to 8.0 months of total expenditure (2020: 6.7 months) and 65.3% of the reserves

were retained in cash at hand and in bank (2020: 68.0%). In line with our reserves policy we aim to keep a flexible liquidity position of current assets (inventory, receivables and cash at bank and in hand).

In accordance with Dutch GAAP Guideline 650 a continuity reserve is maintained next to the other reserves. At balance sheet date, the Board has assessed no additions or withdrawals to the continuity reserves are required.

Within the total of reserves an amount of € 267,025 is considered for unrealised benefits related to legacies encumbered with usufruct.

### 3.9a Continuity reserves in euro thousands

In accordance with reserves policies that have been agreed between the MSF-sections, the Board set our continuity reserves target at 4.5 months of total operational activities. Our costs of operational activities are the direct emergency aid expenditure including the related supporting activities and the cost of fundraising. Depreciation costs, contributions and one-off items are not included. Payable grants to third parties are short-term liabilities and are also not included. The target amount of the Continuity reserves held by MSF-The Netherlands has been set at the average amount of expenditure needed to ensure the unimpeded progress of medical care in our projects and the related supporting activities for a 4.5 month period. We calculate the

average amount as the total expenditure over the past two years (2020 and 2021) plus the budget for the coming year (2022).

A risk based buffer capital provision is included in the continuity reserves calculated at € 46,000,000 corresponding to 14.3% of the total expenditure. The buffer capital is based on our risk management and a quantification and statistical analysis of the possible financial impact if adverse events would occur. The buffer capital included in the continuity reserves determines the lower boundary of the total of reserves.

The Continuity reserve is calculated as follows:

	Expenditure 2020	Expenditure 2021	Budget 2022	4.5-month average
Total expenditure	287,128	321,180	334,582	117,861
<b>Deduct:</b>				
Depreciation costs	2,584	2,409	2,916	989
Contributions	3,551	4,075	4,366	1,499
<b>Target continuity reserves (4.5 months) as at 31 December</b>				<b>115,373</b>
<b>Actual continuity reserves as at 31 December 2021</b>				<b>110,000</b>
<b>Buffer capital included in the continuity reserves</b>				<b>46,000</b>

### 3.9b Other reserves

Through the allocation of the result an amount of € 40,872,603 was added to the Other reserves. In addition an amount of € 420,673 was removed from the Restricted funds and added to the Other reserves.

### 3.9c Restricted funds in euro thousands

The Restricted funds contain donations that have been earmarked by donors for a specific purpose and which have not yet been spent. Note 2.8a gives an indication of the volume of earmarked monies that were received and spent during the year.

	Unused at year end 2020	Receipts in 2021	Withdrawals in 2021	Unused at year end 2021
Earmarked income from individuals, companies and not-for-profit organisations:				
Donations for various countries	266	2,639	-2,905	0
Earmarked endowment funds	659	0	-94	565
Stone Fund (training of national employees)	60	1	-61	0
Donation for reserves	111	0	0	111
<b>Balance as at 31 December (see also note 2.8a)</b>	<b>1,096</b>	<b>2,640</b>	<b>-3,060</b>	<b>676</b>

In 2021 all the remaining earmarked income received in 2020 from individuals, companies and not-for-profit organisations (€ 266,300) could be spent in line with the earmarking. In 2017 an endowment restricted inheritance was received with a value of € 942,000. Starting 2018, 10% of the value of the endowment plus the total interest

realised may be spent per calendar year. In the period 2018-2021, an amount of € 276,800 was spent from this endowment.

### 3.10 Provisions in euro thousands

	2020	Used	Reversals	Additions	Revaluation	2021
Payroll taxes national staff South Sudan due to currency conversion	813				25	838
Severance pay due to employees in view of planned project closures	1,699	-1,601		551	-14	635
Litigation procedures Search & Rescue operations	410					410
Maintenance building Plantage Middenlaan 14, Amsterdam	133			127		260
Illness and disability of personnel	69	-69		112		112
Employment dispute Ethiopia	26			67		93
Taxation procedures Democratic Republic of the Congo	0			87		87
Payroll tax assessment Iraq	241	-200				41
Employment dispute Democratic Republic of the Congo	0			23		23
Payroll tax assessment Yemen	304	-304				0
Employment dispute Kenya	30		-30			0
<b>Balance as at 31 December</b>	<b>3,725</b>	<b>-2,174</b>	<b>-30</b>	<b>967</b>	<b>11</b>	<b>2,499</b>

In the annual plan for 2022 decisions have been made to scale down or close projects in Democratic Republic of the Congo, Jordan, Myanmar, Russia, Syria, Venezuela and Uzbekistan, for which provisions have been made. In South Sudan payroll currency conversion from South Sudan pounds to US dollar is likely leading to additional retrospective statutory obligations for which provisions have been made. This provision can be classified as non-current (longer than one year). During 2021 management has assessed the potential tax obligations for personnel employed in Democratic Republic of the Congo, Iraq and Yemen to have become likely to be realised. The other provisions included here are based on

formal (tax) assessments or litigation notifications received and for which procedures are ongoing and that have been assessed by management.

The provision for illness and disability of personnel is made in view of obligations to continue payment of remuneration (including transition allowances) to personnel who are expected to remain permanently, wholly or partially unable to perform work due to illness or disability on the balance sheet date. The provision for future maintenance of the office building is based on a 20-year maintenance plan.

### 3.11 Long-term liabilities in euro thousands

	2021	2020
Long-term payable to MSF-sections	25	50
Long-term budgetary commitments institutional donor grants	31	0
<b>Balance as at 31 December</b>	<b>56</b>	<b>50</b>

In 2020 a multi year agreement (2020-2023) was concluded with MSF-Belgium to fund the MSF Medical Academy in Sierra Leone. The long-term payable

concerns the portion of this multi-year grant that is expected to be transferred in 2023.

## 3.12 Short-term liabilities in euro thousands

	2021	2020
Payables to MSF-sections	10,995	17,066
Taxes to be paid	3,683	4,541
Accounts payable	4,031	4,028
Budgetary commitments <b>National Postcode Lottery</b>	0	4,000
Payables to head office staff and international staff	4,164	3,884
Payables to suppliers in project countries	2,954	3,358
Payables to national staff employed in the project countries	1,672	1,302
Other liabilities	2,637	2,367
Budgetary commitments (see specification in note 3.12a)	446	22
<b>Balance as at 31 December</b>	<b>30,582</b>	<b>40,568</b>

In 2021 a monthly reconciliation and netting process, offsetting payables and receivables between MSF-sections resulted in a lower Payables to MSF-sections at year-end. The Payables to MSF-sections are expected to be settled within the first quarter of 2022. No interest or securities are applied. The decrease in the Item Taxes to be paid is the result of a lower balance of Social security premiums payable at year end in the project countries.

In 2020 the **National Postcode Lottery** awarded an extra amount of € 4,000,000 as funding for the Clinical Trial of the Tuberculosis breakthrough project in the period 2021-2023. This amount was fully spent in 2021 and no budgetary commitments remained as at 31 December 2021.

The item Payables to head office and international staff primarily concerns accruals for unused leave days, the accrual for leave pay and pension premiums payable.

Included in this item are transition and severance payments due to personnel for which agreements were entered into at balance sheet date.

The item Payables to national staff employed in the project countries includes payable net salary and accrual of unused leave days.

Budgetary commitments are commitments arising from awarded project grants for which the total eligible costs in or up to 2021 are lower than the total grant awarded. The balance concerns the portion of the project grants that have yet to be implemented by MSF-The Netherlands. The increase is mainly caused by a new multi-year grant from The Global Fund.

All Short-term payables are expected to be paid within one year.



### 3.12a Movement in budgetary commitments in euro thousands

The item Budgetary commitments developed in the year as follows:

	2021	2020
Balance as at 1 January	22	1,180
Listed under long-term liabilities as at 1 January	0	0
Project grants awarded by MSF-sections in this financial year (see also note 3.4)	278,038	232,968
Project grants awarded by institutional donors in this financial year (see also note 3.5)	4,633	2,787
End of year revaluation of outstanding contracts	17	-112
<b>Subtotal project grants awarded</b>	<b>282,710</b>	<b>236,823</b>
Project grants realized from MSF-sections (see also note 2.10)	-277,883	-232,946
Project grants realized from institutional donors (see also note 2.11)	-4,350	-3,838
<b>Subtotal project grants realised</b>	<b>-282,233</b>	<b>-236,784</b>
Non-allocated project grants	0	-17
Listed under long-term liabilities as at 31 December	-31	0
<b>Balance as at 31 December</b>	<b>446</b>	<b>22</b>

The budgetary commitments at the end of the 2021 financial year refer entirely to the implementation of projects in 2022 and are thus short-term commitments. Long term budgetary commitments at the end of 2021 are specified under note 3.11, long-term liabilities.

