

Annual report 2019 KarunaNL

Building disability inclusive societies in NEPAL



Karuna*foundation*

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Our purpose

The Karuna Foundation aims at supporting the Provincial government and all municipalities in Province 1* in Nepal with the adoption of the Disability Prevention and Rehabilitation Program in their mainstream healthcare policy and program. The program has the following objectives.

- Prevention of disabilities like birth defects, stunted growth, early developed disabilities and maternal and child mortality by organising Antenatal and Postnatal care for 108.000 pregnant mothers per year and giving 1 million children under the age of 10 years access to good care and nutrition.
- Rehabilitation of 35.000 children and 65.000 adults with a disability in their local societies via a community-based rehabilitation program.

By 2025 we aim at successful implementation in all 127 municipalities in Province 1, after which Provincial and local governments will continue the program on their own account. In addition, we expect to inspire other provinces and the Federal Government in Nepal to adopt the program.

* Province 1 is still in the process of finalizing its name.

Reflections on 2019

On June 16th, 2019 the government of Province 1 in Nepal has decided to adopt the Inspire2Care program, as developed by the Karuna Foundation during the past 12 years, in their mainstream healthcare policy, budgets and programs. The program was renamed in **Disability Prevention and Rehabilitation Program (DPRP)**. Also, Directives were signed, explaining the cost sharing and funding modality and implementation strategy by the three parties: Provincial Government, Municipalities and the Karuna Foundation. We see this step as a great encouragement that the Karuna Foundation is on the right track in strengthening the current health institutions in Nepal in their ambition to:

- prevent birth defects and handicaps by strengthening the mother and childcare and
- develop "disability inclusive societies", where people with a disability are taken care of, are rehabilitated and take part in social life.

During my field visits in the past years, I was time and again struck by the examples of children who, after a bedridden life of years, could go to school and play with friends again. Also, I saw many adults with a disability who gained a perspective in their life again with a source of income and participation in a self-help group. Each time, village leaders cheered these "miracles" but also stressed the importance of the prevention of these disabilities. They showed their pride to be able to care for their fellow villagers.

Big compliments to the team in Nepal! They are responsible for the implementation and really showed their leadership and strength in changing a game this year. After numerous discussions with several ministries, politicians and government staff, all agreements were signed, and new funding modalities were made: each party paying 1/3 of the implementation costs in a municipality. The Ministry of Social Development of Province 1 took ownership and formed a steering committee at Provincial level. They informed all mayors of the 127 municipalities on this new policy and stimulated them to adopt this new program. For

the first year of implementation a selected batch of 27 municipalities incorporated the program in their fiscal annual budgets and plans and signed agreements on roles and responsibilities. In the meantime, the Karuna Nepal team started its new office nearby the provincial capital and hired 17 new staff members to support the implementation.

All new staff were trained and introduced to the Karuna values and approach. The team had to perform a balancing act of on the one hand giving the lead and ownership to the government and on the other hand make sure the implementation of the program was to start in January 2020. From being the innovating and implementing organization in the past, Karuna Nepal evolved into an organization to support the Government with the implementation and co-funding in the first three years in each municipality.

The official start of this change happened in January 2019. The KarunaNL foundation was formed as a new legal entity, a new board was installed, and the new organisation could start. The objective of KarunaNL is to support the replication process with fundraising, coordinated donor communication and reporting. During a workshop with the two directors of Karuna Nepal, three foundations in the Netherlands (stichting Weeshuis der Doopsgezinden, stichting Perspectief and de Ineke Feitz Stichting) and UBS Optimus Foundation committed themselves, under certain conditions, to the replication plan and the funding of the first six districts of Province 1. Their committed funding at the start of the negotiations, created leverage for the Government of Nepal to contribute their share. Subsequently an agreement on the cooperation between KarunaNL and Karuna Nepal was signed in March 2019. In December we were very pleased to welcome the Hofstee foundation as a new fifth funding partner. We are extremely happy and grateful for the trust and support of all funding organizations involved.

In the past year, all discussions and arrangements with the Provincial government and all municipalities took more time than anticipated and

caused a delay in implementation of 6 months. In retrospect, this time was well spent. The program is fully embedded in the local government institutions and all parties needed the time to familiarize and relate to the program.

In the last months of 2019, the Replication Plan and budget has been revised by the team of Karuna Nepal. Revision was needed as new insights were gained on the feasibility of the plan and needed support. Also, an improved remuneration plan was developed by the board of Karuna Nepal, more precise data on the persons with disabilities were collected in all 127 municipalities and the discussions with the government resulted in an adjustment of activities and cost sharing.

