



290,596
CHILDREN REACHED IN 2017 THROUGH OUR
PROGRAMMES WORLDWIDE

**WAR CHILD:
COMING TOGETHER
FOR EFFECTIVE CHANGE**

WAR CHILD
ANNUAL REPORT 2017

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FOREWORD

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INTRODUCTION

TJIPKE BERGSMA FOREWORD

The challenges facing our organisation are perhaps more acute than at any time in our 23-year history. There are currently some 250 million children forced to grow up with the effects of armed conflict - a figure that equates to one in ten of the world's children. There are also more children out of school than ever before - more than 24 million children across the world have never seen a teacher as a result of armed conflict.

And this situation isn't likely to improve any time soon. Armed conflict will continue to create situations of acute humanitarian need. Active conflicts such as those in Syria and Yemen show no sign of abating while the increasing instability we see in countries such as South Sudan gives us cause for great concern.



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The nature of armed conflict is also changing and becoming ever more complex. Wars between state actors and armed insurgents are increasingly being fought within the heart of civilian populations. Many of the world's cities are also becoming arenas where armed criminal gangs fight for supremacy - with children caught in the crossfire.

So, how to meet these challenges? We know that worldwide the number of people in need is greater than the available humanitarian funding. And that even with our best efforts we will never be able to reach all of the world's conflict-affected children. All this means that we have to be more agile and effective in everything we do.

I believe that we have made great strides in meeting these challenges over the course of 2017. The year saw us further develop and improve the programmes we offer - efforts which were acknowledged in academic circles and with the Best Practice award we received from the Jacobs Foundation in Zurich, Switzerland. These efforts to build an evidence base for our interventions will allow us to support the development of minimum standards for programmes for conflict-affected children.

Can't Wait to Learn - our global programme to provide conflict-affected children with quality education - expanded to Lebanon and Jordan with new literacy components. We continued to improve our internal processes to become more efficient and effective. War Child Sweden - in its first year of operation - put in place strong foundations for future growth. And we saw our total income grow year-on-year by almost €12 million.

Of course, our work is never done - even with the invaluable support of our staff, donors and network of Friends across the Netherlands. Which means, we will continue our efforts to reach increasing numbers of the world's conflict-affected children. Because no child should be part of war. Ever.

WE ARE WAR CHILD

What We Do:

War Child works exclusively to improve the lives of children affected by armed conflict. We provide children living in areas affected by war and conflict with vital psychosocial support, education and protection.



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Our ultimate goal is to ensure the improved psychosocial wellbeing of children forced to live with the effects of war.

Children are the primary focus of our programmes - but we also work with parents, caregivers, teachers and other important adults in children's lives. This support helps ensure children can build a better future - both for themselves and their communities.

Where We Work:

War Child is active in fourteen countries where children are forced to live with effects of armed conflict. We are present in countries experiencing active conflict as well as societies where the consequences of recent armed conflicts are still being felt. We also work directly with child refugees in Europe.

Our countries of operation are: Afghanistan: Burundi: Colombia: DR Congo: Iraq: Jordan: Lebanon: the occupied Palestinian territories: South Sudan: Sri Lanka: Sudan: the border regions of Syria: Uganda: and Yemen. We also work to support refugee children in the Netherlands - and are exploring ways we can work with refugees in Sweden.

How We Are Funded:

Our funding base is comprised of two types of income - restricted funds and unrestricted funds.

Restricted funds mainly come from institutional partners such as governments, charitable foundations and international organisations. Unrestricted funds typically come from two sources - our large base of Friends (structural donors) and the various fundraising events and activities undertaken by individuals, businesses and our primary sponsors.

Who We Work With:

War Child collaborates with organisations across the world to ensure that our work has maximum impact. We currently work with more than 50 implementing partners globally to carry out our programmes. Partnerships with both national NGOs and local organisations help us to execute relevant programmes and access children in hard-to-reach areas.

In order to help as many children as possible - and ensure that our work has maximum impact - War Child will increasingly collaborate with organisations across the world. This will help us achieve our ambition to become a **Networked Expert** Organisation.

Our Reach:

We reached 290,596 children and 83,783 adults through our work in 2017.

Our History:

War Child was founded in 1995 by Dutch social entrepreneur Willemijn Verloop. On assignment in the former Yugoslavia during the Bosnian war, Willemijn witnessed musical workshops held in the bomb shelters to aid local children. She was convinced that this approach could benefit young survivors of conflict across the world.

War Child was soon born - a small organisation with a handful of volunteers working in a borrowed loft. Local fundraising drives soon grew rapidly in scale thanks to the support of major companies and private donors. Within four years we were present in twelve countries - including Sierra Leone and Kosovo.

Our Management Structure:

Tjipke Bergsma is the Managing Director of War Child Holland and responsible for the day-to-day operations of the organisation. Major decisions are taken in consultation with our International Management Team (IMT), comprised of managers representing all major departments and regions of War Child.

At our Amsterdam head office the Senior Management Team (SMT) is comprised of managers representing all major departments of War Child Holland. The SMT is responsible for monitoring the performance and progress of the organisation according to the goals and objectives set out in the global Strategic Plan and related Annual Plans and Budgets.

Independent oversight of the organisation and its management is provided by our Supervisory Board. The Supervisory Board appoints the Managing Director and is responsible for supervising, monitoring the Managing Director. The

Supervisory Board approves organisational strategy, budgets, our Annual Plans and Reports and also monitors major deviations from our strategic plans.

Our Care System:

We are currently busy developing the War Child Care System. This Care System will see the development of scientifically tested and evidence-based interventions and tools to guarantee the highest standards of quality. The system is made up of nine 'Core Interventions' incorporating our specialist areas of work - psychosocial support, protection and education.

These Core Interventions are interconnected for increased impact - and ensure we can provide targeted, effective support to serve the whole range of needs experienced by conflict-affected children.



WE ARE WAR CHILD

War Child works in support of conflict-affected children - here we outline our vision and strategic priorities.

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WAR CHILD
ANNUAL REPORT 2017

VISION AND MISSION

War Child works exclusively to improve the lives of children affected by armed conflict. We support children in fourteen countries through wide-ranging programmes that combine psychosocial support, protection and education for maximum impact. Our ultimate goal is to improve the psychosocial wellbeing of children affected by conflict.



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Globally there are some two hundred and fifty million children and adolescents whose fundamental rights to be protected, educated and live free from fear and trauma are repeatedly violated.

What's more, the challenges we face are growing in complexity. The nature of armed conflict is evolving and increasingly taking place within the heart of civilian populations. In Syria alone, the nearly eight-year conflict has caused the deaths of more than 250,000 people - including thousands of children.

Networked Expert Organisation:

We will never reach the world's 250 million conflict-affected children by ourselves. But we believe - and are building the evidence to support this belief - that our interventions make a difference and should be offered to as many children as possible. In order to increase our reach - and ensure that our work has maximum impact - War Child will increasingly collaborate with organisations across the world and encourage the replication of our proven programme models.

Research and Development is a key driver of this process - and will see us develop a package of evidence-based interventions. These will be piloted and implemented directly in our programme countries - and more widely shared via a network of partner organisations.

These interventions will make up the **War Child Care System**. We will offer a range of interventions across all levels of a child's life – encompassing peers, parents, teachers and the wider community – that will lead to a local and effective system of care. All interventions will be integrated for enhanced effect and implemented in close collaboration with our country programme teams.

This collaboration and sharing of knowledge highlights what we mean when we refer to ourselves as a **Networked Expert Organisation**.

OUR ROAD TO 2020

Our ambition - as outlined in our Global Strategy 2020 - is to be the **networked expert organisation for psychosocial wellbeing for children affected by conflict**. This process will see us collaborate with organisations across the world to ensure that our work has maximum impact. We intend to reach one million children annually through our programmes - and millions more through our networks.



Research and Development will support the development and evaluation of our Care System. This research agenda helps us build the necessary evidence to share these certified programme models through a network of partner organisations.

This Care System comprises nine evidence-based 'core interventions' incorporating psychosocial support, protection and education across differing levels of intensity. This package of interventions is supported by a series of tools and measures to both strengthen quality and allow for global replication as well as quality implementation by front line staff and volunteers.

The development of the Care System is just one step towards fulfilling our ultimate ambition - which is to significantly increase the scale of our impact around the world. This package of evidence-based interventions will in future allow us to select and certify a global network of partners and official bodies to implement our proven programme models.

We will also look to increasingly participate in academic and humanitarian networks across the world. We already play a significant role in several global networks - including the STRENGTHS consortium in support of the mental health needs of refugees - and collaborate with leading research universities including King's College, London.

These processes offer potentially unlimited scale - and will ensure that adequate and sufficient protection and psychosocial support is offered to the millions of conflict-affected children around the world.

OUR METHODOLOGY

War Child works exclusively to improve the lives of children affected by conflict. We offer children psychosocial support, education and protection in fourteen countries across the world.

The ultimate goal of our programmes is to ensure the improved psychosocial wellbeing of children forced to live with the effects of armed conflict. Our interventions incorporate our three programming lines in an integrated manner for maximum effect. We work directly with children, the important adults in their lives and the communities around them to ensure our programmes are relevant and effective.

All these efforts help to ensure that children in areas affected by armed conflict can build a better future - both for themselves and their communities.

PSYCHOSOCIAL SUPPORT

War Child works to support the healthy psychosocial development of children living with the consequences of armed conflict. With the right support, most children will be able to cope with the adversities they experience.

Our psychosocial support interventions are designed to enable children and young people to develop their resilience and innate strengths. Participants in our life-skills interventions and structured recreational activities develop increased self-confidence and trust in others.

For children experiencing enduring distress, we are currently testing in Lebanon a scalable model of intervention developed by the World Health Organization. A community-based detection tool - to enable the identification of children in need of specialised support - is also undergoing assessment.

We also work with parents and other key adults in children's lives to enhance their own wellbeing and their capacity to provide care and psychosocial support to children.

EDUCATION

Article 28 of the UN Convention on the Rights of the Child states that every child has the right to a formal education - yet more than 24 million children across the world have never seen a teacher as a result of armed conflict. Our education programmes are designed with the long-term goal building children's academic, social and emotional knowledge and skills to be able to participate fully in their societies and realise their full potential.

In each of our countries of operation we work together with the national ministry of education to ensure quality is upheld and that our programme is in line with the national curriculum. We work in both formal and non-formal education settings and our programmes encompass activities such as catch-up education, basic numeracy and literacy, e-learning initiatives for out-of-school children and enhanced support for education professionals.

CHILD PROTECTION

War Child Holland's child protection programming focuses on prevention and response to abuse, neglect, violence and exploitation of children whose lives are affected by conflict. Our work with individual children utilises a 'case management' approach to ensure children receive the appropriate and targeted support they need.

We also work with communities to help establish community-owned structures that serve to uphold the safety of children and young people.

WAR CHILD GLOBAL

War Child Holland and War Child UK currently operate as two separate entities. Although the two organisations were founded independently, we share a common vision and mission to support children and young people forced to live with the effects of armed conflict.

Both organisations also share a strategic ambition to work more closely together - an ambition encapsulated in our **War Child Global** strategy. This strategy outlines how War Child Holland and War Child UK will align their separate operations into what we call a 'lead agency model' - where the two organisations will target resources more effectively and support each other with funding and technical expertise.



This process will contribute towards increased effectiveness by removing the duplication of projects and systems. Shared programme design will also lead to improved impact on children, enhanced global advocacy and improved positioning with donors.

Realising this objective will be a long and complex process - but significant progress was made during 2017. The year saw the two organisations agree terms on a **Lead Agency** cooperation agreement. This agreement will see War Child Holland and War Child UK increasingly fund each other's country programmes, advocacy and research activities. Shared agreements on essential standards and operational protocols have also been established.

War Child Canada will not participate in the War Child Global initiative. This is because they want to maintain direct control over all programmes they fund.

We hope all of these efforts will allow us to expand beyond the countries where we are currently active - and reach more of the conflict-affected children who need our support.

NEW DONOR MARKETS

War Child continually looks at ways we can expand our fundraising income - both from private and institutional sources - in order to fulfil our mission in support of conflict-affected children. These efforts are in line with our organisational strategy of continued market expansion and donor diversification.

War Child Sweden was officially launched at the end of 2016 as part of this drive for market expansion. In 2017 we paused our examination of the possibilities offered by new markets in order to allow for sufficient investment in Sweden. We will resume these efforts in 2018 and beyond.

WAR CHILD SWEDEN

War Child Sweden is now officially registered as a Swedish fundraising foundation. War Child Sweden embraces the same vision and mission of War Child Holland - to campaign and raise funds on behalf of conflict-affected children worldwide. In 2017 we made great progress in building the War Child Sweden brand - and our ultimate aim is to be the most innovative and creative NGO in Sweden.



2017 marked the first real chapter in War Child Sweden's history and strong foundations for future growth were put in place. Our 'start-up' spirit helped us to forge strong relationships with private companies and foundations - relationships that we will build upon in the coming years.

Our efforts to raise the visibility of the War Child Sweden brand over the course of the year were also successful. The year saw us launch seven fundraising and publicity campaigns in total - including two music events and a national campaign to mark Saint Lucia's Day. These efforts resulted in a high volume of media attention - including several national TV and radio interviews and more than 100 press mentions.

We were also successful in expanding our reach through social media - we began to build a base of followers on Facebook and Instagram and were one of the first four NGOs in Sweden to get a donate button on Facebook.

Our strong relationship with Queen Silvia's Care about the Children Foundation continued, while new relationships were built with - among others - Scania and a significant contribution to our work from the H&M Foundation. While initial contacts have been made with the Swedish government, this will be further explored in 2018.



EXPERT ORGANISATION

Our Research and Development activities serve to significantly increase our impact

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EXPERT ORGANISATION

Research and Development (R&D) is a key driver of War Child's ambition to become the **Networked Expert Organisation** in the field of improving the psychosocial wellbeing of children and youth affected by armed conflict. This ambition will see us reach one million children directly each year through our own programmes - and millions more through humanitarian networks.

The War Child R&D agenda will see the **creation of an integrated care and support system** across all levels of a child's life. This **Care System** will see the development of scientifically tested and evidence-based interventions and tools to guarantee the highest standards of quality.

The R&D agenda is designed to ensure the provision and increased scale of quality care and support to conflict-affected children around the world - both by ourselves and through our network of partner organisations.

These efforts will contribute to ensuring the increased resilience and improved psychosocial wellbeing of conflict-affected children. Our approach will also help to establish protective and supportive communities that respect the rights of children.

THEORY OF CHANGE

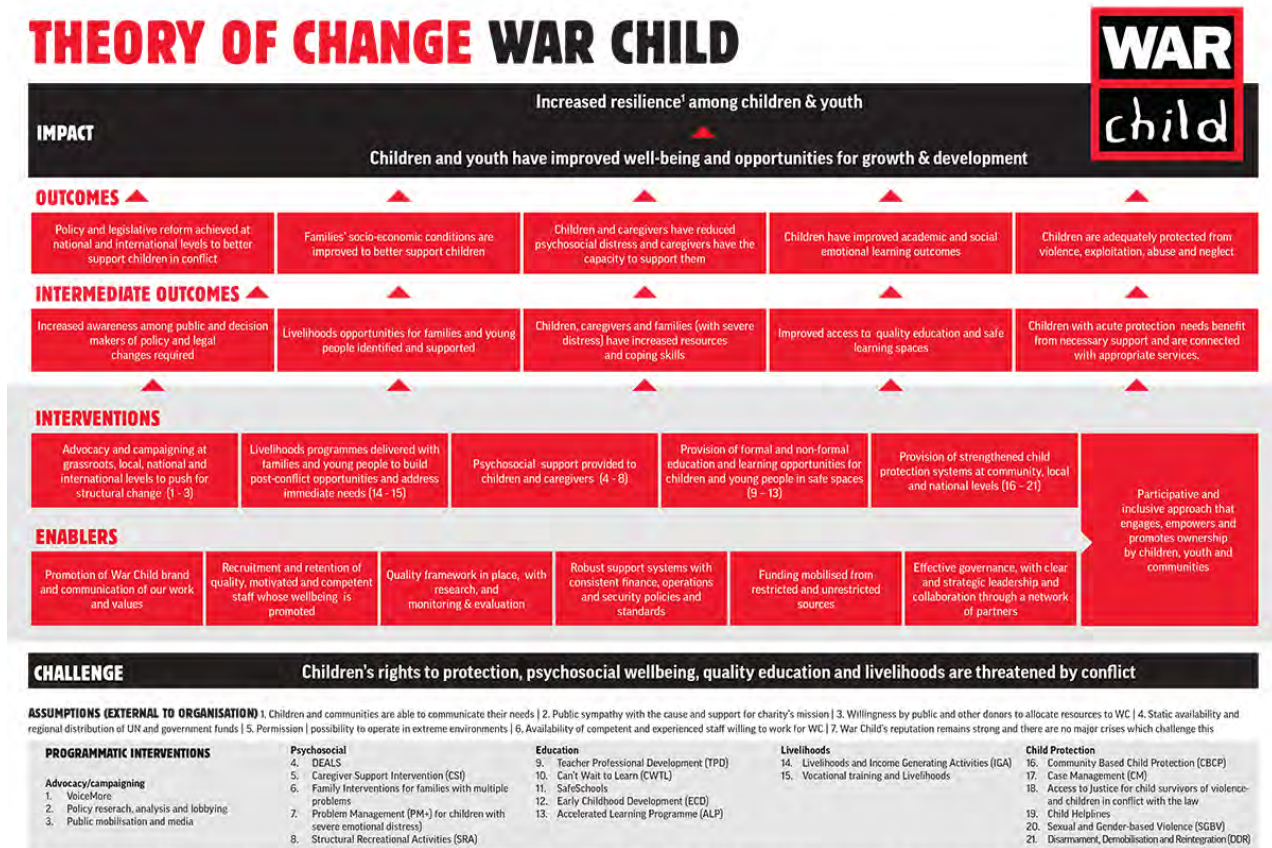
War Child has developed a Theory of Change (ToC) which guides the development and implementation of our Care System inside our countries of operation. The ToC helps us to identify the changes we want to bring about and examine how (and why) they are expected to occur within a particular context.



The ToC outlines a number of pre-conditions that must be in place to ensure we can achieve our desired long-term outcome and impact - to boost the strength and resilience of children forced to live with the effects of war. These pre-conditions include a reduction of distress among children; that children are adequately protected; and that children have improved academic, social and emotional learning outcomes.

Our interventions are designed to contribute towards these pre-conditions. Progress is measured through indicators attached to each of these outcomes - example indicators include 'improved wellbeing', 'perceived safety' and 'reduced distress'.

The ToC process forms the basis for shaping the development, implementation and evaluation of each War Child intervention - and serves as the framework of our R&D agenda.

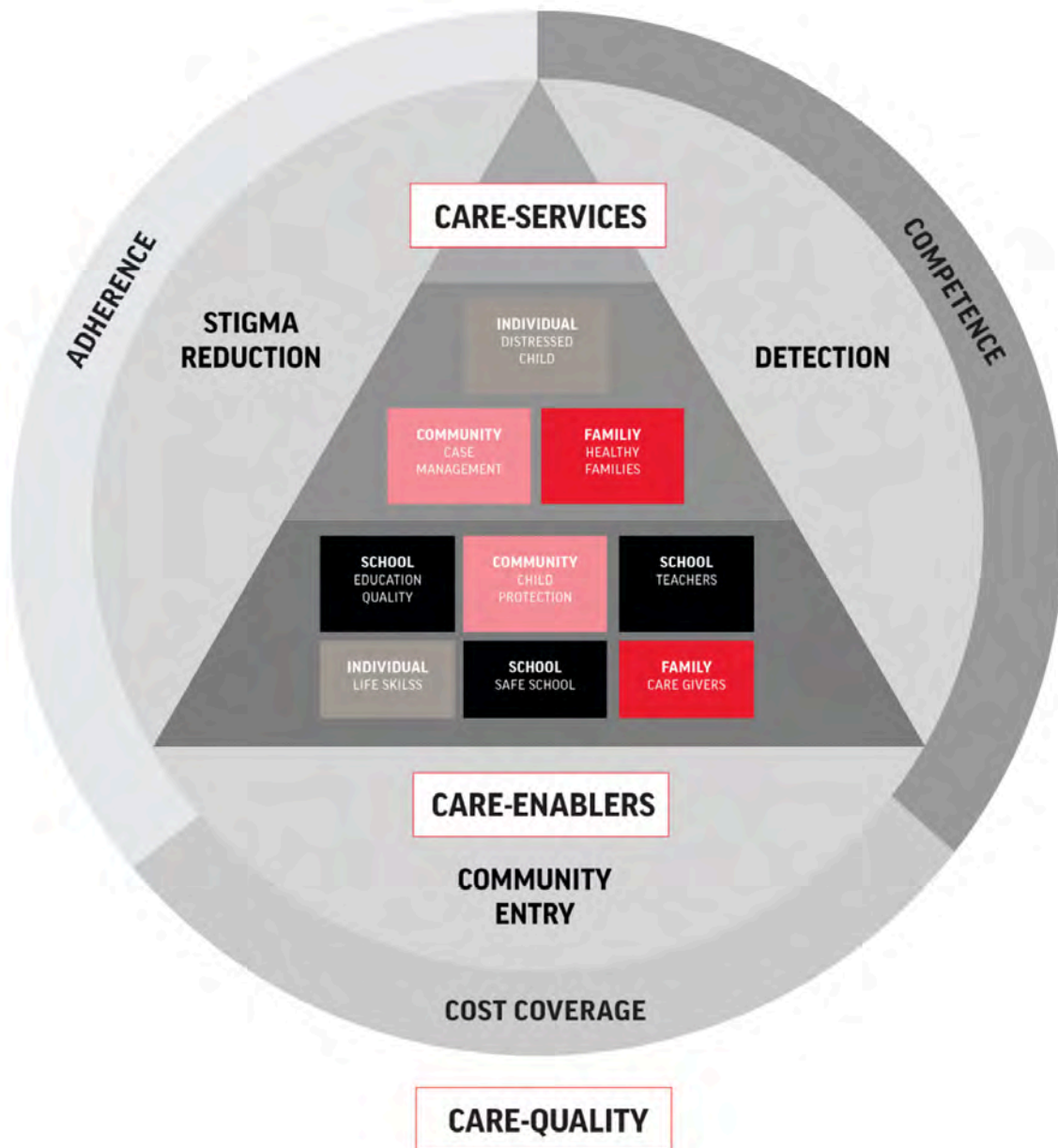


¹ Definition resilience: "A dynamic multi-level process encompassing positive adaptation, drawing on internal and external resources, in the context of significant adversity" ¹ Please note that this document should be read from bottom to top. The position of boxes from left to right does not imply any kind of hierarchy

CARE SYSTEM

The War Child Care System is made up of nine 'core interventions' incorporating psychosocial support, protection and education across differing levels of intensity. This model allows for an **integrated approach** that ensures the various interventions are interconnected and mutually reinforce one another - ensuring maximum impact. This also allows us to respond to the varying and specific needs of children and their caregivers.

The Care System embraces a **multi-level approach**, which sees interventions range in intensity according to the needs of children and their communities. This range covers low-intensity interventions designed to promote psychosocial wellbeing and prevent future problems to high-intensity interventions targeting children experiencing significant and enduring distress.



This package of interventions is supported by a range of tools, methods and processes that serve to both strengthen quality and allow us to respond to changes in the humanitarian context where we are present. Our 'Proactive Case Detection Tool' allows us to identify children with specific needs. We also employ a process to ensure each intervention is relevant to the local community.

Our 'Stigma Reduction Intervention' forms part of the Care System and allows us to more effectively tackle exclusion and promote positive participation - ensuring larger numbers of children can access our services.

This methodology follows a **socio-ecological** approach, with services targeted at the different 'ecological' levels (individual and peers, families, schools, communities, civil society and state authorities) of a child's environment. This approach acknowledges the importance of a child's environment to their development and wellbeing.

The Care System ultimately aims to contribute towards both building increased resilience at different socio-ecological levels and improving psychosocial wellbeing in children.

PILOTING INTERVENTIONS

War Child will increasingly implement 'evidence-based interventions' wherever we work. These particular kinds of interventions are ones backed by evidence gathered through the use of research methods - and are typically more effective than those implemented without an evidence base.



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Over the course of 2017 we have made significant progress in developing an evidence base to shape the nine 'Core Interventions' and four care-enabling components that will make up the War Child Care System. The year saw us successfully complete a pilot trial of our DEALS intervention.

Further progress was made in the development of six new interventions during 2017. Our Caregiver Support Intervention - which serves to support parents and caregivers and promote the use of positive parenting techniques - was put into a formative phase of development. This phase saw a practice run conducted in Lebanon and the occupied Palestinian territories and provided input for the intervention manual.

Our Teacher Professional Development intervention - which facilitates teachers to provide an enabling environment that promotes academic, social and emotional learning through coaches - was developed and field tested in 2017. This process saw the first version of the intervention manual (including five components) and all formative research and preliminary data analysis completed.

Progress was also made on the care-enabling components of the Care System over the course of the year. A draft of the Detection Tool was developed in collaboration with our team in the occupied Palestinian territories. The Detection Tool supports pro-active case detection by teachers and facilitators to optimise the uptake of services within the WCH care system, as well as referral to external services when required.

The Detection Tool was field tested in a practice run in the West Bank. In 2018 we will focus on piloting the accuracy of the tool further, as well as its adaptation to other counties.

More widely, our Research & Development department also enjoyed success during 2017 in further developing research processes and promoting its work. The year saw the publication of eight academic papers from members of the department as well as extensive participation in five academic 'Literature Reviews'.

One research grant - from the Bernard van Leer Foundation - was secured over the course of the year. Another achievement for 2017 was the commencement of data collection for several studies, which required significant preparation work in terms of setting up the necessary systems and procedures.

A particular highlight of the year was the award of the prestigious Klaus J. Jacobs Best Practice Prize for 2017. The foundation praised War Child for its global efforts to improve the lives of conflict-affected children and stated that the various interventions provided by War Child contribute to improved psychosocial wellbeing of the children taking part. In addition, the foundation also commended War Child for the relevance and importance of its research agenda.

The prize not only confirms War Child's reputation, it also includes a significant sum of money. War Child will spend these funds on research and the continued development of its interventions.

PROGRAMME QUALITY

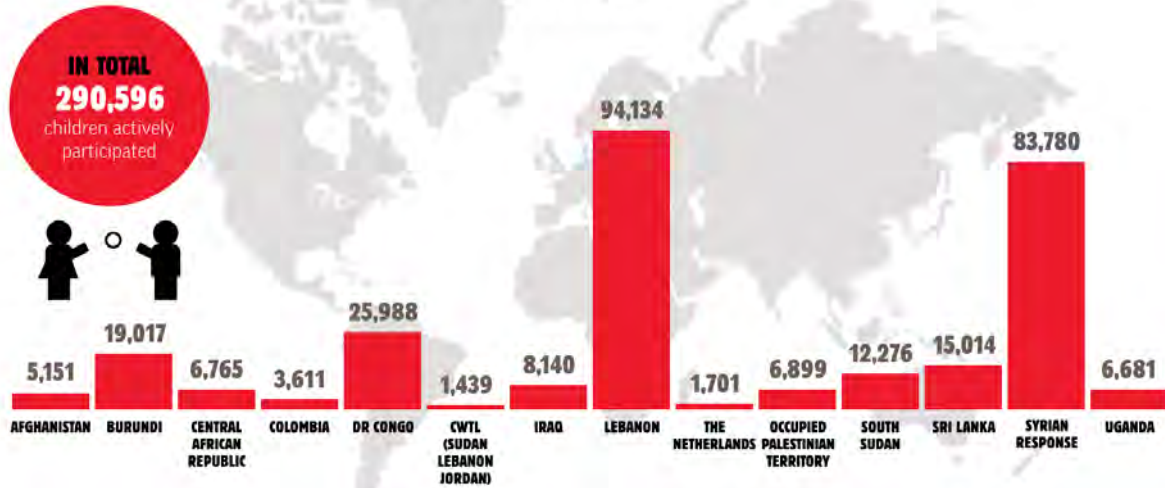
War Child restructured its International Programmes Department in 2017 to better serve our strategic goal - to deliver programmes with meaningful impact for communities and children affected by conflict and violence.

The restructure saw us set up a Programme Quality team with a specific remit to uphold quality assurance. This remit - with its focus on ensuring quality in everything we do - covers a wide range of organisational aspects. These aspects include our programmes; internal learning; our governance mechanisms; and ability to influence national and international policy.

