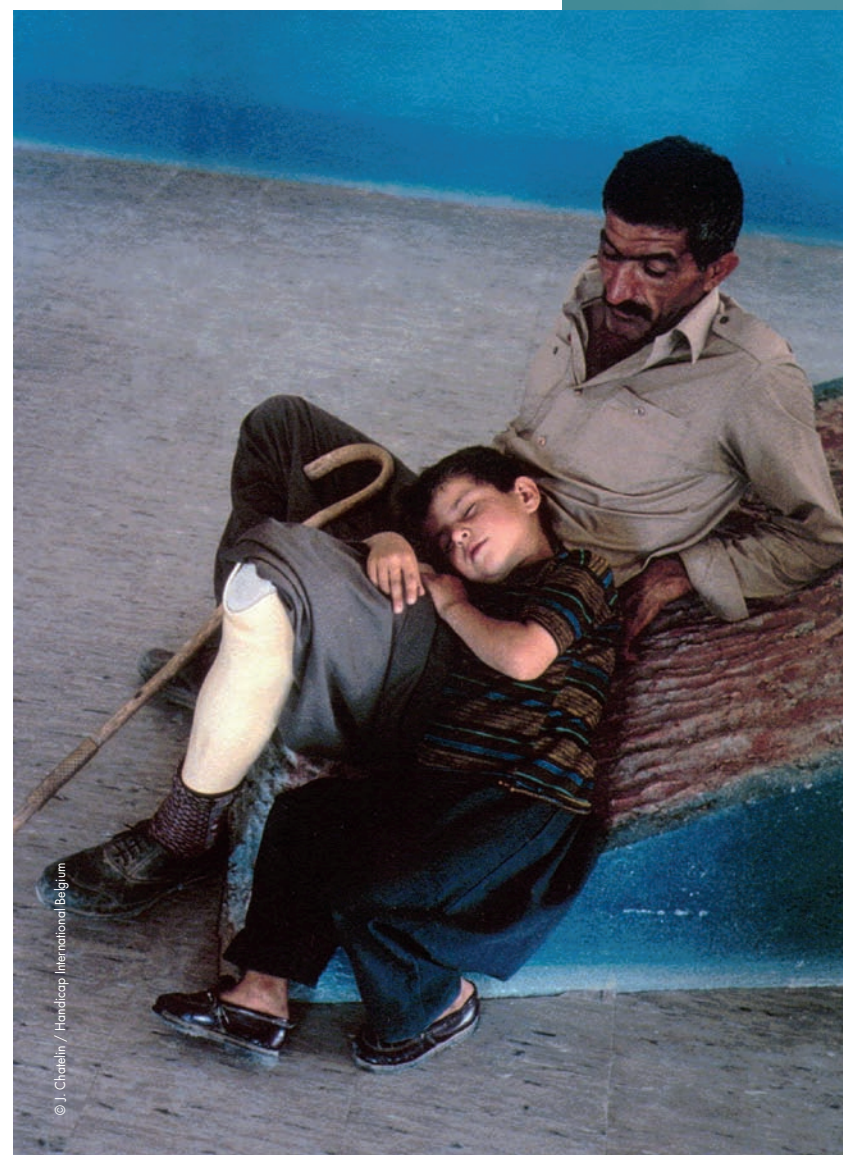


# financial report

*After two financial years showing a deficit in 2001 and 2002, 2004 has confirmed the recovery started in 2003. This positive result reflects a financial consolidation and an increase in activities in almost all areas. On the basis of its new-found financial stability, the association can now concentrate on building a more secure future.*



# Financial recovery consolidated

*If 2003 was the year of our financial recovery, 2004 has been the year in which we consolidated this recovery.*

*As regards the programmes, there has been a slight increase in the volume of activity of our social missions, despite a considerable reduction in funding from private organisations and certain of the main national and international public institutions. This regrettable trend has led Handicap International to strengthen its presence and diversify its approach to these partners.*

*As far as private fund-raising is concerned, our donors continue to have confidence in us as we can see from the increase in the number of Solidarity Sponsors and regular donors. The main event at the end of 2004, the tsunami disaster in South Asia, illustrated their extraordinary generosity and the confidence they have in Handicap International's ability to offer an appropriate response to a variety of needs.*

*As far as financial security is concerned, in 2004 the association has again been able to build up its cash position, to reduce its need for working capital and to continue to rebuild its financial reserves.*

*Handicap International, strengthened by renewed financial control, is continuing its reorganisation process and is beginning to lay down firm foundations for the future, by establishing pluri-annual strategic orientations in all the areas, which will govern the association's actions.*

**Jacques Tassi, treasurer.**

## **Key points in 2004**

- 2004 has seen the consolidation of Handicap International's financial recovery, after the deficits of 2001 and 2002, and recovery in 2003. Measures taken to reduce activity, both in the social missions and in the structure of the association, have shown a positive result of 2.7 MUS\$ in 2003. This recovery has continued in 2004, with a surplus of 1.82 MUS\$ bringing associative unrestricted funds to 21.2 MUS\$ (i.e. an average of 3.8 months of the association's budget).
- Cashflow stood at 13.7 MUS\$ at the end of 2004, compared with 11.3 MUS\$ in 2003 because of a reduction in the need for working capital. This is due to the considerable progress made in managing the credit of commercial clients and to further reductions in average payment deadlines by public and private institutional funding bodies.
- The overall budget (66.8 MUS\$ before contributions in kind) is stable compared with 2003, with the share of expenditure relating to programmes remaining stable at 73% of the budget total.
- Resources totalled 68.6 MUS\$ (before contributions in kind) compared with 69.3 MUS\$ in 2003. The net decrease in public and private funding (1.83 MUS\$) is largely offset by the increase in donations and exceptional resources.
- The total amount donated by the public increased to 40.3 MUS\$, including 0.8 MUS\$ from donations and corporate sponsorship raised at the time of the tsunami in South Asia. 764 KUS\$ of allocated funds have been carried over to 2005. In total, the solidarity shown by donors enabled the association to raise approximately 8.7 MUS\$ in France, for financing the implementation of projects in the areas affected by this disaster and then ensuring that these projects are sustainable.
- Steps Consulting Social, the consultancy firm with Handicap International as its shareholder, was set up in May 2004 as a SASU (a joint stock company simplified to single shareholder). The contribution in capital is 54 KUS\$.

