

# Annual report 2020



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# Committed to serve

For all Strømme Foundation's target communities, 2020 proved to be a unique and difficult year. The impact of COVID-19 was both immediate and long term. As country after country went into lockdown, economic activities came to a halt and schools were closed. Families stayed home, trying to stay safe while losing most of the little income they had. The global pandemic exacerbated many of the underlying inequalities and existing challenges in the countries where Strømme Foundation (SF) works.

Rapid assessments carried out in Nepal in June and July of 2020 illustrated the harsh realities of the pandemic for poor communities; 28% of people in the project areas lost their jobs during the first five months of the pandemic, while 18% of families reported to be suffering from hunger due to loss of income. The impact extended beyond economics. Gender-Based Violence (GBV) increased by 49%, and 80% of parents and children who were surveyed and interviewed reported that the school closures were having a serious impact on students' learning at home. Further, they reported that school closures were widening the gap between advantaged and disadvantaged children as most disadvantaged families were not able to guide and support their children.

Thankfully, Strømme Foundation and our local partners were able to adjust to the situation, mainly because of SF's decentralised structure, which means that all staff in country and regional offices are locally hired, and local partners are responsible for the implementation of the programmes. Having project staff located in the target communities meant that activities could continue with necessary precautionary measures in place. As a result, we still managed to implement much of our planned activities. We are proud

to say that despite the challenges of the pandemic, Strømme Foundation and our local partners reached 480,416 people in 2020, 66% of whom were female and 44% of whom were under the age of 18.

We could not have achieved these results without support from our donors, which range from large international and national institutions to private donors, foundations, businesses, and individual donors. In spite of the pandemic, our total income grew by approximately 3% in 2020.

Going forward, we will have to address the more long-term impact of the pandemic. We are currently analysing what this 'new normal' looks like in the countries where we work, and we will use this information to adapt our programmes and find new solutions.

Our vision of a world free from poverty is more relevant than ever, and together with our partners, our stakeholders, our donors and our supporters, we remain committed to working for the communities that we serve.



Sendeu Titus Msamire Tenga  
Const. Secretary General

# In Strømme Foundation, our vision is a world free from poverty.

**T**he Strømme Foundation's origins began with Pastor Olav Kristian Strømme, who served at Kristiansand Cathedral, and organised fundraising to help disadvantaged people around the world. At the Strømme Foundation, our support for the underprivileged remains inspired by the Christian values that our founder always held dear.

Our ambition is to help the poorest and most marginalised, regardless of their religion, ethnicity, caste, gender, disability or other minority status, so that they can take charge of their own lives.

## Our mission is to eradicate poverty.

With a deep respect for human dignity and a conviction concerning the value of equitable partnerships, Strømme Foundation works to empower the poor. We strive to facilitate change, not only by providing for material needs, but also in particular by creating opportunities for people to utilise their talents in a value-based development process.

## We aim to

- strengthen civil society and public sector
- ensure inclusive quality education for disadvantaged groups.
- improve livelihoods for the rural poor through enhanced income generation.

Strømme Foundation works through local partners and through two intervention approaches – education, and job creation through community-managed microfinance.

## Civil society and public sector

Strømme Foundation considers a strong civil society as essential in order to ensure a true, free society and sustainable and inclusive people-centred development. We aim to safeguard people from exploitation and the deprivation of their rights by creating an environment in which they are empowered to support themselves. We work closely with a broad range of duty bearers such as in the public sector, which occupies the most important role in ensuring the rights of the poor.

## Education

Strømme Foundation believes that the right to education is life long and begins at birth. Education is both valuable in itself and a decisive factor in the promotion of economic growth, social change, and sustainable development, whilst it also fosters the creation of free, critical, and creative global citizens. Our key areas of focus are early childhood education, “second chance” or accelerated learning, community-based vocational training, and adult literacy life skills training.

## Financial Services

Strømme Foundation believes that job creation – ensuring that people have and can take advantage of the opportunities they have to earn a living – leads to poverty eradication. Through financial services like Community-managed Microfinance, we facilitate access to sustainable income sources and provide a means by which the poor can act upon their decisions.

## Our values

### DIGNITY

We believe in the inherent, inalienable rights of every person. At Strømme Foundation, this is the most important human right from which all other fundamental human rights are derived.

### JUSTICE

We have a drive to fulfil not only legal, but also social rights of communities and individuals in creating a more just distribution of society's resources and power.

### SOLIDARITY

We identify empathically with the plight of marginalised and discriminated groups.

## Cross Cutting Issues

### GENDER EQUALITY

SF works to ensure that women and men have equal rights to economic resources and empowerment, as well as to basic services and quality education.

### ENVIRONMENT AND CLIMATE CHANGE

SFs understanding of sustainable development implies that we strive for our rights-holders to have their rights met in ways that do not compromise the ability of future generations to have their own rights met and increase the assets of the household in ways that are sustainable.

### INCLUSION

SF promotes the inclusion, non-discrimination and empowerment of marginalised groups, including people marginalised by disability, ethnicity and other minority statuses.

### ANTI-CORRUPTION

Corruption, one of the root causes of poverty, exacerbates inequalities and harms those without power. SF works for zero corruption among our employees, our partners and our programmes.



## Staying operational during a pandemic

2020 was a difficult year for Strømme Foundation's target communities. As countries went into lockdown due to the COVID-19 pandemic, many people lost their jobs and more families reported suffering from hunger. Gender-Based Violence (GBV) and existing conflicts have also reportedly increased, and school closures have left millions of children out of school worldwide.

SF's unique decentralised structure enabled us to stay operational during the pandemic. Through local staff and implementing partners in target communities, activities in 2020 largely continued with precautionary measures in place.

At country level, programme meetings and capacity building training sessions were held online, in shifts, or in smaller groups, with masks and hygiene kits distributed and social distancing measures applied. Thus, SF con-

tinued its efforts to facilitate lasting impact by strengthening civil society, ensuring that children access inclusive quality education and providing economic opportunities through job creation and enhanced income generation.

Employing a rights-based approach, SF works to ensure that the voices of the poor are heard, their rights realised, and their issues addressed by duty bearers. Organising rights-holders at the community level through structures such as Community Based Organisations (CBOs), self-help groups and savings groups, is central for impact and sustainability. As the pandemic hit, these groups took a lead role in advocating for more government services to the communities. For example, CBOs in Sri Lanka worked with the Government and other stakeholders to secure relief items for over 17,000 families. Small Groups and youth clubs produced face masks and distributed awareness brochures

and sanitation packs to 25,677 families. In terms of education, 21,029 children enrolled in 775 Speed Schools centres in West Africa in 2020. At the same time, 80,000 children benefited from strengthened educational programmes in Asia and East Africa, though some were organised differently – online, in smaller groups, through solar radios etc. – due to the pandemic.

SF maximises impact through empowering the poor to be change agents in their communities. SF's life skills programmes build the capacity of adolescents, particularly girls, to overcome their challenges through improved self-confidence, literacy, and occupational skills – particularly relevant as GBV and early marriages have increased in the context of the pandemic. In 2020, SF supported 11,517 adolescents (82% girls) in 466 adolescent empowerment centres, including in Niger where Tamadash was piloted in 15 centres for the first time.

To improve livelihoods, 33,440 people (80% women) participated in 1,266 community savings groups in 2020. These groups enable participants to increase their financial skills, gain access to resources and start income-generating activities.

# 25,677

Small Groups and youth clubs produced face masks and distributed awareness brochures and sanitation packs to 25,677 Sri Lankan families.

# 21,029

children enrolled in 775 Speed Schools centres in West Africa in 2020.



## Anti-corruption work goes digital

As corruption is part of the root cause of poverty, Strømme Foundation (SF) sees fighting it as one of our main goals. We practice a zero tolerance policy. This is an important principle in our work, and we see this practice as a positive instrument for effective development in the right direction fighting corruption.

Anti-corruption is a cross-cutting issue in all SF programmes. Capacity building of the community itself to ensure effective detection and response to financial fraud, in addition to other ethical and legal issues such as harassment, abuse, child labour and early marriage, is an integrated component of our approaches.

In 2020 the pandemic has increased the vulnerability of the global poor to corruption and legal/ethical issues. In October 2020, SF launched a thorough community mapping exercise to assess the "New Normal", in order to better understand new challenges emerging from the Covid-19 situation.

This mapping exercise has made it clear that it will be even more important to continue reinforcing programmes and communities so that they manage fraud, harassment, and abuse, and to ensure the existence of effective community-based whistle-blower channels in the time to come.

In 2020, we introduced a new system for receiving and handling whistle-blower cases, "Goth Ethics". This includes a function for

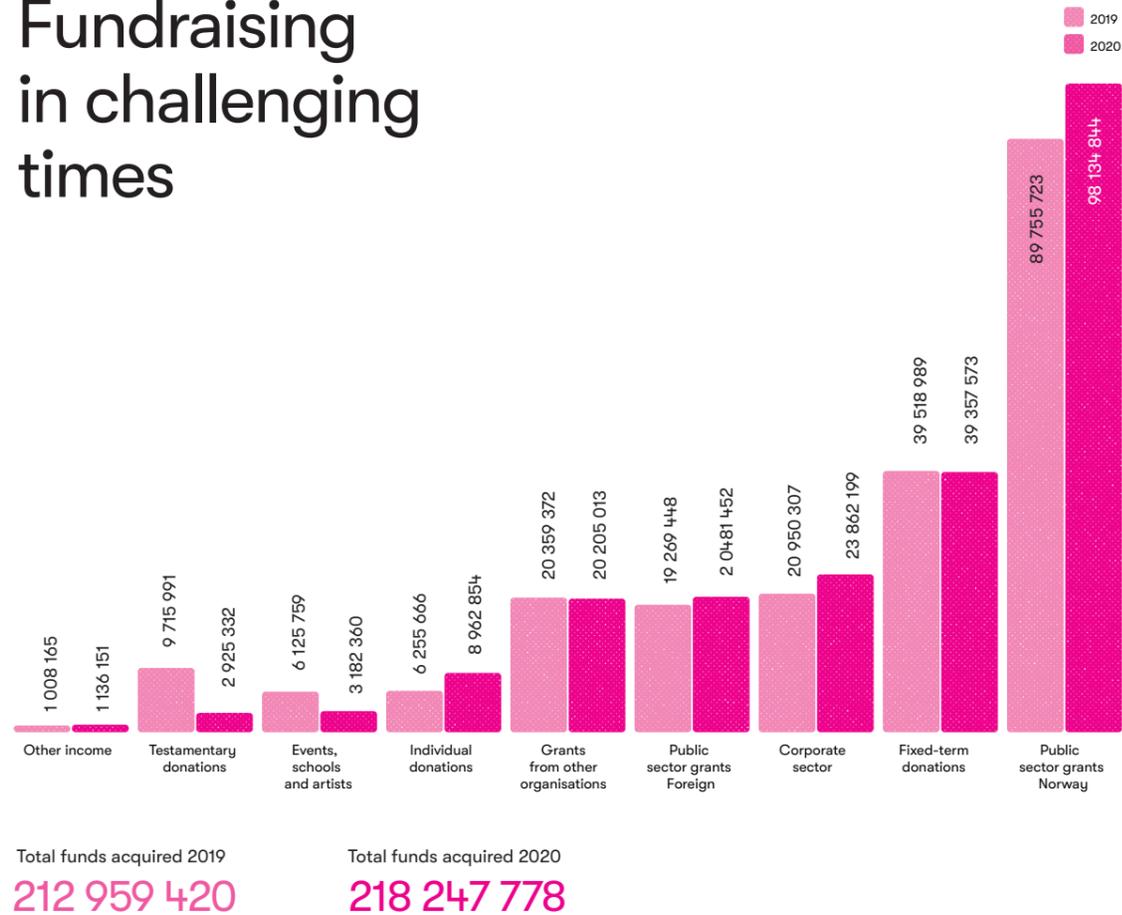
anonymous mailboxes and is a system for handling both financial cases and all kind of harassment cases. The whistle-blower channel is easily accessible on our web pages, and easily accessible to our staff and all partner staff in all our countries of operation.

Strømme Foundation develops different tools to be used in our work to prevent corruption, and in our internal control. We share our tools and training programmes with all our partners.

Due to the pandemic and travel restrictions, we have had limited opportunities to visit and carry out controls directly within our programme work in 2020. Most of the control and assessment has been carried out digitally. There is a risk that breaches might have increased, and that a number of deviation cases will not have been detected. Internal control, risk assessment and other follow up initiatives directly in the programme/field will be given high priority when the pandemic is over and restrictions have ceased.

In May 2020, early in the pandemic, SF put in place a new digital solution to closely and frequently monitor the situation on the ground, and in our partner-implemented programmes. The solution provides detailed operational updates from our partners and is an effective tool to prevent and detect deviations in global programming.

## Fundraising in challenging times



2020 was by far the most remarkable year in decades. When Covid-19 arrived on the scene in March it had an immense impact on almost all of our plans and activities for the rest of the year. It reduced our activities in face-to-face-recruitment. It also reduced the number of schools and students involved in Operation Day's Work (ODW), Norway's largest solidarity action by, with and for young people. The pandemic also made it more difficult with regard to fundraising and communication to focus attention on challenges other than health-related issues relating to Covid. It also reduced the number of partner schools able to carry out field visits and with this their ability

to fundraise for Strømme Foundation.

The Operation Day's Work in October 2020 provided us with a total income of 10 million NOK.

For Strømme Foundation (SF) it is of vital importance that we have funds from private donors, both those that are fixed term and single gifts. The amount of money we receive here as free funds allows us to engage in innovation and new programmes, and it also acts as deductible for NORAD-funded programmes. In short, the donations from private donors give SF the space to work and develop according to our strategy. Thus, donations from the private market are the backbone of the foundation.

Despite all the challenges due to Covid-19, SF managed to achieve a good result from private income from both individual donors, legacies, philanthropy, and business cooperation. We received less income compared to 2019. This can mainly be explained by reduced income from testamentary gifts.