The year also saw us develop a region-focused approach to our programmes. This approach has the purpose of improving development of our quality processes - and thereby the quality of our work. This initiative will see us establish Regional Teams in our wider areas of operation to create increased cross-border collaboration.

The year saw our Middle East Regional Team become fully operational - a step which represents significant progress in our drive for quality.

NUMBER OF CHILDREN REACHED IN OUR PROGRAMMES PER COUNTRY



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NUMBER OF ADULTS REACHED IN OUR PROGRAMMES PER COUNTRY



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SUSTAINABLE DEVELOPMENT GOALS

The Sustainable Development Goals (SDGs) form an international development agenda agreed by more than 190 United Nations member states. The seventeen goals came into force on 1 January 2016 and will shape global efforts to end all forms of poverty, fight inequalities and tackle climate change for the next fifteen years.



The SDGs apply equally to developed and developing nations. Governments are expected to work to establish national frameworks for the achievement of the seventeen goals. Although the SDG agenda is led at nation state level, all national and international stakeholders are expected to contribute towards its realisation - including NGOs.

War Child contributes towards the SDGs through the development of our programme strategy. The six specific SDGs that are of particular importance to us as an organisation are:

- Goal 1: End poverty in all its forms everywhere
- Goal 3: Ensure healthy lives and promote well-being for all at all ages
- Goal 4: Ensure inclusive and quality education for all and promote lifelong learning
- Goal 5: Achieve gender equality and empower all women and girls
- Goal 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all
- Goal 16: Promote just, peaceful and inclusive societies.

We will continue to ensure that our work contributes to the larger goals for children as outlined in the SDGs. This will be made manifest through our programme interventions and our engagement with, and participation in, international networks established to uphold child rights at the international level.

In 2017 we began to collect data on how we contribute to the relevant SDG goals above. In future we intend to systematically collect data on this contribution, to fulfil our obligations related to our membership of ECOSOC (United Nations Economic and Social Council).

CORE HUMANITARIAN STANDARDS

Work progressed throughout 2017 to facilitate our membership of the global Core Humanitarian Standards (CHS) Alliance. We became full members of the alliance in January 2018 - a welcome development which demonstrates our commitment to upholding the quality of our work and being accountable to our beneficiaries.

The Core Humanitarian Standard on Quality and Accountability sets out nine commitments that humanitarian organisations can adopt to improve the quality and effectiveness of the assistance they provide. This standard facilitates increased accountability to our beneficiaries and outlines the essential elements of principled, accountable and high-quality humanitarian action.

War Child will continue to systematically review and improve our adherence to the commitments of the CHS alliance. This will help ensure our work with affected populations has the highest quality and impact.

LEARNING ORGANISATION

War Child has the ambition to become a true Learning Organisation - one where members of staff follow personalised learning journeys in our core areas of expertise.

A Learning Organisation is the term given to an organisation that facilitates the learning of its members and continuously transforms itself. In 2017 we finalised our Learning Strategy which will guide our journey towards becoming a Learning Organisation in the years to 2020. This strategy was developed in collaboration with staff across the organisation.

Our vision is that War Child will in time become a recognised Learning Hub - one in which we connect, inspire, share, learn and continuously improve our practice. This will contribute towards our ultimate goal of improving the wellbeing and resilience of conflict-affected children and youth across the world.

2017 saw us undertake the first activities to achieve our four main goals in the learning strategy:

1. Development of learning paths to mature capabilities of War Child staff and partners.
2. Promotion of personalised learning journeys, regular learning lunches and a monthly learning blog - all of which will serve to create a culture of learning.
3. Recruitment of 'learning promoters' across the organisation to conduct learning needs analysis and promote learning.
4. Selection of an online learning platform to allow us to scale up our support to our partners and networks. The Humanitarian Leadership Academy - an online global learning hub - was contracted to host our War Child online learning platform.

In 2017 also saw the first in the series of our War Child Masterclasses, organised by our Research and Development department. The first saw Professor Sir Graham Thornicroft deliver a talk on reducing stigmatisation in low- and middle-income countries. The event was live-streamed to a global audience.

These measures will in future allow us to expand our reach and support increasing numbers of conflict-affected children - through the use of learning as a tool of leverage.

RISK MANAGEMENT

Working in conflict-affected areas to achieve War Child's objectives requires proper risk management. We strive to mitigate risks that pose a threat to reaching our objectives. War Child has a 'bottom-up' risk management approach, in which the periodic risk assessment of country management teams feeds into the organisation's consolidated risk matrix.

In our country offices, risk workshops are also held that focus on awareness and culture. Periodically, senior managers report on the risks perceived and on mitigating measures that are put in place.



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War Child's primary risks are outlined below, categorised into strategic, operational, legal and governmental, and financial risks. The main risks that fall under each category are described, as well as mitigation measures, to give an indication of management choices in controlling risks and uncertainties.

The information below represents only an extract of our full risk matrix, in which a wider range of risks are identified, rated and (where possible) mitigated.

I. STRATEGIC RISKS

PARTNERSHIPS

Building partnerships in a fragile, rapidly changing context is challenging. Risks include a poorly defined shared vision and objectives, instances where partners do not meet performance targets and situations where collaborative advantages are unclear.

STRATEGIC DECISIONS

The introduction of new directions could lead to a loss of focus and impact on the ability to complete existing plans. In order to avoid this, position papers will be drafted to ensure informed decisions are taken and realistic timeframes are in place for the development of quality interventions.

REPUTATIONAL RISKS

War Child's reputation is one of our most valuable assets - and although we can influence it, we cannot completely control public perception of our organisation. We can, and do, however, actively engage in and monitor public debate through an open and transparent communication policy. This is particularly important in the current climate where there is increasing scepticism directed towards charities.

II. OPERATIONAL RISKS

COMPLIANCE

Having policies and procedures in place is not an absolute guarantee that compliance will occur. In a remote management or emergency intervention, following regular procedures is not always possible. This leads to exposure to risks that are normally mitigated. In response to this risk War Child develops compliance-proof operating procedures tailor-made for these circumstances.

Another challenging operational element with regard to compliance is the management of implementing partners. Risks that are required to be managed include poor quality implementation, discontinued operations and partner fraud. War Child focuses on clear policies and tools that fit operational processes, and places emphasis on supporting cultural change and monitoring adherence via an internal control framework.

IT SUPPORT AND DATA SECURITY RISKS

Every organisation faces challenges with regard to IT, particularly when working in fragile contexts. In 2017 we implemented new security measures and procedures to protect our War Child IT systems and information against the growing presence of external cyber security threats. We also rolled out a new, more robust systems platform for the entire organisation over the course of the year.

AVAILABILITY OF QUALIFIED STAFF

Every NGO is aware that attracting and retaining quality team members is a challenge in insecure environments. Turnover in staff is costly, puts pressure on teams and can lead both to a loss of valuable knowledge and inefficient operations. A thorough recruitment process with a focus on field-driven and socially interactive humanitarian staff, investments in training and development of staff at all levels, and a focus on organisational learning are key mitigating elements.

III. LEGAL AND GOVERNMENTAL

SECURITY

War Child works in countries and regions affected by conflict. The resulting threats to the safety of our staff and beneficiaries require continuous monitoring of the security situation and adaptation to changes in the context, sometimes at short notice.

CHILD SAFEGUARDING

War Child is a member of Keeping Children Safe (KCS), a global network of organisations striving to ensure children are safeguarded and protected from all forms of abuse. The child safeguarding policy of War Child is designed to protect children in contact with the organisation and its partners.

IV. FINANCIAL RISKS

FINANCIAL AND INVESTMENT LOSS

During its normal operations, War Child is exposed to currency, cash flow, credit and liquidity risks. To control these risks, War Child has instituted policies and procedures that are intended to limit the risks of unpredictable adverse

financial developments. War Child does not trade in financial derivatives, nor does it invest any of its income in the stock market or other risk-bearing assets, believing that it is inappropriate to speculate with donations meant for its mission.

INCOME

There is a risk that War Child fails to reach its fundraising targets. This could have an impact on the continuation of our programmes. War Child mitigates this risk through diversification of donors. Generating income from multiple, diverse sources reduces the risk of a sudden decrease in income. It also ensures the availability of flexible income in addition to earmarked income. War Child seeks a prudent balance in earmarked and non-earmarked income. Earmarked funds have to be spent in a specific country or project, but the availability of sufficient non-earmarked funds allows War Child to adapt quickly to changes in circumstance.

In accordance with the Dutch Accounting Guidelines for fundraising institutions (RJ650), War Child holds a continuity reserve as a buffer. War Child's continuity reserve complies with VFI (the Netherlands Association of Fundraising Organisations) regulations and is reviewed and approved annually by the Supervisory Board. The size of the continuity reserve and the underlying analysis are further explained in the annual accounts.

INELIGIBLE COSTS

Ineligible costs may arise when the organisation fails to follow procedures required by large donors or when there are difficulties with implementation according to a grant agreement. This may lead to financial setbacks and can impair our relationship with donors. To avoid the occurrence of such events, War Child focuses on training, support and communication of guidelines, and also performs internal and external audits.

FRAUD

Despite War Child's policies and measures to ensure the best use of its funds, the threat of a breach in integrity standards can only be minimised and not ever fully abandoned. Fraud and corruption have financial implications as well as implications for War Child's reputation and credibility. War Child is continuously updating and strengthening its anti-fraud measures. War Child reduces the risk of such incidents by monitoring compliance to existing anti-fraud measures such as the segregation of duties, the authorisation matrix and procurement requirements through internal and external audits.

The organisation also conducts thorough background checks for all new employees before they are hired. And, last but not least, staff, implementing partners and suppliers are continuously made aware of our Integrity Policy and whistleblowing procedures. This is done through co-signing our Integrity Policy, organising discussions about relevant themes and sharing alerts about incidents of fraud to raise awareness.



OUR PROGRAMMES

A complete overview of all our programmes in support of conflict-affected children.

[READ ON >](#)

PROGRAMMES OVERVIEW

Humanitarian aid work has always been conducted in hard and chaotic circumstances - but the challenges facing organisations like ours have grown in scale and complexity in recent years. The nature of armed conflict is becoming increasingly complex and unpredictable. Refugee and IDP numbers are hitting record highs - and the available funds to meet their needs are nowhere near adequate.

These are just some of the challenges War Child faced in 2017. To address these challenges we took the decision to participate in as many humanitarian alliances and networks as we could - and in many areas of our work this approach helped us expand both the reach and impact of our work.

Our response to the South Sudan refugee crisis was a particular success. Thousands of South Sudanese children travelled to Uganda in search of safety during 2017 - where War Child Holland teamed up with War Child Canada and TPO to meet their needs. This refugee response was only launched in late 2016 but by the end of 2017 we had reached more than 9,000 beneficiaries - a figure significantly above our target of 7,500.

Inside South Sudan we continued to expand our activities. By the end of the year 11 child friendly spaces were operational - eight of which formed part of a community-based child protection system in Jonglei State. War Child also currently serves as the psychosocial support co-lead of the UN Child Protection Cluster in South Sudan.

In the Democratic Republic of Congo (DRC) we continued our project in Lusenda refugee camp which integrates child protection, psychosocial support and education. This project also saw us enter into a new partnership with UNHCR. We also kick-started a new five-year project - funded by MoFA's Addressing Root Causes Fund - in the Kalehe territories, in partnership with ZOA and VNGi.

Our work in the Middle East - particularly in support of Syrian refugee children - expanded significantly over the course of the year. Four new projects in collaboration with partner organisations were rolled out in Lebanon and Jordan - including the Arabic version of our major education initiative Can't Wait to Learn - all of which integrated protection, psychosocial support and education to enhanced effect.

In addition, we implemented several youth empowerment interventions inside Jordan and increased our work in support of marginalised Lebanese and Palestinian children in Lebanon, particularly in the field of education.

War Child is currently the leading agency providing emergency psychosocial support services to Syrian children in Lebanon and a member of the UN psychosocial working group. In the occupied Palestinian territories we successfully expanded the scope of our programming reaching all our target groups, with particular focus given to psychosocial support.

Our participation in the Dutch Relief Alliance (DRA) - an alliance of sixteen NGOs funded by the Dutch Ministry of Foreign Affairs (MoFA) - helped us to significantly expand our global footprint in 2017. War Child participated in DRA Joint Responses in Afghanistan, Iraq, the Central African Republic, Yemen, South Sudan and in the Middle East for Syrian refugees over the course of the year.

The year also saw us increase collaboration with War Child UK in common countries of operation. We provided financial support to War Child UK's Iraq programme and provided both financial and operational support to War Child UK's early education programme in Afghanistan.

In Colombia we reached more than 6,500 direct beneficiaries over the course of the year and developed plans to launch projects in support of children exposed to the effects of Urban Violence. These projects represent a significant and necessary expansion of War Child's remit to meet the needs of conflict-affected children. The ever-changing security context in Colombia did, however, pose challenges with regard to programme delivery.

New cross-country initiatives were rolled out during the year. Can't Wait to Learn was active in Jordan, Lebanon and Sudan - and preparatory work began to expand the programme to Uganda to meet the education needs of South Sudanese refugees. TeamUp - our coalition programme of structured recreational activities with UNICEF and Save the

Children - launched in Uganda. And we took steps to boost participation and engagement in Sri Lanka and Colombia with our new Youth Councils initiative.

The year wasn't without its challenges. Total child beneficiary numbers fell over the course of 2017 - due in part to our strategic decision to provide more comprehensive programmes to our targeted beneficiaries - and realising our ambitions in terms of research and new programme development proved more challenging than anticipated.

Even so, we can be proud of our achievements in 2017 - and are well placed to expand our impact in 2018.

MIDDLE EAST

LEBANON

- Total population: 6 million
- Total population under 18: 1.3 million
- Children affected by conflict: 1.1 million
- Number of War Child projects in 2017: Six
- Number of implementing partner organisations: 27
- Number of partners providing funding: Seven
- Total child participants: 28,308 (18,063 girls and 10,245 boys)
- Total adult participants: 6,931 (2,660 women and 4,271 men)

WHY WE'RE THERE

Lebanon has experienced a massive influx of refugees in recent years. The country is currently home to approximately 1.1 million registered refugees from Syria - nearly half of whom are children and adolescents. The 174,422 Palestinian refugees inside Lebanon - representing approximately three per cent of the population - mainly reside in the country's 12 refugee camps. This significant population increase has had a negative effect on the country's already weak infrastructure.

Children in Lebanon from all communities grow up in a climate of insecurity. At least 1.4 million children are classified as 'at risk' of threats including physical violence and separation from family. Many refugee families are denied full legal status - leaving their children vulnerable to child labour, early marriage and smuggling to help provide for their families.

Refugee children - from both Syrian and Palestinian communities - inside Lebanon also face significant barriers to accessing education. An estimated 377,000 Syrian refugee children are currently excluded from formal and non-formal education programmes. International NGOs are working with national education authorities to address this situation.



WHAT WE DO

War Child Holland in Lebanon has been actively responding to the Syria emergency crisis since early 2012. War Child is a member of the psychosocial working group in Lebanon and provides protection and psychosocial support services to Syrian children. Our services are also accessed by significant numbers of children and young people from both the Palestinian refugee and Lebanese host communities.

War Child works to reach as many people as possible through its programming - including parents and other important adults in children's lives. In our network of Safe Spaces, children can begin to recover from the experience of their displacement and access support to boost their psychosocial wellbeing.

OUR PROJECTS

Time to Be a Child:

Project to set up a network of Safe Spaces where vulnerable children can play, learn and develop in peaceful environments.

Back to the Future:

Major consortium-led education initiative for refugee children affected by the crisis in Syria.

Sports and Humanitarian Assistance (SaHA) 2:

Coalition project utilising soccer to bring children and young people from Lebanon's different communities together.

Can't Wait to Learn:

Global programme to provide conflict-affected children with quality education - no matter where they live. Children play curriculum-based educational games on tablets to learn in an effective and fun way.

Caregiver Support Intervention:

Project to strengthen parental wellbeing and enhance parenting skills to improve the psychosocial wellbeing of Syrian refugee children.

Child Friendly Spaces:

Protection initiative to provide safe spaces where children can access psychosocial support and participate in recreational activities.

Supporting Vulnerable Girls and Boys to Access Education:

Initiative to provide 2,500 disadvantaged children under the age of five with early childhood education (ECE) opportunities.

SYRIAN RESPONSE

- Total population: 18.4 million
- Total population under 18: 8.2 million
- Children affected by conflict: 5.8 million
- Number of War Child projects in 2017: Five
- Number of implementing partner organisations: Two
- Number of partners providing funding: One
- Total child participants: 83,780 (43,044 girls and 40,736 boys)
- Total adult participants: 4,722 (2,585 women and 2,137 men)

WHY WE'RE THERE

Syria has been beset by violence and instability for over seven years. The country's civil war has seen indiscriminate bombing in civilian areas. Some 6.1 million people have been forced to leave their homes in search of safety. The remaining population faces widespread shortages of food, water and health care - some 13.1 million people inside Syria are currently in need of humanitarian assistance.

Syria's children are the ones who have suffered most from the effects of the country's brutal civil war. Children have no safe place to learn, play or live in peace with their families. Among the refugee population, early marriage and child labour are becoming increasingly common as families struggle to survive.

The ongoing conflict continues to limit access to education. An estimated 1.75 million school-aged children inside Syria and more than 40 per cent of Syrian refugee children remain out-of-school. More than a third of the country's schools are either damaged, destroyed, used as shelters or occupied by armed groups. Learning environments are unsafe and reports of attacks on schools are common.

WHAT WE DO

War Child has been actively responding to the Syrian crisis since 2012. War Child is currently the leading agency providing emergency psychosocial support and education services to Syrian children in Lebanon. We are also present in Jordan to support the urgent needs of displaced Syrian children through our education and child protection programmes.

The aim of our Syrian Response is to ensure the improved psychosocial wellbeing and resilience of the thousands of children taking part in our programmes. These programmes - together with our network of 'Safe Spaces' - allow children to process their experiences and be able to plan for a better future.

OUR PROJECTS

Can't Wait to Learn:

Global programme to provide conflict-affected children with quality education - no matter where they live. The programme sees children play curriculum-based educational games on tablets to learn in an effective and fun way. In Jordan the programme is currently being trialled to respond to the urgent education needs of Syrian refugees and vulnerable children from host communities.

Back to the Future:

Major consortium-led education initiative for refugee children affected by the crisis in Syria. The project ensures Syrian refugee children in Lebanon and Jordan can access education and vital psychosocial support.

Time to Be a Child:

Project to set up a network of Safe Spaces across Lebanon where vulnerable Syrian refugee children can play, learn and develop in peaceful environments.

Child Friendly Space:

Recreational activities delivered in the UNHCR refugee registration centre in Lebanon. These activities enable child refugees to cope with the effects of their displacement and help make the waiting period during registration less stressful for both parents and children.

Strengthening Protection and Resilience:

This programme is designed to actively engage communities to enhance protection and build the resilience of both children and caregivers within refugee and host communities.

JORDAN

- Total population: 9.4 million
- Total population under 18: 4 million
- Children affected by conflict: 310,000 refugee children
- Number of War Child projects in 2017: Four
- Number of implementing partner organisations: Seven
- Number of partners providing funding: One

WHY WE'RE THERE

Jordan has been a haven for refugees from across the Middle East throughout its history. The effects of the conflicts in both neighbouring Syria and Iraq have increased pressures inside the Kingdom in recent years.

Jordan currently hosts approximately 658,000 registered Syrian refugees - the second-highest refugee rate per person in the world. In reality the total may be twice that. The majority of these refugees are children living in poverty who are exposed to a number of threats and rights violations.

Child refugees inside Jordan face a number of threats to their safety. Child labour is a particular problem - with many adult refugees denied full legal status and therefore unable to work, children are often forced into exploitative work. Refugee children also face significant barriers to accessing education.

WHAT WE DO

The War Child office in Jordan was established in early 2013 in response to the Syrian refugee crisis. We are currently operating in Za'atari, Azraq and Jordanian-Emirati refugee camps, and with our local partners in the host communities of Mafraq and Zarqa governorate.

War Child Holland supports the work of War Child UK inside Jordan. We work to provide children with the opportunity to reclaim their childhoods and rebuild their futures after years of violence. Inside our network of 'Safe Spaces' children from all communities can play, learn and develop. We aim to achieve that through child protection, education, psychosocial support and youth empowerment interventions.

The two organisations collaborate on two programmes - Time to Be a Child and Can't Wait to Learn - more details on which can be found in the Lebanon section of this report.

AFGHANISTAN

- Total population: 34.6 million
- Total population under 18: 17.7 million
- Children affected by conflict: 16 million
- Number of War Child projects in 2017: Two
- Number of implementing partner organisations: One
- Number of partners providing funding: One
- Total child participants: 3,040 (1,348 girls and 1,692 boys)
- Total adult participants: none

WHY WE'RE THERE

Afghanistan is facing a widespread humanitarian crisis which has forced large numbers of people from their homes. Some one million people are currently on the move - both inside the country and around the border areas with Pakistan and Iran. This figure includes 400,000 undocumented returnees and tens of thousands of people entering the country from Pakistan.

These population movements threaten to make the fragile situation inside Afghanistan still worse. Four decades of violent conflict inside the country show no sign of ending. Recent years have seen an upsurge in Taliban activity and increasing numbers of people cannot meet basic food needs.

In total some 3.5 million people inside Afghanistan are in need of emergency humanitarian assistance - more than half (57 per cent) of whom are children. Afghan children grow up with the constant threat of violence and face numerous other rights violations - including forced marriage, corporal punishment and hazardous working conditions.

WHAT WE DO

War Child has worked in Afghanistan - together with War Child UK - to provide increased access to educational opportunities for vulnerable children in urban and rural areas in Kabul. Our programmes are designed to support children aged from four to six in their development until early primary school.

We will continue to support the education and child protection activities provided by War Child UK in 2018. In 2017 we also participated in an international Joint Response as part of the Dutch Relief Alliance.

OUR PROJECTS

Educational Opportunities for Vulnerable Children:

This project addressed the protection, education and psychosocial support needs of vulnerable children aged between four and six. The early childhood care and development (ECCD) needs of children in both urban and rural areas surrounding Kabul were targeted and additional support was provided to parents and caregivers.

Afghanistan Joint Response 2:

War Child was one of seven NGOs to participate in this humanitarian intervention as part of our participation in the Dutch Relief Alliance. The programme saw relief efforts to assist Internally Displaced Persons and other communities affected by the conflict and (undocumented) returnees from Iran and Pakistan.

YEMEN

- Total population: 27.5 million
- Total population under 18: 12.9 million
- Children affected by conflict: Four million
- Number of War Child projects in 2017: One
- Number of implementing partner organisations: One
- Number of partners providing funding: One
- Total participants: 15,659

WHY WE'RE THERE

The civil war inside Yemen has escalated over the past two years - from an internal conflict between government forces and Houthi rebels into a war between competing regional powers. Yemeni citizens are exposed to both terrorist attacks by Islamic State and continued air strikes from Saudi-led coalition forces.

The ongoing conflict has left more than 21 million people - some 80 per cent of the population - in need of urgent humanitarian assistance. Millions of people are vulnerable - not only as a consequence of fighting but also due to the lack of food and healthcare.

The children of Yemen have suffered most as a result of the conflict. Some 4,000 civilians have died as a direct result of the conflict to date - including more than 1,300 children. The near collapse of public services has left an estimated two million children out of school, according to UN figures. Outbreaks of Cholera and Acute Watery Diarrhoea (AWD) have contributed to this dire humanitarian situation.

WHAT WE DO

War Child is one of six aid organisations participating in the international Yemen Joint Response. The initiative - coordinated by the Dutch Relief Alliance - sees the six organisations work together to deliver emergency humanitarian assistance inside Yemen. Humanitarian access inside Yemen remains extremely constrained and the delivery of basic services is limited.

The Joint Response initiative allows the organisations to address these challenges and provide rapid humanitarian assistance to address urgent protection and health needs.

War Child Holland also continues to support the work of War Child UK in providing protection and emergency food supplies to displaced and vulnerable children.

OUR PROJECTS

Yemen Joint Response 3:

War Child - as part of its membership of the Dutch Relief Alliance - participated in this humanitarian relief programme to assist Internally Displaced Persons affected by the conflict, people unable to leave their homes due to sickness or infirmity and vulnerable host communities.

IRAQ

- Total population: 37.2 million
- Total population under 18: 17.4 million
- Children affected by conflict: Five million
- Number of War Child projects in 2017: Three
- Number of implementing partner organisations: Two
- Number of partners providing funding: One
- Total child participants: 4,550 (1,127 girls and 3,423 boys)
- Total adult participants: 15 (15 women and 0 men)

WHY WE'RE THERE

Since the removal of President Saddam Hussein in 2003 Iraq has been beset by violence and instability. Government forces and armed groups - mainly affiliated with Islamic State (IS) - have been engaged in brutal territorial battles over the past four years.

Late 2017 saw the Iraqi military declare 'victory' over Islamic State forces and regain control over areas occupied by the armed group. Yet this development came at a significant humanitarian cost - some 3.6 million Iraqis are currently internally displaced. A further 3.2 million returnees are on the move inside the country's borders.

A generation of children and youth inside Iraq have lived their entire life under brutal and violent circumstances. UNICEF figures show that some 5.1 million Iraqi children are in need of urgent humanitarian aid. These children are exposed to a number of acute rights violations - including the threat of death, sexual violence, abduction and forced recruitment by armed groups.

More than three million Iraqi children have seen their education disrupted - the majority of whom are displaying signs of conflict-related trauma.

WHAT WE DO

In 2017 War Child took part in a consortium funded by the Dutch Ministry of Foreign Affairs for a joint response programme in Iraq. The project - operated in partnership with War Child UK - was designed to provide vulnerable children with protection and psychosocial support.

Northern Iraq Joint Response 3:

War Child was one of 12 NGOs to participate in this major humanitarian intervention as part of our participation in the Dutch Relief Alliance. Our efforts helped to support children from internally displaced families inside northern Iraq with protection and psychosocial support.

Strengthening Child Protection Services in Northern Iraq:

Initiative to improve the wellbeing of displaced children living in refugee camps. The project saw psychosocial support and child protection activities conducted in five 'child friendly spaces' inside refugee camps.

Economic Empowerment of Conflict-Affected Youth:

Initiative in partnership with War Child UK to provide vulnerable youth - inside both host communities and IDP camps - with economic opportunities.

OCCUPIED PALESTINIAN TERRITORIES

- Total population: 4.8 million
- Total population under 18: 1.4 million
- Children affected by conflict: 800,000
- Number of War Child projects in 2017: Three
- Number of implementing partner organisations: 11
- Number of partners providing funding: Two
- Total child participants: 6,899 (3,795 girls and 3,104 boys)
- Total adult participants: 1,315 (903 women and 412 men)

WHY WE'RE THERE

The political and security situation inside the occupied Palestinian territories (oPt), though tense, was comparatively stable following the violent upheavals of 2014 and 2015. Yet large numbers of people remain in need of humanitarian assistance and tension has markedly increased in both Gaza and the West Bank.

Conditions in Gaza are deteriorating fast after the detrimental effects of a ten-year blockade. Ongoing settlement construction in the West Bank has seen many Palestinian families lose their homes - further fuelling tensions in the area.

Children in Gaza live in constant fear of another surge of violence. Most have witnessed several armed conflicts already - including the 2014 conflict with Israel in which 1,462 Palestinian civilians were killed, including 551 children, as well as six Israeli civilians.

In the West Bank, including East Jerusalem, violence against children remains a grave concern. Safe play areas are scarce and children playing in the street are exposed to risks of injury or violence.

Children across the Palestinian territories face violence at home, in schools and through exchanges with Israeli forces in which young people are injured and killed. The military arrest and detention of children as young as 12 is disturbingly common.

WHAT WE DO

War Child works with local professional organisations, community groups and families to protect children from harm and support their psychosocial wellbeing.

We work to create safe play and recreation spaces. These facilities allow children exposed to conflict and occupation to get back to being children. We train community members, particularly young people, to provide children in these spaces with vital life skills and psychosocial support.

We also support families and caregivers to cope with the stress of life amidst conflict and occupation. We help to strengthen their resilience and ability to provide nurturing family environments that help to reduce the impact of conflict on children.

