

# Karuna*foundation*

*Saving children  
from disability and  
building disability  
inclusive societies  
in Nepal*

Annual report 2020



# 1. Our purpose

KarunaNL Foundation aims at supporting Karuna Foundation Nepal (KFN) in the scaling of the Disability Prevention and Rehabilitation Program (former Inspire2Care program) by organising the funding of a group of committed funding partners, reporting, giving advice and keeping accounts. Karuna Foundation Nepal started in 2019 a public private partnership with the Provincial government and 117 municipalities in Province 1<sup>1</sup> in Nepal with the following mission:

- » Prevention of disabilities and saving lives at birth by organising Antenatal and Postnatal care and increasing access to institutional delivery for 108.000 pregnant mothers per year.
- » Rehabilitation of 16.000 children and 62.000 adults with a disability in their local societies via a community-based rehabilitation program.

The Disability Prevention and Rehabilitation program consist of the following three components:

## **1 - Community Based Rehabilitation**

Locally recruited and trained “Community Based Rehabilitation Facilitators (CBRF’s)” pay door-to-door visits to identify and organise care to persons with a disability. They also organise access to education for children and the forming of self-help groups to generate a source of income.

## **2 - Prevention**

Local health workers are trained in “Mobile Health” to provide good ante-Natale and post-Natale care and inform pregnant women and young mothers on safe delivery and care. Also, they provide folic acid and stimulate institutional deliveries in the improved birthing centers.

## **3 - Strengthening local (health care) systems**

KFN provides training and support to government staff in the program management and implementation and strengthens the implementation capacity of municipalities and local health institutions. Also, it empowers local communities to stimulate disability inclusion by organising local management committees, self help groups and Disabled Persons Organisations (DPO’s).

We committed ourselves to the funding of the program in the first half of the Province 1 in 58 municipalities. By 2023 we expect all these municipalities and the provincial government to continue the program by their own means.

Also, via a renewed scaling strategy, we aim at further scaling of the program via the implementation in the second half of the Province and by inspiring other provinces and the Federal Government in Nepal to adopt the program.

<sup>1</sup> Province 1 is still in the process of finalizing its name



## 2. Reflections on 2020

Starting early March, the Covid-19 pandemic seriously hampered a good start of the implementation of phase 1 of the Disability Prevention and Rehabilitation Program (DPRP) in Nepal. The training of local health workers (CBRF's) could not take place, group meetings with health workers were not possible nor was the training in Mobile Health. However, the Karuna Foundation Nepal (KFN) team showed its agility and acted in a creative way. The team supported 58 municipalities to develop plans and budgets and made them ready for the implementation and management of the program in their municipality. Some activities took place on-line, while for other activities they moved the dates. An introduction training of one week for the first group of 109 CBRF's enabled them to start with the identification and screening of persons with disabilities in their villages in the second trimester of the Nepali fiscal year (November 15th- March 15th). Summarizing we may conclude that in this COVID-year of 2020, the team has been successful in introducing the program and strengthening local government institutions, while results in the field with CBR and Prevention activities are lacking behind. Please find below a short summary of achievement to date:

### **Community Based Rehabilitation**

By early March 2021, a total of 13.488 persons with a disability were identified and received their diagnosis (of which 2352 children) and 5083 received their new ID card in locally organised screening camps. By mid-February 2021 a second group of another 116 CBRF's started their training.

### **Maternal and childcare to prevent disabilities**

A training in the "mobile health" program for 1.400 health workers enabled the start in improvement of Ante and Post Natale care. All received a mobile phone for tracking pregnant women and sending messages for their check-ups. Also, training on the use of folic acid and first screening on birth defects took place.

### **System strengthening**

All government agencies of Province 1 and staff involved adopted the program. Karuna Foundation Nepal recruited and trained 31 new staff members to work in the government offices in the 6 districts to support the implementation of the program. All 58 municipalities took ownership for the program, allocated their budget and organised the management of the program, including the forming of local management committees in the villages. Province and Municipalities allocated in total € 446.789 for



the implementation of the program in 2020. They recruited in total 234 CBRF's, organised local staff to manage the program properly and endorsed the implementation guidelines. Karuna Foundation Nepal installed a Financial Management System (FAMAS), linking accounts of all municipalities and the provincial office and trained all local accountants. All mayors showed their enthusiasm and more than 100 officials participated in the first on-line review meeting in October 2020, chaired by the Provincial minister of Social Development.