In 2020 we renewed our graphic design and logo to make it more up to date. We will from now on focus more on our vision and mission by communicating more directly that we are an organisation fighting poverty. We also prepared for both new websites and a renewal of our magazine which were officially launched in early 2021.

What we  
**achieved**  
in 2020

# Asia

Sri Lanka, Myanmar, Nepal, Bangladesh

## Our focus

- Empowering the family as a unit.
- Building strong civil society organisations at community level and strengthening the public sector.
- Enhancing access to sustainable income sources.
- Ensuring quality education for disadvantaged groups, including building life skills, and vocational training for adolescents.

## How we work

- Formulation of Family Development Plans which promote shared decision making and focus on the income generating activities of targeted families.
- Strengthening community structures in order to promote collective efforts that lead to community development in a sustainable way.
- Adolescent empowerment programmes that improve self-confidence and future plans.
- Vocational training for youth.

910

910 youth completed vocational training. 70 % were either employed or started their own business 6 months after completing the training.

17,000

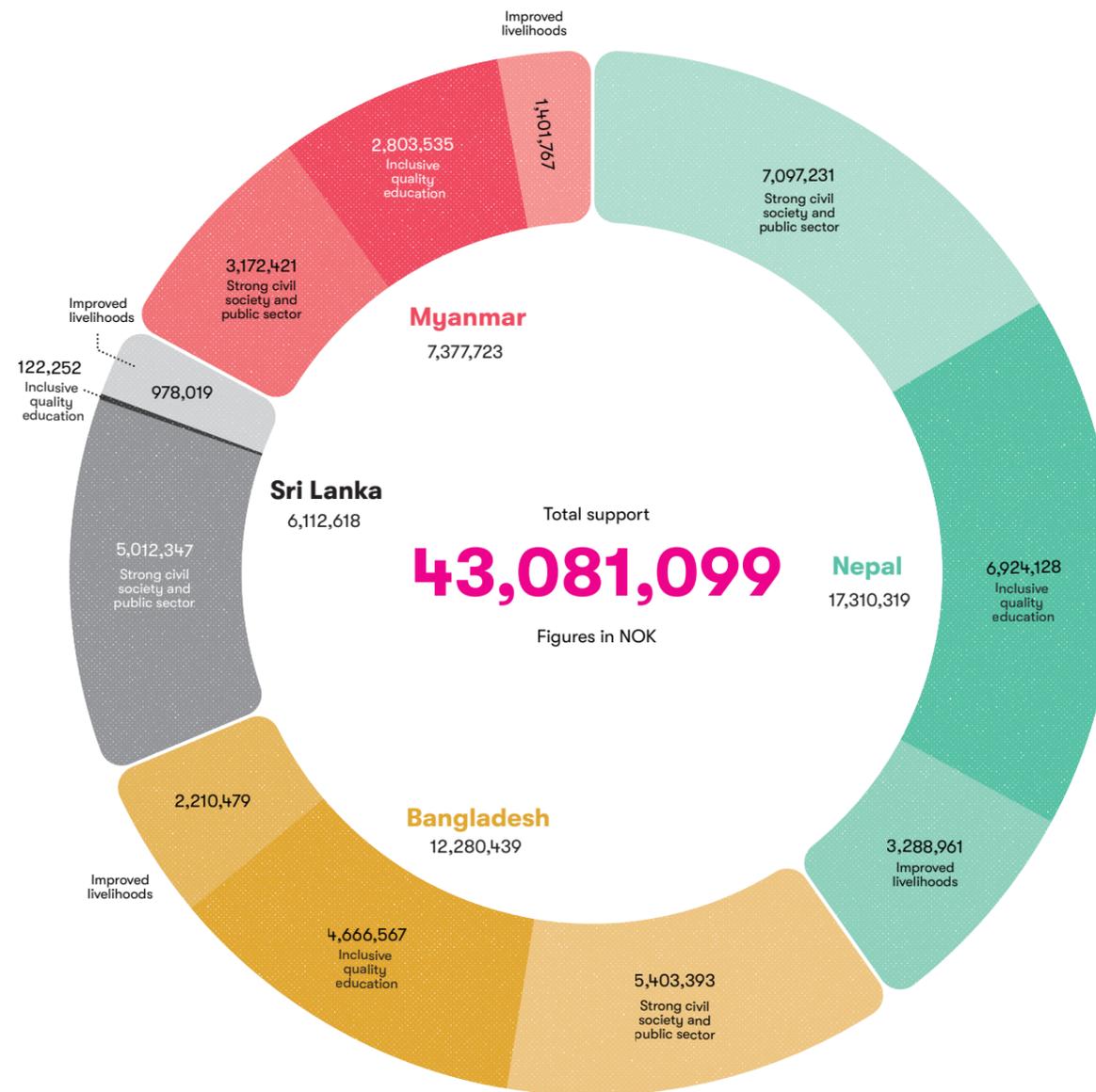
Several CBOs in Sri Lanka worked with the Government and other stakeholders to secure relief items for over 17,000 families. Small groups and youth clubs produced face masks for Covid 19 protection and distributed awareness brochures and sanitation packs to 25,677 families. business 6 months after completing the training.

9,079

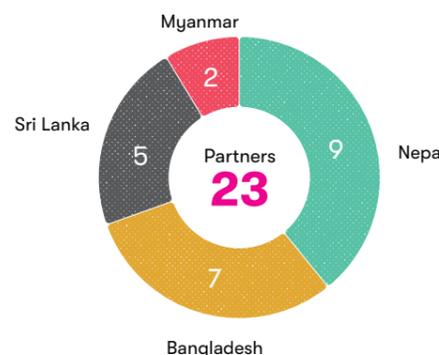
9079 adolescents (84 % girls) participated in 379 Samvad/ Shonglap centres. 80 % of the adolescents improved their life skills as a result of the programmes. s



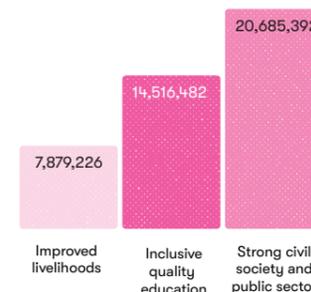
**Support to partners/projects 2020**  
by country and thematic goal including distributed programme follow-up in the regions.



**Number of partner organisations**



**Distribution of support by thematic goal**



# East Africa

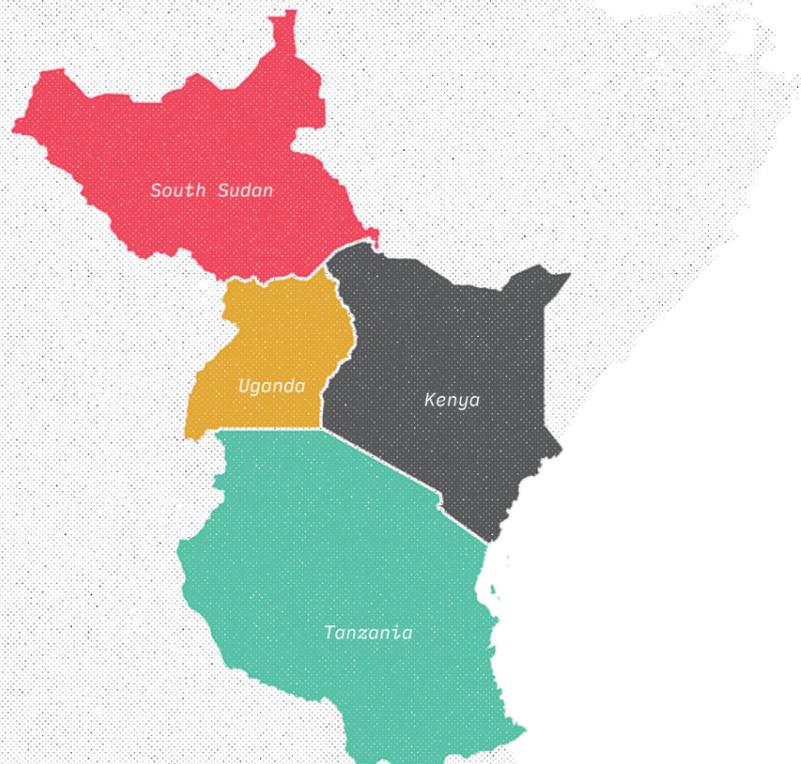
Tanzania, South Sudan, Uganda, Kenya

## Our focus

- Increasing access to pre-primary care centres and improving the quality of primary schools.
- Life skills for adolescents.
- Community managed savings groups.
- Increasing opportunities for job creation.
- Commercial villages and value chain development.

## How we work

- Strengthening infrastructure and soft skills of teachers and caregivers in pre-primary and primary schools. Ensuring the enrolment of children and monitoring their learning outcomes.
- Providing life skills and vocational skills training for out-of-school adolescents.
- Engaging youth in marketable trades that lead to job creation and employment opportunities.
- Linking small rural producers to agricultural value chains to increase their incomes and harness economic growth for their communities.



**22,162**

members (70% women) were organised into 839 savings groups.

**169**

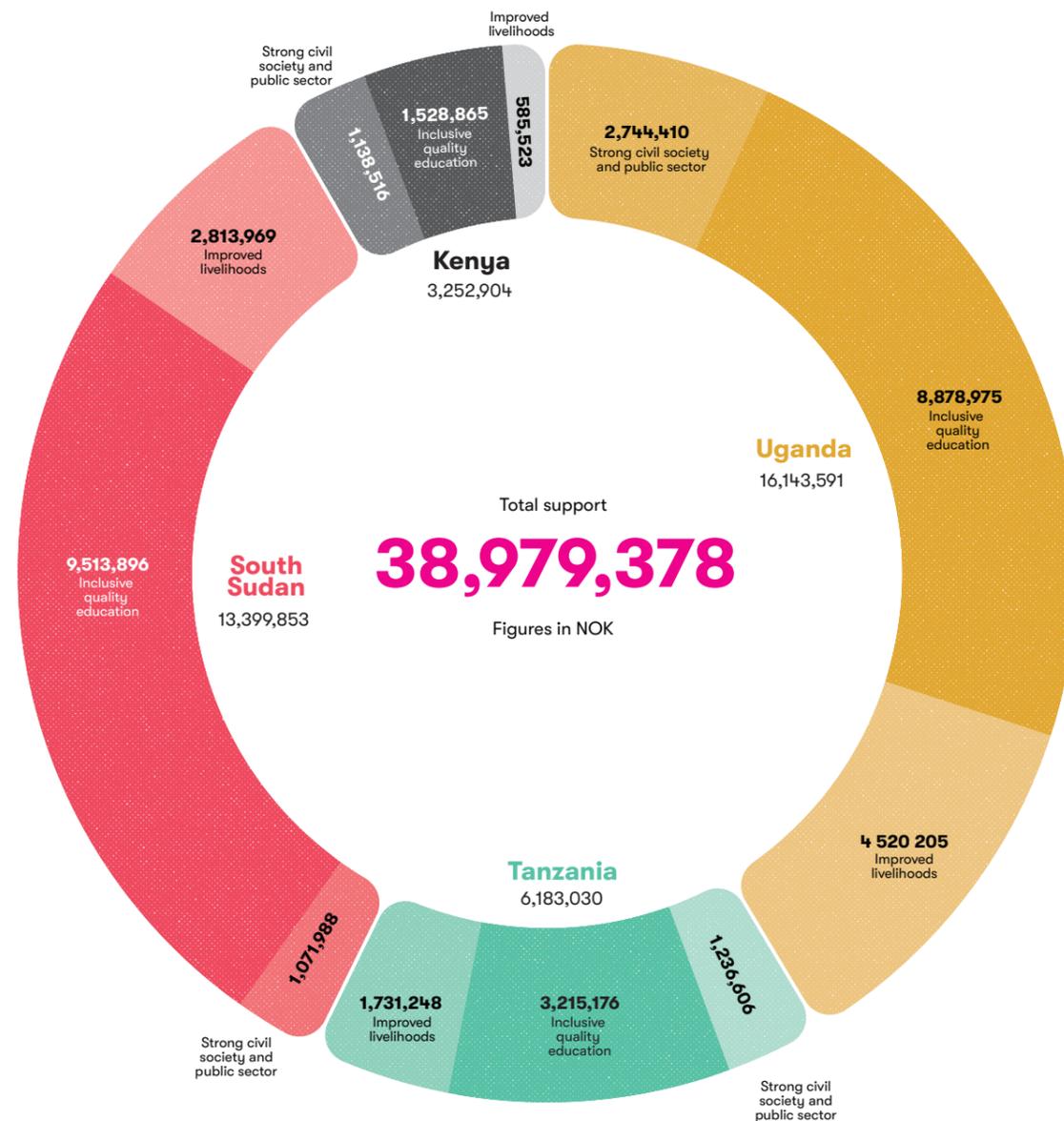
solar radios were distributed to 24 primary schools and ECD centers, broadcasting educational messages targeting 5,262 children.

**2,063**

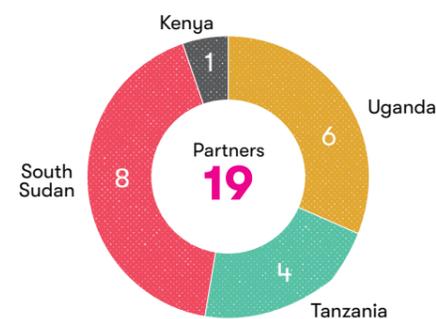
adolescents (73% girls) were empowered through the Bonga programme.

**The Covid-19 pandemic** affected the implementation of all programmes in East Africa, particularly those supporting pre-school and primary schools, which remained closed most of the year.