War Child works to teach children and the people who care for them about their rights and responsibilities under international laws and conventions to which Israel and the Palestinian Authority are both signatories. And when we see that children's rights are violated - no matter by whom - we speak out.

OUR PROJECTS

Protecting Children in No Man's Land:

Initiative to provide outreach and mobile child protection, psychosocial support, recreation and legal resources to Palestinian children and communities in the West Bank.

Helping Children Heal:

Providing psychosocial support, protection and recreation opportunities to the most marginalised Palestinian children and communities in Gaza.

No Place for a Child:

Providing support in prevention, mitigation and rehabilitation from experiences of violence during conflict with the law for children in the West Bank including East Jerusalem.

Youth Engagement, Youth Empowerment:

Engaging marginalized young people in community-based sports activities in Gaza to improve their mental and physical health, wellbeing and social connectedness.

AFRICA

BURUNDI

- Total population: 10.5 million
- Total population under 18: 5 million
- Children affected by conflict: No precise data
- Number of War Child projects in 2017: Two
- Number of implementing partner organisations: None
- Number of partners providing funding: One
- Total child participants: 19,017 (9,646 girls and 9,371 boys)
- Total adult participants: 2,392 (1,341 women and 1,051 men)

WHY WE'RE THERE

Burundi is one of the poorest countries in Africa, with some 80 per cent of the population living in poverty. This enduring hardship is the legacy of the civil war which erupted in 1993 between the Hutu and Tutsi ethnic groups.

Today the humanitarian situation inside Burundi remains tense. President Nkurunziza's decision to stay in office in April 2015 sparked an attempted military coup. The coup failed but sporadic outbreaks of violence continue. This violence has seen massive numbers of refugees leave Burundi for neighbouring states over the past three years.

UNHCR figures from December 2017 show that some 428,000 Burundians are still refugees in neighboring countries - more than half of whom are under the age of 18. These children and youth are exposed to significant risks - in particular the threat of sexual violence.

In addition, approximately 60 per cent of the 209,000 people displaced inside Burundi's borders are children. Many of these children are at risk of abuse, neglect and exploitation. The violence in Burundi has, in turn, created widespread economic devastation. Across the entire country access to education is severely limited and children are vulnerable to economic exploitation in the form of dangerous child labour.

WHAT WE DO

War Child has worked in partnership with national NGOs inside Burundi since 2008 and established its own operations there in 2011. War Child works on rebuilding social structures inside Burundi and connecting them with at-risk children by strengthening the capacity of community-based structures concerning child protection.

Our projects are designed to deliver protection, psychosocial support and education to children inside Burundi. Our work to create safe and supportive environments provides the space where children can process their traumatic experiences, rebuild their confidence and contribute towards a better future - both for themselves and their communities.

OUR PROJECTS

Emergency Response Programme for Burundian Refugee Children:

War Child has set up an emergency response project to provide direct support to children, young people and their caregivers living in a refugee camp near Uvira in neighbouring DRC. Child Friendly Spaces are a major component of this project.

Child Protection and Psychosocial Support in Burundi:

Initiative to reinforce and strengthen local child protection systems through the capacity building of community structures. This project also encompasses training for children on child rights issues, allowing them to express their needs and ideas.

DEMOCRATIC REPUBLIC OF CONGO

- Total population: 82 million
- Total population under 18: 34 million
- Children affected by conflict: 4.5 million
- Number of War Child projects in 2017: Four
- Number of implementing partner organisations: One
- Number of partners providing funding: Five
- Total child participants: 8,954 (4,284 girls and 4,670 boys)
- Total adult participants: 3,563 (1,922 women and 1,641 men)

WHY WE'RE THERE

The Democratic Republic of Congo (DRC) has experienced more than 20 years of internal conflict. This dire humanitarian situation has been compounded by a series of epidemics and natural disasters - leaving a legacy of poverty and instability.

Children in DRC face multiple threats to their safety. Attacks on schools and hospitals are frequent and the necessary structures to protect children are often not in place. The widespread lack of livelihood opportunities means that the recruitment of youth into armed groups is common - joining armed groups gives young people a sense of pride and economic prospects.

This violent context means that educational opportunities are scarce. Some 3.5 million children aged below 11 are out of school. Nearly half (44 per cent) of children begin their education after the age of six. Barriers to education include the presence of armed groups, population displacement, discrimination and damage to infrastructure.

WHAT WE DO

War Child Holland has been active in DRC since 2003. Our programmes combine education, child protection and psychosocial support to uphold the rights of children. We primarily work in the South Kivu province in eastern DRC - in the territories of Fizi, Kalehe and Walungu.

War Child Holland addresses the education needs of children from refugee and displaced populations, as well as host communities. We also provide vital psychosocial support to children, youth and the important adults in their lives.

In all our interventions we build the capacity of parents, caregivers and the wider community to take up their responsibilities towards children. This 'community-based approach' places children at the centre of our work - and helps build their strength and resilience.

OUR PROJECTS

Addressing Root Causes of Conflict:

Initiative contributing to stability in the Kalehe territory in eastern DRC. The goals of the project include initiatives to improve governance, conflict resolution activities and vocational training courses to improve economic opportunities for young people.

Good Schools, Safe Schools:

This project is designed to ensure that children can access quality education in a safe and supportive environment.

Care and Education for Refugee Children and Children Affected by Conflict:

Project in South Kivu province to promote the protection of children affected by armed conflict. Activities to strengthen community-based child protection mechanisms are central to this project.

Strengthening Protection and Improving Access to Quality Education:

Project to support children and youth living in the Lusenda refugee camp in eastern DRC through enhanced protection and catch-up education. The project also serves to strengthen the ability of parents and caregivers to provide ongoing support to vulnerable children.

SOUTH SUDAN

- Total population: 12.2 million
- Total population under 18: 5.9 million
- Children affected by conflict: 1.4 million
- Number of War Child projects in 2017: Four
- Number of implementing partner organisations: One
- Number of partners providing funding: Four
- Total child participants: 12,276 (6,657 girls and 5,619 boys)
- Total adult participants: 17,658 (8,789 women and 8,869 men)

WHY WE'RE THERE

The people of South Sudan continue to live with the fear and uncertainty resulting from armed conflict. The internal conflict which broke out in December 2013 initially saw some 2.3 million people displaced. A peace agreement between the country's warring ethnic factions was negotiated in 2015 - but sporadic clashes between government forces and armed groups have continued.

This violence has seen a large flow of refugees seek safety in neighbouring countries - more than two million South Sudanese have taken refuge in Ethiopia, Sudan, Uganda and Kenya.

This ongoing conflict has resulted in the breakdown of structures essential for protecting children from harm. The country's education system is particularly fragile - nearly one in every three schools in South Sudan has been either destroyed, damaged or occupied by armed forces.

These children - and many others - are denied their right to protection and face significant threats to their safety. These threats include forced displacement, child labour, sexual abuse and recruitment into armed groups.

WHAT WE DO

War Child Holland's programmes in South Sudan are designed to help children cope with the immediate and long-term consequences of conflict and build vital skills - both for themselves and their country's future.

Our projects combine education and vocational training, psychosocial support and child protection activities to enhanced effect. We utilise participatory and empowering approaches in all our projects. To support this process, War Child also works with parents and caregivers, teachers, community leaders, national and international partner organisations and government officials.

This 'community-based approach' places children at the centre of our work - and helps build their strength and resilience.

OUR PROJECTS

South Sudan Joint Response 2 and 3:

Project to improve the protection and psychosocial wellbeing of vulnerable conflict-affected children in Bor, Jonglei State and Malakal, Upper Nile State. Child protection and food security initiatives play a key role in this project.

Building Sustainable Futures:

This project combines education, vocational training, protection and psychosocial support to equip children and young people with the skills and knowledge to create their own opportunities for a positive future.

Community-Based Child Protection and Psychosocial Support:

Project designed to improve the quality of child protection and psychosocial support services provided by local actors.

UGANDA

- Total population: 38 million
- Total population under 18: 22 million
- Children affected by conflict: 600,000 refugees (estimated)
- Number of War Child projects in 2017: Four
- Number of implementing partner organisations: Two
- Number of partners providing funding: Three
- Total child participants: 6,681 (2,973 girls and 3,708 boys)
- Total adult participants: 2,390 (1,694 women and 696 men)



WHY WE'RE THERE

Uganda is now enjoying peace and stability following years of war. Yet ongoing conflicts in three neighbouring states - South Sudan, Burundi and DR Congo - have seen massive numbers of refugees enter the country over the past two years.

Uganda is currently home to an estimated 1.4 million refugees - nearly two-thirds (61 per cent) of whom are children. This significant population increase has put pressure on available resources and may pose a threat to internal stability. One refugee settlement alone - the Bidibidi Settlement - has grown to accommodate 270,000 people in a mere matter of months.

The many thousands of child refugees who have made Uganda their home experience significant stress. The trauma and distress experienced by refugee children and youth is both long-term and significant - initiatives to support mental health are a humanitarian priority.

Children and young people living in refugee settlements also face various threats to their rights to physical safety. These threats include sexual violence, child labour and early marriage. In addition, funding shortfalls mean that children living in camps and settlements are seeing their food rations shrink.

WHAT WE DO

War Child works to protect and support children and young people in Uganda through projects designed to improve their psychosocial wellbeing. This approach - coupled with our education activities - enables children to develop coping skills, build their resilience and recover from the consequences of conflict.

Improved psychosocial wellbeing allows children and young people to better engage in education - and enjoy increased livelihood opportunities as a result. War Child also works with parents, caregivers and other important adults in children's lives to further support and safeguard the improved wellbeing of children and youth.

To further meet the educational needs of both refugee and host communities, 2018 will see War Child expand its e-learning initiative - Can't Wait to Learn - to Uganda. Work will also begin with Save the Children on the roll-out of our TeamUp programme of structured recreational activities.

War Child has been active in Uganda since 2004.

OUR PROJECTS

Recovery and Resilience for Refugee and Vulnerable Children:

This project sees children and their caregivers - from both the Bidibidi refugee settlement and surrounding communities - build life skills and access vital psychosocial support.

Recovery, Response, Resilience, Readiness and Opportunity:

Initiative to enhance the protection and resilience of both refugee and vulnerable children and youth through specialised psychosocial support and mental health services.

Can't Wait to Learn:

Global programme to provide conflict-affected children with quality education - no matter where they live. The programme sees children play curriculum-based educational games on tablets to learn in an effective and fun way.

Agribusiness Skills for Refugee Youth (ABSYP):

Initiative to increase the number of young people (from both refugee and host communities) who can generate income through being (self-) employed in agriculture.

SUDAN

See Global Programme Initiatives - Can't Wait to Learn section for more on our work in Sudan.

LATIN AMERICA

COLOMBIA

- Total population: 48.6 million
- Total population under 18: 14 million
- Children affected by conflict: 2.5 million
- Number of War Child projects in 2017: Five
- Number of implementing partner organisations: Four
- Number of partners providing funding: Three
- Total child participants: 4,111 (2,028 girls and 2,083 boys)
- Total adult participants: 3,201 (2,360 women and 841 men)



WHY WE'RE THERE

Significant steps have been taken in recent years to hopefully bring Colombia's decades-long internal conflict closer to an end. The 2016 formation of a peace accord between the government and revolutionary armed group the FARC was the most significant of these steps.

Yet Colombia is still a long way from being at peace. Right wing paramilitaries remain active in many parts of the country and FARC dissidents continue to battle government armed forces. Criminal groups have also moved to occupy territory vacated by the FARC - further fuelling the country's war against illegal economies, particularly drugs.

This backdrop of violence and instability means that children and youth in Colombia continue to face a number of significant threats to their safety. The risk of recruitment into the various armed groups still active in the country persists. These children are recruited for purposes including information gathering, surveillance and direct involvement in hostilities.

Sexual and gender-based violence is another critical danger to youth. Armed groups and criminal gangs in Colombia use sexual exploitation and the threat of abuse as a means of maintaining control of areas they occupy. The majority of victims are female - including an increasing number of girls between the ages of ten and 14.

WHAT WE DO

War Child Holland works inside Colombia to improve children's psychosocial wellbeing and strengthen their capacity to cope with the violence they experience. Together with parents and caregivers, teachers and children taking part in our programmes, we work to boost protection mechanisms and prevent the recruitment and use of children by armed groups.

We work with schools deep inside the most conflict-affected rural areas of the country to ensure vulnerable children have a protective and safe learning environment. Psychosocial support, education and measures to boost children's participation in local decision-making processes are frequently combined to ensure our interventions are as effective as possible.

In the capital Bogota we are running pilot projects to both tackle problems related to urban violence and to promote youth engagement and employment. These needs have emerged as a result of the increasing incidence of violent conflict inside Colombia's cities. We are also launching Youth Councils to improve the relevance of and engagement with our work.

OUR PROJECTS:

Learning in Peace:

This project is designed to enable 'at risk' children and young people to enjoy improved protection and education opportunities.

Building a Better Future Together:

Project designed to facilitate the reintegration of former child soldiers and establish community-based child protection structures.

Post-Conflict Child Recruitment Prevention:

Initiative to set up protective and violence-free environments to enable children to build a future outside Colombia's armed conflict.

Connectivity and e-Learning Hubs:

Initiative to empower vulnerable youth through the use of ICT for life-skills training, vocational education and employment skills development.

Peace Bicycles Youth Centre:

Facility where youth can strengthen their resilience against the recruitment tactics of gangs and acquire peaceful conflict resolution skills.

ASIA

SRI LANKA

- Total population: 20.8 million
- Total population under 18: 6 million
- Children affected by conflict: 900,000
- Number of War Child projects in 2017: Three

- Number of implementing partner organisations: Two
- Number of partners providing funding: None
- Total child participants: 15,014 (7,861 girls and 7,153 boys)
- Total adult participants: 9,592 (5,301 women and 4,291 men)



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WHY WE'RE THERE

Sri Lanka is undergoing a process of recovery and transition following the bitter 26-year civil war between government forces and armed insurgents that came to an end in May 2009. Significant steps towards constitutional reform and transitional justice have been taken by the government of President Sirisena over the past three years - yet problems still remain at the local level.

Major threats to the safety of children remain. Child protection structures are underdeveloped and children are vulnerable to a number of forms of abuse. Many are engaged in child labour and serve as heads of households - UNICEF estimates that some 10 per cent of Sri Lankan children are out of school and engaged in hard labour.

Sexual violence and abuse - particularly against girls and young women - is another significant issue. Recent figures from UNICEF show that three to five children experience violent behaviour or the risk of rape every day. Child marriage is also a concern - but an underreported one.

WHAT WE DO

War Child has been active in Sri Lanka since 2010, working to promote child rights and support children living with the ongoing effects of the country's civil war. Our projects provide education and psychosocial support and we work in partnership with both state agencies and local organisations across the country.

Our projects are also designed to help strengthen existing child protection systems - particularly in the Northern and Eastern provinces of the country - and promote children's participation in the decision-making processes that shape their lives. In June 2017 six child representatives held a Skype meeting with the UN Committee on the Rights of the Child to address priority issues affecting youth in Sri Lanka.

We work together with organisations at community, regional and national levels to strengthen and develop community systems that serve to support children. These partnerships help to protect children and youth from abuse and sexual exploitation and ensure the ongoing sustainability of our interventions.

OUR PROJECTS

Strengthening Support Systems and Case Management Mechanisms:

Initiative to set up improved prevention and reporting mechanisms to address the violence experienced by women and girls in the Northern Province of Sri Lanka.

Realizing Rights and Expanding Opportunities:

Project which aims to contribute to the promotion and protection of human rights and the strengthening of the national framework to safeguard children's rights.

Youth Council:

Project in the Eastern Province designed to promote and facilitate the ability of young people to participate in an advisory body which will shape the work of War Child and its partners - thereby making it more effective to their needs.

EUROPE

THE NETHERLANDS

- Total population: 17 million
- Total population under 18: 3.4 million
- Children affected by conflict: 7,260 refugee children
- Number of War Child projects in 2017: Two
- Number of implementing partner organisations: Three
- Number of partners providing funding: Six
- Total child participants: 1,701 (671 girls and 1,030 boys)
- Total adult participants: 192 facilitators and volunteers (151 women and 41 men)



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WHY WE'RE THERE

The Netherlands has welcomed tens of thousands of asylum seekers since the refugee crisis began in 2015. Some 21,000 refugees are currently being housed in Dutch asylum centres - more than 7,000 of whom are under the age of 18. The majority of these refugees have arrived from Syria, Afghanistan, Eritrea and Iraq - and have undertaken long, arduous journeys in search of safety.

Child refugees are the ones who are most exposed to stress triggers during their journeys to safety. They have often witnessed war-related violence both in their countries of origin and during their journeys to safety. Stresses arise that are not always quickly identified - which often develop into acute emotional problems.

The uncertainty these children experience does not end once they arrive in the Netherlands. Children often have to move from shelter to shelter and are separated from friends and teachers - leading to feelings of unhappiness and stress. In addition, children are acutely affected by the anxiety their parents experience during this process.

WHAT WE DO

War Child is part of the TeamUp coalition, which was formed to meet the urgent needs of refugee children in the Netherlands. TeamUp was launched in 2016 as a collaboration between War Child, Save the Children and UNICEF Netherlands. The project was designed to meet the urgent needs of refugee children who have arrived in the Netherlands - in particular their social and emotional needs.

OUR PROJECTS

TeamUp

provides children in asylum centres aged between six and eighteen with structured recreational activities, such as sports, games and movement activities. Each activity has a certain goal based on emotional themes and specific behavioural skills. These activities help provide children with emotional support and a much-needed sense of stability.

These activities:

- Provide stability and structure to allow children to live as children once again
- Support children to build the resilience to deal with sources of stress such as bullying, anger and fear
- Reduce the likelihood of children developing long-term psychosocial issues
- Ensure that children who need dedicated social-emotional support are identified and referred to the proper authorities.

The structured activities for children in shelters are implemented by trained volunteer facilitators. A robust system for volunteer recruitment, training and guidance is in place - which sees our facilitators trained to identify specific signs of stress the children may display.

2017 saw 1,641 children participate in more than 660 TeamUp sessions at 20 asylum centres. In addition, 56 children were referred to relevant authorities for children displaying signs of significant stress.

2018 will see TeamUp expand to 32 locations in the Netherlands. In addition, the international roll-out of the project will begin in Uganda and South Sudan. We are also exploring possibilities in the occupied Palestinian territories.

Team Up in School:

2017 also saw the launch of TeamUp in School - a pilot in seven Dutch schools which sees the project methodology applied to support newcomers to primary education. This pilot will be extended in 2018.

GLOBAL PROGRAMME INITIATIVES - CAN'T WAIT TO LEARN

- Total child participants: 1,439

Education is a fundamental human right. Yet more than 30 million boys and girls from the ages of six to 12 living in 35 conflict-affected countries are denied this right. These children are a lost generation growing up without opportunities to learn. The education in emergencies sector works to address the needs of these children - but the sector is desperately underfunded and struggles to provide quality learning.



War Child Holland and its partners in the Can't Wait to Learn coalition have come together to create a fundamental change in the way education is delivered to conflict-affected children. Can't Wait to Learn utilises proven curriculum-based interventions that use gaming technology to allow children to learn - wherever they live. This method benefits both children in areas without schools or teachers and those in schools struggling to cope with increased refugee student numbers.

Can't Wait to Learn proposes new solutions to the urgent challenges present in delivering education to children in emergency settings. By utilising innovative technological solutions with a focus on serious gaming, Can't Wait to Learn builds on concepts that have been successfully piloted in Sudan.

The programme is currently running in Jordan, Lebanon and Sudan. In 2017 preparatory work also began to roll the programme out in Uganda, with a particular focus on the education needs of South Sudanese refugees. By 2020 we intend to reach as many as 170,000 children from the ages of six to 12 in three to five regions affected by conflict.

Can't Wait to Learn uses content endorsed by the Ministry of Education in each country where we work. The programme sees children learn by playing educational games on tablet computers - which provide children with access to mathematics and reading learning modules as well as vital psychosocial support.

Programme delivery, including hardware and connectivity, is adapted to each specific local context - from Sudanese villages to Jordanian refugee camps. Can't Wait to Learn is designed to be accessible both online and offline and contains integrated management systems to aggregate children's progress at individual, group and national levels. Training of facilitators and teachers participating in the programme is specifically tailored to encourage take up of the methods we use.

Core to the Can't Wait to Learn approach is the recognition that sustainable interventions in the education in emergencies sector must aim to facilitate a transition to formal schooling wherever possible. The active and continuous engagement of both local Ministries of Education and key stakeholders such as UNICEF and UNHCR is fundamental to expanding the reach of the programme.

2017 saw Google.org and the CISCO Foundation join existing donors such as the IKEA Foundation, the Dutch National Postcode Lottery and the Humanitarian Education Accelerator. Other supporters and partners include TNO, Butterfly Works and international and national NGOs.

ADVOCACY

Significant steps were taken in 2017 to make the voice of War Child heard globally. The year saw our global advocacy strategy on mental healthcare and psychosocial support for children affected by armed conflict approved by War Child's management team. The strategy calls for psychosocial support interventions to be an integral part of humanitarian responses.



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Steps were also taken to strengthen in-country advocacy initiatives over the course of the year. An advocacy exchange visit was held in Sri Lanka during October to draw upon the country office's vast experience on positive child participation in advocacy. Experts from our offices in Lebanon, DR Congo, the, Sri Lanka, Amsterdam and London attended the event.

The event saw a Skype exchange held between children in Lebanon, DR Congo and Sri Lanka on child rights issues. The exchange provided a platform where children and young people could discuss and share their experiences of issues that directly affect their lives. A presentation on VoiceMore - the War Child UK standard intervention for child-led advocacy inside their countries of operation - was also given.

Our advocacy activities serve to promote children's participation in the decision-making processes that shape their lives. In June 2017 six child representatives from Sri Lanka held a Skype meeting with the UN Committee on the Rights of the Child to address priority issues affecting children and youth. This event created a platform for children to share their experiences with high level international stakeholders.

April saw the United Nations Economic and Social Council (UN ECOSOC) grant War Child Holland official consultative status. This decision means that War Child is now a UN-acknowledged NGO - giving us a seat at the table during high-level policymaking meetings.

This places us at the centre of the UN development system - enabling us to conduct cutting-edge analysis, agree global norms and advocate for collective solutions to children and conflict. These efforts also help to advance the global UN agenda - including advancing the Sustainable Development Goals.

We also continued to serve as Chair of the Child Rights Connect Working Group on Children and Armed Conflict during 2017. The year saw the Geneva-based group successfully manage the transition of the new UN Special Representative on Children and Armed Conflict - and the group remains the recognised main advocacy network on children and armed conflict at the Human Rights Council.

At home in the Netherlands we rolled out the Don't Target Children campaign. This initiative called on elected politicians to promote the incorporation of mental healthcare and psychosocial support in emergency humanitarian responses.

We were also able to mobilise MPs to put Parliamentary questions to the Minister for Foreign Trade and Development to further promote the goals of the campaign in official foreign policy. Several advocacy entry points emerged during the campaign, which will be followed up in 2018.

SECURITY MANAGEMENT

War Child's work in countries affected by armed conflict presents serious safety and security challenges - to both our staff and our beneficiaries. The contexts in which we work are highly dynamic and the threats we face frequently unpredictable. These twin challenges require continuous monitoring as well as robust management of safety and security issues.



Strong security management mechanisms have been implemented across all operational levels of the organisation in the past two years. This risk-based approach allows us to balance the threats to our staff's safety and security while maintaining the shape and impact of our programmes.

Clear and robust contingency planning allows for the successful continuation of our activities through reducing the impact of emerging threats. This approach and its supporting procedures are laid out in our Global Security Policy. The approach is effectively implemented through the creation of Country Security Management Plans for all our countries of operation.

War Child recorded twelve security incidents involving staff over the course of 2017. More than half of these incidents involved minor traffic accidents caused by dangerous driving conditions. The remaining incidents were related to petty crime and breaches of our protocols – and, while significant, resulted in only minor impact on our staff and activities.

One further issue - which did not directly affect the safety of our staff but did have an impact on our programmes - was the US pledge to move its embassy in Israel to Jerusalem. This pledge was met with widespread rioting across the occupied Palestinian territories and forced us to reduce our activities in the region.

CHILD SAFEGUARDING

War Child works to support conflict-affected children in 14 countries around the world. Children and youth are at the centre of everything we do. We communicate openly and transparently about the results of our programmes - and this is how we deal with child safeguarding as an organisation.



War Child is a member of Keeping Children Safe (KCS), a global network of organisations that strive to ensure children are safeguarded and protected from all forms of abuse.

The Child Safeguarding Policy of War Child is designed to protect children who come into contact with the organisation and its partners from physical, emotional and sexual abuse, neglect as well as commercial and sexual exploitation.

Our Child Safeguarding Policy ensures that War Child staff are aware of potential concerns and engage in behaviour that prevents abuse. The policy also ensures that staff know how to respond in the event abuse occurs.

The Child Safeguarding Policy is signed by, and applies to, all staff, volunteers, partner organisations, board members, ambassadors and representatives of War Child.

In 2017 we began the process to update our Child Safeguarding Policy to ensure it is relevant and applies to new areas of our work - such as our academic research and our work with refugee children in the Netherlands. The updated policy is scheduled to be finalised during the first half of 2018 - after which time all our country offices will adapt the policy to their specific contexts. Clear guidelines will be in place to facilitate this process.

Over the course of 2017 a total of 21 child safeguarding concerns were reported to the organisation. Five of these reports related to War Child staff and volunteers. The other 16 reports related to staff of our partner organisations. All reported concerns were investigated and accurate responses provided.

Work has also begun to strengthen our internal procedures to ensure all mechanisms for reporting child safeguarding concerns are as robust as possible. This assessment of our internal procedures will examine whether our policies are sound and robust; that our culture provides all colleagues and beneficiaries with a safe space to work in; and that all colleagues and beneficiaries are able to report eventual cases of abuse or negligence of policy.

War Child enforces a 'zero tolerance' policy in this area - employees that violate our codes of conduct will face appropriate sanctions - including possible dismissal - and reported to the relevant authorities.



FUNDING OUR PROGRAMMES

Marketing and fundraising are vital elements of War Child's mission - here we provide a complete account of our fundraising activities.

[READ ON >](#)

FUNDING OUR PROGRAMMES

Marketing and fundraising are vital elements of War Child's mission to create a lasting impact in the lives of conflict-affected children and young people. Our funding base is comprised of three types of income – grant funding (restricted), adopted funding (restricted) and unrestricted funds.

Grant funding comes from a wide range of organisations, such as governments, multi-lateral organisations, corporate bodies, charitable foundations and international organisations. These funds are issued for specific programmes and objectives and come with robust accountability mechanisms which are part of the contractual requirements agreed upon by War Child and the donor.

Adopted funding is typically allocated to existing projects, themes or country programmes, with no specific contractual requirements set by the donor with regard to reporting. Common examples of this type of funding include funds granted by our business partners, major donors and foundations or funds raised through campaigning.

In 2017, some 53 per cent of the funding was grant funding, 46 per cent unrestricted funding and 1 per cent adopted funding.

Relationships with institutional donors are not only vital to help safeguard the financial sustainability of our programmes but also serve to bolster our profile and reputation. Our work in support of broader global goals such as the SDGs and Humanitarian Response Plans is key in supporting our efforts to become an expert organisation.

Unrestricted funds primarily come from three sources - our large constituency of regular donors; the various fundraising activities undertaken by individuals and businesses; and donations we receive from our primary sponsors. This type of fundraising encompasses major events such as our annual Kili Challenge and our TV special *Jj&lk*.

Unrestricted funding is indispensable for War Child - this source of funding allows us to respond rapidly to the urgent needs of conflict-affected children and to develop and test innovative programming. Moreover, unrestricted funding is often a requirement for obtaining restricted funding and, as such, provides leverage to pursue new funding opportunities.

INSTITUTIONAL FUNDRAISING

War Child works to deliver a positive, lasting impact on the lives of children and young people in conflict-affected areas. Long-term financial support is crucial in helping us achieve this goal. Institutional partners, including governments and international organisations, provide 56 per cent of our funding.

We exceeded our 2017 targets for institutional fundraising, signing 44 contracts with a multi-year value of €33.6M. This growth was driven in part by access to a range of funding opportunities identified throughout the year.

Our participation in the MoFA-funded Dutch Relief Alliance (DRA) saw us being able to respond to a number of humanitarian initiatives through a joint response with other (Dutch) organisations. In 2017 War Child participated in DRA Joint Responses inside Iraq, the Central African Republic (CAR), Yemen, Afghanistan, South Sudan and the Syrian Response.



