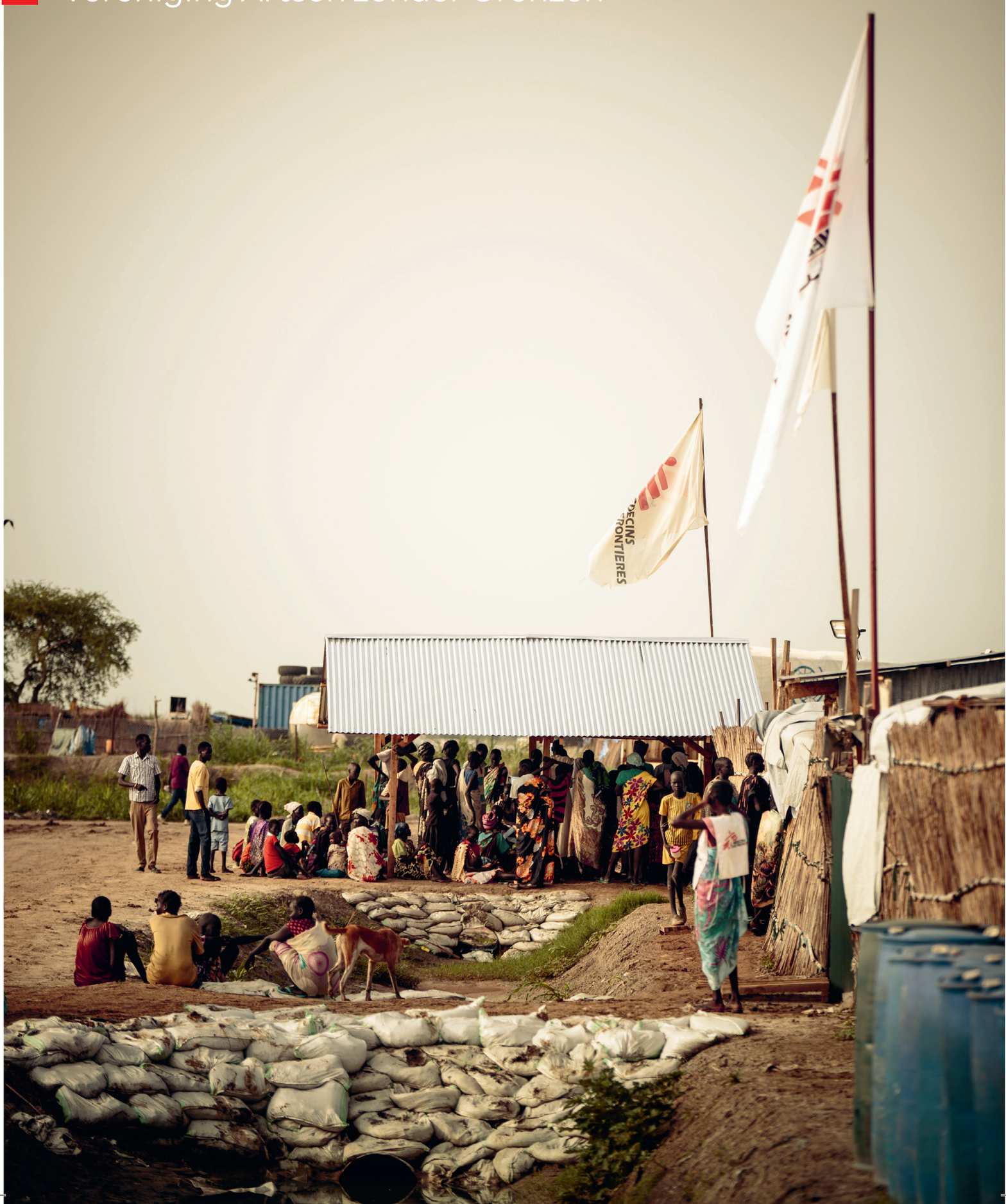
Accountability Statement 2016

Vereniging Artsen zonder Grenzen



Accountability Statement

▲ Dagelijks leven in vluchtelingenkamp Khanagin, waar duizenden Irakese vluchtelingen hun toevlucht hebben gezocht. Artsen zonder Grenzen biedt hier medische en psychosociale hulp, zorgt voor schoon water en hygiënische voorzieningen en ondersteunt een verloskundig ziekenhuis.

This accountability statement by the Board looks at the most important matters in relation to:

- the supervision, management, and implementation of policy (governance);
- the effectiveness and efficiency of achieving the MSF objectives, risk management, and internal monitoring;
- informing stakeholders;

and the extent to which these matters affect the realisation of the objectives of the MSF-Holland Association[1]: "to organise the provision of actual medical help to people in disaster areas and crisis anywhere in the world, in accordance with the principles expressed in the Charter. On the basis of its medical work, the association endeavours to be an effective advocate for the population group it is assisting."

This accountability statement should be read as an integral part of the entire Annual Report of the Board and Management Team (MT) and alongside the Financial Statements of the MSF-Holland Association.

The Board reflects on a year in where our medical-humanitarian operations have grown in terms of volume, diversity, relevance and impact.

[1] The entire project activities referred to in this Annual Report is coordinated by the Operational Centre Amsterdam (MSF OCA) group under the responsibility of the Board of the MSF-Holland Association. The MSF OCA group is the operational partnership in which in particular MSF-Holland, MSF-Germany and MSF-UK cooperate to realise our medical humanitarian mission.

The strategic organizational investments, to enhance, adapt and transform the way MSF OCA implements its social mission, are partially paying off but must continue so as to reduce the gap between our ambition and our capability.

2016 has generally been a year of reinforcement of our emergency aid programmes. The Middle East context, DR Congo and South Sudan represent the largest missions in which we operate and where we kept responding to acute medical and humanitarian needs. In South Sudan and Yemen, the conflicts were, and are still today, raging, with devastating effects on their population. While facing numerous challenges, we scaled up our support to hospitals in Yemen and we established dialysis treatment and support.

We kept providing humanitarian assistance in Syria, Iraq and neighbouring countries. In May 2016 we opened a project in the Berm, on the Syrian-Jordanian border, to provide primary health care to the affected population. This project was however forced to shut down in July 2016 following the closure of the Syria-Jordan border after a deadly attack on the Jordan Armed Forces. Thousands of displaced are stuck in the no man's land on the Syrian side of the border. The Ramtha surgical programmes caring for war wounded patients as well as the Zaatari primary health care programme were also forced to scale down their activities due to the closure of the Syrian-Jordan border and the thus extremely limited numbers of arrivals in our health facilities. Throughout the year we sustained our communications and advocacy efforts to repeatedly address these humanitarian issues.