# Financial a lasting

*The accounts for the year ending 31 December 2004 were drawn up in accordance with the accountancy methods and principles in force in France and in conformity with general accountancy conventions and the accountancy procedure applicable to associations and foundations.*

## **Stringent control**

The annual accounts for the year ending 31 December 2004 are certified by our statutory auditor from Ernst & Young Audit.

The funds flow statement is drawn up in accordance with the regulations governing the control of operations appealing to public generosity (decree no. 92-1011 dated 17 September 1992 and in effect since 30 July 1993). It is also in compliance with the requirements of the Good Practice Charter Committee (*Comité de la Charte*), of which Handicap International is a member. It complies with the accountancy procedures applicable to associations and foundations, which call for a provision for charges equal to the resources dedicated to programmes but not utilised in that fiscal year. This provision expresses the requirement that the association utilise these funds in line with the commitments made to the donors.

This funds flow statement is derived directly from our management accounts, which are reconciled with the general accounts, and is further certified by our auditor. The auditor certifies not only that accountancy standards have been observed, but also that funds have been allocated for the use stipulated.

## **The funds flow statement**

The expenditure items identified in the account are as follows:

- “Social missions” in the sense of missions related to the social objective of the association;
- “Awareness and fund-raising;”
- “Operating costs;”
- “Other expenses and exceptional costs.”

Costs on each of these items are composed of the charges directly attributable to the item and of payments to the staff responsible for implementing the corresponding actions.

Costs incurred under development education initiatives, which come under the association’s stated objectives, are clas-

### **Obtaining all Handicap International’s annual accounts**

Handicap International’s detailed accounts and funds flow statement, together with their annexes, are available on request from the association’s head office.

The auditor certifies that accountancy standards have been observed and that funds have been allocated for the use stipulated.

sified under “Social missions.” In particular, this applies to costs incurred by the association as part of the International Campaign to Ban Landmines, and those incurred by action for the recognition of disabled people’s rights.

The amounts carried forward from allocated funds appear before the result of the funds flow statement, in agreement with the model drawn up by the Good Practice Charter Committee. The total of valuations of contributions in kind and input from voluntary workers received by Handicap International in 2004 is included at the bottom of the funds flow statement, after the result.

# transparency requirement

## Funds flow statement

(in thousands of US dollars)

Expenditure	2004	2003
<b>SOCIAL MISSIONS</b>	<b>44,364.62</b>	<b>44,146.15</b>
<b>Operational spending</b>	<b>38,425.97</b>	<b>38,592.80</b>
Exploratory missions, preparation	104.14	100.73
Investment and equipment	4,059.41	3,520.25
Travel costs, communication and local operation	4,653.64	4,848.23
Materials, supplies and other consumables	1,646.67	2,045.55
International and national staff	16,139.37	15,551.35
Training, prevention, local education	2,193.83	1,976.38
Support to local partners	3,795.80	4,185.50
Research activities	16.69	13.94
<i>Déclat Magazine</i>	772.49	609.37
International Campaign to Ban Landmines	3,798.83	3,753.65
Mobilisation for disabled people's rights	271.04	80.51
Other head office activities programmes	275.75	277.60
Provisions and other programmes expenses	698.32	1,629.72
<b>Management of social missions</b>	<b>5,938.66</b>	<b>5,553.36</b>
Social missions monitoring	1,662.26	1,791.52
Management of international human resources	717.13	509.11
Technical and logistical resources coordination	3,559.26	3,252.72
<b>AWARENESS AND FUND-RAISING</b>	<b>12,506.24</b>	<b>12,442.00</b>
<b>Costs of appeals to the general public</b>	<b>8,471.75</b>	<b>8,086.94</b>
Canvassing and loyalty retention costs	6,604.13	6,304.92
Donor and Solidarity Sponsorship management	1,867.62	1,782.02
<b>Costs incurred by other types of appeal</b>	<b>2,994.13</b>	<b>3,283.78</b>
Sales of craft work and Shared Products	2,797.81	3,111.58
Other types of appeal	196.32	172.19
<b>Information and communication costs</b>	<b>1,040.37</b>	<b>1,071.28</b>
<b>OPERATING COSTS</b>	<b>5,926.80</b>	<b>6,123.87</b>
General services staff	3,079.87	2,510.65
General and other expenses	2,846.93	3,613.22
<b>OTHER EXPENSES AND EXCEPTIONAL COSTS</b>	<b>2,990.85</b>	<b>3,608.41</b>
Contributions to Handicap International sections	1,114.33	1,381.73
Miscellaneous	1,876.52	2,226.68
<b>TOTAL EXPENDITURE FOR THE FINANCIAL YEAR</b>	<b>65,788.51</b>	<b>66,320.43</b>
Allocated funds brought forward to the next financial year	991.40	253.03
<b>TOTAL EXPENDITURE</b>	<b>66,779.91</b>	<b>66,573.46</b>
<b>PROFIT/LOSS</b>	<b>1,822.00</b>	<b>2,693.01</b>
<b>OVERALL TOTAL</b>	<b>68,601.92</b>	<b>69,266.47</b>
Valuations of contributions in kind	2,413.50	2,022.91
<b>ANALYTICAL TOTAL</b>	<b>71,015.42</b>	<b>71,289.38</b>