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Funding from the Dutch Government was also secured for the Addressing Root Causes project in DRC and the Sports and Humanitarian Assistance project in Lebanon. Funds from the European Commission were granted for our projects in Colombia, DRC, Lebanon, Sri Lanka, Uganda and the occupied Palestinian territories, as well as for our Syrian Response programme.

We also received significant funding from non-profit organisations such as the IKEA Foundation, Bernard van Leer Foundation, Google.org and the Adessium Foundation.

Lastly, we were also very proud to receive an Extra Project award from the National Postcode Lottery in recognition of our successful programmes TeamUp and Can't Wait to Learn. Margriet Schreuders, Head of Charities at Dutch Postcode Lottery commented: "Support to refugees is one of the priorities of the Postcode Lottery."

"We are excited to see the unique partnership between War Child, Save the Children and UNICEF Netherlands to support children in asylum seeking centres in the Netherlands so they have something to look forward to every week. We are also impressed by War Child's Can't Wait to Learn programme. We are proud that with support from the Dream Fund, thousands of refugee children will now have access to quality learning opportunities."

The 2017 Klaus J. Jacobs Best Practice Prize was awarded to War Child for our global efforts to improve the lives of children exposed to war by promoting psychosocial well-being and fostering emotional resilience for their future. The Jacobs Foundation was founded in 1989 and since then promotes worldwide research projects, intervention programs and academic institutions focused on child and youth development.

IATI

War Child publishes data related to our programmes in line with the standards of the International Aid Transparency Initiative (IATI). War Child has the ambition to publish data about all its programmes in line with IATI standards in order to fully disclose what the organisation does, spends and achieves.

We have been increasingly successful in pursuing this ambition - the number of published projects in IATI increased from 95 in 2015 to an estimated 150 by the end of 2017. This growth illustrates our strong commitment to transparency and accountability.

A range of our international partners received continued support to meet these reporting requirements. IATI-compliant reporting for DRA projects serves as an example of strong external collaboration and commitment - all annual objectives were met, including 119 project updates.

PROGRAMME PARTNERSHIPS

War Child works in partnership with other organisations to effectively deliver our programmes. We depend on the expertise, knowledge and complimentary capacity of partner organisations, both on an international basis and inside our countries of operation. Our participation in global and local partnerships continued to be a focus in 2017 and resulted in a number of breakthroughs in terms of both policy and programme implementation.

Work began in September to develop our strategic partnership strategy in collaboration with War Child UK. This strategy is expected to be finalised in the first quarter of 2018. This specific strategy should steer the direction of our work with a range of partners, with the aim to increase the impact of the work of War Child.

Some of the organisations we worked with during 2017 are listed below:

Can't Wait to Learn Coalition:

All sponsors and partners working as part of Can't Wait to Learn share one vision: to work together to develop a model that provides conflict-affected children with access to quality education. Each partner contributes its unique knowledge, expertise and strength. Can't Wait to Learn is a collaboration between War Child, Ahfad University for Women, TNO, Butterfly Works, Ministries of Education in Sudan, Jordan and Lebanon and UNICEF. In 2016 Can't Wait to Learn was one of the first three projects worldwide chosen to join the Humanitarian Education Accelerator programme (for education innovations in emergencies), led by UNHCR, UNICEF and DFID. See our Funding Partners section for further details.

Dutch Relief Alliance:

War Child is a member of the Dutch Relief Alliance. The Dutch Relief Alliance (DRA) responds to major international crises in a timely and effective manner. The Alliance is a cooperation of sixteen Dutch NGOs, funded by the Ministry of Foreign Affairs of the Netherlands (MoFA). In 2017 War Child participated in DRA Joint Response interventions inside Iraq, the Central African Republic (CAR), Yemen, Afghanistan, South Sudan and also participated in the DRA Syrian Response.

Mercy Corps:

In 2014, War Child and Mercy Corps were awarded a grant from the Department of Foreign Affairs, Trade and Development Canada for a project entitled 'Protection and Education of Vulnerable Children and Youth in Colombia'. The goal of this continuing project is to increase the realisation of protection and education rights leading to a future free of violence for girls, boys and youth in Putumayo and Chocó.

Ministry of Foreign Affairs of the Netherlands (MoFA):

War Child has a long-standing partnership with the Dutch Ministry of Foreign Affairs, which has been instrumental in developing our innovation agenda through the C@nnect.Now programme (2011-15), providing in-country support on lobbying and advocacy activities and helping to build strategic partnerships with other agencies.

Right To Play and KNVB WorldCoaches:

War Child works in partnership with Right to Play and the KNVB WorldCoaches programme within the Sports and Humanitarian Assistance (SaHA) project in Lebanon. The project utilises a 'sports for development' approach and is designed to empower children and youth to contribute to social cohesion and peaceful interaction between Syrian refugees and their host communities in Lebanon.

TeamUp Coalition:

War Child, Save the Children and UNICEF Netherlands joined forces in 2015 to jointly support refugee children in the Netherlands through the project 'TeamUp'. The objective of TeamUp is to offer structured recreational activities, facilitated by professionals on a voluntary basis, to children living in asylum reception centres. Sport, play and movement activities scheduled at fixed days and times provide stability and structure, enhance life skills and provide relaxation. 2017 saw 1,641 children participate in more than 660 TeamUp sessions at 20 asylum centres. 2018 will see TeamUp expand to 32 locations in the Netherlands.

Terre des Hommes:

War Child participates with the Dutch and Italian divisions of Terre des Hommes and AVSI as part of the Back to the Future coalition. This coalition programme sees the organisations - with support of the European Union EU Madad Fund - address the education needs of Syrian refugee children and children from host communities inside Lebanon and Jordan.

ZOA and VNGI:

War Child works in partnership with Dutch organisation ZOA and VNGI inside the Democratic Republic of Congo, where both organisations are officially designated as a Strategic Partner of the Dutch Ministry of Foreign Affairs for Addressing Root Causes of Conflict.

FUNDING PARTNERS

In 2017 War Child received funding from a range of institutions including:

Adessium Foundation:

Thanks to the support of the Adessium Foundation, War Child has been able to develop and deliver a set of interventions since 2014 that will form the core of the War Child 'Care System'. The Adessium Foundation furthermore supports TeamUp, a coalition project in cooperation with Save the Children and UNICEF Netherlands.

Dutch Postcode Lottery:

War Child has been able to reach thousands of children since 2000 thanks to the generous contribution from the Dutch Postcode Lottery - the largest charity lottery in the Netherlands. War Child receives an annual structural contribution of €1.35 million from the Dutch Postcode Lottery. In addition, in 2017, we received an extra project grant of €2.5 million for our TeamUp programme in the Netherlands, in partnership with Save the Children and UNICEF Netherlands. This will support us to reach refugee children in the Netherlands by providing structured sports, play and movement activities in reception centres. The Postcode Lottery also continued to support Can't Wait to Learn, which was awarded the Dream Fund in 2016.



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The ELMA Relief Foundation:

The ELMA Relief Foundation supports War Child's 'Back to the Future' project in Lebanon. The project is designed to meet the educational needs of both Syrian refugee children and vulnerable Lebanese children and help them build a better future. It promotes enrolment in the formal education system by offering Early Childhood Education, basic literacy and numeracy, language classes and more. The project also sees various school facilities renovated and school transport offered to children.

EU/ECHO:

War Child's strong relationship with the European Union (EU) continued in 2017 with a total of seven grants from both the European Commission's Humanitarian Aid and Civil Protection department (ECHO), the European Commission Development Cooperation and in-country EU delegations for projects in seven different countries.

Google.org

In 2017, Google.org joined existing donors supporting the Can't Wait to Learn programme with a USD \$2.5 million grant.

Global Affairs Canada:

In 2014 the consortium formed by War Child and Mercy Corps was awarded a grant from the Department of Foreign Affairs, Trade and Development Canada (recently renamed Global Affairs Canada) for a project entitled 'Protection and Education of Vulnerable Children and Youth in Colombia'.

IKEA Foundation:

The IKEA Foundation is one of War Child most important and strategic partners. They support our work in:

1. Can't Wait to Learn, an innovative technology-focused programme formulated to address the huge educational challenges faced by conflict-affected children worldwide. IKEA Foundation supports the project in Sudan, Lebanon and Jordan.
2. Building Sustainable Futures, a project which aims to make a difference to children and young people in South Sudan, by providing Safe Spaces, supporting education and protection and providing livelihoods training for young people.
3. Time To Be A Child, a partnership with War Child UK and War Child Canada in support of children affected by the Syrian crisis. This project, implemented in Jordan and Lebanon, has set up a network of Safe Spaces where vulnerable children can play, learn and develop in peaceful environments.
War Child is also proud to be part of the global campaign Let's Play for Change! which is run by IKEA stores worldwide in November-December, to raise awareness of the importance of play.

Jacobs Foundation:

In 2017, we were honoured to be awarded the Klaus J. Jacobs Best Practice Prize by the Jacobs Foundation for combining academic research with our daily activities with children. The prize of 200,000 Swiss francs will be invested in the Research and Development agenda of War Child, to further develop an evidence-based care system.

Ministry of Foreign Affairs of the Netherlands (MoFA):

War Child has a long-standing partnership with the Ministry of Foreign Affairs of the Netherlands (MoFA), which included our participation in the Strategic Partnership for Protracted Crisis to respond to the chronic lack of stability in the Great Lakes Region between 2014 and 2017; an ongoing partnership in Addressing Root Causes of Conflict in the Democratic Republic of Congo from 2017 to 2021; membership of the Dutch Relief Alliance; a joint collaboration with Right to Play and the KNVB in Lebanon for the project Sport and Humanitarian Aid; and dialogue and participation in various geographical or thematic networks.

Swiss Development Cooperation (SDC):

The Swiss Development Cooperation has been a partner of War Child since 2014 and has supported our work with Syrian children and other victims of the Syrian crisis.

Turing Foundation:

The Turing Foundation supports the project 'Good Schools, Safe Schools' in the Democratic Republic of Congo (DRC). Support previously issued has allowed vulnerable children affected by conflict in South Kivu outside the school system to access school primarily through catch-up education. With the current project, Turing Foundation supports these children and others to remain in school, in a safe and protective learning environment. The project also aims to build systems and education structures to improve the provision of quality education.

UN Country-Based Pooled Fund (CBPF):

War Child has access to Country-Based Pooled Funds (CBPFs), which are multi-donor humanitarian financing instruments established by the Emergency Relief Coordinator and managed by OCHA at the country-level under the leadership of the Humanitarian Coordinator. In 2017, War Child, together with local partner organisation Corporacion Halú, finalised an I-DEAL "fast-flex" in emergency project in Choco. An evaluation was conducted and the report of this is expected to be finalised in early 2018.

UNICEF:

Our partnership with UNICEF continued in all our field operations during 2017 through participation in cluster meetings, technical collaboration as well as several funding arrangements. In Lebanon UNICEF supported War Child to meet the protection, education and psychosocial needs of Syrian refugee children and vulnerable Lebanese children. UNICEF (Sudan and International office) continued to significantly contribute to the Can't Wait to Learn project, designed to transform the way that education in emergencies is delivered.

USAID:

USAID supports the research component of the programme Can't Wait to Learn.

New grant contracts signed in 2017

Grants from Governmental Bodies

Donor	Country	Donor grant awarded in Euro	Duration in months
Netherlands Ministry of Foreign Affairs (MoFA)	South Sudan	408,109	10
	Iraq	428,985	10
	Yemen	898,212	10
	Syrian Response	616,243	10
	Afghanistan	436,320	6
	Global	40,800	12
	DR Congo	2.02 million	60
	Lebanon	3 million	24
	Uganda	289,631	36
	Syrian Response	4.5 million	24
	Uganda	800,000	12
	Sri Lanka	437,750	36
	European Commission	occupied Palestinian territories	981,298
Lebanon		3.99 million	30
Lebanon		2.25 million	12
UNICEF	South Sudan	397,274	12
	Syrian Response	2.04 million	18
	DR Congo	21,495	4
DDC	Syrian Response	1.7 million	24
SDC	Lebanon	48,767	6
UNESCO	Colombia	931,000	14
UN Multidonor Fund			
Other		485,000	

Grants from Foundations

Donor	Country	Donor grant awarded in Euro	Duration in months
Adessium Foundation	Netherlands	150,000	12
Dutch Postcode Lottery	Netherlands	2.5 million	24
Werkgroep Vluchtelingen & Educatie van de samenwerkende fondsen	Netherlands	75,000	12
Google.org	Global	2.3 million	36
Queen Silvia's Foundation Care about the Children (via War Child Sweden)	Syria	101,849	12
Stichting Vrienden Medische Missie Zusters	Lebanon	70,000	12
Cisco Foundation	Global	148,897	12
Bernard van Leer Foundation	Lebanon	255,547	30
ASML Foundation	Netherlands	25,000	9
Fred Foundation	Uganda	15,000	3
IKEA Foundation (via Save the Children)	Uganda	75,460	3.5

PUBLIC FUNDRAISING

Fundraising is key to War Child's mission in support of children who live with the effects of armed conflict. The donations and public support we receive allow us to be present wherever children's needs are greatest - without them we literally could not fulfil our mission.

In 2017 we tested our new long-term fundraising strategy and rolled out several new initiatives to raise our brand awareness. The year saw us face several challenges in our fundraising activities which affected our results.

We increased investment in our fundraising activities compared with 2016 - yet we still fell slightly short of our total fundraising target for 2017.

Looking back on our performance over the course of 2017 we believe our fundraising targets were too ambitious. The development and pilot testing of our new fundraising strategy and the implementation of a new database system required more of us than we anticipated - taking vital resources away from our core activities.



The year did see us expand our reach and increase public awareness about our work. Several major initiatives contributed to this success - including our petition campaign; the huge volume of publicity surrounding our *Jij&Ik* TV event; the significant social media reach of our *Batman* film; and our new association with the world's number one DJ Martin Garrix.

Structural income from individual donors was €100,000 above our target. We also reached our revenue targets from the War Child Kidsclub and legacies. We fell short, however, of our revenue targets with regard to War Child Events, third-party events and business partners.

These successes were forged in a competitive fundraising environment. The market is very competitive with an increasing number of NGOs competing for funds in the areas we specialise in - psychosocial support and protection for children affected by conflict.

NEW STRATEGY AND APPROACHES

In 2016 a new Marketing, Communications and Fundraising strategy was finalised to guide our positioning and activities over the coming years - both in the Netherlands and internationally.

The goal of this strategy is to create **a global movement for peaceful futures for children affected by war and conflict**. This will see us assert our expert credentials and work to inspire increasing numbers of people and organisations to participate in our mission for conflict-affected children - in any way they can.

In 2017 we began to implement this new strategy by testing new activities to mobilise potential donors via exclusive events, actions and campaigns. We continued to examine ways in which we could give music a central role in our fundraising activities - since music not only moves people but also reflects the creative methods we use in our programmes.

The year also saw us examine new methods to increase our base of monthly structural donors - and become less reliant on door-to-door fundraising. Work on this will continue in 2018.

NEW INITIATIVES

We launched several new initiatives during 2017 to meet these challenges. Our petition campaign was hugely successful in raising the profile of War Child.

Martin Garrix - the No. 1 DJ in the world - gave an exclusive concert for War Child in February to help provide 3,000 conflict-affected children with psychosocial support, protection and education. The concert - in Amsterdam's world-famous Paradiso venue - was heavily promoted on radio station Qmusic, with hourly commercials in the run-up to the event.

The amazing evening helped us raise a total of €250,000 income in support of children forced to live with the effects of armed conflict.

A feasibility study conducted in 2017 resulted in a new fundraising initiative for 2018 - the War Child Urban Heroes Obstacle Run. The event will be held in May 2018.

OUR FRIENDS

War Child can only continue its work for conflict-affected children thanks to all the donations we receive. Thousands of people lent us their support during 2017 - all of whom are our 'Friends'. Every gesture of support we receive is valuable - whether it's people supporting us with a €10 one-off donation or a major donation of €100,000, or simply with their time or expertise.

Every small effort allows us to provide support, education and stability to children growing up in the midst of conflict - and helps to create a global movement in support of peace.

Our strategic ambition is to establish long-term relationships with our structural donors - our Friends. This structural support allows us to secure ongoing financial backing for our projects and maintain our promises to children affected by conflict.

Our goal for 2017 was to secure 4,000 additional structural (monthly) donors. Across the year as a whole we recruited some 400 additional donors compared with 2016. We attribute this shortfall to the continued tough market conditions.

In terms of income we fell short of our target by €100,000 - but year-on-year we did see revenue in this sector increase by some €300,000. In a tough market this represents a significant achievement.

2017 saw us schedule four campaigns, each one with a specific theme. The year began with our new petition campaign - a first for War Child - where we asked people to sign the petition *Keep Children Out of the Line of Fire*. More than 21,000 people signed the petition, which was presented to the Dutch government.

The second campaign was centred on our *Batman* film - with the message that fantasy is the only way for children to escape from war. This was followed by our *Back to School* campaign, which emphasised the important role education plays in the development of conflict-affected children. We ended the year with our successful *Safe Space* campaign, which resulted in €300,000 income and received great support from our Friends on our crowdfunding page.

Each of the four campaigns met our expectations - but we did see that our contract strategy needs to be improved. To address this, we benefitted greatly from the insights of a trainee in econometrics. Her findings helped us to develop our approach methods and will in future lead us to build improved relationships with our Friends.

All of these efforts across 2017 as a whole resulted in total income of €8.41 million.

FUNDRAISING PARTNERSHIPS

In 2017 we raised € 2.1 million from our fundraising partners. This amount was raised through our friends in the business sector, private foundations and individual donors who gave us a major gift. This figure also includes funds granted to us through legacies.

The fundraising result was roughly 10 per cent below the result in 2016. This shortfall was due to setbacks in filling crucial positions in the partnership team. These setbacks saw the department understaffed across the entire year and contributed to the shortfall.

We were very happy to retain ASN Bank as our main corporate sponsor in 2017. The year ended with the amazing news that this relationship will be extended for a further three years.

Our partnership with Air Miles was also extended during 2017. The year also saw Tommy Cares (part of Tommy Hilfiger), Deloitte, Buy Aid, Hewlett Packard Enterprise, Merin B.V. and Rituals Cosmetics Enterprises continue to support War Child.

Amongst others, Cosmetics firm Ellis Faas and 't Stoepje (part of Market Food Group B.V.) launched successful fundraising campaigns on our behalf over the course of the year. Companies including Flow Traders, Cars on the Web and Insights Benelux all participated in our fundraising Kili Challenge. We also received wonderful support from Rotary Amsterdam-Oost and Lions Club Veendam in 2017.

In 2017 we were also able to reduce our direct costs by €1 million thanks to the success of our corporate partner network. Our in-kind product sponsors during 2017 included T-Mobile, Xtandit, ADP, MINI Amsterdam and Koninklijke Van der Most. Their in-kind support was an equivalent of the amount of €1 million.

War Child will continue to build on our existing partnerships - and forge new ones - over the coming years. We will keep improving our partnership propositions to ensure they are inspiring and result in sustainable partnerships that have a significant impact for conflict-affected children.

KIDS

War Child is keen to invest in establishing relationships with children living in the Netherlands. Our major initiative to realise this goal is the War Child Kidsclub - a club for children aged between 8 and twelve. Kidsclub members receive videos made by our team of celebrity YouTubers - Britt Scholte, Quinty Misiedjan, Rens Polman and Niels Oosthoek.

The Kidsclub YouTubers made a significant contribution to our mission over the course of 2017. They engaged in numerous fundraising challenges and awareness-raising activities - including a soccer match against Creators FC and a fundraising drive in which they swapped War Child badges for items of values provided by our corporate partners. The last 'swap' raised an amazing €10,000 for conflict-affected children.

The War Child Kidsclub is sponsored by America Today Junior. We also welcomed child care organization SWKGroep and Gamestate as Kidsclub partners in 2017. SWKGroep gave us access to 18 child care locations, where our volunteers gave interactive presentations about the work of War Child. This partnership helped us welcome 4,000 new members to the War Child Kidsclub over the course of the year.

The Kidsclub also enjoys a healthy and growing presence on social media, including more than 1,000 followers on Instagram. We are very proud of the work of our vloggers and the relationship they have built with our Kidsclub members.

Our Kidsclub also proved to be a valuable awareness-raising tool in 2017. The year saw 356 schoolchildren cover War Child in their coursework, 290 schoolchildren give a lecture and 177 schools request educational material about our work.

ACTIONS / THIRD PARTY EVENTS

War Child supports children forced to live with the effects of armed conflict - and our network of action supporters makes a large and important contribution to our mission. In 2017 - like every year - they lent us significant support.

In our plan for 2017 we put increased targets in place but unfortunately we fell short of our ambitions. This year we raised €996,877 with actions. Year-on-year the total number of actions fell from 851 in 2016 to 712 in 2017. The reason for the drop in this income was understaffing in the team in 2017. Yet the success of events such as the Dam tot Damloop fundraising run prove we are on the right track. In 2017 some 150 sporty supporters took part on behalf of War Child, raising nearly €35,000 - a significant increase on revenues from the 2016 event.

War Child has focused on the kids and schools sector for many years. 2017 was no different - the year saw us organise the Elfstedentocht4Kids, which was a great success. The event resulted in 120 new Kidsclub members and raised €3,500.

WAR CHILD EVENTS

In January 2017 we organised the third edition of our annual Kili Challenge. The event saw 75 participants raise € 395,877 - € 95,000 more than our fundraising target. It proved to be the most successful edition since the 2015 launch event. Our ambassador Tooske Ragas also joined the event, raising € 15,000 and generating extensive press coverage.

June saw the second edition of our network TV special *Jij&Ik* (You&Me) - produced in collaboration with EO and I Care. The primetime broadcast on Dutch national broadcaster NPO1 generated massive interest among the viewing public - despite being held on a very sunny national exam day.

Viewing figures for the event fell slightly year-on-year - some 700,000 people tuned into the 2017 edition, compared with 2016's figure of 950,000. Even so, the hour-and-a-half broadcast yielded a number of new structural donors - enabling us to support an additional 4,378 children affected by armed conflict.

Our fundraising efforts surrounding *Jij&Ik* were improved through our use of scrum project management methodologies. These methods helped us to develop an integrated event which involved all our target groups. Highlights included a Kids event and a business friends event on the day of transmission.

ENGAGEMENT AND REACH

The War Child brand is much more than a logo. The power of the War Child brand helps us engage stakeholders in support of our mission - to create a global movement in support of peaceful futures for children affected by armed conflict.

We managed to strengthen our reputation over the course of 2017 through several major projects - including our TV special *Jij&IK*, the *Martin Garrix for War Child* event and our *Safe Space* campaign.

2017 also saw us further develop our position as an expert organisation in the area of children affected by armed conflict. We were increasingly visible in the press - the year saw War Child appear more than 2,700 times in national printed media. The online success of our 'Batman' film helped us reach more than 10 million people through our social media activity.

PRESS, MEDIA AND REPUTATION

The Press, Media and Reputation department is responsible for all media and press relations through managing spokespersons, initiating and coordinating press conferences, press releases, briefings, trips and media events. The department as a whole reports directly to our Managing Director.



Our overall objective is to position War Child as an internationally acknowledged expert on children affected by armed conflict, able to influence key stakeholders and contribute to our mission. In support of this, 2017 saw us focus on maintaining and expanding our media network, both in The Netherlands and abroad.

Significant steps were taken to enhance our expert status over the course of 2017. A group of key War Child staff received media training to prepare them for appearances in broadcast outlets. The year also saw us begin to work more closely in partnership with the press departments of War Child UK and War Child Sweden.

War Child appeared in at least 2,708 offline publications (2,517 newspapers, 191 magazines) and more than 1,500 online publications over the course of 2017. We were also frequently present on national television and radio. War Child sent out 15 press releases, which were received by hundreds of War Child's media contacts.

War Child was present in many leading national media outlets over the course of 2017 - including Pauw, Jinek, NOS Jeugdjournaal, RTL Nieuws, EenVandaag, RTL Boulevard, 5 uur Live, ZAPP Weekjournaal, Koffietijd, Nu.nl, NRC, Algemeen Dagblad, Trouw, Telegraaf, Parool, Metro, Groene Amsterdammer, Radio 1 & 2, BNR, Qmusic, 100% NL, OneWorld, and Kidsweek. In addition, War Child was present in many regional and local media outlets. This free publicity focused both on our work and our fundraising actions.

The content topics covered emphasised War Child's expert role in supporting conflict-affected children - in line with our strategic move towards becoming a 'Networked Expert Organisation'.

Aspects of our work covered during the year included: TeamUp - our project for child refugees in Dutch asylum reception centres; our Research and Development methods; and the impact of war on children (including children living in IS-controlled areas) in the Middle East.

Our advocacy report 'I Want to Go Home But I'm Afraid' received significant media attention. The report was featured in national outlets Algemeen Dagblad, RTL Nieuws, NOS Jeugdjournaal and NU.nl. Our Research and Development department also saw four peer-reviewed articles published in leading academic outlets.

We gained significant exposure for our February 'Martin Garrix For WarChild' fundraising concert; our TV event 'Jij&Ik' in June; the Kili Challenge; and our award-winning 'Batman' film. We also made our voice heard through opinion articles in Trouw and OneWorld.

We organised two press trips in 2017 - one in Uganda for primetime Dutch TV show 'De Reunie' and another trip in Iraq. These events led to media exposure in outlets including RTL Nieuws, De Nieuwe Maan, Tijd.be, Alaraby.co.uk, Reformatorisch Dagblad, BNR, De Stentor, NRC and Groene Amsterdammer.

The equivalent total media value for our presence in offline publications was some €6.5 million. Most of the media visibility had a positive or neutral tone of voice.

In 2018 - based on analysis of our media performances in 2017 - we would like to maintain our strong presence in leading national media outlets by continuing to be responsive to news topics relevant to our work with conflict-affected children.

OUR GOODWILL AMBASSADORS

Our network of Goodwill Ambassadors make an invaluable contribution towards our mission to create a global movement in support of conflict-affected children. The attention they bring to War Child's work reaches all parts of the media - and makes a tangible difference to the lives of conflict-affected children around the world.

In 2017 we were once again proud to be able to call upon the support of our active and engaged network of Goodwill Ambassadors. In regular meetings with our ambassadors over the course of 2017 we kept them up to date with the details of our work in 14 countries affected by armed conflict.

In 2017 we celebrated the nineteenth year of **Marco Borsato's** role as our Goodwill Ambassador - and we are beyond proud that he continues to make such an enormous contribution to our cause.

Just as in 2015 and 2016, June 2017 saw Marco co-host our annual TV special *Jij&Ik*. The event featured unique performances from children and their parents - and the show also saw Marco present a number of special reports highlighting the work of War Child around the world. Marco helped promote the show in the run-up to transmission through a number of interviews on TV, radio and in newspapers.

On 24 June 2012 Marco was the first artist to perform at Amsterdam's Ziggo Dome. Marco returned to the venue in June 2017 to help mark the venue's fifth anniversary with two very special *Marco Borsato & Friends* performances. As with Marco's previous performances at the venue, special bracelets were handed out at the concerts in return for a donation to War Child.

Marco also continues to be very much involved with our work away from the stage - he provides advice, contributes to our brainstorming and quarterly update meetings and also shares his network of contacts with us.



Ballet dancer **Michaela DePrince** once again promoted our work in 2017. Michaela experienced the effects of armed conflict as a child - she was born in Sierra Leone and lost her parents during the country's civil war.

Michaela visited two of our projects over the course of 2017. In October she witnessed our TeamUp activities in an AZC ('refugee shelter') in Utrecht where she participated in a session with a group of children taking part in structured recreational activities.

In November Michaela travelled to the Bidi Bidi refugee settlement in northern Uganda, where War Child works with children from both refugee and host communities. She met a number of South Sudanese refugee children, listening to their stories and interacting with them. It was a journey full of inspiration and hope. Finally, Michaela was also present during an international fundraising event for our colleagues at War Child UK.

We are extremely proud that Martijn Garritsen - a.k.a. the no. 1 DJ in the world **Martin Garrix** - became a Friend of War Child. His first activity for us was a brilliant one - an exclusive performance for War Child in Amsterdam's Paradiso raising more than € 250,000 in income and helping more than 2,600 children. Furthermore, Martijn raised awareness

and funds for War Child at the Estereo Picnic Festival in Colombia and an event at the Residence of the Dutch Ambassador in Bogotá.

