

# Annual Report 2023



Kurdish Red Crescent

Annual Report of the Kurdish Red Crescent including activities and reached beneficiaries in 2023, advocacy, as well as the financial report for 2023.

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# Annual Report of the Kurdish Red Crescent – 2023

This annual report concerns our activities in 2023, with limited discussion of early 2024. It does not address the ongoing regional crisis as of November/December 2024. Hundreds of thousands of people, including many of our teams and their families, are displaced following the attacks and occupation of western regions and NES. We are working closely with the self-administration and INGOs to support the food, water, shelter, heating, and medical needs of IDPs. The situation is very difficult and stretches our capacity to the max. We ask readers to contribute project funding and unrestricted donations to help us fulfill our obligations to the people of NES.

## Introduction

This report aims to provide a general overview of KRC's activities, financial situation, challenges, and difficulties for our partners, donors, stakeholders, beneficiaries, and others who might be interested in the work of the Kurdish Red Crescent (KRC). It also contains a critical point of view regarding the general approaches and financial resource allocation of the international humanitarian community. As a local organization, we offer a unique perspective and provide essential input to the ongoing discussions. We believe that all humans can and must learn from each other, including the humanitarian sector. This requires the ability to receive and give criticism, reflect, and analyze problems in order to find feasible and effective solutions. New challenges appear and familiar problems remain. Especially in the humanitarian sector, we are in the midst of constant change. The appearance of new conflicts and intensification of existing ones, financial crises, climate change, and the subsequent increase in humanitarian assistance needs are challenging the humanitarian sector. The humanitarian sector has to adapt and change in order to provide an adequate response and decrease suffering worldwide. We provide our input from the point of view of a local humanitarian organization, as local people with daily experience living in a humanitarian crisis. This report contains criticisms towards the humanitarian sector and the financial handling of humanitarian resources as one of our contributions toward building better solutions for the future.

# Short description of KRC

The Kurdish Red Crescent was established in 2012 in response to the ongoing war in Northeast Syria and the absence of other humanitarian help for the civilians dying, suffering, and fleeing from war zones. We started with one ambulance and a few health workers to save as many lives as possible during the war. Currently, KRC is the biggest local organization in Northeast Syria (NES) with approximately 1,300 employees and volunteers in Northeast Syria, Shahbah, and Sheikh Maqsoud (Aleppo).

We provided a total of 44 health points across areas of the Autonomous Administration of North and East Syria (AANES). Of these, 13 were static points within IDP camps. We opened 7 emergency centers with a total of 64 ambulances providing 24/7 emergency help as well as disaster response, coordinated and monitored through the Emergency Management Coordination Center (EMCC). We provide prostheses, physiotherapy, and PSS services. By the end of 2023, we opened NES's first hospital specializing in cancer, including chemotherapy treatment.

Besides direct healthcare activities, we also provide WaSH and Environment services. These focus on the water distribution, water quality monitoring, waste management including recycling projects, increasing sustainable access to water, installation of solar systems, providing shelter for IDPs, facility rehabilitation, and construction of health points or other severe infrastructural buildings.

Other smaller environmental projects have been implemented. We pay much attention to planting trees and installing gardens/parks around our facilities as a contribution to decreasing air and soil pollution, as well as a step towards the rehabilitation of the region's natural environment in response to climate change.

As Northeast Syria is not internationally recognized as an autonomous region of Syria, we as the Kurdish Red Crescent are also not recognized as a Red Cross/Crescent organization. We also do not receive financial support from the

Autonomous Administration of North and East Syria (AANES), who suffer a severe lack of financial resources. Therefore, we work as an independent non-governmental organization (NGO) and non-profit organization (NPO), registered in Northeast Syria as well as in the Kurdistan Region of Iraq (KR-I). As the biggest local organization in NES, we are mainly active in the emergency response arena but also strive to implement sustainable solutions towards regional stability, supporting the broader approach towards a democratic and equal system in Northeast Syria. Despite a lack of international recognition, we consider ourselves to be a Red Crescent Organization and strictly follow the Code of Conduct of the International Red Cross / Red Crescent Movement (ICRC).



# Projects and Activities during 2023

## Health



As a Red Crescent organization, our main objectives are related to the health sector. Within the health sector, we focus on two main areas:

### 1. Emergency Services

Emergency services contain several sub-sectors, such as a network of ambulances for emergency referrals, Primary Health Care (PHC) facilities in camps, WaSH services, and the implementation of a civil defense program.

### 2. Health System

Despite the ongoing emergency status we continue to focus on sustainable solutions through providing Primary Health Care (PHC) points in different areas (out of camps), Mobile Units providing primary healthcare in rural areas, support for public hospitals, as well as the rehabilitation and new construction of buildings. All buildings, including medical equipment and trained staff, will be handed over to the public health system from the Self Administration as soon as it can fund the facilities and keep them running. KRC remains available for further training, monitoring, protection, and medical supplies (as much as funding allows). In

some cases, KRC continues to cover the running costs, less salaries, to ensure a smooth transition to the public health system.

In 2023 we provided health services in 15 Primary Health Care Centers all over NES including two in NWS (Sheikh Maqsoud & Tal Rifaat). Our centers provide Gynecology, Internal, and Pediatric services as a baseline standard. Most centers also have their own laboratories for blood/urine testing, Pharmacies, Psycho-Social Workers, and Community Health Workers. In addition to household visits and assisting our doctors, the Community Health Workers maintain regular prevention and information campaigns within their communities. Furthermore, a 24/7 emergency section including at least one ambulance is permanently located at each site. Due to funding issues, we have had to partially reduce some services. However, each PHC continues to provide at minimum one general doctor and maternity service.

Whenever possible, KRC provides partial support to public hospitals in the

form of materials, building rehabilitation, and running costs.

In total 6 mobile units provide the most essential medical services, including maternity services, all over NES and NWS.

Besides the PHCs located mainly in bigger cities, we also operate Comprehensive Primary Health Care points in 13 IDP camps according to the same standards described above.

The Protection teams are our main tool to ensure that everyone, regardless of personal background, religion, gender, culture, or nationality has safe and free access to all our services and is treated fairly and equally. All KRC health points are monitored by our Protection teams to ensure that protection mainstreaming procedures are in place, including regular training of the staff. A special focus is paid to Child Protection and the Prevention of Sexual Abuse and Exploitation (PSEA) as well as Gender Based Violence (GBV). The Protection teams are maintaining public campaigns to raise awareness within the population. They offer help to victims of GBV while also striving to prevent any kind of violence and harassment, especially against children and women.

In 2023 we mainly focused on the development of the emergency system. We established, in total, 11 Emergency Centers all over NES and NWS with 64 ambulances. The newest ones are based in Deir ez-Zor, on the road between Hassakeh City and Raqqa City, and Sheikh Maqsoud (Aleppo). All referrals are monitored and coordinated through the Emergency Management Coordination Center based in Qamishli. In total our emergency centers referred 4,114 patients in 2023. In the future, the emergency centers will be connected to the new Civil Defense System, which is currently under development. The new project and the emergency sections' aim is to be better prepared for future natural disasters or other mass casualties at a regional level, to mitigate humanitarian disasters.

One of the main problems related to the emergency section was and is a lack of public hospitals (secondary health care) in many areas, or the conditions and capacities of the public hospitals that do exist. Most of the local population (especially camp inhabitants) cannot cover the costs for private hospitals, while most public hospitals lack sufficient essential medical resources such as doctors and/or materials.

In 2023, the physical rehabilitation center in Qamishli provided 544 new prostheses to people with disabilities. 1,824 patients benefitted from physiotherapies, while 1,467 patients and their families received additional Psychosocial Support. The center is also focusing on improving inclusion of people with disabilities in the daily lives of families and in the labor market.

Another Rehabilitation center is under development in Northwest Syria (Sheikh Maqsoud/Aleppo). We decided to open a new center in this area for two main reasons. The distance and political situation are major obstacles which prevent people from those areas to easily reach our main center in Qamishli, while at the same time the needs for physiotherapy and prostheses are huge in those areas.



We are very proud that we managed to open the new specialized hospital in Qamishli by the end of the year. The hospital contains a cancer ward that is able to provide chemotherapy to cancer patients, as well as a laboratory and mammography center. We are aware that the number of cancers has increased significantly during the last few years, and so part of the responsibility of this new ward is to contribute to understanding and mitigating this trend. Until mid-2024, 201 patients received chemotherapy doses. In total, 889 patients came for consultations and 300 patients received laboratory and medical analyses.

The second specialization is the Thalassemia ward. 250 consultations were conducted, and 200 blood transfusions were provided, including laboratory analyses. The Burns Section, the third specialization, is not open yet because necessary funding resources are still missing. We are trying hard to open this section since it is very needed in NES.

Except for the chemotherapy doses, all health services are free, including medicines and consumables. KRC cannot afford to cover the costs of chemotherapy doses, so the costs must be covered by the patients (one dosage costs around 500 USD). All other related cancer-treatment services are free of charge. At several public places donations boxes are available to collect donations for those who cannot effort chemotherapy costs by themselves. While these donations are not sufficient to completely cover treatment costs for every family who needs financial support, it is at least a contribution. In the future we hope to receive sufficient support for the entire new hospital, since all these specialized resources are badly needed, and the number of patients continues to increase.

Through all our health services, we reached a total of 1,390,413 beneficiaries during 2023.





The WaSH department in KRC consists of four parts:

1. Water
2. Hygiene
3. Rehabilitation, New Construction, & Sanitation
4. Environmental Projects

All sections undertake short-term emergency activities, such as providing water to households and assessing and taking hygiene measurements to reduce the spread of diseases such as cholera, particularly in IDP camps. Mid-term strategies are to improve hygiene standards in health facilities, conduct prevention and information campaigns, conduct water testing, and build new wells, including solar panels for the pumps.

**9,586** people benefitted from KRC hygiene awareness campaigns and sessions in 2023.

**5,850** people benefitted from regular water testing activities targeting specific high-risk areas. We intend to increase these activities, mainly through providing public water-testing laboratories with training and materials.

**8,720** people residing in camps benefitted from new improvements of hygiene infrastructure.

As long-term solutions, we are working on developing and installing Solar Panels to decrease air pollution and improve access to electricity for the population. We are looking forward to the support offered by the ongoing funding campaign, “Solidarity,” facilitated in European countries. This campaign aims to collect at least €1 million EURO to install solar systems on a broader scale all over NES. Furthermore, as a measure against water scarcity and against soil and air pollution, we pay great attention to green areas. Whenever possible, we plant trees and build small parks around our facilities and other public spaces. We are working on awareness campaigns to promote the protection of the natural environment and continue to work on solutions to reduce waste. Lack of water is not the only problem; water quality continues to be a main factor in local disease transmission. Therefore, we are developing broader scale water-treatment solutions to improve public access to safe drinking water. Currently, we and the local authorities’ water departments are working to develop a chlorine production facility to support these

efforts.

In another project, we were able to install small solar systems at 18 health points. These are sufficient only to power the drug refrigerators and help ensure that medicines are kept within a proper temperature range, independent of the electrical grid or diesel generator power supplies.

Our future aim is to continue developing alternative energy sources, especially for health facilities and other essential infrastructure. Generators will still be maintained as a backup, but we aim to fulfill main electricity needs through alternative energy. This will also have a direct health impact by reducing air pollution. Furthermore, it will decrease our running costs in the long term. Knowing that solar power is not a standalone solution, we are seeking to implement other alternative energy sources. While we currently lack the financial resources to fully realize this project, our efforts to develop alternative energy resources and ecological sustainability are ongoing. Another large ongoing program is waste management. One of the projects targeted one neighborhood in Hassakeh as a pilot project with the intention to develop it into a public service. The project collects neighborhood waste for recycling.

It also increased awareness of the detrimental impacts of litter, especially among young people, through organizing “Thursdays for the Future.” We implemented this project in cooperation with the self-administration to develop sustainable solutions which consider social aspects and responsibilities. So far, we have been able to reach **232,902** beneficiaries. In the Health Waste Program, we targeted public hospitals, other public health facilities, and KRC health points. We implemented **6** health waste zones (incinerators) to collect the waste from **57** public health facilities in addition to KRC health points. In addition to providing the waste trucks, we provided training to the health workers and local authorities in health waste management.

Our WaSH team is constantly working on developing their professional and technical skills and has taken huge steps in the last few years. We have seen their projects, activities, and team capacities have increased slowly but constantly..





► During 2023, 4,133,880 people all over NES and NWS benefitted from WaSH projects.



Besides humanitarian assistance to the population, it is also necessary to address and counter violent extremism to promote regional stability. The ideology of the Islamic State (IS), which remains present in other regions of Syria and also in NES, is a significant destabilizing threat. The promotion of democratic and peaceful structures, social engagement, community engagement, and participation in decision-making mechanisms are important steps towards this goal.

In civil societies, teachers play a key role in shaping the future of civil society. Still, many children are affected by IS Ideology and by exposure to ongoing violence within families, tribe clashes, and war attacks. Many children, youth, and adults are traumatized by the war and ongoing clashes. Therefore, our Protection and PSS teams support teachers and caregivers by providing comprehensive training to equip them with knowledge, strategies, and communication skills.

We aim to enable them to provide a safe and protective area for children and to bolster the prevention of violent extremism, sexual exploitation, and abuse. A functional referral system is essential in case the teachers or children require professional mental health services. We implemented this in collaboration and partnership with civil society organizations and stakeholders through joint initiatives. Those initiatives also included communities to support inclusive engagement, through several public campaigns, workshops, and capacity building within the communities. We succeeded in strengthening dialogue at the community level.

KRC provides special mental health provisions and Psychosocial support to individuals who are affected by IS Ideology at the community level and in camps, as well as for those who are at great risk of being affected by violent extremism.