In 2016 we pursued our commitment to our "People in Flight" strategic plan priority. We continued our involvement in the Search and Rescue (S&R) operation in the central Mediterranean in a new partnership with SOS Mediterranée that started in April carrying out a total of 6,665 rescues at sea during the year. In order to aid people at their departure point we started working in Libya, the departure point for the vast majority of people rescued by the S&R vessel. Our operations in Libya focus on providing medical care to the refugees and migrants held under inhumane, overcrowded and unsanitary conditions in the detention centres there. The witnessing component is central in these joint Search & Rescue/ Libya operations as we speak out about the plight of this vulnerable population and demand a humane approach to migration management within Europe and elsewhere.

Our demand for a humane approach to people fleeing the continuing war in Syria specifically compelled us to take position on the agreements made between the EU and Turkey on their status and treatment. Our analysis and hearty internal debate led us to decide to suspend the acceptance of institutional funding from the EU and EU-member states. As a consequence our institutional donor income reduced from 8 percent to only 2 percent of our total income.

We continued responding to the plight of the Rohingya population in South East Asia. In early October an incident ignited tensions in Rakhine, Myanmar, and across the border in Bangladesh. Since then, 65,000 persons have crossed into Bangladesh (from Myanmar) with MSF clinics receiving many more patients including a doubling of direct victims of violence. An extensive review of the choices made by MSF about how to best assist the Rohingya population started in 2016 and was finalized in April 2017.

Medical operations in Ethiopia expanded, following last years' official permission to assist Eritrean refugees in the Tigray region in Ethiopia. The increasing refugee population fleeing South Sudan into the Gambela region of Ethiopia was a second factor causing this expansion.

After the positive feedback from within the international Médecins Sans Frontières network regarding our 2015 proposal to return to Somalia, from where we withdrew in despair in 2013 following a series of security incidents, we continued our efforts to re-engage into Somalia and further developed an appropriate emergency aid plan. We carried out an exploratory mission inside Somalia in July and throughout the year we held various rounds of internal discussions. The MSF International Board approved our return to Somalia in October. We are now planning to start humanitarian and medical programmes in Galkayo in the first quarter of 2017.

In order to stabilize our operation's growth and relieve the strain on our human resources, we closed two of our medical programmes in 2016. The Papua New Guinea operations ended in March and the programme in the Katanga province in DR Congo closed in September. For 2017 we have approved a modest growth in our operations volume of 8 percent to € 260 million with a stabilization of expatriate staff posted to our programmes at the same levels as in 2016.

2016 was again a year in which we could count on the tremendous support of our donors in the Netherlands, Germany, the United Kingdom and all the other countries where MSF is based. This support enables us to persevere in our work and to structurally expand our emergency aid projects and take initiatives to improve our emergency medical aid. The Board remains actively committed to this during the next few years.

Achieving our strategic objectives: the 2015-2019 Strategic Plan

In 2016 management continued with the implementation of the Strategic Plan 2015-2019 which we adopted in December 2014. The Strategic Plan provides the basic guideline for our medical, operational and organisational ambitions between 2015 and 2019. On the basis of our vision, values, and principles, and following on from an extensive analysis of humanitarian aid in the world, we have formulated six overarching objectives that we will be seeking to attain in this period. As well as these objectives, we want to focus on building a more internationally divers staff base and further globalisation of the identity of our organisation.

Main Strategic Plan objectives

Our most important objectives laid down in the MSF OCA Strategic Plan are:

- Improved access to populations in need and improved acceptance by authorities and populations in our operational contexts;
- An ongoing improvement in the delivery of our medical programmes; in particular we aim to achieve medical programmes that are more effective and more accessible to patients and communities, as well as more responsive to their needs;
- Improvement in the acute emergency response, and assistance of refugee populations, provided by both MSF OCA and the wider humanitarian system;
- Recruitment and retention of sufficient numbers of qualified, appropriately supported and well equipped staff;
- An improved support model that offers appropriate, timely services and enables our staff to be field- and needs-driven;
- A decisive contribution to a financially sound and accountable MSF movement, which remains operationally strong and diverse;
- An increasingly diverse, international and inclusive MSF OCA, enhancing our relevance in a changing global context.

Main Strategic Plan achievements

Progress against our Strategic Plan goals is well under way, laying a solid foundation for next year's planning.

The need for improving our access to certain countries, such as Sudan and Eritrea, remains valid. In Syria, there has been gradual progress in terms of access to Kurdish-held areas in the north including areas recently seized from IS. The list of non-classic modus operandi interventions remains unchanged: Malaysia, Turkey, Mediterranean Sea and northern Syria. Preparations for MSF to reengage in Somalia have been progressing. Pending final decision making, activities in Somalia are likely to commence in the beginning of 2017. The strategy to establish MSF representation in Russia developed by MSF OCA has been adopted and will be implemented under the lead of MSF Germany.

Progress continues to be made in the execution of our all our medical programmes. One highlight is the TB Clinical trial, in which the first patient was enrolled in Uzbekistan in December. Our non-communicable disease portfolio is progressing well, building experience from a cluster of emergency aid programmes in middle income settings and its integration into established tuberculosis and HIV treatment cohorts. We note some delays in establishing the surveillance and diagnostics of antimicrobial resistance and developing our operational research strategy. These will be prioritised in 2017. Our responses to water, hygiene and sanitation emergencies in settings where this is not taken on by other agencies are worth mentioning. In 2016 we engaged in sizeable "stand-alone" water and sanitation programmes aiding refugees from Burundi in Tanzania and South Sudanese refugees in Ethiopia. With the Outbreak E-tool kit developed and the organisational learning from recent yellow fever, hepatitis-E, and Ebola interventions, progress was also made in strengthening our disease outbreak response.

Our strategic objectives improving workforce planning, recruitment strategies and staff development and are now fully integrated in the work plans of the MSF OCA personnel departments. Whilst 2016 was a year of management preparation in 2017 we expect improving workforce planning and improving the strength of our international staff pools. In 2016, we were successful in our recruitment drive for project coordinators for our emergency aid programmes. The methodology we applied will be extended in 2017 to include other profiles such as the medical team leader. Additionally, the introduction of mentors paid off and will become part of

our structural offer to new staff requiring extra steering in management positions.