It was decided to take the training of all the 600 local health workers (so-called Community Based Rehabilitation Facilitators (CBRF's)) out of the cost sharing arrangement as government rules and complex administrative guidelines do not allow for it. This explains why the contribution of KarunaNL has increased in comparison to the contribution of the Municipalities (Palika's) and Province. Also, the team realized an extra 6 months need to be added to the program duration to be able to transfer all knowledge and responsibilities properly to the Government. Moreover, the costs for the last two years of the pilot district in Ilam were added to the budget. We all realize that the exit of Karuna after two years of financial support is ambitious and enough tangible results need to be visible in this short time frame, which was reason for intensifying the support by Karuna. In the annex 1 you will find the budget. The current funders have committed themselves under certain conditions to the funding of 6.2 million for phase 1 of the Replication Plan (first three years of implementation). We recently have found a new funder for an additional €250.000 and hope to receive positive news from other potential funders in June.

We believe the funding of phase 2 will be an interesting opportunity for potential funders to generate impact, as Karuna Nepal has an unique program creating a sustainable change in the

health care system of the government reaching so many people in high need of support.

Karuna was excited to start the implementation in 2020 and face the challenge of showing sufficient results in the Palika's within the remaining five months of the fiscal year in Nepal to keep all stakeholders motivated. In the meantime, preparations for the implementation of the second batch of 35 new municipalities in July (year 2) have started in January. However, because of the COVID-19 crisis, the Government of Nepal decided on a lock-down of the country by mid-March. The first training of newly recruited CBRF's was stopped and the fieldwork put on hold. In the meantime, staff is working from home, developing E-learning modules and organising support and supply of medical kits to all local health centres and local hospitals to prevent further COVID spreading.

Also, the start of the impact study had to be postponed. In 2019, KarunaNL and UBS-Optimus Foundation organized a tender for an impact study and awarded the assignment to Koninklijk Instituut voor de Tropen (KIT) Amsterdam. They developed a research protocol with quasi-experimental mix-methods design relying on both quantitative methods and qualitative research methods. Findings from various methods will be triangulated to reach a high level of synthesis and understanding of impact, cost-effectiveness and their influencing factors. Hence, we hope to learn, improve on our work and prove that we are on the right track.

The team of Karuna Nepal will develop an adjusted post-Corona plan and budget for the DPRP by July. They all are eager and hopeful to restart their work in the municipalities in the coming weeks.

I would like to thank you all for your interest, cooperation and support.

Annet van den Hoek
Director KarunaNL

The Implementing partners

It all started 12 years back when the two directors in Nepal: Deepak Sapkota and Yogendra Giri, formed Karuna Nepal with the objective to develop disability inclusive societies in Nepal under the adagio of "saving children from disability, one by one". With money from different foundations, an innovative approach and willingness to continuously learn and adjust, they developed the cost-effective community-based health care program. The program is since 2019 adopted and will be implemented by the government of Province 1 and municipalities, supported by the Karuna Organisation. Below we describe the roles of the implementing partners.

The provincial government has appointed the Directive Committee. They selected the municipalities for each batch of implementation in the coming 5 years. This committee will manage the implementation of the programme, recommends the Ministry of Economic Affairs and Planning to allocate budgets, develops the Health Management Information System (H-MIS) and makes sure the funds are transferred in time. They mobilise local leaders and health institutions to cooperate well.

Municipalities are responsible for implementation and the elected mayors and ward members become accountable for success. Municipalities control the quality of care and direct the CBR Facilitators

Karuna will support the implementation via a combination of two organisations:

Karuna Foundation Nepal is a local NGO in Nepal, responsible for the strategy and implementation of the program. It is led by the two Nepalese directors who have committed themselves since the start of the program. They manage and lead an enthusiastic and highly motivated team of 60 professionals in Nepal. The team is divided over two offices: one in the capital of Kathmandu and a new office in Itahari in Province 1. Operational teams in the district are housed in the District Government office. Karuna Foundation Nepal has its own local board consisting of eight highly esteemed Nepali doctors, journalists and entrepreneurs.

KarunaNL Foundation in the Netherlands started in 2019 as a new legal entity. It was formed to support the scaling and replication of the program via fundraising, coordination of communication to different funding partners and the shared reporting.

Medic Mobile Nepal provide software and training to health workers to implement the messaging system to pregnant women for Ante and Post Natal check-ups and improve the data management on the maternal care program.



The success factors and approach

Based on our experience in the past 12 years, evaluation studies and recognition by organisations like the EVPA, Ashoka and Essl foundation, we have identified the following success factors of the program:

- **Local accountability: involve the target groups and give them responsibilities for the success of the program.**
- **Ownership by local government: only start in a village when local leaders show their commitment in terms of motivation and funding and make them responsible for success and continuation after the exit of Karuna.**
- **Treat the children as if they are our own and leave no one behind.**
- **We are ready to stop (in case of underperformance by local partners), we exit after 3 years of implementation in each Municipality and stop in 2025 when the whole Province is covered.**
- **Focus on two topics: prevention and rehabilitation of persons with disability.**
- **Cost effectiveness of the program.**
- **Establishing a network of supporting care organisations in Nepal and linking them to those who need specialised care.**
- **Cost sharing with the government and strengthening of current health institutions and local finances.**