One of the biggest natural disasters of this century occurred on the 6th of February 2023 and left millions of people homeless and displaced in Turkey and north Syria. Many thousands died and many more were injured.

Within the Autonomous Administration areas, the earthquake primarily hit the western regions. These primarily impacted the regions of Menbij and Kobane, Aleppo, Shahbah, and Afrin. These regions already faced significant resource, healthcare, and infrastructure challenges. Sheikh Maqsoud and Ashrafiyah in Aleppo as well as the Shahbah region suffered the most severe consequences of the earthquake, in part because those regions are noncontiguous with the eastern NES regions. Supplies and goods are usually not permitted to pass through the Regime or Turkish-backed militia territory. When possible, shipments take a very long time at great expense. The Syrian Governmental Forces or militias extract extra “taxes” for anything that needs to be shipped to these regions. Afrin is still occupied and controlled by Turkey and their affiliated militias. We as a local

organization, after long negotiations with the Syrian Regime, were able to access Aleppo and Shahbah. Sadly, Afrin is still a no-go area for us because operations there would risk the lives of our teams. We received horrific reports of earthquake impacts from Afrin and the surrounding region, but were unable to assist.

We managed to send two bigger convoys of supplies to the Regions of Shabha and Sheikh Maqsoud/Ashrafiyah (Aleppo). The second bigger shipment of all kinds of emergency supplies was stuck at a checkpoint before being allowed to enter Regime areas following 10 days of negotiations with the Regime in Damascus. UN bodies and other countries were involved in the discussions. Many Western and local media reported about the situation and in the end, we were able to bring the supplies without losses to those regions. Once the teams reached the areas, we were able to assess the needs on the ground and provide further humanitarian assistance. Although the eastern parts did not suffer too much damage, most houses and buildings were not considered safe to stay inside for another month due to

aftershocks. Many families remained outside, at least during the night. We provided collective shelters with mattresses, blankets, heaters, water, and other WaSH services including ambulances based at each collective shelter.

We allocated 54 ambulances to different spots, including new ambulances for the Shahbah region. **584** emergency cases were referred related to the earthquake.

We operate 4 facilities directly in Shahbah, two of them are based in the biggest camps (Serdam & Berkhwedan). However, their services were very limited due to lack of funding. We had to increase services availability after the earthquake, especially in the camps, as many IDPs arrived from Aleppo or other locations where houses were destroyed. Furthermore, we were able to bring mobile clinics to the region. In other parts such as Menbij and Kobane, we increased health services via Mobile Units and by expanding existing health point services. In total, we reached **24,047** beneficiaries connected to the earthquake response.

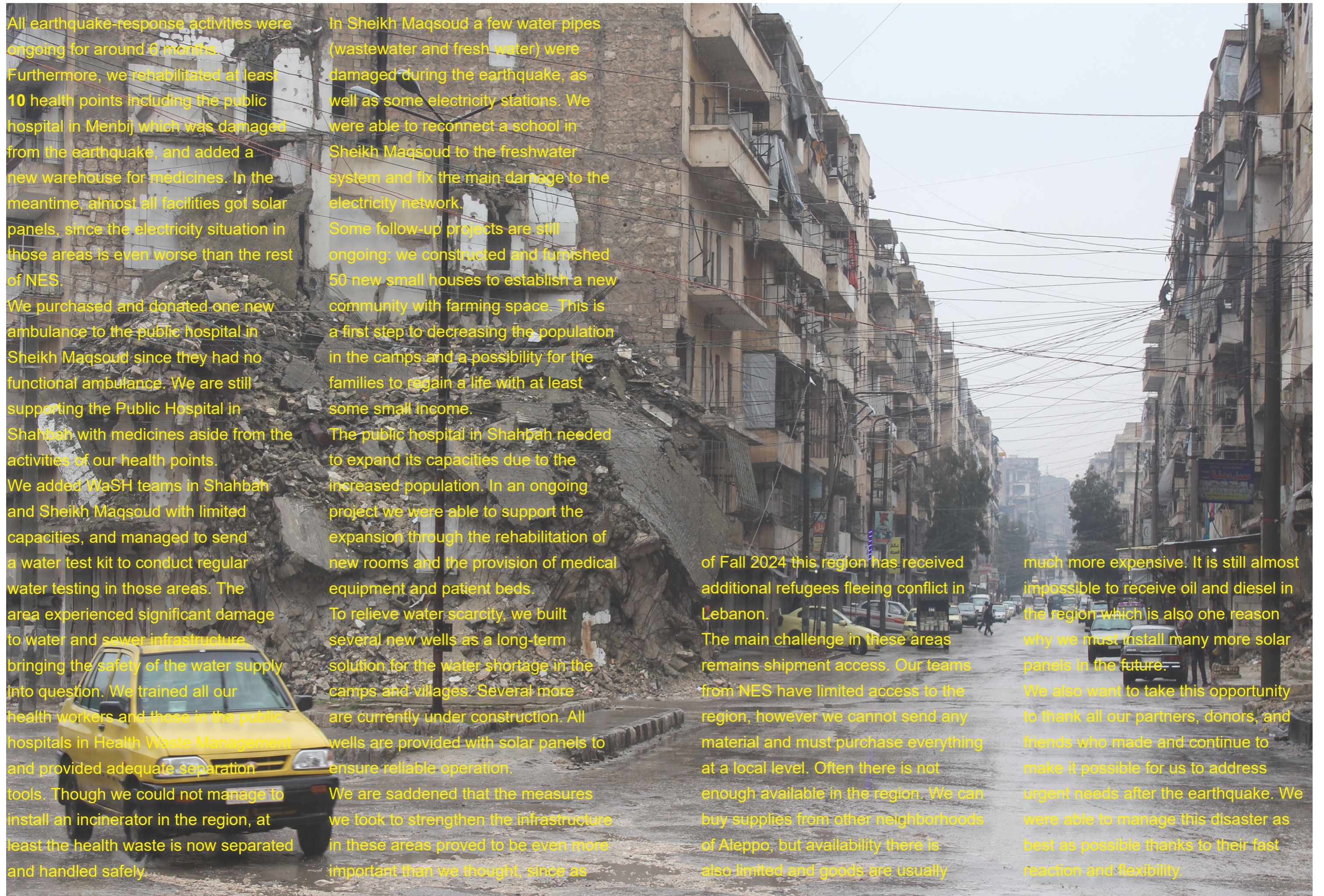
We increased protection services in all areas and especially in Sheikh Maqsoud and Shahbah region, where we had not been able to provide these

services before. We trained our local teams and added Protection teams and PSS (Psycho-Social Support) workers. In Total we reached 19,526 beneficiaries with awareness sessions about disaster response and child protection or other vulnerable groups. In both camps there are now PSS centers established focusing mainly on childrens’ services which provide safe spaces for children as well as women. We increased the capacity of the two main camps in Shahbah (Serdam and Berkhwedan) by providing a total of **421** new tents and supporting the installation of a sewage system. We were able to provide around **2,105** beneficiaries in both camps with new tents, including basic furniture such as mattresses, blankets, pillows, heaters, kitchen kits, and carpets as well as summer supplements such as fans and cooling devices.

We increased the water supply of the camps through water trucking and distribution of water bottles and reached a total of **14,118** beneficiaries. Additionally, non-food item baskets were delivered to collective shelters in Sheikh Maqsoud, Ashrafiyah, Menbij, and Kobane, reaching **15,075** beneficiaries.

In total **4,616** hygiene kits were distributed.





All earthquake-response activities were ongoing for around 6 months. Furthermore, we rehabilitated at least 10 health points including the public hospital in Menbij which was damaged from the earthquake, and added a new warehouse for medicines. In the meantime, almost all facilities got solar panels, since the electricity situation in those areas is even worse than the rest of NES. We purchased and donated one new ambulance to the public hospital in Sheikh Maqsood since they had no functional ambulance. We are still supporting the Public Hospital in Shahbah with medicines aside from the activities of our health points. We added WaSH teams in Shahbah and Sheikh Maqsood with limited capacities, and managed to send a water test kit to conduct regular water testing in those areas. The area experienced significant damage to water and sewer infrastructure, bringing the safety of the water supply into question. We trained all our health workers and those in the public hospitals in Health Waste Management and provided adequate separation tools. Though we could not manage to install an incinerator in the region, at least the health waste is now separated and handled safely.

In Sheikh Maqsood a few water pipes (wastewater and fresh water) were damaged during the earthquake, as well as some electricity stations. We were able to reconnect a school in Sheikh Maqsood to the freshwater system and fix the main damage to the electricity network. Some follow-up projects are still ongoing: we constructed and furnished 50 new small houses to establish a new community with farming space. This is a first step to decreasing the population in the camps and a possibility for the families to regain a life with at least some small income. The public hospital in Shahbah needed to expand its capacities due to the increased population. In an ongoing project we were able to support the expansion through the rehabilitation of new rooms and the provision of medical equipment and patient beds. To relieve water scarcity, we built several new wells as a long-term solution for the water shortage in the camps and villages. Several more are currently under construction. All wells are provided with solar panels to ensure reliable operation. We are saddened that the measures we took to strengthen the infrastructure in these areas proved to be even more important than we thought, since as

of Fall 2024 this region has received additional refugees fleeing conflict in Lebanon. The main challenge in these areas remains shipment access. Our teams from NES have limited access to the region, however we cannot send any material and must purchase everything at a local level. Often there is not enough available in the region. We can buy supplies from other neighborhoods of Aleppo, but availability there is also limited and goods are usually

much more expensive. It is still almost impossible to receive oil and diesel in the region which is also one reason why we must install many more solar panels in the future. We also want to take this opportunity to thank all our partners, donors, and friends who made and continue to make it possible for us to address urgent needs after the earthquake. We were able to manage this disaster as best as possible thanks to their fast reaction and flexibility.

## Administration, Monitoring, Coordination, Management, and Accountability

Both activities within funded projects and those with unrestricted funding have increased during the last few years. However, at the same time, our challenges increased. This required our general structures to adapt and grow accordingly.

Our headquarters (HQ) or main administration has had to grow according to our activities and responsibilities.

At the administrative level, we have departments of Finance, Human Resources (HR), Logistics, and now the Compliance office as the newest implemented department. Except for the Compliance office, each department employs project officers following the funded projects. While the Logistic department is linked to both the administrative operational levels, Finance, HR, and Compliance are mainly function at the administrative level. All together share the responsibility towards our donors and partners ensuring that grants are used as agreed, preventing fraud, corruption, and nepotism. The administrative level, in particular, ensures that we follow the varying donor and partner

requirements.

We added a **Legal Office** in 2023, which includes one lawyer familiar with Syrian law and the laws implemented by the Self-Administration. This was an important and necessary step. Our lawyer double-checks all contracts and Framework Agreements with local companies and suppliers. She also gives legal advice to employees and volunteers in need.

**The Communications & Public Relations department** documents all KRC activities and publishes them on social media, speaking and coordinating with international and local press and media. They support public campaigns both in NES as well as international campaigns. Furthermore, they advocate for the people in NES and NWS at the international level by releasing reports, for example reporting attacks on civilians or civil infrastructure.

At the operational level we have **Medical Program Coordinators (MPCs)**, who follow each health sector according to their expertise and specialization such as gynecology/ maternity, pharmacy, laboratories,

programs and prevention campaigns of the community health workers, general medicine, and other specializations. All of them monitor the general health situation within the population according to their specialization, ensure that protocols, policies, and SoPs are followed by the field teams, monitor the consumption of pharmaceuticals, ensure that health workers have the needed medical equipment and furniture as well as enough medicine and consumables, and ensure that all health workers are receiving regular training and updates. Their main responsibility is to ensure that quality standards are reached and, if possible, the quality of our services increases. The management of the quality of our services refers to all our health services, regardless of whether they are part of a funded project or not. The overall management of the **WaSH department** is based in the HQ as well. We are following four main components within the WaSH department:

- Water: Water supply, Water quality and long-term strategies
- Hygiene: Clinical Hygiene, Protection measurement for workers, Waste Management, sanitation
- Engineering: Planning and construction of new facilities, incinerators, sewage systems, etc.

- Environment: Alternative energy, Protection of the environment, and ecological aspects. This string is considered more as a long-term development.

All components, but especially the Water and Hygiene sections, also respond to emergencies such as diseases/epidemics, mass displacements, camps, and natural and other human-made disasters. Each section is connected closely to the other and requires good coordination of the field teams, as well as inter-sectional coordination with the health sector. Therefore, each section is followed by one coordinator who is based in the KRC HQ.



## **The Emergency Management Coordination Center (EMCC)**

coordinates, allocates, and monitors the status of all emergency centers/ Ambulance centers and their ambulances across all regions/cantons. They monitor the status, capacity, and functionality of each hospital (especially the public hospitals) to refer the patients to the closest appropriate facility and coordinate with the hospitals directly to ensure they are ready and able to receive referrals. Every referral is dispatched through the EMCC in coordination with the hospital's regional Emergency Centers and the Operations Desk (OD) in Al Hol Camp. Records of each referral are kept at the EMCC.

**The Protection and Psycho-Social Support Officers** are responsible for all Protection and PSS workers at the facility level. Speaking generally; the protection teams ensure safe access to all our services according to humanitarian principles. The officers provide regular training for the field teams and new employees to follow humanitarian principles, rights, and laws, protection mainstreaming, and child protection. They conduct investigations in case any team member is suspected of any abuse of power, sexual exploitation, harassment, or any other misconduct violation of the

Code of Conduct or of humanitarian principles. The coordinators in the HQ coordinate with the field teams in each location and region. The PSS Coordinators follow the same principles and mechanisms as the Medical Program Coordinators since it is also related to mental health but are also closely connected to the protection teams to provide mental support for victims of GBV, SEA, or other violent actions against team members and beneficiaries.