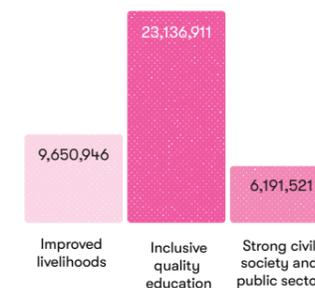
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**Number of partner organisations**



**Disitribution of support by thematic goal**

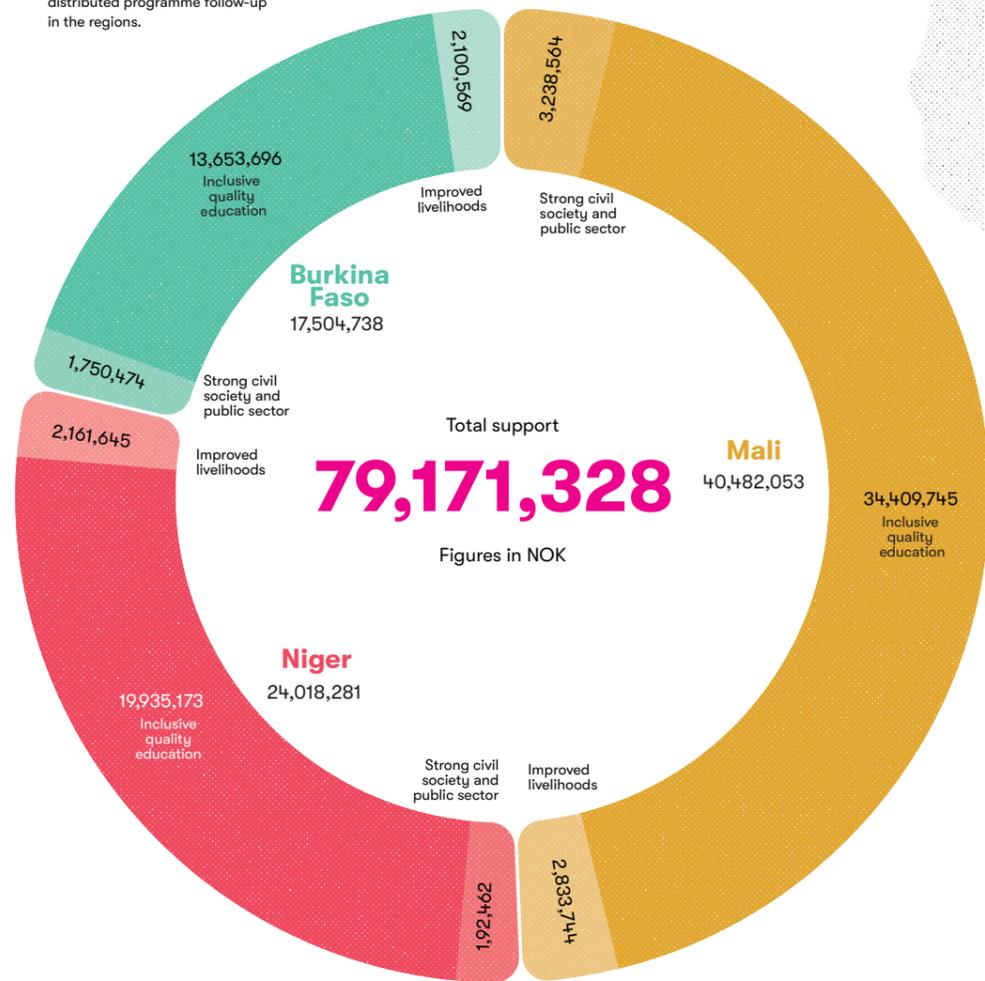


# West Africa

Niger, Mali, Burkina Faso

## Support to partners/projects 2020

by country and thematic goal including distributed programme follow-up in the regions.



## Our focus

- Accelerated education for out-of-school children and adolescents.
- Literacy and life skills for women.
- Job creation for youth and women through waste management.
- Community-managed savings groups.
- Capacity building and advocacy.

## How we work

- Accelerated learning programmes for children and adolescents who have never been to school or have dropped out during the course of their education. The Speed School programme consists of a condensed curriculum that allows learners to catch up with their peers and then transfer into the formal education system.
- Active literacy for women including life skills, numeracy and financial skills.
- Vocational and entrepreneurship training for youth.
- Contribute to job creation for youth and women through valorising and recycling waste.
- Community-managed savings groups for women to encourage savings and loans for income generating activities.

# Norway

## OUR FOCUS

- Capacity building of regional and country offices and partners.
- Fundraising and maintaining a good relationship with donors.
- Financial Management and Controlsett punktum
- Coordination of programme operations across regions.
- Quality assurance of programme results, narrative reports and donor applications.

## HOW WE WORK

- Emphasis on monitoring systems for the collection of information on programme progress.
- Ensuring that good quality reports and applications are submitted to donors in a timely manner.
- Developing and maintaining good systems for financial control and minimum standards to detect and prevent corruption.
- Building organisational-wide capacity for mainstream cross-cutting issues (gender equality, environment and climate change, inclusion and anti-corruption) and innovation across programmes and operations.

## ACHIEVEMENTS AND CHALLENGES

- Organisation-wide consolidation of the current Strategic Plan (2019-2023).
- Development and operationalisation of programme quality standards for lasting impact.
- Partnering with research institutions to strengthen the results focus of our programmes and our innovation actions.
- Training, monitoring and quality assurance has been made more difficult by travel restrictions due to the ongoing Covid-19 pandemic. However, the digitalisation of the collection of monitoring data has enabled us to stay abreast of updates in the programmes and maintain close contact with field offices and partners throughout the pandemic.

21,029

out-of-school children attended Strømme Foundations (SF's) Speed School in 2020. 92 percent enrolled in formal primary school after completing the programme.

405

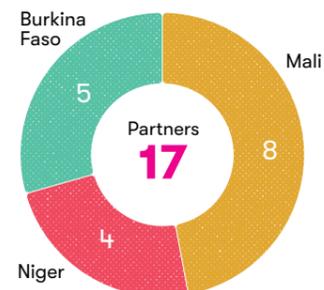
school benches were produced from plastic waste under the auspices of the Green Jobs project.

11,278

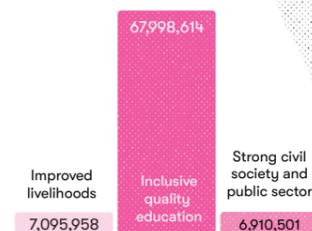
women were organized into 427 savings groups. 1,818 took part in the Active Literacy programme.

Despite the extremely challenging context with the Covid-19 pandemic and the security situation deteriorating in all three countries, the programmes were largely implemented as planned.

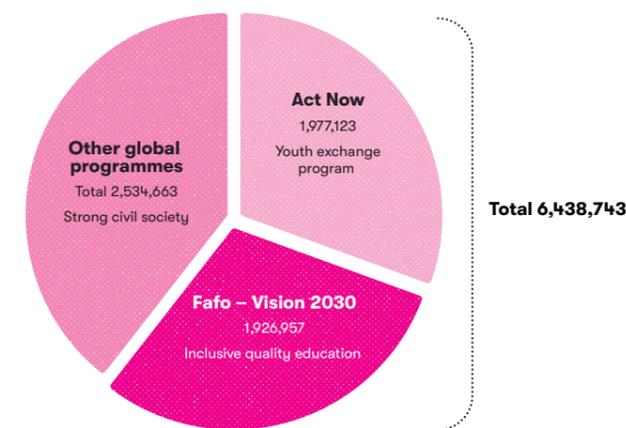
## Number of partner organisations



## Distribution of support by thematic goal

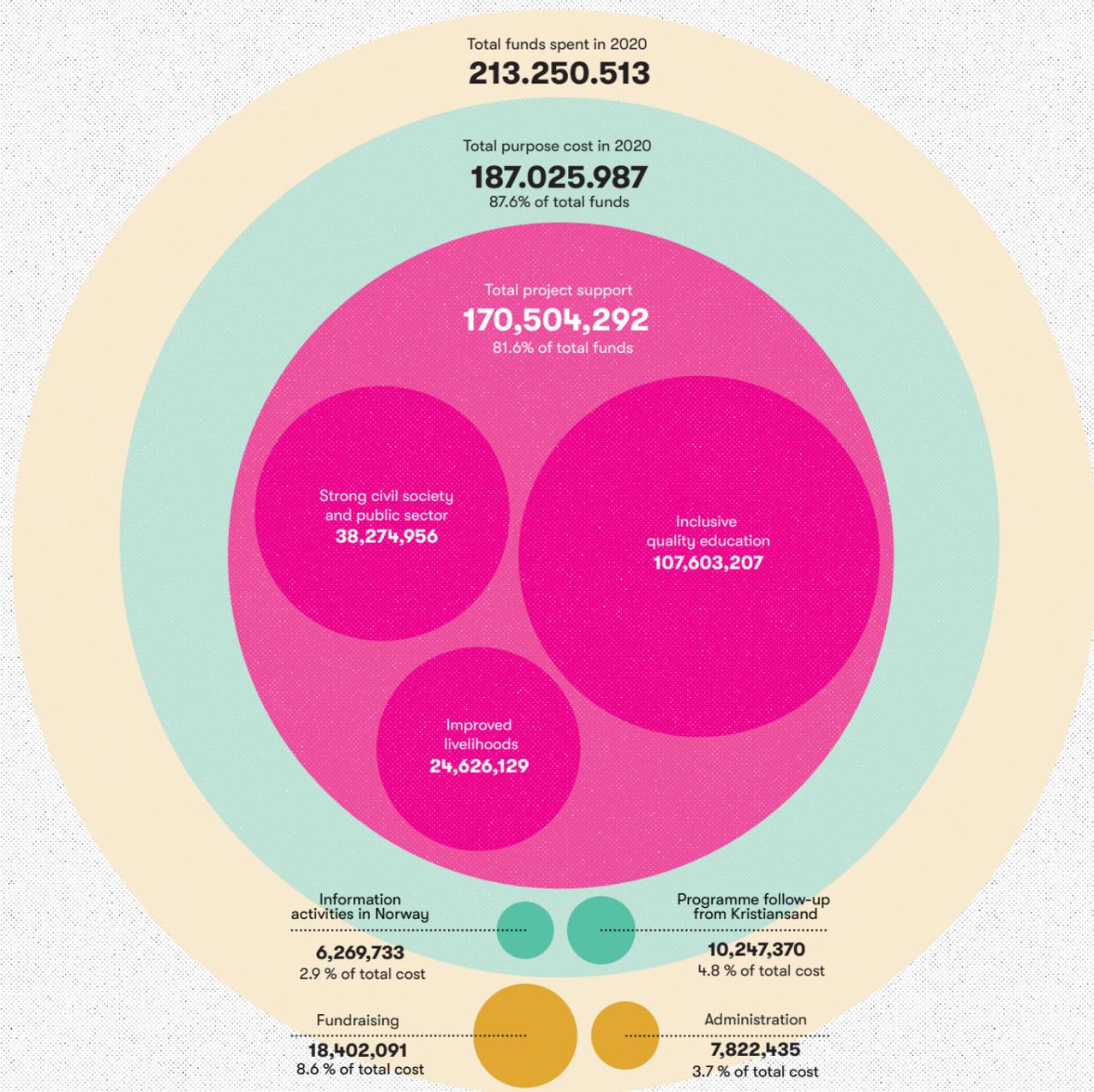


## Global programmes



# How we used our funds in 2020

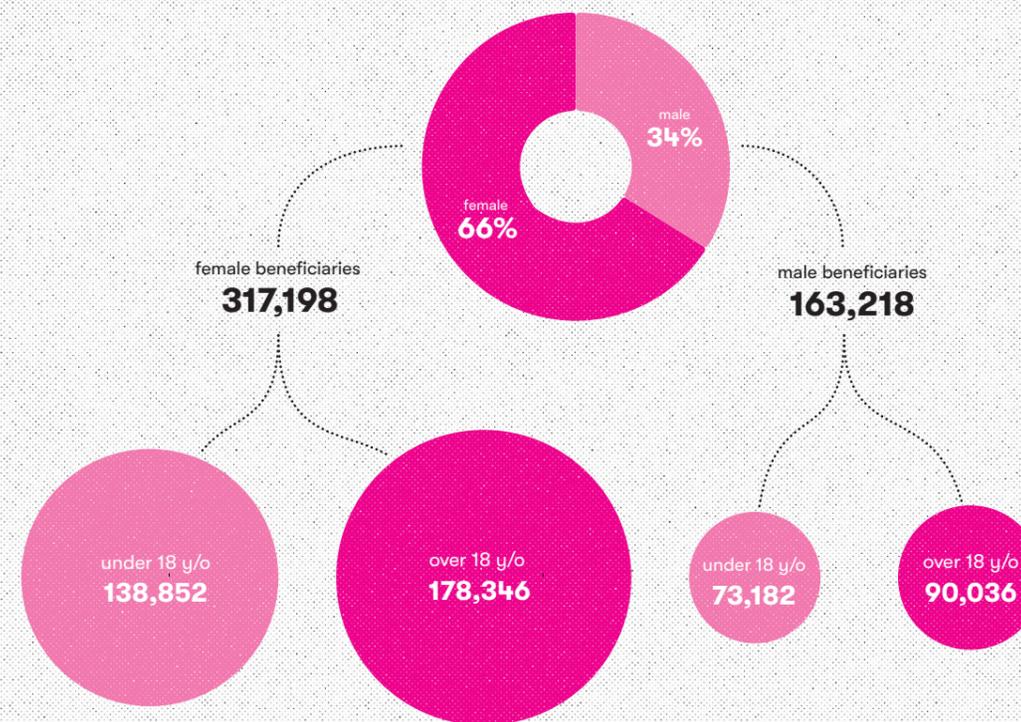
All figures in NOK



# Total number of beneficiaries

# 480,416

people benefited from our work in 2020.  
61 local partner organisations helped us achieve this.



# 2020 highlights



## January

The AKO Foundation, enters into a three-year agreement with Strømme Foundation to strengthening the work amongst refugee girls from South Sudan who now live in settlements for refugees in Northern Uganda.

## March

Covid 19 spreads and our work is being considerably reduced in all regions. We contribute to the distribution of soap and masks. Information work about Covid becomes an important part of the work in the communities where we work.

