

Minutes of Executive Committee meeting on 10 May 2022

Present

From the ExCom

Agi Csonka, Chair
Juliane Marie Neiiendam
Karen Faarbæk de Andrade Lima
Kim Simonsen
Mette Fejfer
Vagn Berthelsen

Apologies

Bettina Bach
Sophie Rytter
Ulla Næsby Tawiah
Rahima Abdullah, observer, Chair of DFUNK

From the Secretariat

Charlotte Slente, Secretary General
Vibeke Bach Madsen, Committee Secretary
Anne Mette Barfod, CFO, attended for agenda items 2, 3 and 4

From the Audit Committee

Michael Bach attended for agenda items 2 and 3

From the external auditors

Christian Dalmoose Pedersen attended for item 2
Henrik Wellejus attended for item 2

Agenda

	Items		Contents
	News from the field: Afghanistan / Charlotte Slente		Charlotte briefs on the mission to Afghanistan
1)	Approval of agenda	Decision	Comments on the agenda
2)	Adoption of the 2021 Annual Report / Anne Mette Barfod, CFO	Decision	Annexes for the agenda item: Annex 2.0 Cover note for Annual Report Annex 2.1 Adoption of the 2021 Annual Report and proposed resolution on the allocation of surplus or loss for the year Annex 2.1.1 Draft 2021 Annual Report Annex 2.2 Long-form audit report relating to the 2021 Annual Report The ExCom comments on and approves the Annual Report, which will subsequently be submitted for approval at the Council meeting on 31 May 2022. The Audit Committee and the external auditors will attend for this item.
3)	Briefing from the Audit Committee / Vagn Berthelsen	Briefing	The ExCom is briefed on the activities of the Audit Committee (in addition to activities related to the Annual Report).

	Items		Contents
4)	Financial reporting / Anne Mette Barfod, CFO	Briefing	Annex 4.0 Cover note for financial reporting Annex 4.1 Q1 2022 ExCom report The preliminary Q1 2022 figures are presented to the ExCom.
	BREAK		
5)	THEME DRC Governance / Agi Csonka	Discussion	The ExCom continues the discussions from the seminar last November on the balance between external governance requirements, the wish and need for professionalisation and the best possible management of the DRC as a major global humanitarian organisation.
6)	Decisions relating to the Council meeting on 30 May 2022 / Agi Csonka	Decision	Annex 6.0 Cover note for Council meeting Annex 6.1 Agenda for Council meeting on 30 May 2022 Annex 6.2 Proposed resolution to amend the Statutes Annex 6.3 Recommendation for the election of the Chair Annex 6.4 Recommendation for the appointment of state-authorized public accountant(s) Annex 6.5 Recommendation for the election of Audit Committee members Annex 6.6 Proposed resolution on annual membership fees The ExCom will take a last look at the agenda for the Council meeting and make decisions on the recommendations for adoption at the Council meeting.
7)	Announcements from the Chair / Agi Csonka	Briefing	Including information on the DRC's activities in Ukraine and the neighbouring countries.
8)	Any other business		
	Recap after the meeting		ExCom 'free time' with the possibility to evaluate and recap the meeting.

News from the field – in brief

Charlotte Slente briefed the ExCom about her most recent mission to Afghanistan.

The DRC has been present in Afghanistan since 1999 and currently works in 18 of 34 provinces. There are about 657 employees (25% women), 12 of whom are expats (2%), down from 19 last year following efforts to base as much of the operation on local resources as possible. The annual budget for 2021 totalled USD 30 million received from nine donors. The budget for 2022 is expected to increase based on humanitarian needs and funding opportunities.

DRC programmes include:

- Emergency response: Large focus on cash-based modalities and NFIs (non-food items)

- Protection: Surveillance of protection, legal services, child and gender-based protection
- Humanitarian mine action: Mine clearance, mine risk education, reduction of armed violence
- Early economic recovery: Change to the cash-for-work methodological approach
- Emergency shelters: Construction, repair, cash and shelter elements
- 2022: Expansion to emergency WASH response and food safety

The DRC is known for its presence and programmes, and donors are ready to some extent to provide more humanitarian and long-term aid. However, it cannot make up for the reduction in development aid following the change of regime in August 2021.

Re 1) Approval of agenda

The agenda was approved as presented above.

Re 2) Adoption of the 2021 Annual Report

The following annexes for the agenda item had been sent to the participants:

Annex 2.0 Cover note for Annual Report

Annex 2.1 Adoption of the 2021 Annual Report and proposed resolution on the allocation of surplus or loss for the year

Annex 2.1.1 Draft 2021 Annual Report

Annex 2.2 Long-form audit report relating to the 2021 Annual Report

Anne Mette Barfod, CFO, went through the 2021 results, which include a net surplus of DKK 25.4 million. As can be seen, we managed to make a surplus in a year that continued to be affected by the COVID-19 pandemic and the winding up of the non-profitable activities of DRC Integration (LearnDanish (*Lærdansk*) and the DRC Interpreting Service (*Tolkesevice*)).