Also, the Protection and PSS officers are part of the emergency coordination, completing Rapid Needs Assessments (RNAs) and giving high attention to the needs of women, children, the elderly, and people with disabilities during mass displacement (temporary or on the mid-term).

**The Monitoring, Evaluation, Accountability, and Learn (MEAL) department** is one of the links between the operational and administrative departments. The project-related MEAL Officers monitor and update the statistical data of each facility or activity agreed upon in the project and evaluate if indicators during the project activities are in line with the expected indicators and outcomes. They monitor not only the funded projects but also unsupported activities to understand

if our implementations and activities are matching with our own strategies and objectives. Depending on the sector, different coordinators and managers are involved in the evaluation process. Financial resources, human resources, and logistical efforts within the departments are compared with the actual outcome. The evaluation process leads to lessons learned in each department and sector.

In each facility, we provide complaint boxes, as well as WhatsApp numbers dedicated to complaints. The Complaint officer at the HQ evaluates the complaints received and involves departments or sections that are addressed in the complaint or can improve the situation, furthermore, the Complaint Officer ensures that feedback is provided whenever possible or necessary. Accountability workers at the facility level usually manage public feedback but also receive direct complaints or criticism from our teams as well as the protection teams. It is necessary that the accountability workers are directly under the command of the Complaint Officer and not the local team leader of, and that it is only them who are allowed to open the complaint boxes and forward them to their line manager (the complaint officer). The complaint

officer is part of the MEAL team. The complaint mechanisms are an essential part of the constant learning process; we can only learn and improve if we receive critical feedback.

**The Logistics Department** is our largest department. As previously pointed out, logistics is linked to both the administrative part as well as the operational parts of our organization. Besides the project-related Logistics officers, all warehouses and the transportation office are part of the Logistics Department. Procurement processes, inventory, purchases, and shipments are managed through the logistics department. We have logistics teams of varying sizes assigned to each region, as well as some within the facilities themselves. The transportation office as well as warehouses & storage are a section under the logistics department, each with their own line managers. The transportation office includes the management of all vehicles including staff transportation. Other humanitarian actors in the area, including International NGOs, benefit from our logistics network. Logistics teams are also responsible for the regular maintenance of medical equipment, cars, generators, solar panels, etc. The **IT** and **Security departments**

are small but essential. IT is mainly responsible for keeping track of laptops and fixing them, as well as fixing any other technical problems including Wi-Fi and printers etc. They regularly check for security gaps in email programs and other technology software and hardware. The Security Department is responsible for HQ security, while our other security staff fall under their facilities' respective management. We hope to develop this department to the point where it can oversee a comprehensive security and physical safety program encompassing all of our facilities, but currently lack sufficient funding.

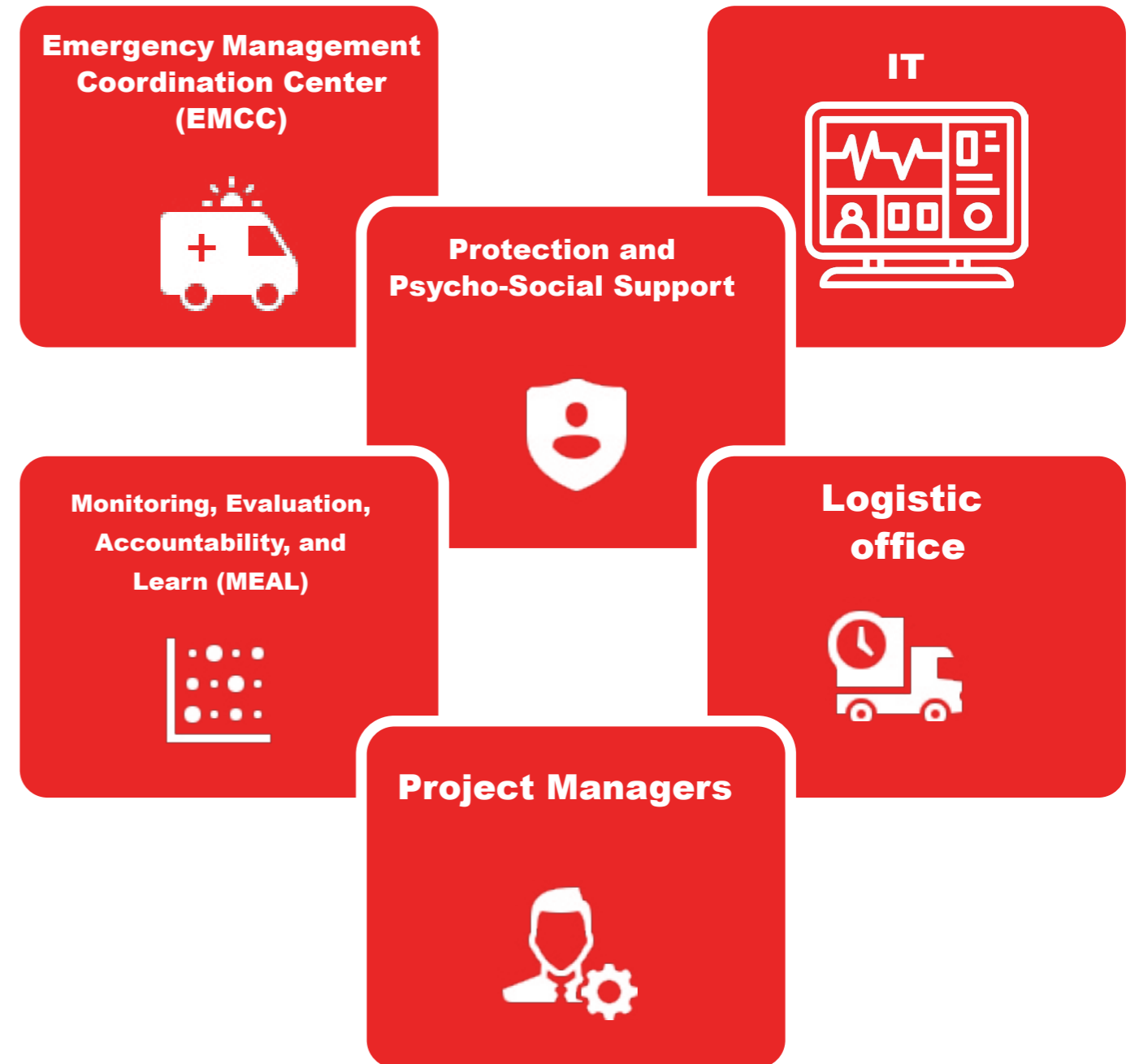
**The Project Managers** manage donor-funded projects and form the main link between the field implementation of programs and activities, KRC administrative sections, project partners' donors, and other stakeholders. Each project requires attentive coordination between all KRC departments and sections as well as with outsiders. The Project Managers play a key role from proposal writing and budget planning through activity implementation and project finalization. We consider each project as a tool to reach specific objectives in service of our overall goals: to decrease suffering within the population, to ensure free

and safe access to humanitarian assistance as is everyone's right, to improve basic living conditions, and to promote stabilization of the region. The volume of projects KRC undertakes, the ever-growing need for humanitarian assistance, and the constantly changing political and resource context require a high level of coordination. Therefore, our Project Coordinator focuses across all ongoing and proposed funded projects to avoid duplication and support Project Managers. Our NES Coordinator focuses on humanitarian needs and gaps all over NES while functioning as an adviser on both the operational, administrative, and structural levels. Our Partnership & Relationships Coordinator is the overall focal point for all partners and donors and is responsible for maintaining close relationships. While the NES Coordinator is an interim position during this time of transitions and implementation of new structures and procedures, all other positions are necessary in the long term, so long as KRC undertakes this level of humanitarian response.

To streamline all communication, share of information, and coordinate, each department has a Department Manager who is responsible for the well-being

of the teams, maintaining good work conditions, as well as evaluations and coordination within the team

and between the departments. They maintain an overall overview of the activities and capacities of their team.





## Challenges and gaps

The overall situation in NES results in lots of challenges in our work, as well as for us personally. As a local organization, we live in the same communities that our projects and programs serve. The attacks on civil infrastructure don't just affect us in our work but also impact us mentally—we work under the permanent fear of becoming a target. The instability of the health system, unchecked inflation, worries for the future prospects of our children, and the personal losses of colleagues, friends, and family members are only some aspects that affect us and all our teams. Many people choose to leave the region, while at the same time, new IDPs and refugees are constantly arriving.

On one hand, we need to work on long-term plans to build stability, sustainability, and future prospects. On the other hand, it is hard to undertake or even plan such work while we are under permanent attack and pressure to meet emergency needs. Much of the population (including ourselves) can only focus on survival and feeding their families for the next few days. The luxury of even short vacations has been

unimaginable for most of our teams for many years. The volume and intensity of demands on our organization have prevented us from adequately addressing work-stress related mental health issues, such as burnout syndromes, on a proactive basis.

For more than 12 years we have been in a constant state of emergency mitigating the unrelenting stream of new challenges driven by outside actors. Thanks to the efforts of all our team members past and present, KRC has managed to grow with the challenges, building capacity and remaining committed to helping our people in need.

We are fully aware that we still have many gaps, especially at the administrative level. One of our main challenges is sustaining our volume of activities: emergency responses and the rapid growth of our organization puts incredible strain on our operational levels, supporting structures, and the administrative level. At times it feels as though we are permanently running behind, and it is frequently difficult to align donor/partner requirements with our reality. At the same time, we experience a high rate of staff turnover,

which is a constant challenge as we seek to build up capacities.

A major criticism we level at ourselves is our inability to uniformly implement purpose-built software solutions such as accounting, logistics, and HR tools until now. Our MEAL teams still work with Excel sheets. This is slower and riskier than alternatives, since simple mistakes can turn out to be big problems. Working in Excel requires much more time, concentration, and knowledge from our teams—resources better spent in other aspects of their work. There are a number of reasons why we were not able yet to implement such software or digital solutions.

We must be very careful to keep our staff safe. HR databases represent a huge security vulnerability, since personal data must never reach third parties. A breach has the potential to expose our staff to the threat of repression and criminalization, depending on how regional politics develop. We have hesitated to implement digital salary payments, such as Armana Card, for the same reason.

The main reason for not implementing digital solutions is simply the lack of

time. We are required to take several risks and challenges into consideration and, because we need software solutions for almost all our activities, we must negotiate with different IT specialists to develop software that can respond to almost all our needs. We do not have enough financial resources to purchase different software solely for the sake of comparison, since most options are quite expensive. The primary hindrance has been our lack of time to make a serious assessment of available software on the market that corresponds to our needs.

Despite these and other internal gaps due to daily challenges, we have reached a high level of comprehensive humanitarian response during the last years. Many people have benefitted from KRC's work, which has significantly reduced the suffering in NES and NWS. The main cause for this is, as mentioned above, the strong commitment of our teams to help people in need. We know that this work will help stabilize the region as part of building an equal, free, and democratic society.

## Critical words in critical times

We feel a responsibility to share criticism towards International NGOs and the entire humanitarian sector. As a local organization, many of the challenges we face stem not from local conditions but from International NGOs. At the same time, we are ourselves part of the humanitarian sector. Accordingly, we shall also contribute to ongoing critical discourse, explaining our perspective as a local actor.

### 1. Localization:

Due to the worldwide increase of humanitarian assistance needs, humanitarian funding including emergency response grants is necessarily allocated more carefully than in the past. Often this means less funding for certain activities, regions, and/or organizations.

INGOs working in foreign countries naturally incur higher operating costs relative to local NGOs. The salaries of ex-pats going to a crisis region are incredibly high relative to those paid to equivalent local employees. Their travel costs are much higher considering the cost of flights and international transportation. Insurance and taxes for the international employees, as well as their guesthouses, hotels, offices,

drivers, translators, guards, cleaners, beverages, and food costs all add up to a significant amount solely to support them in the local area. Furthermore, these INGO's maintain headquarters in their home countries and most, if not all, INGOs working in NES maintain supporting infrastructure in Iraq. These overhead costs, incurred only by INGOs working in foreign countries, is at least partially drawn from project-based humanitarian funding which would otherwise support projects. Direct funding of existing local organizations and structures avoids many of these inefficiencies, conserving resources for projects, accomplishing the more results with less. This requires thorough screening of local organizations and structures (already a necessary process for INGOs), and in KRC's case, a lot of local capacity building. If INGOs or even the donors themselves would shift their model towards direct funding of existing local organizations, while leaving the actual response to local organizations and structures, they would achieve more of their desired outcomes for a given expenditure.

We have had a few partners working in this way for many years. While not always an easy process, it is a much more efficient use of

resources. Consequently, more of the project funding is allocated to direct response. This process requires local organizations to understand where the funding comes from, why transparency is important, and what measures must be implemented to prevent corruption, fraud, and nepotism.

It is in donors' interests to address these issues related directly to program effectiveness. Donors should consider changing their policies to better facilitate local organizations gaining access to humanitarian funds—even if these local organizations are not registered in Western countries (donor countries). Donors should consider making the effort to work directly with local organizations instead of outsourcing this work to INGOs, in the interest of efficiently allocating resources to meet urgent needs. This practice would also support improved mutual understanding between donors and local NGOs through direct interaction and collaboration.

KRC has received funding from some donors for some projects for many consecutive years.

The allocation of public humanitarian funds is complex, and changing norms requires adjustments on all sides. We are willing to take the necessary steps on our side to take on this increased

responsibility for the sake of improved outcomes, provided we can continue to ensure minimum levels of safety for our staff and that our reality, which we must deal with daily, is seen and understood.