## February

A new programme "Together for Inclusion" has a kick-off in Niger. This is a collaboration between Strømme Foundation, Plan International, and ADRA. The project will contribute to the inclusion of children with disabilities in education in Niger.

Strømme Foundation's board visits Tanzania to gain first-hand knowledge of how our work is carried out. Here they visit one of our partners, "Masai Pastoralist Devote Initiative" in the Makuyni Masai village in Monduli district.



## May

The Corona pandemic results in almost 70% of our work being affected. Simultaneously, new ways of working are developed and put into practice. In Uganda, solar radios are distributed to pupils so that the children can follow their teaching via the radio. In Nepal we started Radio Samvad, with several weekly transmissions. We also recruit young girls from the Samvad, Shonglap and Bonga programmes to carry out information work about the pandemic.

## April

An urgent need to monitor and understand the situation in SF's programmes emerged as most of SF's countries of operation went into lockdowns. A new digital dashboard for global programme monitoring was set up in collaboration with our close technology partner, Zegeba. The dashboard solution tracks activity in all projects, and helps SF communicate and cooperate closely with our partners.

## June

We provide and deliver several Covid 19 prevention kits to the Governorate of Tillabéri, one of the regions in Niger. The prevention kits are for the learners and animators of the Speed School 1 centres of the 20 villages of the two municipalities (Dargol and Balleyara). This is one of several activities designed to prevent the spread of the virus in the region.



## July

The "green jobs" in Mali project has had a good start. In the project we engage women to collect plastic that they sell for recycling. The plastic is melted down and used for school desks, which in turn will be sold and used in our Speed School programmes. The project takes place in collaboration with several other actors in the waste industry in Norway, such as Returkraft and Norsk Gjenvinning.



## August

Norad director Bård Vegar Solhjell visits Strømme Foundation. "You are a valued and important partner for Norad and an important actor in education and job creation. Both areas are very important to work with during difficult times owing to the Corona pandemic," Solhjell told the staff of SF.



## October

The annual Operation Day's Work is carried out where students across Norway worked to fundraise money for SF's program in Northern Uganda. The campaign has the theme "push the boundaries", and focuses on the situation that refugees from South Sudan find themselves in when they have fled and live in settlements for refugees in Uganda. Trauma treatment and education are part of the main content of the programme.

## September

For the very first time we carry out the Strømme Foundation Academy. More than 40 students from different schools from several parts of Norway take part in the four-day seminar. Refugees and a focus on understanding the world's injustices, as well as fostering a commitment to fighting poverty are among the topics at the seminar.

## November

The pre-Christmas concert, Silent Night Holy Night begins. Since 1999, Strømme Foundation has been a co-organiser of Norway's biggest pre-Christmas concert. Despite the Corona pandemic, 48 concerts were held in 23 churches, each with a very limited audience. The concert has provided over 11.5 million NOK for Strømme Foundation in our fight against poverty since the collaboration began.



## December

Most of our work is now up and going again. In West Africa, we are running 100 percent and in the other regions, the work is almost in full swing. Our decentralised structure simplifies the re-opening of activities and our programmes.

In December, 79 students graduated from Maper Teacher Training School in South Sudan. The country has a significant lack of qualified teachers and the need for more of them is enormous.

"Every year, we need 2000 new and well-qualified teachers," said Awut Deng Acuil, Minister of Education and Training, in his greeting to the students.

# Africa's new reality

The pandemic has resulted in changes in how the Strømme Foundation conducts its development work. We have interviewed 2731 families in our projects and project areas in Uganda, Tanzania, South Sudan and Kenya in order to gain an idea of what the new reality is like.

–I am afraid for my **education**. I'm tired of being **home** and doing housework. I'm afraid I'm going to get **pregnant** and afraid of becoming a child bride. Schoolgirls are the ones who are most **vulnerable** and exposed to this now that schools are closed.

Girl in Kenya (14)

## 32%

of children from rich and affluent families in Uganda had the opportunity to attend classes on television. None of the poor families who were asked could do so because they did not have a TV or access to a TV.

## 8%

of school children say they most likely will not return to school after the pandemic. In South Sudan, 15 percent say they do not want to return to school, and in Uganda, 11 percent answer the same. In Kenya, all of the respondents wanted to return to school when this is over.

## 59%

of the children who have experienced various forms of violence at home or elsewhere do not speak out about it. They believe that violence is normal and that the things they experience are as they should be. 10 percent of those who experience violence say they do not know to whom they should report when they are exposed to violence.

## 1/3

of the children say that they have been exposed to violence since the pandemic came. In South Sudan, 60 percent of those surveyed said that they have been subjected to violence. In Uganda, the figure is 41 percent. A total of 33 percent of the respondents have been subjected to violence during this period.

## 53%

The corona pandemic has increased the risk of early pregnancy by 53 percent in our partner countries in East Africa. The risk is highest in Kenya. The survey shows that there is an increased risk of as much as 86 percent. In Uganda and South Sudan, the risk of getting pregnant has increased by 60 percent.

## 32%

of those asked say that they have lost their jobs due to the pandemic. In South Sudan, the figure is 45 percent, and in Uganda, 38 percent of those who participated in the survey have lost their jobs. In Tanzania, only 16 percent of those surveyed say the same thing. In total, 62 percent of those who took part in the survey said that they had poorer personal finances.

# Annual report for 2020 from the Executive Board of Strømme Foundation

Strømme Foundation started with fundraising for the world's poorest by chaplain Olav Kristian Strømme. Today we are a professional organisation that has a framework agreement with NORAD and spends over NOK 200 million annually to help the world's poorest. We are still inspired by the same Christian values that our founder had. That is why we want to help the poorest and most marginalized so that they can use their own resources and become independent. This is also why we help regardless of religion, ethnicity, caste, gender, disability and other minority status.

Strømme Foundation has its head office in Norway (Kristiansand) and three regional offices in West Africa (Mali), East Africa (Uganda) and Asia (Sri Lanka). In addition, there are six country offices in South Sudan, Bangladesh, Nepal, Myanmar, Burkina Faso and Niger.

## BOARD OF DIRECTORS 2020

The Board has held four ordinary meetings and one extraordinary meeting in 2020. They have dealt with a total of 45 cases. One of the meetings was held in connection with the Board's trip to Tanzania.

In 2020, the Board of Directors has consisted of the following members:

- Hans-Christian Vadseth (chairperson)
- Ingunn Folkestad Breistein (deputy chair)
- Lars Brøvig Saaghus (employee representative)
- Idunn Helle
- Snorre Kjesbu
- Arvid Grundekjøn
- Carol Azungi Dralega.

Deputies have been:

- Erik Lunde
- Andreas Haug Løland (until 21 February 2020)
- Christina Milsom (deputy employee representative).

## STRATEGY 2019-2023

2020 was the second year of Strømme Foundation (SF)'s strategic plan period (2019-2023). With a mission to eradicate poverty, SF works strategically in four ways to achieve the best possible results:

1. Enhancing the quality of our programmes to address the root causes of poverty.

2. Influencing public opinion and government policy by raising awareness on the issues of global poverty and injustice.
3. Making available long-term funds and resources for our programme operations.
4. Running an efficient and effective organization

In our programme work, the focus in the current strategy is to work through local implementing partners to attain three thematic goals:

1. Strengthen civil society and the public sector.
2. Ensure inclusive quality education for disadvantaged groups.
3. Improve livelihoods for the rural poor through enhanced income generation.

The main goal of the strategic plan is to strengthen the organisation's ability to lift people out of poverty in a lasting way (SDG 1). We thematically focus particularly on the following three Sustainable Development Goals (SDGs): SDG 4 (Quality Education); SDG 5 (Gender Equality); and SDG 8 (Decent work and economic growth). SF sees innovation and intersectoral cooperation as prerequisites for economic growth and development, and thus aims to promote more innovation in our programmes, operations and fundraising efforts. We also seek to strengthen our collaboration with others (cf. SDG 17) as we cannot attain our ambitious vision alone.

Our cross-cutting issues (Gender Equality, Environment and Climate Change, Inclusion and Anti-Corruption) permeate all our work.

SF's target group is people who do not have their human rights met, mainly rural women, children and youth living in poverty. Based on our values, our goal is to ensure that no one is left behind, as advocated by the SDGs. Thus, our programmes also strive to reach people with disabilities, ethnic minorities and other marginalized groups.

Strømme Foundation has a decentralised organisational structure with programmes implemented through local partner organisations. This ensures that decisions on how to best combat poverty are always anchored in the local context. In our experience, this ensures better and more long-lasting results. We work to make individuals and communities (rights holders) aware of their rights; and provide them with the means to claim these rights from the duty bearers (authorities). This

is done, among other things, by identifying and utilizing the potential and strengths inherent in local implementation communities.

To remain a successful development organisation, we regularly monitor, analyse and evaluate the results of our work. The Strømme Foundation is continuously developing our methods of planning and implementation and aims to be a learning organization at all levels.

## PROGRAMME ACTIVITY

2020 was a difficult year for SF's target communities, due to the Covid-19 pandemic that worsened poverty levels for our already vulnerable target groups. However, due to SF's unique decentralised structure with local staff and implementing partners based in target communities, activities in 2020 largely continued with precautionary measures in place. SF has also developed a digital monitoring tool where local partners submitted weekly reports on the programme activity levels in target communities. At the country level, programme meetings and capacity building trainings were held online, in shifts or smaller groups, with masks and hygiene kits distributed and social distancing measures applied. Thus, SF continued its efforts to facilitate lasting impact by strengthening civil society; ensuring that children access inclusive quality education; and providing economic opportunities through job creation and enhanced income generation.

As the pandemic hit, our Community Based Organisations took a lead role in advocating for more government services to the communities. For example, CBOs in Sri Lanka worked with the Government and other stakeholders to secure relief items for over 17,000 families. Small Groups and youth clubs produced face masks and distributed awareness brochures and sanitation packs to 25,677 families. SF's life skills programmes built the capacity of adolescents, particularly girls, to overcome their challenges through improved self-confidence, literacy, and occupational skills. In 2020, SF supported 11,517 adolescents (82% girls) in 466 adolescent empowerment centres, including in Niger where Tamadash (dialogue) was piloted in 15 centres for the first time. To improve livelihoods, 33,440 people (80% women) participated in 1,266 community savings groups in 2020. These groups enable participants to increase their financial and literacy skills, gain access to resources and start income generating activities. In terms of education, 21,029 children enrolled in 775 Speed Schools centres in West Africa and 77,993 children benefited from strengthened educational programmes in Asia and East Africa, though some were organised differently – online, in smaller groups, through solar radios etc. – due to the pandemic.

## KEY FINANCIAL FIGURES

### Strømme Foundation

Total revenues for 2020 was MNOK 225.5 compared to MNOK 218.4 in 2019.

Revenues from the public sector in Norway increased from MNOK 89.8 in 2019 to MNOK 98.1 in 2020, mainly due to

increased grants from NORAD.

Revenue from public sector grants from abroad increased from MNOK 19.3 in 2019 to MNOK 20.5 in 2020.

Revenues from private gifts fell from MNOK 61.6 in 2019 to MNOK 54.4 in 2020, mainly because legacy gifts were lower than the year before.

Income from corporate sector has increased from MNOK 21.0 in 2019 to MNOK 23.9 in 2020. Grants from other organisations remained stable at 20 MNOK.

Costs for purpose activities increased from MNOK 180.5 in 2019 to MNOK 187.1 in 2020.

The annual result shows a profit of MNOK 14.1 compared to a profit of MNOK 13.5 in 2019. Other purpose capital increased to MNOK 88.6 compared to MNOK 73.2 in 2019.

## Consolidated accounts

The consolidated accounts ended with a profit of MNOK 10.1 compared to a profit of MNOK 3.3 in 2019.

Total equity has increased from MNOK 244.1 in 2019 to MNOK 253.2 in 2020. The cash flow from the operational activities is satisfactory; total liquid assets at the end of the financial year were MNOK 172.4, compared to MNOK 124.2 in 2019.

The balance of liquid assets excludes Strømme Micro Finance AS (SMF AS) which has been consolidated according to the equity method. Liquid funds in the SMF group are MNOK 33.4, compared to MNOK 49.7 in 2019.

## SF's key figures for share of total costs for 2020 are as follows

- Administration 3.7% (4.0% in 2019)
- Fundraising 8.6% (8.7% in 2019)
- Purpose 87.7% (87.3 in 2019)

In addition, the Norwegian Control Committee for Fundraising has introduced a measurement of the share of the private funds that goes to the organisation's purpose, which is 78.4% (80.0% in 2019).

The Strømme Foundation follows the guidelines from 'Accounting Standard for Not-for-Profit organisations' and the Norwegian Control Committee for Fundraising when it comes to distributing costs on administration, procurement and purpose cost.

## WORKING ENVIRONMENT AND EMPLOYEES

The working environment in the Strømme Foundation is considered to be good. In the past year, the cooperation between the union and management has been constructive and contributed positively to the development work.

At the end of 2020, there were 4 men and 3 women on the Board, which is the same distribution as at the end of the year before. The following information about employees includes the SMF AS group (consolidated). Among the employees in Kristiansand, at the end of the year there were 20 women and 13 men (compared to 20 and 14 in 2019, respectively). The number of man-years decreased from 32.3 in 2019 to 30.5 in 2020. Abroad there were 40 women and 90 men (compared to 38 and 87 in 2019, respectively). In total there were 60

women and 103 men (compared to 58 and 101 in 2019, respectively). The management team, which includes department directors in Kristiansand and regional directors, consisted at the end of 2020 of 4 men and 4 women. The SF strives for gender equilibrium at all levels and is conscious about this in the recruitment processes.

In 2020, the Kristiansand Office had a total sickness absence rate of 2.81% (3.95% in 2019). The Kristiansand Office has an agreement for occupational health services. There were no serious work accidents at the Kristiansand office that have resulted in material damages or personal injury during the year. Every second year, a working environment survey is carried out in the SF, which includes the Kristiansand office and the regions. Such a survey was carried out in 2020 and the findings from there point out that employees feel it meaningful to work in the SF, the work is perceived as important and there is good cooperation between colleagues. There was also an identified need to work with involvement and co-termination, as well as a good work-life balance.