Income	2004	2003
<b>COLLECTED PRIVATE INCOME</b>	<b>44,365.05</b>	<b>43,825.72</b>
<b>Income from general public</b>	<b>40,289.48</b>	<b>39,314.97</b>
<b>Donations</b>	<b>34,158.68</b>	<b>33,403.49</b>
Sponsorships	6,929.44	6,473.34
Donations	25,699.53	25,512.20
Donations transferred by sections	1,044.12	1,417.94
Corporate sponsorship	485.58	
<b>Legacies</b>	<b>436.60</b>	<b>209.37</b>
<b>Contributions in kind</b>	<b>87.89</b>	
<b>Revenue from sales and Shared Products</b>	<b>5,466.39</b>	<b>5,464.09</b>
<b>Other income from general public</b>	<b>139.92</b>	<b>238.04</b>
<b>Financing from private sources</b>	<b>3,441.22</b>	<b>3,913.71</b>
European private organisations	1,162.20	920.76
Private organisations - sections	1,464.69	1,068.74
Other private organisations	814.34	1,924.22
<b>Other private income</b>	<b>634.35</b>	<b>597.04</b>
<b>SUBSIDIES AND OTHER PUBLIC AID</b>	<b>20,620.23</b>	<b>21,978.26</b>
<b>International organisations</b>	<b>10,134.15</b>	<b>12,451.50</b>
European Union	7,388.47	9,465.69
United Nations	2,138.30	2,104.39
Other international financing	607.38	881.42
<b>National organisations</b>	<b>10,344.76</b>	<b>9,259.36</b>
French public organisations	3,078.97	3,960.50
Public organisations - Sections	4,168.60	3,631.90
Foreign public organisations	3,097.20	1,666.97
<b>Operating subsidies</b>	<b>114.24</b>	<b>226.80</b>
<b>Financing in kind</b>	<b>27.07</b>	<b>40.59</b>
<b>OTHER RESOURCES</b>	<b>861.57</b>	<b>905.20</b>
Financial income	350.41	203.37
Other operational income	511.16	701.84
<b>EXCEPTIONAL INCOME</b>	<b>2,502.03</b>	<b>2,526.21</b>
Financing from previous year	17.66	54.53
Write-back of provisions for risks on social missions	828.57	240.64
Other write-backs of provisions for risks and charges	1,655.80	2,231.04
<b>TOTAL INCOME THIS FINANCIAL YEAR</b>	<b>68,348.88</b>	<b>69,235.40</b>
Amount carried forward from allocated funds not used	253.03	31.08
<b>TOTAL INCOME</b>	<b>68,601.92</b>	<b>69,266.47</b>
Valuations of contributions in kind	2,413.50	2,022.91
<b>ANALYTICAL TOTAL</b>	<b>71,015.42</b>	<b>71,289.38</b>

# Changes in a stable

*In 2004, Handicap International's overall budget remained stable compared with 2003, and totalled 66.8 MUS\$.*

## **Slight increase in the social missions budget**

The social missions budget increased by 218 KUS\$ compared with 2003, reflecting increased costs incurred in the management of social missions (+385 KUS\$), and in particular in the search for funding and the training of staff for the programmes. In a stable budget, operational spending has increased (+764 KUS\$) and provisions and miscellaneous costs have noticeably decreased (-931 KUS\$).

## **Strengthening activity and capacity-building**

In the 2004 financial year, the social missions expanded their operations whereas, in 2003, the effect of cutbacks in the budget was still being felt. With some operations, in particular long-term ones, there was more emphasis on capacity-building for international staff and training partners. The association gave priority to supporting its partners rather than intervening directly, which required a greater level of expertise. At the same time, administrative structures in the field were cut back.

From an analytical point of view, this had a considerable impact on the structure of expenditure.

– The “Investment and equipment” item increased by 539 KUS\$, reflecting the redeployment of the social missions in 2004, and confirmed by the emergency intervention in Iran. This trend is set to continue in 2005.

– The “International and national staff” item increased by 588 KUS\$, an increase of 1% compared with the operational spending overall of the social missions.

This increase mainly concerns international staff whose level of expertise is increasing.

– The budget of “Training, prevention, local education” increased by 217 KUS\$, because of more landmine accident prevention schemes and the training of community health workers.

– “Travel costs, communication and local operation” decreased by 195 KUS\$ because of the reorganisation of administrative structures in the field, in line with the volume of activity.

## **“General interest” programmes**

The association's commitment to disability also takes the form of information and mobilisation operations. Directly

related to the association's objectives, these operations are part of Handicap International's social missions.

At national level, *Déclis Magazine*, for the parents and families of children with disabilities in France, gives families information about all types of disability. In 2004, its budget increased by 163 KUS\$. Its publication over a whole year (with one more issue than in 2003) has increased resources (+202 KUS\$) and the number of subscribers (from 6,532 in 2003 to 8,158 in 2004). These figures are important because they show that the magazine has real development potential in the years to come.

At international level, there has been more action promoting the recognition of disabled people's rights, notably with Handicap International's participation in

## Changes in expenditure

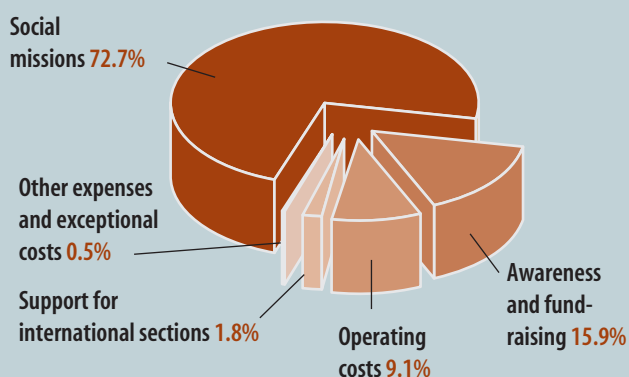
(in millions of US dollars)

	2004	2003
<b>SOCIAL MISSIONS</b>	<b>44.4</b>	<b>44.1</b>
<b>AWARENESS AND FUND-RAISING</b>	<b>9.7</b>	<b>9.3</b>
Incl. Costs of appeals to the general public	8.5	8.1
Costs incurred by other types of appeal	0.2	0.2
Information and communication costs	1.0	1.1
<b>OPERATING COSTS</b>	<b>5.6</b>	<b>5.7</b>
<b>SUPPORT FOR INTERNATIONAL SECTIONS</b>	<b>1.1</b>	<b>1.4</b>
<b>OTHER EXPENSES AND EXCEPTIONAL COSTS (excluding write-backs of provisions in kind, entered under exceptional provisions)</b>	<b>0.3</b>	<b>0.1</b>
<b>SUBTOTAL OF EXPENDITURE*</b>	<b>61.0</b>	<b>60.7</b>
Cost of commercial activities	3.2	3.5
Write-backs of exceptional provisions	1.6	2.1
Funds allocated and carried forward to the next financial year	1.0	0.3
<b>TOTAL EXPENDITURE, before contributions in kind</b>	<b>66.8</b>	<b>66.6</b>