Below we illustrate our approach in a municipality:



Step 1: The Start

Via a start meeting and call for proposal from the Ministry of Social Development (MoSD) in the Province, Palika's (municipalities) are invited to submit their own plan. These plans are developed together with all local stakeholders with support of Karuna staff. All are assessed by the DPRP Directive committee in the MoSD, on their interest, willingness to cooperate and their budget allocation in the Palika, as described in the guidelines. Subsequently, agreements are signed between Karuna Foundation Nepal and the Palika, as endorsed by the Provincial Government for a 3-year cooperation, the first two years Karuna provides financial and technical support and the third year only technical support. Local DPRP management committee are formed per village (ward). Karuna trains the local leaders and health officials on DPRP principles and approach.

Step 2: Preparations

The Palika will select and appoint the Community Based Rehabilitation Facilitators (CBRF) in their municipality. This CBRF, who has a background as midwife or an auxiliary health worker, is an inhabitant of the village (if possible). These CBRF's are trained by Karuna (three months programme with accredited course). They go from door-to-door, identify all persons with a disability, make sure they receive an ID-card and develop an individual care plan together with their family members and a medical team. In the Prevention Programme, Karuna gives training to local health workers and the 'Female Community Health Volunteers' (FCHV) on causes of birth defects, stunted growth, disabilities and how these can be prevented with a set of evidence-based interventions. They are also trained in the (MHealth) programme (messaging service for ante and post-natal check-ups). At least one birthing centre and one physio centre per Palika are equipped with instruments and health workers are trained.

Step 3: Implementation

The prevention programme.

Health workers give extended service to (pregnant) women and young mothers. Just married women (couples) receive folic acid. Via M-Health all women are registered, and messages are sent to attend the four ante and three post-natal check-ups. Also, FCHV's make sure the women will get professional support via institutional delivery in the newly upgraded birthing centres. The health workers and FCHVs, equally, reach married women of reproductive age with information on reproductive health directed towards disability prevention.

The CBR programme

The CBR programme starts with the identification of all the persons with disabilities in the municipality. The CBR Facilitator, together with parents or caretakers develop rehabilitation goals for each person with a disability, supported by experts of the Karuna team. In line with the goal, the CBRF and family together organise care and medical treatment. The CBR will help children to get ready for school and organises inclusive child clubs. Together with Disabled Persons Organisation (DPO's), self-help groups (with seed capital) are started for persons with disability or their family members to generate a source of income and give them access to social life again. Skill development and/or vocational training are provided to persons with disabilities or their family members. Cooperation with other NGO's, hospitals and schools is initiated to strengthen the care.

Step 4: the exit and continuation

After two years Karuna stops their co-funding in a municipality. The programme will be continued under the responsibility of the municipalities with funding of Municipalities and Government (50-50 cost sharing). Karuna offers one more year of technical assistance. During the 3-year presence, Karuna will constantly organise support and refresher training programmes for CBRF's, local health workers, schoolteachers and local leaders to make sure all are well equipped and motivated to continue the programme after Karuna leaves in 3 years.

Highlights and major results of 2019

January	Commitment of funders for the replication plan and funding of six districts	Persons Nepal (FDPN), Medic Mobile, Karuna Foundation NL and Nepal also attended the workshop.
March	KarunaNL formed as new legal entity, board and director installed. Agreement between KarunaNL and Karuna Nepal (MOU) signed on cooperation in realization replication plan. Formation of a "program directive committee" (steering committee) DPRP at provincial level	Agreement between Ministry of Social Development (MoSD), Province 1 and Karuna Foundation Nepal. Based on the Implementation Guidelines, the MoSD, province 1 called a request for proposal from potential development partners who would be willing to work together with government. Karuna Foundation Nepal was selected as the partner for implementation. An agreement dated 25 th September 2019 was signed between MoSD and Karuna Foundation.
May	Development of training curriculum for CBRF's and accreditation by the Government of Nepal.	
June	Signing of the new policy act on DPRP and Endorsement of 'Disability Prevention and Rehabilitation' Implementation Guideline 2019 by the Government of Province 1 , the first of its kind in the country to implement Disability Prevention and Rehabilitation activities in the province. This endorsement legalised the program, prescribed clear division of responsibilities and the terms for cooperation.	New staff for the Karuna Nepal office in Itahari was recruited and trained
July	Programmatic 3-days workshop to establish understanding and consensus on the Disability Prevention and Rehabilitation Program among representatives from two of the Ministries from Province 1: 1)Ministry of Social Development and 2)Ministry of Economic Affairs and Planning. Federal level thematic Ministries and Departments (health, education), the Netherlands Leprosy Relief (NLR) organization, Federation of Disabled	"Expression of Interest" call for the Batch of 27 Palikas by MoSD, successful submission of the proposal by all 27 Palikas, review and approval from MoSD. The meeting of the Program Directive Committee at MoSD, provisioned by the aforementioned guideline, selected 27 Palikas for the first year of implementation (Batch I). To inform all local leaders and mayors, an "orientation" day was organized by MoSD in the town of Itahari. Participants were: Mayors/Chairpersons, Vice Mayors/Vice Chairpersons and Chief Administrative Officers from these Palikas, Chairs of District Coordination Committee (DCC) from four districts (Sunsari, Morang, Dhankuta and Panchthar), reporters and staff of the Karuna Foundation Nepal team. All 150 participants were informed on the objective and