### 3.13 Commitments and contingencies not included in the Balance Sheet

#### Office rent agreements

At the end of 2020, MSF-The Netherlands signed a new, nine-year rental contract for the rental of the MSF-India office, beginning 1 January 2021. The total commitment remaining from this rental agreement is € 2,097,066. for the period 2022-2029. Of this amount € 228,641 refers to 2022, € 1,000,304 to the years 2023-2027 and the remaining amount of € 868,121 to the years 2027-2029.

#### Lease agreements in project countries

The value of the 138 lease contracts held in project countries for a period of greater than 12 months as of 1 January 2022 is € 7,824,711 at balance sheet date. This amount doesn't include indexation of rent in future years that might be included in the lease contracts. These lease contracts concern rent of offices, warehouses, clinics and staff housing. Of this amount, € 3,510,855 refers to 2022, € 3,951,329 to the years 2023-2026 and € 362,527 for the rental agreement of the project office in Delhi, India for 2027-2029.

#### Other agreements

Together with MSF-Belgium and MSF-Switzerland, MSF-The Netherlands has engaged in a five-year operational leasing contract of VSAT installations with ITC Global. The commitment for MSF-The Netherlands depends on the number of installations. For 2022 an average of 17 installations is foreseen, implying a fixed cost of € 594,000 for the year.

#### Litigation

In a number of countries in which MSF-The Netherlands implements projects, litigation procedures are pending. MSF-The Netherlands maintains a litigation register. In these Financial Statements, provisions are made for a total of € 525,926 (2020: € 466,230). Based on legal advice obtained and the provisions made, we do not expect that any further significant financial liabilities will arise out of these procedures.

Based on a ruling of the court of appeal for Labour and Social Security in Chad, MSF-The Netherlands has the obligation to pay 632,242,901 Central African Francs (about € 979,000 euro) to a group of former employees. We will appeal this ruling and based on legal advice obtained, our assessment is that the ruling will be overturned. As a result we have classified this as a contingent liability.

#### Taxation

In the unstable environments in which we work tax and regulatory legislation is subject to varying interpretations, and changes, that can occur frequently. The relevant local governments or authorities may challenge our interpretation of such legislation as applied to programme activities and the associated transactions. As a result additional taxes, penalties and interest may be assessed. Under these volatile circumstances, fiscal periods for review may remain open for longer periods.

Based on assessment of the management and legal advice obtained we have classified a potential social security payment correction in Yemen over the years 2017-2021 as a contingent liability. Based on different scenarios the liability is assessed to be in the range of € 440,000 to € 825,000.

As at 31 December 2021 management believes that its interpretation of the relevant legislation is appropriate. Where management believes it is probable that a position cannot be sustained, an appropriate amount has been accrued for in these financial statements. In these financial statements, provisions are made for a total of € 966,349 (2020: € 1,347,934). Based on legal and fiscal advice obtained, the provisions made and the disclosures in this note 3.13, we do not expect that any further significant financial liabilities will arise out of our positions taken.

# Notes to the Cash Flow Statement



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▲ 100 tonnes of material is loaded into two cargo planes destined for Haiti. The cargo includes items for setting up emergency medical structures, materials to install emergency drinking water and medical supplies for the care of 30,000 patients. Earthquake Haiti, August 2021.

The Cash Flow Statement has been prepared according to the direct method in order to provide a clear view of the different flows of funds in the organisation and in particular the cash flows between MSF-The Netherlands and the other MSF-sections.

## Cash flow from operating activities

In 2021, MSF-The Netherlands' operating activities generated positive net cash flows of € 22.1 million. The increasing cash position can primarily be attributed to the large surplus of income over operational expenditure, amounting to € 40.9 million. This result is further detailed in the Statement of Expenditure and Income.

Partially offsetting this result was a substantial increase of € 19.6 million in the Grants Receivable from MSF-sections position between 2020 and 2021 balance sheet dates. The receivables from MSF-sections increased as more grants were awarded towards the end of the year due to higher-than-expected income which couldn't be transferred before the 31st of December 2021.

## Receipts

Receipts from the MSF-sections mainly concern project grants. Receipts from project grants (from MSF-sections and institutional donors) are explained in more detail in note 3.4 and 3.5 of these Financial Statements.

The item Receipts from MSF-sections for monies advanced consists of receipts referring to employees of MSF-The Netherlands who are seconded to another MSF-section, shared costs for any emergency aid projects and advances to other MSF-sections for emergency aid projects. As in 2020, MSF-The Netherlands

coordinated the cash flow for all MSF-sections working in Bangladesh in 2021.

### Payments

Payments made in the project countries hosting emergency aid programs (excluding the Netherlands) totalled € 136.6 million in 2021 (2020: € 125.3 million). While the total expenditure grew, the proportion of payments made in project countries compared to the overall programme expenditure remained nearly identical (2021: 50%; 2020: 51%). In order of volume, payments to local personnel, subcontracted services and locally purchased medical items are the sources of greatest local expenditure.

The payments to MSF-International concern contributions to the MSF-International office and internationally coordinated activities and projects such as the campaign Access to Essential Medicines.

The payments to the MSF-sections mainly concern remuneration for hired-in employees posted to and working in the programme countries and payments for joint projects. Furthermore, the cash flow to our

emergency aid project in Afghanistan of € 13.7 million in 2021 (2020: € 14.5 million) is handled entirely through MSF-Belgium and the cash flows to Yemen, Venezuela and South Sudan are partially handled through MSF-Spain (2021: € 5.0 million; 2020: € 0.6 million).

The payments to the purchasing organisations MSF-Supply (Belgium) and MSF-Logistique (France) are included as payments to MSF-sections. Mainly medicines, specialised medical supplies and vehicles are purchased through these organisations which are the procurement centres and storage depots of MSF-Belgium and MSF-France respectively.

As a result of lower payable balances to MSF Supply and MSF-Logistique at year-end, the amount stated in the cash flow is higher than the actual purchase value of € 14.9 million in 2021.

### Cash flow from investment and financing activities

In 2021, there were minor cash outflows related to tangible fixed asset investment and no cash flows from financing activities.





▲ A MSF Health Promotion staff member is helping a displaced woman by carrying a “winter kit”. In the camps in northwest Syria, the harsh living conditions become even more overwhelming during winter. MSF teams are distributing kits of warm clothes, tarpaulins, mattresses and blankets to around 3,000 families in 18 camps. Syria, November 2021.

These Financial Statements have been prepared in accordance with Dutch Accounting Standard 650 for the Reporting of Fundraising Institutions as published by the Dutch Accounting Standards Board (RJ650, Raad voor de Jaarverslaggeving). These Financial Statements are prepared in accordance with the accounting policies as further explained below. The valuation principles and method of determining the result are the same as those used in the previous year.

Assets and liabilities are accounted for at historical costs and unless stated otherwise are shown at the value at which they were acquired or incurred. Expenditure and income are allocated to the period to which they relate and in accordance with the principles below.

#### **Foreign currency and currency translation differences**

These Financial Statements are presented in euro, which is the functional and reporting currency of MSF-The Netherlands. Monetary assets and liabilities denominated in foreign currencies are converted to the functional currency based on the closing exchange rates at balance sheet date. Non-monetary assets (inventory) valued at cost in a foreign currency are translated at the exchange rate at the transaction date. Translation differences resulting from settlement and conversion are processed through the Statement of Expenditure and Income in the period that they are realized. Transactions denominated in foreign currencies are translated at the exchange rates prevailing at the transaction date.

**Going Concern**

The financial statements are drawn up on the assumption that the entity is a going concern.

**Operational leasing**

MSF-The Netherlands has lease contracts whereby a large part of the risks and rewards associated with ownership are not for the benefit of, nor incurred by MSF-The Netherlands. The lease contracts are recognised as operational leasing. Lease payments are recorded on a straight-line basis, taking into account reimbursements received from the lessor, in the Statement of Expenditure and Income for the duration of the contract.

**Cash flow statement**

The Cash Flow Statement has been prepared according to the direct method in order to provide transparent insight into the flows of funds of MSF-The Netherlands and the MSF-sections. Cash flows denominated in foreign currencies have been translated into euro at the exchange rate prevailing at the transaction date. Exchange

differences affecting cash items are shown separately in the cash flow statement. Interest paid and received are included in cash from operating activities.

**Events after the balance sheet date**

Events after the balance sheet date that provide further information about the actual situation as at the balance sheet date and appear up to the date of the preparation of the financial statements will be adjusted in the financial statements for the current year. Events that do not provide further information about the actual situation as at the balance sheet date will not be adjusted in the Financial Statements for the current year. In these Financial Statements events that occurred after the reporting period are included in Chapter 8.