Also, in November-December 2020, the baseline survey, as part of the impact study has been implemented by dr. Pierre Pratley of the Royal Tropical Institute together with the local research partner Solutions in Nepal. Some first results showed that at the start of the program 29% of persons with a disability did not have an ID card, 56% are illiterate, and 43% did not work at all. 80% of the pregnant women receive 4 Ante Natal Care visits, while 85% of the women had no knowledge about use of folic acid.

The cooperation with the Swiss organisation “Enable Me” has resulted in the start of the development of a portal for the DPRP, stimulating e-learning and sharing information. Also, a pilot with an on-line community of health workers (CBRF’s) was started to share their knowledge and experience.

### **Impact COVID-19 and postponement of further scaling**

Obviously, Covid-19 had a big impact on the progress. Some activities were postponed, others were organised differently. As a consequence, the implementation of the program in 27 municipalities of year 1 runs now more parallel in time with the 31 municipalities of year 2. The management of Karuna Foundation Nepal still expects to hand over all responsibilities for the implementation of the program to these municipalities by 2023. The second wave of

COVID-19 in May 2021 with spiking figures of infections made the government impose a new lockdown, halting the implementation of the program again. With an overburdened healthcare system and hospitals running us of space and oxygen, Karuna Foundation supported the fundraising and purchase of 220 Oxygen Concentrators. Of course, we do not know if and how the pandemic will further influence the program in future.

This adaption of the replication plan also had its impact on the budget. It required a revision

among others on the following points: increase of costs due to Covid-19 in Nepal, increase of costs due to additional investments to strengthen the quality of care in the program, the provisional halt of the next part of the plan and reallocating its overhead costs to the current budget, while on the other hand we welcomed new funding partners. This resulted in a revised budget for our current program, subdivided over the coming three years. We expect to attract new donors and with the optimal use of resources to be able to fund the project successfully.





It was clear we could not commit ourselves to the start of the program in the second half of Province 1 yet. Two arguments for a delay in the start are:

- 1) we first want to learn more from our experiences with the implementation so far and show tangible results and
- 2) it gives us the opportunity to develop alternative scenarios for further upscaling, before approaching new and existing funding partners.

We are all fully motivated to continue the scaling, as we all believe a next step is needed to further introduce the program in the health care system in Nepal.



During the Pandemic, the relevance of our program became even more visible. Many of the vulnerable persons in the local societies were left behind, services by local health facilities were limited and pregnant women were afraid to go for check-ups and institutional delivery. A study in Nepal during the first 6 months of 2020 (Lancet Global Health 2020) showed institutional childbirth reduced by more than half during lockdown, with increases in institutional stillbirth rate and neonatal mortality, and decreases in quality of care. With many local health clinics closed, our program was able to support and guide pregnant women to safe delivery and postnatal care. It underlines the importance of the programme to care for the most vulnerable in society and help to strengthen their resilience. We are all determined to make this program a success.

Your partnership in these challenging times has been crucial. We thank you all profoundly for your commitment, understanding and support.

Annet van den Hoek  
Director KarunaNL



### 3. Our cooperation in a public private partnership in scaling

The implementing partners have worked closely together in 2020 in a public private partnership to realise the introduction and implementation of the Disability Prevention and Rehabilitation Program in the first 58 municipalities of Province 1. Below we describe the roles of the implementing partners.

- » **The provincial government** has appointed the Ministry of Social Development to implement the program. They formed a Directive Committee, agreed on guidelines for implementation and funding modalities and selected the municipalities for each batch of implementation. This committee manages 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. Moreover, they mobilise local leaders and health institutions to cooperate well.
- » **Municipalities** are responsible for implementation. The elected mayors and ward members become accountable for success. Municipalities control the quality of care, employ and direct the CBR Facilitators

and manage the accounts. They continue the program by their own means after 2,5 years, when the support by Karuna stops.

