

Minutes from DRC Danish Refugee Council's Executive Committee Meeting held on 14th of September 2021

Present

From the Executive Committee:

Agi Csonka, Chair
 Bettina Bach
 Juliane Marie Neiiendam
 Kim Simonsen
 Mette Fejfer
 Sophie Rytter
 Ulla Næsby Tawiah
 Vagn Berthelsen

From the Secretariat:

Charlotte Slente, Secretary General
 Vibeke Bach Madsen, Committee Secretary
 Mikkel Trolle, Regional Director for Asia, under items 0 and 2
 Anne Mette Barfod, CFO, under items 2, 3, 4 and 5
 Shanna Jensen, Executive Director for Operations; Europe, Asia & Middle East, under item 5
 Michael Bach, Audit Committee, under items 4, 5 and 6

Cancellation

Jeton Kryezi, Observer, Chair i DFUNK

Agenda

	Items		Time	Content
	News from the field Focus on Afghanistan / Mikkel Trolle, Regional Director for Asia		15:00 20 min	
1)	Approval of the Agenda	Decision	15:20 5 min	Comments on the agenda
2)	Approval of registration in Tadjikistan / Mikkel Trolle, Regional Director for Asia	Decision	15:25 15 min	Annex 2 DRC Tadjikistan Registration – Recommendation for decision To support the operation in Afghanistan the DRC will establish a <i>remote management hub</i> in Tadjikistan and at the same time be prepared to aid Afghan refugees in the country. This presupposes registration in Tadjikistan - a question FU should address.
3)	Financial briefing / Anne Mette Barfod, CFO	Briefing	15:40 35 min	Annex 3.1 Financial briefing Q2 Annex 3.1.1 BI reports per quarter Annex 3.1.2 Financial briefing Q1 Annex 3.2 Forecast 2 for 2021 Annex 3.3 Status from DRC Integration

	Items		Time	Content
				ExCom is presented for Budget follow-up January-July 2021 and follow-up on plans to ensure a balanced result for 2021. ExCom also discusses the adapted reporting format (annex 3.1.1 and 3.1.2 to inform this).
	BREAK		16:15 10 min	
4)	Briefing from the Audit Committee / Vagn Berthelsen	Briefing	16:25 10 min	The Audit Committee held its most recent meeting on September 1st. ExCom is informed about the work of the Audit Committee.
5)	FOCUS TOPIC: DRC's Risks, operational, financial and organisational / Shanna Jensen, Executive Director for Operations; Europe, Asia & Middle East	Briefing Decision	16:35 55 min	Annex 5 Risk Management, Annual Report 2020 Annex 5.1 Risk Management, Annual Report 2020, Management Response Annex 5.2 Risk Appetite Statement ExCom continues to provide information on the main points in the annual risks and compliance reports. This time focusing on the risks. These reports are important input for strategic considerations and actions. The Audit Committee is invited to the item.
6)	DRC Solidarity Pool / Mads Egeskov Sørensen, Executive Director of People & Organisation	Decision	17:30 15 min	Annex 6 Solidarity Pool Status Report 2020 Annex 6.1 Solidarity Pool Annual Process Annex 6.2 Solidarity Pool FAQ DRC has a <i>Solidarity Pool</i> for all expats which with a fixed % of all expat salaries covers eventual tax payments in the country operations. Based on the recommendation of the Audit - Committee the ExCom approves the determination of the <i>Solidarity Pool</i> for the 2022nd.
7)	FU seminar November 18th - 19th / Agi Csonka	Decision	17:45 20 min	Annex 7 Program for ExCom seminar November 18 th -19 th , 2021 ExCom discusses and determines the program for the seminar.
8)	Notices from the Chair	Briefing	18:05 10 min	
9)	AOB		18:15 5 min	

	Items		Time	Content
	Summary of the meeting		18:20	ExCom's "own time" with the possibility of subsequent evaluation and summary of the meeting.

News from the field; Focus on Afghanistan

Mikkel Trolle, Regional Director for Asia, gave an update on the situation in Afghanistan following the Taliban's takeover on August 15th, 2021.