As usual, to safeguard the capacity to respond to future emergencies, in the annual planning for 2017 a reservation in terms of financial and human resources was made to accommodate upcoming and acute emergency aid programmes. From the planned overall volume of 800 full time equivalent international staff, 10 percent are not assigned and thus will be available for emergency responses, while noting that our ongoing programmes already encompass a significant proportion of emergency response. Overall, the planning is in line with our Strategic Plan objective to dedicate 15 to 20 percent of our resources to acute emergency aid.

Results of the efforts regarding the support model and the international cooperation are reflected upon in the paragraphs below.

Organisational developments, policies and procedures

Investing in our support capacity and our systems to increase effectiveness and efficiency of our operations as envisaged in the MSF OCA Strategic Plan 2015-2019 is well under way and starting to bear fruit. In total we expect to invest between € 20 million and € 25 million in support systems and improvement projects during the period of this strategic plan.

By the end of the year, all our management positions in the departments were secured after a period of ongoing vacancies. We have attracted relevant experience in the respective fields of expertise which will bring the quality of our support to a new level and with capability of bringing the "outside" in ("best practice") to integrate new ideas whilst protecting and cherishing our core values and principles.

Strengthening our personnel management

Our personnel management department remained in motion receiving full endorsement from management and the Workers Council to reorganise to, amongst others, introduce a strategic advisory function geared towards our emergency aid programmes and our operations support. The function will guide and support the HR Coordinators in our programmes and advise operations management on all HR-related topics of a tactical and strategic nature. In addition, the new structure primes the department to achieving excellence in all HR support and administrative processes and better prepares the teams for the implementation mid 2017 of the new ERP system that also comprises personnel management. The increased focus on recruitment in the Dutch labour market has led to an increase of postings of Dutch nationals, breaking the stagnating trend of recent years.

The Learning & Development department, established in 2015, strengthened its position throughout 2016 and managed to meet a surge in required field trainings and courses thanks to the new flexible trainer pool and the more structured approach ring-fencing development and advice functions. The department delivered a Leadership Framework, including agreed values, on which a new Leadership and Management Development training for both field and headquarter staff will be built.

Improving systems and support

The IT strategy, approved in 2015, is successfully being executed through a large number of IT improvement projects, with priority being given to improved systems and support services for our users in the programmes. In 2016 we increased capacity, especially in the areas of infrastructure, programme support and IT project management, to help us gain speed in building the foundation on which state-of-the-art applications can run and be 'consumed' in a user-friendly fashion. As such an enabler, preparations were completed for major connectivity improvements (and related services) in all our programme locations through our Global VSAT project which will be deployed in 2017. The collaboration with MSF sections in Switzerland and Belgium on this initiative has led to attractive cost and deployment synergies. The provision of a single point of contact to our headquarter-based staff aims to significantly improve the end-user experience of IT support services. This project was started in 2015 and preparations were completed in 2016, positioning us for full deployment in 2017. Resource planning and management is another area where major improvements were made, whereas special attention to strengthening our supplier management capacity had to be postponed to 2017.

We continued to deploy our new system which supports our financial and supply processes in our programmes and were successful in keeping to our deployment schedule and in identifying alternative options where operational realities compromised our speed of delivery. The management of this project sets an example in terms of governance, communication, (re-)planning, budget and risk management and international collaboration. Deployment is expected to complete at the end of 2017, with project closure planned for the first quarter in 2018.

We also successfully continued our work on the implementation of a new ERP system supporting our core business processes at headquarters, most notably in our financial, supply chain and personnel management domains. In 2016, we completed the Assessment, Requirements and Programme Planning phases and are well on track for completion of the Mobilization phase by the end of February 2017. This means that the IT solution and systems integrator supplier were selected and a proof of concept delivered following solid and transparent processes. The implementation is expected to start in March 2017 and is expected to complete mid-2018.

Investing in project management

The improved focus on strategic priorities and stronger delivery capability would not have been possible without the solid functioning of our Programme Management Office (PMO). Established in 2015, and having further matured in 2016, the PMO has been pivotal in successfully building our project management capability, our improved project portfolio management and our progressing a number of transformational projects. By consciously choosing to focus on delivering support and assistance to all staff and management involved in project management, in addition to building project management capacity, we have also established a positive change of mind set regarding acceptance of expert advice. The purpose of the PMO also includes the improved risk management, priority-setting and decision-making capacity at Management Team level. We have now achieved a much more structured approach towards deciding on investment proposals and monitoring project progress and risks via the installation of a Project Approval Board that meets quarterly.

Supply challenges

Planned improvements for supply did not yet fully materialize in the year. Although we have gradually increased or stocks for emergency aid held at the head office, new challenges and risks resulting from our steep growth emerged. New leadership in 2017 is expected to initiate significant improvements, especially in the areas of stock management, management information, tactical procurement and supplier management. Logistics programme support however geared up in 2016, getting the basics in place in terms of management, policy adherence, and internal communication and collaboration.

A new house

The expansion of the organisation and our emergency aid programmes lead to a need for additional office space. The Board decided to purchase the office building after having carefully weighed the options of engaging in a new rental contract. The purchase was assessed to provide a considerable cost benefit over a period of 10 to 15 years. In addition the purchase will enable us to realise a fit-out that suits our organisational culture and that enables effective support to our medical operations.

Enhancing planning and control

In accordance with the regulations of MSF, the Board approved the 2016 Annual Plan. The Board considered the Annual Plan to be in line with MSF OCA's 2015-2019 Strategic Plan, approved in December 2014. Although much of the planning and control cycle is covered by the responsibility shared with the MSF OCA Council, the Board is regularly informed of the objectives, programmes and activities included in the Annual Plan. MSF has a planning and control cycle with three main reporting stages: the Annual Plan (in the autumn), the adjustment of the Annual Plan (in the spring) and the fulfilment of the Annual Plan after twelve months which includes an accountability and learning exercise. In view of the growth of our operations and the programme support management is gradually adjusting the planning and control cycle reporting to ensure we retain the right levels of delegation and accountability. The reporting contains concise management information on the projects, medical quality and the amount of aid provided, as well as the income (fundraising) and expenditure (HRM, financing, purchasing). Investing in improving reporting and management information with specific attention for the further development of key performance indicators remains a priority in the following years and aims to improve the quality and timeliness of management steering as it enables fact-based and data-driven decision-making. Its scope includes the process of rendering data to present them in a user-friendly manner. It aids senior and executive management to focus on meaningful and essential information related to agreed indicators centred on the health of the organisation and leaving the details for actioning to middle and lower level management.

