

Annual Report **2020**



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Annual Council Meeting: The ordinary Annual Council Meeting
will be held on 27 May 2021

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These 25 organisations are today members of the Danish Refugee Council:

ADRA

Amnesty International

CARE Denmark

Confederation of Danish Employers

The Danish Chamber of Commerce

Danish People's Aid

Danish Authors' Society

Council of Danish Artists

Danish Youth Council

The Danish Union of Teachers

The Danish Musicians' Union

The Jewish Community in Denmark

FH, Danish Trade Union Confederation

FOA

Danish United Nations Association

DanChurchAid

The Confederation of Professionals in Denmark

HK Denmark

Women's Council in Denmark

ActionAid Denmark

Oxfam IBIS

Save the Children, Denmark

St. George's Guilds in Denmark

The Intercultural Christian Centre Denmark

UNICEF Denmark

Financial Highlights

Development in the Danish Refugee Council 2016-2020

DKK million	2020	2019	2018	2017	2016
Income-generating activities					
Public and private funds collected (restricted)	2,990	2,895	2,671	2,553	2,153
Private funds collected (unrestricted)	74	79	76	68	60
Income from own activities	157	211	371	505	606
Total income from income-generating activities	3,221	3,185	3,118	3,126	2,819
Expenses related to income-generating activities	2,868	2,789	2,593	2,549	2,129
Expenses related to own activities	190	223	356	375	478
Net financial income/expenses	-15	-12	-10	25	-29
Result from income-generating activities	179	185	179	177	241
Administrative expenses*	168	205	211	179	142
Result/loss before special-purpose activities	11	-20	-32	-2	99
Special-purpose activities	9	9	14	17	18
Profit/loss for the year	1	-29	-46	-19	81
Balance Sheet					
Non-current assets	1	1	2	4	6
Current assets	1,448	1,119	959	1,107	977
Total assets	1,449	1,120	961	1,111	983
Equity-distributable funds	366	364	384	412	433
Equity-restricted funds	0	1	10	28	26
Total equity	366	365	394	440	459
Provisions	70	66	62	54	44
Other liabilities	992	689	505	617	480
Total equity and liabilities	1,449	1,120	961	1,111	983
Financial Ratios					
Profit margin on collection funds and income-generating activities	5.5	5.8	6.7	6.6	9.4
Administrative expense ratio*	5.2	6.4	7.8	6.6	5.9
Special-purpose activities ratio	0.3	0.3	0.4	0.5	0.6
Consolidation ratio	0.0	-0.9	-1.5	-0.6	2.9
Safety margin	11.4	11.4	12.5	14.2	16.8
Equity ratio	25.3	32.6	41.0	39.6	46.7
Share of restricted funding	92.8	90.9	85.6	81.7	76.4

*Administrative expenses

The Danish Refugee Council calculates administrative expenses as total HQ expenses plus the year's capacity-building investments and strategic initiatives.

Foreword

2020 was a year like no other for people worldwide, with more than 82 million COVID-19 cases and 1.8 million COVID-related deaths reported worldwide between March and December.

For the forcibly displaced, however, 2020 was an even more challenging year. The debilitating effects of the global pandemic only compounded the ongoing humanitarian crises fuelled mainly by conflict and violence but increasingly driven by the effects of climate change.

An all-time high of 235 million people required humanitarian assistance and protection in 2020, a 40 per cent increase compared to 2019 (UNOCHA). The pandemic became a crisis within a crisis for far too many of these already vulnerable people. According to the UNHCR, roughly a third of the record-breaking number of displaced persons, or 79.5 million people, were disproportionately affected by COVID-19.

DRC issued a global appeal for funds to respond to the COVID-19 crisis in April 2020 which was accompanied by strong advocacy efforts. Institutional and private donors responded by providing 72 per cent of the targeted funds, or USD 54 million. These funds enabled our support of over 4.8 million people via six refocused DRC programmes (Protection, Basic Needs, Economic Recovery, Water, Sanitation and Hygiene (WASH), Camp Management and Shelter and Settlements) in 34 countries. All in all, this was an impressive achievement that showcases the strength of multi-partnership engagement.

2020 was also the year in which DRC kicked off its 2021-2025 strategy process based on a thorough analysis of humanitarian trends. Central to this analysis are a growing funding gap, climate change that increasingly impacts displaced populations, deeper and

more protracted crises, and a shrinking humanitarian space. In response to these challenges, the refocused DRC strategy will concentrate on protecting the rights of people affected by conflict and displacement and ensuring their equitable social and economic inclusion. The strategy will be approved and launched in mid-June 2021. DRC made organisational changes in the autumn of 2020 to support its updated global strategy.

DRC completed a comprehensive sector review in 2020. In order to strengthen DRC's programmatic profile, quality, and coherence, five core sectors have replaced the existing ten sectors. Humanitarian Disarmament & Peacebuilding is one of these five and will henceforth encompass the Danish Demining Group's strong programme.

In 2020, DRC concentrated integration activities in Denmark to fewer thematic areas related to our core mandate and will in the future focus on services for new refugees who come to the country and for refugees and reunified family members who have lived in Denmark for a longer period of time. Areas of focus will be related to employment and integration into local communities and help to better thrive personally and as families. The phasing out of the entities of Lærdansk and Tolkeservice that had an unstable turnover and resulted in losses, continued according to plans and these entities will be phased out by the end of 2021.

The entire DRC organisation was deeply saddened by the tragic loss of three safety guards killed in the Tigray conflict in December 2020, and sends condolences to the bereaved families. This is a stark reminder of the very concerning trend that the safety risks for humanitarian aid workers are increasing globally.



Agi Csonka
Chair DRC Council



Charlotte Slente
Secretary General

Photo: Jan Grarup



Financial Management Review

Financial Management Review

Despite 2020's many challenges, DRC maintained an income level in line with recent years. The final income result of DKK 3.2 billion was on par with 2019. The final result for the year was a DKK 1 million profit which is an improvement of DKK 30 million compared to the 2019 result.

Although overall income has remained relatively consistent in recent years, DRC income related to integration activities in Denmark continued to fall and was 26 per cent lower in 2020 than in 2019. The decrease was evenly distributed across DRC's main integration activities, i.e., language schools, employment, and family support. Income from asylum and fundraising activities in Denmark did also show a decrease.

However, these decreases were offset by increased income related to DRC's international activities, which represent 91 per cent of DRC's overall activities. International operations achieved a positive result of DKK 30 million before investments. Initial concerns about the impact of the COVID-19 pandemic on funding proved to be unwarranted as operations embraced the flexibility options provided by donors to utilise funding for activities related to the pandemic. However, reduced travel activities and staff movement between operations did result in decreased expenditure and income. As the pandemic continues in 2021 and DRC's main institutional donors address its impacts, there is a risk that DRC's income could be negatively affected.

DRC's Executive Committee made the difficult decision to phase out loss-making Danish operations in the middle of 2020. This decision will result in the closure of Lærdansk (language schools) and Tolkeservice (interpreter services) by the end of 2021. These operations have been heavily affected by changes in Danish government policies related to asylum procedures and

integration, resulting in a significant decrease in funding. Lærdansk was further impacted in 2020 by fewer migrants entering Denmark due to COVID-19 travel restrictions and the suspension of classroom teaching. Lærdansk lost DKK 25 million in 2020, while Tolkeservice broke even.

When completed, the closure of these operations is expected to reduce DRC income by DKK 100 million annually compared to 2020. However, as these operations have not been profitable in recent years, the overall financial impact should be positive. Ongoing integration activities in Denmark, which continue with renewed focus, are expected to break even.

Implementation of DRC's ERP system, DRC Dynamics, continued in 2020, although training and support programmes had to be adapted to an e-learning platform due to travel restrictions. As staff learned to use the new ERP system in 2020, data quality was improved, underscoring the considerable benefits investment in the new system will continue to bring. This was also notable during the COVID-19 pandemic, as staff could continue to work in the web-based system without being physically present in DRC offices.

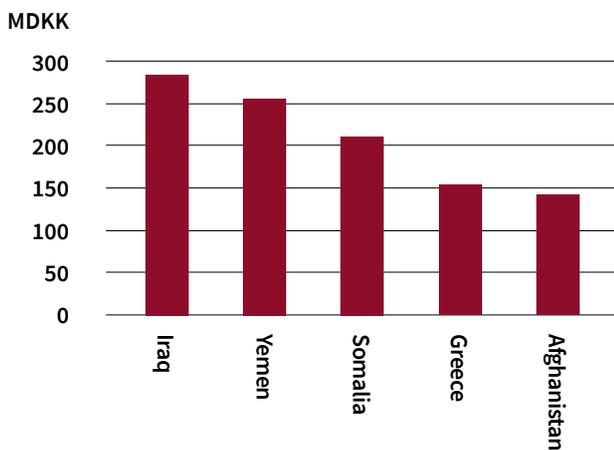
Currency volatility, which creates considerable financial risk for DRC, continued in 2020 and was further impacted by the COVID-19 pandemic. The major currencies in which DRC receives the bulk of its funding remained strong in 2020 against the local currencies in the countries where most of DRC's international operations take place, resulting in a positive impact on DRC's result of DKK 15 million from exchange rate gains.

There have been no events after the balance sheet date that would have a material impact on the analysis and commentary of this Annual Report.

DRC's International Humanitarian Activities in 2020 by Key Country

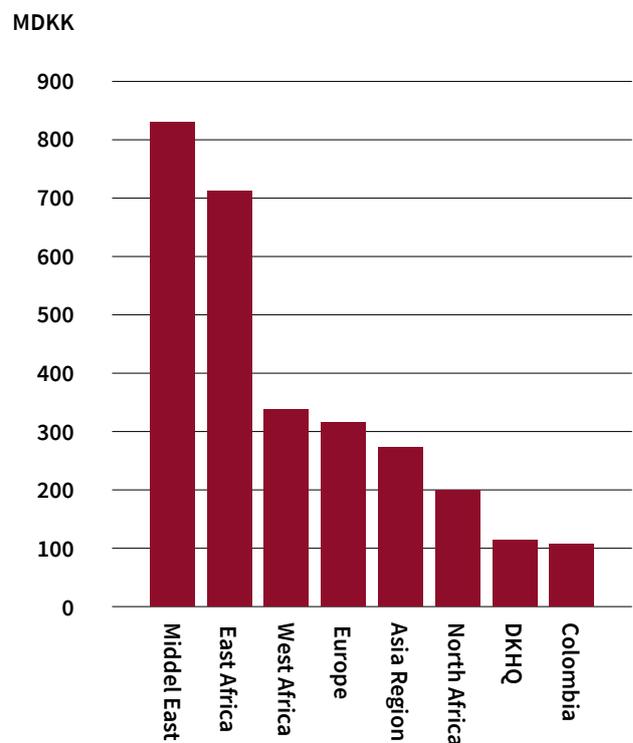
DRC's five largest country operations in 2020 were Iraq, Yemen, Somalia, Greece, and Afghanistan.

Table 1:
5 largest country operations, 2020



DRC's largest regions are the Middle East and East Africa, which together represented 53 per cent of total turnover in 2020. The smallest regions were Denmark, including DRC headquarters and DRC Integration, North Africa, and Colombia.

Table 2:
Turnover per region, 2020



Yemen

Yemen remains the world's largest humanitarian crisis. A full 66 per cent of the population, or 20 million people, require some sort of assistance and protection. DRC reached 900,000 of these people in 2020 through nine offices across the country, primarily through emergency interventions taking the most vulnerable into early recovery.

In 2020, the conflict intensified and increased the number of frontlines. An additional 172,000 people were displaced, bringing the number of internally displaced people (IDPs), the majority of which are women and children, to at least 4 million. The Yemeni economy and currency continued to deteriorate during 2020 as Yemen struggled to cope with outbreaks of diphtheria, dengue fever, cholera, and COVID-19.

In 2020, DRC Yemen launched the Cash Consortium of Yemen in collaboration with the Norwegian Refugee Council, ACTED, and the International Organisation for Migration to ensure a scaled-up, harmonised and cohesive cash assistance programme to the most vulnerable conflict-affected households in Yemen.

DRC Yemen also launched a capacity building project in 2020 to enhance the programmatic quality and scope, support systems, and resource mobilisation of national NGOs in Yemen. The initiative included efforts to improve the NGOs' capacity to apply for and manage institutional donor funding.

Bosnia and Herzegovina

Since mid-2018, the route via Bosnia and Herzegovina (BiH) has become one of the most travelled mixed migration routes in the Western Balkans. Almost 70,000 new arrivals from Afghanistan, Bangladesh, Pakistan, and other countries were registered by authorities between January 2018 and December 2020. While arrivals significantly decreased in 2020 largely due to the COVID-19 pandemic, reception and asylum management in BiH remains inadequate. Out of 10,000 migrants, asylum-seekers, and refugees arriving in 2020, 3,000 people – including families and children – were forced to live outside of official reception centres.