Following diligent tidying-up activities on the basis of the auditors' comments in 2020, surplus adjusted for currency movements was downgraded by DKK 5m.

Revenue totalling DKK 3,123 million was slightly lower than last year, but still above budget.

Investments came to DKK 36 million in 2021, which is on a par with 2020.

Equity was just above the desired level of 6-9.5 weeks of operational activity.

Liquidity was at a comfortable level, somewhat higher than in previous years.

Henrik Wellejus, external auditor at Deloitte, presented the audit report.

The auditors provided a clean audit opinion for 2021.

Auditors normally refer to comments made in previous years, but due to the very thorough efforts and the presentation, the opinion is clean.

Michael Bach, member of the Audit Committee, briefed the ExCom that the Audit Committee had followed the process on a continuous basis and could see the great efforts made by the organisation. It should also be emphasised that the closing down of the activities of DRC Integration was performed to budget, which required tight control – well done.

⇒ **Decisions:** *The ExCom acknowledged the very fine results. It is indeed a pleasure that the entire organisation has made an impressive and significant effort to tidy up on the basis of the auditors' comments on 2020 and continues to improve the use of DRC Dynamics.*

To continue the positive development, the ExCom will focus on the development of more robust and financially sustainable business models over the next years. The ExCom also sees a need for continued

monitoring of developments in DRC Integration as it continues to be essential to have activities in Denmark – and that such activities are profitable.

The ExCom expressed its thanks to the auditors for their presentation of the audit report and the audit opinion, which gave an expression of the good cooperation during the year.

The ExCom also expressed its sincere thanks to the Audit Committee for its close monitoring of the work, which is an important and considerable support for the ExCom.

The ExCom confirmed that it is not aware of any fraud and that it has confidence in the correctness of the auditors' judgements. The ExCom therefore approved the 2021 Annual Report, the proposed resolution on the transfer of surplus for the year to equity as well as the long-form audit report.

Re 3) Briefing from the Audit Committee

Vagn Berthelsen, representative of the ExCom on the Audit Committee, briefed the ExCom about proceedings at the last committee meeting (other than the activities pertaining to the Annual Report).

Details about the continued implementation of DRC Dynamics (the ERP system of the DRC) were presented to the Audit Committee at its most recent meeting. DRC Dynamics is intended to enhance data quality and improve management's possibilities of quick follow-ups – both at national level and at group level.

Moreover, the 2021 Annual Report prepared by the internal audit function has been presented to the Audit Committee.

Re 4) Financial briefing

Annex 4.0 Cover note for financial reporting and Annex 4.1 Q1 2022 ExCom report had been sent to the participants.

An updated version of Annex 4.1 was distributed at the meeting.

Anne Mette Barfod, CFO, presented the Q1 report.

The budget is a six-month budget to make it possible to adapt the budget to the organisational changes with effect from 1 May 2022.

2022 came off slightly below budget, which is usual for the DRC compared with previous years.

Fundraising related to Ukraine has been a positive exemption.

As regards *revenue*, 94% of the budget total is secured through contracts.

Liquidity continues to be high compared with the same period of 2021.

Selected countries have high liquidity, the reason being a wish to ensure the continuation of activities in those countries as bank transfers are posing difficulties.

Re 5) THEME: DRC Governance

Agi Csonka presented a recap of the ExCom seminar in November 2021 on how to maintain a balance between external governance requirements, the wish and need for professionalisation and the best possible management of the DRC as a major global humanitarian organisation.

There is still a wish to strike a balance between on the one hand the respect for the democratic base and the legitimacy on which a strong Council rests and on the other hand the accommodation of the requirement made by donors for a professional governance structure.

To this end, the ExCom discussed the importance of having a Council composed of a wide membership base that the ExCom refers to. The Council is a democratic alliance supporting the work of the DRC for a dignified

life for refugees, whether internationally or in Denmark. It is important that members consider it meaningful and valuable to be part of such an alliance.

The ExCom also discussed how to make sure that the ExCom will continue to have members with the right competencies, legal competence to make decisions and resilience to reflect the significant and complex task of leading a global organisation with commercial, non-profit and advocacy activities – and annual revenue of DKK 3 billion from 40 countries.

⇒ **Decision:** *The ExCom decided to continue the debate, including elaborating further on the competency profiles of its members.*

Re 6) Decisions relating to the Council meeting on 30 May 2022

The following annexes for the agenda item had been sent to the participants:

Annex 6.0 Cover note for Council meeting

Annex 6.1 Agenda for Council meeting on 30 May 2022

Annex 6.2 Proposed resolution to amend the Statutes

Annex 6.3 Recommendation for the election of the Chair

Annex 6.4 Recommendation for the appointment of state-authorized public accountant(s)

Annex 6.5 Recommendation for the election of Audit Committee members

Annex 6.6 Proposed resolution on annual membership fees

Agenda for Council meeting on 31 May 2022

⇒ **Decision:** *The ExCom approved the final agenda.*

Choice of introductory theme for the meeting

Based on recent developments in the war in Ukraine, the Chairmanship has decided together with the General Secretariat to focus on Ukraine. The presentation will focus on the current situation in Ukraine and the DRC's programmes in Ukraine and its neighbouring countries and in Denmark.