Other activities over the course of the year included, amongst others, recording a call to action on video for our TV evening 'Jij&Ik'; posting videos on social media about the 'Martin Garrix voor War Child' event; raising awareness for the International Day of Peace and giving us presence at his amazing shows at the Amsterdam Dance Event in October.

Rapper, comedian and TV presenter **Ali B** has been an ambassador for us since 2003. Over the course of 2017 he lent his support to us in several ways - particularly on social media - and also helped to promote our *Jij&Ik* TV event.

Actor and director **Victor Reinier** made another significant contribution to War Child in 2017. Victor represented us at several fundraising activities across the Netherlands during 2017, where his presence was greatly appreciated. Victor also visited our TeamUp activities in Alkmaar to witness first-hand how the programme supports refugee children. This visit was captured in a short documentary which was shown during *Jij&Ik*. We were also delighted that Victor promoted our work tirelessly during a number of media interviews.



© Jeppe Schilder

TV host **Tooske Ragas** also had an active and busy year in support of War Child - which she began by climbing Mount Kilimanjaro! Tooske took on the highest summit in Africa together with a group of friends as part of our fundraising *Kili Challenge*. Tooske's efforts and dedication yielded a great deal of media coverage about our work - for which we were very grateful.

Tooske also co-hosted our *Jij&Ik* special together with Marco Borsato and paid a visit to our TeamUp activities at an AZC centre in Overberg.

Our four War Child Kidsclub **YouTubers** - Britt Scholte, Rens Polman, Quinty Misiedjan and Niels Oosthoek - made an enormous contribution by helping profile our work to a younger audience. They organised numerous fundraising and awareness raising activities, with or for younger audiences. Both online and offline, our YouTubers made great efforts to make our work as visible as possible.

OUR VOLUNTEERS

War Child exists to support children forced to with the effects of armed conflict - and our network of volunteers makes a hugely important contribution to our mission. In 2017 - like every year - we enjoyed significant support from our volunteers.



By the end of the year we could count on the support of 64 volunteer spokespeople, six volunteer coordinators, eight project volunteers and 156 active event volunteers. Our volunteer spokespeople also make a valuable contribution during our events.

Our network of volunteers supported our marketing activities throughout 2017. They gave 159 presentations about our work at schools, companies and sports clubs. They collected numerous cheques and were present at festivals and public events to publicise our work.

Our volunteers also contributed to the success of several major projects - including our TV special *Jij&IK*, the *Martin Garrix for War Child* event and our *Safe Space* campaign - over the course of the year.

2017 also saw the launch of a new Volunteer Policy and strategy - to help deepen the relationship between the organisation and our network of volunteers. The new strategy is designed to give our volunteers increased responsibility - and involve them even more closely in our work.

The new policy and strategy both met with an enthusiastic response from our volunteers - ensuring we can continue to move forward as a single, committed team.

ENGAGING WITH STAKEHOLDERS

We continued to take important steps to strengthen our engagement strategy over the course of 2017. We learned more about the quality and quantity of our contacts thanks to research conducted by a trainee in econometrics. The findings of this research will be applied to ensure we become more relevant to our structural donors or 'Friends'.



© Nick Steinbuch

We also put measures in place to involve our new Friends more closely in our work. Our programme allows us to engage with new donors through methods including small inquiries, personal messages from staff in our programme countries and phone calls to gauge their experiences in dealing with War Child.

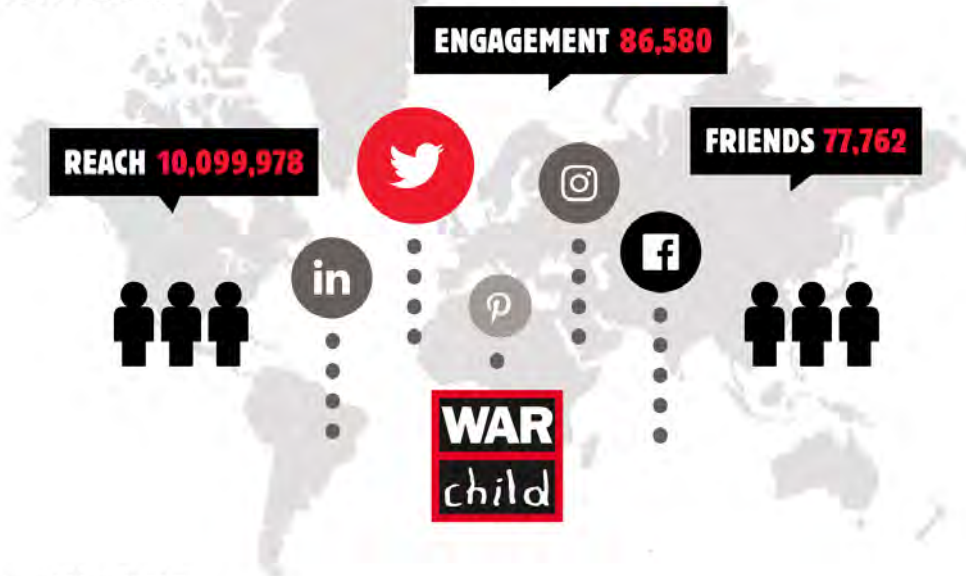
Feedback on the quality of our regular communications was also gathered over the course of the year. We sent our Friends four newflashes and newsletters via email and them to respond to these communications - providing either a 'thumbs up' or 'thumbs down'. We also invited 40,000 Friends to provide us with qualitative feedback on how we communicate with them.

WEBSITES AND SOCIAL MEDIA

The audience for our websites www.warchild.nl, www.warchildholland.org and www.warchild.org - broadly held firm in 2017. The year saw 734,575 people (unique visits) engage with our websites - a slight fall compared with the 2016 figure of 785,201.

SOCIAL MEDIA

2017



annualreportwarchild.org #in2017

Across 2017 as a whole we reached more than 10 million people through our social media activity - thanks to new content formats like livestreaming, our 10 episode online 'Jij&Ik' show (with EO) and online campaigns.

The total audience for our social media channels grew to 77,762 individual followers over the course of 2017 - up from 73,140 in 2016.

Number of website sessions

#sessions	2016	2017
warchild.nl	710,268	592,279
Warchildholland.org	74,933	83,847
Warchild.org	76,569	58,449

Communities

#followers	2016	2017
FB	43,647	44,942
Twitter	19,289	20,162
Instagram	2,354	4,021
LinkedIn	7,062	7,469
YouTube	789	1,168

Reach

	2016	2017
#social reach	17,536,236	10,099,978
#social engagement	73,550	86,580

COMPLAINTS POLICY

War Child strives to respond to complaints within two working days, in which we succeeded in 99 per cent of all cases. Our policy concerning complaints is available on our website.

In 2017 we received 97 complaints related to our fundraising - 49 fewer than we received in 2016. This decrease can be attributed to our decision to focus our activities on 'tried and tested' fundraising methods - unlike the year before where we trialled various new initiatives.



OUR PEOPLE

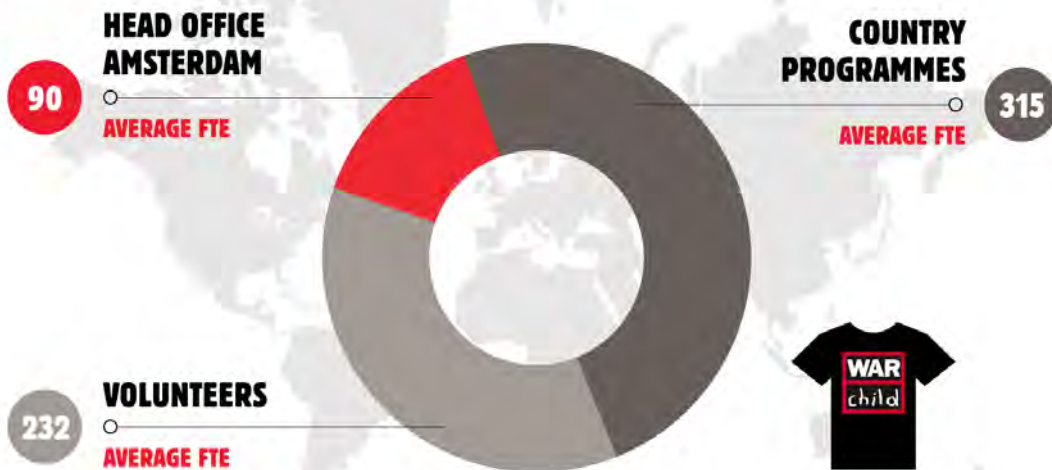
The drive and ambition of our staff is key to our operations - here we outline their contribution in full.

[READ ON >](#)

OUR PEOPLE

The strategic goal of War Child's Human Resources department is to ensure that all members of staff - as well as our large network of volunteers in the Netherlands and our countries of operation - can grow, work and learn in a safe environment. We believe in accountability and strive to create an environment where staff, interns and volunteers take pride in their work and are empowered to contribute towards the overall goals of War Child.

HUMAN RESOURCES 2017



annualreportwarchild.org #in2017

OVERVIEW

Our core HR guidelines and procedures were strengthened over the course of 2017. Our new **HR Policy** was formally approved in April 2017 following an extensive internal feedback process. The document draws upon elements of our 2016 HR strategy, the War Child Core Values and the global Core Humanitarian Standards initiative.



We launched the new **Human Resources (HR) Handbook** for our country offices during the summer of 2017. The handbook expands upon key elements of the HR Policy with a particular focus on our programmes. We will work to further develop this resource - through a process of implementation and learning by auditing - over the course of 2018.

A ruling of the HRM Handbook is the setting of a competitive salary scale by using benchmarking (preferably carried out by global provider Birches), comparing relevant other INGO's. This is undertaken by Country Offices as well as in Amsterdam office. The targeted labour market position is at 50th percentile. In addition a systematic approach is used to determine the actual salary of an individual employee, weighing one's experience to a certain amount of steps in the salary scale of a job. Annually sources like benchmarking and statistical info are used to determine the indexation of the salary house. In Amsterdam this was 0.5% in January 2017.

We also overhauled our **Terms and Conditions (T&C) for Expatriates** over the course of the year. New terms and conditions - with a new net (instead of gross) salary structure - will be in place as from 1 January 2018. We drew on both outside expertise as well as internal feedback to develop this policy document.

Further **formalisation of processes** took place over the course of the year - including improved Lines of Approval (for Head Office vacancies and contracts) and the development of standard recruitment interview formats.

IMPROVED EFFICIENCY

Significant steps were taken - with the input of a consultant from War Child UK - towards the choice of a new **Human Resource Information System (HRIS)**. A 'purchase trajectory' has been pursued, examining options for both local and international (together with War Child UK) systems for our organisation. The eventual rollout of the new HRIS in 2018 will entail a significant time investment.

We also continued to examine ways to enable the **Global Mobility** of our staff - and pursue our dream that anyone on our staff can work from anywhere. This has presented us with some challenges in the shape of global variations in labour laws, social security, income tax and pension provision.

Our ideal would see our staff working anywhere in the world - connected to the organisation by the internet. In reality this vision is difficult to execute as labour relations are regulated by national laws and treaties. We will continue to find solutions to these obstacles on a case-by-case basis and will also draw on crucial outside expert advice.

RECRUITMENT AND RETENTION

We launched several initiatives to improve our processes for the recruitment of new staff over the course of 2017. Efforts to develop a new website for International Candidates were successful - this resource will launch during the first quarter of 2018.

We have also begun to use standardised questionnaires for our international positions - in part because many applicants send in application letters of low quality. The initial results of these questionnaires have been very promising. In the first half of 2018 we will continue to provide improved training on HR interview techniques, in order to both increase our screening capacity and conduct more effective interviews.

The **retention** of our expatriate staff improved in 2017. The rate of staff turnover fell from 91 per cent to 67 per cent year-on-year - leading to a more stable organisation where expatriate staff occupy key functions.

We also benefited from improved Internal Mobility - the change of role that a worker may choose to engage in within an organisation - within War Child. More than a quarter of both expatriate and head office vacancies were filled by internal candidates during 2017.

The **Arbodienst** (occupational health cover provider) withdrew its low price policy towards WCH. Also taking into consideration its lack of service, a new Arbodienst has been chosen and transition will take place in 2018.

ORGANISATIONAL STRUCTURE

Two major internal **restructurings** took place during 2017. The first months of the year saw the creation of a new Marketing, Communications and Fundraising (MCF) department. The second half of the year saw our new International Programmes department formed, with the recruitment of a new Director of International Programmes.



© Sarah Hunter

Our **Regional Teams** model in East Africa and the Middle East was further developed over the course of the year. The structure has, however, yet to be finalised - more clarity has to be provided on how the division of job responsibilities and regions might deviate in form, shape and speed. The new Director of International Programmes will play a vital role in moving this process forward.

The division of decision-making power and responsibilities between head office and our regional and country levels is currently in development across several areas.

Learning for our individual members of staff has also been prioritised - with personalised 'learning journeys' incorporated into our 'i-Talent' management system.

CONSULTANTS, INTERNS AND VOLUNTEERS

Self-employed consultants continue to contribute to our mission when additional support is required. 45 consultants were hired over the course of 2017, both on a short-term and long-term basis. Adherence to the new law (Deregulating Beoordeling Arbeidsrelaties) governing the recruitment of consultants did, however, present certain challenges.

The number of **interns** working for the organisation remained broadly static during 2017 - 11 interns were on average learning and working in various departments during the year. Our interns make a significant contribution to our activities which is greatly appreciated. They help create the young and optimistic atmosphere at head office and contribute valuable knowledge and experience.

Our **volunteers** made yet another significant contribution to our marketing activities in 2017. They gave 159 presentations at schools, companies and sports clubs, collected numerous cheques and were present at festivals and events such as our TV special 'Jij&Ik' and the fundraising concert given by superstar DJ Martin Garrix.

We also launched a new Volunteer Policy and strategy in 2017, which was met with an enthusiastic response from our army of volunteers.

EMPLOYEE ENGAGEMENT

Another wide-ranging employee survey for head office staff was completed over the course of 2017. The survey was undertaken in partnership with HR benchmarking institute Great Place to Work. Our **Trust Index** score - a key metric of the survey - rose year-on-year from 67 per cent to 69 per cent.



Three key themes of concern to our staff were identified as part of the survey - 'Work-Life Balance', 'Communication' and 'Clear Task Division'. Measures to address these concerns will be rolled out during 2018.

The second half of the year saw all staff at head office participate in the training programme 'Working Together Effectively'. The programme - an initiative from Benelux Insights Discovery and ICM - is designed to create a healthy **culture of feedback** within organisations. The results arising from this process will be evaluated in 2018.

The Great Place to Work survey was also conducted in our Middle East programme countries. We will examine the value of rolling out the survey with staff from our other programme countries in 2018.

	2017	2016	2015	2014
Total FTE War Child	405	352	354	370
Head Office Amsterdam				
Average FTE	90	83	86	75
# nationalities	11	12	11	9
% Male - Female	29-71%	30%-70%	31%- 69%	34%- 66%
Average FTE interns	11	12	10	4
Average FTE volunteers	6	8	9	10
Average age	39	39	39	39
Absence rate (excl. maternity leave)	2.66%	1.86%	2.40%	2.40%
Outflow (turnover)	27%	38%	30%	34%
Country Programmes				
Average FTE expats	19	23	29	24
Average FTE local employees	295	246	239	271
Outflow expats (turnover)	67%	91%	53%	77%
Volunteers				
Number of voluntary spokespeople + coordinators	64 + 6	78	103	72
Event volunteers	156	233	90	158
Project volunteers	6	8	5	0



GOVERNANCE

These are the principles of governance War Child adheres to in all its operations.

[READ ON >](#)

SENIOR MANAGEMENT TEAM

The Senior Management Team (SMT) is comprised of managers representing all five departments of War Child. The SMT is responsible for monitoring the performance and progress of the organisation against the objectives set out in the global Strategic Plan and related Annual Plans and Budgets.

The SMT meets regularly to review the organisation's performance, progress and deviations as measured against set goals and objectives. Where there are deviations, appropriate actions and risk mitigation measures are taken into consideration. Through these actions the SMT provides leadership and guidance to managers across the organisation - both at head office and inside our countries of operation.

The Managing Director of War Child is the Chair of the SMT and reports its findings to the Supervisory Board.

INTERNATIONAL MANAGEMENT TEAM

The International Management Team (EMT) is comprised of the Senior Management Team, the Managing Director of War Child Sweden and representative War Child Country Directors. The IMT is responsible for monitoring the performance and progress of the organisation according to the goals and objectives set out in the global and country-specific Strategic Plans and related Annual Plans and Budgets.

The IMT meets regularly to review the organisation's performance, progress and deviations - both at head office and inside our countries of operation - as measured against set goals and objectives. Where there are deviations, appropriate actions and risk mitigation measures are taken into consideration. Through these actions the IMT provides leadership and guidance to our programme teams inside our countries of operation as well as at head office.

The Managing Director of War Child is the Chair of the IMT, which meets once a month.

SUPERVISORY BOARD REPORT

War Child is registered in the Netherlands as a foundation. In accordance with Dutch laws and regulations, a clear division has to be maintained between the managerial and executive responsibilities of an organisation and its supervisory responsibilities. War Child adheres to this structure.

The War Child Supervisory Board appoints the Managing Director and is responsible for supervising, monitoring and advising the Managing Director. The Board undertakes these responsibilities during four regularly scheduled annual meetings and additional meetings when necessary. During these meetings it has contact with all members of the Management Team (MT). The Supervisory Board also occasionally meets with the War Child Works Council to receive updates from staff representatives.

All Supervisory Board members work on a voluntary basis and have specific experience and expertise to contribute to War Child. The Supervisory Board has no managerial responsibility and is responsible for its own composition and the assessment of the quality of its contribution. The Supervisory Board Rules contain principles of governance and are available on War Child's website.

The RvT has checked the requirements of the SBF Governance Code and RJ650 to review and address a number of topics around objective setting; competencies; results; financial decision making; risk management, as well as its own composition, competencies and activities. The RvT believes that all these issues - through the thorough agenda setting both in the Audit Committee as well as in the Board meetings are implicitly subject to regular review and open discussions with management. Based on the requirements the RvT will ensure a specific RvT meeting will be planned in 2018 to reflect all these requirements and provide specific feedback in the future Reports of the Supervisory Board.



RISKS AND UNCERTAINTY

War Child has to combat a variety of challenges that pose a threat to our successful operations. These risks include:

- Safety risks present within our countries and regions of operation.
- Financial risks related to changes or fluctuations in our income - whether from public donations or official donors.
- Operational risks inherent in the people and systems that comprise the organisation.
- Reputational risks that could damage War Child in the eyes of the public.

We are particularly vigilant in safeguarding our reputation. Our work with conflict-affected children is undertaken in extremely hard and often chaotic circumstances. It is therefore vital that we have robust policies in place to prevent any incidents that could threaten the safety of the children who participate in our programmes.

We continually examine whether our policies are sound and robust; that our culture provides all colleagues and beneficiaries with a safe space to work in; and that all colleagues and beneficiaries are able to report eventual cases of abuse or negligence of policy.

We also actively monitor risks in all areas of our operation. All operational risks are monitored by our Management Team through a strong set of project-management and control tools. We have also undertaken extensive efforts to establish an organisational structure that allows for constant monitoring and rapid responses - which is essential to uphold the safety and integrity of our programmes.

Our mechanisms for managing financial risks and uncertainty were also strengthened over the course of 2017. We are obliged to share and maintain all financial and programme information related to our countries of operation. This

upholds transparency and ensures our decision-making processes are fully visible. We recognise this obligation and invested in the roll-out of new financial reporting systems in 2017 to comply with this obligation.

We also continued to monitor financial risks through our existing budget- and performance-review cycles. War Child operates in environments where risks cannot always be completely mitigated but we are confident that we have robust monitoring mechanisms in place.

War Child holds a financial continuity reserve in compliance with the requirements of the VFI. The reserve is adequate to ensure continuity for six months even if sources of income are lost or unforeseen expenses must be covered.

We expect that the demands on our financial systems - and management of our financial exposures - will increase in future. This is in part due to the organisation's increasing reliance on earmarked funding for our work with refugees. The Supervisory Board will work to ensure War Child is well placed to meet these demands.

REMUNERATION MANAGING DIRECTOR

The Supervisory Board on the recommendation of the Remuneration Committee determined the level of management remuneration and the amount of other remuneration components during 2017. The remuneration policy is updated periodically.

In determining its remuneration policy, War Child follows guidelines set up by Goede Doelen Nederland. The scheme sets out a maximum recommended level of annual salary according to an index of professional criteria. The weighing of the situation at War Child leads to a so-called BSD score of 520 points.

The gross basic salary for Tjipke Bergsma in 2017 was €102,361. The total package - with holiday allowance and pension benefits incorporated - was €132,894, which is within the applicable limits. The amount and composition of the remuneration package are explained in the financial statements in the notes to the statement of income and expenditure.

AIMS AND AMBITIONS

Our medium-term ambition - as outlined in our Global Strategy 2020 - is to be the **networked expert organisation for psychosocial wellbeing for children affected by conflict**. This process will see us collaborate with organisations across the world and syndicate our proven programme models. These efforts will ensure that our work has maximum reach, scale and impact.

Several significant milestones have been reached in pursuit of this strategy. Our overarching Theory of Change has been developed and refined - and will provide the means to reach increasing numbers of conflict-affected children and youth beyond simply expanding our own field operations. One tangible example of this approach is illustrated by the success of our education programme Can't Wait to Learn.

To ensure further progress against the ambitions set out in our 2020 Strategy we will develop mechanisms and strategies to allow us to expand our scale - and so further enhance the impact of our Theory of Change.

COMPOSITION OF SUPERVISORY BOARD

The Supervisory Board Rules outline the various areas of expertise needed in the composition of the Supervisory Board to ensure it is a diverse, independent and collegial body, which is able to competently execute its responsibilities and tasks. Board members are appointed for a term of four years and can be reappointed for an additional four-year term in the interests of continuity.

MEMBERS OF THE SUPERVISORY BOARD

Peter Bakker, Chairperson. Area of expertise: General Affairs (2010 - 2018). Functions: President of the World Business Council for Sustainable Development (WBCSD), Ambassador Against Hunger for the UN World Food Programme.

Willemijn Verloop, Founder/Vice Chairperson, area of expertise: War Child context, Marketing, Communications and Fundraising (2010 - 2018). Functions: Founder/Director Social Enterprise NL, Founding Partner Social Impact Ventures, Supervisory Board Tony Chocolonely, Supervisory Board Stadsschouburg Amsterdam, Advisory Board ASN Bank.

Rob Theunissen, Treasurer. Area of expertise: HRM, Finances, ICT and Strategy Development (2013 - 2017). Functions: Partner at McKinsey & Company.

Raymond Cloosterman, Member. Area of expertise: Marketing, Communications and Fundraising (2012 - 2020). Functions: Founder and CEO of Rituals Cosmetics.

Edith Kroese, Member. Area of expertise: Planning, monitoring and evaluation, and impact measurement (2014 - 2018). Functions: Founder and consultant at Avance.

Max Glaser, Member, area of expertise: Safety & Security, Humanitarian Operations in Fragile States, War Zones and High-risk Areas (2013 - 2017). Functions: Member Advisory committee 'Become the Best Version of Yourself'. Former functions: Consultant humanitarian operations, Board member MSF- Holland, Manager humanitarian emergencies MSF- Holland. Max stepped down from this role in December 2017 - he will be replaced on the Supervisory Board by MSF NL alumni Arjen Hehenkamp.

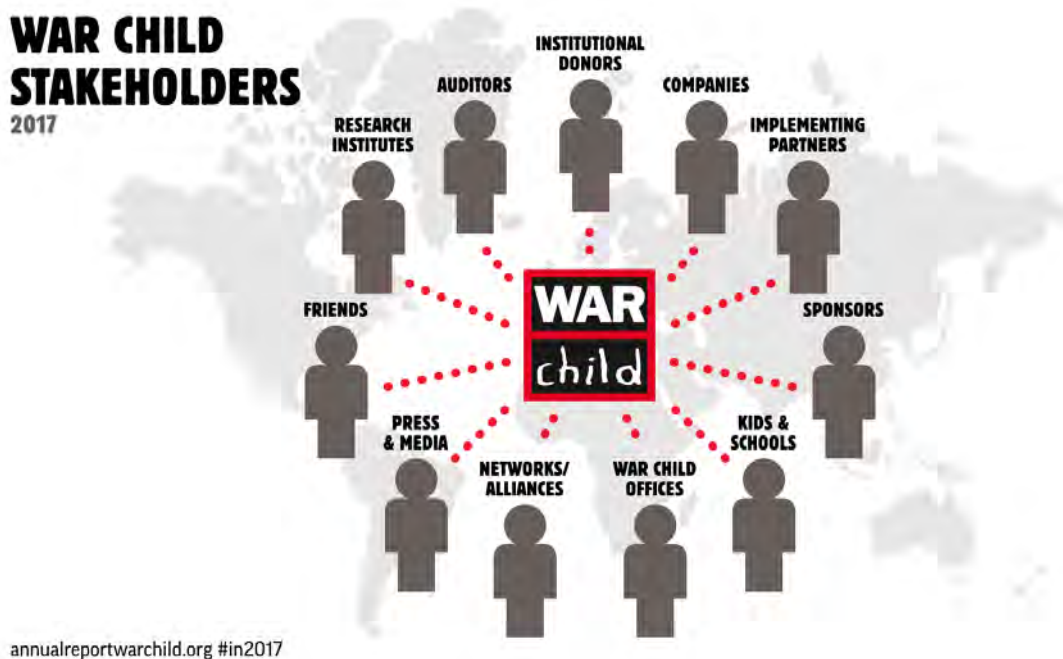
COMMUNICATIONS WITH STAKEHOLDERS

In support of our strategic goal towards becoming a networked expert organisation - and to enhance our expert credentials - we shifted the focus of our dialogue with our stakeholders in 2017. Our current objective is to position War Child as an internationally acknowledged expert on children affected by armed conflict - able to influence key stakeholders and raise awareness about our work.

This strategy resulted in an increased volume of positive press coverage about our work over the course of the year. This new focus was also evident in our communications with our donor base - in particular the successful petition campaign which saw a public statement in support of conflict-affected children delivered to the Dutch Parliament.

Our most important stakeholders are, of course, the children who participate on our programmes - and we made great efforts to make their voice heard more fully during 2017. The year saw us pilot-test our new Youth Council initiative - which sees youth in Sri Lanka, Colombia and the Netherlands participate in youth advisory bodies that directly influence our work. This initiative will ensure our work remains relevant.

WAR CHILD STAKEHOLDERS 2017



SOCIAL ENTREPRENEURSHIP

Our primary concern is the enhanced wellbeing of children forced to live with the effects of armed conflict. We nevertheless seek to contribute to positive change - on a social, cultural and environmental level - in everything we do.

The capacity building of our partner organisations and the sustainability of our operations are two key concerns. Through working closely with local communities, training local staff and sharing best practice models, we empower local partner organisations to continue our work long after we have left a particular country.

As part of this process, we also work to promote the hiring of local staff to execute our programmes wherever possible. Some 315 staff members work in War Child's programme countries. Just 19 of them are expats - the others are all local employees.

WORKS COUNCIL

The Works Council is comprised of five War Child employees - four from our Amsterdam head office and one representing our programme countries. Members sit on the Works Council for three years. Two new members joined the Works Council over the course of 2017.

The Works Council functions, among other things, as a constructive sounding board for the Managing Director and is required to be involved and consulted in certain governance related issues, processes and decisions. The Works Council also performs a 'signalling' function by proactively addressing issues that affect the organisation and the wellbeing of employees by putting these on the agenda during its monthly meeting with the Managing Director.

Over the course of the year the Works Council was consulted on a wide range of topics. These topics included the Great Place to Work employee satisfaction survey; various departmental strategies, including IT and HR; expat employee terms and conditions; the War Child Global initiative; the restructuring of the Programmes Department and its own Works Council Regulations.



FINANCE AND OPERATIONS SUPPORT

The complete set of accounts issued for the 2017 calendar year - including all funds raised and spent in support of conflict-affected children.

[READ ON >](#)

OPERATIONAL EXCELLENCE

With our drive for operational excellence and quality, 2017 saw several key projects undertaken to improve and clarify governance and efficiency. We adopted our ICT environment to the growth in size and complexity of our organisation. We selected two new systems, which will better support our processes and which will allow us to share insightful data efficiently on a global level.