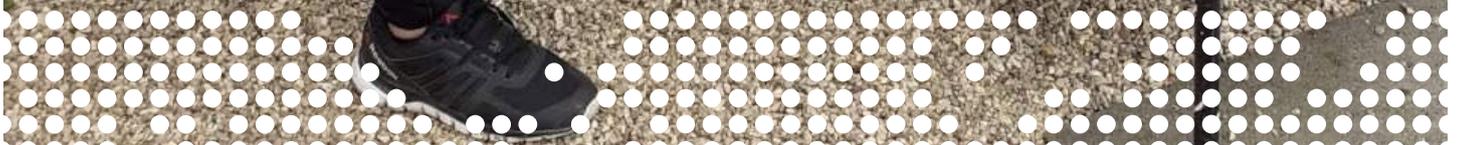
DRC delivers an integrated health and protection response in all reception facilities in BiH, ensuring immediate assistance (food, winter clothes, sleeping bags), equitable access to healthcare, mental health, and psychosocial support services (in partnership with Médecins du Monde Belgium) including support for survivors of sexual and gender-based violence. In 2020, DRC led COVID-19 activities in coordination with local health authorities and other humanitarian agencies to establish isolation areas, procure personal protective equipment, and develop protocols for screening, identification, and referral to healthcare. By the end of 2020, only 33 cases of COVID-19 had been confirmed in the migrant and asylum-seeker population in BiH.

DRC monitors and often observes violent pushbacks of people trying to cross the border from Croatia to BiH. In 2020 alone, DRC teams recorded 16,425 pushbacks from Croatia, including hundreds of so-called "chain pushbacks," which involve successive pushbacks from country to country. DRC's advocacy has played a key role in ensuring that the issue of rights violations in border management remains high on the agenda of key decision-makers within the European Commission.

Over the course of 2020, DRC in BiH significantly expanded the partnership with the Directorate-General for European Civil Protection and Humanitarian Aid Operations (ECHO) and established a strong partnership with the Swiss Agency for Development and Cooperation



Photo: DRC



Sahel

Liptako Gourma is the border area between the Central Sahel countries of Mali, Niger, and Burkina Faso. All three countries rank among the eight lowest in the Humanitarian Development Index, with Niger at the bottom. For years, the region has been plagued by complex crises linked to armed violence, insecurity, climate change, and weak governments.

In 2020, these crises deteriorated significantly in all three countries, including a coup d'état in Mali. The situation forced an increasing number of people to leave their homes, and the number of internally displaced has risen from 70,000 to 1.4 million over the past two years. Currently, 13.4 million people in the region need humanitarian assistance, and 6,600 people were killed in 2020. Gender-based violence and violence against children rose; the COVID-19 pandemic increased food insecurity.

In 2020, DRC played a central role in the technical consultations leading up to the international pledging conference co-organised by Denmark, Germany, ECHO and UNOCHA, which resulted in pledges totalling USD 1.74 billion. DRC and UNHCR co-hosted one of the official side-events of Project 21, an inter-agency protection monitoring platform covering the Central Sahel in general, and Liptako-Gourma in particular.

Project 21 has now begun to generate consistent qualitative and quantitative analyses of the protection situation at the regional level. It enables humanitarian actors to understand and document key needs, gaps, and risks. It supports evidence-based programming, improves cross-border and inter-agency protection coordination, and informs joint advocacy initiatives to ensure protection rights in conflict and displacements. The initiative has proven to be a great success and exemplifies how strong inter-agency collaboration can improve a coordinated, coherent, and informed humanitarian response.

Lebanon

On the afternoon of 4 August 2020, a massive explosion tore through Lebanon's largest port in the capital, Beirut. The blast killed more than two hundred people and injured five thousand more. Thousands of homes were rendered uninhabitable, and the disaster left more than 300,000 people homeless overnight.

This all occurred as the COVID-19 pandemic swept through Lebanon, a small country of only 6.8 million people that hosts the highest number of refugees per capita in the world, including 1.5 million Syrian and 0.5 million Palestinians. Even before the pandemic and the blast, Lebanon was on the verge of socio-economic collapse and the situation for both the Lebanese and many refugees was dire. The World Bank has estimated that more than 60 per cent of the Lebanese population lives below the poverty line. A recent World Food Programme survey revealed that one in five Lebanese families skipped meals or went without food for a whole day. Since September 2019, prices for essentials such as food and shelter have soared by 169 per cent, while unemployment has risen to 45 per cent.

In 2020, DRC's country operation in Lebanon delivered humanitarian assistance to 179,866 Syrian refugees and host communities responding to the Beirut port explosion. DRC also led the MADAD consortium, which has coordinated aid valued at EUR 14.5 million over 32 months with Mercy Corps, OXFAM, and the Lebanese NGO, Al Majmoua.

One of the most concerning findings of the latest vulnerability assessment for Syrian refugees in Lebanon is the sharp increase in the proportion of households living under the extreme poverty line: 89 per cent of Syrian refugees in Lebanon lived under the extreme poverty line in 2020, up from 55 per cent in 2019. The health sector suffers from the economic crisis and is hard-pressed to import medicines and pay health staff salaries. Many doctors left the country due to the current financial situation, and several hospitals were also seriously damaged in the Beirut explosion.



7,855

The Central African Republic

Although largely forgotten by the international community and global media, the Central African Republic (CAR) situation ranks among the world's top humanitarian crises in a country that occupies the second-lowest place on the Humanitarian Development Index. More than half of CAR's population, 2.8 out of 4.9 million, need humanitarian assistance, and 1.9 million are in extreme need. More than 700,000 people are internally displaced or recently returned refugees.

Despite a peace accord signed two years ago, widespread violence and crime continue to rage throughout the country. An estimated 1.1 million experience gender-based violence, and almost a million children need protection. DRC's 2020 protection activities assisted 261,000 IDPs, returnees, and host communities in a very difficult context. Widespread fraud, violence, and corruption make DRC country operations in CAR among the most challenging and expensive anywhere. Decades of conflict have ruined the country's educational system and have decimated its local professional capacities. DRC and other NGOs must therefore rely on more expensive international staff which institutional donors are reluctant to pay for. In 2020 DRC thus needed to contribute more than DKK 2.5 million from its own funds, the highest amount for DRC globally, to operate in CAR.

Again in 2020, DRC's Ligne Verte 4040 service in Bangui, CAR's capital, a free telephone hotline open 24/7 providing emergency assistance to victims and witnesses of human rights violations, proved successful. It added advice on COVID-19 in 2020. The hotline has handled 21,000 calls since 2013 and is an essential service in the country, especially when other programmes have to be temporarily suspended.



Ethiopia and Sudan: The Tigray Conflict

Armed conflict broke out between Ethiopia's Federal Forces and the Tigray People's Liberation Front (TPLF) in Ethiopia's Tigray region on 4 November 2020, resulting in people fleeing the area into the Amhara region and crossing the Sudanese border. The shutdown of all communication networks, the banking system, electricity, and markets resulted in the rapidly growing unavailability of essential food supplies and harmed the livelihoods and safety of both displaced people and host communities. The crisis exacerbated the already deteriorated situation caused by locusts, long-term displacement, and the impact of the COVID-19 pandemic.

DRC mobilised response in early December 2020 via an international emergency coordinator and a protection manager located in eastern Sudan. Nearly 50,000 refugees, including many children, had by then arrived at Gedaref and Kassala. DRC's response focused on life-saving assistance, including protection services, distribution of non-food items, and shelter and site management support in the remote Um Raquba Camp, which now hosts around 25,000 refugees.

DRC conducted a scoping mission in Amhara at the end of 2020, resulting in an emergency response programme comprising life-saving assistance and emergency protection to communities in Amhara and Tigray.



Bangladesh and Cox's Bazar

889,400 Rohingya refugees have fled Myanmar's Rakhine State due to violence and now live in what is considered to be the world's largest refugee settlement, Cox's Bazar in Bangladesh.

In 2020, 5,400 cases of COVID-19 were identified in the camp, forcing humanitarian actors to reduce their presence. Refugees and people in the host community have lost access to jobs and income due to lockdowns, leading to increased levels of child labour, gender-based violence, and intimate-partner violence.

Despite the challenges caused by the pandemic, DRC managed to provide emergency assistance to 76,970 people in response to COVID-19. This included cash assistance, hygiene kits, and personal protection equipment. DRC also supported 765 people with economic recovery in order for them to regain a livelihood potential lost under the pandemic. In response to the increased levels of child labour and gender-based violence, DRC assisted 665 children through individual case management, 530 adolescents received structured psychosocial support, and 217 lost children were reunited with their parents or caregivers. DRC is particularly proud of its role in establishing safe spaces for the Hijra (transgender) community in 2020 in its fight against gender-based violence, despite cultural barriers.

Syria

It is now ten years since the Syrian conflict began in March 2011 when protesters took to the streets as part of the Arab Spring protest movement sweeping across much of the Middle East and North Africa. More than 6.6 million Syrians have since fled the country. A further 6.7 million Syrians have fled their homes and are now internally displaced. Today, the situation continues to take a devastating toll on Syria's civilian population, including the approximately 300,000 displaced persons DRC supported through a multi-sector programme in 2020.

The outbreak of COVID-19 has created additional challenges for humanitarian organisations in Syria, including DRC. Government sanctions have limited banks' willingness and ability to transfer funds to Syria. The resulting liquidity issues since July 2020 forced DRC to temporarily downsize its country operations in Syria at the end of 2020.

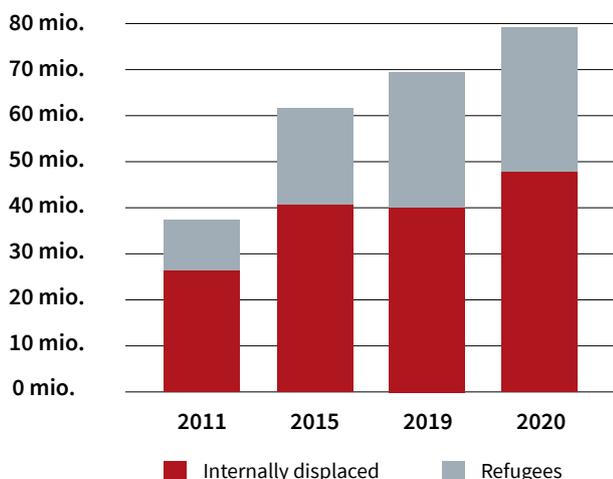
DRC has worked closely with Danida and other Danish humanitarian organisations to identify options for banks able and willing to transfer funds to Syria. This should allow us to scale up country operations in the beginning of 2021.

DRC Responds to Multiplying Displacement Challenges in 2020

The number of displaced persons increased significantly in 2020. The United Nations Office for the Coordination of Humanitarian Affairs (UNOCHA) predicts that a record 235 million people, or a decades-high one in 33 people worldwide, will need humanitarian assistance and protection in 2021 mainly because of conflicts, COVID-19, and extreme climate events. The near 40 per cent increase from 2020 is almost entirely due to COVID-19.

Globally, the number of forcibly displaced people more than doubled from 37 million in 2011 to 79.5 million at the end of 2019. Of these, 26 million were refugees, 45.7 million were internally displaced, and 4.2 million were asylum seekers.

Table 3:
Number of forcibly displaced people, 2011-2020



The figures indicate the number of refugees at the beginning of the year

As the world witnessed an unprecedented number of forcibly displaced people, changes in political environments increasingly threaten their safe access to asylum and protection. At the same time, people are displaced for ever longer periods of time, and protracted displacement is becoming the norm.

There are many barriers to durable solutions. These include restrictive legal and political environments in asylum countries that limit opportunities for local integration, resettlement, and premature (i.e. forced) return. What is more, when displaced persons do go home, they are often met by conditions that are not supportive of successful reintegration, including conflict, continued human rights violations, environmental degradation, eroded livelihood opportunities, gender inequality, and lack of services. Political sensitivities and increased negative perceptions towards the local integration of refugees and internally displaced persons further limit resettlement opportunities.

An estimated 1.8 billion people, or 23 per cent of the world's population, currently live in fragile contexts affected by recurrent conflicts. If no action is taken to address fragility and conflict and their root causes, an estimated 2.2 billion people will live in fragile contexts by 2030. More than three in four of the world's poorest already live in fragile contexts now.

Internal displacement is also on the rise. While 90 per cent of the world's internally displaced were displaced due to conflict and violence, climate change and environmental degradation are increasingly responsible for displacement and multiply the risks created by other drivers. Of the 33.4 million new internal displacements in 2019, 25 per cent were due to conflict and 75 per cent were due to natural disasters.

<https://www.unocha.org/global-humanitarian-overview-2021>
<https://www.unhcr.org/statistics/unhcrstats/5ee200e37/unhcr-global-trends-2019.html>

Strengthening efforts to combat climate change

Climate change and environmental degradation are among the defining crises of our time, and their impacts are unevenly skewed against the world's most vulnerable and marginalised. In light of this, DRC stepped up its ambition to respond to the global climate crisis and environmental degradation in 2020.

DRC's Climate Framework defines key priorities that go hand in hand with the strategies identified in DRC's strategy 2021-2025. By making climate change and environmental degradation strategic priorities, DRC acknowledges these as global phenomena that "increasingly interact with the drivers of refugee movements" (Global Compact on Refugees, 2018).