### 2. Salaries of International NGOs

We raise an additional critical point: the salary policies of INGOs. As much as we appreciate the high salaries which INGOs pay to their local employees, it causes significant problems for the public system and local NGOs. We cannot even approach the same levels of compensation. This is linked to the topic of localization. For us, localization does not mean increasing the number of local employees of an INGO. For us, localization means INGOs supporting existing local organizations or encouraging local people to build new ones if they do not already exist. Some years ago, we developed our own uniform salary scale for the first time and established a minimum salary of \$250 USD per month. We determined that this amount is the minimum income to support a family (5 persons) locally. It is important to us to provide our employees with a dignified standard of living which ensures their children can pursue education instead of labor. Salaries above the minimum vary depending on education

level, experience, specialization, responsibility, and personal risk inherent to the position and/or duty location.

The Syrian pound's inflation continues unchecked as real costs of living continue to increase. We had intended to steadily increase salaries across the board, in particular the minimum salaries. Due to two main factors we were instead forced to decrease the salaries for all, including the minimum salaries. A decrease in available funding forced us to choose between maintaining our established salary scale and reducing our services to our community. We also determined that our salary levels placed undue pressure on the self-administration's public health system, which could not match our compensation and subsequently struggled to recruit qualified employees. To ensure we could keep running our services and to align our salaries with those of the self-administration, we made the difficult decision to decrease salaries across the board. Subsequently, for understandable reasons, many employees left us to seek work with INGOs. We do not blame them for this personal decision. This illustrates the problem we see with INGOs high salary policies. From our perspective, the following are

three main problems with INGO salary practices:

1. INGOs draw the most educated people from the local system. To be able to employ well-educated or skilled people in support of their missions, it is indeed helpful to pay high salaries. However, few potential employees who may have experience with other NGOs, are well-trained, or are highly educated will accept a job with KRC or with the public infrastructure. It is naive to think that employees who have worked with INGOs before, who have received a lot of training and specialized skills, will return to employment with public systems or local structures so long as the possibility exists to find a position with an INGO.
2. INGOs are increasing competition among each other, with local NGOs, and with the public sector. KRC cannot even pretend to compete with INGO salaries, which means that we lose many of our most-skilled workers after training them when they apply for other NGOs. Many people choose to work more than one job, for example for an (I)NGO and for a public hospital, and subsequently are often unavailable in the hospitals when they are needed. This keeps us, as a local NGO, and the public health system in a constant state

of dependence on INGOs.

3. High INGO salaries promote antisocial workplace norms, as employees attempt to promote themselves at the expense of their coworkers and organizational goals. Many local workers compete for scarce INGO positions, especially now that humanitarian funding is decreasing. Everyone is looking for the best for themselves and their families, for understandable reasons. We know of several cases where local INGO HR teams have given jobs to friends or relatives, or asked for a "gift" in exchange for employment. This competitive environment, in combination with increasingly difficult local conditions, has given rise to a number of negative workplace habits. We see an increased prevalence of staff undermining another worker to give themselves more confidence and increased job security, as well as a tendency to prioritize assigning blame to others for mistakes and organizational failures instead of working as a supportive and outcome-oriented team. While these shifts in attitude are not solely attributable to the high salaries of INGOs, INGO salaries are a significant contributor to the problem.

While INGOs leverage their upstream access to donor funds to consistently increase their salaries and staffing levels, we as a local organization have to fight to secure each position covered through individual project budgets. Often our coordinators and administrative staff are not covered or are only partially covered through the projects, despite being essential to ensure that project implementation proceeds according to donor requirements and KRC quality standards.

Our teams in the HQ are overloaded with tasks, frequently running behind as they ensure we are working according to donor requirements with the necessary bureaucratic procedures. We currently lack the capacity to take on additional management tasks without hiring more staff and paying higher salaries. Our limited capacity at the administrative level means that there is no time to develop and update our policies, SoPs, protocols, and manuals. This keeps us in a permanent loop of dependency on our international partners for these services, which brings additional workload for both parties as we then have to adapt their procedures and requirements to function locally. Shifting resources from maintaining our partner INGOs' local

teams to expanding and developing KRC's teams is a more sustainable and efficient model which will achieve better results.

We are concerned that very few of those who are lucky enough to get a job with an INGO will return to work with public systems or local NGOs. As INGOs shut down or reduce their activities due to lack of funding or security issues, most of their local staff will only fight harder to find a job with another remaining INGO or try to leave the country. It appears that AANES will not be able to increase their salaries very much in the next few years, especially if the attacks from Turkey on civil infrastructure continue. The long-term effects of these attacks affect the salaries of the AANES employees, since the self-administration is forced to reallocate budgets towards rebuilding the destroyed infrastructure.

For years we have stressed this point and attempted to discuss it with international partners. In 2018 we tried to find a common salary scale with all NGOs, but so far there has not been even a step towards our position. We will continue to stress this point because, at the end of the day, we and our staff will remain on the ground to support the health and wellbeing of local people.

### 3. Flexibility, communication and transparency

As mentioned before, we remain in a constant state of emergency. The ongoing attacks and threats from Turkey, activities of the Islamic State (IS), overall political instability, pandemics/epidemics, natural disasters, financial crisis, climate change, water and food crisis, and the huge amount of IDPs and Refugees hosted by the AANES make it difficult to develop long-term strategies. We are managing as best as possible, however, the overall instability in the region makes it difficult to plan long-term projects with specific outcomes and indicators. Many essential aspects, particularly conditions and priorities on the ground, change significantly during the period between proposal writing and final approval.

For some projects we have Rapid Response Mechanisms (RRM) available, which have proved to be a valuable tool and effective approach. In general, we wish for more flexibility within projects during implementation. As mentioned before, we see each project as a tool. With these tools we build stability and emergency mechanisms, seeking to prevent mass

casualties and disasters and improving our capacity to respond to ongoing events. In our dynamic and unstable context, we must be able to adapt our tools to suit the task at hand.

The earthquake at the beginning of 2023 was devastating and required a large and rapid response. It stands out to us that, despite the disaster's scale and severity, our operations proceeded more efficiently and effectively than has historically been the norm. We, our donors, and our partners owe it to ourselves and to the public we serve to examine what new practices facilitated the 2023 Earthquake response so that we may carry them forward into our future work.

KRC made the decision to treat all earthquake response operations as one large project for the purposes of internal organization, even though each component part of the response had its own fund and partners/donors. This was possible because our restricted project funds and unrestricted fund were granted sufficient flexibility due to the emergency situation. We covered the majority of funding gaps from one project with funding from other projects as a first line, and covered most remaining gaps through unrestricted funding. We covered the small remainder with the Solidarity Fund,

knowing that these payments would not be reimbursed.

This new approach allowed us to focus our full efforts on emergency response priorities independent of individual project timelines. We then worked step-by-step to build sustainable programs to meet ongoing needs before working towards reducing future suffering by addressing long-term needs. We built health infrastructure and capacity in regions that lacked them prior to the earthquake, thereby improving residents' access to needed resources, reducing future program costs, and reducing travel costs for us and for the public. Internally combining the projects improved our administrative efficiency, reduced overall workload, and facilitated distributing administrative costs across all ongoing project funds. We would not have been able to initiate our emergency response immediately (within a few hours of the first big earthquake) without the Solidarity Fund, since even emergent project funding and public fundraising campaigns have intrinsic delays. The Solidarity Fund continued to be essential for gap coverage, as even the most flexible project funds cannot cover all unforeseen expenses. Speaking broadly and simply, the flexible emergency project funding and

Solidarity Fund allowed us to do our job and focus on the main issues without outside interference— accomplishing more, faster, with less.

We gratefully acknowledge that our 2023 Earthquake response proceeded in an exceptional manner due to the trust and flexibility of our donors and partners, offered in response to the scale and intensity of the emergency. We would like to highlight the two following aspects as essential to our success together, in the hopes that our donors and partners will consider carrying them forward into our future work:

1. The flexibility of funds (including within restricted project funds).
  2. Our direct access to donors, which provided the possibility for us to explain issues and needs on an ongoing basis. This communication promoted mutual understanding of problems and facilitated finding solutions suitable for all parties.
- We as humanitarian organizations are obligated to undertake the following reflection, at least as long as our aim is still to provide assistance to those in need according to humanitarian principles and laws. Is humanitarian aid to be more than a pressure tool for foreign political interests, a modern

manifestation of colonialism, and a job saver for Western people? If yes, then we must give more value, voice, and empowerment to local structures and organizations. We must examine whether our approaches are in line with our humanitarian principles and consider whether they make meaningful progress towards our stated goals. In the end, we hope that all readers understand that we offer these critical words to more effectively reach our shared goals. We do not intend to place blame on the International Humanitarian Aid community, and especially not upon our partners, friends, and donors. On the contrary, we appreciate the efforts and support which help us build up a future in this region. We call on all local and international NGOs to continuously reflect on their mechanisms, approaches, and impacts to examine how they exacerbate and/or alleviate problems on the ground. As times change, we must also consider making necessary changes in our mechanisms and implementation. These changes will take time and effort from all involved. We at KRC will be happy to work towards new solutions, learning from each other and from our past experiences to do better in the future.



## Financial Report 2023

First, we apologize for publishing and sharing this report much later than usual. The primary reason is that we have undertaken a change in our financial accounting system as a step towards fulfilling our due diligence and duty of care obligations. This means we will work with different accounts in the future and a double accounting system. This report was the first step towards this aim, from which we have learned a lot. We used this opportunity to do a deep assessment of internal structures, mechanisms, and financial management as part of ongoing internal capacity building and development. Despite the facts described above, lack of capacity, constant emergency status, and the losses of colleagues, friends, and family members lead to certain delays. However, we assure readers that this report is accurate and that we were able to manage our financial resources even though it was difficult without an accounting system. Our main difficulties result from the huge delays in reimbursements. In many cases we have wait for over a year to receive some reimbursements. This regularly forces us to resort to using the Solidarity Fund (SF report follows in the next section) and/or

borrow money to pay staff salaries. At times we also rely on our pool of unrestricted donations to provide the liquidity to pay salaries, when we would otherwise prefer to reserve it to fund other activities that are not covered by project funding. We never know exactly when we will get the reimbursements which makes it very difficult to plan or even to start the implementation of projects. Only because we have the Solidarity Fund, which was planned differently were we able to keep all the projects running and even more importantly pay the salaries of our teams.

Several partners and donors pay budget tranches in advance, which enables us to calculate and plan our overall expenses with more accuracy and predictability. These too are subject to delay, but typically far less than reimbursements.

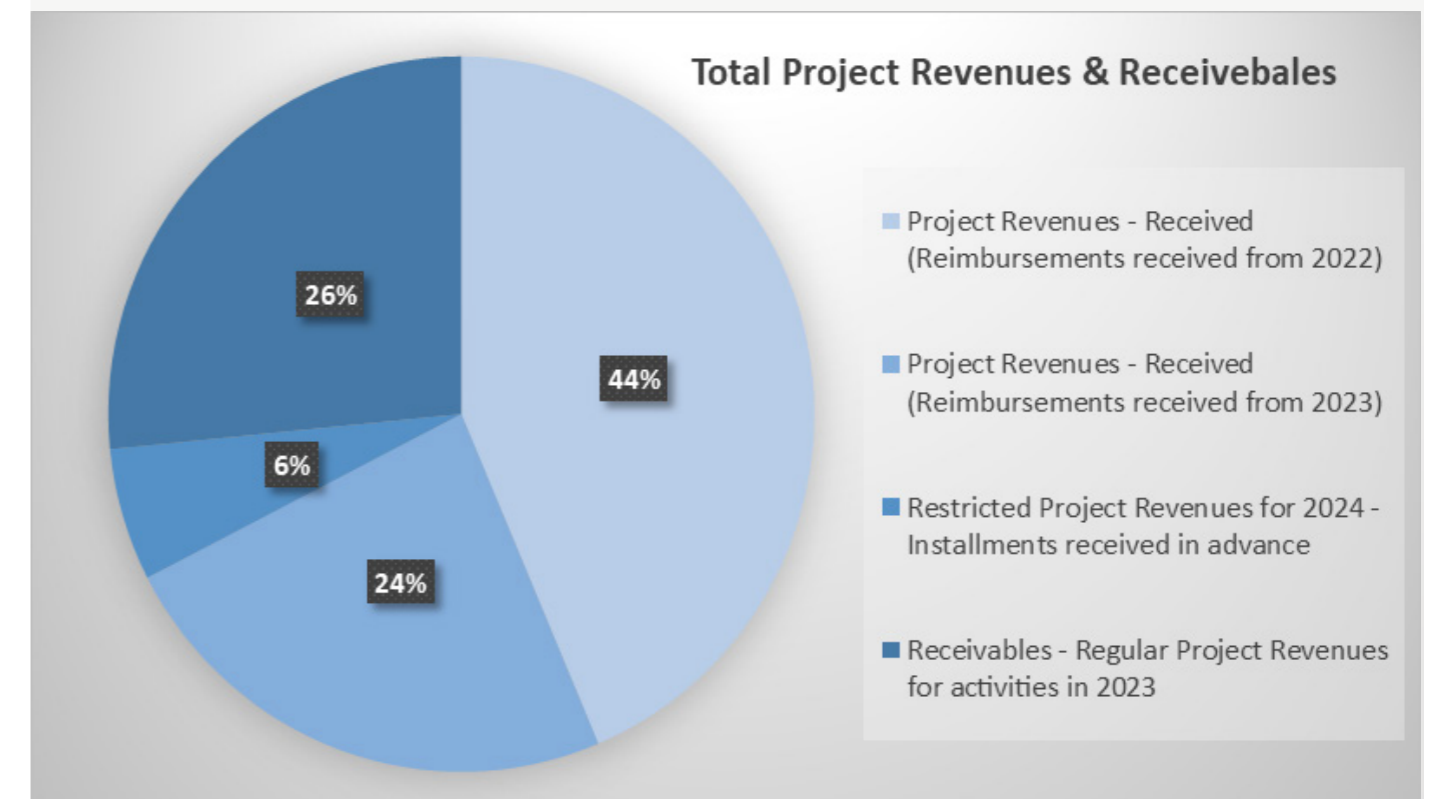
Other significant complicating factors are:

- NES lacks a banking system
- Donors only recognize and approve transactions through a handful of Hawala offices
- Many countries' restrictions regarding money transfers and sanctions targeting the Assad regime make it difficult to transfer money to NES.