- » **Karuna Foundation Nepal** is a local NGO in Nepal, responsible for the strategy for scaling and introduction 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 a *highly motivated* team of 90 professionals in Nepal. The team is divided over offices in the capital of Kathmandu, a new office in Itahari in Province 1, while operational teams in the district are housed in the District Government office. Karuna Foundation Nepal has its own *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 supports the scaling and replication of the program via fundraising, coordination of communication to different funding partners and the shared reporting. The director is the only employee.
- » **Medic Mobile Nepal** is a local NGO, part of the international Medic Mobile organisation.

They 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.

- » KFN works together with **the federation of disabled persons Nepal, Disabled People Organisations (DPO's) and other NGO's** active in the field of maternal childcare, rehabilitation and clinics providing specialised care and medical appliances.





## 4. Achievements and results

With the lockdown and delay in implementation in 2020, the KFN team aimed at catching up with 70-80% of the work in the period Nov 2020 -

March 2021. By the end of second trimester (TA2) of the Nepalese fiscal year from Nov15th - March 15th the following results could be shown.

□ Children

□ Total Beneficiaries

118

Couples taking periconceptional folic acid



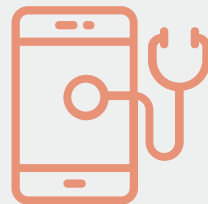
751

Pregnant women taking folic acid after conception



2541

Pregnant women registered by mHealth



2378

Pregnant women having at-least four ANC visits



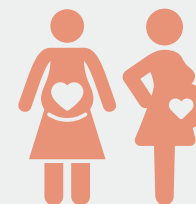
1468

Newly married couples received Best Wishes Cards



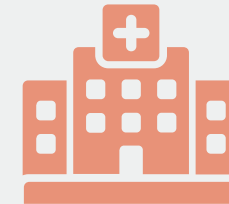
2777

Pregnant women received Best Wishes Cards



1249

Deliveries conducted in Health Facilities



1802

Newborns screened for Birth Defects



2352/  
13.488

Children with disabilities among total disabilities registered in DPRP



14/  
178

Children with disabilities received an assistive device



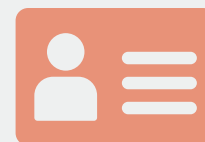
16/  
20

Children with disabilities treated



1308/  
7577

Children having disability ID card among total persons having disability ID card from the program



7

Number of persons or families of persons with disabilities received vocational training



1788

Number of persons with disabilities/ families are member of Milijuli Samuha (SHG)



We are aware these results focus on identification and registration of persons with disability and training of health workers to improve the Ante and Post natal care. Creating an impact on the lives of persons with disability or pregnant women is expected to be seen later in the year.

### **Community Based Rehabilitation**

In total 13,488 persons with a disability (2,352 children) are identified and diagnosed in locally organised screening camps by March 2021 (88% of all persons with disabilities in the area). Plans for their rehabilitation have been made. In the years to come these plans will be implemented by the CBRF's and rehabilitation of persons with disability is expected by organising physiotherapy, medical appliances, treatment in

hospitals, access to school and formation of self-help groups and Disabled Persons Organisations. Also, 89% of them now has an ID card, giving them access to allowances from the government.

### **Maternal and childcare**

Above figures mean that 47% of all training programs in M-health are successfully implemented, while the orientation on folic acid has been completed for 91% and the program on screening birth defects reached 67% of the target. Folic acid will be distributed before conception and 3 months after conception. As the figures in the infographic show only a start could be made with reaching our target group. The first 7,900 schoolchildren were screened on disabilities or malnutrition of which 10% were sent for treatment.





## System strengthening

The table below shows the major achievements in introducing the program into the local and government system:

Activity	Numbers reached	% achieved
Management support to municipalities for DPRP	58	100%
Number of CBRF recruited *, trained	234 *	38% fully trained, rest adjusted training program
Teachers trained in Inclusive education (target 1450)	53	4%
Disabled Persons Organisation formed:	43 (Target: 58)	74%
Self-Help Group formed	145 (Target: 520)	28 %
DPO members trained (target 232)	55	24%
Preparation financial exit KFN in Ilam	Ten municipalities	100%

\* This number is higher than the earlier mentioned 109 (year 1) and 116 (year 2), as Palika's recruited 9 additional CBRF's.