## 5.1 Accounting policies on the valuation of assets and liabilities

**Intangible assets**

Acquired intangible assets are recognised if they yield measurable economic benefits for the organisation over several years. In these financial statements software is recognised as intangible assets. Intangible assets are recognised at historical cost less depreciation. Intangible assets are valued at acquisition cost or at production cost, at most, less depreciation. Operating systems are capitalized as part of the hardware they belong to. Intangible assets are depreciated taking into account their estimated useful life but not exceeding a five-year period and with a residual value of NIL.

- Software is depreciated applying the straight-line method at a rate of 20%.

On the balance sheet date, management assesses and establishes whether intangible assets may be subject to impairment. Impairment losses may lead to additional write-offs that will subsequently be charged to the result of the period. At balance sheet date no impairment of intangible assets was applied.

**Tangible fixed assets****Land**

The plot of land forming part of Plantage Middenlaan 14, Amsterdam is valued at fair value. In these financial statements, the plot is initially recognised according to market value with value reference date 31 December 2017 and as established by an independent valuator. The value includes non-refundable transaction taxes. The plot of land is in own use and held as an operating asset. Land is not depreciated. Land will be tested for value impairment or value appreciation every three years. The next value evaluation will be as at 31 December 2022.

**Building**

The building forming part of Plantage Middenlaan 14, Amsterdam, is valued at actual acquisition price, added non-refundable transaction costs and less depreciation. Future investments in the building may be added to the actual cost price. Depreciation is calculated according to the straight-line method based on expected economic life and considering an expected residual value at the end of the useful life.

- The useful life of the building is set at 30 years and with a residual value of NIL.
- The building is depreciated applying the straight-line method at a rate of 3.33%.
- The investments made as part of making the building fit for purpose have been added to the actual cost price of the building.
- The depreciation of the useful life of these investments has been aligned with the useful life of the building itself resulting in a depreciation of 3.6% per year applying the straight-line method.
- At balance sheet date, a value impairment evaluation was exercised by management. Considering general developments in the local (Amsterdam) real estate market there were no indications for impairment of the office building.
- The next formal value impairment evaluation will be as at 31 December 2022.

#### **Operating assets**

Operating assets comprise of furniture, fixtures and IT-hardware. Subsequent to initial recognition, operating assets in use are valued at acquisition or production cost less accumulated depreciation and impairment. Depreciation is calculated according to the straight-line method based on expected economic life and considering the expected residual value at the end of the useful life.

- IT hardware are depreciated applying the straight-line method at a rate of 20%.
- Furniture and fixtures are depreciated applying the straight-line method at a rate of 20%
- At balance sheet date based on market conditions there were no indications for impairment of operating assets.

#### **Impairment**

On the balance sheet date, for each (sub) category of assets, management assesses and establishes whether there is objective evidence that a tangible fixed asset or a group of tangible fixed assets is impaired. If any such evidence exists, the impairment loss is determined and recognised in the statement of expenditure and income. Impairment losses may lead to additional write-offs that will subsequently be charged to the result of the period.

#### **Fixed assets in use in the project countries**

Purchase costs of tangible fixed assets used in the project countries are expensed to project costs. After completion of the projects these assets are generally transferred to the beneficiaries. MSF-The Netherlands does not own any real estate in the countries in which emergency aid projects are carried out.

#### **Assets held for sale**

Real estate held for sale is valued at fair value in the current real estate market. The annual property tax value assessment is used as the basis for this valuation. No assets for sale were held at balance sheet date.

#### **Financial Assets**

Financial Assets on the balance sheet concern loans and other receivables that are held to maturity. When there is no open market, these financial assets are recognised at the redemption value and, if lower at fair value and subsequently at amortised cost. If the fair value as at balance sheet date is lower than the redemption value, the difference is recognised in the Statement of Expenditure and Income.

No financial assets were held at balance sheet date.

#### **Inventory**

Stocks centrally held in the Netherlands are stated at average historical cost or lower realisable value. In determining the realisable value the obsolescence of the inventory is taken into account. The costs of the stocks are expensed to the emergency aid at the time they are shipped to the project countries. The cost price of the stocks is calculated based on average costing while the movement of physical stock is according to the first-in-first-out principle and first-expiry-first-out principle for medicines. The costs incurred in order to bring the inventories to their current location are included in so far these can be attributed directly.

An estimated value of the medical stocks held in the project countries is explained in text in the notes to these financial statements under the header Inventory.

#### **Accounts receivable**

Receivables are recognised initially at fair value subsequently measured at amortised cost. When a receivable is uncollectable it is written off against the allowance account for receivables.

#### **Cash at bank and in hand, cash equivalents**

Cash at bank and in hand is carried at nominal value. Cash at bank and in hand represents the balances of all accounts held for head office and projects, both in the Netherlands and abroad, and deposits with terms of less than twelve months. Cash and bank balances denominated in foreign currencies are valued at the exchange rates prevailing at year end date. No contracts concerning derivative financial instruments were held at balance sheet date.



### Pensions and pension provision

MSF-The Netherlands has a number of pension schemes to which the provisions of the Dutch Pension Act are applicable. Premiums are paid on a contractual basis. Premiums are recognised as personnel cost when they are due. Contributions due but not yet paid are presented as liabilities. Such pension schemes apply to employees for which the provisions of Dutch labor law apply.

(A) As of 1 January 2013 a pension scheme for employees was entered into with a Premium Pension Institution (PPI). In this pension scheme employees accrue a pension capital by investing the monthly available premium that is fully paid by MSF-The Netherlands. The premium is based on the career average system (middelloon pensioen stoffel) with a maximum build-up of 1.875%. All contributions have been paid in full.

The accrued invested pension capital is designated for the purchase of a retirement pension and partner pension at retirement age. Under this pension plan employees by default invest in SRI-funds. Within statutory limitations employees have full freedom to alter their investment profile. The investment risk is fully with the employees. A 2% indexed survivors pension is part of the pension scheme.

(B) The pension schemes set up for the employees and valid until 31 December 2012 have been based on a career-average plan with conditional indexation. All schemes have been placed with a life insurance company and, in view of the nature of the contracts with the insurer, future obligations are unlikely to arise from these pension schemes. This means that MSF-The Netherlands commitment towards its employees, under the former insurance contract concluded with the life insurance company, are limited to the contributions paid to the insurance company. All contributions and agreed settlements have been recognised in full.

MSF-The Netherlands does not have any pension plan for national staff in mission countries. At balance sheet date there were no pension provisions.

### Reserves

Reserves are divided into continuity reserves held to ensure the unimpeded implementation of emergency aid projects and other reserves. Reserves are held to provide working capital, to finance assets and future investments and to fund (sudden) emergency aid projects. In accordance with policies agreed within the network Médecins Sans Frontières continuity reserves are held at a minimum of 4.5 months of operational expenditures while the total of reserves should not exceed the level of 12 months of operational expenditures. Within the continuity reserves a risk based buffer capital is provided for.

### Restricted funds

Restricted funds are held for donations for which the donor designated the use and which could not be spent in the reporting period or were intended to be spent over a longer period. Donor restricted funds are assessed regularly.

### Provisions

Provisions are recognised for legally enforceable or constructive obligations that exist at the balance sheet date, and for which it is likely that an outflow of resources will be required and a reliable estimate can be made. Provisions are measured at the most likely amount that is necessary to settle the obligation as per the balance sheet date. 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.

Provisions have been formed for the liabilities existing on the balance sheet date in respect of the following:

- (A) The planned closure or reorganization of emergency aid projects and the associated severance payments due to personnel.
- (B) Claims resulting from pending disputes and litigations.
- (C) Potential liability of income and payroll taxes in project countries.
- (D) Obligations existing on the balance sheet date to continue payment of remuneration (including transition allowances) to personnel who are expected to remain permanently wholly or partly unable to perform work due to illness or disability on the balance sheet date.
- (E) Maintenance of the office building at Plantage Middenlaan 14-16, 1018 DD Amsterdam. The addition to the provision for future maintenance of the building is formed based the expected amounts of maintenance as captured in a multi-year maintenance plan.

Management has assessed the time-value of these provisions as not material. As a result, at balance sheet date no discount rate has been applied.

### Liabilities

Current and long-term liabilities are recognised initially at fair value subsequently measured at amortised cost price. Unless otherwise stated this usually is the nominal value. Accruals (such as for unused leave days and leave pay) are included and further disclosed in the current and long-term liabilities.

### Financial assets and liabilities

Unless explicitly disclosed otherwise, the fair value of the financial assets, receivables, cash and liabilities approximates to the carrying amounts given the mid to short term nature of the claims and that, where necessary, provisions for bad debts are formed

**Commitments and contingencies not included in the Balance Sheet**

Commitments and contingencies not included in the Balance Sheet are understood to include:

- Multi-year financial commitments, such as long term agreements, of which the consideration is exercised in future years.
- Contingent liabilities arising from events up to and including the balance sheet date for which it is not likely that settlement will result in an outflow of funds or of which an amount cannot reliably established; or,
- Contingent liabilities arising from events up to and including the balance sheet and whose existence depends on uncertain events that may or may not occur in the future.