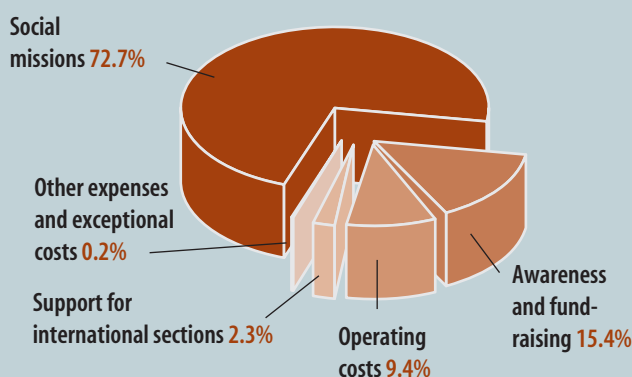
\* The subtotal of expenditure is equal to total expenditure apart from the cost of commercial activities, write-backs of exceptional provisions and funds allocated.

# expenditure: budget

Expenditure 2004



Expenditure 2003



In 2004, the relative share of each activity remained the same overall as in 2003, with the social missions accounting for 72.7% of the sub-total of expenditure.

the drawing up of the International Convention on the Protection and Promotion of the Rights and Dignity of Persons with Disabilities. This has meant an increase of 191 KUS\$ in the budget allocated to this cause.

As far as the mobilisation of the general public is concerned, the budget of the International Campaign to Ban Landmines has remained stable (3.7 MUS\$) compared with 2003. As the association is now very involved in a new fight against cluster munitions, more action in this field is planned for 2005.

### **Fund-raising: new canvassing schemes**

After two years of stagnation, schemes for canvassing new donors have been developed. Although the budget for public awareness and fund-raising has increased (+385 KUS\$), this has not had a detrimental effect on resources available for the social missions. In fact, the margin generated by public fund-raising (donors and those purchasing solidarity commerce products) has increased sharply compared to 2003.

### **Sections: improved financial autonomy**

Improved cover of the structural costs of the international sections through funds that they raise directly has meant that support to them from the France section could be cut by 267 KUS\$.

### **A drop in other expenses and exceptional costs**

The "Other expenses and exceptional costs" item of 276 KUS\$ corresponds to the "Miscellaneous" item in the funds flow statement of 1.88 MUS\$ after it has been offset by the write-backs of provisions and exceptional products in kind.

### **Allocated funds brought forward to the next financial year**

The allocated funds brought forward to 2005 total 991 KUS\$, with 764 KUS\$ of this being allocated to operations implemented after the tsunami in South Asia.

#### **Key**

The presentation of expenditure allocations has been restated as follows.

- The cost of commercial activities, including the sale of craft and Shared Products, has been excluded from the analysis of changes in resources. Only the net margin is included. All the costs of these activities are used for producing and marketing products intended to create a net margin for the social missions.
- The costs and provisions included in "Other expenses and exceptional costs" are offset by the write-backs of provisions in kind. In fact, when a provision is partly brought forward from one financial year to the next, accountancy procedures require the previous provision to be written back and a new one created.
- Finally, as a result of the change in the way in which the funds flow statement is presented, the allocated funds brought forward to the following financial year are mentioned at the foot of the table.

# Changes in funds: in public sector funding and a

**T**otal resources (before contributions in kind) were 68.6 MUS\$, compared with 69.3 MUS\$ in 2003.

## A drop in public sector funding

Public sector funding totalled 20.6 MUS\$ in 2004, compared with 22.0 MUS\$ in 2003. This represented 46% of the total budget of the social missions in 2004, compared with 50% in 2003.

The policy of diversifying resources together with the refocusing of Handicap International's range of activities have resulted in considerable modifications to the social missions' funding structure. This can be seen in the reduced contribution from institutional sponsors in the public sector, in particular the European Union and the French public sector, and an increase in funding from the sections and public organisations abroad.

## Less funding from international organisations...

In view of the realignment of Handicap International's operations, funding from the European Union, in particular that intended for rural development and the construction and development of infrastructure, decreased by 1.5 MUS\$.

In addition, funding from the European Union's emergency unit (ECHO) has also been cut by 0.4 MUS\$, as a direct result of the European Union's withdrawal from the Balkans.

Finally, the European Union's contribution has decreased generally in all the regions where the association is present, with the exception of the Middle East and North Africa.

## ... but an increase in government funding

Public funding from foreign governments increased to 1,967 KUS\$. The funding from international sections increased by 537 KUS\$ and targeted operations in Central Europe and Africa.

Funding from other public organisations abroad increased to 1,430 KUS\$ and was for social missions in Africa and Central Europe.

On the other hand, French public sector funding decreased by 882 KUS\$. This mainly affected programmes in Africa and the training and social cover of international staff.

A considerable reduction in funding from national and international public institutions has caused the association to diversify its partners.

## Origin of funds

(in millions of US dollars)

	2004	2003
<b>SUBSIDIES AND OTHER PUBLIC AID</b>	<b>20.6</b>	<b>22.0</b>
<b>COLLECTED PRIVATE INCOME</b>	<b>41.2</b>	<b>40.3</b>
Incl. Donations and sponsoring	27.2	26.9
Solidarity Sponsorship	6.9	6.5
Legacies	0.4	0.2
Other income from general public	2.5	2.2
Financing from private organisations	3.4	3.9
Other private income	0.6	0.6
<b>OTHER RESOURCES</b>	<b>0.9</b>	<b>0.9</b>
<b>EXCEPTIONAL INCOME (excluding write-backs of provisions, corresponding to exceptional costs)</b>	<b>0.9</b>	<b>0.4</b>
<b>SUBTOTAL OF RESOURCES*</b>	<b>63.6</b>	<b>63.6</b>
Commercial activities	3.2	3.5
Write-backs of exceptional provisions	1.6	2.1
Allocated funds carried forward from the previous financial year	0.3	
<b>TOTAL INCOME before contributions in kind</b>	<b>68.6</b>	<b>69.3</b>

\* The subtotal of resources equals the total of resources excluding the cost of commercial activities, write-backs of exceptional provisions and allocated funds.