Afghanistan is among one of the poorest countries in the world with more than four decades of conflict, instability, internal detachment and displacement. 18.4 million Afghans need humanitarian aid (50% of the total population) – women and children among the hardest affected. This year, 2021, Afghanistan has been hit by the worst drought since 2018 (1/3 of the population affected). In addition, the Covid-19 pandemic.

Before 2021, there were 3.5 million internally displaced persons in the country. Just under 2.5 million Afghans are refugees in Pakistan, just over 2 million are refugees in Iran.

DRC has been present in the country since 1999, when the Danish Demining Group started their activities, and since 2012, DRC has delivered various emergency relief efforts in more than half of the country's provinces.

The primary program efforts are Protection, Humanitarian Mine Action and Mine Risk Education, Shelter & Resettlement as well as Economic Recovery.

After August 15th, there is an increase in humanitarian needs as a result of not least the coming of winter, active conflict, lack of employment, persecution, continued consequences of drought, Covid-19 and a further stagnant state system.

In 2021, 570,482 new IDP's have arrived, most from country to city (80% women and children). This is expected to rise to 750.000 by the end of the year (UNHCR). Likewise, there is an expected increase in refugees to neighbouring countries.

DRC continues to work in Afghanistan based on the *Stay and deliver* principle.

The DRC has 700 national employees in Afghanistan. Expats have since June gradually moved to the temporary remote management hub in Amman, an approach gradually implemented since April 2021.

Emergency aid activities have been initiated in 4 provinces with capacity for full strength, and it is expected that activities (and thus revenue) will meet the target, cf. the latest forecast.

There is also an expected increase in donor funds for INGO's, as development aid is redirected - in the form of short-term emergency aid.

Access and humanitarian principles

Afghanistan is in dire need of international aid, which remains in place following Taliban's takeover. In collaboration with other INGOs via *Humanitarian Coordination, Joint Operating Principles* have been developed, to have the same approach operation in the country, including the right to female labour for all INGOs, security for groups of particularly vulnerable employees, not least female colleagues working in protection and de-mining, or sitting in senior positions, as well as access to target groups in all districts of the country.

Re 1) Approval of the Agenda

The agenda could be approved as above.

Re 2) Approval of registration in Tadjikistan

Issued as Annex 2 was *DRC Tadjikistan Registration - Recommendation for decision*.

Following the presentation on the situation in Afghanistan, Mikkel Trolle, Regional Director of Asia, introduced the background to the desire to register the DRC in Tadjikistan.

Given the uncertainty surrounding future access in Afghanistan, there is an increased need for a regional presence. The DRC therefore wants to start registration in Tadjikistan with the main purpose of forming a remote management support hub to support the operation in Afghanistan. It will support humanitarian coordination with the UN and INGOs, which will also increase their presence in Tadjikistan, and ensure access to possible UN airlift from Tadjikistan to Afghanistan. Registration in Tajikistan will also provide a basis for possible operation in the event of a large influx of Afghan refugees into Tadjikistan.

The DRC has previously been registered and present in Tadjikistan from 2010-2016, and experience shows that it is a relatively simple registration process.

It is not estimated that there will be increased costs of registration in Tadjikistan, as we already have a remote management hub in Amman, Jordan.

⇒ **Decisions:** *The Executive Committee thanked for the informative update on the situation in Afghanistan. The Executive Committee approved the request for registration of the DRC in Tadjikistan – initially as a remote management support hub and in the long term with the possibility of being an operational actor targeting Afghan refugees in the country.*

Re 3) Financial briefing

Sent as annexes to the item were:

Annex 3.1 *Financial briefing Q2*

Annex 3.1.1 *BI reports per quarter* (overview of the type of reporting ExCom will receive)

Annex 3.1.2 *Financial briefing Q1* (example from first BI reporting)

Annex 3.2 *Forecast 2 for 2021*

Annex 3.3 *Status from DRC Integration*

Anne Mette Barfod, CFO, reviewed budget follow-up January-July 2021 as well as forecast 2 for 2021.

The revenue side has improved since the first quarter, given that December has usually accelerated revenue, it is expected that the revenue side will correspond to the forecast.

DRC Integration improves all key figures, although it looks difficult to balance in 2021 for the continuing activities.

Loss. There has been an increase in losses in recent months, which is partly due to cases of fraud and partly due to ineligible costs. Management continues the work of handling and preventing these cases, both structurally and operationally.