### What makes the program innovative?

Many ask us what is new and innovative in the program and our approach. Below we give a sketch of some innovative elements:

- » “Ownership” by the government of Nepal for the implementation of program.  
They will continue it in the years to come by their own means (after the exit of Karuna Foundation Nepal in 2023)
- » Support of Karuna Foundation Nepal to the government and local communities with initial investments, technical support and capacity strengthening for 3,5 years only in each municipality.
- » The introduction of the CBR worker in the current health care system. This person, preferably from the local society, is recruited and employed by the local government. She/he provides door-to-door care to persons with a disability.
- » A model for affordable basic care for persons with a disability. For specialised care the program started a collaboration with partner organisations like clinics, care centres, other NGO’s and hospitals.
- » The involvement and commitment of the local community to adopt persons with disability in social life (via school, cooperatives, youth clubs, employment, council etc.) and form “disability inclusive societies”.  
This community-based program is developed with the people and for the people in Nepal.
- » The development of an on-line community on Face-Book for health workers to exchange experiences, activities and seek each other support.
- » The development of a portal for health workers, caregivers and persons with a disability giving them access to relevant information on different types of disabilities, rights and possible care in Nepali language. The portal will be linked to a help desk, started by the government.
- » A system for distribution of ID-cards to persons with a disability, allowing them to get access to government services and support.
- » The Mobile Health program: Health workers receive a mobile phone and training in a messaging system for pregnant women to make them aware of their 4 Ante Natal Care (ANC) visits and 2 Post Natal Care visits. They are also trained in data collection to support the local Health-MIS.
- » Linking care for persons with a disability to a prevention program. The local support for and the impact of the program increased through the combination of a maternal and childcare program and CBR program.
- » Introduction of a new form of cost-sharing (PPP). The implementation costs of the program in the villages are shared by three parties: Province, Municipality and the Karuna Foundation.
- » Annual planning of the program, together with provincial and local governments and management support.

*We expect this program to inspire other provinces and the federal government to replicate and adopt the model in the future.*



## 5. Risk management

Karuna realises the replication and scaling of the program is a challenging journey. It requires cooperation between different stakeholders in 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

Political changes (next election) or replacement of key persons (politicians, bureaucrats) at the Ministries and municipalities.

Political issues and conflict of interests with partners

Delay in funding by local partners

Shortage in funding

Financial management

Delay in implementation

Insufficient support capacity available for the growing specialised care thanks to the program by cooperating partners

Loss of quality of care due to upscaling

Covid-19 and lock-down

### Mitigating measures

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.

Strong network of Karuna Nepal.

Collaboration with NFDN and DPO's and giving them a role in the programme

Signed funding agreements and financial management & control system for all three parties.

Fund-raising by KarunaNL and Nepal  
Revising plan for replication

Budget contingency costs for exchange rate difference and unexpected costs

A strategy for catching up by MT Karuna Nepal

Inventory of capacity of different NGO's  
MOU signed by Karuna Nepal with all cooperation organisations.

Plan for increasing the capacity by the Government

Focus on key-values of good care and Operational Management information system to measure output.

Learning organisation to constantly adapt and act if needed.

Agility of the team, adjustment of plan and replication strategy. Development of on-line works sessions with stakeholders.

## 6. Forecast 2021

With the second COVID-wave in Nepal with spiking figures in May and renewed lockdowns, the team in Nepal will need all its flexibility and strength to implement the program and catch up with the work later this year. A first priority is the development of plans and allocation of budgets in all 58 municipalities for the next fiscal year, starting in July 2021.

From the second part of 2021 onwards, we expect to reach 53.000 pregnant women to improve ante and post natal care and give them access to safe deliveries, while we also aim at rehabilitating and improving the quality of life of the first 2352 children (and 13.500 adults) with disabilities who are diagnosed. The year 2021 is expected to carry the major investments of the programme. For example, birthing centres in each municipality will be upgraded with Ultrasound Machine and relevant training, while day care centres will be established in the big cities of Province 1. Also, the self-help groups of persons with a disability, or their care takers, will be formed to start income generating activities. As most schools were closed in Nepal till March 2021, all activities related to school enrolment of children with a disability and screening of all children below 10 years were postponed and will be started later in the year.