DRC Global Event on climate change, environmental degradation, and forced displacement

This year's DRC's Global Event on 25 November 2020 was dedicated to a first-of-its-kind exploration of the nexus of climate change, environmental degradation, and forced displacement. This recurring event is intended to provoke new thinking, share knowledge and new learning, and test innovative ways of working and engaging partners to reduce forced displacement.

The event involved experts, thought leaders, industry profiles, academia, public servants, NGOs, and students. At centre stage were strong voices such as Adil Najam (Boston University) and Mary Robinson (the Elders). This DRC Global Event sparked additional initiatives such as Hack4humanity, where students, hosted by DTU Skylab, took up the challenge of reducing humanitarian work's environmental footprint.

<http://www.oecd.org/dac/states-of-fragility-fa5a6770-en.htm>
(IDMC, 2020)



Addressing inequality and advancing inclusion

In 2020, diversity and inclusion in the humanitarian sector received renewed attention in the wake of the globalised Black Lives Matter movement and debates about systematic inequality in the aid sector. Respect for the human rights of all individuals without discrimination is a core DRC value.

In 2020, DRC issued recommended actions for implementing our 12 minimum standards on age, gender and diversity mainstreaming and hosted a series of

monthly inter-active webinars with staff on how to include diversity characteristics and facilitate inclusion in DRC's work.

The Secretary General established a Diversity and Inclusion Committee that will advise senior management on what is required to develop a more diverse and inclusive workforce and equip managers to design and deliver programming free of discrimination and inclusive of the people we are there to serve.



New efforts to engage civil society

A Global Civil Society Engagement Strategy <https://drc.ngo/our-work/what-we-do/civil-society-engagement-cse/our-work> was developed in 2020 in response to DRC's ambition to advance its civil society engagement locally. The strategy includes information about how DRC defines civil society, which civil society actors we want to engage with, minimum programming standards, and partnership principles.

In parallel, a Global Learning Initiative was launched to gather evidence on DRC's current engagement with civil society. The learning initiative will run until the end of 2021. Learning captured will further inform the strategic, programmatic, and operational direction of our work with civil society. DRC is also developing a monitoring, evaluation, and learning framework as a resource for country offices working with civil society, to be launched in 2021.



Trends in displacement

DRC carried out a thorough humanitarian trend analysis in 2020 to better understand the contexts and needs of the displaced and inform the 2021-2025 strategy. Accordingly, DRC has implemented a sector reform resulting in five new core sectors.

Trend 1: Growing number of conflicts, more displacement, and greater humanitarian needs

Crises and attendant displacements are increasingly long-lasting. DRC needs to adapt sustainable solutions that prioritise self-reliance and respect of rights in the long term rather than just emergency aid in the short term.

Trend 2: The COVID-19 pandemic exacerbates humanitarian needs

The pandemic has created a spiking crisis within an escalating crisis. There is a risk that donors will not want to fund more in the long run but will instead ask DRC to prioritise within existing funding.

Trend 3: Accelerating climate change disproportionately impacts the displaced

The effects of displacement are exacerbated by climate change. DRC has adopted a climate policy and is gradually carrying out programmatic adaptations and new modalities to meet the changing needs.

Trend 4: The humanitarian financing gap is growing, and alternative funding sources are needed

Displacement figures are growing, which necessitates a revised fundraising strategy to find more sustainable funding sources.

Trend 5: Increased digitalisation can support aid efforts and lead to new ways of intervention

Digitalisation services will enable DRC to reach more people more efficiently, so digital tools will be part of our programming now and in the future.

Trend 6: Humanitarian aid is increasingly politicised and physically threatened

Refugees and displaced persons are increasingly stigmatised and perceived as burdens rather than contributors to their own destinies and local communities. DRC will try to feature displaced persons more as part of the solution.

Trend 7: Direct funding of local actors remains at a persistently low level

Many local actors do a good job, and many donors prefer to support local actors directly. DRC needs to adapt our work more closely with locals to build local capacity through new, efficient cooperation models.

Trend 8: The integration of the humanitarian-development-peace nexus is growing

Humanitarian aid, development, and peace are all interdependent. To bring about sustainable solutions, DRC needs to engage in many more multi-sector partnerships and alliances.



DRC advocacy efforts 2020

In addition to our programmatic interventions, DRC has also consistently addressed these displacement trends through both public and private advocacy engagement with key stakeholders at both country, regional and global levels throughout 2020, including through engagement around humanitarian and political conferences and senior officials meetings (Afghanistan, Syria, Yemen, Sahel etc.), humanitarian briefings in Brussels and Geneva, policy papers, panel-debates, round-tables and op-eds, raising both the humanitarian needs on the ground as well as the changes in the policy environment which can improve the situation for the displaced, and the need to focus on root causes triggering conflict, right violations and displacement.

DRC's sector review and refocus

DRC has reviewed and revised its programme sectors to strengthen its programmatic profile and quality and increase clarity and coherence. DRC has thus reduced the number of active sectors from ten to five core sectors: Protection, Economic Recovery, Humanitarian Disarmament & Peacebuilding, Shelter & Settlements, and Camp Coordination & Camp Management. The core sectors were selected after thorough analysis and consultation and are based on the following selection criteria: needs, strategic relevance, external engagement, and DRC's existing capacity. Programmes will still be allowed to work within "local sectors" outside of these core sectors if this is justified by needs, in-country capacities, or partnerships. Humanitarian Disarmament & Peacebuilding will replace Danish Demining Group.



Protection



Economic Recovery



Humanitarian Disarmament & Peacebuilding



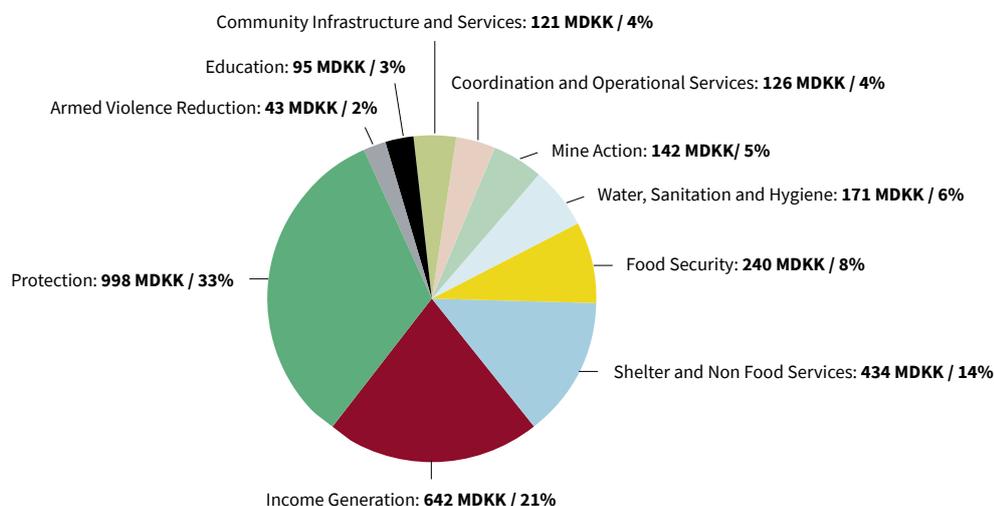
Shelter & Settlements



Camp Coordination & Camp Management

Using the old sector structure, the largest sectors in 2020 were Protection (33 per cent), Income Generation (21 per cent), and Shelter and Non-Food Services (14 per cent).

Table 4:
Sector size by old sector structure, 2020



In addition to the above figures, we have spent 187,621,685 DKK for services beyond our sectors described above.

DRC's Humanitarian, Fundraising and Advocacy Activities in Response to the Global COVID-19 Pandemic

The COVID-19 pandemic has worsened the already precarious situation of the world's displaced persons:

- Already exposed to many protection risks, the displaced faced new vulnerabilities that had to be mitigated by already overstretched humanitarian systems that were similarly challenged by new, COVID-19-driven operational constraints.
- Across all country operations, the basic needs of already marginalised displaced populations were severely affected by COVID-driven movement restrictions and other measures that reduced access to income and increased exclusion and stigmatisation.
- As protection space shrank worldwide, the scope and scale of human rights violations increased.
- Trustworthy information about the virus lacked in many places, leaving many displaced persons with little or no knowledge about safeguarding themselves and their families against COVID-19.
- Mitigating the impact of the pandemic was additionally challenged by mounting humanitarian needs, particularly among populations already vulnerable to conflict and displacement.

DRC's global COVID-19 fundraising appeal

In 2020 DRC sent out our first-ever global appeal. We managed to raise USD 54,118,113 in new contributions to our COVID-19 response, 72 per cent of the objective.

Donors included bilateral donors, most prominently the Government of Denmark, multilateral donors such as the EU and the UN, and private foundations.

Our bilateral donors provided the largest share of funding, with country governments responsible for USD 32,449,351. DRC also received substantial support from multilateral donors, with the UN partnering with our operations to the equivalent of USD 6,950,198, and the EU and its bodies collectively providing USD 4,727,022. Danish foundations also contributed significantly to DRC's efforts to reduce the impact of COVID-19, with Ole Kirk's Fond, Novo Nordisk Foundation, and Augustinus Foundation together donating USD 3,096,236.

DRC's humanitarian activities in response to the COVID-19 pandemic

The entire humanitarian sector's response to the COVID-19 pandemic, including DRC's, has been unprecedented.

More than 30 DRC country operations rapidly adapted their programmes to address the pandemic's new challenges. DRC quickly initiated a range of activities designed to support the vulnerable in the short and medium terms.

In total, DRC's global response to the COVID-19 pandemic in 2020 reached a total of 4.8 million people affected by conflict and displacement, including

- Close to 3 million people reached with protection services
- Over 1.8 million people reached with basic needs programmes
- Over 600,000 people reached with economic recovery assistance
- Approximately 2.7 million people in 27 countries were reached with timely and relevant information on COVID-19 and related protection risks.

DRC's COVID-19 Advocacy

The COVID-19 pandemic has exacerbated existing vulnerabilities of displaced communities and others facing humanitarian crises. Since the outset of the pandemic, DRC has advocated that these already at-risk populations do not face even greater barriers to a dignified life and access to rights because of the pandemic.

The key points of DRC advocacy are as follows:

- Access to asylum and protection must not be limited by emergency measures due to COVID-19.
- Displacement affected populations and other vulnerable groups must have access to rights and a life in dignity throughout and beyond the pandemic. This includes equitable access to information, basic services, and humanitarian assistance.
- Refugees, asylum seekers, internally displaced persons, and migrants must be included in national response and recovery plans and vaccination programmes.
- Protection and economic recovery activities must be scaled up to prevent complete erosion of livelihoods and to mitigate the worst consequences of the crisis. The resilience of communities and their ability to sustain themselves both during and after the COVID pandemic must be preserved.
- Donor governments must flexibly adjust their funding to meet the needs of crisis and displacement affected persons.
- Assistance must be evidence-based. Data collected by DRC and others during the pandemic make clear that populations are affected differently. Such evidence should be utilized to inform the continued collective response and recovery phases.
- Global crises require global responses. Governments should ensure that their responses strengthen global collaboration and solidarity through continued operationalization of the Global Compact on Refugees and the Global Compact for Migration.



Photo: DRC

Learning from the COVID-19 pandemic

A global learning review identified the challenges that we as an international organisation face in managing the pandemic's risks to staff well-being while remaining true to the principle of "stay and deliver" – also in acute humanitarian crises where any slowdowns or operational reductions would directly affect lives.

The review also revealed how established crisis management tools had to be adapted from a single- or multi-country focus to a truly global scale, and how the systematic introduction of additional tools such as programme criticality analysis helped this adaptation. While identifying where DRC could strengthen its internal mechanisms, the learning review also demonstrated DRC's impressive ability to adapt and adjust operations to a new reality very quickly.

Furthermore, the report brought to light how the shift to remote and electronic modalities has significantly changed much of DRC's programming. For example, while these modalities enable operations to remain active in engaging people of concern, they also often

increase the organisational workload as individual interactions are harder to establish virtually and not always as effective as their face-to-face alternatives. Remote modalities also raise concerns of not reaching people who do not have access to phones or other means of remote communication.

In Denmark, DRC gained new insight into the consequences of the COVID-19 pandemic for displaced and minority populations, particularly children, who face the additional challenges of limited or no Danish language proficiency, anxiety, isolation, and re-traumatisation. DRC Integration launched an awareness campaign with online information and hotlines in multiple languages to support as many as possible. Many integration activities continued virtually, and even some face-to-face counselling sessions for families continued where feasible. DRC's presence at asylum centres and detention facilities continued as well. At the same time, the use of video and phone counselling increased, particularly at locations where high case numbers were reported.





Our work in Denmark

The new DRC Integration

DRC has led integration efforts and advocated for refugees and displaced persons in Denmark since 1956. Major changes in Denmark's integration activities during recent years have also affected DRC. Therefore, DRC decided in 2020 to close two business entities: Lærdansk, our Danish language services, and Tolkeservice, our interpreter services, both of which had unstable turnover, resulted in losses, and were increasingly aimed at foreigners other than the DRC's core target group of refugees and reunified family members.