Eventual risks associated with ongoing procedures are disclosed in the Commitments and contingencies not included in the Balance Sheet.

## 5.2 Accounting policies on the expenditure and income

In 2021, cost allocation keys and accounting policies have been maintained. The cost allocation keys are consistently applied within the network Médecins Sans Frontières.

### Emergency aid costs

Costs of emergency aid relate to the costs of the aid projects undertaken by MSF-The Netherlands. This concerns any on-site costs incurred by the projects, as well as the costs of medical and logistic personnel posted and the costs of relief supplies bought via head office and transported to the projects. The cost of handling the purchase, storage and shipping of relief supplies are included in this category. Costs of handling and shipping that cannot be charged directly to the emergency aid projects have been attributed to those based on volume of goods purchased.

Relief supplies purchased through head office are expensed to the projects at the time they are sent to the project country. Supplies delivered to the warehouse and being readied for transport are accounted for as project-related stocks and are included in the Balance Sheet. Outstanding orders for purchases are not included in the accounts. Outstanding orders are internally reported as budget commitments.

### Grants provided to third parties

Grants issued to third parties are stated as costs on the awarding date.

### Programme support costs

Costs of programme support relate to the costs incurred by head office for the direct support of aid projects managed by MSF-The Netherlands. Relevant costs include costs of departments handling the provision of medical advice, programme administration and the recruitment and posting of staff. The costs of the Operations Director and the Medical Director are included in this category.

For aid projects in a number of countries, programme support activities have been (partly) outsourced to the sections with which MSF-The Netherlands works collaboratively. The costs of the activities outsourced to support the projects directly in MSF-Germany and MSF-UK are reported in chapter 7, Partnerships. These costs are not included in the Statement of Expenses and Income.

### Information and awareness raising costs

Costs of information and awareness raising relate to the costs of advocacy within the framework association goals. The primary purpose of advocacy is to increase the public's awareness and to bring about a change of

attitude and behavior.

The allocation of costs for information and awareness raising and the categories stated below are amongst others based on the following basis:

- 50% of the costs of the donor periodical *Artsen zonder Grenzen Magazine* goes to information and awareness raising and 50% to the costs of acquiring income (fundraising).

### Cost of acquiring income

The cost of acquiring income relates to all costs of activities with the direct or indirect purpose to encourage people and institutions to donate money or time and attention for one or more goals of the Association. Apart from costs that can be attributed directly, the following cost allocations are applied:

- 50% of the costs of the donor periodical *Artsen zonder Grenzen Magazine* have been allocated to fundraising costs and 50% goes to information and awareness raising;
- The bank costs which correspond to specific fundraising activities are included in this category;
- The automation costs related to the registration and communications with (potential) donors are included here as well;
- The costs of acquiring government grants are included in so far as these costs were incurred at head office. This particularly concerns part of the personnel costs incurred in the project administration department.

### Management and administration costs

Management and administration costs relate to the costs incurred for directing and managing the organisation. The costs of recruiting personnel to work at the head office and also the costs of performing general financial administration, planning and control, the general legal expenses, as well as the costs of the Board and the Association are included in this category.

Overhead costs relate to the costs of facility support for housing, ICT, general insurances and other office facilities and include depreciation costs, with the exception of the depreciation costs of the donor database which are included in the costs of acquiring income.

The table on the next page describes how the main Management and administration costs are allocated by MSF-The Netherlands.

EXPENDITURES	Management & administration	Overhead	Explanations
Board and Association	100%	-	
General Director, Director Resources, Staff Director, Deputy Director for The Netherlands	100%	-	The Medical Director and Director Operations are attributed to programme support
Heads of department of the Directors Office and Finance, Deputy director HRM-Office	100%	-	The Deputy Director HRM-Field is attributed to programme support
Administrative support to <u>all</u> directors and all heads of department	100%	-	
ICT at head office	-	100%	Including integrated services that are delivered to and for emergency aid projects
Housing, facilities and office materials and supplies	-	100%	
Head of department Program Management Office, PMO officer, general costs	100%		Expenses of improvement projects are directly attributed to the relevant category
Head of department Learning & Development	50%	-	Other 50% to programme support
Reporting & Analytics, information management, data privacy and IT security functions at head office	-	100%	
Project manager Diversity, Equity and Inclusion (DEI) at head office		100%	
Control, compliance and internal audit	100%		
Website development and maintenance	-	100%	
Annual report, corporate communication	100%	-	
Bank costs	100%	-	Bank costs directly related to fundraising activities are allocated to cost of acquiring income
Financial administration	100%	-	
Emergency aid projects administration at head office	-	-	To programme support
Head office staff salary and personnel contract administration	100%	-	
Salaries and personnel costs	Pro rata	Pro rata	As much as possible attributed to actual deployment
Depreciation	-	100%	Depreciation for assets deployed in emergency aid projects is indirectly attributed to Emergency aid
General insurances	-	100%	
Audit costs	100%	-	
Costs of settlement and administration of acquired inheritances	-	-	All to costs of acquiring income including their direct legal expenses
Legal Counsel, Legal Officer	50%	-	Other 50% to programme support
Legal (external advice) expenses head office	100%	-	Costs of documents legalisations are directly attributed to Emergency aid
Contribution to general costs MSF-International	100%	-	

### Personnel costs, overhead costs and allocation

Personnel costs (salaries, social security contributions, pension premiums, transition allowances etc.) for staff employed in emergency aid programmes and staff employed in the headquarters are presented separately in the notes to the Statement of Expenditure and Income (see 2.1a and 2.7).

Personnel costs at head office are divided over the main expenditure destinations and the Overhead to be attributed in proportion to the number of allotted full-time equivalents (FTE) of personnel at head office. After the allocation of personnel costs the overhead costs are attributed in the same way to the different destinations. Note 2.7 in these Financial Statements explains the divisions of these costs after the allocation of the personnel costs.

All salaries, wages and social security contributions are charged to the Statement of Expenditure and Income based on the terms of employment when they are due to employees and the tax authorities respectively. For pensions the premium payable during the financial year is charged to the result. See under Pensions above.

### Donations

Direct donations from the public, from companies and from not-for-profit organisations are recognised as income upon receipt. Donations and gifts for which the use is designated by the donor (or, in the case of a legacy or bequest, by the donor's will) to specific purposes, or is restricted in time, or is required to be invested and retained rather than expended, are designated "earmarked income". Other income earned from restricted revenues such as interests earned from the investment of restricted funds is also considered as earmarked with the same designation as the original funds, unless otherwise specified by the donor.

### Inheritances

Inheritances are recognised at fair value on an accrual basis in the financial year in which the size can be determined with sufficient reliability based on the available documentation relating to an inheritance. Any right of usufruct is taken into account and disclosed. Adjustments to valuations are made on developments and finally at the time of receipt of settlement of the inheritance.

### Membership fees from Association members

Membership fees are not obligatory. Any membership fees from members of the Association are accounted for on a cash basis.

### Grants from individuals, companies and not-for-profit organisations

Grants from individuals, companies and not-for-profit organisations are recognised as income in the respective sub-categories in the same year as the related project expenditure can be declared to the donor.

### Income from lottery organisations

Income from lottery organisations concerns income from the **National Postcode Lottery**. Income from the **National Postcode Lottery** is recognized at the time of the allocation. The proceeds from the **National Postcode Lottery** are based on contracts and on contractually valid financial regulations. Income from the **National Postcode Lottery** that is earmarked for a specific emergency aid programme is accounted for as income for the maximum eligible costs as incurred in the book year.

### Grants and income from MSF-sections

Project grants allocated to MSF-The Netherlands and the subsequent budgetary obligations arising from grants from within the network Médecins Sans Frontières are shown in the Balance Sheet from the contract date. These grants are accounted for as income in the Statement of Expenditure and Income for the maximum eligible costs according to the contract and as incurred in the book year.

### Grants and income from institutional donors

Project grants from governmental institutions awarded to MSF-The Netherlands and the related budgetary obligations are shown in the Balance Sheet from the contract date. These grants are accounted for as income in the Statement of Expenditure and Income in the same year as the related project costs can be declared to the donor.

### Interest income

Interest income is recognised on a pro rata basis.

### Donations in kind

Donations in kind received are not recognised as income and/or expenditure. Donations in kind are disclosed for information purposes in the explanatory notes in the Statement of Expenditure and Income as far as they concern goods that are essential to MSF-The Netherlands to be able to execute our aid projects and, had they not been made available to us, would have been purchased. An explanation is given regarding received donations in kind for which a reporting obligation is required. An estimated total of the current purchase price of the received goods is shown in these financial statements. Donations from other MSF-sections are not included in the explanatory notes.



# 6

## Financial Risks



© Alexis Huguet

▲ Amatou is transferred to the MSF-supported hospital in Bangassou, on the other side of the river. She is pregnant and about to give birth, but the midwives in the MSF-supported Ndu health centre identified some complications and decided to transfer the patient to Bangassou where she can be operated on, if needed. Central African Republic, January 2021.