Our information management effort is expected to bring major efficiency gains minimizing the amount of time staff invests in retrieving information. Ongoing

information management activities concern enhancing internal control and aligning technology and legal requirements (data privacy and security requirements). Activities will eventually lead not only to a major overhaul of our current intranet but also to a change in mind set regarding the importance of managing our information and reducing information and data security risks.

Information management and reporting & analytics, together with the successful establishment of the Learning & Development and the Programme Management Offices in 2015 are strategically important functions. With these we aim to further increase our capabilities to better service our emergency aid programmes and headquarters support activities. As usual, we prefer a step-by-step approach rather than a major change management exercise, and therefore also here we focus on quick wins via the provision of real solutions for long-standing problems and issues preventing us from working effectively or efficiently.

Managing risk and opportunity

Our risk profile is very much determined by our operations that are carried out worldwide. This means we are exposed to a wide variety of risk both originating in the varying operational contexts stretching from stable to raging conflict as well as the varying stages of regulatory and socio-economic development that we encounter. Characteristic for both is that their future development and the impact on our activities are extremely difficult to predict. Our governance model and support organisation have been set up to quickly respond to changing circumstances, emerging risks and opportunities.

We manage risk with emphasis on undertaking everything reasonably practicable to reduce significant risks for our employees, patients and the populations we assist, to safeguard our reputation and to ensure our solvency. We recognise that risks are inherent to our work and continue working on creating an open culture in which risks can be discussed. In our approach to risk management the executive and teams running our programmes play an important role. In our work security, health and safety risk management require specific attention. In 2016 we updated our standing safety and security framework.

Risk appetite

The extent to which MSF-Holland is prepared to take risks to achieve its objectives differs according to our main activities:

Risk category	Risk acceptance level					Description
	Averse	Minimal	Cautious	Open	Hungry	
Strategic						MSF Holland is cautious to risks in achieving its objectives and living up to its ambitions to play a leading role in delivering medical humanitarian aid and invest in the capacities to support that ambition.
Operations						First and foremost we aim at starting up and/or continuing emergency aid operations. Although we accept to be working in contexts of acute crises or conflict we will however do everything reasonably practicable to reduce significant risks for our employees, patients and the populations we assist.
Medical care						On the quality of medical care we aim for minimised (clinical) risk and maintaining high standards. We emphasise creating a culture of learning from error and disclosing incidents.
Reputation						We maintain a solid reputation on meeting our core principles (neutrality, independence, impartiality), transparency and accountability towards our donors and beneficiaries. This translates in an open associative governance and modest compensation for all employees. Our communications are accurate and based on what we witness ourselves.
Fundraising						In the choice an application of fundraising methods we want to be able to take new initiatives although build on a solid basis of our reputation and a sound basis. We are prepared to take risks in case funding is at tension with our independence.
Financial						A solid financial position is maintained in order to guarantee emergency response capacity and independent access to populations in distress and achieving our objectives. We are risk averse in our finance and investment policies.
Foreign exchange						Working worldwide in instable environments and having a diverse but predictable flow of income we allow minimal risk in managing foreign exchange risk exposure as we have an inbuilt hedge through the diversity of income and expenditure currencies.
Legal and compliance						We strive to comply with applicable laws and regulations with particular emphasis on our internal staff safety and security regulations as well as information privacy. In our programmes we accept up to a cautious level of risk towards local (tax) law and regulations.

A risk inventory is maintained throughout the organisation, involving employees and the middle management. This assessment involves the identification of risks with potential consequences for achieving our goals, including the quantification of the financial consequences and likelihood of the risks actually occurring. The Board is also paying particularly close attention to risks that could undermine MSF's reputation, and therefore the trust of our donors. On the basis of the risk analysis, we calculated the financial buffer required to absorb these risks and integrated this into our reserves policy. This has enabled us to efficiently redesign our risk management policy so that we can respond to these risks more adequately.

Fraud and integrity

The integrity of our projects and the prevention of fraud and corruption remain high on our agenda. Unfortunately, in 2016 two fraud schemes were exposed by the management in two of our programmes. In Uzbekistan fraud was committed by an individual staff member with the purchasing of fuel. The fraud was committed over several years and was committed fairly regulated. In 2016 the estimate loss was € 15,000. The staff resigned upon exposure and processes and procedures around purchasing were reinforced. In 2017 an internal audit will verify the working of the measures taken. In Central African Republic the problem of fraud is much more complex as also staff working in our programmes is under a lot of external pressure in a country where aid is largely the sole source of income. After suspicion of fraud an internal investigation was launched. Weaknesses and malpractice were established with mainly local purchase prices, delivery of goods and cash transactions. Measures to replace staff have been taken. The estimated loss in 2016 amounts to € 60,000.

Reviews, evaluations and audits

Every year, a number of programmes or activities are selected for evaluation and audit. Reviews and audits help us to assure achieving our objectives. In 2016 the main evaluations and reviews were done in the wider context of the MSF movement. Together we looked at the collective Ebola intervention and the effectiveness of the *Access to Essential Medicines Campaign*. In February 2016 the project launched in 2015 set up to improve local medical purchasing was stopped by the project manager, justifying a thorough lessons learned exercise as we have a number of improvement projects well under way. Lastly, as planned last year, the Board proceeded to strengthen the reflection and analysis capacity within the organisation.

Reflection on our Ebola intervention

The reflection on the Ebola intervention was commissioned by the International Board of MSF to reflect on the lessons learned for governance from the early months of the MSF response to the recent Ebola crisis in West Africa, focusing on the first six months of the Ebola outbreak (from April to September 2014). The MSF response to the outbreak was in many respects a very strong one. MSF is widely credited with being the first to alert the international community to the scale of the crisis, and in the early months was the only humanitarian agency able to mount a large-scale response. By the end of October 2014, the movement had deployed more than 600 international staff to West Africa, treated more than 3,000 patients in 8 different treatment centres, and provided advice and support to public health authorities in all of the affected countries. This was achieved while handling several other high profile humanitarian crises, including those in the Central African Republic, South Sudan and Syria. The dramatic growth of the outbreak stretched MSF to its limits, and the pressures this created revealed a number of limitations in the way MSF works together in exceptionally rapid escalating crises. It is recommended that emerging major crises are on the agenda of key MSF platforms, that clear decisions are taken and followed through, and that any major unresolved issues are rapidly escalated. Furthermore, increasing preparedness to respond to a major outbreak of haemorrhagic fever or other diseases and clarifying the roles and responsibilities of a lead MSF section are among the recommendations.