# a drop consolidation of private resources

## Cover rate in collection of private funding

(in millions of US dollars)

	2004	2003
<b>COLLECTED PRIVATE INCOME</b> (excluding amount carried forward from allocated funds)	<b>41.20</b>	<b>40.33</b>
<b>EXPENDITURE</b>	<b>8.67</b>	<b>8.26</b>
Incl. Appeals to the public	8.47	8.09
Costs incurred by other types of appeal	0.20	0.17
<b>NET INCOME</b>	<b>32.54</b>	<b>32.07</b>
<b>Collection cover rate</b>	<b>4.753,6</b>	<b>4.882,6</b>

### *Consolidation of private funds*

Private funds raised totalled 44.37 MUS\$ in 2004, compared with 43.83 MUS\$ in 2003, an increase of 539 KUS\$.

#### **Income from the general public has increased**

This item has increased overall by 975 KUS\$ and can be divided up as follows:

- An increase of 1,346 KUS\$ in donations and legacies raised in France (donations, legacies, sponsorships and corporate sponsors). It should be noted that this result takes into account 812 KUS\$ of donations and corporate sponsorship raised after the tsunami in South Asia, resulting in 764 KUS\$ of allocated funds being carried forward to 2005, after the costs of collection had been deducted.

- Donations transferred by the international sections decreased by 374 KUS\$, thus totalling 1,044 KUS\$ in 2004, compared with 1,418 KUS\$ in 2003.

- Revenue from commercial activity (Shared Products, direct and mail order sales of craft work) has remained stable (5.5 MUS\$), but the costs involved have decreased. This means that the margin

has increased by 341 KUS\$ (before company tax).

#### **A decrease in private sector funding**

A drop of 473 KUS\$ in private institutional funding can be explained by the sharp drop in funding by other private organisations (–1,110 KUS\$ made mainly in Central Europe), partly offset by 637 KUS\$ by the growth of private European funding and that coming from the international sections.

#### **Exceptional income**

Exceptional income rose to 0.9 MUS\$ (after restatement) and consists, in the main, of write-backs of 829 KUS\$ on the funding of social missions.

### **Increase in the net margin of private funds**

The increase in the net margin generated by private funding is about 469 KUS\$ and comes:

- partly from an increased margin in the collection of donations (+937 KUS\$), due chiefly to the increase in Solidarity Sponsorships and standing order donations;
- and partly from an increased margin from commercial activities (+341 KUS\$ before company tax). It should be noted that each Shared Product brings in 1.69 US\$ (after company tax) for the association. This amount exceeds Handicap International's commitment to allocate 1.36 US\$ to the social objective. The sharp increase compared with 2003 (1.44 US\$ per unit) is due mainly to improved management of customer credit and stock reduction control.

Other private income and financing from private sources fell by 435 KUS\$ and donations transferred by international sections by 374 KUS\$.

## Synthesis of sections at year ending

(in thousands of US dollars)

SECTIONS	FUNDS ALLOCATED TO SOCIAL MISSIONS				Support from Handicap International France	Net contribution by sections
	Donations	Private funding	Public funding	TOTAL		
Switzerland	278	1,452	963	<b>2,693</b>	164	2,529
Germany	284	13	439	<b>736</b>	466	270
Luxembourg	448		2,114	<b>2,562</b>		2,562
Great Britain	34		652	<b>686</b>	406	280
Canada					78	-78
<b>Total 2004</b>	<b>1,044</b>	<b>1,465</b>	<b>4,169</b>	<b>6,677</b>	<b>1,114</b>	<b>5,563</b>

### *An increase in funds collected by the sections*

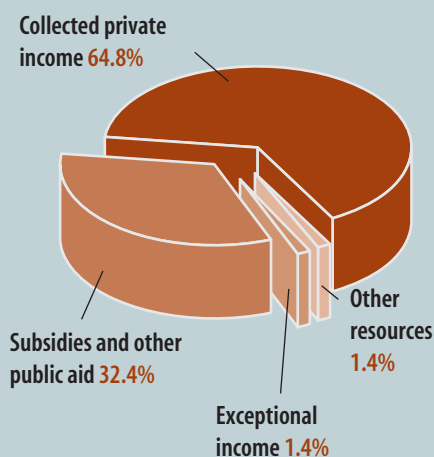
The net contribution from the sections is on the increase: 5.6 MUS\$ in 2004, compared with 4.7 MUS\$ in 2003.

In fact, the institutional funding raised by the international sections and allocated to the social missions increased sharply to 559 KUS\$, because of the increase in public funding (+537 KUS\$) and private funding (+396 KUS\$). On the other hand, donations transferred by the sections decreased (-374 KUS\$).

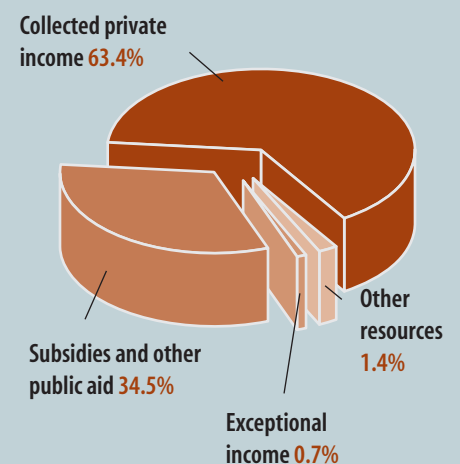
These funds have been allocated to operations in Africa (2.6 MUS\$), the Middle East and North Africa (1.5 MUS\$), Russia and the Balkans (0.9 MUS\$), Asia (0.8 MUS\$) and programmes in Latin America (0.7 MUS\$).

At the same time, there was a decrease of 267 KUS\$ in the association's financial support for the international sections.

### Funds 2004



### Funds 2003



Overall, the share of different sources of funding has remained relatively stable compared with 2003 and shows a balanced increase in resources. Private resources accounted for 64.8% of the subtotal of resources.\*

\* The subtotal of resources equals the total of resources excluding the cost of commercial activities, write-backs of exceptional provisions and allocated funds.