Karuna will end its financial support to the pilot district of Ilam (10 municipalities) in July 2021, in line with its exit strategy and the agreements with municipalities. All mayors and ministers expressed their commitment to continue the program with their own organisation and at their own costs. Karuna will continue with one more year of technical support in Ilam district before handing it over to the local government and Province 1 and exit the Ilam district.

### **Strategy for further scaling of the program in Nepal**

With the postponement of the start of the program in the other half of province no 1, we have time to develop an adjusted, inspiring strategy for the further scaling of the DPRP program. We aim at looking beyond the current replication strategy in Province 1, identify possible ways of introducing the program at a national scale and extrapolate this backwards to a feasible scaling strategy for now.

The situation has changed since the COVID-19 pandemic, both for Government stakeholders and for private partners and justifies this adjustment. Also, we have learnt interesting lessons from the current plan so far, which will inspire and help us to develop a new and further improved scaling

strategy and funding approach. We all believe the current approach and package of interventions is pivotal for sustainable change.

### **Some relevant questions for the funding of this new scaling strategy are:**

- » If we have the ambition to introduce this program in the whole country in the long run, how would that possibly look like?
- » How can we extrapolate backwards and develop an adjusted program, possibly divided in separately fundable subprograms?
- » And how can such a program be funded by Dutch, other institutional and Nepalese donors and Nepalese institutions (government, health care providers and social systems)?
- a. Could the Federal Ministry of Health become a fourth partner in our PPP?
- b. Can we build a strong innovative collaboration with other INGO's active in maternal and childcare in Province 1 and hence bundle resources and attract new institutional donors?

In the months to come, the directors of KFN and their board members will reflect on these ambitions and questions and develop a renewed strategy for further scaling and its funding by the end of the year in close coordination with the board and director of KFNL.



# 7. Financial Report

## Explanatory notes on the financial report

As the implementation of the Replication was delayed in 2020 due to a lockdown and restriction because of COVID, the expenses in 2020 in Nepal are less than expected and cover mostly:

- » Costs related to strengthening the local health care system in 58 municipalities and recruitment/payment of 212 new CBRF's.
- » Training programs for health workers and female health volunteers
- » Establishment and running costs of the provincial office in Itahari; supporting the implementation of the DPRP
- » Recruitment of new staff in district offices;
- » Training of new staff and refresher training for CBRF in all villages
- » Introduction of a financial management system
- » Prevention activities
- » Development and accreditation of training curriculum
- » The costs of the program in the pilot district of Ilam (will end in 2021) and prototype village.

While the budget for program costs in 2020 was €2.789 million, we actually spent €1.318 million resulting in an underspending of €1.471 million in 2020.

This adaption of the replication plan also had its impact on the budget and asked for a revision

among others on the following points: increase of costs due to Covid-19 in Nepal, increase of costs due to additional investments to strengthen the quality of care in the program, the provisional halt of the next part of the plan and reallocating its overhead costs to the current budget, while on the other hand we welcomed new funding partners. This resulted in a revised budget for our current program, subdivided over the coming three years. We expect to attract new donors and with the optimal use of resources to be able to fund the project successfully.

The total budget increases from 11.985.345 euro to 12.740.764 euro. The deficit increases from 443.451 Euro to 536.551 Euro\*. On the other side, we also expect some advantages in the improvement of cost-effectiveness and changes of exchange rates.

The board and director of KarunaNL consider this, in the light of the challenges from the Covid-19 pandemic, an acceptable result. They expect to attract new donors and with the optimal use of resources to be able to fund the project successfully. The revised budget is shown in annex 1.



## **Fundraising strategy**

KarunaNL cooperates with a group of highly valued donors, of which the majority committed itself to multiyear funding for the realisation of the replication plan. KarunaNL will continue fundraising via its network and platforms like AVPN, EVPN, (Asian/European Venture Philanthropy Network) European Foundation Centre, Kinder and others.

The costs for KarunaNL are 2% (fundraising) and 5% (management costs) of the total program costs, which is in line with our objective.

## **Governance**

The Board of Stichting Karuna NL governs 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 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. They work free of costs. During 2020, the Board met 10 times (2019; 3) with management being present. The Board also met 4 times without

the management, making the total of 14 Board meetings in 2020 (2019; 10).