Project management lessons learned

The supply improvement project launched in August 2015 came to a premature closure, due to coincidental occurrences. The evaluation revealed competition between the expectations of the various stakeholders of the project, the limits in the human resources capacity at the project team, failing project governance at steering committee level and great organisational ambitions. Management concluded on the basis of this experience that it is necessary to increase the maturity of the way in which organisational projects are managed. Some aspects of the organisational culture that inhibit good project management will specifically be addressed. More attention will be paid to roles and responsibilities of project stakeholders while emphasizing the involvement of the project management office.

Evaluating the *Access to Essential Medicines Campaign*
The *MSF International Access Campaign* has grown significantly in recent years with a good multidisciplinary mix of expertise in communications, advocacy, policy, legal and pharmacy. Overall, the campaign is extremely well positioned externally, with unanimous praise for its leadership role in the access domain worldwide.
As key strengths of the campaign, are its thoroughly researched reports and technical briefings were noted, as well as its ability to translate complex technical concepts into simple language and public campaigning. By doing so, it achieves a significant impact in the public domain. The internal dynamics within the MSF network were mentioned as a main weakness. The campaign and the MSF sections sometimes have contradicting positions. The medical and operational considerations, who are leading in the delivery of MSF's medical emergency aid, do not necessarily match with those pertaining to advocacy, and other disciplines among the campaign staff. Overall the issues confronting the campaign are, in some ways, reflective of the larger questions confronting MSF as a whole. Clearly, we will continue to contribute to the campaign and to strengthen its organisational model, governance and management.

Strengthening reflection and analysis
In order to improve our medical and humanitarian action and enhance our strategic capability to carry out forward-looking studies of humanitarian situations and challenges, the Board issued a study on how best to move forward on this. Based on a broad consultation, we confirmed the need to increase the capacity for reflection and analysis within MSF OCA, detached from the operational line in order to enable forward thinking, deeper analysis of an increasingly complex operational environment and the growing influence of this environment on MSF OCA's work. In 2017, based on the results of this study, we will start developing an MSF OCA Reflection and Analysis Network.

Internal audit
MSF employs two full-time auditors who report to the Controller. The Controller reports directly to the Audit Committee of the Board, the MSF OCA Council, and the General Director. The Board has monitored the progress of the 2016 Audit Plan and the resulting management actions and has approved the Audit Plan for 2017. The audits are planned and conducted based on a systematic risk assessment. In 2016 a total of five internal audits were carried out of our activities in Afghanistan, Dr Congo, South Kivu, Myanmar, Sierra Leone and Swaziland. The newly implemented IT-system integrating procurement and finance administration in our programmes was audited after going live in Jordan. Also, on the request of MSF United Kingdom, an audit of their procurement and contract management procedures was carried out.

Head office periodically assesses the follow-up actions based on the recommendations from the internal audits. In general, the findings are followed up properly in all of the project countries. In addition to the specific findings, the audits focused mainly on those issues that affected several project countries. Examples include the continued need to adhere to local taxation and local procurement procedures and control and to improve stock management. The findings, reports and the follow-up of the recommendations in the internal audits are reported to the Audit Committee and discussed in its meetings.

The internal audit in South Kivu, DR Congo, looked in particular at the set-up and procedures around the so-called Empesa payment system. After a series of robberies, cash payments in the programme were seriously reduced and we switched to paying employees and suppliers through a mobile phone operator. Overall, the system was found to function well, while strongly reducing operational risk. However, some points for improvement remain.

Afghanistan was selected for internal audit due to high levels of expenses and given the fact that the mission has a unique set up with MSF-Belgium as the MSF section overseeing the entire operation in the country. Afghanistan had never been (internally) audited before. The internal audit was carried out jointly with MSF-Belgium, making this the first joint internal audit in MSF. For MSF OCA we specifically looked at the Helmand-Lashkar Gah project. The main findings pointed at improving the management of local purchasing procedures, as the mission did not adapt these to gaps in staff positions. Also enhancing the timeliness and completeness of budget control was highlighted as an issue to be improved.

The most common findings are systematically identified and incorporated in the planning and control cycle discussions with the different management levels. The Board and the Audit Committee are regularly informed on progress made with regard to the most common

findings. The internal audit reports are shared with the external auditor.

External audit
In their reports, our independent external auditor, PricewaterhouseCoopers Accountants N.V., emphasizes the significant growth in operations the organisation has gone through in the past two years. They recommend reinforcing the quality of our project budgeting and control capacity and the administrative procedures around our procurement process. It is clear, and recognised by management, that growth in operations is high, and that the supporting staff from the head office is struggling to keep up with the tempo of this growth. Concerns regarding support not only pertain to the growth in financial volume but also to the changes in the medical content, to difficulties around obtaining access to different and more complex contexts (such as the Middle East). These affect the support and roles required. We believe that with the investments well under way in IT, in various support systems and in more capacity for project management, we will be able to further enhance control throughout the organisation.

Tax control
The fiscal relationship between MSF-Holland and the Dutch Tax Administration is regulated in a well-functioning covenant which includes agreements on supervision, specific procedures and the open exchange of relevant information. As planned, in 2016 management started to strengthen the tax control framework, to ensure the complete and correct application of VAT rules. This became necessary mostly as the result of both the absolute growth and the growth in variety of financial transactions for goods and services with foreign parties. Tightening tax controls in the countries where we implement our emergency aid programmes add to the urgency of reviewing our VAT procedures. This review will continue into 2017. It is supported by qualified external tax advisors.

Our commitment to support MSF-India

The Indian branch of MSF-Holland was set up in January 2013 at the request of MSF International. The aim of setting up a branch in India is to strengthen MSF's presence in India and the region. MSF-India has much to offer to the international network of Médecins Sans Frontières, such as creating a structural relationship with the rapidly developing Indian society and the wider region, establishing our ability to raise funds there, as well as creating a possibility for recruiting employees. India is also of great importance for medical research, medical innovation and the production of the so-called generic drugs that are often used by MSF.

Until April 2016 MSF-Holland had a stake of 80% in the future share capital of MSF-India. In April this was reduced to 8 percent as intended. The share capital has been diluted to Indian residents who are affiliated to MSF. On behalf of MSF International, MSF-Holland remains committed to further develop and support MSF-India in the future. In 2016 a net contribution of € 2.4 million was invested in MSF-India. This investment is being monitored using internal control procedures alongside a package of measures that guarantee effective monitoring by the Board and that were prompted with the dilution of the direct involvement.