But it is even getting worse in projects where we receive reimbursements

instead of installments in “advance”.

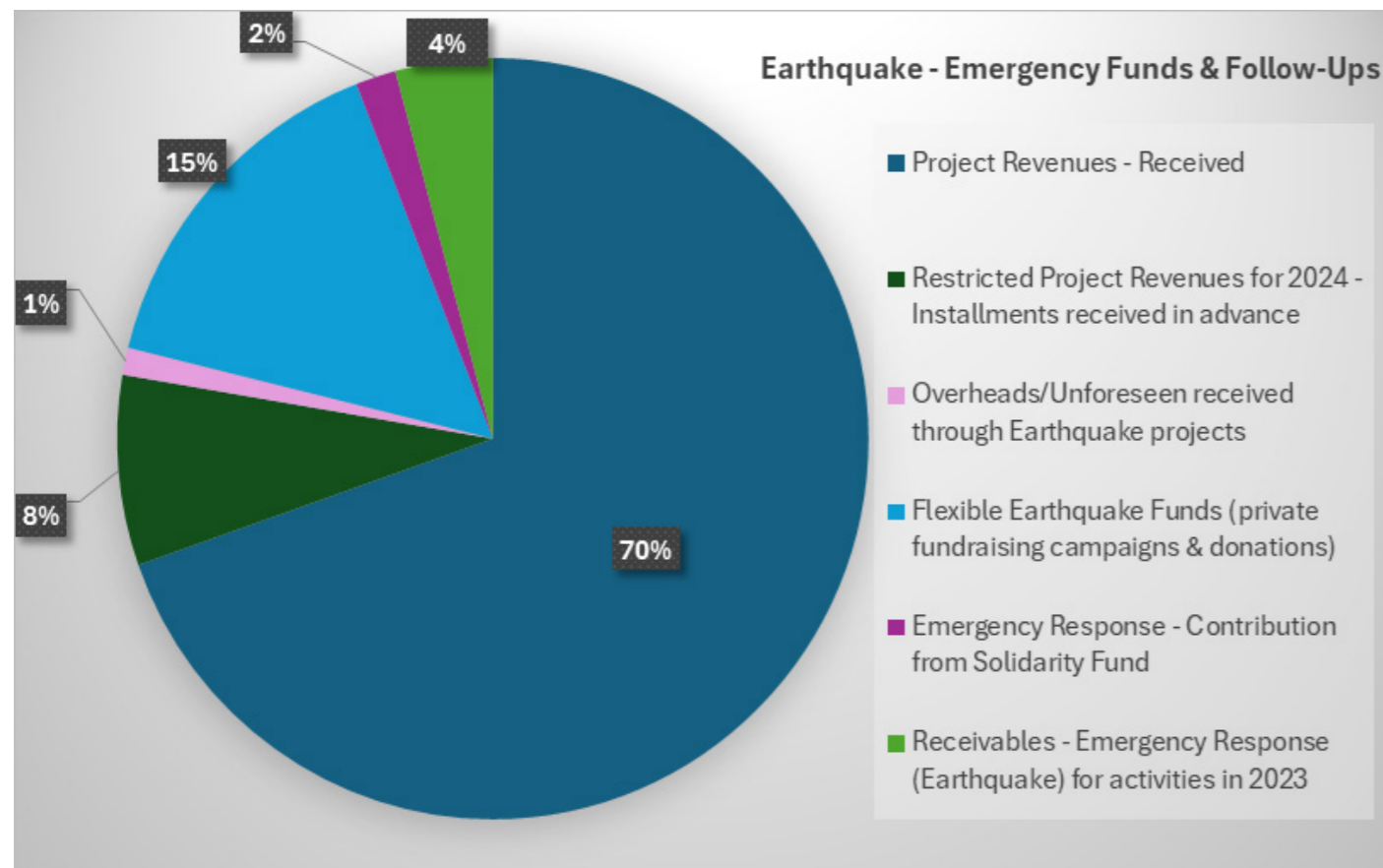
## Incomes



**4,291,775 USD, which is 44% of the total 2023 received income consisted of reimbursements from project activities conducted in 2022! While 26% (2,611,488 USD) of the reimbursements for project activities in 2023 have still not been received at all, as of November 2024. Only 24% (2,338,450 USD) of the project activities in 2023 were reimbursed in 2023.**

**589,788 USD (6%) received by the end of 2023 are funds restricted for project activities for 2024. Those numbers only refer to restricted project funds and do not include overheads or other unrestricted/flexible grants. We consider the reimbursements from 2022 as unrestricted funds since the restricted expenses were already paid in 2022.**

**As we compare the above numbers with the numbers related to Emergency Response Funds for the Earthquake disaster below, it becomes obvious that reimbursement delays are not only related to the difficulties of sending grants to NES.**

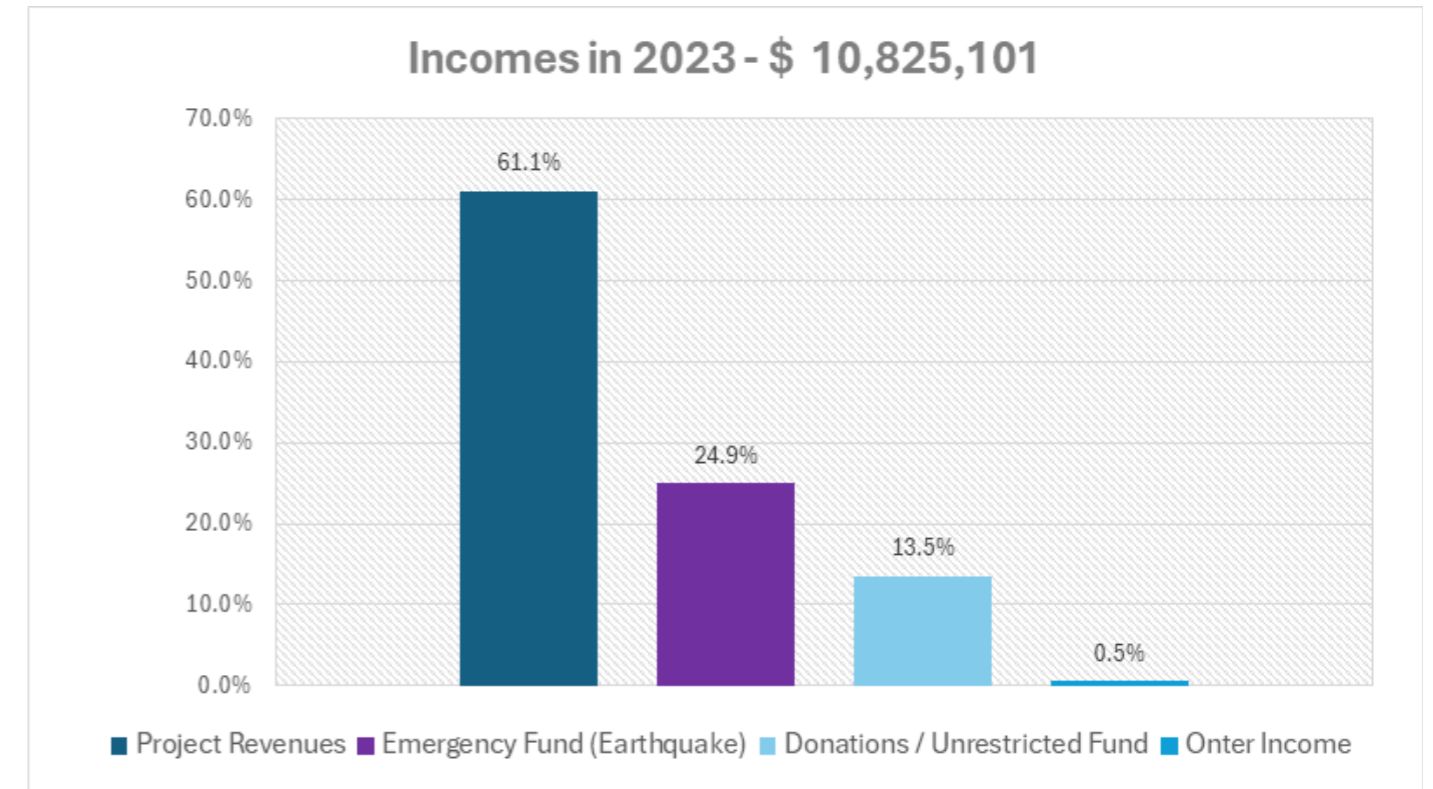


Only 4 % (\$128,855 USD) of earthquake-related funds remain as outstanding receivables from our total earthquake-related expenditures of \$2,833,297 USD. We were able to use available funds as-needed during the emergency, including to finance necessary shared coordination positions, without extended discussion or delay. Overheads/Unforeseen expenses of \$35,576 USD (1%) were granted and used without long discussions. Only 2% (\$53,522 USD) of expenses were not covered through the granted funds and needed to be contributed through the Solidarity Fund (SF). This use-case is a major reason why we implemented the SF, but not

the only reason, and we are pleased that SF demands were less than expected. The majority of Emergency Funds were received as regular installments over the first 6 months, and follow-up project funds continued to be received after this on an installment basis. Although we typically received installments after we had already incurred expenses, we were able to temporarily cover these expenses from the Solidarity Fund knowing that the next installment was incoming. This consistency and security enabled us to plan much better and to commit to projects at the needed scale. In total we received over \$10 million USD through restricted project funds

for 2022 and 2023, the Earthquake Emergency Response funds (\$2,704,442 USD), and Unrestricted Donations/ Flexible Funds, which does not include advanced received installments for ongoing 2024 project activities. Almost \$1.5 million USD was received

as unrestricted fund/private donations or Overheads as more flexible funds. We received \$53,500 USD (0.5%) in “Other Income” as the result of legal proceedings against some companies/ service providers following breaches of contract, thanks to our newly implemented legal office.



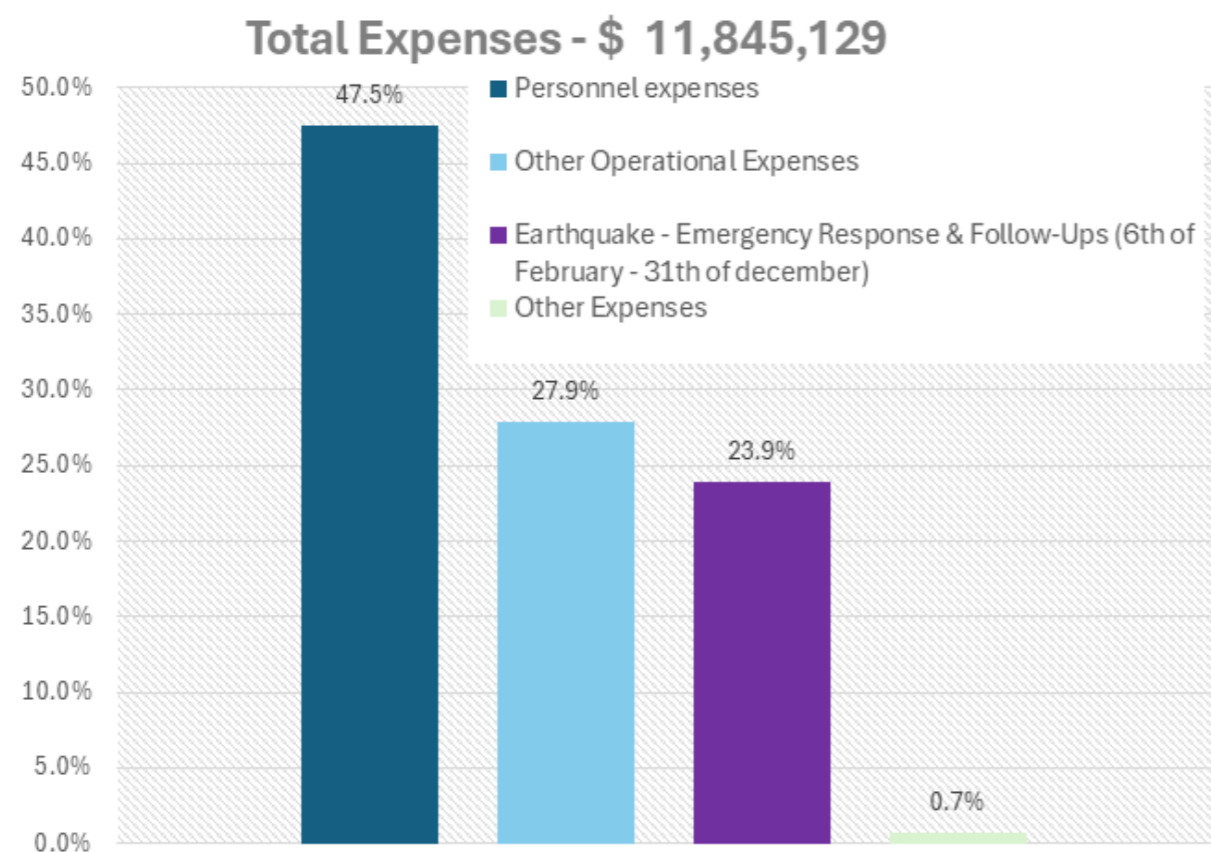
We had expenditures of almost \$12 million USD. Personnel expenses constituted the largest share at 47.5% of total expenditures, almost \$6 million USD. 83% of the personnel expenses are NET salaries with \$4,705,393 USD. In total, \$501,268 USD was contributed to the Solidarity Fund (8.6%). The third biggest account was travel expenses at \$377,625 USD (making up 6.7% of personnel expenses and 3.2% of total expenses), which includes all

service drivers and KRC fleet costs. Only a very small amount was related to international travel, since most local employees and volunteers are unable to leave the area easily and international volunteers are typically expected to cover their own travel expenses. We would like to change this, but currently cannot even cover enough of the local travel expenses. Over \$3 million USD was spent on “Other Operational Expenses” (27.9%),

with the biggest part allocated towards Major Maintenance, Re-Construction Operations, and New Construction with over \$1 million USD and 39% of “Other Operational Expenses.” The biggest portion was related to construction of our new specialized hospital (Cancer, Thalassemia, & Burns). \$1,231,610 USD (37%) was related to

other running costs of health points, warehouses, vehicles, administration, and guesthouses. Our largest operational expense is the running costs of our health services. Every month we struggle to pay these running costs and keep our health services operational.