## **Forecast 2021**

KarunaNL expects to spend in 2021 € 2.878 million on program costs in Nepal, this will not completely cover the delays occurred due to the 2020 Covid-19 situation and the delay of the start of the program in 2019. The year 2021 is expected to carry the major investments of the programme. For example, birthing centres in each municipality will be upgraded with Ultrasound Machine and relevant training, while day care centres will be established in the big cities of Province 1. Also, the self-help groups of persons with a disability, or their care takers, will be formed to start income generating activities. As most schools were closed in Nepal till March 2021, all activities related to school enrolment of children with a disability and screening of all children below 10 years were postponed till later in the year.

Karuna will end its financial support to the pilot district of Ilam (10 municipalities) in July 2021, in line with its exit strategy and the agreements with municipalities. We expect to further catch up with the work in 2022 with the aim to handover the program in these 58 municipalities to the government and local communities in 2023.

Costs for KarunaNL in the Netherlands for 2021 are expected to stay stable around €155.000. No major differences in expenses versus 2020 are expected.





## Budget overview (in Euro's)

	Budget 2021	Actual 2020	Budget 2020	Actual 2019	Budget 2019
Income					
Income from own fundraising	2.000.000	1.212.397	1.935.127	1.612.919	1.764.215
Total income	2.000.000	1.212.397	1.935.127	1.612.919	1.764.215
Expenditures					
To spend on objective	2.756.784	1.216.687	2.679.453	516.733	1.644.338
Costs own fundraising	46.306	29.985	47.347	29.977	50.991
Costs management and administration	75.103	71.435	62.127	70.408	68.886
Total expenditures	2.878.193	1.318.107	2.788.927	617.118	1.764.215
Result	- 878.193	- 105.710	- 853.800	995.801	-

\* In 2021 part of the delay occurred in 2019 and 2020 program expenditure is expected to be matched.

\* The underspending in 2019 of € 995.801 which resulted in a surplus is covered by the deficits in 2020 € 105.710 and 2021 € 878.193, remaining € 11.899.



## Karuna Nepal Budget Phase 1 (including Ilam and Prototype), as approved 2/2020 and revised 2/2021

	February 2020 (in Euro's)	February 2021 (in Euro's)	
1. Costs			
1.1. Implementation Costs			
1.1.1. Direct costs Palika's	8.027.407	8.220.989	193.582
1.1.2. Indirect costs Palika's	1.415.894	1.493.723	77.829
Total implementation costs	9.433.301	9.714.712	271.411
1.2. Central and Management Costs (including unforeseen)	1.842.044	2.301.052	459.008
Total costs	11.285.345	12.015.764	730.419
2. Revenues			
2.1. Palika's	2.535.030	2.660.795	125.765
2.2 Province	2.493.788	2.605.818	112.030
2.3 USB	553.916	578.355	24.439
2.4 Karuna Nederland *	5.259.160	5.634.245	375.085
Total revenues	10.841.894	11.479.213	637.319
3. Project Results	- 443.451	- 536.551	- 93.100

\* as committed by donors



## Karuna Foundation Netherlands

Haparandadam 2B-10

1013 AK Amsterdam, the Netherlands

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

**W:** [www.karunafoundation.nl](http://www.karunafoundation.nl)

Director:

*Annet van den Hoek*

**E:** [annetvandenhoek@gmail.com](mailto:annetvandenhoek@gmail.com)

**M:** +31 (0)6 532 958 29

This annual report is designed by

**Thomas Schreuder**  

## Karuna Foundation Nepal

294 Embassy Marg,

Baluwatar, Kathmandu, Nepal

**T:** +977-1-4410687 **or** +977-1-4413340

**W:** [www.karunanepal.org](http://www.karunanepal.org)

Director:

*Deepak Raj Sapkota*

**E:** [deesapkota@karunanepal.org](mailto:deesapkota@karunanepal.org)



## **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 January 1st, 2020 to December 31st, 2020. 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 Guideling Fundraising Institutions RJ 650 (Richtlijn Fondsenwervende Instellingen).

#### **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 January 1st, 2020 to December 31st, 2020.

#### **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.

#### **Reclassification for comparison purposes**

The pre-payments to projects is allocated as financial fixed assets per December 31st, 2020. For comparison purposes this asset is also reclassified in the balance per December 31st, 2019 from current assets to financial fixed assets.