In 2018, the SF was certified as a member company in 'Likestilt Arbeidsliv in Agder' (equality in working life), as a diverse and equal workplace. Agder County Council is behind the certification scheme and work on a re-certification started in 2020. The SF is part of this, and we are working towards a renewed certification during 2021.

The Strømme Foundation has an international personnel and employment procedure and working conditions at all offices are intended to prevent discrimination based on ethnicity, nationality, sexual orientation, political affiliation, age and/or religion.

The organisation's pollution of the external environment is mainly of an indirect nature. The Board believes that this has minimal pollution effect on the external environment. The organisation has no orders from public authorities that have not been fulfilled.

**RISK ASSESSMENTS**

The Board continuously monitors Strømme Foundation's risk through quarterly reports. In 2020, the focus on deviation reporting and preventive measures against corruption within the SF and our partners have continued. The organisation has established good systems and has had good dialogue with donors in cases where corruption has been suspected. Digitalisation of reporting through new software has facilitated our overview and management of the programme portfolio.

In 2020, of course, all the direct and indirect consequences of the Covid-19 crisis have also been an important topic. The pandemic has led to a worsening situation for our aid recipients in all countries. For the SF, the pandemic has also changed some of the conditions for normal operation by making travel between countries and internally in countries difficult, while some of our programmes have been closed during periods related to outbreaks of infection. It is important to say that our structure with only local employees at country and regional offices has contributed to us being able to have full capacity for our work where society has not had periods of shutdowns

due to Covid-19. The SF has focused heavily on infection control and good quarantine rules at all offices and in our programmes. Participants in several of the programmes have also been active in training and distributing infection control measures in their local environments.

The security situation has continued to be challenging in Burkina Faso, Mali, Niger and South Sudan in 2020. In particular, the security situation has deteriorated in Burkina Faso, where over a million people are now displaced. Mali has also been the victim of a military coup in 2020. Many compensatory efforts have been implemented to improve the security situation of our employees and in our programmes, including dedicated workshops in the security area for employees in West Africa. The Regional Office in West Africa is well up to date on the security situation in all three countries and has good security plans in close dialogue with the Norwegian Embassy in Bamako and other NGOs through the INSO cooperation.

The majority of the SF's costs are in currencies linked to the USD or the EUR, and since most of the income is in NOK, exchange rates play a significant role in what the SF can deliver to its partners in the South. However, the terms of the SF's agreements with the partners are such that the obligations are limited to the budget adopted in NOK. The SF enters into forward exchange contracts to secure parts of the exchange rates between NOK and USD/EUR.

The SF has no external loans, so there will be no serious consequences for the organisation if interest rates increase significantly. Credit risk is limited to the microfinance operations of SMF AS.

The microfinance activities are exposed to both financial and societal risk in the countries in which we operate. Based on follow-up systems and diversification in the company's portfolio, the Board believes that the risk has been reduced to an acceptable and controllable level. It is not possible for the business to influence the specific local risk areas, but the overall risk is reduced by the company's strategic decision to spread the activity in different countries and by having local employees who know local conditions.

**FUTURE PERSPECTIVE**

The Strømme Foundation is continuing its efforts to strengthen poor communities in their ability to climb out of poverty. The situation for our target groups has gone from bad to worse following the outbreak of Covid-19 and consequent restrictions. More children are now out of school, gender-based violence and early marriages have increased, and unemployment and income loss have globally plunged millions of people deeper into poverty. At the same time, democracy is on the decline in many of our intervention countries, with a shrinking space for civil society.

Going forward, our programmes will have to address these new realities. We are currently analysing what this 'new normal' looks like in our countries of intervention and will use the results to inform future programmatic development and innovation. It is highly likely that we will increasingly be operating in the nexus between humanitarian aid and long-term

development work, which requires a multipronged approach.

We aim to strengthen our strategic partnerships, particularly with new players from the private sector in both Norway and abroad. By this hoping to be able to invest in an even greater extent in the innovation and development of our programmes.

In the future, the organisation will continue its efforts to combat poverty through education and job creation.

The grant for information activities that NORAD have committed from 2021 will give us a greater opportunity to raise awareness of SDG 1 among the Norwegian people for a few years to come. In addition, we aim to continue working with the poorest of the poor. This is a contributing factor to the decision to phase out the work in Sri Lanka during 2021, and then close the regional office in Sri Lanka during 2022. Just as we phased out our work in South America in

2018, we want to end programmes and cooperation with Sri Lanka in a good way.

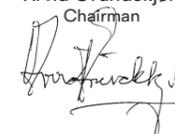
The Board believes that the SF has activities that are suitable for further operations. The 2020 result shows growth in overall income. The Board believes that the SF is in a good position to respond to changes in the donor market, whether from competitors or from the general economic conditions.

**ALLOCATION OF THE YEAR'S RESULT**

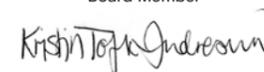
Of the Strømme Foundation's total profit of MNOK 14.1, MNOK 1.2 has been taken from purpose capital with restrictions and MNOK 15.4 has been added to other purpose capital. The consolidated accounts show a total profit of MNOK 10,1 of which MNOK 5,3 is derived from purpose capital with restrictions and MNOK 15.4 is added to other purpose capital.



Arvid Grundekjøn  
Chairman



Kristin Tofte Andresen  
Board Member



Snorre Kjesbu  
Board Member



Idunn Helle  
Board Member



Anne Breivik  
Board Member



Carol Azungi Dralega  
Board Member



Sendeu Titus Msamire Tenga  
Const. Secretary General



## Strømme Foundation (SF) Activity Account FIGURES IN NOK

	Note	SF 2020	SF 2019	Consolidated 2020	Consolidated 2019	Note
<b>Funds acquired</b>						
Public sector grants – Norway	3	98,134,844	89,755,723	98,134,844	89,755,723	
Public sector grants – Foreign	4	20,481,452	19,269,448	20,481,452	19,269,448	
Grants from other organisations	5	20,205,013	20,359,372	20,205,013	20,359,372	
Private donations	6	54,428,119	61,616,404	54,428,119	61,616,404	
Corporate sector	7	23,862,199	20,950,307	23,862,199	20,950,307	
Financial income	8	7,202,454	5,391,328	7,202,454	5,391,328	
Other income		1,136,151	1,008,165	1,136,151	1,008,165	
<b>Total funds acquired</b>		<b>225,450,232</b>	<b>218,350,748</b>	<b>225,450,232</b>	<b>218,350,748</b>	
<b>Funds spent</b>						
<b>Cost of fund acquisition</b>						
Fundraising cost	1, 9	-16,909,819	-16,546,601	-16,909,819	-16,546,601	
Other acquisition cost	1, 9	-1,492,272	-1,495,777	-1,492,272	-1,495,777	
<b>Total cost of fund acquisition</b>		<b>-18,402,091</b>	<b>-18,042,379</b>	<b>-18,402,091</b>	<b>-18,042,379</b>	
<b>Purpose cost</b>						
Support to development partners/projects	10	-136,677,081	-129,143,897	-136,619,891	-129,143,897	
Programme follow-up at regional offices	11	-33,831,803	-37,223,293	-33,831,803	-37,223,293	
Programme follow-up from Kristiansand	12	-10,247,370	-9,904,378	-10,247,370	-9,904,378	
Information activities in Norway	13	-6,269,733	-4,249,223	-6,269,733	-4,249,223	
<b>Total purpose cost</b>	<b>1</b>	<b>-187,025,987</b>	<b>-180,520,791</b>	<b>-186,968,797</b>	<b>-180,520,791</b>	<b>30</b>
<b>Administration cost</b>	<b>1</b>	<b>-7,822,435</b>	<b>-8,169,558</b>	<b>-7,822,435</b>	<b>-8,169,558</b>	
<b>Total funds spent</b>	<b>1, 25</b>	<b>-213,250,513</b>	<b>-206,732,728</b>	<b>-213,193,323</b>	<b>-206,732,728</b>	
VAT compensation	14	1,924,261	1,911,929	1,924,261	1,911,929	
Result Microfinance (MF)				-4,034,504	-10,593,984	
Result from investments in other companies				-69,424	324,394	
<b>The year's activity result</b>		<b>14,123,980</b>	<b>13,529,949</b>	<b>10,077,243</b>	<b>6,872,103</b>	<b>32</b>
<b>Additions/reductions in purpose capital</b>						
Change in purpose capital with restrictions (SF)	15B	-1,238,617	1,208,565	-1,308,041	1,532,959	
Change in purpose capital with restrictions (MF)		-	-	-3,977,314	-10,593,984	
Transferred to / (from) other purpose capital		15,362,597	12,321,384	15,362,597	12,321,384	
<b>Total additions/reductions in purpose capital</b>	<b>15</b>	<b>14,123,980</b>	<b>13,529,949</b>	<b>10,077,243</b>	<b>3,260,359</b>	<b>32</b>

## Strømme Foundation Balance Sheet as of 31.12

Assets	Note	SF 2020	SF 2019	Consolidated 2020	Consolidated 2019	Note
<b>Long-term assets</b>						
<b>Fixed assets</b>						
Property	16	6,090,700	6,893,665	6,090,700	6,893,665	
Office furniture and equipment	16	235,179	277,204	235,179	277,204	
<b>Total fixed assets</b>		<b>6,325,879</b>	<b>7,170,869</b>	<b>6,325,879</b>	<b>7,170,869</b>	
<b>Financial assets</b>						
Investments in subsidiaries	17	37,329,847	37,329,847	-	-	
Investments in other companies	18	200,000	200,000	1,028,944	1,098,367	
Investments in microfinance		-	-	112,194,777	153,087,530	31
Loan to subsidiaries	19	28,000,000	68,827,495	-	-	
Overfinanced pension schemes	22	2,383,038	2,184,558	-	-	
Long-term receivables	19	-	5,050,000	-	-	
<b>Total financial assets</b>		<b>67,912,885</b>	<b>113,591,900</b>	<b>115,606,758</b>	<b>161,420,455</b>	
<b>Total long-term assets</b>		<b>74,238,764</b>	<b>120,762,768</b>	<b>121,932,637</b>	<b>168,591,324</b>	
<b>Inventory</b>		<b>52,509</b>	<b>-</b>	<b>52,509</b>	<b>-</b>	
<b>Receivables</b>						
Trade Debtors		1,762,816	1,807,011	1,762,816	1,807,011	
Inter-company receivables	19	219,195	305,229	-	-	
Other short-term receivables	23	9,170,856	11,216,418	9,170,856	11,216,418	
<b>Total receivables</b>		<b>11,152,867</b>	<b>13,328,657</b>	<b>10,933,672</b>	<b>13,023,428</b>	
<b>Investments in current financial assets</b>	<b>20</b>	<b>79,193,690</b>	<b>36,040,633</b>	<b>79,193,690</b>	<b>36,040,633</b>	
<b>Bank and cash</b>	<b>21</b>	<b>93,209,040</b>	<b>88,140,859</b>	<b>93,209,040</b>	<b>88,140,859</b>	
<b>Total current assets</b>		<b>183,608,106</b>	<b>137,510,148</b>	<b>183,388,911</b>	<b>137,204,920</b>	
<b>Total assets</b>		<b>257,846,870</b>	<b>258,272,917</b>	<b>305,321,548</b>	<b>305,796,243</b>	

## Strømme Foundation Balance Sheet as of 31.12

Purpose capital (PC) and liability	Note	SF 2020	SF 2019	Consolidated 2020	Consolidated 2019	Note
<b>Purpose capital (PC)</b>						
<b>Founding capital</b>		<b>3,326,092</b>	<b>3,326,092</b>	<b>3,326,092</b>	<b>3,326,092</b>	
<b>Acquired purpose capital</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
PC with restrictions (SF projects)	15 B	3,432,990	4,671,607	3,432,990	4,671,607	
PC with restrictions (Microfinance)	15	106,882,512	106,882,512	121,976,513	126,973,264	
Other purpose capital	15	88,604,413	73,241,814	124,505,874	109,155,508	
<b>Total acquired purpose capital</b>		<b>198,919,915</b>	<b>184,795,933</b>	<b>249,915,377</b>	<b>240,800,379</b>	
<b>Total purpose capital</b>	<b>15</b>	<b>202,246,007</b>	<b>188,122,025</b>	<b>253,241,469</b>	<b>244,126,471</b>	<b>32</b>
<b>Liability</b>						
<b>Long-term debt</b>						
Staff gratuities in regional offices	24	7,533,747	7,626,938	7,533,747	7,626,938	
Legacy obligations		150,000	150,000	150,000	150,000	
<b>Total long-term debt</b>		<b>7,683,747</b>	<b>7,776,938</b>	<b>7,683,747</b>	<b>7,776,938</b>	
<b>Short-term debt</b>						
Creditors		4,346,581	3,885,631	4,346,581	3,885,631	
Public duties and taxes		2,163,757	2,336,415	2,163,757	2,336,415	
Owed to employees		2,184,010	2,163,509	2,184,010	2,163,509	
Inter-company debt	19	3,520,783	8,481,120	-	-	
Deferred project income	3, 4, 5, 7	35,299,391	44,738,525	35,299,391	44,738,525	
Other account payable		402,593	768,755	402,593	768,755	
<b>Total current liability</b>		<b>47,917,116</b>	<b>62,373,954</b>	<b>44,396,333</b>	<b>53,892,834</b>	
<b>Total liability</b>		<b>55,600,862</b>	<b>70,150,892</b>	<b>52,080,079</b>	<b>61,669,772</b>	
<b>Total purpose capital and liability</b>		<b>257,846,870</b>	<b>258,272,917</b>	<b>305,321,548</b>	<b>305,796,243</b>	