Our communication and advocacy

Our communications were marked by the major global crises in 2016. The worldwide refugee crises, the refugee crisis in the European Union, crises in Syria and Yemen and attacks on hospitals are the most covered topics in our communication. In 2016, we were able to keep up the high pace and number of communications compared to previous years.

In our communications we not only described the situations on the ground for the populations we are assisting, but also expressed our growing concern about the lack of respect for humanitarian principles and legal humanitarian frameworks.

Our aid to refugees at sea, as well as the migration issue at large, stayed in the news throughout the year. This was spurred on by our advocacy efforts concerning "People in Flight", one of our strategic priorities. Throughout 2016, besides our operational engagement, we highlighted the need for humane treatment of refugees at all stages of their journey and defended their possibilities to apply for asylum. Our concern for the global humanitarian consequences of the agreements made between the European Union and Turkey and the use of EU humanitarian funds to support these, compelled us to suspend accepting funding from EU and EU member states. Our message announcing that we would stop accepting EU funding got major media attention. Reactions were equally reassuring as well as disapproving and the decision inspired a vigorous debate both within the organisation and with our donors.

Although we noted an increase in terminations of support via direct debit donations, we also received numerous messages of support.

Following the attack on the MSF Hospital in Kunduz, Afghanistan in October 2015 and following attacks on hospitals of our MSF sister organizations in Yemen and Syria throughout 2016, the need for ongoing protection of medical facilities and staff remained high on our advocacy and communication agenda. MSF president Joanne Liu addresses to the United Nations Security Council[2] and the subsequent unanimous adaptation of resolutions created further communication and advocacy opportunities.

Throughout we continued to advocate for the need for rapid independent humanitarian assistance. This increased in anticipation of and following the World Humanitarian Summit 2016 (WHS). In January 2016 we organized an expert meeting on local and international capacities, in preparation of the WHS. This early engagement with the WHS and finally our decision to not take part in the summit created the opportunity to raise awareness for the continued need for rapid independent humanitarian assistance.

The above focus implied having less opportunity to seek attention for populations we assist in other countries. For 2017 we have to find a right balance between global advocacy topics, emergencies, daily news, and our other contexts and themes. A content strategy is shaped to strike a better balance. Of course, we kept calling attention to the many other humanitarian crises in which MSF works: through participation in and organizing briefings at the Ministry of Foreign Affairs on key humanitarian contexts, in participating in public debates, continuous external communication efforts aimed at media and through communication campaigns aimed at the general public via our own channels like our website, Facebook, Twitter and our email newsletter.

Following the launch of a petition that called upon the Dutch Minister of Foreign Trade and Development to press for fair prices and better access to HIV medicine and to improve diagnostics and treatment methods for people with multi-resistant TB in 2015 we made use of the presidency of the Netherlands of the EU in 2016 to increase our advocacy efforts particularly related to the Dutch government to challenge the notions around high prices, transparency and alternative models of research and development for new medicines. Together with others we organized a conference in February bringing together academics, politicians, and policy makers to push the agenda for access to affordable and effective medicines for our patients.

Overall, our relationship with media outlets remains strong. They are very supportive of our organization, and frequently offer us extra exposure or special tariffs. Similarly, our steadily growing number of followers on our social media channels demonstrates great support, as well as a high engagement to our posted content. Among the public, we have a continuous high spontaneous name awareness of up to 23 percent (as researched by market research organization GfK). Many Dutch signatures on our Kunduz and medicine petitions were generated by requests on Twitter (6,450 followers) and Facebook (over 75,000 followers). In 2016, we started trials with other social media channels such as Instagram.

In our public campaign, most primarily intended to raise general awareness about our work and the challenges faced by our patients, we focus on telling the stories of our patients through the eyes of our aid workers in countries like South Sudan and DR Congo. To reach as many people as possible, we used different channels to spread these stories: traditional media like television, magazines, and newspapers, and, social media, external websites, where we published our branded content in blog format aiming to reaching people who, generally speaking, otherwise would not be likely to see our stories elsewhere. In all our communication, we remain committed to bringing the reality of the field we witness and engaging the broadest audience to our work. However, finding out and learning how to be relevant for younger generations remains one of our major challenges. To stay visible and pertinent, we realise we will need to change the way we share our stories and engage with people.

[2] MSF International President Joanne Liu addressed the United Nations Security Council, 3 May 2016 and 28 September 2016

Association and Governance

The Association had 786 members as of 31 December 2016 (2015: 695 members). Of the 768 members, 497 live in the Netherlands and 289 live abroad.

There is an ad hoc Association Affairs Committee that has been delegated the tasks and responsibilities pertaining to the promotion of an active and vital association. On 31 December 2016, the Association Affairs Committee consisted of two Board members, Josine Blanksma and Jacques de Milliano, two co-opted Association members, Michiel van Tongeren and Leonoor Cornelissen, and an Association Affairs staff representative.

General Assembly
On 4 June 2016, the Board rendered account for its policies to the General Assembly. The meeting was attended by 116 members, while a large number also followed the meeting online, via a livestream. Altogether, 188 members voted on adoption of the 2015 Financial Statements, for the election of new Board members and various Board and association member motions on a reporting mechanism for temoignage and on work opportunities for refugees in the operational centre office.
The main General Assembly topics included a discussion on the continuous growth of the entire organisation and the MSF network and a lively debate discussing to what extent we witness the erosion of international agreements such as the Geneva Conventions, International Humanitarian Law and refugee conventions in our projects in Syria, Yemen and Afghanistan where we witnessed bombing of (our) health facilities. Our advocacy effort and discourse also touched upon what we see happening in our emergency aid towards people on the move in the Mediterranean and in our strong opinion in the pact that was concluded between to EU and Turkey, which we believe denies people in distress the fundamental rights of international law such as the right to claim asylum and non-refoulement. Upholding the right to flee and safe passage are essential to us.

Association meetings
A lively and successful "OCA Café" was held for the fourth time, in September 2016. The MSF OCA Council informally rendered account for its monitoring activities and policies to the members of the partner sections of Operational Centre Amsterdam, MSF-Holland, MSF-Germany and the MSF-United Kingdom and MSF-Canada, MSF-South Asia and MSF-Sweden.

Information was shared about MSF OCA medical operational policies and debates were held about 'Medical Advocacy', 'Protection in Detention', 'Refugee Mental Health', 'Anti-microbial Resistance', 'Noma', 'Doctors against borders – increasingly politicizing our advocacy and activism in relation to the global displacement crisis', 'The Rainbow Network & inclusivity in OCA' and 'Associative Life in the Field.'