Currency. Exchange rate gains/losses are temporarily omitted until opening balances in 2021 are correctly included in the valuation calculations after approval of the annual report.

Forecast #2 2021

A second forecast for 2021 has been prepared, in which selected countries are asked to update their forecast for 2021. The conclusions are an expectation of a slight decrease in revenue, which has led to further adjustments in the budget, especially for travel expenses and in selected investments. Overall, this means that the budgeted result in Forecast #2 corresponds to the originally approved budget for 2021.

DRC Integration

The report from DRC Integration shows that the discontinuing activities follow the plan, while for the

continuing activities there is not yet a balanced development.

The Danish integration effort is a very difficult market to operate in, and the department works hard to secure cooperation and contracts with the Danish municipalities.

BI reports

The quarterly report is aimed at the wishes made by the Executive Committee at its meeting in May. There will thus be a more comprehensive reporting from Q4, which will function as annual reporting including e.g., donor data and HR data.

⇒ **Decisions:** *The Executive Committee thanked for the review of the financial data and highly praised the work on Forecast #2 and the continued assurance of a balanced result for 2021 at a level with the original budget for 2021. This is crucial to ensure the maintenance of the positive development with a positive net result. However, there is also a recognition of the uncertainty posed by exchange rates.*

Furthermore, ExCom praised the great effort to create balance in the activities of the Danish operation. Despite very difficult conditions, the economy of Integration has been rectified.

Regarding BI reporting, the Executive Committee asked for clarifications regarding the reading of the form on liquidity. It is also desired that the Audit Committee closely follow the reporting, so that the Executive Committee primarily follows up on the problematic areas.

Re 4) Briefing from the Audit Committee

Vagn Berthelsen, the Executive Committee's representative on the Audit Committee, gave a briefing on topics from the Audit Committee's meeting on September 1st, 2021, which will not be discussed in any other way at today's meeting of the Executive Committee.

Minutes of the Audit Committee's meetings are also sent to the ExCom.

Re 5) FOCUS TOPIC: DRC's Risks, operational, financial and organisational

Sent as annexes to the item were:

Annex 5 Risk Management, Annual Report 2020

Annex 5.1 Risk Management, Annual Report 2020, Management Response

Annex 5.2 Risk Appetite Statement

Shanna Jensen, Executive Director for Operations; Europe, Asia & Middle East, gave a brief introduction to DRC's risk work, reviewed the main conclusions from the annual report for 2020 and presented proposals for a new Risk Appetite Statement.

The DRC Risk Management Cycle partly comprises *the operational risk management* with a comprehensive bottom-up approach, in which the individual countries and regions identify and review operational risks, which are escalated to resp. regional level or HQ depending on seriousness/scope.

Partly, there is *the strategic risk management*, where HQ identifies and summarises strategic and global risks through cross-reading of the field's reporting. On that basis, DRC's risk appetite is defined / adjusted, which is approved by the Executive Committee. The risk appetite frames the DRC's operational efforts, current and future.

The strategic risks include changes in the funding landscape; liquidity and equity risks; risks as a result of DRC's organisation, retention of employees / employee turnover; cyber security; politicisation of relief work.

These risks are managed and addressed in various ways, partly in Strategy 2025, the work with the business model and the initiated organisational transformation.

Global risks include consequences of the COVID-19 (non-financial) pandemic and exchange rate adjustments. These risks are managed and addressed through organisation and programming as well as through dialogue on solutions with DRC's new banks.

Updated risk appetite

It is stated that DRC has a *low-risk appetite* in areas related to our target groups, our employees and areas for humanitarian principles, laws and regulations.

In contrast, there is a *certain level of operational risk appetite* related to gaining access to target groups, in relation to local partnerships, local capacity building and advocacy work. As well as related to innovative programming, environmentally friendly operation and securing funding.

⇒ **Decisions:** *The Executive Committee was very pleased to have time to go in depth with the DRC's risk work. It is encouraged to distinguish between "generic" risks, which are about general management and apply to all organisations, and then the risks that are specific to the market in which the DRC is located, and which are associated with great uncertainty: e.g., funding, liquidity and cyber security. ExCom thus calls for the reporting of risks to focus in particular on these special risks.*

The Executive Committee took note of the annual risk report and approved the proposed updated risk appetite.