In future, DRC will concentrate on integration activities related to our core mandate: A dignified life for refugees and displaced persons. We will continue to provide integration services to the few refugees who come to the country and to the many refugees and reunified family members who have lived in Denmark for a long period and still require assistance with employment or integration into the local community or need help to better thrive personally and as families. Our portfolio of services will thus focus on fewer activity areas.

As of 1 September 2020, DRC gathered all integration services within Children & Families, Employment, Knowledge & Development, and Volunteer under one name: DRC Integration, which provides Denmark's most extensive integration services portfolio. A new website, www.DRC.ngo/integration, now provides one-stop access to DRC Integration and DRC's comprehensive knowledge regarding the integration of refugees and reunified family members.

Lærdansk (Danish language tuition for foreigners)

Lærdansk had contracts with ten Danish municipalities in 2020. The planned closure meant that agreements with four of these municipalities expired at the end of 2020 and that the other six will expire in 2021. Lærdansk carried out virtual lessons while most of Denmark was closed down due to COVID-19. After fees for self-supporting students were dropped by the government during the summer of 2020, the number of students increased in the autumn of 2020.



Photo: Frivillighøjens Nythaver
på Syrenbækken i Nørresundby

Table 5:
Number of Lærdansk students, 2020

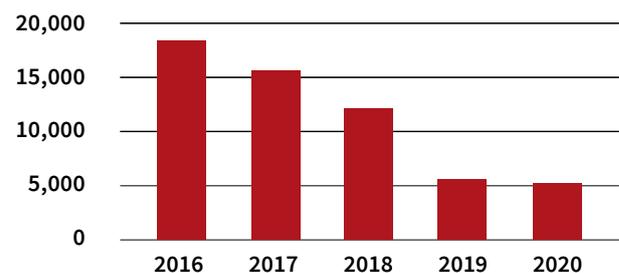


Table 6:
End dates for Lærdansk contracts and leases, 2020-2022

Region	Favrskov	Herning	Nyborg	Næstved	Odense	Ringkøbing Skjern	Ringsted	Svendborg	Syddjurs	Thisted
Contract	31.12.20	30.04.21	31.03.21	31.12.20	31.12.21	31.12.20	31.12.20	31.12.21	30.06.21	31.03.21
Lease	31.07.22	30.04.21	31.03.21	31.12.20	31.01.22	31.12.20	31.01.21	31.12.21	01.09.21	31.03.21

Tolkeservice (Interpreter service)

In 2020, DRC's interpreter service handled 50,854 interpretations and maintained framework agreements with 31 municipalities. Activity levels in 2020 remained similar to 2019, primarily because of increased activity in Copenhagen. The Danish Agency for Patient Safety (COVID-19 tracking department) also became a new customer in 2020. While one framework agreement, with Horsens Municipality, concluded in 2020, the others will not end until 2021, which is why the closure of DRC's interpreter service will not take effect until 2021.

Employment

In 2020, 781 people participated in DRC Integration's employment programmes, a 36 per cent decrease compared to 2019. While the reduced activity is mainly due to the loss of a large contract with a municipality that decided to take over all external processes, the COVID-19 pandemic also had a negative effect. DRC carried out some employment activities virtually, and we thus succeeded in maintaining some tasks for the municipalities despite the lock-down.

Children & Families

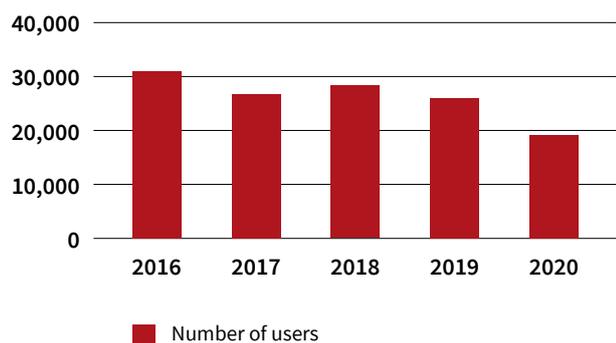
Children & Families worked on 111 cases in 19 municipalities throughout Denmark in 2020. The 23 per

cent decrease in the number of cases compared to 2019 was partly due to a reorganisation of efforts resulting from the declining number of refugees in Denmark. To improve financial results, Children & Families concentrated its efforts in the second half of 2020 on the large municipalities of Copenhagen and Odense, with which DRC Integration has supplier agreements. This concentration resulted in phasing out Children & Families' activities in Jutland and the rest of Zealand. Furthermore, all residential facilities for unaccompanied minors have been closed. The most vulnerable refugee families are exempt from the general shutdown of activities due to COVID-19. DRC Integration's family therapists continued to support families in their daily challenges and health guidelines implementation.

Volunteer

In 2020, 19,731 people used one or more of the DRC volunteer offers supported by a Finance Act grant from the Danish Agency for International Recruitment and Integration under the Ministry of Immigration and Integration. This is a decrease of just over 25 per cent compared to 2019. The likely explanation for the decrease is the closure and the significant restriction of the number of participants in activities with physical attendance due to COVID-19.

Table 7:
Development in number of users of voluntary activities, 2016-2020



The number of volunteers decreased 18 per cent in 2020 from 7,383 to 6,910, most likely because volunteers were concerned about the risk of COVID-19 infection. Furthermore, when DRC launched a new volunteer database in 2020 to improve administrative security, including GDPR compliance and child certificate confidentiality, only active volunteers were transferred.

The value of volunteers' support is considerable and amounts to DKK 63,572,000, which represents 6,910 people working two hours a week in 46 weeks per year.

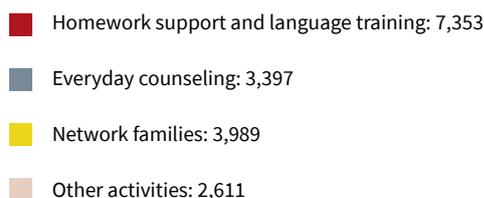
Table 8:
The value of voluntary work, 2020



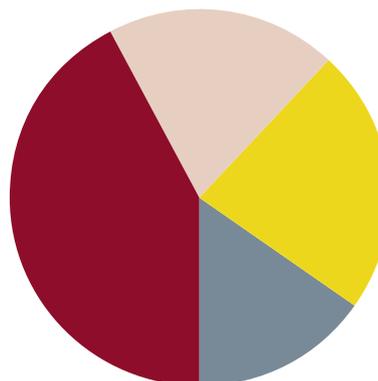
The Volunteer department experienced the need to digitalise some of DRC Integration's physical offerings, as more children and young people no longer had the opportunity to participate in physical activities during the COVID-19 lock-downs. DRC Integration, there-

fore, set up a Facebook group where children, young people, and adults with a refugee background could receive homework help online. After a few months, the site had about 1,200 members and 60 volunteers. "DRC Lektiehjælp Online" (DRC Online Homework Help) is high-quality, effective, and quick, and has proven to have great potential. DRC Integration has thus chosen to continue its online homework help on a regular basis. Based on this positive experience, DRC Integration has established a similar online offer where adults from all over the country can get help to practice Danish. DRC Integration's Facebook group, "DRC Sproghjælp Online" (DRC Online Language Help), provides language training for adult refugees pursuing a Danish education, having difficulty with the Danish language, or simply wanting to practice Danish more often. Users are connected to volunteer language trainers, who help them practice Danish for an agreed period. Homework support is the largest activity.

Table 9:
Volunteer activity users, 2020



Number of volunteers in 2020: 6,910
Number of voluntary activity users in 2020: 19,731



DRC Integration has conducted several studies among volunteers and refugees that document growing insecurity among refugees due to Denmark's increasingly restrictive legislation regarding immigration and integration. Public focus in 2020 on the revocation of residence permits further sharpened refugees' need for support in communication with Danish authorities. In 2020, Volunteer thus tested a refugee assistance programme in Zealand. This counselling service, now available throughout the country, aims to support refugees by preparing them for and accompanying them in interviews with authorities, helping them to ask in-depth questions, and helping them to understand decisions.

Knowledge & Development

Knowledge & Development had to reorganise most of its training and seminar activities from physical meetings to virtual webinars in 2020. Despite this new meeting form, 2,026 practitioners participated in 106 professional events. The department also held municipal network meetings in which about 70 municipalities participated.

Knowledge & Development started a major innovative project with the Poul Due Jensen Foundation in August 2020. Over the next two years, the project will develop a social investment model for financing integration and social work in Danish municipalities. The model will be developed around an employment effort for vulnerable refugees in Herning and Viborg municipalities.

Knowledge & Development and Als Research, a Danish research company, received a donation of DKK 2.6 million during spring from the Novo Nordisk Foundation to establish a hotline with information about COVID-19 in minority languages. The hotline ran from 6 April to 8 June, offering phone and chat consultations in 26 languages seven days a week. DRC also provided information on COVID-19 in 26 languages on www.coronadenmark.dk. The website had almost 10,000 visitors during the period, and the chat and hotline received 870 inquiries.

The hotline reopened on 1 December with funding from the Ministry of the Elderly and Health in close

collaboration with the National Board of Health. The phone and chat services in 12 minority languages, which also provided information on COVID-19 vaccinations, were open for two hours daily, seven days a week. There was an average of 120-140 inquiries per week.

Knowledge Center for Vulnerable Refugees, part of the Knowledge & Development, released several publications in 2020:

- "Information on the extension and revocation of residence permits," an information booklet for refugees in Danish and Arabic
- "Refugee Law," a handbook for professionals containing relevant legislation regarding refugees in Denmark
- The papers "Gender equality in refugee integration work" and "Information and support for citizens with refugee and immigrant backgrounds during crises such as the corona pandemic"



Asylum work in Denmark

DRC's Asylum Department provides legal aid services to asylum seekers throughout the Danish asylum procedure. This includes return counselling regarding the options available to rejected asylum seekers and repatriation counselling for refugees and immigrants

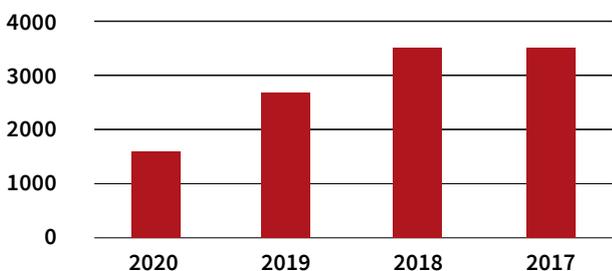
Photo: Rafeel Alyasser / DRC



who hold a residence permit but wish to return voluntarily to their home country.

The number of asylum seekers in Denmark fell from 2,716 in 2019 to 1,547 in 2020. This decrease was in part due to the worldwide COVID-19 pandemic. As a consequence, the number of cases processed in the Dublin procedure also fell. The Dublin procedure is an EU regulation whose objective is to ensure that asylum seekers arriving in the EU get fast and effective access to the asylum procedure in one – and only one – EU member state. Since 2014, DRC has provided legal representation to asylum seekers in Denmark regarding the Dublin procedure to ensure due process of law. In 2020 DRC represented 123 asylum seekers in this procedure, a significant decrease from the 211 cases in 2019. The increased complexity of these cases is reflected in the growing number of cases that are referred to a full board hearing at the Refugee Appeals Board.

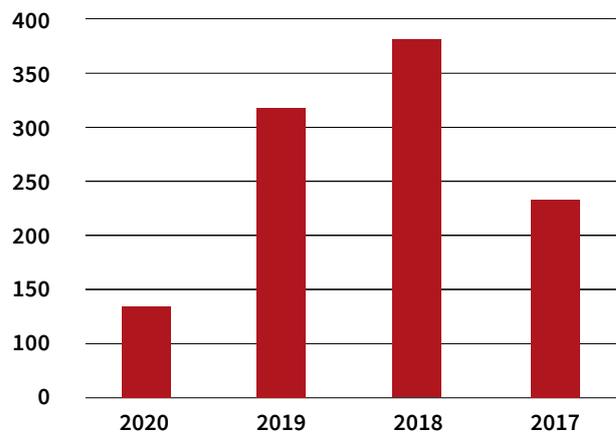
Table 10:
Number of asylum applications to Denmark, 2017-2020



DRC processed 136 manifestly unfounded asylum procedure cases in 2020, a significant decrease compared to previous years. The decrease in such cases is explained by both the lower number of asylum

seekers in total and by fewer asylum seekers coming from countries typically involved in this procedure. The majority of asylum seekers who were processed in the manifestly unfounded procedure in 2020 were from Georgia, Morocco, Ukraine, and Albania. When the Danish Immigration Service considers an application to be manifestly unfounded, the asylum seeker is prevented from appealing to the Refugee Appeals Board. In such cases, DRC conducts an interview with the asylum seeker and can veto the choice of procedure. In case of a DRC veto, the case is referred back to the normal procedure including the right of appeal to the Refugee Appeals Board. DRC plays a vital role in the manifestly unfounded procedure to ensure due process of law.