# Changes in social missions

*The table “social missions and allocated resources” gives the “full cost,” i.e. after distribution of the head office costs pertaining to the programmes. It gives the cost of each programme and, opposite, all the institutional and private funding used. It also gives the surplus allocated, which is the subject of allocated funds carried over to 2005. The type of operations conducted by Handicap International, on the one hand, and the funding context and priorities of sponsors, on the other, are constantly changing. Various trends were identified in the 2004 financial year.*

## **A change in programmes by geographical area**

Operations in the Middle East, North Africa and Asia have been strengthened considerably. On the other hand, those in Africa, the Indian Ocean and Europe (the Balkans in particular) have had a substantial cut in their budget. This is because the programmes have become more regional in nature and the association has realigned its operations, leading to a significant drop in public and private funding for Africa and the Indian Ocean.

The regional grouping phenomenon, with operations in several countries being managed within one support structure, has enabled costs to be optimised as in Eastern Europe or the Indian Ocean.

Emergency interventions in Iran in 2004, following the earthquake which destroyed the town of Bam, were on a large scale. However, certain operations started previously, after the earthquake in Algeria in 2003, for example, continued in 2004. The emergency interventions which were very much in evidence in the Balkans in the 90s have gradually changed into long-term development operations.

Conversely, because of the situation in Iraq, operations undertaken there by the association in 2003 had to be gradually cut back in 2004.

In Sri Lanka, a team from Handicap International has been working since July 2004 on a project providing support to the orthopaedic centre in the Batticaloa area. In view of this, it was possible to respond very rapidly after the tsunami of 26 December 2004. The association's operations were then redeployed to meet the needs of the victims.

Expansion of programmes: half of all the programmes have seen their budget increase. The budget of four of them has doubled (Philippines, Brazil, Algeria, Middle East) and two programmes opened in 2004 (Iran, Sri Lanka).

In 2004, more support was given to operations in the Middle East, North Africa and Asia. On the other hand, those in Africa, the Indian Ocean and Europe had their budgets cut.

## ***Programmes in transition***

The transition started by certain programmes towards a decrease in their volume of activity has resulted in cut-backs in the budget. This is particularly the case with the France programme (cut-backs in the team), Central America and Angola (organisational restructuring), Mali and Cambodia. These last two programmes, which had tended to concentrate more on local development, were affected by changes in the association's range of activities and the effects of this will be felt more over the next few years.

Programmes on stand-by or closing down: the extensive scaling-down of activities on the Iraq programme and putting the programme in Guinea-Bissau on stand-by (while awaiting the start of a mine clearance programme in 2005) have also resulted in budget cuts.

Diversifying funding bodies: in order not to become too dependent on certain funding bodies, a policy of differentiation has been in operation since 2003 in order to have a better managed financial strategy. New funding bodies have been found for some programmes, e.g. the World Bank for the Philippines, and also private foundations like the Chaîne du bonheur (Switzerland) for Algeria.

Operational differentiation: in 2004 we saw the introduction of operational differentiation, i.e. managing two types of programmes within the same country or geographical area at the same time. In Eastern Europe, for example, the programme dealing with action against landmines was managed differently to that dealing with disability and strengthening civil society by supporting emergent

associations. The methods and approaches of these two very different activities justify different ways of operating for better dynamics.

Operational differentiation enables two types of programme to be managed simultaneously.



**At the community clinic in Pristina, Kosovo, victims are fitted with a prosthesis and helped with rehabilitation.**

## **The importance of income from the general public**

Identifying and obtaining institutional funding for certain types of operation or in certain geographical areas is becoming increasingly difficult. Income from the general public is therefore becoming increasingly important. In 2004, this income enabled the association to successfully conduct operations by financing the social missions to the tune of 24.4 MUS\$, compared with 21.5 MUS\$ in 2003.

## Social missions and allocated resources

(in thousands of US dollars)

SOCIAL MISSIONS	Full cost	Institutional funding	Donations, bequests, other allocated resources	Funds carried over from 2002	Total of allocated funds	Result	
						Surplus carried over to 2005	Deficit financed by non-allocated funds
Ethiopia	671	212	298		510		-161
Somalia	717	534	155		689		-27
Kenya	1,404	611	83		694		-710
Sudan	31						-31
Burundi	817	400			400		-417
Rwanda	1,067	303	469		772		-295
<b>Horn of Africa and Great Lakes</b>	<b>4,706</b>	<b>2,060</b>	<b>1,006</b>		<b>3,065</b>		<b>-1,641</b>
Brazil	260	88	137	84	310	50	-9
Nicaragua	1,636	621	443		1,064		-572
Haiti	9						-9
Argentina	3						-3
<b>South America</b>	<b>1,907</b>	<b>709</b>	<b>581</b>	<b>84</b>	<b>1,374</b>	<b>50</b>	<b>-584</b>
Mozambique	2,916	1,900	417		2,317		-598
Angola	826	506	132		638		-187
Indian Ocean	1,061	430	383	27	841		-221
<b>Southern Africa and Indian Ocean</b>	<b>4,803</b>	<b>2,836</b>	<b>933</b>	<b>27</b>	<b>3,796</b>		<b>-1,007</b>
West Africa (CWARC)	527	5	53		57		-470
Burkina Faso	975	423	404	17	844		-131
Togo	1,006	606	252		858		-148
Central African Republic	477	255	1		256		-221
Mali	2,136	897	366		1,263		-873
Senegal	1,176	448	209		657		-519
Sierra Leone	1,800	1,113	445		1,558		-242
Guinea-Bissau	105	3	1		4		-101
<b>West and Central Africa</b>	<b>8,202</b>	<b>3,748</b>	<b>1,732</b>	<b>17</b>	<b>5,498</b>		<b>-2,705</b>
Thailand	873	456	243		699		-174
Cambodia	1,910	994	1,041		2,034	125	-460
Laos	1,354	894			894		-460
Philippines	837	341	301		641	53	-249
Burma	13						-13
Vietnam	294	105			105		-189
<b>South-East Asia</b>	<b>5,280</b>	<b>2,789</b>	<b>1,585</b>		<b>4,374</b>	<b>178</b>	<b>-1,084</b>
Sri Lanka	376	148	767		915	764	-225
South Asia Regional Office (SARC)	281	2			2		-279
Afghanistan	1,113	819	119		939		-175
India	492	98	173		272		-221
Nepal	521	143	208		350		-171
Bangladesh	708	328	190	51	569		-139
<b>Central and South Asia</b>	<b>3,491</b>	<b>1,538</b>	<b>1,457</b>	<b>51</b>	<b>3,046</b>	<b>764</b>	<b>-1,209</b>
Russia	1,741	898			898		-843
Balkans Coordination (BREC)	2,406	902	603		1,506		-900
Kosovo / Seemap	3,253	2,216	48		2,264		-990
France	477	308	90		398		-79
<b>Europe</b>	<b>7,876</b>	<b>4,324</b>	<b>741</b>		<b>5,065</b>		<b>-2,811</b>
Morocco and Tunisia	910	615	183		798		-112
Algeria	1,471	1,090	114		1,204		-267
Middle East	1,401	1,034	275	68	1,376		-25
Iran	1,242	1,062	8		1,070		-172
Iraq	1,322	687	5		692		-630
<b>North Africa and Middle East</b>	<b>6,345</b>	<b>4,488</b>	<b>584</b>	<b>68</b>	<b>5,140</b>		<b>-1,205</b>
<b>Subtotal</b>	<b>42,611</b>	<b>22,492</b>	<b>8,618</b>	<b>247</b>	<b>31,358</b>	<b>991</b>	<b>-12,245</b>
<i>Déclic Magazine</i>	914	102	552		655		-260
Research	18						-18
Advice and expert opinion	328	215			215		-113
International Campaign to Ban Landmines	4,095	782	28		810		-3,285
Mobilisation for disabled people's rights	344	4	14		18		-327
<b>General interest missions</b>	<b>5,699</b>	<b>1,102</b>	<b>594</b>		<b>1,697</b>		<b>-4,002</b>
Miscellaneous non-allocated by area	5	326	170	6	502		497
<b>TOTAL SOCIAL MISSIONS</b>	<b>48,315</b>	<b>23,921</b>	<b>9,383</b>	<b>253</b>	<b>33,556</b>	<b>991</b>	<b>-15,750</b>