	content of the program and the approach. All mayors were asked to forward an Expression of Interest/proposal for an DPR plan in their municipalities.	
October	Development of research protocol for the impact study after visit to Nepal by Pierre Pratley (KIT Amsterdam)	Census (an inventory) of the total number of persons with a disability in all 127 municipalities. Decision Steering committee on which municipalities will start implementation in what year and approval of all plans by Municipalities.
November	All 27 Municipalities (year1 forwarded their plans for implementing the DPRP program in their Municipality and allocated budgets.	December Agreements with the first 24 municipalities signed

Results in the pilot district of Ilam

The replication plan is based on the experience and successful implementation of the Inspire2Care program in the pilot district of Ilam. The implementation of the program in all villages of Ilam district is carried out in phases (batches). The support by Karuna in Ilam district will continue till July 2022 after which the municipalities and provincial government will be responsible for the continuation. In 2016 (see Batch 2) the Karuna Foundation also started a cooperation with the Netherlands Lepra Relief Foundation in three municipalities in the district of Jhapa.

In order to make the program cost effective and scalable the Inspire2Care program was modified and the duration and intensity of support by Karuna in the Replication Plan was reduced from 5 to 3 years. In 2018 the Karuna Foundation decided to test this adjusted model in a so-called prototype village and use the lessons learnt in further optimisation of the Replication Plan.

Altogether 5.037 persons with disabilities have received care and support. A total of 1461 persons with disabilities received assistive device support to ease their activities of daily living and as many as 1589 persons with disabilities in Ilam received treatment. In the year 2019, also a total of 3494 pregnant women received support from the health volunteers and officials in the form of the Ante and

Post Natal Care and support in institutional delivery.

The year 2019 marked the fifth year of batch I in which the implementation of the program is fully funded by the municipalities. All of them have continued the program at their own cost, even without support from provincial level, as this will only be legalised starting 2020/2021, when directives are revised to include Ilam district in the DPRP program and budget. Also, all Palika's need to submit their plans for funding by the Province. Starting July 2020, we expect the provincial government to support them too.

Lessons learnt from pilot of Ilam in 2019:

- 100% of the villages continue the program at their own costs after exit Karuna
- on the job coaching by Karuna staff of health workers and CBRF after training proved effective
- frequent monitoring visits from district authorities and DPO's motivated them to take responsibility for the program
- strengthening the role of self-help groups (SHG) and the forming of DPO's in each Palika, is important to empower and strengthen their voice for the continuation of the program (after exit Karuna).

- By approaching local leaders and show them the need for special treatments of persons with disability, they were motivated to allocate extra funding (5 cases in 2019).
- Active CBR's were able to organise treatment via Pharmacies (doctor's visit these pharmacies 1x/month) in their Palika.
- The livelihood program should rather focus on the current sources of income (e.g. farming) and identify how this can be increased by providing different kind of training/seed money.

Building upon the achievements and lessons learnt, the plan for the Ilam district for the coming year

will focus strongly on the continuation of the program through empowerment of Self-Help Groups (SHG's) in cooperation with the Disabled People's Organization (DPO's). Efforts will be invested in merging the seed capital mobilized by SHGs into newly established cooperatives, on initiative of the local government. This formalization of cooperatives shall contribute to a better governance and organization of the SHGs to strengthen livelihood and empowerment of persons with disabilities and sustain the program in the days to come. The disability prevention and community-based rehabilitation of persons with disabilities – the core of the program - will still remain a core activity of all CBR's and health workers.

Pilot district Ilam:

Batches:	Number of villages (wards)*	End Karuna financial support	End Karuna support	Total number of persons supported with CBR in Ilam/prototype	Pregnant women support with ANC and PNC in Best Wishes program in 2018/2019
1. Start January 2015	11	Dec 2017	End 2019	581	470
2. Start January 2016	25 3 (Jhapa)	Mid July 2019	July 2020	1349 191 (Jhapa)	1267
3. Start July 2018	45	Mid July 2021	July 2022	2370	1757
Prototype. Start July 2018	6	Mid 2020	July 2021	546	p.m.
Total	90 villages			- 5037 persons with disabilities reached - 1461 received assistive devices. - 1589 received medical treatment.	3494

* Due to administrative redision the villages may belong to different municipalities. Ilam district has a total of 10 municipalities.



What will 2020 bring us?