ICT

War Child made great strides in 2017 in renewing our primary IT business systems - resulting in a more extensive, innovative and agile operation. All of these efforts serve to support our ambition to become a networked expert organisation.



In February 2017 we selected Salesforce as our new IT systems platform. All administration related to our donors, campaigns, projects and grants - as well as planning, monitoring and evaluation - are now conducted through this new platform.

The platform was developed and implemented using agile working methods and went live according to schedule in October 2017. The new system will be used both in the Netherlands and in our programme countries. It will allow both for more flexible and efficient administration of campaigns as well as the faster roll out of new programme interventions.

The Salesforce platform also allows for improved data integration across the entire organisation. All data will now be housed on one platform - allowing for improved analysis, campaigns and project management.

In parallel, a new accounting and financial reporting system (Unit4/Business World) was selected in August 2017. This new system will be implemented globally in the first half of 2018.

The new financial system will contribute to our goal of operational excellence by making our financial processes and administration more efficient and by making the information readily available in all countries.

The year also saw us implement new security measures and procedures to protect War Child's information and IT systems against the growing number of external cyber security threats. This work will also prepare the organisation to meet new data privacy regulations that enter into force in 2018.

LOW-COST POLICY

War Child strictly applies a low-cost policy and strives for savings in every purchase through price comparison and negotiation. In addition, many corporate donors support War Child by providing their products and services free of charge.

In keeping with this policy, War Child strives to keep the percentage spent each year on Management and Administration low. In 2017 the organisation spent four per cent on these administrative costs.

CORPORATE SOCIAL RESPONSIBILITY

War Child works to inspire and socially activate people in support of the organisation's goals. As a non-governmental organisation working to improve the lives of children affected by armed conflict, War Child plays an important role in mobilising local communities in our programme countries, the general public in the Netherlands and the international community, to take up their responsibilities to ensure the rights of children.

Our Corporate Social Responsibility (CSR) policies also incorporate measures to limit our impact on the environment. These measures include stimulating the use of public transportation for staff at head office; reducing paper use across the entire organisation; and recycling plastic materials. Currently those measures mainly take place at head office level. In 2018, we plan to improve our CSR policy and take it further.

ACCOUNTABILITY AND TRANSPARENCY

War Child reports to its stakeholders in accordance with relevant requirements and standards, such as Guideline RJ650 for its annual reporting as well as data publication in line with the standards of the International Aid Transparency Initiative (IATI). Transparency is one of War Child's core values and it has the ambition to publish data in order to fully disclose what the organisation does, spends and achieves.

IATI publications allow users to combine and compare data from various organisations. War Child wishes to contribute to increased insight into trends and results in the whole humanitarian aid sector. In 2017, War Child published IATI data related to those projects for which it was a requirement. We are in the process of improving our systems so that we can publish data more efficiently, timely and completely.

ACCOUNTANT

War Child's internal organisation as well as its annual accounts are audited by KPMG Accountants N.V. KPMG expressed an unqualified audit opinion on War Child's annual accounts for the financial year 2017, which form an integral part of War Child's 2017 annual report. In 2017, KPMG performed no non-auditing tasks for War Child. Audit reports are discussed by the audit committee of the Supervisory Board, attended by the auditor, the Managing Director and the Director of Finance and Operations Support. The Supervisory Board has adopted the financial statements for 2017 in its meeting of April 20, 2018.

DEVELOPMENTS IN INCOME

In 2017, War Child's total income grew by 28 per cent from €28.5 million in 2016 to €36.4 million. In its 2017 annual plan, War Child set an ambitious total income target of €35.5 million, which is surpassed by €0.9 million. Similar to previous years, our main sources of income are government grants (36 per cent) and individuals (24 per cent).

War Child's income from individuals (€8.8M or 24 per cent of the total income) consists for 84 percent of structural donations from Friends.

The income from businesses (€3.1M or 9 per cent of the total income) is mainly incidental by nature. As an exception, the single largest company donating to War Child is ASN Bank, providing approximately €0.2M earmarked funding annually for a contractual period of three years. A large component of income from businesses is gifts in kind from companies, which are incidental, although many companies loyally continue to support War Child for a longer period of time.

The income from lotteries (€4.5M or 12 per cent of the total income) is a mix of incidental and structural income. The structural component of the income from lotteries is the unrestricted annual donation from the National Postcode Lottery, which is already provided for many years to War Child. The remainder are longer term earmarked subsidies from the National Postcode Lottery, which have an end date in 2019 and 2021.

The income from governments (€13.0M or 36 per cent of the total income) is incidental although it consists of grants, which are partly long term. End dates range from 2018 to 2021. War Child has a filled pipeline of new grant proposals in order to ensure that there will be new grants to replace grants that are ending.

The income from other non-profit organisations (€6.9M or 19 per cent of the total income) is incidental although it consists partly of long term earmarked grants from non-governmental organisations, and partly of one-off donations from schools, associations, and the like.

INCOME FROM INDIVIDUALS AND COMPANIES

Total income from individuals in 2017 was €8.8 million, up €0.1 million compared with the previous year. The income realization was 9 per cent, or €0.8 million, below the budget for 2017, which we now regard as too ambitious. Income from companies was €3.1 million, a year-on-year growth of €0.5 million and €0.6 million above budget. War Child is grateful that so many existing and new donors support our mission. They continue to give War Child the opportunity to support thousands of conflict-affected children and young people across the world.

INCOME FROM GOVERNMENTS

Income from governments in 2017 was €13.0 million. The Netherlands government, United Nations agencies and the European Commission jointly contribute €10.6 million to this income category by funding various projects in many of our programme countries. Although government grants are the largest source of income for War Child, it was lower than planned for the year (€14.6 million). This is due to a number of large proposals not being awarded to us against our expectations. We were however able to offset some setbacks by other funding, realising significant growth in other segments.

INCOME FROM LOTTERIES

Income from the National Postcode Lottery increased by a staggering €2.9 million in 2017 compared to the previous year, which is related to long-term grants that were awarded to our Can't Wait to Learn and TeamUp programmes. We are grateful that the National Postcode Lottery selected War Child as winners of the 'Dream Fund' grant in 2016 as well as in 2017. Thanks to the National Postcode Lottery, our TeamUp programme with refugee children in the Netherlands could expand significantly in 2017.

INCOME FROM OTHER ORGANISATIONS

Income from other organisations more than doubled year-on-year. In 2017, our single largest donor is the IKEA Foundation, which generously continues to contribute to our programmes for multiple years in multiple countries. Income from IKEA Foundation grew by €3.1 million to €4.7 million. In addition, War Child receives funding from various other foundations, which jointly also their contribution with another €1.1 million.

DEVELOPMENTS IN EXPENSES

Total expenses in 2017 were €38.2 million, which is deliberately higher than total income, resulting in a deficit of €2.1 million for the year. Although the original plan was a budget deficit of €1.2 million, a number of developments allowed us to plan for a larger deficit in 2017: the reserves grew resulting from the final financial figures of 2016 plus the change in accounting policy and additionally, the Supervisory Board decided to decrease our target level of reserves from €6.0 million to €5.0 million. By doing so, War Child was able to support even more children in 2017. Its total expenses increased by 29 per cent compared with 2016.

War Child aims for reserves at the minimum level needed for the continuity of its organisation, and its policy is to spend any additional reserves on the well-being of children. Expenditures on War Child's objectives (project activities, communication and awareness raising, preparation and coordination) totalled €33.1 million in 2017, which was €8.0 million (32 per cent) above the expenses on our objective in 2016.

Costs related to generating funds were €3.4 million, €0.2 million below budget and €0.4 million above the prior year. Our fundraising activities resulted in increased income. Expenses on management and administration during 2017 was €1.7 million, which is 4% over the budget.



THE FUTURE

War Child will remain focused on the implementation of our 2020 Strategy. Here we outline our priorities for 2017.

[READ ON >](#)

THE FUTURE

In 2018 - as throughout our 23-year history - the work of War Child will, sadly, once again be of vital importance. Some two hundred and fifty million children and adolescents currently live in countries affected by armed conflict - and this massive number shows no sign of falling any time soon.



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The civil war in Syria has claimed more than 250,000 victims - including thousands of children - with no lasting resolution in sight. Across the world the nature of armed conflict is evolving - and increasingly taking place within the heart of civilian populations. Children in major cities are forced to grow up in the shadow of urban violence - where violence between armed gangs and state actors exposes them to a variety of threats.

These are just some of the challenges we have to face. War Child aims to be present wherever children are in need of protection from violence and conflict. But our resources are limited and we have to adapt to ensure we use our resources to the greatest effect.

In 2018 we will roll out a number of initiatives to ensure our collective efforts are more effective than ever before. Our integrated Care System will be further developed and pilot tested over the course of 2018. This model allows for an integrated approach that ensures the various interventions are interconnected and mutually reinforce one another - ensuring maximum impact.

In Colombia we will launch a pilot project to address the effects of urban violence among children and youth. Can't Wait to Learn - our global programme to provide conflict-affected children with quality education - will expand into new

territories. We will strengthen our efforts in Africa through our membership of the Dutch Relief Alliance. And we'll also look to enter coalitions in response to the needs of Rohingya children in Bangladesh and refugee children inside Libya.

2018 will also see TeamUp - the joint project from War Child, Save the Children and UNICEF Nederland to support refugee children living in the Netherlands - expand to 32 locations. In addition, the international roll-out of the project will begin in Uganda and South Sudan.

We will also take steps to ensure we become more effective and efficient. Work will continue to establish shared essential standards for both War Child Holland and War Child UK over the course of 2018. These standards will ensure the highest levels of quality in all areas of operation.

And - in order to realise these ambitions - we will also act to further expand our funding base. We will continue to look at expanding our efforts in three new markets currently under investigation - Norway, Belgium and Germany. We will refresh our brand to ensure we are more invisible in an increasingly competitive marketplace. We will continue our efforts to attract new donors through exclusive events, actions and campaigns.

We will continue to strengthen our networks with partners and donors. This process will see increased management focus given towards expanding our portfolio of multiple donors.

We are confident that all of these efforts will help us fulfil our mission and allow the millions of conflict-affected children across the world to realise their right to a better future - both for themselves and their communities.



ANNUAL ACCOUNTS 2017

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BALANCE SHEET

In Euros, after proposed appropriation of result

		31/12/2017	31/12/2016
ASSETS	Note:		
Intangible fixed assets		334,300	-
Tangible fixed assets		541,463	424,618
Fixed assets	(1)	<u>875,763</u>	<u>424,618</u>
Receivables *	(2)	3,721,228	3,990,169
Cash and cash equivalents	(3)	21,198,004	21,587,751
TOTAL ASSETS *		<u><u>25,794,994</u></u>	<u><u>26,002,537</u></u>
LIABILITIES			
Continuity reserve		5,000,000	6,000,000
General reserve *		1,860,067	1,843,228
Earmarked reserve		-	760,018
Reserves		<u>6,860,067</u>	<u>8,603,246</u>
Earmarked funds		95,156	403,305
Reserves and funds	(4)	<u>6,955,223</u>	<u>9,006,551</u>
Provisions	(5)	1,381,741	1,313,123
Long-term liabilities	(6)	39,919	27,836
Short-term liabilities			
Accounts payable	(7)	2,957,619	1,552,698
Grants received in advance	(8)	13,490,080	13,425,016
Other liabilities	(9)	970,412	677,312
		<u>17,418,111</u>	<u>15,655,027</u>
TOTAL LIABILITIES *		<u><u>25,794,994</u></u>	<u><u>26,002,537</u></u>

* 2016 figures adjusted for reasons of comparison as a result of the revision of accounting guideline RJ650.

STATEMENT OF INCOME AND EXPENSES

in Euros

		2017	Budget 2017	2016
INCOME	Note:			
Individuals	(10)	8,849,565	9,696,705	8,752,566
Companies	(11)	3,095,152	2,462,284	2,642,010
Lotteries	(12)	4,535,656	3,209,465	1,829,144
Government grants	(13)	12,950,752	14,604,710	12,537,958
Other organizations	(14)	6,934,394	5,523,956	2,709,506
Fundraising income		36,365,519	35,497,120	28,471,185
Other Income		3,718	-	50,506
Sum of income		36,369,237	35,497,120	28,521,691
EXPENSES				
Project activities	(15)	29,635,488	27,948,594	21,822,066
Preparation and Coordination	(16)	1,490,919	1,409,715	1,175,161
Awareness Raising	(17)	1,989,617	2,085,212	2,140,812
Expenses on the objective		33,116,024	31,443,521	25,138,039
Fundraising	(18)	3,442,980	3,666,216	3,004,356
Management and administration	(19)	1,652,639	1,589,736	1,483,076
Sum of expenses		38,211,643	36,699,473	29,625,470
Sum of income and expenses before financial gain / loss		(1,842,406)	(1,202,353)	(1,103,780)
Financial gain / (loss)	(20)	(208,922)	50,000	147,212
Sum of income and expenses		(2,051,328)	(1,152,353)	(956,568)

APPROPRIATION OF THE RESULT

in Euros

	2017	2016
Addition to (withdrawal from):		
Continuity reserve	(1,000,000)	-
General reserve	16,840	(665,486)
Earmarked reserve	(760,018)	(274,642)
Earmarked funds	(308,149)	(16,440)
Total change in reserves and funds	(2,051,328)	(956,568)

The notes to the balance sheet provide further information about the composition of reserves and funds.

CASH FLOW STATEMENT

in Euros

	2017	2016
Sum of income and expenses	(2,051,328)	(956,568)
Adjustments for:		
Depreciation	203,121	215,328
Interest	(21,956)	(60,781)
Exchange rate gains on cash and cash equivalents	(136,358)	157,285
Changes in provisions	68,618	591,890
Changes in receivables	268,941	(240,405)
Changes in short term liabilities	1,763,084	7,213,336
Changes in long term liabilities	12,083	-
Cash flow from operations	2,157,533	7,876,651
Interest received	21,956	60,781
Cash flow from operating activities	128,161	6,980,865
Investments in intangible fixed assets	(347,280)	-
Investments in tangible fixed assets	(395,595)	(37,589)
Divestments of tangible fixed assets	88,609	-
Cash flow from investing activities	(654,266)	(37,589)
Net Cash flow	(526,105)	6,943,276
Foreign exchange rate gains / (losses) on cash and cash equivalents	136,358	(157,285)
Change in cash and cash equivalents	(389,747)	6,785,991

NOTES TO THE ANNUAL ACCOUNTS 2017

GENERAL

These are the annual accounts of Stichting War Child, registered in the Netherlands and recognised as an ANBI (*Algemeen Nut Beogende Instelling*) by the Dutch tax authorities. War Child is located in Amsterdam at the Helmholtzstraat 61-G. All War Child's country offices are one and the same legal entity worldwide: a foundation (*Stichting*) under Dutch law.

War Child is active as an international non-governmental organisation (INGO) supporting children affected by armed conflict. War Child empowers children and young people while enabling adults to bring about positive and lasting changes in the lives of conflict-affected children and young people. War Child supports children regardless of their religious, ethnic or social backgrounds or gender. In 2017, War Child implemented its projects in Afghanistan, Burundi, Central African Republic, Colombia, Democratic Republic of Congo, Iraq, Jordan, Lebanon, occupied Palestinian territories, Republic of South Sudan, Sri Lanka, Sudan, Syria, Uganda and The Netherlands. War Child's activities are carried out by its own staff in programme countries and by implementing partners or local organisations.

War Child's vision is: "Children do not belong in war. Ever. They have the right to grow up free from fear and violence. To develop their full potential and become the person they want to be. Together we can change the future."

ACCOUNTING PRINCIPLES

The annual accounts 2017 are dated 20 April 2018 and form an integral part of War Child's annual report. The annual report gives a detailed account of War Child's activities, results and programmes. The annual accounts have been prepared in accordance with the revised Guideline RJ650, which applies to Dutch fundraising organisations. The accounting policies have been consistently applied to all the years presented.

War Child's financial year coincides with the calendar year. The statement of income and expenses 2017 is based on the period from 1-1-2017 to 31-12-2017.

The valuation of assets and liabilities and of income and expenses is based on historical cost.

The assumption of continuity was applied for the preparation of the annual accounts.

Comparative figures

When necessary comparative figures in the notes to the financial statements have been adjusted to conform to changes in presentation in the current year.

Adjustment in accounting principles

In the balance sheet and in the notes to the balance sheet, some amounts of 2016 have been adjusted for reasons of comparison with 2017. This relates to adjustments in the general reserves and the receivables, as a result of the revision of the accounting guideline RJ650. Up to 2017, income from lotteries was recognized in the period when the contribution was received. Under the revised accounting guideline RJ650, income recognition takes place in the period when the contribution from lotteries is committed. In conformity with the new RJ650, the contribution of €1.35M from the National Postcode Lottery related to 2017, that is received by War Child in 2018, is recognized as a receivable from donors as per the balance sheet date of 2017. For reasons of comparison, the comparative figures of 2016 have been adjusted, meaning that the 2016 contribution of €1.35M from the National Postcode Lottery, that was received in 2017, has been added to the receivables at the balance sheet date of end 2016. The additional surplus has been added directly to the reserves. As a result, the general reserve as per the balance sheet date of 2016 is €1.35M higher than ending balance of the general reserves as presented in the annual accounts 2016.

Functional currency

Items included in the financial statements of War Child's country offices are measured in Euro. The financial statements of the legal entity are presented in Euro, which is the functional and presentation currency of War Child.

Transactions in foreign currencies

At initial recognition, transactions denominated in a foreign currency are translated into euros, the functional currency of War Child, at the exchange rates at the date of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated at the balance sheet date into euros at the exchange rate of that date. Exchange differences resulting from the settlement of monetary items, or resulting from the translation of monetary items denominated in foreign currency, are recognised in the statement of income and expenses in the period in which the exchange difference arises.

Non-monetary assets and liabilities denominated in foreign currency that are measured based on historical cost, are translated into euros at the exchange rates at the date of the transactions.

Estimates

The preparation of the financial statements in conformity with the relevant rules requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. If necessary and relevant, the nature of these estimates and judgements, including the related assumptions, is disclosed in the notes to the financial statement item. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively. According to management, the following items are most relevant for War Child's financial position and require estimates: the valuation of legacies to be received, the valuation of some gifts in kind, the fundraising and awareness raising components in mixed activities, the allocation of general support expenses to the RJ650 expense categories and the amount of provisions.

ACCOUNTING PRINCIPLES – BALANCE SHEET

Unless stated otherwise, assets and liabilities are shown at historical costs.

An asset is recognised in the balance sheet when it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably. A liability is recognised in the balance sheet when it is expected to result in an outflow from the entity of resources embodying economic benefits and the amount of the obligation can be measured with sufficient reliability.

Income is recognised in the statement of income and expenses when an increase in future economic potential related to an increase in an asset or a decrease of a liability has arisen, the size of which can be measured reliably. Expenses are recognised when a decrease in the economic potential related to a decrease in an asset or an increase of a liability has arisen, the size of which can be measured with sufficient reliability.

An asset or liability that is recognised in the balance sheet, remains recognised on the balance sheet if a transaction (with respect to the asset or liability) does not lead to a major change in the economic reality with respect to the asset or liability. Such transactions will not result in the recognition of results. When assessing whether there is a significant change in the economic circumstances, the economic benefits and risks that are likely to occur in practice are taken into account. The benefits and risks that are not reasonably expected to occur, are not taken into account in this assessment.

An asset or liability is no longer recognised in the balance sheet, and thus derecognised, when a transaction results in all or substantially all rights to economic benefits and all or substantially all of the risks related to the asset or liability are transferred to a third party. In such cases, the results of the transaction are directly recognised in the statement of income and expenses, taking into account any provisions related to the transaction.

Income and expenses are allocated to the respective period to which they relate.

Financial instruments

Financial instruments include investments in shares and bonds, trade and other receivables, cash items, loans and other financing commitments, derivative financial instruments, trade payables and other amounts payable. The financial statements contain the following financial instruments: cash items, receivables and payables.

War Child does not apply nor trade in financial derivatives, such as interest rate swaps, forward exchange contracts or options to control its risks.

Financial assets and liabilities are recognised in the balance sheet at the moment that the contractual risks or rewards with respect to that financial instrument originate. Financial instruments are derecognised if a transaction results in a considerable part of the contractual risks or rewards with respect to that financial instrument being transferred to a third party.

Financial instruments (and individual components of financial instruments) are presented in the financial statements in accordance with the legal reality of the contractual terms. Presentation of the financial instruments is based on the individual components of financial instruments as a financial asset, financial liability or equity instrument.

Financial instruments are initially stated at fair value, including discount or premium and directly attributable transaction costs. However, if financial instruments are subsequently measured at fair value through profit and loss, then directly attributable transaction costs are directly recognised in the profit and loss account.

For the principles applying to the primary financial instruments, please refer to the treatment of each relevant balance sheet item.

Impairment of financial assets

A financial asset is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of one or more events that occurred after the initial recognition of the asset, with negative impact on the estimated future cash flows of that asset, which can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Impairment losses are recognised in the statement of income and expenses and reflected in an allowance account against loans and receivables or investment securities held to maturity. Interest on the impaired asset continues to be recognised by using the asset's original effective interest rate.

When, in a subsequent period, the amount of an impairment loss decreases, and the decrease can be related objectively to an event occurring after the impairment was recognised, the decrease in impairment loss is reversed (up to the amount of the original cost).

Offsetting financial instruments

A financial asset and a financial liability are offset when the entity has a legally enforceable right to set off the financial asset and financial liability and the Company has the firm intention to settle the balance on a net basis, or to settle the asset and the liability simultaneously. If there is a transfer of a financial asset that does not qualify for derecognition in the balance sheet, the transferred asset and the associated liability are not offset.'

Intangible fixed assets

Intangible fixed assets are only recognised in the balance sheet when it is probable that the expected future economic benefits that are attributable to the asset will flow to War Child and the cost of that asset can be measured reliably. Intangible fixed assets are measured at acquisition cost, less accumulated amortisation and impairment losses. The accounting principles for the determination and recognition of impairments are included under the section Impairments of fixed assets.

Tangible fixed assets

Tangible fixed assets are measured at cost, less accumulated depreciation and impairment losses. The cost consists of the price of acquisition, plus other costs that are necessary to get the assets to their location and condition for their intended use. Depreciation is recognised as an expense on a straight-line basis over the estimated useful lives of each item of the tangible fixed assets, taking into account the residual value of each asset. Depreciation starts as soon as the

asset is available for its intended use, and ends at decommissioning or divestment. The following depreciation percentages are applied:

- Buildings: 5%
- Cars, office furniture and fittings: 33%
- ICT equipment: 33%
- Assets in project countries: 20-33%

Maintenance expenditures are only capitalised when the maintenance leads to extension of the useful life of the asset.

Impairment of fixed assets

For tangible fixed assets, an assessment is made as of the balance sheet date as to whether there are indications that the asset is subject to impairment. If indications exist that the asset item is subject to impairment, the recoverable amount of the asset is determined. An asset is subject to impairment if its carrying amount exceeds its recoverable amount; the recoverable amount is the higher of an asset's fair value less costs to sell and value in use. An impairment loss is directly expensed in the statement of income and expenses. If it is established that a previously recognised impairment loss no longer applies or has declined, the increased carrying amount of the assets in question is not set any higher than the carrying amount that would have been determined had no asset impairment been recognised.

Disposal of fixed assets

Assets that are taken out of service are stated at the lower of book value or net realisable value.

Receivables

Receivables are carried at amortised cost on the basis of the effective interest method, less impairment losses. The effective interest and impairment losses, if any, are directly recognised in the statement of income and expenses.

Cash and cash equivalents

Cash and cash equivalents include cash-in-hand, bank balances and deposits held at call with maturities of less than 12 months. Cash and cash equivalents are stated at nominal value. War Child does not have any borrowings or loans. War Child does not invest its funds other than in savings accounts and deposits.

Cash and cash equivalents denominated in foreign currencies are translated at the balance sheet date in euros at the exchange rate ruling at that date. Reference is made to the accounting policies for foreign currencies.

Reserves and funds

The additions to and the withdrawals from the reserves and funds take place from the destination of results. In 2017, a direct addition to the continuity reserves took place, related to the recognition of income from lotteries which was revised in the guideline RJ650. War Child added one year of structural contribution from the National Postcode Lottery (€ 1.35 million) directly to the continuity reserve against a receivable from donors.

Continuity reserve

The continuity reserve is in place to enable War Child to meet its obligations in the long-term, in case of stagnated income or after an incident with an impact on expenses. The target level is determined by the Supervisory Board. For further explanation, see the notes to the balance sheet.

General reserve

This part of the reserves is freely available to be spent in accordance with War Child's objective.

Earmarked reserves

The earmarked reserves are related to funds earmarked by the Supervisory Board to be spent on a designated purpose. The earmarked reserves do not reflect an obligation towards any third party and the Supervisory Board has the

authority to reverse this reserve. The earmarked reserves are (partly) released against the statement of income and expenses in the financial period of recognition of the expenses on the designated purpose, for the amount spent.

Earmarked funds

The earmarked funds are related to funds earmarked by external donors to be spent on a designated purpose. The earmarked funds are (partly) released against the statement of income and expenses in the financial period of recognition of the expenses on the designated purpose, for the amount spent.

Provisions

A provision is recognised when the foundation has a legal or constructive obligation, arising from a past event, the amount can be estimated reliably and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Provisions are stated at the nominal value of the expenses that are expected to be required to settle the liabilities and losses.

Provision for end of service benefits

A provision for end of service benefits is established when War Child has the obligation by local labour law to pay an amount of benefits to each of its employees at the end of their service, no matter how and by whom the employment contract was ended. The provision represents the cumulative amount of benefits built up by each employee up to the balance sheet date.

Provision for local taxation

A provision for local taxation is established when local taxation laws and regulations contain, or are expected to contain, a tax obligation related to salaries paid to staff residing in the country, although the authorities have not (yet) imposed those taxes on War Child or on non-governmental organisations in general and the exact method of calculation to be applied is uncertain. The provision represents the best estimate of the amount of tax that will be imposed.

Provision for local social security

This provision is similar to the provision for local taxation. In some countries a law exists for employers to provide social security to its staff. As long as the governments have not yet set up an authority in charge of collecting those payments, War Child keeps a provision for its best estimate of the amount to be paid.

Provision for ineligible grant expenses

This provision is related to expenses that might need to be paid back to institutional donors because some of their requirements were not met. The amount that is estimated to be at risk of repayment to the donor is provided for.

Provision for claims, disputes and lawsuits

A provision for claims, disputes and lawsuits is established when it is expected that War Child will be sentenced in legal proceedings. The provision represents the best estimate of the amount for which the claim can be settled, including the costs of litigation.

Liabilities

Liabilities and other financial commitments are measured after their initial recognition at amortised cost on the basis of the effective interest rate method. The effective interest is directly recorded in the statement of income and expenses. Liabilities related to operational obligations to donors and partners are presented under short term liabilities, except those that are due or expected to be due after one year, which are presented under long term liabilities.

ACCOUNTING PRINCIPLES – INCOME AND EXPENSES

Income recognition

Income from individuals

Donations are accounted for as income in the earliest reporting period that they were received or committed to. Legacies are accounted for as soon as the amount of income for War Child can be reliably estimated.

Income from companies

Donations from companies are accounted for as income in the earliest reporting period that they were received or committed to. Grants from companies with a pay-back obligation are recognized as income in the same reporting period in which the subsidised eligible expense is recognised.

Gifts in kind are recognised as income and expense in the period they are received. Gifts in kind are valued as income and expense at the fair value.

Income from lotteries

Unrestricted income from lotteries is recognized in the period that the donor commits the funds. Grants from lotteries with a pay-back obligation are recognized as income in the same reporting period in which the subsidised eligible expense is recognised.

Income from governments

Grants received with a designated purpose and a pay-back obligation for War Child in case of ineligibility of the related expenses, are accounted for as income in the same reporting period in which the subsidised eligible expense is recognised. Grants from international (multi-) governmental agencies, such as organisations related to the United Nations and the European Commission, are classified as income from governments. Grants from governments that are sub-awarded to War Child by another organisation under the same conditions are classified as grants from governments (the back-donor principle). Instalments received are recognised in the balance sheet as liabilities.