#### **Balance sheet**

##### **Financial fixed assets and Current assets**

Financial fixed assets and 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.



**Budget overview**

(in Euro's)

	<b>Budget 2021</b>	<b>Actual 2020</b>	<b>Budget 2020</b>
<b><u>Income</u></b>			
Income from own fundraising	2.000.000	1.212.397	1.935.127
<b>Total income</b>	<b>2.000.000</b>	<b>1.212.397</b>	<b>1.935.127</b>
<b><u>Expenditures</u></b>			
To spend on objective	2.756.784	1.216.687	2.679.453
Costs own fundraising	46.306	29.985	47.347
Costs management and administration	75.103	71.435	62.127
<b>Total expenditures</b>	<b>2.878.193</b>	<b>1.318.107</b>	<b>2.788.927</b>
<b>Result</b>	<b>-878.193</b>	<b>-105.710</b>	<b>-853.800</b>

\* In 2021 part of the delay occurred in 2019 and 2020 program expenditure is expected to be matched.

\* The underspending in 2019 of € 995.801 which resulted in a surplus is covered by the deficits in 2020 € 105.710 and 2021 € 853.800

(in Euro's)

3



**Statement of income and expenditure**  
(in Euro's)

	<b>Actual 2020</b>	<b>Budget 2020</b>	<b>Actual 2019</b>
<b>Income</b>			
<b>Income from own fundraising (7)</b>			
Donations	<u>1.212.397</u>	<u>1.935.127</u>	<u>1.612.919</u>
<b>Total income</b>	<b>1.212.397</b>	<b>1.935.127</b>	<b>1.612.919</b>
<b>Expenditures</b>			
<b>Spend on objectives</b>			
Spent on projects (8)	1.201.039	2.679.453	500.776
Communication and awareness raising (9)	<u>15.648</u>	<u>16.264</u>	<u>15.957</u>
	1.216.687	2.695.717	516.733
% Of income spent on objectives	<b>100%</b>	<b>139%</b>	<b>32%</b>
% Of expenditures spent on objectives	<b>92%</b>	<b>97%</b>	<b>84%</b>
<b>Fundraising (10)</b>			
Costs own fundraising	29.985	31.083	29.977
% Of own fundraising income spent on own fundraising	<b>2%</b>	<b>2%</b>	<b>2%</b>
% Of expenditures spent on own fundraising	<b>2%</b>	<b>1%</b>	<b>5%</b>
<b>Management and administration (11)</b>			
Costs management and administration	71.435	62.127	70.408
% Of expenditures spent on management and administration	<u><b>5%</b></u>	<u><b>2%</b></u>	<u><b>11%</b></u>
<b>Total expenditures</b>	<b>1.318.107</b>	<b>2.788.927</b>	<b>617.118</b>
<b>Result</b>	<u><b>-105.710</b></u>	<u><b>-853.800</b></u>	<u><b>995.801</b></u>
<b>Appropriation of the funds</b>			
<u>Addition to / withdrawal from</u>			
Restricted funds	-105.710		995.801
	<u><b>-105.710</b></u>		<u><b>995.801</b></u>

## Notes on the balance sheet

(in Euro's)

	31/12/2020	31/12/2019
<b>1. Pre-payments to projects</b>		
Reserve fund Replication Plan program	250.000	250.000
<b>2. Prepaid expenses and other accounts receivable</b>		
Prepaid travel costs	2.955	2.955
Prepaid memberships	3.280	-
<b>Total</b>	<b>6.235</b>	<b>2.955</b>
<b>3. Cash and cash equivalents</b>		
Rabobank	646.980	773.800
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.		
<b>4. Restricted funds</b>		
Balance per 1-1	995.801	-
Addition from result	-105.710	995.801
<b>Balance per 31-12</b>	<b>890.092</b>	<b>995.801</b>
<b>5. Allocated donations (to be paid to projects)</b>		
Allocated donations (to be paid to projects)	-	-
In 2020 (2019) no unconditional program agreements have been committed. Each year the donors decide for "Go"- "No go" after evaluation.		
<b>6. Other liabilities</b>		
Creditors	1.902	4.989
Wage tax	2.870	2.262
Holiday allowance	2.869	2.869
Pension	-	8.000
Audit fees	5.481	8.834
Office rent	-	4.000
<b>Total</b>	<b>13.123</b>	<b>30.954</b>

## Rights and obligations not included in the balance sheet

### Committed with Karuna Nepal - Local NGO

At the end of 2020 Stichting Karuna NL had 1 ongoing program with a total contract value of € 5,6 million with a duration of 3 years, till 2023.