Table 11:
Number of cases in the manifestly unfounded procedure, 2017- 2020



In addition to legal aid services, DRC prepared three country of origin reports: the first on female genital mutilation (FGM) in Somalia, the second on honour-related crimes in Iran, and the third on Afghan wo-

men. DRC also participated in a fact-finding mission to Georgia with the Danish Immigration Service. Country of origin information is needed in asylum cases to assess the risk of persecution or other serious harm. DRC's Asylum Department has extensive experience in collecting and assessing country of origin information.

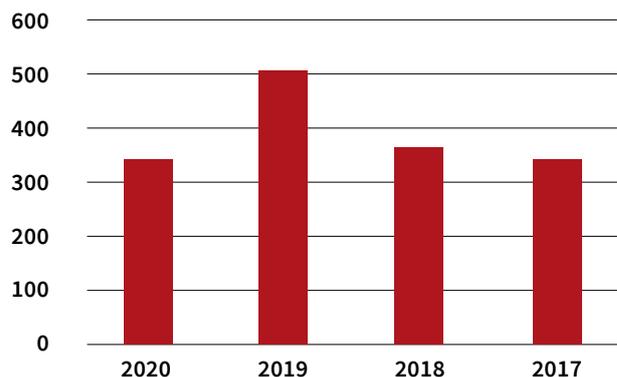
DRC provides impartial and non-directive counselling to rejected asylum seekers to empower them to make informed decisions about their future. Over the years, reintegration programmes have been established in a number of return countries, either through the authorities or directly through DRC's partnership with European Reintegration Support Organisations (ERSO), an NGO network which works with local NGOs to provide reintegration support to returnees in more than 30 countries. In 2020, DRC signed a contract with the Danish authorities to provide reintegration support to victims of human trafficking. DRC's return counselling contract with the Danish Immigration Service was terminated as of 30 September 2020, and a new and smaller contract was signed with the new Return Agency. DRC continues to provide return and reintegration counselling to returnees throughout Denmark but has had to reduce the number of days and counsellors present at reception and departure centres due to the reduced scope of the contract. DRC initiated 441 new counselling sessions with rejected asylum seekers in 2020; supported 91 persons seeking reintegration support through a reintegration partner; and provided funds for minor purchases to 54 vulnerable persons who were not eligible for reintegration support or were returning to a country with no reintegration partner to improve the likelihood of a dignified and sustainable return.

Repatriation

Pandemic-related travel restrictions decreased the number of persons who returned voluntarily from Denmark to their home country (or country of former residence) in 2020. However, COVID-19 did not affect the number of inquiries from refugees, immigrants, or staff from Danish municipalities.

DRC repatriation advisors answered close to 8,000 phone calls and emails concerning questions about the repatriation process, initiated 710 new cases, and carried out more than 2,100 counselling sessions. In 2020, 349 refugees and immigrants, 137 of whom were Syrians, received economic support according to the Danish repatriation act. International sanctions have resulted in serious and increasing challenges related to transferring economic support via banks to persons repatriated to Iran and Syria. DRC advocates for solutions to these challenges with the Ministry of Immigration and Integration and other stakeholders involved in repatriation work in Denmark.

Table 12:
Number of persons who have repatriated, 2017-2020



Private Fundraising and Partnerships

One of the most significant trends in the humanitarian sector is the rapidly growing gap between available funding and the funding needed to cover increasingly protracted crises and the growing numbers of forcibly displaced people. More funding from various sources and more long-term funding are becoming pivotal to support sustainable humanitarian action and development.

Therefore, it was very positive that 2020, against all odds during the pandemic, was one of the most successful years ever for private fundraising. Fundraising targets for private foundations and private individuals were exceeded.

Revenue from private fundraising increased from 2019 to 2020. This was primarily due to new recruitment concepts and loyalty programmes for new and existing private donors. The pandemic left many families at home and therefore easily accessible when phoned called them to ask for donations for various activities.

DRC received DKK 109 million from private foundations in 2020 compared to DKK 32 million in 2019.

DRC's national door-to-door collection, the largest annual single campaign, contributed DKK 4.5 million DKK in 2020 compared to DKK 12.3 million last year. This drop can be attributed to digital rather than physical door-to-door collection due to COVID-19 restrictions. The reduced income was almost offset by other campaign activities and reduced campaign development costs.

Investing in private fundraising since 2017

DRC initiated a three-year investment programme in 2017 to generate more unrestricted and flexible donations. The investment programme has proven to be a major success. In three years, the initiative has generated close to DKK 70 million. The investment programme has established a database of more than

160,000 individual donors, 50,000 of whom donate regularly.

International private fundraising pilot

To pursue new unrestricted funding streams, DRC initiated a private fundraising pilot outside of Denmark in 2019. To date, the pilot programme has attracted approximately 40,000 individual private donors around the globe who support DRC activities.

Private foundations

Private foundations are increasingly keen to advocate for displaced persons and solve the complex and protracted challenges they face. Multi-stakeholder partnerships are increasingly important in this regard. DRC kicked off a major partnership with Novo Nordisk Foundation in 2020 when the Jordanian government approved the RYSE (Resilient Youth, Socially and Economically) project that will provide young Syrian refugees and vulnerable young Jordanians with better opportunities for education and employment. The partnership includes other NGOs that work together as a consortium. With a DKK 120 million grant authorised in early 2020, DRC will play a role in an improved ecosystem that will try to raise more funds from the private sector, the Jordanian authorities, and other institutional donors.

DRC has worked closely with Ole Kirk's Fond for several years on the Global Emergency Relief Pool, which releases funds within 72 hours to allow DRC to be first responders in the most critical phases of a humanitarian crisis. In 2020, Global Emergency Relief Pool funds primarily helped DRC react quickly to the COVID-19 pandemic and provide much-needed aid quickly in response to the blast in Beirut.

In 2020 DRC also piloted a project that reaches out to more international foundations as part of our efforts to bring more international players on board to secure funding.

Photo: DRC / Mohammad Rakiul Hasan



Employee Focus

DRC works to ensure that all employees feel they can bring their whole selves to work and be respected and appreciated as valuable team members.

In 2020, DRC made progress in implementing its commitments to fairer and more equitable compensation and benefits for all employees according to the Principles and Standards of INGO Fair Reward. Minimum standards for national employees in DRC's international operations were agreed upon by management. When implemented over the next two years, these standards will create greater equity in key benefits between expatriate and national staff in international operations, particularly regarding maternity and paternity leave, health insurance, and psychosocial support.

In response to lessons learned during the COVID-19 crisis, which revealed discrepancies in the support offered to national employees, DRC conducted a global tender to identify a suitable partner to provide psychosocial support to employees in international operations. After a competitive process, DRC established a partnership with the KonTerra Group to offer

an employee resilience programme to all expatriate staff, with the option for country offices to "opt in" to cover national staff. The programme was launched 1 January 2021, by which time eight DRC operations had already signed on.

DRC was a member of the steering group for the 2020 Core Humanitarian Standards (CHS) Alliance Humanitarian HR Conference in November 2020. The conference focused on diversity and inclusion in the humanitarian sector and the future of work after the pandemic. DRC led three sessions during the conference: the long-term impact of COVID-19 on employee well-being, how organisational design can reinforce discrimination, and learning from the COVID-19 response.

DRC HR organised its first-ever global DRC HR Conference in December 2020. The conference focused on how HR can support greater employee inclusion in DRC and will result in a toolkit on how to identify and address unconscious bias in DRC's people processes, and how to support greater inclusion of employees at all stages of the employee lifecycle.



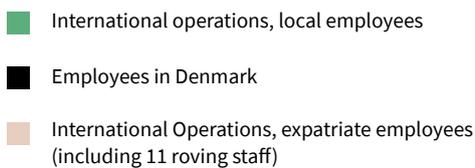
Photo: Mohammad Rakibul Hasan

Our Workforce

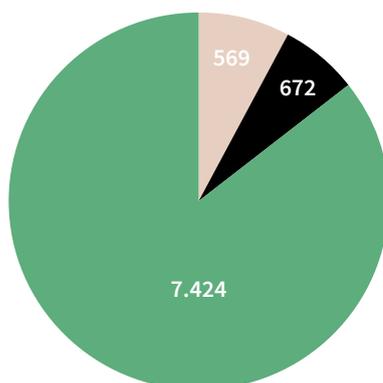
The total number of DRC employees in 2020 was 8,885. Of these, 7,424 were national employees in country operations, 569 were expatriate staff, and 672 were employed in Denmark, either in HQ or local Danish operations. The total number of full-time equivalent employees in Denmark was 596. DRC has also deployed around 113 stand-by and resettlement roster staff. DRC employs people representing more than 100 nationalities.

More than 217,000 applied for 2,519 advertised DRC positions in 2020.

Table 14:
Employees total, 2020



Note that the table for local employees in international operations indicates number of employees, while the other figures indicate full time equivalent (FTE).



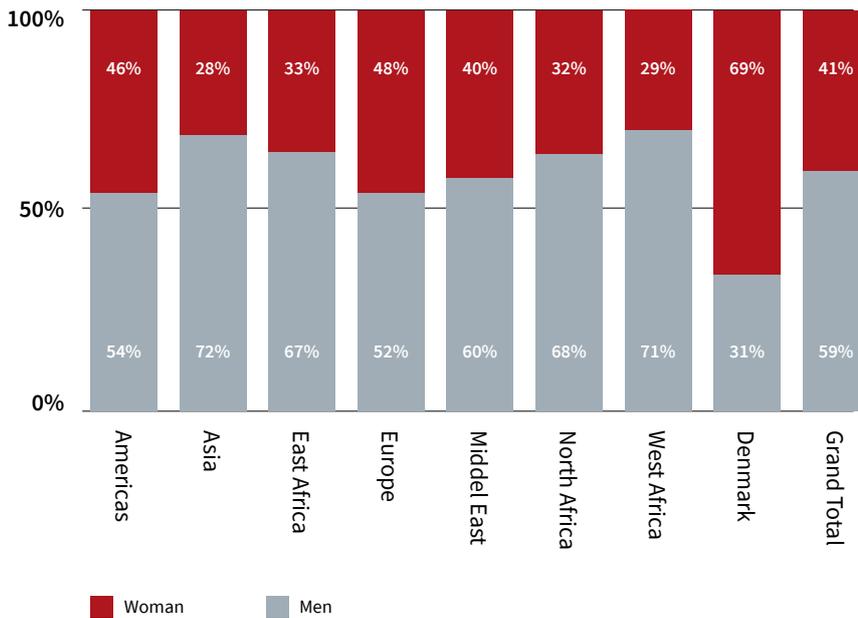
East Africa and Great Lakes is the largest regions in terms of headcount, closely followed by the Middle East.

Table 15:
Employees by region, 2020

Employment Type Region	Expatriates Number	%	Employed Nationally Number	%	Total
Asia	63	4.90%	1,224	95.10%	1,287
East Africa (EAGL)	134	6.14%	2,047	93.86%	2,181
Europe	40	5.28%	718	94.72%	758
Latin America and the Caribbean	22	6.61%	311	93.39%	333
Middle East	130	7.25%	1,663	92.75%	1,793
North Africa	63	14.32%	377	85.68%	440
West Africa	106	8.91%	1,084	91.09%	1,190
Total	558	7.63%	7,424	92.37%	7,982

DRC strives to maintain a balance between female and male staff.

Table 16:
Employees by gender, 2020



Employee development

DRC's internal and external employee development resources gained traction in 2020. The trend goes hand-in-hand with the organisation's investment in expanding the learning and development team. Ongoing promotion of the available learning resources doubled the usage of our internal learning platform, which recorded a total of 7,608 enrolments in 2020.

Well-being

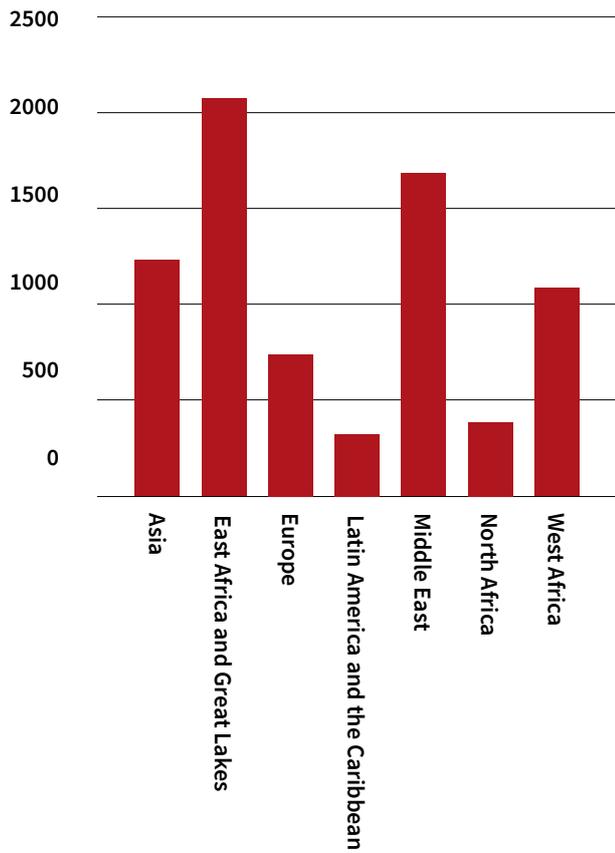
The well-being of our employees was an ongoing priority throughout 2020. While some new initiatives to improve the overall well-being of DRC employees were introduced during the year, the greatest focus was on supporting employees in the extraordinary circumstances brought on by the COVID-19 pandemic.