# Result analysis

Cover for the social missions budget from public sector funding is decreasing.

(in millions of US dollars)	Social missions costs	Subsidies and other public aid	Remainder to be financed by private funds	% costs to be financed by private funds
<b>2004</b>	44.36	20.62	23.74	54%
<b>2003</b>	44.15	21.98	22.17	50%

The amount financed by private sector resources went from 50% in 2003 to 54% in 2004, due in large part to the generosity of the general public.

The margin resulting from private sector resources remained stable, due to an increase in income from the general public, which offset the drop in private institutional funding.

(in millions of US dollars)	Collected private income	Acquisition costs	Net resources	Resources by costs
<b>2004</b>	41.20	8.67	32.54	4.75
<b>2003</b>	40.33	8.26	32.07	4.88

The resulting net resources enabled a greater proportion of social missions budget to be covered, taking over from public sector funding.

(in millions of US dollars)	Net resources	Share allocated to programmes	Balance available
<b>2004</b>	32.54	23.74	8.79
<b>2003</b>	32.07	22.17	9.90

This means that there was a reduced balance of 8.79 MUS\$ to finance operating and information costs, compared with 2003.

In total, the result before exceptional items and support to the international sections, although down on 2003, exceeds targets.

(in millions of US dollars)	Balance	Other resources	Information and general services	Surplus/deficit
<b>2004</b>	8.79	0.86	6.60	3.05
<b>2003</b>	9.90	0.91	6.81	4.00

This positive result confirms the consolidation of our financial recovery, helps to rebuild reserves and will enable the association to develop social missions in 2005.

# Balance sheet and associative funds

## Balance sheet at 31 December 2004

(in thousands of US dollars)

ASSETS	2004	2003	LIABILITIES (before distribution)	2004	2003
Intangible fixed assets	102.0	159.7	Association funds and reserves	16,519.1	13,914.0
Tangible fixed assets	3,283.7	3,384.1	Profit and loss during period	1,822.0	2,693.0
Financial fixed assets	938.2	2,680.8	Programme subsidies	2,853.7	2,958.8
<b>FIXED ASSETS</b>	<b>4,324.0</b>	<b>6,224.6</b>	<b>ASSOCIATIVE FUNDS</b>	<b>21,194.8</b>	<b>19,565.8</b>
Inventories and work-in-progress	417.9	488.5	Provisions for risks	718.3	1,189.0
Payments on accounts	717.1	343.0	Provisions for charges	102.1	373.2
Customers and trade payables	1,874.5	2,988.8	<b>PROVISIONS FOR RISKS AND CHARGES</b>	<b>820.4</b>	<b>1,562.2</b>
Donors	5,978.0	8,177.6	<b>ALLOCATED FUNDS TO SOCIAL MISSIONS</b>	<b>991.4</b>	<b>253.0</b>
Mission advances	2,478.6	2,317.7	Loans and debts with banks	131.4	179.2
Other receivables	5,205.0	4,245.1	Suppliers and trade payables	3,086.1	4,324.0
Marketable securities	12,220.2	7,122.8	Fiscal and social debts	3,151.6	2,478.1
Cash and bank	1,511.3	2,562.9	Donors debts	4,066.2	3,012.7
<b>CURRENT ASSETS</b>	<b>30,402.6</b>	<b>28,246.4</b>	Other debts	2,037.1	4,305.5
Prepayments	1,146.9	1,332.1	<b>DEBTS</b>	<b>12,472.4</b>	<b>14,299.5</b>
Unrealised exchange losses	105.6	152.9	Deferred income	496.1	268.5
<b>TOTAL ASSETS</b>	<b>35,979.0</b>	<b>35,956.1</b>	Unrealised exchange gains	4.0	7.1
			<b>TOTAL LIABILITIES</b>	<b>35,979.0</b>	<b>35,956.1</b>

### *An increase in associative funds*

Associative funds, entered under liabilities on the balance sheet, amounted to 21.2 MUS\$ in 2004 (compared with 19.6 MUS\$ at the end of 2003) and can be divided up as follows:

- 3.2 MUS\$ needed as working capital (funds needed to implement Handicap International's activity), compared with 3.7 MUS\$ at the end of 2003. This improvement is due chiefly to persuading institutions once again to cut the time needed for payment of funding and, also, to progress made in collecting receivables from commercial activity customers. This decrease in the requirement for working capital increased the funds available at the end of 2004;

- 4.3 MUS\$ used in financing fixed assets for the association's working tool, compared with 4.6 MUS\$ in 2003;
- 13.7 MUS\$ in mobilisable cash flow, compared with 11.3 MUS\$\* at the end of 2003, in case there is increased requirement for working capital because of the increase in activity planned for 2005.