### Rent commitments

The rent commitment relates to the rent of the office building in Amsterdam. The agreement is automatically renewed every year and can be terminated with 1 month notice. The commitment for coming year amounts to EUR 4.000.



**Notes on the statement of income and expenditure**  
(in Euro's)

	Actual 2020	Budget 2020	Actual 2019
<b>7. Income from own fundraising</b>			
Foundations	1.162.312	1.935.127	1.612.919
Private persons	50.085	-	-
<b>Foundations</b>	<b>1.212.397</b>	<b>1.935.127</b>	<b>1.612.919</b>

**8. Spent on projects**

Replication Plan program	<b>1.201.039</b>	<b>2.679.453</b>	<b>500.776</b>
--------------------------	------------------	------------------	----------------

In 2019 the replication plan program started, a 6 year program. The expenditure was delayed with € 996.000 because of delay in program agreement with the Nepalese Government. Therefore the project had officially started in November instead of June. During 2020 the Covid-19 pandemic started which led to another delay in project expenses of EUR 1.462.766. The total delay is expected to be covered during 2021/2022.

**9. Communication and awareness raising**

Costs of communication and awareness	<b>15.648</b>	<b>16.264</b>	<b>15.957</b>
--------------------------------------	---------------	---------------	---------------

**10. Fundraising**

Costs of own fundraising	<b>29.985</b>	<b>31.083</b>	<b>29.977</b>
Income from own fundraising	1.162.312	1.935.127	1.612.919
% Of own fundraising income spent on own fundraising	<b>2%</b>	<b>2%</b>	<b>2%</b>

**11. Management and administration**

Costs management and administration	<b>71.435</b>	<b>62.127</b>	<b>70.408</b>
Total expenditure	1.318.107	2.788.927	617.118
% Of expenditures spent on management and administration	<b>5%</b>	<b>2%</b>	<b>11%</b>

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 2020 actual	Total 2020 budget	Total 2019 actual
Expenditures	Projects	Communication and awareness				
Projects	1.179.886			1.179.886	2.658.679	479.883
Personnel	21.153	12.692	29.614	106.712	99.595	111.551
Housing			4.000	4.000	4.000	4.000
Office and general		2.957	371	27.508	26.653	21.684
	<b>1.201.039</b>	<b>15.648</b>	<b>29.985</b>	<b>1.318.107</b>	<b>2.788.927</b>	<b>617.118</b>

**Personnel**

During 2020 (2019) 0,8 FTE was employed by Stichting Karuna NL.

**Remuneration 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

	2020	2019
Nature	Employed	Employed
Hours a week on parttime basis	32	32
Parttime percentage	80%	80%
Period	1-1 / 31-12	4-3 / 31-12
Gross salary	61.488	61.488
Holiday allowance	4.919	4.919
Social securities	10.204	9.163
Pension	8.000	8.000
<b>Total</b>	<b>84.611</b>	<b>83.570</b>

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, except for an allowance of actual travel costs.

### 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:

- Bluevest 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 (till April 1st, 2020): Chief Commissioner
- Foundation NIPED Research, Amsterdam: Member of the Board
- Technical University Eindhoven: Chairman Mediacal 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
- Lievendael 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

Zeist, 29 juni 2021

R.T.T. aan de Stegge  
Voorzitter

G.H. Blijham  
Secretaris

C.M. Nijman  
Bestuurslid

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 2020 included in the annual report

#### Our opinion

We have audited the annual accounts 2020 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 2020, and of its result for 2020 in accordance with Directive RJ 650 'Fundraising organizations'.

The annual accounts comprise:

- the balance sheet as at 31 December 2020, with a balance total of € 903.215;
- the profit and loss account for 2020, with a result of negative € 105.710; 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').

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, 29 June 2021.

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

Annex.

## **Annex by our report on the audit of the annual accounts 2020 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.