The Association organised 6 debates and information evenings for the members on, among other things: Refugees in The Netherlands, Professionalisation of MSF, the EU Turkey Deal and Migrants and Refugees.

Other activities of the Association
An important activity of the Association is the organising of the Speakers' Pool. Returning MSF field employees are invited to give talks at schools, universities, the Dutch government, military gatherings, social organisations, etc. on their experiences in the field and about MSF's work. 168 presentations were given in 2016 (2015: 220).

The Association is also closely involved with the organisation of the Peer Social Network, which provides support by volunteers to field staff on their return home. Alongside the professional debriefing and supervision, returned staff is also offered peer interviews or other means of support should they require them? We aim to set up two trainings for the members of the Peer Social Network in 2017.

Executive governance
The Board of the MSF-Holland Association has delegated the day-to-day management of operations and the supporting office to the General Director, Arjan Hehenkamp, and the four members of the Management Team appointed by the General Director. The General Directors of MSF-Germany and MSF-UK actively work together with the Management Team in the daily and operational management of the emergency aid projects. The Board retains full responsibility for this work. Details on the composition of the management team and the remuneration of the directors are published in the Financial Statements. The General Director, Arjan Hehenkamp, will end his assignment term around September 2017. A new General Director will be appointed by the Board by mid-2017.

The Board

On 31 December 2016, the Board consisted of 9 Board members (2015: 10). The members of the MSF Association vote for the Board members from among their number. The 2016 Board elections were held during the statutory General Assembly of 4 June. Additionally, the Board has the option of appointing three members who have specific expertise or experience in order to enable it to perform its duties effectively. The composition of the Board is as follows:

Appointed or reappointed in	Name Function (duration of membership)	Termination from	Functions
2015	**Wilna van Aartsen** (third term) President – member of the OCA Council, member of the Board consultation body	2018	No other functions in addition to Presidency
2016	**Joost van der Meer** (second term) Vice-President – member of the OCA Council, member of the Board consultation body	2019	Medical Doctor in Tropical Medicine and International Health; Public Health and Humanitarian Aid Consultant at Phesta; Treasurer of Nedwork Broodfonds; Chairman of the Board of the Aids Foundation East-West (AFEW) Ukraine; Chairman of NVTG Public Health working group of the Netherlands Society for Tropical Health and International Medicine; Member of the Technical Review Panel of the Global Fund to Fight AIDS, tuberculosis and malaria.
2014	**Joke Bakker-Jansen** (second term, co-opted member) Treasurer – member of the Board consultation body; member of the OCA Audit Committee, Chairwoman of Remuneration Committee.	2017	Chief Financial & Risk Director, De Goudse NV - Goudse Levensverzekeringen NV - Goudse Schadeverzekeringen NV - Goudse Verzekeringen Services BV - Automatiseringsmaatschappij Gouda BV - Goudse Assurantiedesk BV - Goudse Beleggings- en Financierings-maatschappij BV - Collectie Stationsplein BV - Assurantie Maatschappij Hollandia Anno 1924 NV Member of the Netherlands Institute of Chartered Accountants ('Nederlandse Beroepsorganisatie Accountants', NBA).
2016	**André Griekspoor** (second term) Chairman of the OCA Medical Committee	2019	Senior Policy Advisor in the Emergency Operations Department with the World Health organization (WHO)
2014	**Joe Belliveau** (first term)	2017	Program Director Humanitarian Access & Negotiations at Conflict Dynamics International
2014	**Josine Blanksma** (first term) IGA Representative for the Association; Member of Remuneration Committee; Member of Association Committee	2017	General Practitioner, Medical Doctor in Tropical Medicine and International Health
2014	**Gert van Essen** (first term, co-opted member) Financial Expert (co-opted) OCA Council	2017	Trainee general practitioner Supervisor: - Stichting Ijsselland Ziekenhuis - Stichting Zorgsaam Terneuzen - Brigh HR Strategy Consultants - Stichting KiMO - Stichting Kruimeltje NVZD assessor; Director Ndola Holding BV

Appointed or reappointed in	Name Function (duration of membership)	Termination from	Functions
2015	**Jacques de Milliano** (first term) Member of Association Committee member of the Board consultation body	2018	General practitioner GP trainer at the VU Medical Center
2015	**Unni Karunakara** (first term)	2018	Director, Drugs for Neglected Diseases Initiative (DNDi) India Member, Transformational Investment Capacity (TIC) Selection Committee Senior Fellow, Jackson Institute for Global Affairs, Yale University Assistant Professor, Mailman School of Public Health, Columbia University Visiting Professor, Manipal University

One Board member, Annemarie ter Veen, stepped down in 2016 upon reaching the end of her term. Reshma Adatia, elected Board member at the 2016 General Assembly, stepped down in September 2016. Her position remained vacant. Joost van der Meer and André Griekspoor were re-elected by the General Assembly for a term of three years.

All Board members provided full disclosure of their professional activities, their ancillary activities and other interests in accordance with Article 5 of the By-laws. The Board has determined that no direct or indirect conflict of interest exists.

Evaluation of the Board

An evaluation of the Board is held every year, in which the Board evaluates its performance in relation to processes, content, meeting style, and its relationship with the Management Team. At the evaluation held in September 2016, the board worked around several themes, among other discussions. These included Strategy, Communication & identity, Accountability, Association & Board and Governance. This led to a better understanding of the strengths and challenges of the Board as whole and follow-up sessions in order to improve the identification of ownership and the division of subject areas among the various Board members.

Board remuneration and Board expenses

With the exception of the President, no Board members are remunerated for the work they do for the Board of MSF-Holland. The Board members are reimbursed the costs they incur for travel, printing, telephone calls, etc.

Board members may receive a volunteer payment of no more than € 1,000 per year. Seven Board members exercised this option in 2016.

The MSF-Holland Articles of Association specifically determine the remuneration of the President. The President may receive partial remuneration exclusively for the time he/she spends on Board responsibilities for the international MSF network. The President's remuneration is detailed in the 'Policy on the Remuneration of the MSF-Holland Board' and is in accordance with the principles approved by the General Assembly:

- The President can claim remuneration for a maximum of 20 hours per week;
- The hourly fee is based on the salary grid that applies to the Management Team;
- The President's other income is taken into account when determining his/her remuneration.