In 2020 Karuna will support the government with the implementation of the DPRP programme in the first 27 municipalities. At the same time, the Karuna team will help the government to prepare **the start of the implementation of the second batch of 35 new municipalities in July** (start of the new fiscal year in Nepal). Karuna will recruit new staff members to support the work in the new districts and train them. In 2020 Karuna will focus on:

Training and Resource Centre

Karuna will recruit a manager for the Training and Resource centre and organise training programmes for around 300 new CBRFs, 120 local leaders and all health officials in all 27 Palika's. Moreover, they will provide refresher courses for the current CBRF's. Also, a pilot on the development of a portal and e-learning is foreseen in 2020 providing information and a helpdesk for parents, teachers and health workers and a site for CBRFs to exchange experience and information.

Specialised care

Karuna will help to organise specialised care and supply of assistive devices via other active NGOs and health institutions in the region. Karuna will map all relevant organisations and their capacity

and will develop agreements with these NGOs like the CP Centre, Autism Care Society Nepal, Down Syndrome Society Nepal and NGO specialised in vision/hearing.

Livelihood program

Besides organising care and education, CBRFs will form self-help groups together with Disabled People Organisations (DPOs) and support them in starting income generation activities and cooperatives. Karuna will provide vocational training programmes and work closely together with the National Federation of Disabled Nepal to train and empower the DPOs.

Care for persons with an intellectual disability

Karuna will recruit a clinical psychologist and together with this person develop a strategy to improve the care and start a cooperation with relevant NGOs in this field.

Impact study

The KIT Amsterdam will start with the implementation of the baseline survey as soon as the country is out of the lock-down.

CHALLENGES

Karuna realises the replication and scaling of the program is a challenging journey. It requires cooperation between different stakeholders and a form of public private partnership. We foresee the following challenges and risks and have identified a

number of mitigating measures. The lock-down due to Covid-19 in Nepal brings further uncertainty about the implementation schedule.

Potential risks:	Mitigating measures:
Political changes (next election) or replacement of key persons (politicians, bureaucrats) at the Ministries and municipalities. Political issues and conflict of interests with partners	Institutionalisation of the programme (policy act, guidelines, funding modalities, directive committee, three-year agreements with municipalities). Annual evaluation with all stakeholders and possibility to adjust the plan and funding. Maintain strong network of Karuna Nepal Collaboration with NFDN and DPO's and giving them a role in the programme
Delay in funding by partners	Signed funding agreements and financial management & control system for all three parties.
Shortage in funding	Execute the fund-raising strategy by KarunaNL.
Delay in implementation	A strategy for catching up by MT KarunaNepal
Insufficient support capacity available for specialised care by cooperating partners	Inventory of capacity of different NGO's MOU signed by Karuna Nepal with all cooperation organisations. Plan for increasing the capacity by the Government
Loss of quality of care due to upscaling	Focus on key-values of good care and Operational MIS to measure output Learning organisation to act if needed.
Covid-19 and lock-down	Develop an adjusted plan and replication strategy Develop and implement E-learning programs

Financial Report

EXPLANATORY NOTES ON THE FINANCIAL REPORT

As the implementation of the Replication was delayed in 2019 and will only start in January 2020 the expenses in 2019 in Nepal cover mostly:

- Establishment and running costs of a new provincial office in Itahari;
- Recruitment of new staff;
- Introduction of a financial management system;
- Lobby and advocacy activities at provincial level
- Development and accreditation of training curriculum;
- Training of new staff and refresher training for CBRF in all villages.

While the budget for program costs in 2019 was €1.764 million, we actually spent €0,617 million resulting in an underspending of €1.147 million in 2019.

The realisation of the program in our pilot district of Ilam and in the prototype village was facing a shortage in funding of €180.000. KarunaNL decided to fund an additional €100.000 as they realised a successful implementation of the pilot district is pivotal for a good start of the Replication Plan. The remaining shortage in funding is minimised to €30.000 due to reduction of operational costs in the Ilam office, mainly by reducing the number of staff.

KarunaNL has formed a new team in 2019 consisting of the director and the financial manager. The director paid three visits to Nepal to develop the MOU, help prepare and attend the workshop with stakeholders in July and support the management team with reporting and financial management issues. Also, our board member Charles Nijman flew to Nepal to attend the workshop and pay his respect to the Minister of Social Development.

In all discussions with the partners in 2019, new insights were gained, some pivotal activities added, and the support by Karuna strengthened, which all brought confidence on the feasibility of the plan by all partners. It resulted in an improved version of the Replication Plan. The revised budget for the total program is € 23.016 million of which the Government of Nepal will contribute €9.242 million

Forecast 2020

Due to COVID-19 crisis, the Government of Nepal decided on a lock-down of the country by mid-March 2020. The first training of newly recruited CBRF's was stopped, the fieldwork put on hold and staff tried to continue work as good as possible from their homes. The team of KarunaNepal hopes to continue the work in July.