## Expenses



We have decided to disclose the ‘Earthquake – Emergency Response & Follow-Ups’ separately for the benefit of those donors and partners who contributed to mitigating this disaster. This will also help us compare this

response with our ‘normal’ response on operational, administrative, and strategic levels. Thanks to our existing structure of regional coordinators, admins, and other operational teams we were able

to allocate over 80% (\$2,295,563 USD) of earthquake-related funds directly to Program Activities and associated Running Costs (distributions, shelter, health services, water & food supply as well as rehabilitation of damaged buildings). Only 16.6 % was allocated for salaries for additional earthquake-related personnel and contributions to shared staff salaries (\$470,713 USD). Our new teams benefitted from the experience of our existing teams through regular capacity building at all levels, especially in the Shahbah region. Our new teams “learned by doing” with the aid of professional instruction from our existing teams. At an internal administrative level, we managed all earthquake-related projects as if they were one large project. The logic behind this was to see each individual project as a tool contributing to our overall goal of providing adequate disaster relief for the affected population. While each individual project still contributed a small amount to the overall running costs and travel costs, this approach allowed us to decrease the administrative staff, workload, and financial burden. This allowed us to consolidate our administrative staff to a minimum while strengthening our field and coordination

teams. This would not have been possible without the flexibility of our partners (of whom none were on the ground at the time) and donors, and was essential to our successes as part of disaster response. Our volume of activities and projects across so many different work areas and our current administrative capabilities do not allow us to adopt this strategy for all projects going forward. We still need and appreciate our partners’ administrative and planning support as we continue to develop our capacity. However, we ask our partners and donors to implement more flexibility in their funding requirements. Our work areas and mission scope span much more than any single project. Increased funding flexibility will help avoid funding gaps between individual projects and support the shared positions necessary to adequately implement our projects, ultimately strengthening our ability to provide humanitarian assistance for those in need and to stabilize the region in the long term.



Total Operational Expenses		
	11,845,129	100.0%
NET Salaries Program Activities	3,784,467	31.9%
NET Salaries Monitoring, Evaluation, Protection, Coordination & Management	381,538	3.2%
NET Salaries Logistic	170,868	1.4%
NET Salaries Safety/Security & IT	71,950	0.6%
NET Salaries Administration, Board of Directors / Representatives & Public Relations	265,714	2.2%
NET Salaries Caretakers, Cleaners, Receptionists, Others	30,855	0.3%
Contributions from Salaries to Solidarity Fund*	501,268	4.2%
Capacity Building / Training / Workshops	16,860	0.1%
Travel Expenses	377,625	3.2%
Allowances, Incentives & Beverages	29,264	0.2%
Running Costs Programs & Activities	825,986	7.0%
Administration/Offices & Guesthouses	152,681	1.3%
Pharmaceuticals & Medical Consumables	110,635	0.9%
Publications / IEC	2,175	0.0%
Service Providers, per diem & rent	31,980	0.3%
Maintenance & Minor Rehabilitations	108,153	0.9%
Distributions	20,000	0.2%
Donations	2,500	0.0%
Purchases - Capital Expenses	690,072	5.8%
Purchases - Others	48,934	0.4%
Major Maintenance / Rehabilitations	23,000	0.2%
New Constructions	1,267,126	10.7%
Conferences, meetings & gatherings	13,450	0.1%
Fee's, Fines & Registration costs	6,610	0.1%
Earthquake Emergency Response & Follow-Ups		

Personnel Expenses for increased services & programs (NES & NWS)	401,333	3.4%
Contributions from salaries to Solidarity Fund*	60,820	0.5%
Travel expenses, Beverages/Incentives & Allowances for employees and volunteers	69,380	0.6%
Programs & Activities running costs (Shipments, health services, Medicines & Consumables)	798,120	6.7%
Distributions & Donations (Shelter, NFI, Food & Water)	935,428	7.9%
Other purchases (medical equipment, WaSH materials, IT and visibility)	65,520	0.6%
Major maintenance, Rehabilitations, Reconstructions, new constructions	496,495	4.2%
Other costs (fee's, transfers costs, ...)	6,200	0.1%
Pre-paid expenses 2024 & Payables 2022		
Pre-paid expenses - Office rent Sulaymaniya	14,000	0.1%
Pre-paid expenses - Fuel	15,075	0.1%
Payables from 2022	49,047	0.4%
* see additional financial report		

## Accounts

The “NET Salaries for programs”, contains all paid salaries for program activities, including all static health points, mobile clinics, ambulances, and emergency centers as well as other programs in WaSH, PSS, and other short- or long-term programs in the field. This is by far our largest cost at almost \$4 million USD and 32% of the total expenses. It makes up 80% of the total paid NET salaries. Our “Monitoring, Evaluation, Protection, Coordination, & Management” salaries make up only 8% of the total

NET salaries and 3.2% of the total expenses— far away from the Program Activities. This section is primarily related to quality management, containing mainly staff working in our main administration (HQ: the MEAL Team, Medical Program Coordinators, Protection Officers, NES Coordinator, WaSH Coordinator and Manager, Project Managers, Regional Coordinators, and Accountability Workers. These positions all relate to the overall coordination, protection, and quality management of our activities.

They are responsible for all of our projects and non-supported activities. Without those positions we would not be able to provide and improve all of our services.

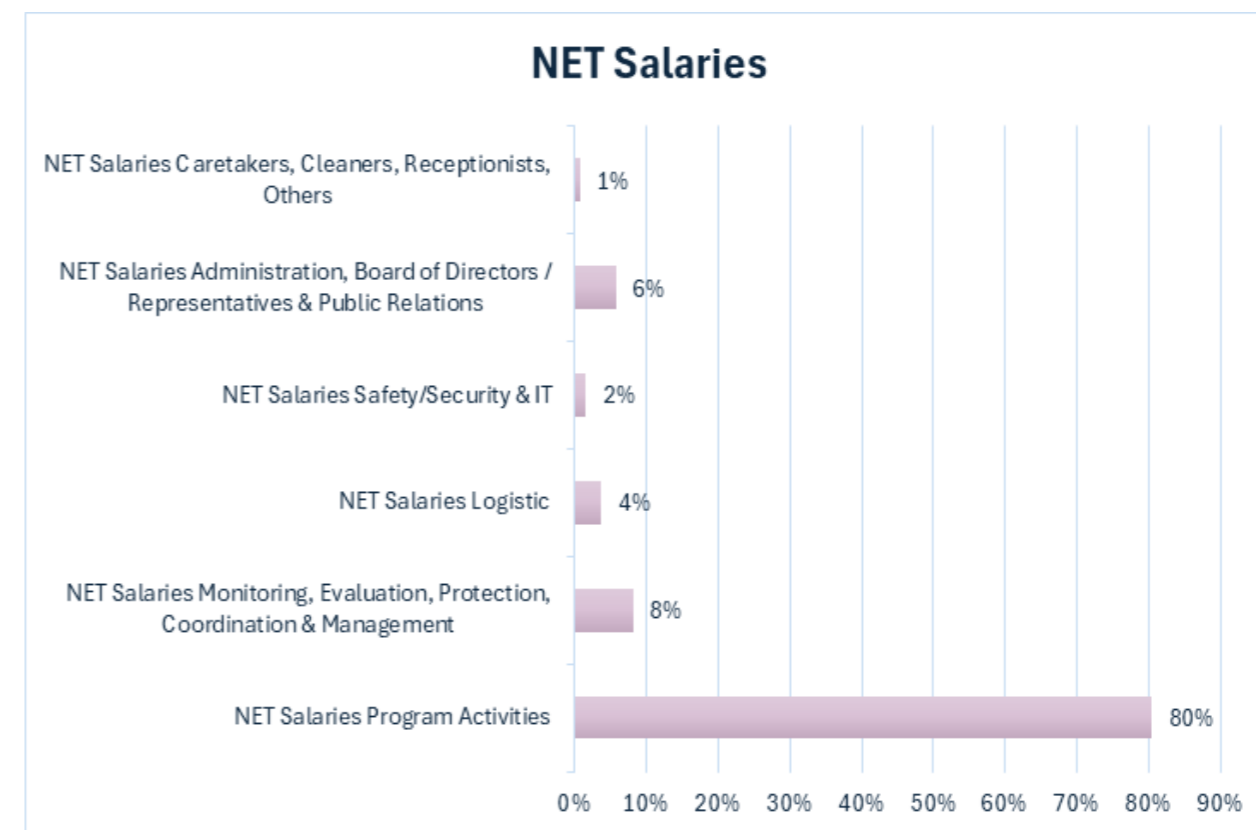
“Administration, Board of Directors/ Representatives, & Public Relations” at only 2.2% of the total expenses and 6% of total NET Salaries is actually far less than would be ideal. It contains all finance officers, HR officers, Communications Officers (Media Office), department managers of HR and Finance, Representative managers, and partnership managers at regional and HQ levels. We see a clear need to increase funding for these positions; especially in our HR and Finance departments we struggle to manage the administrative and bureaucratic requirements for each project with available staff.

“Logistics” is our largest department, containing all regional logisticians, warehouse workers and managers, supply and purchase officers, project logistic officers, drivers (employed staff, not contracted), as well the transportation office, and technicians and maintenance staff (if not related to WaSH). As mentioned before, the Logistic Department is linked both to program activities as well as to administrative tasks. At only 1.4% from

the total expenses and 4% of total NET Salaries it is still not as big as it should be for the scale of its responsibilities. The accounts ‘Safety/Security & IT’ at 2% of the total NET Salaries and the account ‘Caretakers, Cleaners, Receptionists, Others’ at only 1% of the total NET Salaries solely refer to personnel deployed at our administration/office buildings and guesthouses. We hope to increase the Safety & Security section to cover all regions and each health point, and we have long lacked Safety & Security Adviser position to develop and manage security measurements for all of our health points. Currently these responsibilities are related to the team leaders, but in many cases they lack experience in this field and would benefit from a specialty adviser. We would like to place special focus on our Caretakers, especially those who work in our kindergarten. We implemented our kindergarten around two years ago with the direct aim to support women working in the HQ. Across the humanitarian sector, the empowerment and strengthening of women is a major topic (for good reason). In almost all screenings and due diligence checklists we undertook, the standout question was always “What we are doing to

empower and strengthen women?”. The kindergarten is one tool supporting this goal, providing skilled professional caretakers to allow our colleagues to bring their children to work. Historically, we found that our female colleagues were often forced to leave work early (or were unable to come to work at all) if they couldn’t arrange childcare or if they could not afford a private kindergarten space. We are happy to see that many of our male colleagues have started to bring their children with them to HQ. This eases the childcare burden on their wives, enabling them to work outside the home if they wish. The implementation of the kindergarten was an important and practical measure to directly support and ease the burden of the

“double day” for our female colleagues. These practical measurements will help our society become aware of the dual burden placed on the women in our society, who still are too often not seen as equal (in many families). It is a practical solution to support women in their full participation in society and the workplace. The KRC Women’s Committee has many more ideas to strengthen women within KRC and within our society. We hope to provide childcare and other support for families with higher needs for all our workers in all regions. Unfortunately, at this time we can barely pay the salaries of our two kindergarten caretakers, since these positions are not included in any project budget.



During the year we were forced to cover 16.51% of total NET Salaries through the Solidarity Fund, this included temporary coverage due to reimbursement delays as well as coverage of unsupported and partially covered staff salaries.

Decreasing our activities would not help us, since project funds would decrease accordingly. This would leave us in the same relative position, but with fewer activities and results. The problem is that for most projects we are obligated to allocate the majority of funds to Program Activities, which is a logical requirement from each donor. In the end we are left with funding gaps as our unsupported staff, who are fundamental to accomplishing our work, fall between individual project budget scopes. We hope to see changes in the future practices of humanitarian and developmental public fund requirements. Specifically, we ask donors and partners to offer more flexible requirements and support the entire structures of local organizations. This would support our common aim of stabilizing regions over the long-term, even as broader geo-political situations deteriorate. This flexibility would give local organizations more security during the planning and development of long-term strategies, reduce precarity for

employees by ensuring work on a scale of years instead of months, promote more robust project implementation, more efficiently utilize financial resources, and result in a bigger impact.

For sure, that requires also much more Capacity Building for us and/or other local organizations.