In 2016, MSF-Holland paid the President, Wilna van Aartsen, the sum of € 15,000 (2015: € 15,000). In accordance with the approved policy and decision by the board in December 2016, this amount is based on an hourly rate of € 48.46 and 65 days following a proposal by the Remuneration Committee for international work, as approved by the Board. It was determined in 2016 that this is realistic remuneration for the duties related to her international Board responsibilities. In 2016, volunteer payments to Board members amounted to € 6,500 (2014: € 7,000). This amount was paid to seven board members of whom one ended his term in June.

Board meetings

The Board met five times in 2016: on 23/24 January, 8/9 April, 17/18 June, 30 September- 1 October, and 9/10 December. Telephone meetings were held on 31 January, 9 February, 3 March, 20 April, 4 May, 26 May, 23 June, 13 July, 12 October, 1 November and 21 December.

The OCA Council met six times: on 12/13 February, 15/16 April, 15/16 July, 9 September, 15 October and 16/17 December.

It is estimated that the Board members spend an average of one day a week on their Board responsibilities. There are large differences in the time spent by the various members on their Board responsibilities, depending on their membership in Board committees and the OCA Council.

Consultations with the Management Team

A permanent delegation of the Board holds consultations at fixed times with the Management Team and the Controller concerning ongoing organisational matters that do not or do not fully require the involvement of the Board, the progress with regard to matters previously discussed, and the preparations for plenary Board meetings. There were three such meetings in 2016 (on 25 March, 7 September and 2 November).

Supervision

Sound governance is key to the values and culture of MSF-Holland. The principles of governance that apply to the MSF-Holland Association are detailed in three main documents: the Articles of Association, the By-laws, and the Management Statute. In addition, the cooperation agreement with MSF OCA describes the operational management powers effectively shared within MSF OCA and with its guiding body, the MSF OCA Council. The principles agreed upon and set out in these documents reflect the principles of good governance to which the organisation subscribes. The Board is responsible for ensuring that these principles are relevant and that they are actually applied in practice. The Board has monitored this throughout the year with the help of the committees established by the Board and in regular consultations with the General Director and the Controller appointed by the Board.

MSF-Holland has three statutory committees: the Medical Committee, the Audit Committee and the Remuneration Committee.

Medical Committee

The Medical Committee consists of four members. The partner organisations in the Netherlands, Germany, the UK and Canada each have a representative on the committee. The chairwoman of the OCA Council and the Medical Director also take part in the meetings. The Medical Committee is chaired by André Griekspoor.

The Medical Committee advises in first instance the OCA Council and indirectly the Board of MSF-Holland on medical policy and approves the framework for providing accountability for the execution of the scheduled medical programmes. The Medical Committee met five times in 2016 (in person or per teleconference): February 1, May 20, July 8, November 24, and December 13. Specific topics discussed in the Medical Committee were amongst others the implication of the MSF-International commissioned Ebola Review, surgery and challenges in the field, and the right framework to monitor the desired strategy on quality of care and health care management.

Audit Committee

The Audit Committee currently consists of five members: the treasurers of MSF-Holland, MSF-Germany, MSF-UK and MSF-Canada, and an independent Chair. The General Director and the Controller take part in the Audit Committee meetings. The Audit Committee is chaired by Michel Farkas. The composition of the Audit Committee changed in 2016 after the signing of the new memorandum of understanding that governs the cooperation between MSF-Holland, MSF-Germany and MSF-United Kingdom for the period 2016-2018.

The Audit Committee advises both the OCA Council and the Board of MSF-Holland on matters of finance, risk management, governance and internal control. In 2016, the Audit Committee met on 4 April, 4 July, 5 October and 8 December. In 2016, the committee advised the Board primarily on the 2015 Financial Statements and the Auditors' Report, the 2017 budget, the interim financial reports, the Resource Sharing Agreement and Reserves Policy, the purchase of the office building in Amsterdam and the findings of internal audits that were carried out by the Control Unit both in the field and at the head office.

Remuneration Committee

The Remuneration Committee consists of two Board members (three until the end of June) and is chaired by Joke Bakker-Jansen. The head of the HR department and the Controller have a standing invitation. The

Remuneration Committee advises the Board on the framework of the remuneration policy for MSF and the specific remuneration policy for the members of the Management Team and the Board members. The Remuneration Committee met twice in 2016, on 23 May and 7 December, and advised the board on the personnel Exit Policy, which was approved by the board in December, and the remuneration of the President of the Board.

Consultations with the Works Council
The Board and the Works Council met in December to discuss amongst other subjects the personnel exit policy, which was sent to the Works Council for consent and the general director recruitment process.

Meeting with heads of departments and operational managers
The MSF regulations provide for an annual consultation meeting between a Board delegation with the departmental heads, with the Controller, and with the operational managers. This specific consultation meeting did not take place in 2016. However, there was regular bilateral contact between the President and the Controller, and between the President of the Board and a number of departmental heads and operational managers. Furthermore, on a regular basis the Board invited heads of department for a consultative session in its meetings.

Conclusions and account
In the opinion of the Board, the 2016 Annual Report provides a fair reflection of the programmes, activities, and results achieved in 2016 in relation to the agreed 2016 Annual Plan, the long-term strategic objectives, and to what were approved by the Board during the course of the year.

The Board is confident that the programmes, activities, and results achieved in 2016 have contributed to achieving the social mission goals of the Association as laid down in the statutes: "to organize the provision of actual medical help to people in disaster areas and crisis anywhere in the world, in accordance with the principles expressed in the MSF Charter. On the basis of its medical work, the Association endeavours to be an effective advocate for the population it assists".

All members of the Board accept responsibility for the Financial Statements and the Annual Report. The Board accepts responsibility for the internal control system established and maintained by the Management Team, which is designed to provide reasonable assurance of the integrity and reliability of the organisation's financial reporting and to assist in the achievement of the organisation's objectives. The Board is confident on the operational effectiveness of the internal control and risk management design. The Board considers that the Financial Statements drawn up by the Management Team for the year ending on 31 December 2016 fairly reflect the financial position and transactions of the Association MSF-Holland.

On behalf of the Board and the OCA Council, we would like to thank every MSF employee, and volunteer for their unwavering dedication in realising our medical and humanitarian objectives all over the world in 2016.

Amsterdam, 28 April 2017
On behalf of the Board,

Wilna van Aartsen, President

Colophon

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Cover photo: The clinic that MSF runs in the UN protection of civilians camp in Bentiu. South Sudan, 2016. © Rogier Jaarsma