Kristiansand 18. June 2021

Arvid Grundekjøn  
Chairman

Kristin Tofte Andresen  
Board Member

Snorre Kjesbu  
Board Member

Idunn Helle  
Board Member

Anne Breivik  
Board Member

Carol Azungi Dralega  
Board Member

Sendeu Titus Msamire Tenga  
Const. Secretary General

## Strømme Foundation Cash Flow (THE INDIRECT METHOD)

	Note	SF 2020	SF 2019	Consolidated 2020	Consolidated 2019
<b>The year's activity result</b>		<b>14,123,980</b>	<b>13,529,949</b>	<b>10,077,243</b>	<b>3,260,359</b>
<b>Adjustment of microfinance group</b>		<b>-</b>	<b>-</b>	<b>39,930,506</b>	<b>18,606,473</b>
Share of result from other companies		-	-	69,424	-324,394
Unrealised loss on investments, i.e. current financial assets		-	-	-	-
Ordinary depreciation and write offs	16	842,892	420,219	842,892	420,219
Loss/Gain from disposal of fixed assets		-	-	-	-
Loss/Gain from disposal of investments		-	-	-	-
Difference between pension cost and payments	22	-198,480	-672,989	-198,480	-672,989
<b>Posts in the activity account without liquidity effect</b>		<b>644,412</b>	<b>-252,770</b>	<b>713,835</b>	<b>-577,164</b>
Proceeds from sale of fixed assets		2,100	-	2,100	-
Acquisition of fixed assets	16	-	-	-	-
Change in loan to subsidiary	19	40,827,495	1,000,000	-	-
Change in long-term receivables	19	5,050,000	-	5,050,000	-
Change in long-term debt		-93,191	1,270,654	-93,191	1,270,654
<b>Investments, disposals and financing</b>		<b>45,786,403</b>	<b>2,270,654</b>	<b>4,958,909</b>	<b>1,270,654</b>
Change in inventory		-52,509	-	-52,509	-
Change in receivables/other current assets		2,175,790	-5,434,569	2,089,758	-5,761,462
Change in creditors/other short-term debt		-5,017,705	5,490,407	-57,372	-1,195,193
Change in deferred project income	3, 4, 5, 7, 23	-9,439,134	19,001,282	-9,439,134	19,001,282
<b>Other changes</b>		<b>-12,333,557</b>	<b>19,057,120</b>	<b>-7,459,257</b>	<b>12,044,626</b>
<b>Total changes in liquidity during the year</b>		<b>48,221,238</b>	<b>34,604,954</b>	<b>48,221,238</b>	<b>34,604,954</b>
Opening balance of cash and current financial assets 1.1.		124,181,491	89,576,538	124,181,491	89,576,538
<b>Closing balance of cash and current financial assets 31.12</b>		<b>172,402,730</b>	<b>124,181,491</b>	<b>172,402,730</b>	<b>124,181,491</b>

## Accounting Principles applied

The financial statements of the Strømme Foundation (SF) are prepared in accordance with the Norwegian Accounting Act and the "Accounting Standard for Not-for-Profit organisations", produced by The Norwegian Accounting Standards Board. This means that, in place of a traditional profit and loss account, there is an activity account which is meant to give the reader a better understanding of how Strømme Foundation has used the resources at its disposal. SF is not liable for direct taxation.

### Allocation of costs

#### THE PURPOSE OF STRØMME FOUNDATION IS TO LIFT PEOPLE OUT OF POVERTY BY

- Managing raised funds and public grants in a way that ensures that recipients gain real influence over their own situations through participation in the developmental process, to strengthen human dignity, and to stimulate the ability of recipients to help themselves.
- Active information work in Norway about development projects and about North-South perspectives in general.
- Providing aid and assistance through local partner organisations, and other regional organisations in co-operation with local authorities.

#### THE REGIONAL OFFICES

SF has three regional offices; in West Africa (Mali); East Africa (Uganda)

and Asia (Sri Lanka), plus six country offices in Burkina Faso, Niger, South Sudan, Bangladesh, Nepal and Myanmar.

The full cost of these offices is allocated as purpose cost.

#### SUPPORT FOR DEVELOPMENT PROGRAMMES FROM KRISTIANSAND

Costs of the "International Department" are allocated to activity and thereby purpose costs. The department's function is to co-ordinate, support, evaluate and monitor all programme work, as well as liaising with public and institutional funding bodies such as NORAD, The Norwegian Research Council, Läkarmissionen and Eriks Foundation.

#### OTHER SUPPORT FUNCTIONS IN KRISTIANSAND

These consist of the 'Secretary General', the Administration-/Finance and ICT- department. The basis of allocation starts with salaries, which are allocated according to an estimate of the amount of time spent on different activities. Costs that cannot be reasonably and consistently allocated to activity, are classified as administration costs. Thus, support costs relating to the Board of SF, general memberships, consultancy, finance costs and about 60 % of staff costs in the administration and finance departments are classified as administration costs. Note 1 shows in summary how the allocation has been made.

#### FUNDRAISING AND INFORMATION ACTIVITIES

All expenditure directly connected to personnel employed as fundraisers, and to solely fundraising activity, is classified 100 % as fundraising

cost. This includes all direct marketing costs and other costs associated with our main fundraising products "Friend at Heart", "Bridge-builder", "Poverty-fighter" and "Job Creator". Efforts to raise funds from other organisations are also included here.

All expenditure on personnel and activity whose prime purpose is connected to information and public education is allocated to purpose activity.

#### TRANSACTIONS IN FOREIGN CURRENCY

The conversion of the regional accounts from local currency to Norwegian kroner follows the prevailing exchange rates that are monthly updated in the common financial system. Accounting summaries from the offices still on separate financial system is recorded in Kristiansand monthly at rates corresponding to the fund transfer rates from here or the rates of institutional grants received in the regions.

SF enters into forward exchange contracts in foreign currency to reduce the currency exposure connected to money transfers abroad. The currency hedging is classified as securing of cash flow according to the NRS 18 "Financial assets and obligations". Gain and loss related to forward exchange contracts are recorded directly under financial posts relative to the market rate at the settlement date. These exchange rates serve as basis for the transfers to the regions and therefore affect programme costs in the activity accounts.

Foreign currency income is in general recorded at the spot rate on the day of receipt.

#### INCOME

Income is entered in the accounts according to the gross method. Costs are entered as they accrue, and income when it is realised. Bequests or donations are recorded as income when there is indisputable confirmation of receipt. Gifts and grants are registered at face value and sales net after deduction of VAT.

SF follows special guidelines concerning earmarked funds, which ensures that these funds cannot be used for activities other than those for which they were donated without specific approval. The Board has set regulations for the handling of earmarked funds when a project is closed. Unused earmarked funds are shown as purpose capital with restrictions on the balance sheet. Grants that are not spent by the end of the year are not shown as income, but as short-term debt in the accounts.

### Classification and valuation of balance sheet items

Current assets and short-term liabilities contain items due for payment within one year after acquisition. Other items are classified as fixed / financial assets or long-term liabilities.

Current assets are valued at the lowest of procurement cost and actual value. Other accounts receivable are included on the balance sheet at face value. Items in foreign currency are valued at year-end exchange rates. Short-term liabilities are recorded at the nominal amount at the time of accrual. Fixed / financial assets are valued at procurement cost, but are depreciated to actual value if the fall in value is not expected to be temporary. Long-term debt is entered at the nominal amount at the time of establishment.

#### FIXED ASSETS

The fixed assets are entered in the balance sheet and depreciated over their life span if the life span is more than 3 years and the cost is higher than NOK 50 000. Maintenance of fixed assets is charged to operating costs, while renovation or upgrading is added to the cost value and is depreciated along with the asset.

At the regional offices all fixed assets are charged to result at the

time of procurement.

All leasing contracts are classified as operational and accounted for as costs.

#### SHARES IN SUBSIDIARIES AND OTHER COMPANIES

Shares in subsidiaries and other companies are recorded at historic cost.

#### SHORT-TERM INVESTMENTS

Short-term investments (shares- and bonds units considered to be current assets) are valued at the lowest of procurement cost and actual value in the balance sheet. Received interest and dividend from the companies are entered as other financial income.

#### PENSIONS

For the time being, the Foundation has both a defined benefit and a defined deposit pension scheme.

#### Defined benefit pension

Pension costs and the pension obligations are calculated according to the principle of linear earning, based on estimated factors for the discount rate; future regulation of salary, pensions and contributions from social security, future earnings on the pension fund as well as the actuarial conditions concerning death rate, voluntary resignations, etc. The pension fund is valued according to actual value and is deducted from the net pension obligations on the Balance Sheet. Changes in the obligation due to changes in the pension plans are allocated over the expected remaining contribution period. The same applies to estimate deviations to the extent they exceed 10% of the greater of the gross pension obligations and the pension funds. Arrangements with net obligation are shown as liability and arrangement with net over-financing shown as financial asset.

#### Defined deposit pension

The payments to the insurance company are calculated as a fixed percentage of the members' salaries. The deposits are accounted for as personnel cost. The Foundation has no obligations beyond the annual payments.

#### CASH FLOW

The cash flow is calculated using the indirect method. Cash and cash equivalents consist of cash, bank deposits and other short term liquid investments which can immediately be converted to cash without material exchange risk.

#### CONSOLIDATION PRINCIPLES

The consolidated accounts includes those companies where Strømme Foundation directly or indirectly has deciding influence. The consolidated accounts are prepared as if the group were one economic unit. Transactions and outstanding balances between the companies in the group are eliminated. The consolidated accounts are prepared according to uniform principles. Purchased subsidiaries are accounted for in the consolidated accounts based on SF's procurement costs. The costs of acquisition are linked to identifiable assets and debt in the subsidiary, which is stated at actual value in the consolidated accounts at the time of purchase.

Investments in microfinance are valued according to the equity method in the consolidated accounts. The equity method requires that a proportion of the relevant companies' result, reduced by depreciation on possible excess values, is charged to the activity account in the consolidated accounts. Both the purpose capital and the mother company's lending to the microfinance activity are incorporated in the account line 'Investments in microfinance'.

## Notes for 2020 FIGURES IN NOK

### NOTE 1 – PRINCIPLES FOR ALLOCATING COST

Department	Total	Administration	Fundraising	Other acquisition	Purpose	Comments/ Allocations basis
General Secretariat, Administration, Finance & ICT	13,330,501	6,135,244	1,951,402	371,031	4,872,824	Some direct allocation to admin and purpose, rest allocated on KRS office salary basis
Communication/Marketing	22,512,402	1,341,558	14,958,417	429,975	5,782,451	Allocation on the basis of activity
International Department	6,912,657	345,633	-	691,266	5,875,759	Generally all purpose activities, apart from some general admin. and acquisition cost towards organisational grants
Transfers to development projects, regional offices and partners	170,494,953	-	-	-	170,494,953	All activity outside Norway and with external partners is defined as purpose.
<b>Total</b>	<b>213,250,513</b>	<b>7,822,435</b>	<b>16,909,819</b>	<b>1,492,272</b>	<b>187,025,987</b>	

### NOTE 2 – KEY INDICATORS

	2020	2019	2018	2017	2016
Percentage spent on purpose	87.7 %	87.3 %	89.3 %	87.3 %	86.1 %
Percentage spent on administration	3.7 %	4.0 %	2.8 %	3.2 %	3.9 %
Fundraising percentage	78.4 %	80.0 %	77.8 %	73.7 %	78.2 %

The percentage spent on purpose shows how much of the total expenditure has gone to fulfilling Strømme Foundation's various purposes. The percentage spent on administration shows the share of the total expenditure that was covering unallocated administrative costs (general admin, accounts, ICT, audit, Board/Council expenses). The fundraising percentage shows how much of the money SF raises from private donors that goes to purpose costs, after the cost of raising the funds is deducted. Public sector grants, grants from foreign organisations, financial income and other income are excluded from the calculation. The criteria for continued membership in the Norwegian Control Committee for Fundraising is that a minimum of 65 % of the funds raised is used on the organisation's purpose over time.

### NOTE 3 – PUBLIC SECTOR GRANTS, NORWAY

SF secured a new five year co-operation agreement from 2019 with the Norwegian Agency for Development Co-operation (NORAD) with expected annual support of NOK 90 mill on average. The research on speed school programmes is conducted by Fafo in cooperation with a university in Niger. Implementation of a new three-year agreement with Norad through the Atlas Alliance started up in 2020.

Donor	Purpose	2020	2019
Norwegian Agency for Dvlpm. Coop. (NORAD)	Development Programmes	88,976,472	82,714,782
Norwegian Agency for Dvlpm. Coop. (NORAD)	Teacher Education, South Sudan	1,732,050	-
Norwegian Agency for Dvlpm. Coop. (NORAD)	Secretariat for Speed Schools, West Africa	-	569,236
Norwegian Agency for Dvlpm. Coop./Atlas Alliance	Inclusion of disabled, Africa	3,930,306	111,226
Norwegian Agency for Exchange Cooperation (Norec)	Act Now Programme – Hald International School	1,977,123	2,726,494
Norwegian Agency for Exchange Cooperation (Norec)	South/South Exchange Programme – East Africa	-436,744	406,071
The Norwegian Research Council (FR)	Research on Speed School programme, Niger	1,955,637	3,227,914
<b>Total</b>		<b>98,134,844</b>	<b>89,755,723</b>

These grants are earmarked to specific projects and are shown gross including the administrative support element. Settlement with the donor is made in arrears once a year. The co-operation agreement with NORAD requires a self contribution of minimum 10 %, and allows up to 7 % administration support. For programmes financed by Norec and FR, there are certain funds for programme follow-up included in the budget. Grants that were unspent by the end of the year have been periodised, which means that these are not included as income. A total of NOK 21.9 mill have been shown as 'Deferred project income' on the balance sheet. Out of this, NOK 12.2 mill is from Norad, NOK 3.8 mill is from the Atlas Alliance and NOK 5.9 mill is from the Norwegian Ministry of Foreign Affairs through the Embassy in Uganda for activities among south Sudanese refugees, to be implemented in 2021. By New Year there was also an outstanding of NOK 0.5 mill against the Norwegian Research Council, that are included in 'Other short-term receivables'.