Employees leaving DRC are asked to complete an exit survey, and we received the results of 1,003 such surveys in 2020 in English, Danish, French and Spanish. About 80 per cent of employees leaving the organisation would recommend DRC to others, and about 92 per cent were satisfied with DRC as an employer.

People analysis

After digitalising many support-function processes, HR is now able to create better people analyses. Employee master data reveals that five out of six DRC employees are national staff working in international operations. The trend of hiring employees on fixed-term contracts, in line with how the organisation secures funding, continues. Currently, 75 per cent of all employees are hired on a fixed contract. Overall employment turnover was 36.35 per cent.

Table 17:
Locally employed staff in international operations, 2020



Risks

The COVID-19 pandemic had significant operational and financial consequences for DRC's activities in 2020 and posed an unprecedented risk to DRC's operational setup from a health and safety perspective, programmatically, legally, and financially. The pandemic amplified all of the other risks stated below.

Operational Risks

DRC always upholds its duty of care towards our staff and beneficiaries. During the pandemic, mitigating safety and security risks impeded access to our beneficiaries. Fortunately, no major outbreaks among staff occurred in 2020, and DRC country teams managed to adjust programmes to include COVID-19 prevention activities while continuing life-saving activities. The unpredictability of COVID-19, including vaccination rollouts, is expected to present DRC with financial, safety, and programmatic uncertainties into 2021 and beyond.

Unstable social and political conditions prevail in many of the countries where DRC operates affecting the efficiency with which many projects can be implemented. It may be difficult, for example, to gain physical access to the areas that need help, or even transfer needed funds to local banks. Operating in such environments requires a significant management focus on project planning and implementation. This indicates the need for DRC to further solidify, clarify, and refine our operating standards.

DRC also faces risks of fund scarcity and restricted funds in 2021. Driven by the pandemic, political and economic landscapes remain unpredictable, which also influences international donors. When global GDP growth rates are expected to fall, a direct drop in humanitarian funding for displaced populations can be expected. All this presents DRC with the risk of reduced income and greater reliance on restricted funds. These agreements do not always take into con-

sideration that funds are needed to cover increased expenses caused by inadequate infrastructure, staff shortages, or difficult access to relevant areas. Consequently, there is a risk that DRC will have to pay certain administrative expenses out of its equity.

Another risk that increased across the world in 2020, and not just for DRC, was cybersecurity. This risk includes the threats of system breakdowns, significant financial loss, and the compromise of sensitive data. This global trend appears to be on the rise, and it will require resources to limit the vulnerability of DRC's IT systems.

In early 2019, DRC implemented a new enterprise resource planning (ERP) system, DRC Dynamics, throughout the global organisation. Implementation continued in 2020, overall was progress made, and fewer issues were experienced than in 2019. However, DRC still needs to further develop and refine its usage of DRC Dynamics. Inadequate or incorrect entries to the ERP system have led to uncertainty regarding the breakdown of certain financial statement items at the end of the 2020 finance year. This is described in more detail in Note 17.

Reputational Risk

Although DRC has detailed ethical guidelines for staff and volunteers, harm to beneficiaries caused by unethical behaviour or error by DRC staff remains an imminent risk in any operational context.

Preventing and reporting misconduct is always a high organisational priority, and DRC management dedicates special attention and resources to detecting and addressing serious cases of misconduct through DRC's complaints mechanism, the DRC Code of Conduct Mechanism. Management maintains an ongoing dialogue with donors and ensures compliance with the highest standards.

Financial Risks

DRC's extensive international operations are often influenced by fluctuating exchange rates and uncertain banking and transfer terms and conditions. Donor funds are often received at a different time than when they are used. In the intervening time, DRC bears most of the risk of exchange rate fluctuations. Growing instability in the global economic environment will increase this risk.

Liquidity is a focal point for DRC, not least because the losses sustained in the past financial years have reduced equity while operations have increased. DRC further improved procedures for monitoring and controlling liquidity in 2020.

Legislative Risks

DRC works in many countries where legal frameworks are unclear or where laws can change significantly at short notice and even retrospectively. Therefore, it

may sometimes be difficult for DRC to observe all current regulations. Because of this, DRC incurs resulting financial risks. These risks have grown in recent years, particularly with respect to the frameworks governing labour law and personnel taxation.

Other legislative risks of particular concern in 2020 relate to the unintended consequences of sanctions and/or counter-terrorist legislation levelled against countries where DRC operates. The unfortunate global trend of financial institutions and banks "de-risking" their activities or disengaging their commitments to provide services in several countries under sanctions, was of special concern. This trend has very tangible consequences for DRC and other humanitarian actors as well as the sanctioned countries, as it impedes the ability to transfer funds for humanitarian activities into sanctioned countries, essentially limiting humanitarian access to people who need our assistance the most.



Statement by Management on the Annual Report

The Executive Committee and the Executive Management Team have today considered and approved the Annual Report of the Danish Refugee Council for the financial year 1 January – 31 December 2020.

The Annual Report has been presented in accordance with the requirements of the bylaws, the accounting provisions of the Danish Financial Statements Act governing reporting class A entities subject to the adjustments caused by the special nature of the Organisation, and ISOBRO's financial reporting guidelines for fundraising organisations.

Because of the implementation of a new ERP system on 1 January 2019, the calculation of certain financial statement items and the cash flow statement are subject to uncertainty.

In our opinion, the financial statements give a true and fair view of the Organisation's financial position at 31 December 2020 and of the results of its operations for the financial year 1 January – 31 December 2020.

We also believe that business procedures and internal controls have been established to ensure that the transactions covered by the financial statements are in accordance with appropriations granted, legislation and other regulations, and with agreements entered into and usual practice, and that due account has been taken of financial considerations in the management of the funds and operations covered by the financial statements.

In addition, in our opinion, systems and procedures have been established that support financial prudence, productivity, and efficiency.

Furthermore, in our opinion, the management's review provides a fair review of developments in the Organisation's activities and financial position and a description of the special risks that can affect the Organisation. The Annual Report is recommended for adoption by the Annual Council Meeting.

Copenhagen, 12 May 2021

Charlotte Slente
Secretary General

Anne Mette Barfod
Chief Financial Officer

The Executive Committee of the Danish Refugee Council

Agi Csonka
Chair

Kim Simonsen
Vice Chair

Sophie Rytter

Bettina Bach

Mette Fejfer

Peter Kellermann Brandorff

Juliane Marie Neiiendam

Ulla Næsby Tawiah

Independent Auditor's Report

To the Council and the Executive Committee of the Danish Refugee Council

Qualified opinion

We have audited the financial statements of the Danish Refugee Council for the financial year 1 January – 31 December 2020, which comprise the income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies. The financial statements are presented in accordance with the requirements of the bylaws, the accounting provisions of the Danish Financial Statements Act governing reporting class A entities subject to the adjustments caused by the special nature of the Organisation, and ISOBRO's financial reporting guidelines for fundraising organisations.

In our opinion, the financial statements, except for the possible effect of the matter described in the "Basis for qualified opinion" section, give a true and fair view of the Organisation's financial position at 31 December 2020 and of the results of its operations and cash flows for the financial year 1 January – 31 December 2020 in accordance with the requirements of the bylaws, the accounting provisions of the Danish Financial Statements Act governing reporting class A entities subject to the adjustments caused by the special nature of the Organisation, and ISOBRO's financial reporting guidelines for fundraising organisations.

Basis for qualified opinion

We refer to the risks section in the management's review and note 17 to the financial statements in which it appears that Management is still trying to clarify incorrect and incomplete bookkeeping records at the time of presentation of the annual report. At the closing of the accounts for 2020, it was observed that assets of DKK 29.5 million included as other receivables could not be confirmed due to incorrect and incomplete bookkeeping records. Consequently, we have not been able to audit the existence and valuation of other receivables of DKK 29.5 million for which reason we give a qualified opinion.

Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of this auditor's report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

We are independent of the Organisation in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Emphasis of matter affecting the financial statements

We refer to the risks section in the management's review and to Note 17, which states that, at the date of presentation of the Annual Report, Management is still in the process of clarifying incorrect and inadequate recordings on key financial statement items in the form of income related to income-generating activities 3,221,045 thousand (2019: 3,185,790 thousand), expenses related to income-generating activities, 2,867,955 thousand (2019: 2,788,916 thousand), expenses related to own activities, 189,654 thousand (2019: 223,031 thousand), project aid receivables 798,101 thousand (2019: 564,587 thousand), other receivables 168,128 thousand (2019: 52,504 thousand) and project aid in assets and unexpended grants 832,245 thousand (2019: 554,061 thousand) in current liabilities which have arisen in connection with the transition to a new IT system effective from 1 January 2019 and the use thereof. Consequently, the calculation of the financial statement items referred to above and the cash flow statement are subject to uncertainty. Our opinion has not been modified as a result of this matter.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in

accordance with the requirements of the bylaws, the accounting provisions of the Danish Financial Statements Act governing reporting class A entities subject to the adjustments caused by the special nature of the Organisation, and ISOBRO's financial reporting guidelines for fundraising organisations, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Organisation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless Management either intends to liquidate the Organisation or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, and generally accepted public accounting standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, and generally accepted public accounting standards, we exercise professional judgement and maintain professional scepticism throughout the audit.

We also:

- Obtain 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 Organisation's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events and conditions that may cast significant doubt on the Organisation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion is based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organisation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on the management's review

Management is responsible for the management's review.

Our opinion on the financial statements does not cover the management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the management's review and, in doing so, consider whether the management's review is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated

Moreover, it is our responsibility to consider whether the management's review provides the information required under the Danish Financial Statements Act. Based on the work we have performed, we conclude that the management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management's review.

Report on other legal and regulatory requirements, statement on compliance audit and performance audit

Management is responsible for ensuring that the transactions covered by the financial statements are in accordance with appropriations granted, legislation and other regulations, and with agreements entered into and usual practice, and that due account has been taken of financial considerations in the management of the Organisation's funds and operations covered by the financial statements. Management is

also responsible for setting up systems and processes supporting financial prudence, productivity and efficiency.

As part of our audit of the financial statements, it is our responsibility to perform compliance audit as well as performance audit of selected subject matters in accordance with the public auditing standards. In our compliance audit, we test the selected subject matters to obtain reasonable assurance about whether the examined transactions covered by the financial statements comply with appropriations granted, laws and other regulations, agreements and usual practice. In our performance audit, we make an assessment to obtain reasonable assurance about whether the systems, processes or transactions examined support the exercise of sound financial management in the administration of the Organisation's funds and operations covered by the financial statements.

If, based on the procedures performed, we conclude that material critical comments should be made, we are required to report this in this statement.

We have no significant critical comments to report in this connection.

Copenhagen, 12 May 2021

Deloitte Statsautoriseret Revisionspartnerskab Business Registration No. 33 96 35 56

Henrik Wellejus
State-Authorised
Public Accountant
MNE No. 24807

Christian Dalmoose Pedersen
State-Authorised
Public Accountant
MNE No. 24730

Income Statement 1 January – 31 December

Note		2020 DKK ´000	2019 DKK ´000
	Income-generating activities		
2	Public and private funds collected (restricted)	2,990,041	2,895,165
3	Private funds collected (unrestricted)	74,496	79,644
4	Income from own activities	156,508	210,981
	Total income from income-generating activities	3,221,045	3,185,790
5, 10	Expenses related to income-generating activities	2,867,955	2,788,916
6, 10	Expenses related to own activities	189,654	223,031
7	Net financial income/expenses	-15,194	-11,575
	Result from income-generating activities	178,631	185,418
8, 10	Administrative expenses	167,880	205,131
	Result before special-purpose activities	10,751	-19,713
9	Special-purpose activities	9,412	9,246
	Result for the year	1,339	-28,959
	Result for the year is transferred to equity as follows:		
	Unrestricted funds	2,439	-20,284
	Changes in restricted funds		
	Relief pool	0	-8,000
	Designated for strategic measures, net	-1,100	-675
	Total	-1,100	-8,675
	Total distribution of loss	1,339	-28,959

Balance Sheet at 31 December

Note		2020 DKK '000	2019 DKK '000
	Assets		
	Property, plant and equipment	0	0
	Motor vehicles	754	647
	Fixtures and fittings and IT	60	60
	Total property, plant and equipment	814	707
11	Total non-current assets	814	707
	Current assets		
	Receivables		
	Project aid	798,101	564,587
	Trade receivables	32,904	29,801
	Other receivables	168,128	52,504
	Prepayments	9,213	6,890
	Total receivables	1,008,346	653,782
12	Cash and cash equivalents	439,421	465,246
	Total current assets	1,447,767	1,119,028
	Total assets	1,448,581	1,119,735
	Equity and liabilities		
	Equity		
	Unrestricted funds	365,888	363,449
	Restricted funds	0	1,100
	Total equity	365,888	364,549
13	Provisions	70,180	66,180
14	Non-current liabilities other than provisions	28,693	9,817
	Current liabilities other than provisions		
	Trade payables	53,488	39,169
	Project aid, unexpended grants	832,245	554,061
	Government allocations etc.	2,054	1,038
14	Other payables	96,033	84,921
	Total current liabilities other than provisions	983,820	679,189
	Total equity and liabilities	1,448,581	1,119,735