Due to the current lockdown we expect the program to face some delay in 2020. We hope the program can be fully restarted in July/August 2020 and expect that the delay occurred will be covered during the remaining period of the program. In 2021 this could result in some overlapping activities instead of following up of activities. This could result in some additional staff costs for which we will raise additional funds if needed. During 2020 there is no additional funding need and cash flow is guaranteed.

KarunaNL expects to spend in 2020 €2.788 million on program costs in Nepal, and hence cover the underspending of 2019.

Costs for KarunaNL in the Netherlands are expected to be reduced to €155.000. As the budget for remuneration of the management team in Nepal is shifted to the Replication Budget.

Budget overview**

(in Euro's)

	Budget 2020	Actual 2019	Budget 2019
Income			
Income from own fundraising	1.935.127	1.612.919	1.764.215
Total income	1.935.127	1.612.919	1.764.215
Expenditures			
To spend on objective*	2.679.453	516.733	1.644.338
Costs own fundraising	47.347	29.977	50.991
Costs management and administration	62.127	70.408	68.886
Total expenditures	2.788.927	617.118	1.764.215
Result	-853.800	995.801	-

* Annex 1 presents the total budget of the DPRP

** In 2020 part of the delay occurred in 2019 in program expenditure is expected to be matched.



Annual Accounts

Balance sheet

(in Euro's)

31-12-2019

Assets

Current assets

Pre-payments to projects (1)	250.000
Prepaid expenses and other accounts receivable (2)	<u>2.955</u>
	252.955
Cash and cash equivalents (3)	<u>773.800</u>

Total assets

1.026.755

Liabilities

Reserves and funds

Restricted funds (4)	995.801
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Current liabilities

Allocated donations (to be paid to projects) (5)	-
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Other liabilities (6)	<u>30.954</u>
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30.954

Total liabilities

1.026.755

Statement of income and expenditure

(in Euro's)

	Actual 2019	Budget 2019
Income		
Income from own fundraising (7)		
Donations	1.612.919	1.764.215
Total income	1.612.919	1.764.215
Expenditures		
Spend on objectives		
Spent on projects (8)	500.776	1.626.180
Communication and awareness raising (9)	15.957	18.158
	516.733	1.644.338
% Of income spent on objectives	32%	93%
% Of expenditures spent on objectives	84%	93%
Fundraising (10)		
Costs own fundraising	29.977	50.991
% Of own fundraising income spent on own fundraising	2%	3%
% Of expenditures spent on own fundraising	5%	3%
Management and administration (11)		
Costs management and administration	70.408	68.886
% Of expenditures spent on management and administration	11%	4%
Total expenditures	617.118	1.764.215
Result	995.801	0

Accounting Principles

Notes about the balance sheet and statement of income and expenditures

General

The financial statements include the results of Stichting Karuna NL as of the date of establishment on March, 4th, 2019.

The activities are collecting of funds for the Replication Plan program performed by local NGO Karuna Nepal.

The financial statements are prepared in accordance with the requirements of the Dutch Guideline Fundraising Institutions

RJ 650 (Richtlijn Fondsenwervende Instellingen) and cover the period from March 4th, 2019 to December 31st, 2019.

Reporting period

The financial statements are prepared and presented with the assumption that continuity is ensured for at least one financial year. The financial year covers the period 04 March till 31 December.

Method of valuation

Assets and liabilities, except stated otherwise, are presented at nominal value based on historical cost price. Income and expenditures are allocated to the period in which they occur and are realized.

Balance sheet

Current assets

Current assets are presented at fair value and if necessary are deducted with a provision for possible irrecoverable amounts.

Financial instruments

Financial instruments include other current assets such as cash and cash equivalents and current liabilities. Financial instruments are presented at nominal value. At the presentation of the first period, the related transaction costs are included in the statements of incomes and expenditures, followed by a valuation of the financial instruments as described below.

Cash and cash equivalents

Cash and cash equivalents are presented at nominal value and are freely available to the organization.

Restricted funds

In the restricted funds all donations are included for which a specific objective was given by the donor and realization has not yet taken place. The funds will be spent on the objective given by the donor.

Statement of income and expenditure

Income

Contributions of donors in specific projects, which have not yet been realized completely, are added to the restricted funds.

Conditional donations are included in the year of the statement of income and expenditure when the related project payments are realized.

Expenditures

Expenditures of conditional project agreements are included in the year they are realized. The own fundraising, management and administration costs are included as spent in a year.

Costs are allocated to the following activities:

- I. Costs Replication Plan (Karuna Nepal program) related,
- II. Costs Communication & Awareness Raising,
- III. Costs own fundraising,
- IV. Costs of management and administration,

The costs are allocated based on the following:

- Direct attributable costs are allocated directly to the program,
- Not directly attributable costs are allocated based on an estimation of FTE's time spent on activities. Included in the not directly attributable costs are personnel costs.