The speakers other than Charlotte Slente will include Kenneth Flex, Director of DRC Integration

Proposed resolution to amend the statutes

As decided at the meeting on 22 February 2022, the Chairmanship has continued working on a proposed resolution to amend Article 12(2) on the election of members for the ExCom.

⇒ **Decision:** *The ExCom wanted a clarification of the proposed wording to make it clear that each representative must vote for the number of candidates up for election.*

Election

Kim Simonsen, Juliane Neiiendam and Bettina Bach (Peter Kellermann Brandorff's mandate) are up for election.

All three are eligible and willing to stand for re-election.

Moreover, the Chair is up for election.

Under Article 11(2) of the Statutes, the Deputy Chair shall invite nominations for Chair no later than two months before the Council meeting, allowing one month for submission of nominations.

The ExCom has recommended and asked that Agi Csonka stand for re-election for another two-year period.

Agi is the only candidate proposed for the position of Chair.

Re recommendation for the appointment of state-authorized public accountant(s)

⇒ **Decision:** *It is the recommendation of the ExCom to continue the cooperation with Deloitte.*

Re recommendation for the election of two candidates for the Audit Committee

⇒ **Decision:** *It is the recommendation of the ExCom that Finn Schwarz and Michael Bach continue on the Audit Committee for yet another two-year period.*

Membership fees for 2023

The Council must determine the annual membership fee (item 5 on the agenda).

When an organisation applies for membership, there must be a dialogue between the applicant organisation and the DRC about its financial capacity within the three frameworks of the DRC.

⇒ **Decision:** *It is the recommendation of the ExCom that the current membership fees remain unchanged.*

Re 7) Announcements from the Chair and the Secretary General

- **DRC's Ukraine response**

The DRC's Ukraine response will be the theme presented at the Council meeting on 30 May 2022.

The Chairmanship has approved the recommendation to register the DRC in Poland, Moldova and Romania to be able to provide aid to people fleeing Ukraine.

A Ukraine Response Director has been appointed, and a Ukraine Grants Committee has been set up to allocate funds for programmes in Ukraine and its neighbouring countries and in Denmark.

- **DRC's organisational transformation**

As mentioned in previous updates from the General Secretariat, the Executive Management Team (EMT) was enlarged with effect from 1 May 2022 to include the Executive Directors for Regions:

Yann Faivre for West-North Africa & Latin America, *James Curtis* for East Africa & Great Lakes, *Gerry Garvey* for (Asia &) Europe and *Lilu Thapa* for Middle East.

The new EMT met for a three-day seminar on 16-19 May 2022. The agenda items were teambuilding, H2 2022 budget and the DRC's organisational transformation.

- **The DRC hosted a visit by Crown Princess Mary, Patron of the DRC, and Minister for Development Cooperation Flemming Møller Mortensen to Cox Bazaar in Bangladesh on 26 April 2022.**

It was a very successful visit focusing particularly on the climate agenda and the DRC's initiatives within that field.

- **Directors' Conference in the week beginning on 13 June 2022**

This year, the annual meeting for all directors of the DRC will be conducted by physical attendance in Denmark.

The aim will be to discuss, reflect on the past and determine directions for the future.

The main focus this year will be to discuss the progress of the organisational transformation, the status of the implementation of the DRC Strategy 2025 and to define successful collaboration methods. Moreover, it will be possible to focus on specific subjects, share experiences and spread learning.

- **The People's Meeting (*Folkemøde*) on the Island of Bornholm on 16-19 June 2022**

On 16 June 2022 at 8-9 pm, the DRC will host a reception for our partners: foundations, ministers, spokespersons and local governments.

ExCom members will receive a list of all events attended by the DRC.

- **Kaare Dybvad Bek, new Minister of Immigration and Integration**

The DRC has congratulated the new minister and asked for an appointment to greet him.

- **André Clerici, Head of Internal Audit, will leave the DRC by the end of May**

Until a new internal auditor has been recruited, Rimal Kaoutari will be the acting manager of the Internal Audit department.

Re 8) Any other business

No further business to be transacted under this item.

ExCom meetings in 2022

FU/3 30 May 4.15-4.45 pm

FU/4 21 June 3.00-6.30 pm

ExCom mission 4-11 September

FU/5 13 September 3.00-6.30 pm

FU/6 Seminar from 17 November at 6.00 pm to 18 November at 6.00 pm

FU/7 6 December 3.00-6.30 pm