### NOTE 4 – PUBLIC SECTOR GRANTS, FOREIGN

The large three-year contract on Speed Schools with The European Union in Mali was completed in 2019, and a second agreement is made for a period of two years. Another two agreements for Speed Schools in Burkina Faso and Mali have been made with Global Affairs Canada and Unicef.

Donor	Purpose	2020	2019
The European Union, EU	Speed School Programme – Mali	12,805,440	14,741,802
The European Union, EU	Education for girls, South Sudan	80,415	939,456
United Kingdom Aid	Education for girls, South Sudan	3,832,316	2,923,699
The Nordic Development Fund (NDF)	Climate mitigation/Food security, Uganda	1,330,000	664,490
Global Affairs Canada (GAC)	Speed School Programme – Burkina Faso	881,952	-
Unicef	Speed School Programme – Mali	1,551,330	-
<b>Total</b>		<b>20,481,452</b>	<b>19,269,448</b>

All the programmes have certain funds for programme follow-up in the budget. Grants that were unspent by the end of the year have been periodised, which means that these are not included as income. A total of NOK 3.1 mill have been shown as 'Deferred project income' on the balance sheet. By New Year there were outstanding's from the Nordic Development Fund and EU totalling NOK 2.1 mill, which is included in 'Other short-term receivables'.

### NOTE 5 – GRANTS FROM OTHER ORGANISATIONS

Donor	Purpose	2020	2019
Läkarmissionen, Sweden	Saving- / credit groups and youth empowerment, Uganda	800,000	1,437,284
Läkarmissionen, Sweden	Saving- / credit groups and literacy progr., South Sudan	450,000	487,574
Läkarmissionen, Sweden	Literacy programme for women, Niger	-	310,000
Eriks Foundation, Sweden	Speed Schools, Mali	1,887,206	2,016,310
Eriks Foundation, Sweden	DREAM programme, Myanmar	1,027,370	1,029,790
Eriks Foundation, Sweden	Local community Development, South Sudan/Uganda	2,454,823	602,634
Education for All Foundation, Qatar	Speed Schools, Mali, Burkina Faso, Niger	12,570,408	13,619,106
Hei Verden, Norway	Inclusive Education, Bangladesh	643,030	252,000
Turing Foundation, The Netherlands	Green Jobs, Mali	372,176	-
SEEP Foundation, USA	Research on saving- / credit groups, Uganda	-	515,045
Fahu fund, Denmark	Research on saving- / credit groups, Uganda	-	89,629
<b>Total</b>		<b>20,205,013</b>	<b>20,359,372</b>

The Eriks Foundation's support for Speed Schools in Mali continued as co-funding towards a large, five-year agreement with the Education for All Foundation in co-operation with PLAN in Mali, Burkina Faso and Niger for Speed Schools. Total grants from other organisations that are periodised by end of the year are NOK 1.0 mill. At the same time there were outstanding's from other organisations of NOK 1.7 mill, that are included in 'Other short-term receivables'.

### NOTE 6 – PRIVATE DONATIONS

Donor Category	2020	2019
Individual donations	7,755,239	6,255,665
Fixed-term donations (Friend at Heart, Bridge Builder, Job Creator etc.)	39,357,574	39,518,989
Events, schools and artists	3,182,360	6,125,759
Testamentary donations	2,925,332	9,715,991
Disasters and rehabilitation	1,207,616	-
<b>Total</b>	<b>54,428,119</b>	<b>61,616,404</b>

### NOTE 7 – CORPORATE SECTOR

This income comes from our co-operation with the corporate sector, private foundations and sports clubs. The largest contributors in 2020 were Agder Energi, Skagerak Energi, Norwegian Retailers Environment Fund, The Kavli Trust and AKO Foundation. Their accumulated donations comprise NOK 22.0 mill. Our largest sports co-operation partner is IK Start through their organisation Start Life Support. A total of NOK 9.3 mill in contributions were periodised on the balance sheet under 'Deferred Project Income'.

### NOTE 8 – FINANCIAL INCOME / COST

	2020	2019
Other interest income	867,480	1,284,192
Other financial income	7,882,454	4,699,615
Other financial cost	-1,547,480	-592,478
<b>Total</b>	<b>7,202,454</b>	<b>5,391,328</b>

Exchange differences occur continuously during the year after the resumption of the common financial system together with Kristiansand office at the East Africa and Asia offices. Custodies in foreign currency at balance sheet date are converted at the average bid rate stated by the currency exchange provider Oanda. Net exchange gain/(loss) in the regions is included under 'Other financial income/(cost)'. Net gain on forward exchange contracts is included under 'Other financial income' - see Note 28.

### NOTE 9 – FUNDRAISING COSTS

The costs of fundraising in the Norwegian private market are shown here, both the direct costs and the indirect support costs allocated to fundraising. In addition, a portion of the costs in Norway is regarded as 'Other acquisition costs', derived from costs of sales activities and the securing of grants from other organisations.

**NOTE 10 - SUPPORT TO DEVELOPMENT PARTNERS/PROJECTS**

Direct costs on behalf of the partners/projects are included here, in addition to transfers to the partners/projects.

Country/Region	2020	2019
Nepal	15,798,398	11,847,906
Bangladesh	10,473,463	11,672,541
Sri Lanka	2,495,468	4,419,696
Myanmar	6,486,912	4,358,909
<b>Asia</b>	<b>35,254,240</b>	<b>32,299,052</b>
Uganda	9,521,996	9,045,870
Tanzania	6,183,030	5,589,171
South Sudan	8,808,994	10,026,346
Kenya	3,252,904	3,191,037
<b>East Africa</b>	<b>27,766,924</b>	<b>27,852,424</b>
Mali	32,354,868	33,224,081
Niger	20,935,312	17,125,104
Burkina Faso	14,759,189	14,111,736
<b>West Africa</b>	<b>68,049,370</b>	<b>64,460,920</b>
Act Now	1,977,123	2,757,099
Fafo – Vision 2030	1,926,957	1,512,087
<b>Cross-cutting issues</b>	<b>723,938</b>	<b>-</b>
Programme digitalisation	978,528	262,315
<b>Global</b>	<b>5,606,547</b>	<b>4,531,501</b>
<b>Total</b>	<b>136,677,081</b>	<b>129,143,897</b>

The Speed Schools concept in West Africa has been scaled up as a result of grant agreements with The European Union in Mali and The Education for All Foundation (Mali, Burkina Faso, Niger) and Unicef (Mali). The work in South Sudan has suffered from civil war conflicts and refugee streams out of the country. In Nepal the activities through new partners in new districts have increased significantly.

**NOTE 11 - PROGRAMME FOLLOW-UP AT REGIONAL OFFICES**

Region	2020	2019
Asia (Bangladesh, Sri Lanka, Nepal, Myanmar)	8,259,903	9,258,734
East Africa (Uganda, Tanzania, South Sudan, Kenya)	11,453,670	11,463,452
West Africa (Mali, Burkina Faso, Niger)	14,118,229	13,499,499
South America (Peru, Bolivia)	-	3,001,608
<b>Total</b>	<b>33,831,803</b>	<b>37,223,293</b>

**NOTE 12 - PROGRAMME FOLLOW-UP FROM KRISTIANSAND**

Department	2020	2019
International Department	5,875,759	5,984,743
Shared support services	4,371,611	3,919,635
<b>Total</b>	<b>10,247,370</b>	<b>9,904,378</b>

**NOTE 13 – INFORMATION WORK**

The communication department has two purposes: fundraising, and information work. In addition to reports from the projects in the South to donors through our magazine Help for Selfhelp, this part of our work includes activities particularly targeted towards schools, the corporate sector, the press, and social media. The primary focus is on development issues rather than fundraising.

**NOTE 14 – VAT COMPENSATION**

The current legislation relating to VAT provides a facility for voluntary organisations to apply in arrears for compensation of VAT paid. Received VAT compensation in 2020 is based on the total funds spent in 2019, and is recorded as income in the accounts, but stated on a separate line as extraordinary supply of funds in the activity account. No claim of outstanding VAT is recorded in the balance sheet for 2020. The accounts are charged inclusive of VAT, and compensation for VAT will be recorded as income in 2021.

**NOTE 15 - CHANGES IN PURPOSE CAPITAL (PC)**

Strømme Foundation	31/12/19	Change during 2020	31/12/20
Founding Capital	3,326,092	-	3,326,092
PC with restrictions (SF projects)	4,671,607	-1,238,617	3,432,991
PC with restrictions (Microfinance)	106,882,512	-	106,882,512
Other purpose capital	73,241,814	15,362,597	88,604,411
<b>Total Purpose Capital</b>	<b>188,122,025</b>	<b>14,123,980</b>	<b>202,246,005</b>

**NOTE 15 B - CHANGE IN PURPOSE CAPITAL WITH RESTRICTIONS**

Region	2020	2019	Change 2020/2019	Change 2019/2018
Asia	220,000	140,241	79,759	-62,366
East Africa	2,791,490	2,952,714	-161,224	-266,619
West Africa	421,500	38,446	383,055	-2,656
Global	-	1,540,206	-1,540,206	1,540,206
<b>Total</b>	<b>3,432,990</b>	<b>4,671,607</b>	<b>-1,238,617</b>	<b>1,208,565</b>

Grants from the public sector and other organisations that were not utilised by the end of the year, are taken out of PC with restrictions and shown as debt in the accounts. This is also the case for opening balances that were still not spent. Therefore, remaining PC with restrictions now only contains private donations that do not have any agreement or expectation of repayment connected to them.

**NOTE 16 – FIXED ASSETS**

	Property	Business Premises	Furniture and equipment	Total
Cost price 01/01	290,000	15,533,408	1,195,576	17,018,984
Acquisitions 2020	-	-	-	-
Disposals 2020	-	-	56,915	56,915
Cost price 31/12	290,000	15,533,408	1,138,661	16,962,069
Accumulated depreciation 31/12	-	9,310,037	903,482	10,213,519
Write off 2020	-	422,673	-	422,673
Book value 31/12	290,000	5,800,698	235,179	6,325,877
The year's ordinary depreciation	-	380,294	39,925	420,219
Depreciation rates	-	2-10 %	20-30%	

Strømme Micro Finance AS (SMF AS) is titleholder for the building site and business premises, with exception of one unit for which SF is the titleholder.

Since SF operates with an accounting principle to expense all equipment under NOK 50 000, the majority of the inventory is not included under fixed assets on the balance sheet. For the same reason, most fully depreciated or exposed assets do not appear here. All equipment in the Regional Offices is recorded as programme follow-up cost.

SF has entered into an agreement to sell the property and business premises in Skippergaten 3-5, with takeover date 1. February 2021.

**NOTE 17 - INVESTMENTS IN SUBSIDIARIES**

Name	Number	Owner share	Book value in SF	Result 2020	Equity 31/12/20
Strømme Micro-finance AS	10,500	100	37,329,847	-2,602,964	84,440,701
<b>Total investments in subsidiaries</b>			<b>37,329,847</b>	<b>-2,602,964</b>	<b>84,440,701</b>

Strømme Micro Finance AS (SMF AS), with its main office in Kristiansand, is a wholly-owned subsidiary of SF. The company conducts the microfinance activities on behalf of SF and produces its own annual financial report.

**NOTE 18 - INVESTMENTS IN OTHER COMPANIES**

Name	Number	Owner share	Book value in SF	Result 2020	Equity 31/12/20
Hald International School SA	200	33	200,000	-226,555	3,086,831
<b>Total investments in other companies</b>			<b>200,000</b>	<b>-226,555</b>	<b>3,086,831</b>

The joint venture Hald International School (Hald) has its office in Mandal, and is owned with equal shares by The Norwegian Mission Society, The Norwegian Christian Student and Schools Movement, and Strømme Foundation. The objective of Hald is to provide courses and training for work within mission organisations, evangelisation and development work, as well as for exchange programmes in different parts of the world. Hald is a Not-for-Profit organisation and cannot give dividends to the owners. Hald is responsible for the Norec 2020 grant of NOK 2.0 mill for SF's exchange programme, Act Now.

**NOTE 19 – OUTSTANDING WITH SUBSIDIARIES AND OTHER COMPANIES**

The 'Loan to subsidiaries' consists of an interest-free subordinated loan to Strømme Micro Finance AS of NOK 28.0 mill without defined repayment schedule. The company has paid down instalments of NOK 40.8 mill during 2020. As we are gradually phased out of the microfinance business, the loan is anticipated to be cleared.

The interest bearing sellers credit to Luntevika Eiendom AS of NOK 5,1 mill under long term receivables has been repaid in 2020.

Remaining inter-company receivables and debt pr. 31/12/20 is related to the microfinance operation.

**NOTE 20 - INVESTMENTS IN CURRENT FINANCIAL ASSETS**

Category	Book value 01/01/20	Additions 2020	Disposals 2020	Change in writeoffs	Book value 31/12/20	Market value 31/12/20
Market-based equity funds	16,925,281	39,455,584	-17,964,439	-431,890	37,984,536	41,629,219
Primary Capital certificates	953,436	0	0	0	953,436	1,829,982
Market-based bonds	11,097,938	20,514,207	0	-143,478	31,468,667	31,785,156
Market-based interest funds	7,063,978	3,716,625	-1,993,552	0	8,787,051	8,914,673
<b>Total</b>	<b>36,040,633</b>	<b>63,686,416</b>	<b>-19,957,991</b>	<b>-575,368</b>	<b>79,193,690</b>	<b>84,159,030</b>

**NOTE 21 - LIQUIDITY AND RESTRICTED FUNDS**

	2020	2019
Free funds at Kristiansand office	37,100,259	52,598,995
Free funds at the regional offices	10,154,819	13,263,360
<b>Sum free funds</b>	<b>47,255,079</b>	<b>65,862,355</b>
Employees' tax deducted account	789,320	830,033
Project/Grant accounts with restrictions	26,070,838	14,128,995
Memorial Fund	150,000	150,000
Security for currency trading frame	10,031,924	-
<b>Restricted funds at the regional offices</b>	<b>8,911,879</b>	<b>7,169,475</b>
<b>Sum restricted funds</b>	<b>45,953,961</b>	<b>22,278,503</b>
<b>Total</b>	<b>93,209,040</b>	<b>88,140,859</b>

**NOTE 22 - PENSION OBLIGATIONS**

Employees who were 57 years and younger were from March 2015 moved from the defined benefit pension scheme ('Ytelsespensjon') to a defined deposit-based solution ('Innskuddspensjon'). The old pension scheme is comparable to the State Pension Fund. At the end of 2020 there were 3 employees and 14 pensioners in the old pension scheme (at the end of 2019 the numbers were 4 and 14 respectively). For the employees currently on the defined deposit pension scheme, there are no obligations beyond those paid during the year. Total cost related to the defined deposit-based pension scheme was NOK 1.1 mill in 2020 (1.1 mill in 2019). SF has signed an agreement for AFP-plan through the Common National scheme of AFP's.