Notes on the balance sheet

(in Euro's)

31-12-2019

1. Pre-payments to projects

Reserve fund Replication Plan program	250.000
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2. Prepaid expenses and other accounts receivable

Prepaid travel costs	2.955
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3. Cash and cash equivalents

Rabobank	773.800
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All cash and cash equivalents are freely available to Stichting Karuna NL. The balance is kept in order to meet the accrued liabilities and restricted funds.

4. Restricted funds

Balance per 1-1	-
Addition from result	995.801
Balance per 31-12	995.801

5. Allocated donations (to be paid to projects)

Allocated donations (to be paid to projects)	-
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In 2019 no unconditional program agreements have been committed
Each year the donors decide for "Go" - "No go" after evaluation.

6. Other liabilities

Creditors	4.589
Wage tax	2.662
Holiday allowance	2.869
Pension	8.000
Audit fees	8.834
Office rent	4.000
Total	30.954

Rights and obligations not included in the balance sheet

Committed with Karuna Nepal - Local NGO

At the start of 2019 KarunaNL has committed funding of €6.2 million for phase 1 of the Replication Plan. This funding of the program is conditional to performances and agreements (as is the funding Karuna NL receives from her donors). The total budget for this plan is €23 million of which the government of Nepal will contribute €9.2 million. See annex 1.

Rent agreement

As of January 1st, 2019 Karuna NL rents an office in Amsterdam, the costs are € 4.000 per year. The end of this rent agreement is undetermined.

Notes on the statement of income and expenditure

(in Euro's)

2019

7. Income from own fundraising

Foundations	1.612.919
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8. Spent on projects

Replication Plan program	500.776
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In July 2019 the replication plan program started, a 6 year program. The expenditures were reduced with € 996.000 because of delay in program agreement with the Nepalese Government. Therefore, the project had officially started in November instead of July. This delay is expected mainly to be covered during 2020.

9. Communication and awareness raising

Costs of communication and awareness	15.957
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10. Fundraising

Costs of own fundraising	29.977
Income from own fundraising	1.612.919
% Of own fundraising income spent on own fundraising	2%

11. Management and administration

Costs management and administration	70.408
Total expenditure	617.118
% Of expenditures spent on management and administration	11%

Due to the delay in start of the program, the overhead costs of Stichting Karuna NL are higher then budgeted as these costs were not delayed, although the program was.

Allocation of expenditures

Allocation	Objectives	Fundraising	Management and administration	Total 2019 actual	Total 2019 budget
Expenditures	Projects	Communication and awareness			
Projects	479.883			479.883	1.623.565
Personnel	20.892	12.535	29.249	48.874	111.551
Housing				4.000	4.000
Office and general costs		3.422	728	17.534	21.683
	500.776	15.957	29.977	70.408	617.118
					1.764.215

Personnel

During 2019 0,8 FTE was employed by Stichting Karuna NL.

Renumeration policy

Stichting Karuna NL aims to keep the organization of The Netherlands as efficient as possible with a Director and financial manager as the NL team.

Reward Director

Name: Annet van den Hoek
Job description: Director

Nature	Employed
Hours a week on part time basis	32
Parttime percentage	80%
Period	4-3 / 31-12
Gross salary	61.488
Holiday allowance	4.919
Social securities	9.163
Pension	8.000
Total	83.570

The salary paid to the Director was in compliance with the guidelines of the VFI (Vereniging Fondsenwervende Instellingen) and therefore comply with the so called "Adviesregeling beloning directeuren van goede doelen voor besturen en raden van toezicht" of the VFI (Advise guide for the remuneration of directors and Board of charities).

Board rewards

No remuneration was offered to board members and no loans, advances or guaranties were given, expect for an allowance of actual travel costs.

Governance

The Board, consisting of volunteers, controls the organization through an operational Director, who is appointed by the Board and specified in the Management Statute. The Director supervises the operational activities in the Netherlands. The Board members function as supervisors and have the final responsibility for the organization's operations.

The Board of Stichting Karuna NL consists of at least three members, who are appointed by the other Board members. Members are appointed for a period of four years with an option of extension for another four year period. The Board decides on the chairman to be appointed. The constitution of the Board is specified in the organizations statutes. During 2019, the Board met 10 times.

The Board consisted of the following members:

- Mr. R.T.T. aan de Stegge: Chairman (started 4-3-2019)
- Mr. G.H. Blijham: Secretary (started 4-3-2019)
- Mr. C.M. Nijman: Board member (started 4-3-2019)

Board members holding other relevant positions:Mr. R.T.T. aan de Stegge:

Bleuvest Value Partners B.V.: Chairman Supervisory Board
Platform Binnenstad Arnhem: Member Advisory Board
Giesbers Groep B.V.: Member Advisory Board
Stichting Perspectief: Chairman Board

Mr. G.H. Blijham:

Center for Personalized Cancer Treatment:	Chairman Supervisory Board
Huisartsenpraktijk Essenkamp, de Bilt:	Chairman Supervisory Board
Ndlovu Care Group, Groblersdal Zuid Afrika:	Chairman Board of Trustees
Julius Clinical BV, Zeist:	Chief Commissioner
Foundation NIPED Research, Amsterdam:	Member of the Board
Technical University Eindhoven:	Chairman Medical Advisory Board
Stichting John and Marine van Vlissingen, Zeist:	Member of the Board
African HIV Care & Cure Foundation, Rotterdam:	Board Secretary
Faculty Association Utrecht Sams, Utrecht:	Member Supervisory Board and Advisor Medical Students

Mr. C.M. Nijman:

Ineke Feitz Stichting:	Treasurer
Charles Nijman Fireplace Antiques B.V.:	Director
Lievendaal Real Estate B.V.:	Director

Management holding other relevant positions:Mrs. A.I. Van den Hoek:

Jazi Foundation:	Board member
Theater De Plaats Arnhem:	Board member

Events after balance dateCovid-19

Due to the current lockdown we expect the program to face some delay in 2020. We hope the program can be fully restarted in July/August 2020 and expect that the delay occurred will be covered during the remaining period of the program. In 2021 this could result in some overlapping activities instead of following up of activities. This could result in some additional staff costs for which we will raise additional funds if needed. During 2020 there is no additional funding need and cash flow is guaranteed.

Amsterdam, June 19th 2020

R.T.T. aan de Stegge

G.H. Blijham

C.M. Nijman

Stichting Karuna NL
Haparandadam 2 B 10
1013 AK AMSTERDAM

INDEPENDENT AUDITOR'S REPORT

To: The Board of Stichting Karuna NL

A. Report on the audit of the annual accounts 2019 included in the annual report

Our opinion

We have audited the annual accounts 2019 of Stichting Karuna NL, based in Amsterdam.

In our opinion the accompanying annual accounts give a true and fair view of the financial position of Stichting Karuna NL as at 31 December 2019, and of its result for 2019 in accordance with Directive RJ 650 'Fundraising organizations'.

The annual accounts comprise:

- the balance sheet as at 31 December 2019, with a balance total of € 1.026.755;
- the profit and loss account for 2019, with a result of positive € 995.801; and
- 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 annual accounts' section of our report.

We are independent of Stichting Karuna NL in accordance with the Verordening inzake de Onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening Gedrags- en Beroepsregels Accountants (VGBA, Dutch Code of Ethics).

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

B. Report on the other information included in the annual report

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

- the board report (chapter 'Our purpose' up to and including chapter 'Financial Report'); and
- annex I - Summary budget DPRP.

Based on the following procedures performed, we conclude that the other information is consistent with the annual accounts, is in accordance with Directive RJ 650 'Fundraising organizations' and does not contain material misstatements.

- 2 -

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

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

The board is responsible for the preparation of the board report in accordance with Directive RJ 650 'Fundraising organizations'.

C. Description of responsibilities regarding the annual accounts

Responsibilities of the board for the annual accounts

The board is responsible for the preparation and fair presentation of the annual accounts in accordance with Directive RJ 650 'Fundraising organizations'. Furthermore, the board is responsible for such internal control as the board determines is necessary to enable the preparation of the annual accounts that are free from material misstatement, whether due to fraud or error.

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

The board should disclose events and circumstances that may cast significant doubt on the entities ability to continue as a going concern in the annual accounts.

Our responsibilities for the audit of the annual accounts

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

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

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

A more detailed description of our responsibilities is written down in the annex of this opinion.

Was signed, Amersfoort, 19 June 2020.

WIT accountants B.V.
Drs. J. Snoei RA

Annex.

Annex by our report on the audit of the annual accounts 2019 of Stichting Karuna NL

In addition to our opinion we herewith describe our responsibilities for the audit on the annual accounts.

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

- identifying and assessing the risks of material misstatement of the annual accounts, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entities internal control;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board;
- concluding on the appropriateness of board's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entities 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 annual accounts 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 an entity to cease to continue as a going concern;
- evaluating the overall presentation, structure and content of the annual accounts, including the disclosures; and
- evaluating whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

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

Annex I – Summary budget Disability Prevention and Rehabilitation Program (DPRP)

Disability Prevention and Rehabilitation Program	
SUMMARY BUDGET	
January 2019 to December 2025	
Category	Total EUR
Implementation costs program (incl. Ilam)	€ 17.629.591
Monitoring and evaluation	€ 354.628
Communication and documentation	€ 50.325
Policy and advocacy	€ 105.587
Salaries and administration costs	€ 2.482.596
Human Resource, training and development staff	€ 174.277
Training and resource centre	€ 359.280
Costs management Karuna NL	€ 1.050.000
Contingency exchange rate difference	€ 250.000
Unforeseen costs (5%)	€ 560.279
Total	€ 23.016.563
Contribution municipalities	€ -4.642.002
Contribution province 1	€ -4.600.760
Contribution phase 1	€ -6.886.901
Phase 2	€ 6.886.901
Total contribution Karuna NL	€ 13.773.802