Income from other organisations

Grants received from other organisations with a designated purpose and a pay-back obligation for War Child in case of ineligibility of the related expenses, are accounted for as income in the same reporting period in which the subsidised eligible expense is recognised. Donations from other organisations are recognised as income in the earliest period that those grants are received or committed, if there are no conditions associated with the donation.

Interest Income

Interest income is recognised in the statement of income and expenses on an accrual basis, using the effective interest rate method.

Leasing

War Child may enter into finance and operating leases. A lease agreement under which the risks and rewards of ownership of the leased object are carried entirely or almost entirely by the lessee are classified as finance leases. All other leases are classified as operating leases. For the lease classification, the economic substance of the transaction is conclusive rather than the legal form. At inception of an arrangement, War Child assesses whether the lease classifies as a finance or operating lease.

Operating leases

If War Child acts as lessee in an operating lease, the leased property is not capitalised. Benefits received as an incentive to enter into an agreement are recognised as a reduction of rental expense over the lease term. Lease payments and benefits regarding operating leases are recognised to the statement of income and expenses on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern of the benefits from the use of the leased asset.

Employee benefits

Employee benefits are charged to the statement of income and expenses in the period in which the employee services are rendered and, to the extent not already paid, as a liability on the balance sheet. If the amount already paid exceeds the benefits owed, the excess is recognised as a current asset to the extent that there will be a reimbursement by the employees or a reduction in future payments by War Child.

Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of the employment. A termination benefit is recognised as a liability and an expense when the foundation is demonstrably and unconditionally committed to make the payment of the benefit. If the termination is part of a restructuring, the costs of the termination benefits as part of the restructuring provision.

Termination benefits are measured in accordance with their nature. When the termination benefit is an enhancement to post-employment benefits, measurement is done according to the same policies as applied to post-employment plans. Other termination benefits are measured at the best estimate of the expenditures required to settle the liability.

Pension plans

The pension charge to be recognised for the reporting period equals the pension contributions payable to the pension fund over the period. In so far as the payable contributions have not yet been paid as at balance sheet date, a liability is recognised. If the contributions already paid exceed the payable contributions as at balance sheet date, a receivable is recognised to account for any repayment by the fund or settlement with contributions payable in future.

In addition, a provision is included as at balance sheet date for existing additional commitments to the fund and the employees, provided that it is likely that there will be an outflow of funds for the settlement of the commitments and it is possible to reliably estimate the amount of the commitments. The existence or non-existence of additional commitments is assessed on the basis of the administration agreement concluded with the fund, the pension agreement with the staff and other (explicit or implicit) commitments to staff. The provision is stated at the best estimate of the present value of the anticipated costs of settling the commitments as at balance sheet date.

For any surplus at the pension fund as at balance sheet date, a receivable is recognised if War Child has the power to withdraw this surplus, if it is likely that the surplus will flow to War Child and if the receivable can be reliably determined.

Determination of fair value

The fair value of a financial instrument is the amount for which an asset can be sold or a liability settled, involving parties who are well informed regarding the matter, willing to enter into a transaction and are independent from each other. The fair value of non-listed financial instruments is determined by discounting the expected cash flows to their present value, applying a discount rate that is equal to the current risk-free market interest rate for the remaining term, plus credit and liquidity surcharges.

Subsequent events

Events that provide further information on the actual situation at the balance sheet date and that appear before the financial statements are being prepared, are recognised in the financial statements.

Events that provide no information on the actual situation at the balance sheet date are not recognised in the financial statements. When those events are relevant for the economic decisions of users of the financial statements, the nature and the estimated financial effects of the events are disclosed in the financial statements.

NOTES TO THE BALANCE SHEET

in Euros

1 FIXED ASSETS

	Total intangible fixed assets	Buildings	Cars, Office furniture & fittings	ICT equipment	Assets in project countries	Total tangible fixed assets
Acquisition value	-	-	304,785	216,848	466,811	988,445
-/- Cumulative Depreciation	-	-	(91,992)	(200,839)	(270,996)	(563,827)
Book value 1/1/2017	-	-	212,793	16,009	195,816	424,618
Acquisition value investments	347,280	319,099	33,547	-	42,949	395,595
-/- Acquisition value disposals	-	-	-	(129,803)	(171,962)	(301,765)
-/- Depreciation	(12,980)	(11,966)	(75,471)	(3,981)	(98,723)	(190,141)
Depreciation on disposals	-	-	-	129,803	83,353	213,156
Movements during the year	334,300	307,133	(41,924)	(3,981)	(144,383)	116,845
Acquisition value	347,280	319,099	338,332	87,045	337,798	1,082,275
-/- Cumulative Depreciation	(12,980)	(11,966)	(167,464)	(75,017)	(286,366)	(540,813)
Book value 31/12/2017	334,300	307,133	170,869	12,028	51,432	541,462

Fixed assets are depreciated over their estimated life time.

Intangible fixed assets were newly acquired in 2017 and relate to custom developed software for the new CRM system. In 2016 there were no intangible fixed assets.

Tangible fixed assets that were acquired in 2017 are an apartment close to our office in Amsterdam in which we will amongst others host employees who are visiting from country programmes, saving hotel accommodation costs. We also acquired furniture for our new training and event space 'the Playground' and we divested old ICT equipment and cars in programme countries that were not in use anymore.

2 RECEIVABLES

	31/12/2017	31/12/2016
Receivables from donors	2,598,213	2,871,753
Prepayments in project countries	101,454	139,945
Prepaid to implementing partners	488,940	480,789
Legacies due	152,282	294,759
Interest to be received	7,146	16,839
Other accounts receivable	373,194	186,083
Receivables	3,721,228	3,990,169

All accounts receivable originated in 2017, except for one legacy of €86,500 originating from 2016. All receivables are expected to be received within one year. Sometimes legacies may take longer to be settled, especially when the sale of property is involved. Our best estimate is to classify all receivables as short-term.

A provision for doubtful receivables is deemed unnecessary.

Legacies due consist of seven legacies, of which the largest is €86,500 and the other legacies are below €40,000.

Prepayments in project countries include, for example, rental prepayments for offices abroad.

Prepaid to implementing partners are amounts for which War Child has not received liquidation reports from those partner organisations.

Specification of receivables from donors

Receivables from donors relate to projects that have been implemented by War Child, for which the funds from donors are committed but had not yet been received on the balance sheet date. The funds are expected to be received within one year. The amount receivable from donors at the balance sheet date can be broken down as follows:

	31/12/2017	31/12/2016
National Postcode Lottery	1,350,000	1,350,000
War Child UK	281,311	-
United States Government	171,541	128,446
Netherlands Government	179,485	-
ASN Bank	160,400	139,119
European Commission	221,505	340,495
Other	233,972	913,694
Receivables from donors	<u>2,598,213</u>	<u>2,871,753</u>

3 CASH AND CASH EQUIVALENTS

	31/12/2017	31/12/2016
Cash and cash equivalents in the Netherlands	20,582,963	20,035,655
Cash and cash equivalents in project countries	615,041	1,552,096
Cash and cash equivalents	<u>21,198,004</u>	<u>21,587,751</u>

The balance of cash and cash equivalents is related to large prepayments from institutional donors including the IKEA Foundation and the National Postcode Lottery.

Availability of cash and cash equivalents

The balance of cash and cash equivalents is readily available to War Child, except for a bank guarantee related to the rental agreements for War Child's office in the Netherlands, released at the end of the rental contract in 2023. The balance of one savings account with Rabobank is available to War Child, although on part of the balance a withdrawal penalty applies, as specified below.

	31/12/2017	31/12/2016
Cash and cash equivalents freely available	20,357,904	20,761,183
Cash and cash equivalents available with 1.5 per cent penalty	767,768	767,768
Cash and cash equivalents in bank guarantee until 2023	72,332	58,800
Cash and cash equivalents	<u>21,198,004</u>	<u>21,587,751</u>

Balances in foreign currencies

War Child aims to hold its cash positions as much as possible in Euros and in the Netherlands. At the balance sheet date, 97 per cent of cash was kept in bank accounts in The Netherlands. For expenses in programme countries, foreign currency accounts are held. War Child head office and some country offices have a US Dollar bank account when contracts with donors and expenses are in US Dollars. Country offices request funds to be transferred by head office on a monthly basis, based on forecasted expenses. War Child aims to minimise funds held abroad, but due to the nature of War Child's work, each country needs to hold a buffer amount for operational expenses and unforeseen events.

4 RESERVES AND FUNDS

	31/12/2016	direct addition	1/1/2017	additions	withdrawals	31/12/2017
Continuity reserve	6,000,000	-	6,000,000	-	(1,000,000)	5,000,000
General reserve	493,228	1,350,000	1,843,228	1,000,000	(983,160)	1,860,067
Earmarked reserve						
- Future depreciation	10,018	-	10,018	-	(10,018)	-
- Internal proposals	750,000	-	750,000	-	(750,000)	-
Reserves	<u>7,253,246</u>	<u>1,350,000</u>	<u>8,603,246</u>	<u>1,000,000</u>	<u>(2,743,179)</u>	<u>6,860,067</u>
Earmarked funds						
- Lebanon	-	-	-	64,216	-	64,216
- Uganda	-	-	-	14,576	-	14,576
- TeamUp	205,153	-	205,153	16,364	(205,153)	16,364
- Adessium R&D	198,152	-	198,152	-	(198,152)	-
Funds	<u>403,305</u>	<u>-</u>	<u>403,305</u>	<u>95,156</u>	<u>(403,305)</u>	<u>95,156</u>
Reserves and funds	<u>7,656,551</u>	<u>1,350,000</u>	<u>9,006,551</u>	<u>1,095,156</u>	<u>(3,146,484)</u>	<u>6,955,223</u>

Continuity reserve

War Child determines the desired size of its continuity reserve annually based on risks perceived, and the analysis is approved by its Supervisory Board. The 2017 analysis took into account a number of adverse incidents that might happen, as well as a comparison of continuity reserves that are held by other international non-governmental organisations. The result of this recent analysis is a decrease of the minimum desired level of the continuity reserve from €6.0M to €5.0M, which was approved by the Supervisory Board in 2017. The desired level of the continuity reserve is also the actual size of the continuity reserve as per the balance date. The general reserve holds a €1.9M surplus which is not necessary for War Child's continuity and in 2018 War Child will aim to spend this amount on its objective. War Child's continuity reserve is in compliance with the requirements of the sector organisation Goede Doelen Nederland as stipulated in its policy for financial control of NGOs ("Financieel Beheer Goede Doelen"): The operational

costs multiplied by 1.5 amount to a maximum continuity reserve of €26 million. War Child has taken into account the following adverse events:

Reputational damage

An undefined cause such as a child safety incident or insufficient quality of one of War Child's projects, might attract negative media attention leading to donors cancelling their structural donations. This will negatively impact on War Child's unrestricted funds (assumption worst case: -25 per cent in three years).

Recession

In an economic recession it will become more difficult for War Child to raise both restricted and unrestricted funds. Governments will cut their development budgets and individuals and businesses will be more reluctant to donate to a good cause (assumption worst case: -30 per cent in three years).

Evacuation

A worsening security situation in one of War Child's programme countries or cancellation of registration certificates by a local authority make it impossible for War Child to implement its programmes in a country. This will result in one-off expenses (assumption worst case: € 0.8 million in the first year).

Ineligible grant expenses

The obligation to pay back part of a grant, based on the results of an audit revealing financial mismanagement by War Child or one of its implementing partners, such as missing justifying documentation, non-compliance to donor requirements or a fraud incident (assumption worst case: 5 per cent per year).

General reserve

The general reserve is formed from the surplus of reserves above the target level for the continuity reserve. War Child will spend its general reserve to the benefit of children affected by war in accordance with its objectives.

Earmarked reserve

The earmarked reserves are funds with a designated purpose determined by the board. There is no external obligation. The earmarked reserves at the previous year's balance sheet date contained funds reserved for the depreciation of project assets and funds reserved for an internal call for proposal. All reserved funds were spent in 2017 in accordance with approved project plans.

Earmarked funds

The earmarked funds are designated by the donor and must be spent on a specific purpose. In 2017, the earmarked funds that existed end of 2016 for the TeamUp programme and the subsidy by Adessium for War Child's Research and Development were fully spent and therefore the earmarked funds were released. New earmarked funds were added in 2017 for a project in Lebanon funded by the Medische Missie Zusters, for a new TeamUp activity and for a project in Uganda funded by Rotary Club Amsterdam. War Child expects to spend these amounts in 2018.

5 PROVISIONS

	1/1/2017	additions	withdrawals	31/12/2017
Provision for end-of-service benefits	296,621	256,185	(438,200)	114,606
Provision for local taxation	386,102	183,573	(72,129)	497,547
Provision for local social security	162,622	29,518	(45,174)	146,965
Provision for ineligible grant expenses	467,778	154,845	-	622,623
Provisions	1,313,123	624,121	(555,503)	1,381,741

Provision for end-of-service benefits

A provision for end-of-service benefits is established when War Child has the obligation by local labour law to pay an amount of benefits to each of its employees at the end of their service, no matter how and by whom the employment contract was ended. The provision represents the cumulative amount of benefits built up by each employee up to the balance sheet date. The calculation is in accordance with the local law and is usually a formula such as: numbers of years in service multiplied by gross monthly salary multiplied by a fixed percentage. The amount of obligation up to the balance sheet date can therefore be determined with a high degree of certainty. The amount is, however, payable at an uncertain date, namely at the end of service of the employee.

Provision for local taxation

A provision for local taxation is established when local laws and regulations contain a tax obligation for non-governmental organisations, although the authorities have not (yet) imposed those taxes on War Child. The provision represents the best estimate of the amount of tax expected to be imposed on War Child in relation to the period up to the balance sheet date. However, since in many such cases the authorities have to date not imposed these taxes, the calculation method might be uncertain. For example, income tax might be applicable to all residents, but it is unclear which benefits shall be included in the taxable amount. In some countries, NGOs are jointly lobbying for a tax exemption. The amount, likelihood and timing of the future payment obligation are therefore often quite uncertain and the provision reflects War Child's best estimate.

Besides withdrawals from the provisions related to its use, during 2017 an amount of €72,129 was released from the provision of local taxation because there was sufficient evidence that the specific provision would not be used. This was based on a confirmation by local tax authorities.

Provision for local social security

This provision is similar to the provision for taxation. In some countries a law exists for employers to provide social security to its staff. As long as the governments have not yet set up an authority in charge of collecting those payments, War Child keeps a provision for its best estimate of the amount to be paid.

Provision for ineligible grant expenses

This provision is related to expenses that might need to be paid back to institutional donors because some of their requirements were not met. Some of War Child's programmes are implemented in particularly difficult contexts where the safety of its (partners') staff is at risk. Under such circumstances it is not possible to guarantee that the strictest of donor requirements are always followed. War Child still implements those projects because especially those children need its support. War Child is continuously striving to improve its procedures and the compliance thereto, in order to decrease the risk of ineligible expenses. The amount that is at risk of repayment to the donor is provided for.

The entire provision is short term. All employees have a notice period of less than one year, it is possible that authorities will impose tax on War Child within one year, and the ineligible grant expenses might be claimed from War Child within one year.

6 LONG TERM LIABILITIES

All long term liabilities are due after one year and within five years. The amount as per the balance sheet date relates to rental discounts of War Child's Amsterdam office that were already received, but that are spread over the total length of the rental contract in accordance with the accounting principles. This amount is the part that will be recognized as a deduction of rental expenses in the financial years from 2019 onwards.

7 ACCOUNTS PAYABLE

	31/12/2017	31/12/2016
Accounts payable - head office	945,794	292,937
Accounts payable - programme countries	209,291	189,100
Implementing partners to be paid	1,623,057	945,706
Taxes and social premiums payable - programme countries	179,477	124,955
Accounts payable	<u>2,957,619</u>	<u>1,552,698</u>

All accounts payable are due within one year.

The accounts payable at head office increased mainly because of a number of large invoices received relating to project activities and to the implementation of two new systems.

The accounts payable to implementing partners increased mainly because War Child United Kingdom has prefinanced a number of large programmes. When War Child collaborates with partner organisations, War Child normally prepays their activities because the small local organisations have limited own funds. With larger international organisations such as War Child United Kingdom, payable amounts may occur.

8 GRANTS RECEIVED IN ADVANCE

	31/12/2017	31/12/2016
National Postcode Lottery	4,954,961	5,622,616
IKEA Foundation	3,450,801	5,805,179
Netherlands Government	2,044,634	335,795
European Commission	1,074,024	574,412
United Nations agencies	586,325	747,553
Swiss Government	495,427	-
Canadian Government	255,066	-
DOB Foundation	185,289	-
Other	443,553	339,461
Grants received in advance	<u>13,490,080</u>	<u>13,425,016</u>

'Grants Received in Advance' consists of earmarked funding that was received by War Child in the financial year, while the related project expenses have not yet been incurred. Due to the nature of the grant contract, income is not accounted for in the period that the funds are received, but in the period in which the related expenses are recognised.

The expenses related to grants received in advance are expected to be realised within one year.

The largest institutional donors paying in advance are shown in the table. Comparison between the current and previous financial year reveals substantial fluctuations between donors. Large grant instalments were received in advance from the IKEA Foundation and the National Postcode Lottery, mainly in relation to the expansion of War Child's successful 'Can't wait to Learn' programme. The Netherlands government has prefinanced a large project in Lebanon.

The IKEA Foundation is an important donor which supports War Child in 2017 with three grants, as specified below.

	Total grant award in Euros	Received up to 12/31/2017	Spent up to 12/31/2017	Outstanding balance 12/31/2017
Can't wait to learn (Sudan, Lebanon, Jordan)	4,300,000	3,377,581	2,818,733	558,848
Time to be a child (Jordan)	6,469,743	5,617,405	2,824,311	2,793,094
Building sustainable futures (South Sudan)	1,548,830	1,548,830	1,449,971	98,859
IKEA Foundation	<u>12,318,573</u>	<u>10,543,816</u>	<u>7,093,015</u>	<u>3,450,801</u>

9 OTHER LIABILITIES

	31/12/2017	31/12/2016
Personnel liabilities	423,341	361,678
Other liabilities	547,071	315,635
Other liabilities	<u>970,412</u>	<u>677,312</u>

All Other Liabilities are short term. Personnel liabilities relate to the 8 per cent holiday allowance built up for head office personnel during the year, which is due to be paid out in May 2018 and to holiday leave days pending at the balance sheet date.

Other liabilities are expected invoices relating to the financial year, which were not yet received at the balance sheet date. It also includes rental discounts spread over the total duration of the rental contract, and to be recognized within one year.

FINANCIAL RISKS AND FINANCIAL INSTRUMENTS

During its normal operations, War Child is exposed to currency, interest, cash flow, credit and liquidity risks. To control these risks, War Child has instituted policies and procedures that are intended to limit the risks of unpredictable adverse developments in the financial markets and thus for the ability of War Child to fulfil its objectives.

War Child does not apply nor trade in financial derivatives, such as interest rate swaps, forward exchange contracts or options to control its risks. Its main risk mitigation measures are described below.

Credit risk - banks

Credit risk arises principally from War Child's substantial cash position. It holds large bank balances and the main risk is that of a bank defaulting. The maximum amount of credit risk with one bank that War Child incurs is €13,8 million, which is its balance with Rabobank at the balance sheet date. War Child also holds bank accounts with ASN bank (€1.7 million), with ABN AMRO (€3.7 million), Triodos bank (€0.5 million) and with ING (€0.9 million). Furthermore, it has balances with foreign banks in potentially unstable states. The largest bank balance abroad is with Itaú in Colombia (€0.1 million).

The probability and impact of financial loss to War Child due to a bank going bankrupt is mitigated by spreading the balances over a number of banks, by limiting the outstanding balances abroad and by strict bank assessment procedures when opening a bank account.

Credit risk - receivables

Credit risk also arises from War Child's receivables totalling €3.7 million. The credit risk is concentrated at four counterparties for a total amount of €2.3 million. These are large donors and governments with whom War Child has a long standing relationship and that have always in time satisfied their obligations to pay. The highest receivable

amounts to €1.4 million from the National Postcode Lottery. In addition, €0.5 million receivables relate to prepayments to partners. This balance is spread over more than 10 partners, the largest balance being approximately €0.1 million with War Child Canada.

Foreign exchange rate risk

War Child is exposed to currency risk on project obligations that are denominated in a currency other than the contractual currency of the grant contract that relates to such a project. The currencies in which these project transactions primarily are denominated are USD and EUR, whereas a minority of transactions take place in amongst others COP, UGX and SSP. The currencies in which War Child's donor grant contracts are denominated are primarily EUR, USD and CAD, whereas a minority of grants are denominated in amongst others SEK, GBP and SSP. War Child's policy is to denominate its contractual obligations as often as possible in the same currency as the donor's currency and to hold bank balances in the donor currency, so that the real exchange rate is closest to the reporting exchange rate. War Child does not hedge with any derivative instruments its estimated foreign currency exposure in respect of forecasted purchases over a future period, because management believes this brings new risks and costs, while War Child's current employment of practical risk mitigation measures serves its purpose.

Interest and cash flow risk

War Child has no interest bearing loans, therefore the interest and cash flow risk is limited. There is a risk of interest rates decreasing, resulting in reduced interest income.

Liquidity risk

The management monitors War Child's cash position and ensures that it is sufficient to meet the financial obligations towards creditors, employees and partners. War Child's level of reserves ensures a sufficient balance is available to cover financial obligations for a period of three years. Although the potential impact of extreme circumstances that cannot reasonably be predicted is hard to take into account, War Child believes that its liquidity risk is limited.

Fair value

The fair value of the financial instruments stated on the balance sheet, including receivables, cash and cash equivalents and current liabilities, is approximately equal to their carrying amount.

OFF-BALANCE SHEET OBLIGATIONS AND RIGHTS

War Child's global off-balance sheet obligations and rights are as follows and are further explained in the text below the table.

	TOTAL	due within 1 year	due in 1-5 years	due after 5 years
Operational obligations	2,015,304	664,425	1,133,609	217,269
Implementing partner conditional obligations	4,472,204	3,587,707	884,497	-
Off-balance sheet obligations	6,487,508	4,252,133	2,018,106	217,269
			-	-
		due within 1 year	due in 1-5 years	due after 5 years
Off-balance sheet rights:	TOTAL			
Donor contract value to be received	16,043,128	10,526,152	5,516,975	-

Operational obligations

The main operational obligation is the office rental obligation in The Netherlands for the period until 30 September 2023. Total remaining rental obligation including service and utilities charges is €1.6 million. The remaining obligations of €0.5 million mainly consist of rental obligations in programme countries.

Implementing Partners

War Child works with many implementing partners globally. War Child enters into agreements with partner organisations to execute projects related to War Child's objectives. The contributions in these contracts are disbursed to partners in several instalments. All contributions are conditional. War Child has off balance sheet obligations to its partners totaling €4.5 million. War Child's largest partner is War Child UK, with which funding agreements are in place with an amount of in total €2.2 million due in the coming 5 years. War Child UK implements part of the *Can't wait to Learn* programme as well as the *Time to be a Child* project in Jordan.

Off-balance sheet rights

Grants from donors are recognised as income when the related expense is recognised. Instalments received from donors are recognized on the balance sheet under Grants received in advance, for the part that is not yet spent. The remaining instalments due in accordance with contracts signed with donors are reported as off-balance sheet rights. The total amount of instalments to be received by War Child under existing donor contracts is €16.0 million. The largest total amounts to be received in the coming 5 years are €4.1 million from the European Commission, €2.7 million from the Dutch Government and €2.1 million from the IKEA Foundation.

NOTES TO THE STATEMENT OF INCOME AND EXPENSES

in Euros

10 INCOME FROM INDIVIDUALS

Income from individuals includes structural and one-off donations from individuals as well as legacies.

	2017	Budget 2017	2016
Legacies	300,692	300,000	321,857
Other individuals	8,548,873	9,396,705	8,430,709
Income from Individuals	8,849,565	9,696,705	8,752,566

Developments 2017

War Child aims to develop long-term relationships with individual donors to ensure stability in income and the continuity of projects. The large majority of the income generated by individual donors came from *Friends*, as War Child calls its structural donors. In spite of an increasingly competitive fundraising market, the number of *Friends* increased compared to previous year. Our fundraising initiatives included the Jij&ik tv show, a Martin Garrix concert in Paradiso and the Kili Challenge. We did not reach our ambitious income target from individuals of €9.7 million. Instead we raised €8.8 million income from individuals in 2017 (8.7 per cent below budget), which is however 1 per cent higher than the previous year.

11 INCOME FROM COMPANIES

Income from companies includes periodical donations from our *Business Friends*, one-off gifts from actions, donations in kind as well as restricted subsidies.

	2017	Budget 2017	2016
ASN Bank	186,365	150,368	209,805
Tommy Hilfiger	30,990	-	119,341
Gifts in Kind	1,023,962	876,500	785,192
Other companies	1,853,835	1,435,416	1,527,671
Income from companies	3,095,152	2,462,284	2,642,010

Developments 2017

In 2017 we raised €3.1 million from the business sector, 26 per cent above our target for the year and 17 per cent above the income in 2016. We saw the biggest growth in incidental donations, which appears to be an ongoing trend in this sector. As with the trend in the market for individual donors, it was a challenge to secure long-term commitments from companies. Main business donors of monetary funding are ASN Bank and Rituals Cosmetics. Approximately one third of income from businesses comes from the value of donations in kind. War Child has a low cost policy and tries to find donors for every purchase it makes at head office. This ranges from free software licenses to free hotel rooms for our foreign visitors. Thanks to our good reputation that our donors recognize, we are quite successful in this, raising free goods and services with a value of over €1 million in 2017. Main donors of gifts in kind are Microsoft, Google Adwords, T-Mobile and Insights Benelux.

12 INCOME FROM LOTTERIES

Income from lotteries consists of contributions from the Dutch National Postcode Lottery. Since 2009, War Child receives an annual unrestricted contribution and since 2014 we have received various contributions designated to specific projects.

	2017	Budget 2017	2016
National Postcode Lottery (designated contribution)	3,185,656	1,859,465	277,384
National Postcode Lottery (structural contribution)	1,350,000	1,350,000	1,350,000
Swedish Postcode Lottery	-	-	201,760
Income from lotteries	<u>4,535,656</u>	<u>3,209,465</u>	<u>1,829,144</u>

Developments 2017

Income from lotteries has substantially increased in comparison with the previous year (148 per cent). The National Postcode Lottery contributes structurally to our organisation with an impressive €1.4 million. In addition, the National Postcode Lottery awarded the 'Dreamfund' to War Child for its Can't wait to learn programme, which we started to implement in 2016. In 2017, War Child also received funding from the National Postcode Lottery for its TeamUp programme with refugees in the Netherlands. Thanks to these generous contributions War Child has been able to expand its programmes in 2017, resulting in a 41 per cent excess of its budget for income from lotteries.

13 INCOME FROM GOVERNMENT

Income from governments includes income from individual governments, as well as from governmental bodies and from organisations that receive the vast majority of their funding from governments. In cases where the back-donor is a government and War Child has a contract with equal conditions with another party, this income is categorized as income from governments.

	2017	Budget 2017	2016
Netherlands Government	4,402,641	1,689,484	3,914,515
United Nations agencies	3,255,274	4,415,560	4,370,090
European Commission	2,895,392	4,034,206	1,460,184
Canadian Government	1,392,334	1,352,605	1,385,200
Swiss Government	592,985	624,904	993,249
United States Government	409,034	1,533,135	247,086
United Kingdom Government	3,092	296,980	136,349
Other governmental organisations	-	657,835	31,285
Income from governments	<u>12,950,752</u>	<u>14,604,710</u>	<u>12,537,958</u>

Developments 2017

The income from governments is €13.0 million in 2017, which is 3 per cent above the income of 2016 (€12.5 million) and 11 per cent below the budget of the year. The Netherlands Government is our largest donor with a contribution in 2017 of as much as €4.4 million. War Child receives this mainly through the Dutch Relief Alliance for programmes in Syria, Iraq, South Sudan, Yemen, Afghanistan and Central African Republic. The United Nations and the European Commission continue to contribute to War Child's programmes in various countries through its subsidiaries and affiliates such as UNICEF, UNHCR, DG ECHO and Europe Aid. Global Affairs Canada (GAC) contributes to our educational programme in Colombia.

14 INCOME FROM OTHER ORGANISATIONS

The income from other organisations includes income from foundations, educational institutions, religious institutions and associations. This is a mix of unrestricted as well as restricted funding.