### *Allocated funding*

Allocated funding brought forward to 2005 totals 991.4 KUS\$.

This amount, which is large compared to that carried forward from the previous financial year (253.0 KUS\$), is chiefly due to carrying forward 764 KUS\$ of funds allocated to operations connected with the South Asia tsunami, and invested by the association at the beginning of 2005.

\* These 11.3 MUS\$ correspond to the 9.7 MUS\$ entered in the balance sheet, to which financial investments have been added (entered under fixed assets) so as to highlight the unrestricted funds available.

# The association's partners in 2004

## **INTERNATIONAL PUBLIC ORGANISATIONS**

### **European Union**

EuropAid, ECHO.

### **United Nations**

Unicef, UNDP, UNHCR, Unops, OCHA, WHO, Unesco, UNDP, Unocha, Unmas, WFP, Unmik.

### **World Bank**

### **International Trust Fund**

### **Organisation of American States (OAS)**

## **NATIONAL PUBLIC ORGANISATIONS**

### **French Government**

- Ministry for Foreign Affairs (French Development Agency, Mission for Non-Governmental Cooperation, Humanitarian Aid Delegation, Embassy Cooperation Services).

- Ministry for Tourism

- Ministry for Youth, Sport and Associations

- Secretary of State for Tourism

- Deposit and Consignment Office

- General Management of Social Action

### **Other French public organisations**

- Councils of Bouches-du-Rhône, Ille-et-Vilaine, Ain, Hauts-de-Seine, Rhône, Charente-Maritime, Puy-de-Dôme, Alpes-Maritimes, Gironde, Jura, Seine-Saint-Denis, Hautes-Pyrénées, Seine-Maritime.

- Regions of Rhône-Alpes, Midi-Pyrénées.

- Towns of Paris, Lyon, Brest, Lillebonne, Orléans, Dijon, Rennes, Mulhouse, Strasbourg, Tarbes, Bègles, Nice, Clermont-Ferrand, Saint-Lary Souland.

- Rhône-Alpes Regional Health and Social Affairs Department (Drass)

- National Agency for Chèques-Vacances

- Rhône-Alpes Regional Department for Youth and Sport

### **Foreign public organisations**

The governments (ministries and embassies) of:

- Australia (AusAid)

- Austria (embassies)

- Burundi

- Canada (Canada Fund, Canadian Fund for Local Initiative)

- Finland (embassies)

- Germany (Ministry for Foreign Affairs)

- Great Britain (Foreign and Commonwealth Office, DFID, Big Lottery Fund and embassies)

- Japan (embassies)

- Laos (Ministry for Agriculture and Forestry)

- Luxembourg (Ministry for Foreign Affairs)

- Mauritius (Ministry for Health)

- Morocco (Social Development Agency)

- Netherlands (embassies)

- Norway (Ministry for Foreign Affairs and embassies)

- Rwanda

- Switzerland (DDC, DFAE and embassies)

and Swiss communes: Coligny, Thônex, Vevey, Plan-les-Ouates, Colley-Bossy, Genthod, La Chau-de-Fonds, Zug and canton of Geneva

- Thailand (Ministry for Foreign Affairs)

- United States (USAid and embassies)

## **PRIVATE SECTOR FUNDING**

### **Private European Union organisations**

- ALEA Swiss insurer

- Association des amis du bassin d'Arcachon

- Association française contre les myopathies

- Association Pour un sourire

- British Petroleum Foundation

- CARE International

- Chaîne du bonheur

- Cités unies France

- Eau et électricité de Grenoble

- FIFA

- Fondation de France

- H. Bérenger Foundation

- ISPO/UFOP

- KZE Catholic Central Bureau

- Lady Michelham Foundation

- Liverpool School

- MAPI Research Institute

- Misereor

- Prince Nasser Foundation

- Rharous Amitié

- Rosemarie Mettler Foundation

- Stambach Foundation

- Stichting Vluchteling

- Swiss Red Cross

- Tareno

- The German Caritas Association

- Union of Swiss Banks

- World Aids Foundation

### **Private organisations**

#### **outside the European Union**

- Canadian Auto Workers

- Cintri

- Dibner Fund

- German Marshall Fund

- GSK GlaxoSmithKline USA

- Jewish Distribution Committee (JDC)

- Matthew 6 Foundation

- Racha

- Refugees International Japan

- Save the Children

- Survey Action Center

- Wired International

- World Vision Sierra Leone

## **PARTNERSHIPS**

### **Companies**

- Auchan France

- AXA Atout Cœur

- BFI Optilas

- Bull

- Carrefour Solidarité Hypermarchés France

- Club Aventure

- Courir

- Crédit coopératif Group

(foundation and bank)

- Eram

- IBM France

- Ikea

- Institut Chronopost

- Irfan le Label

- Loischèques

- MGA

- Microsoft France

- Sanofi-Pasteur

- Société générale (SG Services)

- Sodexho

- SolidarCité

- Visas Express

- Vivendi Universal

### **Media**

Chérie FM, France Bleu, France Inter, France Télévisions group, *Le Monde 2*, *Marianne*, Milan Presse, TF1, M6, Canal +, Radio France, NRJ group, RTL group, Europe 2, LSA.

### **Miscellaneous**

National Federation of Tourist Offices

National Union of Associations for Tourism and Outdoor Activities

Villages de Vacances in France

Social and group tourism associations: Cap France, Cap Vacances, CCAS, CCE Banque de France, CAES du CNRS, LVT, RelaiSoleil, Temps Libre, Vacances Bleues, Vacances pour tous/La Ligue, Val, Vacancel, Pierre et Vacances, BTP Vacances.