Note 15 Other liabilities

Note 16 Related parties

Note 17 Other disclosures

Statement of Changes in Equity for 2020

Equity

	Restricted funds		Total equity (DKK '000)
	Unrestricted funds (DKK '000)	Strategic measures (DKK '000)	
Balance at 1 January	363,449	1,100	364,549
Loss for the year	2,439	0	2,439
Amount spent for the year	0	-1,100	-1,100
Balance at 31 December	365,888	0	365,888

Cash Flow Statement for 2020

Note		2020 DKK '000	2019 DKK '000
	Assets		
	Loss for the year before financial income/expenses	-13,855	-40,534
11	Depreciation, amortisation and impairment losses	598	1,425
	Increase/decrease in receivables	-354,564	-351,295
	Increase in provisions	4,000	3,638
	Increase/decrease in liabilities other than provisions	323,507	183,690
		-40,314	-203,076
7	Net financial income/expenses	15,194	11,575
	Cash flows from operating activities	-25,120	-191,501
11	Acquisition of property, plant and equipment	-705	-277
	Cash flows from investing activities	-705	-277
	Cash flow for the year	-25,825	-191,778
12	Cash and cash equivalents at 1 January	465,246	657,024
12	Cash and cash equivalents at 31 December	439,421	465,246

Note 1

Summary of Significant Accounting Policies

The Annual Report of the Danish Refugee Council (DRC) for 2020 has been presented in accordance with the requirements of the bylaws, the accounting provisions of the Danish Financial Statements Act governing reporting class A entities subject to the adjustments caused by the special nature of the Organisation, and ISOBRO's financial reporting guidelines for fundraising organisations.

Basis of recognition and measurement

Assets and liabilities

Assets are values owned by DRC or amounts owed to the Organisation, be it cash, bank deposits, fixtures and fittings or IT equipment, etc. Amounts owed typically arise from trade receivables or other transactions for which payment does not take place until after the balance sheet date. Amounts owed to the Organisation also include firm grant commitments provided by third parties prior to the balance sheet date but which will not be paid until after the balance sheet date. These amounts are also expenses paid prior to the balance sheet date concerning services etc. received in the period after the balance sheet date, such as rent, insurance premiums, subscriptions, etc.

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Organisation, and the value of each asset can be measured reliably. Liabilities are amounts owed to others, e.g. amounts owed for goods or services provided before the balance sheet date but will not be paid until after the balance sheet date as well as payroll-related items withheld on wages and salaries paid. Liabilities also include the value of services that DRC is under an obligation at the balance sheet date to provide to third parties. Such obligations may be to provide certain services that have not been rendered at the balance sheet date in return for consideration received before the balance sheet date.

Liabilities are recognised in the balance sheet when the Organisation has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Organisation, and the value of the liabilities can be measured reliably. On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial

recognition is effected as described below for each financial statement item.

Anticipated risks and losses that might arise before the time of presentation of the Annual Report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered on recognition and measurement.

Accounting estimates and judgements

Determining the carrying amount of certain assets and liabilities is subject to estimation and judgement. Future results will therefore be affected in so far as actual circumstances prove to differ from previous estimates and judgements. Estimates and judgements are based on assumptions, which are considered reasonable by Management. The principles for making accounting estimates material to financial reporting are consistent with those applied in previous years. The most significant accounting estimates are related to provisions.

Income and expenses

Income is amounts that have increased the Organisation's equity, i.e. the value of transactions, events etc. that has increased the Organisation's net assets. Income from income-generating activities includes public funds collected, private funds collected and income from own activities.

Expenses are amounts that have been spent by the Organisation and so reduced its equity, i.e. the value of transactions, events etc. that has reduced the Organisation's net assets. Examples of such expenses are expenses related to income-generating activities, expenses related to own activities and expenses related to foreign currency translation adjustments. These expenses also comprise administrative expenses which include annual depreciation of the Organisation's property, plant and equipment. Recognition of income in the income statement is effected as described below for each financial statement item

Income Statement

Income from income-generating activities

Income of the Organisation comprises public and private funds collected as well as income from own activities. Public and private funds collected (restricted) Public funds collected comprise Danish and foreign institutional donors or authorities or private donors with whom a contract has been entered into. Such funds are recognised as and when utilised.

Private funds collected (unrestricted)

Private funds collected comprise contributions by private donors and enterprises by way of various collections and events, inheritance and gifts, and membership fees from member organisations. Such funds are recognised as income when received or when the fundraising results are available.

Income from own activities

Income from own activities comprises consultancy services provided in integration matters and interpreting services etc. as well as language school activities. Income is recognised at the time of provision of services to the recipient.

Expenses utilised for income-generating activities

Expenses utilised for income-generating activities comprise expenses directly attributable to the organisation of various fundraising events, expenses incurred for international activities, and expenses related to the Organisation's work with volunteer networks and asylum counselling etc.

Expenses related to own activities comprise expenses directly attributable to income-generating activities. Expenses related to own activities arise from the performance of various consultancy, integrating, interpreting and language school activities. The expenses include wages and salaries, rent, other external expenses as well as amortisation and depreciation directly attributable to the individual activities. Expenses are charged to the income statement when incurred, and they are subjected to usual accrual accounting so as to cover the financial year to which they relate.

VAT refunds are recognised as income when received and recognised for proportionate reduction of the respective types of expenses as the refunds are considered an adjustment of amounts previously charged to the income statement.

In so far as expenses regarding international and Danish institutional donors and public authorities exceed the funds collected, any overspend is covered by the Organisation.

Net financial income or expenses

Financial income or expenses comprise interest income or expenses and realised and unrealised foreign exchange gains or losses. These items primarily arise from foreign currency translation adjustments related to the income-generating activities, for which reason they are presented within these activities.

Administrative expenses

Administrative expenses are calculated as total HQ expenditure, including HR, IT, finance, rental expenses, etc. Capacity-building expenses and expenses for strategic initiatives launched during the period are included in this financial statement item.

Expenses related to purpose-specific activities

Special-purpose expenses comprise expenses for the Organisation's General Secretariat, which is responsible for e.g. advocacy projects and the Organisation's own contribution to relief projects.

Balance Sheet**Property, plant, and equipment**

Buildings, leasehold improvements, motor vehicles, fixtures and fittings are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, any costs directly attributable to the acquisition, and any preparation costs of the asset until the time when it is ready to be put into operation. The basis of depreciation is cost plus revaluation and minus estimated residual value after the end of useful life.

Depreciation is provided according to the straight-line method based on the following assessment of the assets' expected useful lives:

Buildings	3-5 years
Leasehold improvements	3-5 years
Motor vehicles	2-4 years
Fixtures and fittings and IT	2-4 years

Depreciation is recognised in the income statement in the line items "Expenses related to own activities" and "Administrative expenses", respectively. Assets costing less than DKK 50,000 are expensed in the year of acquisition. All acquisitions financed by collected funds are charged to the income statement at the time of acquisition in so far as they took place at the donor's expense. Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount. Expenses related to DRC Dynamics have been charged to profit or loss in full.

Project aid receivable from public and private funds

Funds utilised, but not received at the time of use are recognised as a receivable in so far as a right to such funds has been obtained at the balance sheet date.

Receivables

Trade receivables are measured at amortised cost,

which usually equals nominal value less write-downs for bad and doubtful debts.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand.

Equity

Equity is composed of unrestricted capital and restricted capital. Restricted capital consists of DRC's relief pool and funds designated for special strategic purposes, which at the end of the financial year have been released for use in the subsequent financial year. Unrestricted capital consists of retained earnings that do not represent restricted funds.

Provisions

Provisions comprise expected expenses related to the discontinuance of operations. Provisions are recognised when, as a result of a past event, the Organisation has a legal or constructive obligation, and it is probable that an outflow of economic resources will be required to settle the obligation. Provisions are measured at net realisable value.

Project aid payable from public and private funds

Funds that are received before the time of use but with no expenses having been incurred at the balance sheet that are equivalent to the funds received, are recognised in the balance sheet as current liabilities.

Deferred income

Deferred income comprise payments received concerning income to be recognised in subsequent financial years.

Other liabilities

Other liabilities are measured at amortised cost.

Foreign currency translation

Foreign currency transactions are translated on an ongoing basis applying the daily updated exchange rates provided by OANDA. If donors require project-specific exchange rates according to contract, then such rates are used in so far as they do not vary significantly from the transaction date exchange rate.

Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the 31 December 2020 exchange rates provided by OANDA.

Exchange differences arising between the rate used on the transaction date and the settling rate in effect at the payment date are recognised in the income statement in the line item "Net financial income and expenses".

Non-current assets acquired in foreign currencies are measured at the exchange rates in effect at the transaction date.

Financial ratios

Financial ratios are calculated in accordance with the recommendations of the sectoral organisation ISO-BRO. Financial ratios presented in the management's review have been calculated as follows:

Financial ratios	Calculation formula	Financial ratios reflect:
Profit margin on collection funds and income-generating activities	$\frac{\text{Profit from income-generating activities} * 100}{\text{Income from income-generating activities}}$	The profit margin on collection funds reflects the share of funds recognised as income in the reporting period that remain for the Organisation net of expenses directly attributable to the generation of income.
Administrative expense ratio	$\frac{\text{Administrative expenses} * 100}{\text{Income from income-generating activities}}$	The administrative expense ratio reflects the share of the Organisation's total income incurred for administration and similar expenses.
Special-purpose activities ratio	$\frac{\text{Expenses related to special-purpose activities} * 100}{\text{Income from income-generating activities}}$	The special-purpose activities ratio reflects the share of the Organisation's total income incurred for specialpurpose activities in the reporting period in the form of expenses incurred that are directly attributable to the relevant activities.
Consolidation ratio	$\frac{\text{Profit/loss for the year} * 100}{\text{Income from income-generating activities}}$	The consolidation ratio reflects the share of the Organisation's total income incurred to consolidate its assets.
Safety margin	$\frac{\text{Equity} * 100}{\text{Total expenses for income-generating, special-purpose and general activities}}$	The safety margin reflects to what degree equity at financial year-end can accommodate the expenses of the Organisation.
Equity ratio	$\frac{\text{Equity} * 100}{\text{Balance sheet total}}$	The equity ratio reflects the Organisation's financial strength.
Share of restricted funding	$\frac{\text{Restricted funds collected} * 100}{\text{Income from income-generating activities}}$	The share of restricted funding reflects the share of funding of the Organisation that is based on grants etc. from public authorities and private donors.

Headcount

The average headcount in Denmark has been calculated based on the number of hours reported from the Organisation's payroll system to the Danish Tax Agency. Subsequently, the number of hours for employees in Denmark has been converted into job years based on an average of the annual number of 1924 hours per full-time employee. The number of employees remunerated abroad is based on the number of employees registered in the Organisation's ERP system. Volunteers are not included in this number.

Cash Flow Statement

The purpose of the cash flows statement is to provide information about the Organisation's cash flow for the financial

year. The cash flow statement is divided into cash flows regarding operating and investing activities and discloses where the funds come from, how they are spent, and what the cash generated from operating activities is invested in.

Cash flows from operating activities are calculated in accordance with the indirect method on the basis of profit/loss for the year before financial income and expenses, adjusted for non-cash operating items and working capital changes. For example, an increase in liabilities and payables would reflect saved outflow of cash and cash equivalents, for which reason such increase would be regarded as cash inflow. Similarly, a decrease in an amount receivable would reflect net receipts, for which reason this too would be regarded as cash inflow.

Note 2

	2020 DKK ´ 000	2019 DKK ´ 000
Public and private funds collected (restricted)*		
Project aid, pools etc.*	2,943,516	2,844,118
Funds from the DMII * * *	3,800	3,800
Funds from the DMII: Grant for volunteer work * * *	9,713	9,754
Funds from the DMII: Grants for asylum counselling, documentation etc. * * *	10,354	8,900
Funds from the DMII: Grants for asylum counselling services * * *	11,546	17,747
Funds from the DMII: Repatriation * * *	4,400	4,300
Funds from the DMII: Centre for Vulnerable Refugees * * *	1,100	1,100
Allocation funds**	5,612	5,446
Total public and private funds (restricted), total	2,990,041	2,895,165

* Funds from the 2020 national charity event “Danmarksindsamlingen” total DKK 4.7 million, of which DKK 4.4 million has been transferred to the “Børn alene på flugt i Kenya savner tryghed og omsorg” project. To this should be added DKK 0.3 million spent by DRC on the administration of the project. A total of DKK 1.2 million was spent in 2020, leaving DKK 3.2 million to be spent in 2021. The DKK 3.2 million is included in the item “Current liabilities other than provisions”.