Our operational and fundraising activities result in exposure to a variety of financial risks. MSF-The Netherlands has identified the following financial risks: credit risk, concentration risk, interest rate risk and foreign currency risk. Management policies have been established to identify and monitor these risks, and to set appropriate risk mitigation measures.

MSF-The Netherlands assesses its overall risk appetite to financial risk as risk-averse, avoiding risk and uncertainty. For the foreign currency risk exposure, the risk appetite is cautious. We accept that, with working globally, a fair degree of uncertainty may be expected.

Furthermore, financial risk exposure may arise from tax and regulatory legislation, which in the unstable environments in which we work is subject to varying interpretations, and changes, that can occur frequently. In our programmes we accept a minimal, up to cautious, level of risk towards local (tax) laws and regulations. Where management has assessed that it is probable that a position on the interpretation of relevant legislation cannot be sustained, an appropriate amount has been included in the provisions in these Financial Statements.

Financial risk management is carried out in accordance with our treasury policy. The written principles and policies are reviewed annually by the Audit Committee. In our risk management activities non-financial risks are also reviewed; more information on those can be found in our Annual Report and the Board Report.

## 6.1 Credit and concentration risks in euro thousands

Credit risks are primarily associated with the cash and cash equivalents we hold at financial institutions and to some extent from receivables.

Cash balances held in Amsterdam are held at a minimum of 80% with banks that have a credit risk rating of at least 'A-', as rated by an acknowledged rating agency. In accordance with our treasury policy smaller maximised cash balances are held with banks that have a credit risk rating of BB+ and BBB+. In our projects cash balances are held to an operating minimum. Risk is mitigated by assessment of the available financial institutions and by planning the frequency of cash transfers to our projects in line with payment patterns.

Cash and cash equivalents held in Amsterdam are spread over four banks: ABN AMRO, ASN Bank, ING and Rabobank. Although we aim to avoid significant concentration of our exposure to a single financial institution, currently about 75% (2020: 72%) of our funds

are held at ABN AMRO. As at 31 December 2021 approximately 56% of the shares of ABN AMRO were state owned. The 3-year cash management agreement with ABN AMRO is valid till 31 December 2022.

At the 2021 General Assembly, members of the Association have requested the Board to consider reviewing the banking relations with a view on strengthening the good governance footprint of the organisation.

The development of the savings deposits over a period of five years is shown below. The realised interest per year is also shown. MSF-The Netherlands has no investments and its main savings deposits are held in euro. Consequently there are no investments or exchange results included in this overview. In 2017 the investment policy for MSF-The Netherlands was adopted by the Board. In view of the market conditions it has been decided not to invest at this time.

<b>Savings deposits</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Balance as at 1 January	<b>76,593</b>	58,797	93,532	83,459	78,711
Balance as at 31 December	<b>92,831</b>	76,593	58,797	93,532	83,459
<b>Movement during the year</b>	<b>16,238</b>	<b>17,796</b>	<b>-34,735</b>	<b>10,073</b>	<b>4,748</b>
Net result cash at bank (income from interest)	<b>-362</b>	-26	192	237	193

Our exposure to institutional donor grants credit risk has remained immaterial as the amount of institutional income was kept at approximately 1% of total income. At the end of 2021 no provisions related to institutional donor grants credit risk were required.



## 6.2 Interest risks

Interest income is received on the cash balances based on market rates for the corporate sector. In the current market, our intention to safeguard capital preservation and to earn a reasonable interest income using plain instruments that guarantee the principal amount, such as bank deposits and money market fund

investments, cannot be realised. In 2021 bank savings deposits and short term currency deposits (for the US dollar) were used. The estimated realised interest over a period of five years on the average of the savings deposits as shown in note 6.1 was as follows:

	2021	2020	2019	2018	2017
Percentage of interest received on the average of savings deposits	-0.4%	0.0%	0.3%	0.3%	0.2%

Banking policies towards corporate savings stayed restrictive and interest remained negative during 2021 with the interest free amounts reducing further.

## 6.3 Foreign currency risk in euro thousands

As we operate internationally we work with multiple currencies on a daily basis. Income from MSF-sections is realised in euro, pound sterling, the US dollar, the Canadian dollar, Swedish krona and other currencies and does not necessarily match our expenditure which is largely in euro and the US dollar. These are in turn converted into other currencies as applicable in our project countries. Our foreign currency exposures relate mainly to project funding grants, purchasing of medical goods, and payments that are denominated in currencies other than our functional currency: the euro.

We manage our foreign currency transaction risk from the point of view that the foreign currency incomes largely represent a natural hedge in comparison to our expenditure. Throughout the entirety of 2021, we participated in a cash netting process managed by MSF-International. All payables and receivables between MSF-sections are reconciled and settled on a monthly basis. MSF-sections receive the currency they require for their activities. Currency transactions via the cash

netting system are executed against more favourable rates and better FX-spreads than MSF-sections could achieve individually.

The majority of our income is in euro and in US dollar or US dollar pegged currencies. In 2021, 70.6% (2020: 51.0%) of the expenditure in US dollar was covered by income in the same currency which lessens the impact of foreign currency risk exposure. Foreign currency needed in our project countries is as much as possible purchased centrally while balances are kept to a minimum. In 2021, 43.5% (2020: 38.3%) of the total expenditures were in euro and 25.5% (2019: 31.1%) of the total expenditure was in US dollars. Various other foreign currencies make up the remainder of 31.0% (2020: 30.6%) of the total expenditures. In 2021 MSF-The Netherlands did not use financial instruments to control currency risk on various foreign currencies.

The exchange results over a period of five years compare as follows:

	2021	2020	2019	2018	2017
Realised exchange results from transactions in non-euro currencies	-1,421	2,413	215	-1,569	-153
Unrealised exchange results from transactions in non-euro currencies	759	-2,434	-65	43	-1,820
<b>Total exchange result from transactions during the year</b>	<b>-662</b>	<b>-21</b>	<b>150</b>	<b>-1,526</b>	<b>-1,973</b>
negative amounts represent exchange losses					

### Foreign currency risk on the balance positions

A sensitivity of 2.5% strengthening or weakening of the euro as at 31 December 2021 against our main contract currencies would have increased (decreased) our end of year result by the amount shown below. The sensitivity of the currency valuation in this overview affects the unrealised exchange results as stated in the table above and takes into account the cash and bank position and the receivable and payable positions. Compared to 2021 the total exposure increased from € 27.7 million to € 36.0 million.

The high receivable in CAD, GBP and JPY and the inherent currency exchange risk is short-term as it is related to the transfer of the remaining part of the 2021 grants that for more than 95% were transferred within the first two months of 2022. The relatively high receivable of the US dollar and the inherent currency exchange risk is short-term. The overall balance in US dollar remains high as this is a principle currency used in our projects.

Currency	FX balance sheet exposure in currency at 31-12	Exchange rate at 31-12	FX balance sheet exposure in euro at 31-12	Strengthening	Weakening
AUD	-179,808	0.6404	-115,149	-2,879	2,879
CAD	6,916,081	0.6948	4,805,293	120,132	-120,132
CHF	146,975	0.9680	142,272	3,557	-3,557
DKK	-73,472	0.1345	-9,882	-247	247
GBP	9,188,230	1.1901	10,934,913	273,373	-273,373
HKD	-66,456	0.1132	-7,523	-188	188
JPY	75,384,656	0.0077	580,462	14,512	-14,512
NOK	-1,016,121	0.1001	-101,714	-2,543	2,543
SEK	737,543	0.0976	71,984	1,800	-1,800
USD	22,385,829	0.8829	19,764,448	494,111	-494,111
ZAR	-290,227	0.0554	-16,079	-402	402
			<b>36,049,025</b>	<b>901,226</b>	<b>-901,226</b>

### Foreign currency risk on operational expenses and result

In 2021, overall exchange rate developments had a moderate impact on our expenditure on emergency aid with a similar effect on our income. At the end of 2020, we anticipated that exchange rates of the currencies we operate in would remain volatile. The US dollar, which is the currency with the highest impact on our expenditure, appreciated to the euro. In 2021, the main impact on the euro value of the expenditure on emergency aid was caused by currency movements in Ethiopia (ETB), Libya (LYD) and Myanmar (MMK). Realised income from the MSF-sections and from institutional donors ended approximately € 6.7 million (or 2.4%) higher due to the exchange rate effects. The share of the US dollar accounted for an estimated € 3.6 million of the higher

income, the British Pound for € 2.5 million, the Hong Kong Dollar for € 0.4 million and the remaining € 0.2 million can be accounted for by the Swedish Krona and the Canadian Dollar. For the short-term we assume that the main exchange rates will continue to develop in the same directions as they have developed in 2021. We have taken this as starting point for our budgeting scenarios taking year end 2021 rates as the basis for our forward financial planning (see Annex 1, Forward statement).