	2017	Budget 2017	2016
IKEA Foundation	4,719,085	4,607,039	1,618,214
War Child United Kingdom	402,758	400,000	(8,661)
DOB Foundation	358,777	-	-
Foundation (confidential)	334,999	-	-
Tides Foundation	123,914	-	-
Save the Children	105,148	-	126,500
War Child Sweden	95,814	182,470	-
CATCH Foundation	95,260	69,175	100,311
Adessium Foundation	84,112	175,272	336,149
Other organisations	614,527	90,000	536,995
Total income other organisations	<u>6,934,394</u>	<u>5,523,956</u>	<u>2,709,506</u>

Developments 2017

The income from foundations more than doubled compared with the previous year, and it was 26 per cent above budget 2017. The largest donor in this income category is the IKEA Foundation, which is responsible for 68 per cent of income from other non-profit organisations. IKEA Foundation funds three of War Child's projects in various countries: the Can't wait to Learn programme in amongst others Sudan and Lebanon, the Time to be a Child project in Jordan and the Building Sustainable Futures project in South Sudan. These projects grew substantially compared with their sizes in 2016, which was planned due to delays in the implementation in 2016.

15 PROJECT ACTIVITIES

Expenses towards project activities are costs related to the implementation of War Child's projects. War Child's projects are amongst others in the field of psychosocial support, child protection, education, participation and advocacy. In its project countries, War Child implements its projects itself as well as by partner organisations. Costs of project activities include expenses such as staff costs, materials purchased, transport costs, office expenses and payments to local partners. Costs of the country offices are fully attributed towards project activities. Costs of the head office are attributed to project activities if the costs are directly related to implementing projects, which in most cases means that those expenses are funded by a grant. In addition, indirect head office support costs are allocated to project activities based on the estimated time spent by head office employees on project activities. The latter is further explained in notes on Support Costs.

	2017	Budget 2017	2016
Lebanon	6,479,676	4,893,408	4,183,418
Jordan	3,516,555	4,549,600	328,246
Syria	3,179,308	3,262,050	2,510,911
Netherlands	2,287,352	2,186,966	2,430,011
Colombia	2,191,144	2,393,558	1,938,028
DR Congo	2,050,043	2,676,538	3,141,343
South Sudan	1,641,193	1,830,283	2,246,509
Sudan	1,204,647	862,949	129,441
Occupied Palestinian territories	1,098,880	1,602,885	940,678
Uganda	972,528	319,000	660,080
Burundi	936,794	1,275,013	1,013,809
Iraq	908,091	200,000	607,538
Central African Republic	704,388	235,204	310,705
Afghanistan	629,627	200,000	191,745
Yemen	602,433	-	-
Sri Lanka	162,400	431,453	212,908
Allocated support costs	1,070,429	1,029,687	697,770
Total costs of project activities	<u>29,635,488</u>	<u>27,948,594</u>	<u>21,543,139</u>

Developments 2017

Total expenses on project activities are €29.6 million in 2017, or 37 per cent above 2016 and 6 per cent above budget. The growth compared with previous year is mainly related to new grants from the Netherlands government to the Dutch Relief Alliance, which allowed War Child to implement projects in Syria, Iraq, South Sudan, Yemen, Afghanistan and Central African Republic. The largest programme country is Lebanon with €6.5 million project expenses, which is an increase of 55 per cent compared with 2016.

Besides our programme in Lebanon and in the countries where Dutch Relief Alliance grants were awarded to us, we also grew in Uganda, which was necessary due to the influx in the North of refugees from South Sudan. The project activities expenses in Jordan were also higher than in the previous year, which was related to the expansion of various projects.

Negative variances between budget and actual expenses in 2017 can be explained by grants that were not awarded to War Child against expectations, or by delays in implementation of multi-annual projects. For some countries it is more difficult than expected to raise funding, such as in the Democratic Republic of Congo, Burundi, South Sudan and Sri Lanka. We will continue to try and raise funding for these programme countries in 2018 and fortunately we will be able to implement projects in these countries funded by our unrestricted income.

16 PREPARATION AND COORDINATION

Costs for preparation and coordination include for example costs for the evaluations of our programmes, security measures and security trainings, quality assurance and monitoring activities.

	2017	Budget 2017	2016
Direct costs of preparation and coordination	217,225	184,500	88,962
Support allocation to preparation and coordination	<u>1,273,694</u>	<u>1,225,215</u>	<u>1,086,199</u>
Costs of preparation and coordination	<u>1,490,919</u>	<u>1,409,715</u>	<u>1,175,161</u>

Developments 2017

The majority of direct costs for preparation and coordination originate in the International Programmes department of War Child. Total costs have increased year on year by 27 per cent and are 6 per cent above 2017 budget. The direct costs have more than doubled compared with 2016 because of War Child's strategic focus on quality. Indirect head office support costs are allocated to 'Preparation and Coordination' based on the estimated time spent by all head office employees. Although direct preparation and coordination costs are relatively low (€0.2 million), the time spent on it is quite substantial, as indicated by the high allocation of support costs (€1.3 million). Head office employees of the International Programmes department spend most of their time on preparation and coordination activities. The mechanism of support cost allocation is further explained in the notes on Support Costs.

17 AWARENESS RAISING

Awareness raising includes the costs of raising awareness of people in general and of certain focus groups and networks in particular. Direct costs include those costs related to lobbying, War Child's website, conferences, campaigns and the awareness raising component of events and actions.

	2017	Budget 2017	2016
Direct costs of awareness raising	1,226,718	1,351,350	1,378,749
Support allocation to awareness raising	<u>762,899</u>	<u>733,862</u>	<u>762,063</u>
Total costs of awareness raising	<u>1,989,617</u>	<u>2,085,212</u>	<u>2,140,812</u>

Developments 2017

Awareness raising costs are 5 per cent under budget and 7 per cent under the costs in previous year. Costs of activities which have a mixed objective of fundraising and awareness raising are allocated to each of these cost categories based on the estimated weight of each of those two components, depending on the nature of the activity. For each mixed activity, the project leader provides a justified weight of each component. For example, the costs of the TV show and our door to door communication are split 50%-50% between fundraising and awareness raising. During those activities, new Friends are acquired and many individuals are being informed about the children affected by conflict.

The allocation percentages are consistently determined and applied in consecutive periods. War Child intends to apply percentages which are in line with those that are applied by similar organisations. The allocation percentages used by each organisation are however not always transparent. War Child would be in favour of more transparency and clearer guidelines on the subject.

Indirect head office support costs are allocated to 'Awareness raising' based on the estimated time spent by all head office employees. The latter is further explained in notes on Support Costs.

18 FUNDRAISING

Costs of fundraising are incurred for activities which aim to persuade people, businesses and other organizations to become *Friends* of War Child, to donate money or to enter into grant contracts with War Child.

	2017	Budget 2017	2016
Fundraising of unrestricted income	1,133,067	1,334,190	1,309,971
Setting up new fundraising markets	399,798	500,000	-
Fundraising of restricted income	455,831	433,095	497,891
Support allocation to fundraising	1,454,283	1,398,931	1,196,493
Total costs of fundraising	3,442,980	3,666,216	3,004,356

Developments 2017

Total fundraising costs divided by total fundraising income is 10 per cent. Raising funds is important to War Child, because without funding we cannot implement our activities. In 2017, total costs of fundraising increased with 15 per cent in comparison with previous year, and the costs remained 6 per cent below the budget of 2017. The year on year increase is related to the costs for setting up fundraising offices in new markets. War Child invested in the running costs of War Child Sweden, which is an independent foundation that raises funds in the Swedish market.

A large component of fundraising expenses is the support allocation. Indirect head office support costs are allocated to costs of fundraising based on the estimated time spent by all head office employees. The fundraising department is a relatively large department at War Child's head office, hence the relatively high amount of support costs allocation. The latter is further explained in notes on Support Costs.

19 MANAGEMENT AND ADMINISTRATION

War Child strives to spend as much on its objective as possible and it is continuously pursuing cost savings opportunities. On the other hand, it realizes that lower management costs are not necessarily always desirable. If management and administration would not get proper attention, then the continuity of the organisation could be at risk. Nonetheless, War Child aims to keep its percentage for management and administration low. In 2017 it reached 4.3 per cent, which is lower than in 2016 (5.0 per cent) despite necessary expenses for new systems. In the coming years War Child strives to further decrease this percentage, since operational excellence and efficiency are an important part of its strategic objectives. It is however difficult to compare the ratios of organisations that are active in very diverse contexts and types of activities. Some organisations are more complex to manage and administrate than others.

The absolute amount of costs for management and administration in 2017 (€1.7 million) increased by 11 per cent compared with the level of 2016 (€1.5 million) and was 4 per cent above the budget (€1.5 million). This is explained by the overall growth of the organisation with a 28 per cent of growth in total income compared with previous year. If management and administration were not properly invested in, then the continuity of the organisation could be at risk.

SUPPORT COSTS

Support costs are those costs incurred in War Child's head office in The Netherlands that are not directly attributed towards an expense category, such as project activities or fundraising. These include, for example, salaries, rental costs for the head office and ICT costs.

	2017		Budget 2017		2016	
Support personnel costs	4,819,824	73%	4,926,759	78%	4,256,675	78%
Housing costs	330,906	5%	270,290	4%	301,069	6%
Office costs	1,236,181	19%	935,244	15%	768,805	14%
Other general support	111,183	2%	75,500	1%	89,418	2%
Depreciation head office assets	104,332	2%	143,333	2%	51,610	1%
Support costs	6,602,426	100%	6,351,126	100%	5,467,578	100%

Developments 2017

Support costs increased in 2017 by €1.1 million to €6.6 million, which was 4 per cent above the budget for the year (€6.4 million). This increase can be explained by the increase of head office support personnel expenses by €0.6 million, which is related to the objective to improve quality of work, and by the increase of office costs by €0.5 million. The latter is related to two new ICT systems, of which one went live at the end of 2017 and the other will go live at the beginning of 2018.

Depreciation of head office assets is classified as support costs, whereas depreciation of assets used in War Child's programme countries is classified as project expenses.

Allocation of support costs

War Child's support costs are allocated based on estimated time spent per head office employee on each of the expense categories. The allocation method for support costs is determined based on estimates provided by departmental managers. The allocation method is consistently applied. War Child has explicitly chosen not to implement a time-sheet system in its head office, since it is not a requirement in the accounting principles RJ650, and given that this is a large administrative burden which absorbs time away from supporting War Child's beneficiaries. War Child's allocation method is based on high-level estimates instead of on factual time spent on each project. This method complies with applicable regulations and guidelines. Only if and when employees' salaries are allocated to donor grants will employees register the actual time spent on those grants. Based on the estimated time spent by head office support employees, the total amount of support costs is allocated as follows:

	2017		Budget 2017		2016	
Project activities	1,070,429	16%	1,029,687	16%	697,770	13%
Preparation & coordination	1,273,694	19%	1,225,215	19%	1,086,199	20%
Awareness raising	762,899	12%	733,862	12%	762,063	14%
Fundraising	1,842,764	28%	1,772,626	28%	1,438,470	26%
Management & administration	1,652,639	25%	1,589,737	25%	1,483,076	27%
Total support costs	6,602,426	100%	6,351,127	100%	5,467,578	100%

PERSONNEL COSTS

War Child's total personnel expenses are specified below. The category other personnel expenses includes costs for amongst others commuting transport, for training, recruitment, canteen and team building.

	2017	Budget 2017	2016
Gross wages and salaries	8,576,667	8,629,068	7,386,809
Pension expenses	476,209	500,344	424,720
Social security expenses	1,268,884	1,390,188	1,146,910
Other personnel expenses	1,904,010	2,933,664	2,125,496
Personnel expenses	<u>12,225,769</u>	<u>13,453,263</u>	<u>11,083,935</u>

20 FINANCIAL GAIN / (LOSS)

	2017	Budget 2017	2016
Interest received	21,956	50,000	60,781
Interest paid	-	-	-
Exchange rate differences	(230,878)	-	86,431
Financial gain / (loss)	<u>(208,922)</u>	<u>50,000</u>	<u>147,212</u>

Developments 2017

War Child does not invest the funds it is trusted with by its donors. Interest income is related to interest received on War Child's bank accounts. The decrease in interest income compared with the previous year was caused by lower interest rates. As opposed to 2016, when there was an exchange rate gain of €0.1 million, the year 2017 saw an exchange rate loss of €0.2 million. This is mainly caused by exchange rate fluctuations of outstanding grant amounts in foreign currencies. War Child does not hedge this risk. The exchange rate differences do not impact on War Child's programming capacity as long as its expenses are in the same currency as the grant. Refer to the notes to the balance sheet for further details.

ATTRIBUTION OF EXPENSES

	Category of expenses (as RJ650 prescribes for income statement)					Total expenses		
	Expenses towards Objective					2017	Budget 2017	2016
	Awareness raising	Preparation & Coordination	Project activities	Fundraising	Management & Administration			
Contributions	-	-	9,447,879	-	-	9,447,879	6,958,001	6,192,044
Procurement	1,226,718	169,927	10,044,307	1,327,311	-	12,768,264	12,698,187	8,081,047
Outsourcing	-	-	-	263,483	-	263,483	393,119	233,499
Publicity	-	47,298	-	9,421	-	56,719	26,900	219,745
Staff	556,922	929,807	8,187,368	1,345,233	1,206,440	12,225,769	13,453,263	11,083,935
Housing	38,236	63,836	53,649	92,357	82,828	330,906	270,290	301,069
Office costs	142,839	238,475	1,599,622	345,023	309,426	2,635,385	2,575,880	3,108,199
General costs	12,847	21,449	187,025	31,032	27,830	280,183	130,500	190,605
Depreciation	12,055	20,127	115,638	29,119	26,115	203,055	193,333	215,328
Total expenses	1,989,617	1,490,919	29,635,488	3,442,980	1,652,639	38,211,643	36,699,473	29,625,470

The above clarification of the attribution of expenses towards expense categories is in accordance with Annex 3 of the accounting guideline RJ650.

Where possible, expenses are directly attributed towards one or more of the above expense categories. Expenses that cannot directly be attributed are allocated towards the categories on the basis as explained in the paragraph Support Costs.

Developments 2017

The table indicates an increase in a number of cost categories, which is related to the overall growth of our project activities. This is the case for contributions, which are sub-grants to implementing partners, as well as procurements and staff costs.

APPROPRIATION OF THE RESULT

On April 20 2018, the Supervisory Board of Stichting War Child discussed the annual report and the financial statements 2017. In accordance with article 8.1.a of the articles of association of War Child, the Supervisory Board adopted the annual report and the annual accounts of War Child, including the proposed appropriation of the surplus. The members of the Supervisory Board as per 20 April 2018 are Peter Bakker (President), Willemijn Verloop (Vice-President), Rob Theunissen (Treasurer), Raymond Cloosterman, Edith Kroese and Arjan Hehenkamp.

The articles of association provide guidance about the appropriation of the surplus in stating that the foundation shall not keep more reserves than reasonably necessary for its continuity, as determined by the Managing Director. Art. 3.4: "De stichting houdt niet meer vermogen aan dan naar het oordeel van de directie redelijkerwijs nodig is om de continuïteit van haar werkzaamheden ten behoeve van haar doelstelling te waarborgen."

Addition to (withdrawal from):

Continuity reserve	(1,000,000)
General reserve	16,840
Earmarked reserve	(760,018)
Earmarked funds	(308,149)
Change in reserves and funds	<u>(2,051,328)</u>

EVENTS AFTER THE BALANCE SHEET DATE

No events have occurred between the balance sheet date and the date on which the Supervisory Board adopted the annual accounts, which would affect the 2017 annual accounts or the condition of War Child at the end of the financial year or thereafter.

NOTES TO THE CASH FLOW STATEMENT

The cash flow statement has been prepared using the indirect method. The cash items disclosed in the cash flow statement are comprised of cash and cash equivalents and there are no deposits or other investments. Cash flows in foreign currencies have been converted at the applicable exchange rate. Exchange differences affecting cash items are shown separately in the cash flow statement. Interest paid and received is included in cash from operating activities. Since War Child does not invest nor speculate and has no financial leases, cash from financing activities is zero. Transactions not resulting in inflow or outflow of cash are not recognised in the cash flow statement.

The cash and cash equivalents have slightly decreased in 2017 (- 2 per cent). War Child's cash and cash equivalents balance is healthy with €21.2 million cash available and €3.7 million short term receivables, against €17.4 million short term liabilities. War Child's bank balance can be explained by the grants received in advance from important donors and foundations, such as the National Postcode Lottery, the IKEA Foundation and the Netherlands government. The projects related to these subsidies are partly to be implemented in 2018 and beyond. For more information, see the notes to the balance sheet item 'Grants Received in Advance'.

FURTHER NOTES TO THE ANNUAL ACCOUNTS

REMUNERATION MANAGING DIRECTOR

Name	Tjipke Bergsma
Function	Managing Director
Duration	indefinite from 1/9/2015
Hours/week	40
Part-time percentage	100%
Period	1/1/2017 - 31/12/2017
Annual income	
Gross salary	€ 102,361
Holiday allowance	€ 8,189
13th month	€ 0
Variable annual income / bonus	€ 0
Total director remuneration	€ 110,550
Taxable allowances	€ 0
Pension premium (employer part)	€ 22,344
Pension compensation	€ 0
Other remuneration	€ 0
End of service fee	€ 0
Total remuneration and benefits	€ 132,894
Total remuneration and benefits 2016	€ 128,455

The remuneration of the Managing Director of War Child is €110,550, which is well below the maximum of €145,000 (1 full time employee for 12 months) as set by the guideline for Directors' Remuneration of the Dutch association for fundraising organisations Goede Doelen Nederland (GDN).

The annual remuneration together with all taxable allowances and all employer's charges, pension compensation and other remuneration on the long term is €132,894 which is also well within the maximum set by the guideline of € 181,000 (1 full time employee for 12 months).

No loans, advances or guarantees were given to War Child's directors. We refer to the annual report for further information about War Child's policy on its Managing Director's remuneration and for information about the evaluation.

REMUNERATION SUPERVISORY BOARD MEMBERS

No remuneration is offered to Supervisory Board members and no loans, advances or guarantees existed in 2017. Members of the Supervisory Board occasionally visit War Child's field offices if this is relevant in respect of their role. Expenses related to the travel are paid by War Child and it is left to the discretion of the Supervisory Board members to reimburse the expenses to War Child. In 2017, no expenses were incurred for Supervisory Board members.

NUMBER OF EMPLOYEES

The average number of fulltime equivalent employees (FTE) increased by 15 per cent (53 FTE) to 405 FTE, which is related to the overall increase in War Child's total income and expenses. The increase mainly comes from an increase of 50 FTE in the number of country office national employees.

	2017	2016	2015	2014
Employees at head office excl. interns (in FTE)	90	83	86	75
Employees on expat contract in programme countries (in FTE)	19	23	29	24
Employees on local contract in programme countries (in FTE)	296	246	239	271
Total average number of employees (in FTE)	405	352	354	370
Interns at head office (in FTE)	11	12	10	4

PENSION PLAN

The pension charge recognised for the reporting period is equal to the pension contributions payable to the pension fund over the period. War Child's head office pension plans are in accordance with the conditions of the Dutch Pension Act. It is a defined contribution system without indexing arrangements. War Child's pension insurance company is Brand New Day. There are no self-administered pension plans. There is a strict segregation of the responsibilities of the parties involved and of the risk-sharing between the said parties (War Child, Brand New Day and staff).

In its project countries, War Child acts in accordance with local pension laws and regulations.

ADOPTION OF FINANCIAL STATEMENTS

The Financial Statements are prepared by the management of War Child. On the condition of obtaining an unqualified opinion of the independent auditor the Financial Statements were unanimously adopted by the Supervisory Board of War Child in its meeting of 20 April, 2017.

Amsterdam, 20 April 2017

Supervisory Board: Peter Bakker (Chair) Willemijn Verloop (Vice Chair), Rob Theunissen (Treasurer), Raymond Cloosterman, Edith Kroese, Max Glaser

Managing Director: Tjipke Bergsma

OTHER INFORMATION

INDEPENDENT AUDITOR'S REPORT

To: the Executive Board and the Supervisory Board of Stichting War Child

REPORT ON THE ACCOMPANYING FINANCIAL STATEMENTS

Our opinion

We have audited the financial statements 2017 of Stichting War Child, based in Amsterdam. In our opinion the accompanying financial statements give a true and fair view of the financial position of Stichting War Child as at 31 December 2017, and of its result 2017 in accordance with the Guideline for annual reporting 650 'Fundraising organisations' of the Dutch Accounting Standards Board.

The financial statements comprise:

- 1 the balance sheet as at 31 December 2017;
- 2 the statement of income and expenditures 2017; and
- 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 Stichting War Child 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 that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

REPORT ON THE OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- the board report including the supervisory board report;
- other information;
- annexes.

Based on the following procedures performed, we conclude that the other information is consistent with the financial statements and does not contain material misstatements. We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of the Dutch Standard 720. The scope of the procedures performed is less than the scope of those performed in our audit of the financial statements. The Executive Board is responsible for the preparation of the other information.

DESCRIPTION OF THE RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

Responsibilities of the Executive Board and the Supervisory Board for the financial statements

The Executive Board is responsible for the preparation and fair presentation of the financial statements in accordance with the Guideline for annual reporting 650 'Fundraising organisations' of the Dutch Accounting Standards Board. Furthermore, the Executive Board is responsible for such internal control as the Executive Board determines is

necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to errors or fraud.

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

The Executive Board should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements. The Supervisory Board is responsible for overseeing the Foundation's financial reporting process.

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 have detected all material errors and fraud during our audit.

Misstatements can arise from fraud or errors 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 the 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 e.g.:

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

We communicate with the Supervisory 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 identify during our audit.

May 4th 2018

KPMG Accountants N.V.

H. Visser RA

BRANCH OFFICES

In 2017, War Child maintained branch offices in:

- Burundi
- Colombia
- Democratic Republic of Congo
- Lebanon
- Occupied Palestinian territories
- South Sudan
- Sri Lanka
- Uganda

In addition to its programmes in the countries where War Child has its own branch offices, War Child coordinated and funded project activities in Afghanistan, Iraq, Sudan, Jordan, Syria, Central African Republic, Yemen and the Netherlands



ANNEXES

[READ ON >](#)



BUDGET 2018

in Euros

INCOME	Budget 2018	Actual 2017
Individuals	9,669,915	8,849,565
Companies	2,418,778	3,095,152
Lotteries	6,225,230	4,535,656
Government grants	19,824,700	12,950,752
Other organisations	9,419,423	6,934,394
Fundraising income	47,558,047	36,365,519
Other Income	-	3,718
Sum of income	47,558,047	36,369,237
EXPENSES		
Project activities	41,352,266	29,635,488
Preparation & coordination	1,195,439	1,490,919
Awareness raising	2,182,972	1,989,617
Expenses on the objective	44,730,677	33,116,024
Fundraising	3,062,720	3,442,980
Management & administration	1,769,873	1,652,639
Sum of expenses	49,563,270	38,211,643
Sum before financial income	(2,005,223)	(1,842,406)
Financial gain/(loss)	50,000	(208,922)
Sum of income and expenses	(1,955,223)	(2,051,328)

In 2018, War Child plans a deficit of €1.9 million because it wishes to spend the funds available in the general reserves on its objective.

Reserves and earmarked funds

	Budget	Actual
	31/12/2018	31/12/2017
Continuity reserve	5,000,000	5,000,000
General reserve	-	1,860,067
Earmarked reserve	-	-
Earmarked funds	-	95,156
Reserves and Funds	<u>5,000,000</u>	<u>6,955,223</u>

Ratios

	Budget	Actual
	2018	2017
% Costs of fundraising / Total fundraising income	6.4%	9.5%
% Costs management & administration / Total expenses	3.6%	4.3%
% Total expenses on behalf of the objective / Total income	94.1%	91.1%
% Total expenses on behalf of the objective / Total expenses	90.2%	86.7%

COLOFON

- Photos: Baa Malaeb, Daniel Massain, Eddy van Wessel, Folkert Rinkema, Geert Snoeijer, Hussein Baydoun, Irina Raiu, Jeppe Schilder, Keith Lapor, Lola Groothuizen, Marco van Hal, Merijn Roubroeks, Michiel Bles, Mona van den Berg, Nick Steinbuch, Niels van Iperen, Raoul Kramer, Roy Beusker, Rutger Brouwer, Sander Stoeper, Sarah Hunter en Wilma Breunissen
- Infographics: Berry Timmermans and War Child
- Text: Mark Adams and War Child
- Design: F19 Digital first reporting and War Child
- Interaction and visual design: Elastik Concepts
- Front-end webdevelopment: Active Element
- Projectmanagement: Communicare Network, Anita de Beijl

DISCLAIMER

This report contains general information about War Child Holland and is intended for informational purposes only.

The complete 2017 Annual Report and our 2017 Annual Accounts are available on www.annualreportwarchild.org.

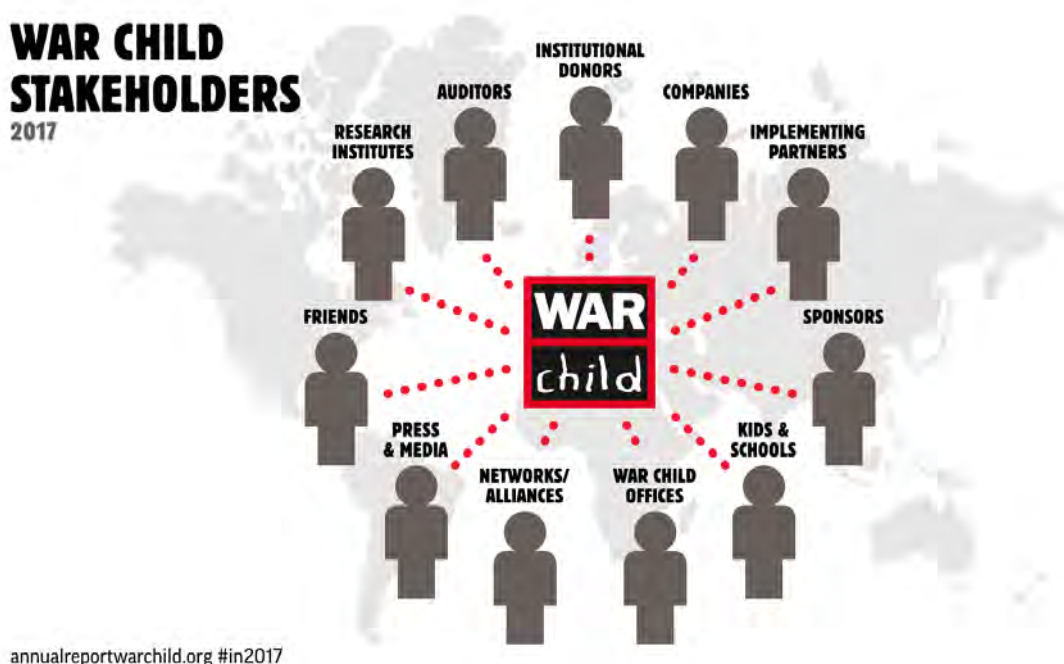
ABOUT THIS REPORT

This Annual Report provides an account of our activities in 2017 and clarifies our role in the humanitarian aid sector. Transparency and maintaining an open dialogue with our stakeholders are the key priorities that inform all our reporting processes - including this Annual Report.

Our Annual Report is largely structured according to the demands uncovered in our 'stakeholder materiality matrix'. This survey of our Friends, donors and key stakeholders highlights the desire for increased information about the impact of our programmes across the world.

Our continuous dialogue with these and other stakeholders provides us with improved insight into the needs of conflict-affected children and the contextual factors that impact upon their lives.

WAR CHILD STAKEHOLDERS 2017



STAKEHOLDER DIALOGUE IS KEY

We consulted a representative sample of our stakeholders about the aspects of our work they wanted information on. Based on their input, we selected 11 themes that form the basis of this Annual Report. The illustration below depicts the 11 themes we selected to best meet the demands of our stakeholders.

INTEGRATED REPORTING

This is an integrated Annual Report incorporating financial, operational and policy information. The financial information was prepared in accordance with our Director of Finance and Operations.

TRANSPARENCY

Our stakeholders attach great value to transparency - and so do we. We asked for their input and this input formed the basis of the materiality chart below.

War Child adheres to the standards and benchmarks of the International Aid Transparency Initiative (IATI) and Goede Doelen Nederland regulation RJ 650 with regard to issues of transparency.