Actuarial calculations have been applied for calculating the obligations and costs in connection with the defined benefit pension plans. The following assumptions have been used for the calculations:

	2020	2019
Discounting rate	1.70%	2.30%
Expected dividend	2.70%	3.80%
Salary adjustments / year	2.25%	2.25%
Yearly G-regulation / inflation	2.00%	2.00%

	Secured system 2020	Secured system 2019
Gross pension obligations at 31/12 calculated at	13,424,493	14,257,918
- Value of pension funds at 31/12 calculated at	-13,692,407	-13,985,555
+ Deferred obligation in case of (loss) / profit	-1,820,637	-2,186,963
<b>= Calculated net pension obligations as of 31/12</b>	<b>-2,088,551</b>	<b>-1,914,600</b>
+ Social Insurance contributions	-294,486	-269,959
<b>= Net pension obligation as of 31/12</b>	<b>-2,383,037</b>	<b>-2,184,559</b>
The year's pension accrual	58,895	63,467
+ interest cost	319,033	359,461
+ administration cost	130,572	123,255
- Return on capital	-521,945	-603,361
<b>= Net pension cost</b>	<b>-13,445</b>	<b>-57,178</b>
+ Social Insurance contributions	-1,896	-8,062
+ Actuarial loss (gain)	277,863	22,376
<b>= Total pension cost</b>	<b>262,522</b>	<b>-42,864</b>

The amount is included in "Salaries and personnel expenses" in the accounts. (Note 26).

Actual yield on the pension funds was 3.5 % in 2020 (3.4 % in 2019).

**NOTE 23 - OTHER SHORT-TERM RECEIVABLES**

The balance sheet post 'Other short-term receivables' contains periodised project income of NOK 4.3 mill (NOK 6.1 mill in 2019).

**NOTE 24 - GRATUITY PAYMENTS AND OBLIGATIONS AT THE REGIONAL OFFICES**

At all the regional offices SF as well as the employees make regular deposits into public gratuity funds. These funds are not on the SF balance sheet. In addition to that, in Asia and East Africa contributions are set aside for a final payment to employees when they leave, but employees are entitled to draw on it before leaving. In most cases both SF and the individual employee make contributions according to the local legislation.

In West Africa and South Sudan there is a legal obligation to make a payment on termination, depending on the years of service, and this is partly accounted for.

**NOTE 25 - OPERATIONAL COSTS**

Even though SF does not present a traditional profit and loss account, the guidelines for charitable organisations require the disclosure of additional information that would be shown if the expenditure were categories by type and not activity. Notes 25, 26 and 27 contain such a breakdown.

	Note	2020	2019
Project transfers to local partners		92,816,382	89,370,125
Project costs on behalf of local partners		20,168,997	12,435,481
Salary and personnel costs Kristiansand	26	22,453,153	22,755,919
Salary and personnel costs in regions/ external programmes	26	38,116,884	41,227,445
Travel costs Kristiansand		1,393,514	3,333,712
Travel costs inclusive of vehicles in regions/external programmes		3,902,151	7,394,545
Office, ICT, consultant and other operating costs in Kristiansand		10,155,131	8,396,026
Office, ICT, consultant and other operating costs in regions/external programmes		14,791,462	15,850,245
Fundraising campaigns Kristiansand		8,609,947	5,549,011
Depreciation and write offs in Kristiansand	16	842,892	420,219
<b>Total operational cost</b>		<b>213,250,513</b>	<b>206,732,728</b>

Investments and capacity building in several new programmes with institutional funding explain the increase in 'Project cost on behalf of local partners'.

**NOTE 26 - SALARIES AND PERSONNEL EXPENSES / OTHER ALLOWANCES**

	2020	2019
Salaries in Kristiansand	17,683,997	17,999,895
Social security payments	2,659,470	2,867,701
Pension costs	1,337,869	1,165,372
Other personnel costs	771,817	722,952
<b>Sum salaries and personnel expenses in Kristiansand</b>	<b>22,453,153</b>	<b>22,755,919</b>
<b>Salaries and allowances at Regional Offices/ external programmes</b>	<b>38,116,884</b>	<b>41,227,445</b>
<b>Total</b>	<b>60,570,036</b>	<b>63,983,365</b>

The average number of employees in Kristiansand in 2020 was 31.6 (32.4 in 2019). This amounts to 29.0 man-labour years in 2020, compared to 30.8 in 2019. In the regional offices the average number of employees was 122 (121.2 in 2019), making out 120.3 man-labour years, compared to 120.2 in 2019.

The total salary cost in 2020 for the Secretary General (SG) was NOK 856 471, other allowances NOK 8 811 and pension contributions NOK 94 443. The SG has no bonus scheme.

In Norway, SF is obliged to have a pension scheme according to the Compulsory service pension Law. The existing pension schemes fulfil the Law requirement. For the defined benefit pension scheme - see Note 22.

The Executive Board and Advisory Board members have received no remuneration other than actual travelling costs.

With the exception of salaries and travel claims, there are no financial transactions with employees or connected persons in SF in Norway. Outstanding loans to employees in the Regional Offices totalled NOK 54 115 at the year end, compared to NOK 239 040 at the end of 2019. These are included in 'Other short-term receivables' on the balance sheet.

**NOTE 27 - AUDIT FEES**

	2020	2019
Statutory Audit Fees - Norway	378,125	120,000
Technical support accounts - Norway	27,500	50,000
Other certification fees - Norway	199,063	114,800
Other services (legal fees) - Norway	9,375	148,401
Audit fees for the regional offices	351,385	376,276

The fees are stated exclusive of VAT. Total fees in 2020 to the group auditor in Kristiansand were NOK 614 063.

**NOTE 28 - CURRENCY HEDGING**

The net gain on currency contracts materialised in 2020 was NOK 3.6 mill. This is recognised under financial items.

At the end of the financial year, SF had forward currency contracts with a face value of USD 6.3 mill and EUR 6.2 mill which terminate in 2021 and 2022. The handling of these contracts is shown in the accounting principles note. The real value of the contracts was net NOK -1.2 mill at the end of the year, which is not accounted for.

**NOTE 29 - EVENTS AFTER BALANCE DATE**

After the end of the year, the second wave of COVID-19 has made a major impact on SF's work in Nepal, Bangladesh and Sri Lanka, once again reducing programme activity levels. In Myanmar programmes have been put on hold following the military coup on 1. February 2021. The political situation in the country remains uncertain and is likely to impact programme implementation going forward. In East and West Africa, programmes are operating at near normal capacity. At the time of declaring the financial statements, the Board considers that the current situation has not affected the organisation's ability of continued operation.

## Consolidated Accounts (STRØMME FOUNDATION, SMF AS GROUP)

### NOTE 30 – CONSOLIDATED SALARIES AND PERSONNEL EXPENSES / OTHER ALLOWANCES

	2020	2019
Salaries in Kristiansand	18,445,075	18,947,807
Social Security	2,774,269	3,006,710
Pension costs	1,397,093	1,260,906
Other Personnel costs	784,152	734,358
Sum salaries and personnel costs in Kristiansand	23,400,588	23,949,782
Salaries and allowances in Regions/ outside Norway	39,503,007	44,434,235
<b>Total</b>	<b>62,903,595</b>	<b>68,384,017</b>

#### Audit Fees (exclusive of VAT):

Statutory Audit Fees – Norway	475,625	210,000
Technical support accounts – Norway	92,500	50,000
Other certification fees – Norway	259,563	114,800
Other services (legal fees) – Norway	72,069	353,641
Audit fees in the regions	444,406	520,364

Beyond Strømme Foundation, the table above includes figures for the Microfinance Group. In addition to the employees stated in Note 26, there are 6 employees in the group, 2 of which are in Norway. The microfinance company in East Africa with 7 employees was sold in July 2019, and only the first half year of the company's cost is included in 2019.

The salary of the Secretary General is disclosed in Note 26.

Audit fees paid to the group auditors in Norway in 2020 are NOK 899,757 exclusive of VAT. The audit fees in the regions totalled NOK 444,406.

### NOTE 31 – INVESTMENTS IN MICROFINANCE

SF has organized the microfinance activities through the subsidiary group SMF AS. In the consolidated accounts SMF AS is included according to the equity method.

The year's changes in the Microfinance investments	2020	2019
Book value 01/01	153,087,530	172,539,955
Share of result	-3,977,314	-10,593,984
Currency exchange differences	-962,237	-845,952
Change in loan	-35,953,192	-8,012,489
<b>Book value 31/12</b>	<b>112,194,787</b>	<b>153,087,530</b>

### NOTE 32 – PURPOSE CAPITAL (PC) - GROUP

	Purpose Capital 31/12/2019	The years result	Currency exchange differences	Purpose Capital 31/12/2020
Founding capital	3,326,092			3,326,092
PC with restrictions (SF projects)	4,671,607	-1,238,617		3,432,990
PC with restrictions (Microfinance)	126,973,263	-4,034,504	-962,246	121,976,513
Other purpose capital	109,155,508	15,350,365		124,505,874
<b>Total purpose capital</b>	<b>244,126,470</b>	<b>10,077,245</b>	<b>-962,246</b>	<b>253,241,469</b>

Independent Auditor's Report – Strømme Foundation



To the Board of Directors of Strømme Foundation

### Independent Auditor's Report

#### Report on the Audit of the Financial Statements

**Opinion**

We have audited the financial statements of Strømme Foundation, which comprise:

- The financial statements of the parent company Strømme Foundation (the Foundation), which comprise the balance sheet as at 31 December 2020, statement for activities and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The consolidated financial statements of Strømme Foundation and its subsidiaries (the Group), which comprise the balance sheet as at 31 December 2020, statement for activities and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- The financial statements are prepared in accordance with the law and regulations.
- The accompanying financial statements give a true and fair view of the financial position of the Foundation as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.
- The accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

**Basis for Opinion**

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under these standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Foundation as required by law and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Other Information**

Management is responsible for the other information. The other information comprises information in the annual report, except the financial statements and our auditor's report thereon.

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State authorized public accountants, members of The Norwegian Institute of Public Accountants, and  
authorized accounting firm

Independent Auditor's Report – Strømme Foundation



Our opinion on the financial statements does not cover the other information 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 other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of the Board of Directors and the Secretary General for the Financial Statements**

The Board of Directors and the Secretary General (management) are responsible for the preparation in accordance with law and regulations, including a true and fair view of the financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, 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 Foundation's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations.

**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 laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

For further description of Auditor's Responsibilities for the Audit of the Financial Statements reference is made to <https://revisorforeningen.no/revisjonsberetninger>.

**Report on Other Legal and Regulatory Requirements**

**Opinion on the Board of Director's Report**

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements, the going concern assumption and the proposed allocation of result is consistent with the financial statements and complies with the law and regulations.

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Independent Auditor's Report – Strømme Foundation



**Opinion on Registration and Documentation**

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Foundation's accounting information in accordance with the law and the bookkeeping standards and practices generally accepted in Norway.

**Opinion on Distribution and Governance**

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information, it is our opinion that the Foundation is governed and distributions are made in accordance with the law, the Foundation's purpose and the articles of association.

Kristiansand, 18 June 2021  
PricewaterhouseCoopers AS

Kai Arne Halvorsen  
State Authorized Public Accountant

Note: This translation from Norwegian has been prepared for information purposes only.

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## Strømme Foundation Executive Board and Advisory Board Members 2020

### THE BOARD; 31 DECEMBER 2020

Hans-Christian Vadseth (chairperson)  
Ingunn Folkestad Breistein (deputy chairperson)  
Snorre Kjesbu  
Erik Lunde  
Idunn Helle  
Arvid Grundekjøn  
Dralega Caroline Azungi  
Lars Saaghus

### SUBSTITUTE REPRESENTATIVES TO THE BOARD 2020

Ole Morten Stavland  
Christiane Marie Ødegård

### ADVISORY BOARD MEMBERS; 31 DECEMBER 2020

Stein Hannevik (chairperson)  
Kristin Andresen  
Sissel Leire  
Agnes Berntsen  
Endre Glastad  
Svein Gunnar Gundersen  
Steffen Syvertsen  
Sofie Patzke  
Melissa Lesamana  
Tor Knutsen  
Andreas Kolaas  
Espen Albert  
Christiane Marie Ødegård  
Nina Sørensen  
Erik Solheim  
Reidun Sørmo Strømme  
Henrik Syse  
Line Alice Ytrehus  
Lars Erik Baller  
Dag Tynes  
Jill Akselsen  
Lars Erik Lyngdal  
Aud Sunde Smemo

### ELECTION COMMITTEE; 1 JANUARY 2020

Svein Hånes  
Ingeborg Mongstad Kvammen  
Stein Hannevik



Cover image: young girl participating in one of our projects in countryside Niger.  
Photo: Egil Mongstad

The Strømme Foundation is a member of the Norwegian Control Committee for Fundraising. Strømme Foundation is also a signatory to the Code of Conduct for the International Red Cross and Red Crescent movement and NGOs in Disaster Relief.

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