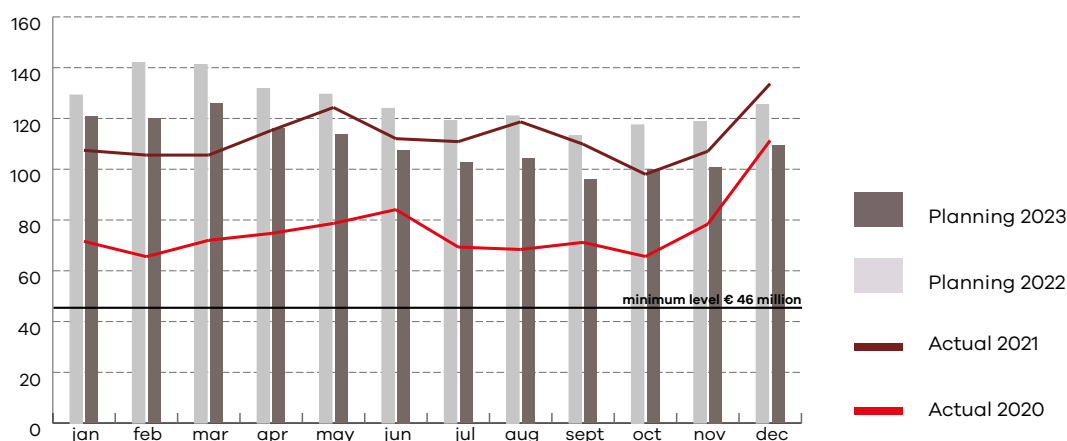
## 6.4 Income and result Sensitivity

### Cash Flow and Income sensitivity analysis

We maintain a 2 year rolling forward cash flow to monitor the in and out flow of cash, to prevent liquidity shortages

and to assess the sensitivity of our organisation to reductions in income.

### CASH FLOW REALISATION AND PLANNING 2020-2023 in euro millions



Early in 2022, we performed a stress test on the sensitivity of our organisation to reductions in income to assess the degree of uncertainty on the financial strength of the organisation. For the stress testing we considered different scenarios including 'as is' with income and expenses levels developing according to the 2022 reference budget, and scenarios with a reduction of income of up to 50%. In applying a reduction of expenses, we count with a conservative estimate of 5 months delay between income reduction and expenses reduction measures taking effect. Based on the stress test and conserving the reserves levels as at the end of 2021, a

reduction of income by 30% can be absorbed without necessitating adjustments to the expenditure in the first 12 months. Any further reduction in income up to 50%, followed by an equally large reduction in expenses within 5 months, will not lead to a liquidity shortage within 12 months.

In the opinion of the management, developments taking into account more than 30% reduction in income are highly unlikely scenarios. Evaluating the current development of our income we expect that the 'as is' scenario is the most likely scenario.

### Result Sensitivity

The sensitivity analysis illustrates the estimated impact of the various changes and trends on our income, emergency aid expenses and the result, as well as the possible impact of exchange rate and interest development compared to budgeted rates.

In the forward financial planning and the budgeting for 2022 this sensitivity analysis is taken into account in the decision making.

Sensitivity analysis	Change	Estimated impact in euro	On	Assumption
Income, total	<b>+/- 5%</b>	+/- 15.7 million	result	Change in income with no change in planned expenditure
Income, from MSF-sections	<b>- 5%</b>	-11.9 million	result	Consolidation with some level of uncertainty
Emergency aid expenditure	<b>+/- 5%</b>	+/-14.1 million	result	No change in income and continuation of trend
USD	<b>+/- 10%</b>	+/- 2.9 million	result	Stable income from MSF-USA, no change in cost base emergency aid
GBP	<b>+/- 10%</b>	+/- 3.0 million	result	Stable income from MSF-UK no change in cost base.
Other operating currencies	<b>+/- 5%</b>	+/- 3.0 million	result	No change in cost base emergency aid
Interest rate	<b>- 500bp</b>	-0.4 million	result	Average interest percentage received decreases to -1.0%

## 7 Partnerships

▲ Pharmacy supervisor Faiz Derhem Zohair and Pharmacy storekeeper Mohammad Jaber Abdullah at work at the MSF medical warehouse in Al-Qanawis, Hodeidah, Yemen where MSF supports a mother and child hospital. Yemen, August 2021.

MSF-The Netherlands is a member of the international network of Médecins Sans Frontières, which is composed of 25 associations. Each of them is an independent legal entity registered in the country where they operate. All MSF-associations are united in the Swiss-based association Médecins Sans Frontières International. The association Médecins Sans Frontières International can make decisions that, in practice, are binding to the individual organisations. The association Médecins Sans Frontières International oversees the organisation's objectives and identity, promotes mutual cooperation, and coordinates the growth of the associated organisations and the sharing and allocation of available resources.

The MSF-associations are linked to six Operational Centres (OC) who directly manage the humanitarian action in the field and decide when, where, and what medical care is needed. MSF-sections are offices that support the field work. They mainly recruit staff, organise fundraising, and raise awareness on the humanitarian crises our teams are witnessing. Each MSF-section is linked to an association which defines the strategic direction of the section, and holds the section accountable for its work. Some MSF-sections have opened branch offices to extend this support work further. Currently there are 23 sections and 18 branch offices around the world. Additional satellite offices exist to support logistics, supply and epidemiology. The association MSF-The Netherlands is one of the 23 sections.



## 7.1 Médecins Sans Frontières international network

The association Médecins Sans Frontières International is governed by the International Board, which in turn is supervised by the International General Assembly. MSF-The Netherlands is an institutional member. The association Médecins Sans Frontières International also has private members. More information can be found on [msf.org/how-are-we-run](https://www.msf.org/how-are-we-run).

- MSF-The Netherlands appoints two of the 50 institutional delegates of the General Assembly of the

Association Médecins Sans Frontières International.

- The annual contribution to the expenditures of the MSF-International office is based on the private income from the previous year. In 2021, MSF-The Netherlands' share was 4.09% (2020: 4.77%) of the total expenditures of the association Médecins Sans Frontières International. In 2021 the contribution totalled € 746,794 (2020: € 833,123).

in euro thousands	2021	2020
Total Expenditure MSF-The Netherlands	321,180	287,128
Total Expenditure MSF-Network	* 1,774,000	1,678,810
MSF-The Netherlands as % of MSF-Network	18.1%	17.1%

(\*) The International Combined Accounts are published after the Financial Statements of MSF-The Netherlands. The 2021 total expenditure of the MSF-Network is a best estimate.

## 7.2 Operational Centre Amsterdam partnership

MSF-The Netherlands works together with the MSF-associations in Canada, Germany, India, Sweden and the United Kingdom in a collaborative partnership. These MSF-sections contribute, each in their own way, actively to the supervisory function, policy setting and to the executive level of the Association MSF-The Netherlands. The collaboration in the Operational Centre Amsterdam (OCA) only concerns the execution and the programme support of emergency aid. There is no formal private organisation constituted.

The OCA is governed by a Memorandum of Understanding that is signed by the Board of MSF-The Netherlands, together with the Boards of the MSF-associations in Canada, Germany, South Asia, Sweden and the United Kingdom. Together they have established a supervisory umbrella organ: the OCA-Council. At 31 December 2021 the OCA-Council had twelve members.

- The president of MSF-The Netherlands is the Chair of the OCA-Council;

- The Board of MSF-The Netherlands delegates two of its members to the OCA-Council. The president of MSF-The Netherlands is one of the delegates. Both are mandated voting members;
- The treasurers of MSF-Germany and MSF-UK plus the treasurer of MSF-Canada and one Board member of MSF-The Netherlands, are members of the Audit Committee that is chaired by the MSF-The Netherlands treasurer;
- The chair of the Audit Committee is a member of the OCA-Council;
- The OCA Council approves the medical and operational strategic plan for the OCA and approves the operational annual plan, including the annual plan of the programme support departments;
- At the executive level, the General Directors of MSF-Germany, MSF-India and MSF-United Kingdom actively participate in the day-to-day management of the project execution. Together with five members of the MSF-The Netherlands Management Team they



form the OCA Management Team. The General Director of MSF-The Netherlands is the chair of the OCA Management Team;

- The management of the MSF-section's office organisations and private fundraising activities are run by the individual MSF-sections.