Re 6) DRC Solidarity Pool

Sent as annexes to the item were:

Annex 6 Solidarity Pool Status Report 2020

Annex 6.1 Solidarity Pool Annual Process

Annex 6.2 Solidarity Pool FAQ

Mads Egeskov Sørensen, Executive Director of People & Organization, presented proposals for the level of *Solidarity Pool* for 2022.

Solidarity Pool is a solidarity pool for all expats in the DRC to cover tax claims in the countries that collect taxes from INGO's posted employees. The scheme was established in 2013 to be able to attract posted employees to DRC's operations regardless of local tax conditions and through the scheme to be able to cover costs for tax and social security contributions.

An annual report is made with an assessment of the size of the pool related to an assessment of the need for tax payments. Against this background, a contribution rate is recommended for all expats. The pool should not be too large, but also not too small. In the long run, it must be expected that the contribution rate will increase.

The proposed contribution rate for 2022 has been submitted and approved by the Global Management Team and the Audit Committee.

⇒ **Decision:** *The Executive Committee thanked for the clear presentation and well-lit material.*

The Executive Committee approved the proposed 2022 contribution rate for the Solidarity Pool.

Re 7) ExCom seminar November 18th -19th

Sent as annex to the item was Annex 7 *Program for ExCom seminar November 18th -19th, 2021*

The Executive Committee holds its annual seminar November 18th -19th, where approval of Strategy 2025 will be on the agenda, among other things. In addition, it is proposed that time be set aside for discussion of the localisation agenda, the Executive Committee's cooperation and the cooperation with the Member Organisations.

⇒ **Decisions:** *The Executive Committee backed the proposed themes and the work on the development of the agenda is continuing on that basis.*

Re 8) Notices from the Chair

- **Participation in EMT meeting in September**

As discussed at the ExCom seminar in 2021, there is a desire to support a balanced visibility of ExCom in the organisation and thus show ExCom's support for the organisation. From the organisation's side, there is also interest in hearing about and from the Executive Committee. Agi Csonka attended the Executive Management Team's meeting in September, where the EMT members briefly gave an overview of the current challenges and efforts. It was a very inspiring meeting, which confirmed that it is a highly competent group of leaders who heads the DRC. It has been some turbulent years, and the Chair found that the organisation has handled many of the challenges, thanks to really skilled dedicated employees and leaders in the organisation. The Chair will also attend HQ's morning meeting in early November to brief on the Executive Committee's work.

- **The Chair and Secretary General travel to East Africa start / mid-November**

It has now finally become realistic to travel, and the election of East Africa will, among other things, support Agi Csonka's new post as Chair of DRC Kenya. DRC's activities in Kenya will thus be part of the trip.

- **The door-to-door collection November 7th, 2021 - the goal is DKK 12 million.**

We must ensure success at this year's door-to-door collection. Really important and most flexible funding DRC has. A special effort is made to mobilise employees and volunteers – and their friends and family. Also, mobilisation of Executive Committees and member organisations.

This year the focus is on Syria, Bangladesh, Yemen and Afghanistan.

The door-to-door collection will be cash-free and at the same time last year's virtual collection "Draw-a-house" is repeated.

As before, the Executive Committee will hold a small internal competition and will receive a separate email with information about the collection options.

- **Evaluation of the Danish evacuation effort in Afghanistan**

Charlotte Slente has been invited to participate in an external reference group in connection with the evaluation of the Danish evacuation effort in Afghanistan.

- **DRC Organisational Transformation**

Charlotte Slente briefly outlined the background and overall purpose of the forthcoming reorganisation of the DRC. The plan is to have the overall reorganisation ready for communication by the end of October.

A task force has been set up to support the implementation over the next ¾ years, including the development and optimisation of various parts of the organisation's processes.

Re 9) AOB

- To ensure the best possible preparation for the meetings, the Executive Committee requested a more clearly commented agenda – possibly fixed cover notesw for the individual items and annexes. The secretariat will work with improved materials for the meetings.

ExCom meetings in 2021

ExCom /6 Nov. 18th at 6 PM to Nov. 19th 6 PM

ExCom/7 December 7th at 3-6:30 PM