Not even 1% of our total expenses were related to internal 'Capacity Building/ Training/ Workshops'. This figure represents KRC's independent efforts to develop our employee capacity according to our broader needs as an organization. Most training activities are part of the budgets of our international partners. This presents a strategic problem because, in most cases, our partners stipulate the type and timing of training according to their perspective. We think it would be more effective if we could handle partner training budgets with more autonomy according to the unique needs of our area, while continuing to welcome our partners' experience and subject matter expertise. If we and our teams can decide what trainings are needed, when and how we provide the training, and to whom (for example including workers who are not supported through project funding), our overall capacity as an organization will improve. We also

wish to have more latitude in selecting the trainers, to retain their experience and skills over the long term, and to shift our overall approach towards increased application of ToT (Training of Trainers) to promote a more even and reliable distribution of knowledge and skills across our organization. This will require an immense logistical and planning effort, for which we welcome the advice and support of our partners. 'Allowances, Incentives & Beverages' covers all refreshments provided to our employees, particularly coffee, tea, and sugar. It also covers snacks and, in some cases, meals for long journeys. Taking into consideration our low salaries (which decreased again in 2024), and the precarious work situation for our employees, this is too little. We feel an obligation to provide much more, since in most cases the monthly supply of coffee, tea, and sugar for health points is not sufficient. Additionally, employees typically pay for their own lunch or breakfast at work and most of them cannot leave their duty station.

'Travel Expenses' includes a few flights (domestic and international) but very few other international travel expenses. The biggest component is our cars and drivers, which usually are considered as logistic expenses. We choose to

include this as a travel expense, since our drivers transport our teams from home to their workstation and back again, and also facilitate necessary field visits by HQ staff. In some cases, staff received reimbursements for public transportation costs when we were unable to provide transportation. It is important context for our readers to know that most of our staff does not have access to a private vehicle, as may be the norm in other countries. In general, we lack sufficient cars and drivers. This presents a number of issues. Due to prioritizing service-related and operational transportation, very often we are unable to provide service cars for necessary coordinator field visits and other unscheduled journeys. This forces a travel delay as staff must wait to travel along with others going in the same direction, regardless of the situational urgency. Our service drivers are typically busy the whole day and often late in the night. Very often our employees endure long unpaid periods until they can get a ride to their duty station or back home again.

Running Costs for Programs & Activities, Administration/Offices, and Guesthouses

The running costs include expenses

for electricity (diesel and maintenance for generators, municipal power fees), regular minor maintenance, water supply and other regular WaSH activities such as health waste management and water monitoring, stationery, Wi-Fi, cleaning materials, and other consumables aside from medicines and beverages, as well as rental costs for buildings, caravans or others. Also included are the running costs for all Ambulances, Mobile Clinics, and transportation cars for beneficiaries (such as to and from the Prosthesis Clinic, or other non-emergent cases that do not require an ambulance).

Program activity running costs (including warehouses) constituted only 7% of total KRC expenses and 25% of total running cost expenditures.

In particular, the running costs for administrations and guesthouses are difficult to fund since only a very few projects allow us to add these costs to their budgets. Unfortunately, in most cases we do not even receive enough funding to cover the running costs of health facilities.

In 2023 we had to cover 47% of the running costs of supported program activities independently (through the SF); partially to fill temporary gaps due to late reimbursements, but also

because most of our facilities are not fully covered through project budgets. Pharmaceuticals and medical consumables

In most cases, our partners purchase medicines, drugs, and other medical consumables through their project budgets. This barely matches our needs within the projects and does not address our ongoing uncovered needs for activities, facilities, Mobile Units, etc. Very few partners allow us to purchase medicines and consumables ourselves. In these cases, we can purchase the medicines on the local market, ensuring timely delivery and good quality. Of particular importance in the case of chronic disease treatment, we are able to purchase medicines from the same supplier ensuring consistent dosages for our beneficiaries. Furthermore, locally purchased medical consumables are much less expensive, even before considering transportation costs. Publications & IEC (Information, Education, and Communication) Expenses related to publications and IEC materials. It does not include training materials or materials for PSS sessions, which are included in the running costs per facility. In this account, we only take the publications, including server costs for

the homepage and e-mails or other registrations for social media, as well as print materials for public campaigns or special days such as the 8th of March. Service providers, per diem, & rental This includes hired daily workers and bigger shipments we cannot manage through our own fleet. Furthermore, it contains the distribution of water to private households and other contractors related to other program activities.

#### Maintenance & Minor Rehabilitations

In addition to the minor maintenance at the facilities and fleet, we incurred expenses that were also related to rehabilitation and maintenance but which fell outside of the regular maintenance programs. This includes repairing damage from accidents, rehabilitation related to new KRC buildings/centers, as well as larger repair and rehabilitation work on facilities or vehicles not covered through project funds. Furthermore, it contains a small portion of rehabilitation work for other public buildings as public hospitals and other parts related to civil infrastructure.

#### Distributions & Donations

In total, only \$22,500 USD was spent on distributions and donations. For \$20,000 USD we distributed small food packages to help poor families in

Qamishli celebrate the Eid holidays. For \$2,500 USD we purchased protective work clothing for the local authority's water department and handed the materials over to them.

#### Purchases

Here we made a difference between "Normal Purchases" and "Capital Purchases," excluding those consumables included in the running costs. Normal Purchases included needed items such as new laptops or cameras that otherwise fall outside of project scopes. Capital Purchases are those materials/items costing more than \$5000 USD, which mainly consisted of medical equipment but also cars and ambulances.

In 2023, Capital Purchases were not added to our assets. Accordingly, we do not have a depreciation system in place. The primary reason for this is that most KRC assets are not true organizational assets in the traditional sense due to our unique mission. While most KRC assets have present use value for our organization, we intend to hand them over to the Public Systems as they assume responsibility for the programs and infrastructure we develop. These materials and items will be handed over free of any charge. Therefore, we do not regard these assets as something we can sell in the

future. Even though those materials will be handed over to public systems and not sold, in accordance with our plan, in the next year 2024 we will start with a new system and track all assets within a depreciation system.

#### Major Maintenance/Rehabilitation and New Construction

Major Maintenance relates to large, unplanned damage to buildings or vehicles. Overall the highest expenses after the NET Salaries for program activities was the construction of our

new specialized hospital. The building was partially supported by our donors and also through private funds we received.

Conferences, meetings & gatherings These expenses relate to large membership and board meetings and conferences. The largest one is the KRC conference which takes place every two years to elect our Co-Directors. It includes rented space, food, refreshments, and sometimes special travel costs for example for our team in Kurdistan – Iraq.

## Balance

**We closed the year 2023, in theory, with a deficit of \$205,423 USD. This is the sum of our Cash & Cash Equivalent minus our liabilities and debts. It needs to be noted that the Cash & Cash Equivalent of \$867,766 USD and €14,000 EUR cannot be used because it is either restricted for project activities in 2024 or already paid as pre-paid expenses for the year 2024. Additionally, it must be considered that the forecasted expenses for regular project activities in January and February 2024 are more than \$600,000 USD for NET Salaries plus over \$200,000 USD for other expenses. Again, it is a major problem that we do not know when exactly we will receive the receivables. As of November 2024, we still have not received all the reimbursements promised in 2023.**

Balance as of 31st of December 2023	USD	EUR	%
Balance as of 31st of December 2023	(205,423)		
Cash & Cash equivalent	867,766	14,000	100.0%
- Restricted for Project activities in 2024 - Instalments received in advance	838,691		96.6%
Pre-Paid expenses (Fuel & Rent)	29,075		3.4%

Liabilities / Payables / Debts	1,073,189		39.2%
Accounts payable (Accrued other expenses)	16,735		1.6%
Interest free loan / credit from SF	606,454		56.5%
Interest free loan/credit	450,000		41.9%

Receivables	2,740,343		23.1%
- Regular Project Revenues for activities in 2023	2,611,488		95.3%
- Emergency Response (Earthquake) for activities in 2023	128,855		4.7%

**Our Liabilities and debts are the direct result of the reimbursement delays. We had to take out a loan from a private company as well as a loan from our Solidarity Fund to enable us to pay our salaries and other essential expenses. The accrued expenses are other accounts payable from December 2023 which must be paid in January 2024. In total 39.2% of our outstanding receivables are committed to our liabilities and debts. Total outstanding receivables of \$2,740,343 USD correspond to 23.1% of our total expenditures in 2023.**

## Balance sheet

### Annual financial report 2023

#### Kurdish Red Crescent - Northeast / Northwest Syria & Northern Iraq

Balance as of 31st of December 2023	USD	EUR	%
Balance as of 31st of December 2023	(205,423)		
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- Regular Project Revenues for activities in 2023	2,611,488		95.3%
- Emergency Response (Earthquake) for activities in 2023	128,855		4.7%
<b>Comprehensive Income</b>	<b>USD</b>	<b>---</b>	<b>%</b>
Total Income (without restricted income for 2024)	10,852,101		100.0%
Operating Support & Revenue (regular activities/projects)	6,630,225		61.1%
Project Revenues - Received (Reimbursements received from 2022)	4,291,775		64.7%
Project Revenues - Received (Reimbursements received from 2023)	2,338,450		35.3%
Restricted Project Revenues for 2024 - Instalments received in advance	589,788		8.9%
Emergency Fund for the Earthquake Disaster & Follow-Ups	2,704,442		24.9%
Project Revenues - Received	2,145,761		79.3%
Restricted Project Revenues for 2024 - Installments received in advance	248,903		9.2%
Overheads/Unforeseen received through earthquake projects	35,576		1.3%
Flexible Earthquake Funds (private fundraising campaigns & donations)	469,583		17.4%
Emergency Response - Contribution from Solidarity Fund	53,522		2.0%
Donations / Unrestricted Support / Flexible Fund	1,463,934		13.5%
Operating Support (Private Donations, Associations, Organizations)	1,066,497		72.9%
Overheads through Project Revenues	397,437		27.1%
Other Income	53,500		0.5%
<b>Comprehensive expenses 01st of January 2023 - 31st of December 2023</b>	<b>USD</b>	<b>---</b>	<b>%</b>
Total Expenses	11,845,129		100.0%
Personnel expenses	5,630,409		47.5%
Total NET salaries and wages	4,705,393		83.6%
Contributions to SF*	501,268		8.9%
Capacity Building	16,860		0.3%
Travel Expenses	377,625		6.7%
Allowances & Incentives	29,264		0.5%
Other Operational Expenses	3,303,302		27.9%
Running costs Programs & Project activities	1,231,610		37.3%
Distribution Programs (NFI, Shelter, Food, Water) & Donations	22,500		0.7%
Purchases	739,006		22.4%
Major Maintenance, Re-Construction, new Constructions	1,290,126		39.1%
Conferences, meetings, gatherings	13,450		0.4%
Fees, Fines, Taxes, Transfer Costs	6,610		0.2%
Earthquake - Emergency Response & Follow-Ups (6th of February - 31th of december)	2,833,297		23.9%

Program Activities & Running Costs	2,295,563		81.0%
Contributions to SF*	60,820		2.1%
Personnel & Volunteering costs (NET)	470,713		16.6%
Other costs	6,200		0.2%
Other Expenses	78,122		0.7%
Pre-paid Expenses (Rent & Fuel)	29,075		37.2%
Payables from 2022	49,047		62.8%
<b>Consolidated Statement of Expenses 2023</b>	<b>USD</b>	<b>---</b>	<b>%</b>
<b>Total Operational Expenses</b>	<b>11,845,129</b>		<b>100.0%</b>
NET Salaries Program Activities	3,784,467		31.9%
NET Salaries Monitoring, Evaluation, Protection, Coordination & Management	381,538		3.2%
NET Salaries Logistic	170,868		1.4%
NET Salaries Safety/Security & IT	71,950		0.6%
NET Salaries Administration, Board of Directors / Representatives & Public Relations	265,714		2.2%
NET Salaries Caretakers, Cleaners, Receptionists, Others	30,855		0.3%
Contributions from Salaries to Solidarity Fund*	501,268		4.2%
Capacity Building / Training / Workshops	16,860		0.1%
Travel Expenses	377,625		3.2%
Allowances, Incentives & Beverages	29,264		0.2%
Running Costs Programs & Activities	825,986		7.0%
Administration/Offices & Guesthouses	152,681		1.3%
Pharmaceuticals & Medical Consumables	110,635		0.9%
Publications / IEC	2,175		0.0%
Service Providers, per diem & rent	31,980		0.3%
Maintenance & Minor Rehabilitations	108,153		0.9%
Distributions	20,000		0.2%
Donations	2,500		0.0%
Purchases - Capital Expenses	690,072		5.8%
Purchases - Others	48,934		0.4%
Major Maintenance / Rehabilitations	23,000		0.2%
New Constructions	1,267,126		10.7%
Conferences, meetings & gatherings	13,450		0.1%
Fee's, Fines & Registration costs	6,610		0.1%
Earthquake Emergency Response & Follow-Ups			
Personnel Expenses for increased services & programs (NES & NWS)	401,333		3.4%
Contributions from salaries to Solidarity Fund*	60,820		0.5%
Travel expenses, Beverages/Incentives & Allowances for employees and volunteers	69,380		0.6%
Programs & Activities running costs (Shipments, health services, Medicines & Consumables)	798,120		6.7%
Distributions & Donations (Shelter, NFI, Food & Water)	935,428		7.9%
Other purchases (medical equipment, WaSH materials, IT and visibility)	65,520		0.6%
Major maintenance, Rehabilitations, Reconstructions, new constructions	496,495		4.2%
Other costs (fee's, transfers costs, ...)	6,200		0.1%
Pre-paid expenses 2024 & Payables 2022			
Pre-paid expenses - Office rent Sulaymaniya	14,000		0.1%
Pre-paid expenses - Fuel	15,075		0.1%
Payables from 2022	49,047		0.4%
* see additional financial report			

-----END OF BALANCE SHEET-----

## Solidarity Fund

The Solidarity Fund was implemented in 2021 due to the lack of any kind of a public social system or insurance in the area, coupled with the great risks accepted by our employees and volunteers. The Solidarity Fund is a mix of social insurance, health insurance, and contingency measurements for the organization. It allows us to fund backfill positions while continuing to provide salaries to our employees on medical, maternity, and other leaves.