In the total of MSF-The Netherlands' costs for programme support that are disclosed in note 2.3 of these financial

statements, the costs of activities that are carried out by MSF-Germany and MSF-United Kingdom are not included. These costs will be shown in their financial statements. The costs and FTE usage including outsourced activities are as follows:

in euro thousands	2021	2020	FTE 2021	FTE 2020
MSF-The Netherlands programme support costs	21,796	21,948	246	239
Costs outsourced activities MSF-Germany	2,065	1,962	25	24
Costs outsourced activities MSF-United Kingdom	4,408	3,448	32	31
<b>Total programme support costs</b>	<b>28,269</b>	<b>27,358</b>	<b>303</b>	<b>294</b>
<i>(as a % of the total spent on Association goals - policy standard is &lt; 10%)</i>	9.3%	10.1%		

## 7.3 Contributions

In 2021 MSF-The Netherlands contributed to a number of activities and initiatives of MSF International. All the contributions are based on the share that is equal to the Income of MSF-The Netherlands as a percentage of the total income of the network Médecins Sans Frontières.

For 2021 the share of MSF-The Netherlands was set at 4.09% (2020: 4.77%).

Contributions in euro	2021	2020
Campaign Access to Essential Medicines	195,837	223,599
Set-up MSF shared IT-Services Centre	68,404	62,353
MSF Transformational Investment Fund	163,404	150,589
Drugs for Neglected Diseases initiative (DNDi)	163,600	190,800

In addition MSF-The Netherlands contributed € 2,022,840 (2020: € 1,570,850) to MSF-India. MSF-The Netherlands established MSF-India in 2013 on behalf of MSF-International. MSF-The Netherlands has committed to support MSF-India in developing its governance and

management, and to provide financial support for the coming years. For 2022 a contribution to MSF-India of € 2,083,000 is included in the budget of MSF-The Netherlands.

## 7.4 International financial cooperation

Within the network Médecins Sans Frontières a Financial agreement has been established for the period 2020–2023. Of the total funds raised and after the deduction of costs for fundraising, offices and the contributions to MSF-International the share of the net-total for MSF-The Netherlands was set at 22.75% for the years 2020 and

2021. After a mid-term review of the agreement the shares for the coming years have been set at 22.25% for 2022 and 22.10% for 2023. The distribution of income flows will be according to the table below. According to the agreement the MSF-USA contribution may vary from year to year in order to balance the allocated income share.

Distribution of net income to MSF-The Netherlands	2020-2023	Contract Currency
MSF-Germany	70%	EUR
MSF-United Kingdom	70%	GBP
MSF-Canada	33%	CAD
MSF-Hong Kong	30%	HKD
MSF-Sweden	20%	SEK
MSF-Japan	5%	JPY
MSF-United States	balancing	USD

### Other agreements

- The terms of employment and the remuneration structure for international personnel have been aligned to both the ratio of the country of permanent residence cost of living as well as the social security standards.
- All posted staff are insured and covered by a worldwide health and disability insurance policy.
- A worldwide Directors and Officers liability insurance has been taken out covering all MSF-entities, including the Ethical Review Board.
- A worldwide medical malpractice liability insurance has been arranged that covers a number of MSF-sections. Based on its operational volume MSF-The Netherlands contributes 33.3% towards the premium of that cover.

## 7.5 Combined Financial Statements

The cooperation within the international network Médecins Sans Frontières is a continuous and structural partnership, although none of the participating entities can be viewed as a formal principal. Consequently there is no formal obligation to draw up consolidated accounts.

The MSF-network has published Combined Financial Statements since 2003. The Combined Financial Statements 2021 will be published after the publication of

the MSF-The Netherlands Financial Statements. The anticipated publication date is 30 May 2022. The Combined Financial Statements are audited against Swiss GAAP-FER. The Combined Financial Statements for 2020 are accompanied by an unqualified opinion issued by *Ernst & Young Ltd, Geneva*, Switzerland. The Combined Financial Statements can be found on MSFs international website *msf.org*.

## 8

## Events after the Balance Sheet Date



© Maurizio Debonne/MSF

▲ In cooperation with the Ukrainian railways and the Ministry of Health, our team has just completed a medical train referral of 48 patients, coming from hospitals close to frontlines in the war-affected east of Ukraine. April 2022.

The armed conflict in Ukraine initiated by Russian forces in February 2022 and the ensuing sanctions imposed on Russia have created an uncertain operating environment for many global organisations. While MSF-The Netherlands maintains minimal financial assets at risk in the areas under sanctions, we have identified other organisational risks that warrant disclosure after the balance sheet date of these financial statements.

As part of our operational preparation for engaging in Ukraine, management has assessed the most probable indirect impacts of the crisis. Operational risk drivers and their resulting impacts on our work and the communities we serve have been considered, organised under four themes: political, conflict/security, humanitarian, and economic.

Political risks to MSF are seen to largely to fall within two categories: migration and geopolitical. A significant portion of our operational portfolio is dedicated to providing medical care to people on the move. Our ability to treat patients fleeing violence is shaped by the EU's migration policies and 'refugee fatigue', both for Ukrainians and non-Ukrainians, could lead to regressive policies that are detrimental to our social mission. Furthermore, our current focus on Ukraine could be misconstrued by our partners or the public as 'pivoting away' from our engagements elsewhere, diverting organisational attention from severe crises in other parts of the world.

We face material security risks while carrying out our lifesaving work in active, armed conflicts. Ukraine is no exception; however, this 'hybrid' conflict is deemed to possess an enhanced risk of miscalculation and escalation due to the considerable military strength of the parties. Additionally, modern forms of warfare including cyber-attacks, targeted infrastructure attacks, and a sophisticated information war compound to create greater perceived instability in the region and in other countries we work in where Russia holds influence. These threats carry the risk of physical and mental harm to our staff and patients.

This conflict poses humanitarian risks, both in terms of the supply chain and the wider humanitarian system. Fuel, transport, and insurance costs are rising along with food and agricultural input prices, leading to a supply pinch in many common services and posing risks to vulnerable people. Pharmacy supply chains have also been affected. In the system, we see pressure for 'political humanitarianism', a risk that threatens reputational harm through challenging our core principle of neutrality in conflict.

Finally, the crisis has brought economic risks to bear, encompassing rising prices as mentioned above but adding troublesome economic behaviours like export bans, stockpiling and currency volatility. Signs of economic depression in Russia loom large and a collapse would create widespread instability in the region. If the economic risks materialise, we face increased costs of assistance while our patients face a reduced standard of living and reduced access to healthcare.

We highlight these risks as they are important for scenario planning and mitigation efforts. We do not foresee challenges posed by the conflict in Ukraine that would materially threaten our ability to operate in the future. In the opinion of management, the conflict does not pose significant risk to our financial position and result. In recent years, at least 75% of our income has come from structural sources while we carry no long-term debt and maintain high liquidity ratios. Along with our ability to scale our Emergency Aid expenditure in line with funding, management expresses full confidence in the continuity of the organisation and our ability to operate as a going concern.



## 9 Other Information



© Virginie Nguyen Hoang/HUMA

▲ Hassan, 13 years old, and Ali\*, 7 years old, are happy to be on the Geo Barents after spending more than 13 hours in a wooden boat adrift in the Libyan Search and Rescue zone, before being rescued by MSF. Mediterranean Sea, November 2021.

\*Names were changed to protect their identities.

### 9.1 Signing

The financial statements are prepared by the management of MSF-The Netherlands and have been audited by Deloitte Accountants B.V. (see the independent auditor's report below). The financial statements were extensively discussed with the auditors by the Audit Committee in the presence of the management in May 2022. On the condition of obtaining an unqualified opinion of the independent auditor the Financial Statements were unanimously adopted by the full Board of the Association MSF-The Netherlands in its meeting of 14 May 2022. As such, the Board recommends that the General Assembly of Members, in its annual meeting to be held on June 11, 2022, adopt the financial statements.

Amsterdam, 14 May 2022

The Association Board



Deloitte Accountants B.V.

Schenkkade 50d  
2595 AR Den Haag  
P.O.Box 90721  
2509 LS Den Haag  
Netherlands

Tel: +31 (0)88 288 2888  
Fax: +31 (0)88 288 9811  
[www.deloitte.nl](http://www.deloitte.nl)

## INDEPENDENT AUDITOR'S REPORT

To the General Assembly of Vereniging Artsen zonder Grenzen

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS 2021 INCLUDED IN THE ANNUAL ACCOUNTS

#### Our opinion

We have audited the accompanying financial statements 2021 of Vereniging Artsen zonder Grenzen, based in Amsterdam.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Vereniging Artsen zonder Grenzen as at 31 December 2021, and of its result for 2021 in accordance with the Guideline 650 of the Dutch Accounting Standards Board.

The financial statements comprise:

1. The balance sheet as at 31 December 2021.
2. The statement of Expenditure and Income for 2021.
3. The notes comprising a summary of the accounting policies and other explanatory information.

#### Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of Vereniging Artsen zonder Grenzen in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Emphasis of the impact of the Russia/Ukraine-Crisis

The Russia/Ukraine-Crisis also impacts Vereniging Artsen zonder Grenzen. Management disclosed the estimated impact on financial performance and health of Vereniging Artsen zonder Grenzen and her plans to deal with these events or circumstances in chapters 1 and 8 of the financial statements. Our opinion is not modified in respect of this matter.