** The grant of DKK 5.6 million received in 2019 has been utilised in 2020 in accordance with the Organisation’s object. The funds were allocated to projects concerning voluntary social activities and national advocacy projects. The grant of DKK 3.9 million provided in 2020 has been approved for carry-forward to 2021 and has been recognised in the line item “Other payables” in the financial statements for 2020.

*** Funds from the DMII= Danish Ministry of Immigration and Integration

Note 3

	2020 DKK ´ 000	2019 DKK ´ 000
Private funds collected (unrestricted)		
Private donations	68,547	65,193
Other events	2,229	2,141
Annual national collection	3,431	12,015
Membership fees from membership organisations	289	295
Total private funds collected (unrestricted)	74,496	79,644

Note 4

	2020 DKK ´ 000	2019 DKK ´ 000
Income from own activities		
Income from sales of consultancy services	57,491	80,933
Income from local authorities etc.	99,017	130,048
Total income from own activities	156,508	210,981

Note 5

	2020		2019
	DKK ´ 000		DKK ´ 000
Expenses related to income-generating activities			
Expenses related to fundraising activities	33,262		34,613
Project-related expenses:			
Projects, pools etc.*	2,797,664		2,712,502
	2,830,926		2,747,115
Expenses related to the Danish Ministry of Immigration and Integration:			
Volunteer work	9,713	9,754	
Asylum counselling, documentation etc.	10,371	8,900	
Asylum counselling services	11,445	17,747	
Repatriation	4,400	4,300	
Centre for Vulnerable Refugees	1,100	1,100	41,801
Total expenses related to income-generating activities	2,867,955		2,788,916

*DKK 2,781 million thereof relates to international projects and other projects and pools, refer to the specification on page 57.

Note 6

	2020	2019
	DKK ´ 000	DKK ´ 000
Expenses related to own activities		
Other external expenses	49,800	68,146
Payroll costs	139,854	154,885
Total expenses related to own activities	189,654	223,031

Note 7

	2020	2019
	DKK ´ 000	DKK ´ 000
Net financial income/expenses		
Net interest income/expenses	85	-572
Net other financial income	-15,279	-11,003
Total net financial income/expenses	-15,194	-11,575

Note 8

	2020 DKK '000	2019 DKK '000
Administrative expenses		
Other external expenses	49,171	84,595
Payroll costs	118,709	120,536
Total administrative expenses	167,880	205,131

Note 9

	2020 DKK '000	2019 DKK '000
Special-purpose activities		
Allocation funds	5,612	5,446
General Secretariat	3,800	3,800
Total special-purpose activities	9,412	9,246

Note 10

	2020 DKK '000	2019 DKK '000
Payroll costs		
Wages and salaries	633,239	681,673
Wages and salaries, local project staff abroad	594,003	574,395
Change in provision for holiday pay obligation	1,535	-10,115
Total wages and salaries	1,228,777	1,245,953
Pension contributions	55,535	56,564
Social security costs	61,270	56,913
Total payroll costs	1,345,582	1,359,430
Of this, remuneration to the Secretary General, including pension contributions	1,217	1,007
The Executive Committee is not remunerated.		
Number of job years in Denmark and expats, including UN expats	1,263	1,318
Local project staff abroad	7,424	7,449

Note 11

	Buildings (DKK '000)	Motor vehicles (DKK '000)	Fixtures / fittings / IT (DKK '000)
Property, plant and equipment			
Cost			
Carrying amount at 1 January	3,098	11,658	1,427
Additions	0	705	0
Disposals	0	0	0
Carrying amount at 31 December	3,098	12,363	1,427
Depreciation and impairment losses			
Carrying amount at 1 January	3,098	11,011	1,367
Depreciation and impairment losses	0	598	0
Depreciation and impairment losses, disposals	0	0	0
Carrying amount at 31 December	3,098	11,609	1,367
Carrying amount at 31 December	0	754	60

Note 12

	2020 DKK '000	2019 DKK '000
Cash and cash equivalents		
HQ	254,583	206,549
Cash and cash equivalents in Denmark	10,350	8,682
Cash and cash equivalents outside Denmark	174,488	250,015
Total cash and cash equivalents	439,421	465,246

Note 13

	2020 DKK '000	2019 DKK '000
Provisions		
International termination benefit liabilities etc.	28,752	30,588
International projects	23,134	19,234
Other	18,294	16,358
Total provisions	70,180	66,180

Note 14

	2020 DKK ´000	2019 DKK ´000
Other payables		
Holiday pay	16,874	34,269
Other	79,159	50,652
Total other payables	96,033	84,921

The non-current liabilities of DKK 28,693 thousand regarding holiday pay have been recognised in non-current liabilities other than provisions.

Note 15

	2020 DKK ´000	2019 DKK ´000
Other liabilities		
Operating leases on photocopiers etc. (36 months)	49	117
Rent	39,638	42,059
Guarantee commitments	399	880
Total other liabilities	40,086	43,056

Note 16**Related parties**

The Danish Refugee Council is an umbrella organisation of non-partisan, voluntary national and international humanitarian organisations. Related parties are the Executive Committee and the Executive Management Team.

Note 17**Other disclosures**

At the date of presentation of this Annual Report, Management is still in the process of clarifying incorrect recordings on key financial statement items in the form of income related to income-generating activities (DKK 3,221,045 thousand), expenses related to income-generating activities (DKK 2,867,955 thousand), expenses related to own activities (DKK 189,654 thousand), international project aid receivable (DKK 793,320 thousand) and trade receivables (DKK 32,904 thousand) in assets, and international project aid, unexpended grants (DKK 832,245 thousand) in current liabilities, which have arisen in connection with the transition to a new IT system effective from 1 January 2019 and the use thereof. Additionally, in connection with the implementation of the organisation's new ERP system management have found inappropriate configurations of the system, etc. that complicate the reconciliation of balances between the country offices. As a result, a number of amounts recognised under Other receivables have not been properly documented and settled. Management expect a clarification and settlement of the balances during 2021. Consequently, the calculation of the financial statement items referred to above and the cash flow statement are subject to uncertainty.

Specifications to Note 5

Grants utilised by international donor and other projects and pools by country and region in DKK' 000

Country/Donor	DANIDA	DFID	ECHO	EU	MFA	OC/IA	OTHER	SIDA	UN	UNDP	UNHCR	USG	WFP	Grand Total
Americas	3,048	0	39,456	0	0	0	49,561	2,839	0	0	11,226	6,335	0	113,066
Colombia	3,048	0	39,456	0	0	0	49,561	2,839	0	0	11,226	6,335	0	113,066
Asia	37,567	3,096	80,343	19,020	27,480	27,058	10,737	12,204	39,112	938	21,524	6,994	0	285,772
Afghanistan	21,182	0	64,157	12,727	12,727	26,216	3,652	10,553	4,465	0	2,550	86	0	145,688
Bangladesh	5,363	0	10,383	0	1,806	0	118	0	2,655	938	14,740	0	0	55,982
Iran	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Myanmar	6,304	0	3,084	0	0	0	0	0	0	0	0	0	0	0
Regional office Asia	4,719	0	4,947	19,020	11,826	623	6,580	1,500	11,794	0	4,534	6,489	0	76,700
Vietnam	0	12	476	197	220	0	151	151	198	0	0	119	0	7,213
East Africa Great Lakes (EAGL)	81,674	51,328	88,774	60,780	58,691	33,309	84,700	2,427	34,611	12,984	97,867	85,750	17,325	709,718
Burundi	2,098	180	1,490	56	0	0	1,255	0	0	0	0	0	0	5,080
Djibouti	485	0	0	1,691	0	0	3,180	0	318	0	0	0	27	5,700
Democratic Republic of the Congo	2,005	0	2,599	0	0	189	9,090	2,386	13,563	3,888	7,273	10,231	0	51,223
Ethiopia	2,094	29,312	10,838	6,142	6,085	5,251	1,435	0	2	0	9,605	30,588	1,934	103,285
Kenya	7,878	0	3,431	8,172	0	0	7,423	0	1,541	0	1,292	0	1,714	37,872
Regional office East Africa (EAGL)	3,409	0	995	32,666	6,143	382	2,764	41	1,689	19	2,393	0	204	59,989
Somalia	7,384	0	22,310	2,810	46,143	24,438	51,841	0	15,883	0	16,002	19,561	2,333	208,564
South Sudan	19,746	0	18,946	0	321	2,974	4,751	0	2	9,077	28,438	22,373	1,937	108,566
Tanzania	0	19,614	5,473	0	0	0	466	0	1,177	0	14,402	50,307	9,175	50,307
Uganda	36,575	52	22,691	9,623	1,121	76	2,495	0	436	0	12,653	603	0	85,132
Europe	2,900	6,731	42,105	4,361	17,150	78,616	78,616	8,836	157,696	1,512	4,675	7,634	0	332,216
Bosnia-Herzegovina	1,400	0	39,487	2,696	10,236	0	8,490	0	1,133	0	2,156	603	0	52,666
Georgia	0	0	0	0	0	0	18,344	0	0	1	915	0	0	32,192
Greece	0	0	0	0	1,625	0	6	5,455	0	1,463	0	0	0	15,379
Kosovo	0	0	0	0	54	0	6	0	543	0	0	0	0	16,448
Regional office Europe	30	0	0	0	0	0	8,490	43	0	4,302	0	0	0	1,619
Serbia	0	0	52	0	0	0	5,780	0	0	0	1,604	0	0	11,738
Ukraine	0	6,731	2,566	1,665	5,235	0	14,520	3,337	346	48	0	6,421	0	42,348
Other projects and pools	1,470	0	0	0	0	0	23,824	0	0	0	0	0	0	23,824
Middle East	66,792	16,456	95,455	84,709	6,776	49,096	204,534	10,599	55,980	5,359	34,209	153,032	43,630	826,928
Iraq	4,107	-124	-48	82,247	2,377	7,047	87,719	4,753	415	2	0	0	0	282,294
Jordan	13,688	0	0	0	396	2,074	35,230	0	-4	0	81	16,489	0	67,954
Lebanon	15,410	135	9,910	2,116	0	500	2,801	0	11,241	0	9,442	0	2,804	54,359
Regional office Middle East	7,038	1,055	993	346	-145	0	6,057	250	26	3	0	3,370	0	18,995
Syria	2,663	15,389	19,810	0	0	6,432	31,588	4,235	0	0	9,419	8,173	0	97,719
Turkey	9,523	0	16,397	0	0	0	23,118	0	0	0	3,409	0	0	52,447
Yemen	14,382	0	48,393	0	4,148	33,044	18,321	1,860	44,292	5,354	40,827	31,200	0	253,160
North Africa	11,484	62,285	25,602	28,332	6,628	20,403	20,403	7,629	3,190	2,572	28,669	0	5,457	202,252
Algeria	20	0	0	0	0	104	104	267	1,274	0	1,941	0	0	3,606
Libya	1,229	8,562	8,334	2,004	3,882	0	16,340	6,226	1,100	0	22,143	0	0	69,819
Regional office North Africa	537	35,706	882	19,623	464	0	747	451	55	94	227	0	0	58,756
Sudan	8,782	16,106	15,399	6,077	0	0	21	0	218	2,478	2,048	0	5,457	56,587
Tunisia	916	1,911	1,018	627	2,282	0	3,191	685	544	0	0	0	0	13,484
Stand By Roster & HQ	45,818	14,366	-87	752	4,552	0	-154,835	0	836	0	39,144	6,790	1,652	-41,012
Stand By Roster	14,497	1,906	0	0	0	0	2,808	0	705	0	33,503	0	1,652	55,071
Programme Department	25,768	12,460	-87	752	4,552	0	3,847	0	131	0	5,647	6,790	0	59,860
DDG (Denmark)	0	0	0	0	0	0	762	0	0	0	0	0	0	762
Other	5,553	0	0	0	0	0	-162,252	0	0	0	-6	0	0	-156,705
West Africa	25,442	8,853	31,112	14,080	8,651	0	16,152	0	12,794	1,760	9,644	135,533	10,490	352,510
Burkina Faso	3,494	623	4,484	0	90	0	18,195	0	0	0	6,195	17,211	0	60,211
Cameroun	3,948	0	14,004	0	499	0	5,737	0	1,001	0	9,919	0	0	32,486
Central African Republic	7,020	0	2,511	14,855	0	0	6,302	0	0	1,760	0	13,004	0	45,452
Guinea	0	0	0	0	0	0	0	0	0	0	0	328	0	328
Mali	5,664	0	6,211	7,023	19	0	24,092	0	316	0	174	10,342	2,887	43,500
Niger	2,663	476	3,142	0	-28	0	9,171	0	216	0	3,180	84,435	7,604	126,435
Nigeria	0	0	-724	-774	7,998	0	27,897	0	0	0	0	0	0	126,435
Regional office West Africa	2,663	1,542	-724	0	72	0	2,759	0	1,343	0	95	2,914	0	12,051
Grand total	274,725	163,116	402,760	212,034	129,927	109,463	388,168	44,534	304,219	25,124	246,457	402,369	78,555	2,781,451



DRC DANISH
REFUGEE
COUNCIL
· We are there



Photo: DRC