Furthermore, it can partially be used for emergency responses: it gave us the possibility to react directly to the disaster after the earthquake in February 2023. Just hours after the earthquake, collective tents including supplies and heaters were ready all over Northeast Syria thanks to the Solidarity Fund's inherent liquidity. Community tents in the northwestern region (Aleppo) followed two days later, and three days afterward our convoy with supplies for the northwestern part was ready.

The SF made this possible by providing a stock of liquid cash. The biggest part of earthquake-response expenses was ultimately covered through the subsequent donor-funded earthquake-response projects and funding campaigns as intended, but a

small part remained as an expense/contribution to the emergency. The main and most important feature of the Solidarity Fund is that it stays liquid at all times to make sure we can apply the DoC (Duty of Care) to our employees.

This is comparable to the practices of the Western insurance system, where insurances maintain liquidity to be able to pay for health treatments if needed.

Aside from disaster response, the SF saves us from closing operations following funding gaps, making it possible for us to continue providing humanitarian despite reimbursement issues. Without the SF we would not have been able to pay any salaries due to late reimbursements. We also could not have upheld and covered those positions which are unfunded or are only partially funded through projects, but are essential for the organization to keep working. This includes administrative positions, coordination and management level positions, and program activities.

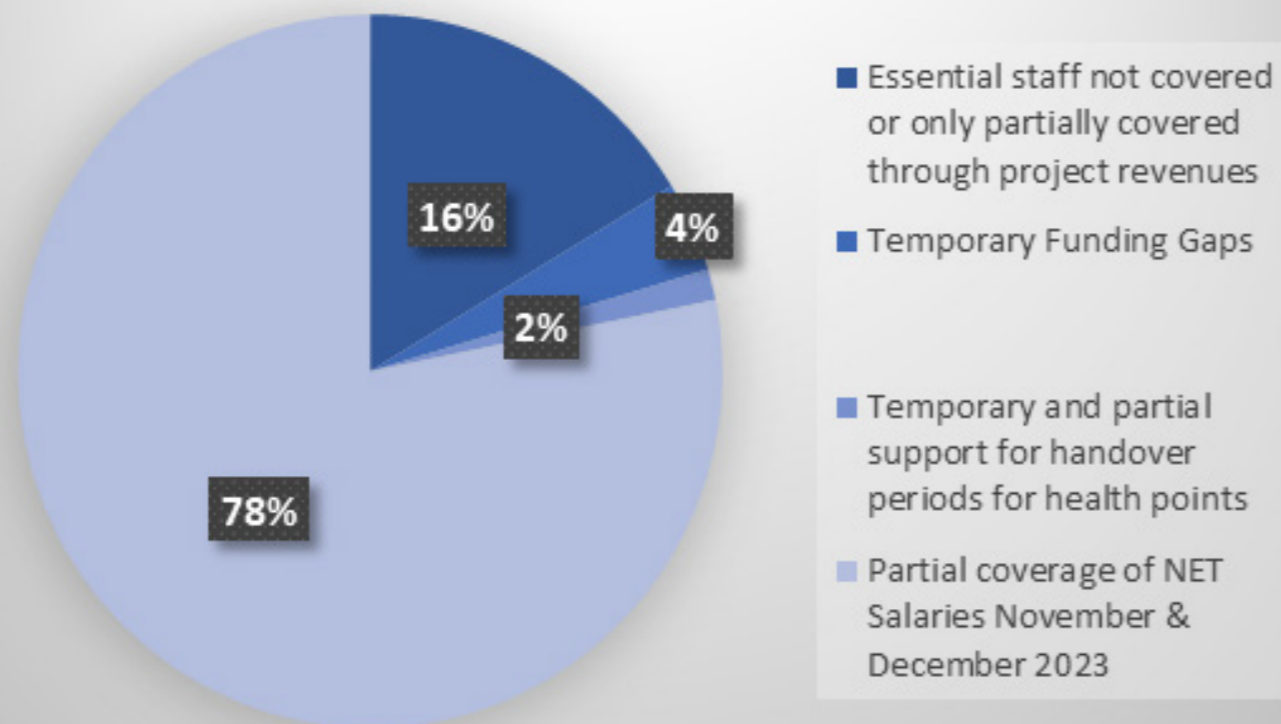
Of course, we would be happy to receive the project revenues on time (or at least on a predictable basis). This would enable us to use the SF much better.

Consolidated expenses 01st of January 2023 - 31st of December 2023	USD	%
Total expenditures	1,142,760.18	100%
Duty of Care	20,000.00	2%
Replacements for sick leaves or other temporary leaves	4,685.00	23%
Support for surgeries or medical treatment including replacements for the recovery period	13,140.00	66%
Family support after death	2,175.00	11%
Contingency	775,383.18	68%
Essential staff not covered or only partially covered through project revenues	126,576.00	16%
Temporary Funding Gaps	31,582.00	4%
Temporary and partial support for handover periods for health points	10,771.00	1%
Partial coverage of NET Salaries November & December 2023	606,454.18	78%
Initial Emergency Response	347,377.00	30%
Earthquake Emergency Response - not covered through other funds	53,522.00	15%
Temporary covered initial earthquake response	128,855.00	37%
Cholera Response	165,000.00	47%

68% of our total expenses were related to contingency expenses. Of that, the largest part was the coverage of salaries due to long-outstanding receivables. 16% related to those essential staff who keep all our activities running but are uncovered or only partially-covered by project funds. Our temporary funding gaps were short-term, as happens when project phases start one or two months later than planned. In those cases, to make sure activities continue despite a short uncovered period, we chose to cross-fund through the Solidarity Fund. "Temporary and partial support for handover periods" refers to our continued activities as we proceed to

hand over health points to the public health system. This activity proceeds step-by-step to promote a smooth handover and ensure that all services continue running. In some cases, it is necessary to partially continue activity support funding, such as running costs. The biggest part of our contingency expenditures was partial coverage of NET Salaries at 78%. Throughout the year this position was much higher, but the SF was continually replenished as reimbursement trickled in. The last two months' reimbursements had not been received by end of 2023, meaning the SF had to cover these two months' costs pending reimbursement receipt.

## Expenditures - Contingency



Duty of Care (DoC) for our staff was by far the smallest expenditure category at only \$20,000 USD and 2%. In some cases, on unfunded projects, we did not backfill the positions of those employees on paid medical, maternity, or other leave. We made this decision for two reasons:

1. It is difficult to recruit qualified replacement staff. There is a lack of qualified professionals in the region, and, as a local organization offering small salaries, we find it difficult to attract them.
2. We prioritized maintaining liquidity, knowing that we would have to rely on SF funds to cover a large portion of employee salaries while awaiting

outstanding receivables. 30% was allocated to Initial Emergency Response. Of this, 37% was temporary coverage of earthquake-related response costs. This is the portion with outstanding project revenues (receivables). 15% of the SF were contributed to the Earthquake Response to fund essential activities that were uncovered by project funding, these will not be reimbursed. 47% was contributed to Cholera Response, spent toward special equipment for a Cholera Hospital, Awareness Campaigns, medicines, and WaSH equipment. \$165,000 was not covered through project grants.

## Comprehensive Income

	USD	%
Income (1st of January 2023-31st of December 2023)	1,294,098.00	100%
Transfer from 2022 - Liquidity by 1st of January 2023	702,001.00	
Income from receivables 2022	317,456.50	25%
Total income from contributions 2023	213,820.03	17%
Contributions from earthquake related projects 2023	60,820.47	5%

The largest proportion of SF incomes were receivables from 2022 at 25%. The transfer from 2022 is included here as part of the income to provide a better

overview of the total liquidity in 2023. 17% and 5% were received regularly through project contributions in 2023.

## Balance – Solidarity Fund

In theory, our balance as of the end of December 2023 looks good. Practically, this is not the case: receivables of \$606,454.18 USD (64% of receivables) and \$128,855 USD (14% of receivables) were salaries covered due to the long-outstanding reimbursements. As soon as we receive the actual reimbursements from our partners these amounts will be paid back into the SF. However, this amount will likely return directly to the KRC Finance Department to cover the next round of salaries. This will leave the SF with only 23% of the total receivables (\$214,319.30 USD) and with a practical liquid asset balance of \$65,657 USD. It must be noted that we will receive the remaining

outstanding reimbursements on a piecemeal and unpredictable basis and that the payment of upcoming January salaries is not secured. SF liquidity at the end of December of \$151,337.82 USD was not quite half of what we had planned to maintain at any time in the SF Cashbox. For the past few years, we have maintained an average end-of-year liquid SF balance of \$300,000. This sum was targeted taking two scenarios into consideration. The first case is if we had to cover all employee salaries for at least one month, including partial running costs. The second case is to enable us to launch an immediate response in the event of a large-scale disaster such as the 2023's earthquake.



Balance as of 31st of December 2023	USD	%
Assets	800,966.30	
Cash & Cash equivalent (liquidity by 31st of December 2023)	151,337.82	
Estimated average of fluid cash as permanent reserve (DoC, Contingency, Emergencies)	300,000.00	

Receivables	949,628.48	
Contributions to cover NET Salaries (due to long outstanding reimbursements)	606,454.18	64%
Remaining Receivables as calculated (Re-Imbursements for project activities 2023)	214,319.30	23%
Receivables from Initial Emergency Response (re-imbursements through project activities)	128,855.00	14%

Looking back in review, we stand by our decision to implement the Solidarity Fund system. Many of our partners and donors were and are skeptical, for good reason. This is not a common system for local organizations to operate, even in regions where there is no other private or public alternative. We have found it difficult to manage in some ways, as often it is not very clear how exactly (accounting-wise) we must treat the Solidarity Fund. In 2023 we see that the SF is worth it. Our teams, those who are in the biggest danger with the smallest salaries, must deal with regional instability and inflation. Therefore, KRC sees it as our duty as an organization to provide some kind of safety net for our employees. We have discussed discontinuing

the SF and, instead paying the GROSS salaries to our employees. This was an option discussed before the last time we decreased salaries. However, we know that without the SF, our employees at the low end of our salary scale will lack financial access to medical care if needed. Furthermore, we would not be able to fully cover essential positions, cover the delays in reimbursements, or be able to react promptly to disasters. We could even not ensure that we could keep the funded projects following bureaucratic delays. In fact, without the SF, we would not have survived as an organization—leaving this region in an even worse humanitarian disaster. The Solidarity Fund is also a kind of piloting a social/insurance system for

the whole region. It might still take time, especially when the inflation is continuing to increase. But if we have the possibility, we shall always work on sustainable systems that can provide stability for the people living here. Therefore, we will continue to improve the Solidarity Fund System. But what we must change in the future is the reimbursement system!! It was certainly not the meaning of the SF to cover the salaries, because we are not receiving the project grants in time! Instead of paying the deserved salaries from the SF we could pay an extra bonus to all our teams, for example for the Eid celebration. Or decrease the contribution percentages and pay a higher NET to the employees. Now this is not possible because we still must cover running funded projects from the SF, especially the delays of the reimbursements. It is true that we had difficulties in the implementation of the SF, mainly bureaucratic difficulties and the problem that every partner keeps telling different requirements

and proposing different tools and supporting documents. Which makes it more difficult for us, and we are still insisting on using the same documentation tools for every partner and donor. Knowing that, we still need to work on them and improve them to show the highest possible transparency towards our donors and employees. One measurement we took is to outsource the Solidarity Fund from the KRC Finance Department. Instead, now a committee is responsible for all related to the SF. That also means that if the Finance Department needs a bridge fund to pay salaries, for example it must be requested of the committee which keeps on own accounting system for the SF. At the moment it is still in the transition period. But in the future, it must be completely outsourced from the finance department. The tools and policies are under development. Instead of that each partner will be involved an external and neutral expert will be paid as an adviser/consultant

**Annual financial report 2023 - Solidarity Fund**

Kurdish Red Crescent - SF Committee - Northeast / Northwest Syria

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	<b>USD</b>	<b>%</b>
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Cholera Response	165,000.00	47%

-----END OF BALANCE SHEET-----

## Future perspectives

We cannot change political instability or geopolitical interests. But we can do our best to provide the necessities, humanitarian aid, and at least some stability by improving and helping to develop a sustainable health system. Things

may change, and methods, tools, dynamics, and available resources may change, but we will continue to try to achieve the best results possible in these challenging times. We have an obligation to the people of NES, to our employees, and to

our partners and donors. As we believe it is necessary to adapt to the new global situations and change the funding mechanisms of public donors, we are also aware that this requires changes in our internal systems and mechanisms. First and foremost, we need to enable ourselves to fully adapt to donor requirements by working on our transparency mechanisms, developing policies, protocols, SoPs and many other parts. While keeping all our activities going and also developing the quality of our services, responding to emergencies and in general under these difficult circumstances is challenging for us, but we are still looking forward to it and are ready to capacitate and develop ourselves. We appreciate the efforts of European people who are working on a solidarity campaign to provide much more solar energy for this region and we are happy to be the implementation partner for this approach towards environmentally friendly and decentralized power supply. Furthermore, we are also looking forward to the opportunity to develop and work on a civil defense structure, which will be very important for the future as a measure of mitigation of humanitarian disasters in the future. The EMCC (Emergency

Management Coordination Center), which currently “only” coordinates the referral of patients through our emergency centers, will naturally become the essential part of the civil defense structures. Even though they are two different projects now, it is a good example of our approach to use the different and single projects for one goal, which is, on a broader scale, the development of life-saving mechanisms, providing essential infrastructure, supporting the implementation of a sustainable health system. Because we believe that democratic political stability of a region or country, with freedom of speech, movement and individual social development, gender equality, fairness, ecological and environmentally friendly progress and a progressive society can only be achieved if there is also a certain kind of stability, security and future perspective for everyone. It’s still a very long and stony road, but it’s our only hope and what keeps us going. We have received a lot of help and support in the past years, and we still need a lot of support and empowerment. We are grateful for the continued support of our partners and donors and hope to continue our efforts together for a better future for all.



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