## **REPORT ON THE OTHER INFORMATION INCLUDED IN THE ANNUAL ACCOUNTS**

In addition to the financial statements and our auditor's report thereon, the annual accounts contain other information.

The other information consists of:

- Board Report
- Main Financial Trends 2021
- Financial risks
- Partnerships
- Other information

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements.
- Contains the information as required by Guideline 650 of the Dutch Accounting Standards Board.

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

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

The Board is responsible for the preparation of the other information, including the Board Report, Main Financial Trends 2021, Financial risks, Partnerships and Other information.

## **Description of responsibilities regarding the financial statements**

### **Responsibilities of the Board for the financial statements**

The Board is responsible for the preparation and fair presentation of the financial statements in accordance with Guideline 650 of the Dutch Accounting Standards Board. Furthermore, the Board is responsible for such internal control as the Board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the Board is responsible for assessing the association's ability to continue as a going concern. Based on the financial reporting framework mentioned, the Board should prepare the financial statements using the going concern basis of accounting unless the Board either intends to liquidate the association or to cease operations, or has no realistic alternative but to do so.

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

### **Our responsibilities for the audit of the financial statements**

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

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





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

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

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the association's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.
- Concluding on the appropriateness of the Board's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the association to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures.
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

The Hague, June 1, 2022  
Deloitte Accountants B.V

Signed on the original:  
M.A. van Dreumel



## Annex 1 Forward Statement

© Igor Barbiero/MSF

▲ MSF medics try to resuscitate a newborn baby at the health centre in Abi Adi, a town in central Tigray, Ethiopia, March 2021.

Our Forward Statement of Expenditure and Income is based on the medical and operational ambitions laid out in the OCA Strategic Plan 2020-2023 and the multiyear financial agreements as agreed between the MSF-sections. The forward planning is a rolling forecast that is evaluated and agreed twice every year. As a result, budget projections are adjusted regularly allowing better steering of expenditure, income and reserves and cash flow positions.

By their nature, forward-looking statements relate to future events and circumstances and therefore contain uncertainty. Whereas for a part this is built in, actual results may differ materially from those presented here. For the year 2023 - 2024 deficit spending is budgeted.

The budget for expenditure for Emergency Aid amounts in 2022 to 84% of the total budget. In A1.2 the budget for costs on emergency aid per country is shown.

As Staff costs represent the biggest category within our total costs we have included the multiyear development of staff numbers in Chapter A1.3.

## A1.1 Forward Statement of Expenditure of Income in euro thousands

EXPENDITURE	Actual 2020	Actual 2021	Reference Budget 2022	Projections 2023	Projections 2024
<b>Spent on Association goals</b>					
Emergency aid	243,368	<b>276,202</b>	<b>281,664</b>	292,930	304,947
Grants provided to third parties	2,281	<b>2,900</b>	<b>2,247</b>	2,330	2,408
Programme support	21,948	<b>21,796</b>	<b>26,652</b>	27,631	28,564
Information and awareness raising	2,727	<b>2,679</b>	<b>3,322</b>	3,444	3,560
<b>Total spent on Association goals</b>	<b>270,324</b>	<b>303,577</b>	<b>313,885</b>	<b>326,335</b>	<b>339,479</b>
<i>(in % of total income - target is &gt; 85%)</i>	86%	84%	100%	99%	96%
<i>(in % of total expenditure - target is &gt; 90%)</i>	94%	95%	94%	94%	94%
<b>Cost of acquiring income</b>					
Cost of acquiring income	9,170	<b>9,769</b>	<b>9,992</b>	10,359	10,708
<i>(as a % of the total income - target is &lt; 5%)</i>	2.9%	2.7%	3.2%	3.1%	3.0%
<b>Management and administration</b>					
Management and administration	7,634	<b>7,834</b>	<b>10,705</b>	11,133	11,578
<i>(in % of total expenditure - target is max 3%)</i>	2.7%	2.4%	3.2%	3.2%	3.2%
<b>Total expenditure</b>	<b>287,128</b>	<b>321,180</b>	<b>334,582</b>	<b>347,827</b>	<b>361,765</b>
<i>(as a % of the total of income)</i>	92%	88%	106%	105%	102%
<b>INCOME</b>					
Income from individuals, companies and not-for-profit organisations	62,288	<b>62,704</b>	<b>60,059</b>	63,465	66,257
Income from <b>National Postcode Lottery</b>	13,500	<b>17,500</b>	<b>13,500</b>	13,500	13,500
Grants from MSF-sections	232,946	<b>277,883</b>	<b>238,539</b>	251,201	271,406
Grants from institutional donors	3,838	<b>4,350</b>	<b>2,541</b>	2,541	2,541
<i>(as a % of the emergency aid expenses)</i>	2%	2%	1%	1%	1%
Other income	421	<b>639</b>	<b>0</b>	0	0
<b>Total income</b>	<b>312,993</b>	<b>363,076</b>	<b>314,639</b>	<b>330,707</b>	<b>353,704</b>
Result from operational activities	25,865	<b>41,896</b>	<b>-19,943</b>	-17,120	-8,061
Net financial income and expenses	16	<b>-1,024</b>	<b>0</b>	0	0
<b>RESULT EXPENDITURE AND INCOME</b>	<b>25,881</b>	<b>40,872</b>	<b>-19,943</b>	<b>-17,120</b>	<b>-8,061</b>

## A1.2 Budget emergency aid 2022 in euro thousands

Costs emergency aid per country	Actual 2021	Budget 2022
Afghanistan	17,336	18,073
Bangladesh	15,804	16,880
Belarus	1,599	1,168
Central African Republic	17,048	16,294
Chad	5,964	6,452
DRC	17,251	15,529
Ethiopia	15,713	1,592
Great Britain	133	0
Guatemala	47	0
Haiti	6,895	5,796
India	7,129	8,634
Iraq	3,922	4,012
Jordan	2,945	225
Kenya	1,027	1,113
Libya	4,351	5,028
Lithuania	237	0
Malaysia	2,382	2,830
Mediterranean Sea	6,640	8,024
Myanmar	14,079	12,245
Nigeria	11,281	11,127
Pakistan	6,586	7,410
Russia	1,789	2,113
Sierra Leone	8,039	7,346
Somalia	9,561	8,930
South Africa	1,604	1,164
South Sudan	31,094	28,279
Sudan	12,207	13,112
Syria	12,373	12,260
Tajikistan	2,511	3,056
Uzbekistan	7,723	7,579
Venezuela	6,078	4,107
Yemen	18,508	23,258
Various exploratory projects	31	0
Reserved in the budget for unplanned emergency aid projects		19,264
	<b>269,887</b>	<b>272,900</b>
Other costs and movements in provisions for emergency aid	988	2,700
Procurement unit costs	5,327	6,064
<b>Total emergency aid expenditure</b>	<b>276,202</b>	<b>281,664</b>

The composition of the expenditure for emergency aid in main categories is as follows:

<b>Emergency aid per category</b>	<b>Actual 2021</b>	<b>Budget 2022</b>
Purchase of medical items	<b>39,865</b>	34,307
Purchase of non-medical items	<b>24,032</b>	19,284
Subcontracted services	<b>21,686</b>	24,131
Transport	<b>32,018</b>	23,517
General and running costs	<b>16,491</b>	20,470
Miscellaneous and other costs	<b>5,232</b>	3,478
<b>Personnel costs</b>		
Total costs international staff posted in projects	<b>39,001</b>	44,581
Total costs national staff	<b>84,759</b>	97,712
Accommodation and transport	<b>10,676</b>	11,598
Total costs staff Procurement unit	<b>2,442</b>	2,586
<b>Total emergency aid expenditure</b>	<b>276,202</b>	<b>281,664</b>

### A1.3 Development of staffing in full time equivalents

	<b>Actual 2020</b>	<b>Actual 2021</b>	<b>Reference Budget 2022</b>	<b>Projections 2023</b>	<b>Projections 2024</b>
International staff	710	<b>749</b>	<b>752</b>	782	812
Office staff Amsterdam	339	<b>356</b>	<b>388</b>	403	419
National staff in projects	9,488	<b>10,318</b>	<b>11,264</b>	11,715	12,165
<b>Total staff</b>	<b>10,537</b>	<b>11,423</b>	<b>12,404</b>	<b>12,900</b>	<b>13,396</b>

# Colophon

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Artsen zonder Grenzen  
Plantage Middenlaan 14  
P.O. Box 10014  
1001 EA Amsterdam  
The Netherlands

**T** +31 20 520 87 00

**E** [info@artsenzondergrenzen.nl](mailto:info@artsenzondergrenzen.nl)

**W** [artsenzondergrenzen.nl](https://artsenzondergrenzen.nl)



@AzG\_nl



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Cover photo: Operating theatre of the MSF hospital in Bentiu  
internally displaced persons camp. South Sudan, May 2021.  
Photo: Lauren King/MSF