Annual Report
2017
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Improving the quality of humanitarian action

Jacques Forster
President of HQAI
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As HQAI completes its second full year of operations, it is safe to say that improving the quality of humanitarian action remains a priority for stakeholders. By providing independent verification and certification services to an increasing number of humanitarian actors, HQAI makes a contribution to this key common endeavour.

Looking back at HQAI’s 2017 activities, two concerns stand out that will certainly continue to be on the agenda of the community of humanitarian actors:

- The need to enhance the accountability of humanitarian actors towards fragile people and communities. If the concept of accountability to fragile people and communities is well embraced by humanitarian actors, its application still faces challenges that need to be addressed at a faster pace. A key challenge in this respect is the deployment by international and national humanitarian actors of effective and safe complaint mechanisms readily available to affected people.

- The necessity to empower national and local humanitarian actors in countries affected by crises and disasters. Facilitating the access of such organisations to our verification and certification services serves that purpose and this is the raison d’être of the HQAI Subsidy Fund that became fully operational in 2017.

These concerns are included in the Grand Bargain document adopted at Istanbul in 2016 under the headings of participation and localisation.

2017 is the year HQAI has taken off; this is reflected by the development of its activities depicted in this annual report. I express my deep appreciation to the governments of Denmark, Germany and Switzerland as well as to other public and private institutions whose financial support in 2017 enabled HQAI to progress toward its goal of financial self-sufficiency in 2021.

I also wish to extend my heartfelt gratitude for their dedication to our mission to all my colleagues, namely the staff of our Secretariat and our auditors under the leadership of HQAI’s Executive Director Pierre Hauselmann, as well as to the members of HQAI, who, on the Board of Directors and other bodies of our association generously grant our institution the benefit of their competence and wisdom.

Jacques Forster
President
Quality and quantity further on the rise

In 2017, HQAI became fully operational. While the previous year was mostly busy building the quality assurance mechanisms around the Core Humanitarian Standard on Quality and Accountability (CHS), this year saw the implementation of the processes to a relatively large scale.

This increase of activity can be presented numerically. HQAI audited 22 organisations and contracted 28 independent auditors from 14 different countries to create a significant auditing capacity. The audits led our auditors to 26 countries in Asia, Africa, South America and Europe. In financial terms, the provision of quality assurance services covered about 30% of HQAI’s secretariat expenses, a significant growth from the previous year.

But I prefer presenting the progress in more qualitative terms. Beyond simply offering auditing services, HQAI developed several ways to facilitate access to independent quality assurance services for small national organisations. HQAI’s Subsidy Fund became operational and five organisations from Bangladesh, Ethiopia, Uganda, South Sudan and Turkey received a grant.

HQAI also developed a group scheme allowing several small organisations to unite for an audit, thus achieving significant economies of scale. These two innovations are significant milestones to make independent quality assurance an important tool to facilitate the localisation agenda. The group approach is also a first step toward measuring collective performance.

The diversity of organisations partnering with HQAI to measure their performance, from the largest NGO networks to small national organisations and Red Cross national societies, shows that both the CHS and HQAI’s auditing approaches are adaptable to very different situations.

We also witnessed a change in attitude in the sector by organisations working with fragile populations. The concept and value of independent quality assurance is now better known and recognised.

All these elements are detailed further in this annual report. But I want to emphasise that none of these successes would have been possible if HQAI were not able to count on very supportive partners, be they donors or audited organisations. The members of HQAI, particularly the Directors of the Board were also a tremendous asset all along the year. But most of all the Secretariat’s team. My colleagues are hard working, dedicated, polyvalent and joyful professionals. I feel honoured and privileged to work in such a team.

Thank you to all.

Pierre Hauselmann
Executive Director
Timeline of highlights

March: Towards accreditation
In order to be in line with ISO standards, HQAI changes its certification scheme to increase the frequency of maintenance audits from every two years to annual inspections. This modification does not impact independent verification

May: Wave of new recruits
HQAI organises its second training for future HQAI auditors with participants from Australia, France, Germany, Spain, Switzerland and UK

© HQAI 2017

June: HQAI Learning Event
HQAI’s Learning Event “Impartiality and impact - do we have the right tools to measure them?” attracts organisations, students, auditors, policy-makers and other stakeholders

© HQAI 2017

June: Subsidies granted
The Subsidy Fund supports three national organisations in Bangladesh, Ethiopia and Uganda

Community Meeting Ethiopia, © HQAI 2017
October: Auditor training
For the third time since its creation HQAI trains new auditors, leading to an international pool of 28 auditors located in Africa, Australia, EU, Middle East, South America and Switzerland

Auditor at work in Ethiopia © Elissa Goucem, HQAI 2017

October: Humanitarian Congress
HQAI and the British Red Cross promote accountability in the session “CHS and Measuring Success in Humanitarian Action” at the Humanitarian Congress Berlin

November: We hear you
HQAI meets members of the Disaster and Emergency Committee (DEC) and newly interested organisations in London at its information & feedback session

(picture from the www.)

November: Subsidies granted
For the second time this year, grants from the Subsidy Fund are attributed to two local NGOs in Uganda and Turkey

© Geralt, Pixabay

December: CHS panel
Executive Director Pierre Hauselmann represents HQAI at the VII Spanish national humanitarian day in Madrid

December: Information & Feedback
DANIDA hosts an HQAI feedback meeting with organisations from the Nordic countries who partner with HQAI for independent quality assurance services

© HQAI 2017
HQAI in numbers

The number of organisations using HQAI services grows continuously.

The ratio of national vs international organisations is expected to reach 37% in 2021 (as opposed to 18% in 2017).

136K CHF

Amount of subsidies granted to smaller organisations in 2017.

23%

Verification

The top two choices audited partners make.

73%

Certification

28

Trained auditors form a qualified and geographically diverse network for HQAI audits.

80%

80% of audited partners declare: the process strengthens organisational learning.
HQAI, DRIVEN BY A MISSION

HQAI conducts third-party audits on the quality and accountability of organisations working with vulnerable people.

In other words: HQAI verifies the application of a given standard from the head office to the field. This service requires professionalism, experience and flexibility. It is also rigorous and totally independent, a characteristic that our partners value above all. At each step of the audit, the team of HQAI considers organisations as partners with whom we want to reach the common goal of improving the delivery of assistance to affected people.

Currently HQAI audits against the CHS. Following the CHS’s principles, HQAI assesses whether vulnerable people receive the assistance in line with the commitments made by organisations, thus providing audited partners with a solid benchmark for improvement.

It is our mission to provide humanitarian organisations with professional third-party quality assurance services grounded in feedback from vulnerable and at-risk people and communities.
In our vision organisations that work with vulnerable and at-risk people and communities are accountable, act effectively and in a timely manner, and are informed by the perspectives of the people they work with. By providing professional third-party quality assurance services for the sector HQAI will actively contribute to this vision.

“The certification process has helped our staff to understand that the CHS really has to do with them, and they have a more holistic approach to it now. The process has given us a momentum to improve our Quality & Accountability procedures and practices, a work that we had started some years ago.”

Aarno Lahtinen, Finn Church Aid
Currently, HQAI focuses on providing these services against the CHS. Over time, it will offer the same services against other standards, commitments and good practices for organisations that work with vulnerable and at-risk people and communities.
Summary analysis of 2017 tendencies

HQAI’s auditing processes are a valuable source of information on where the sector stands with regards to the CHS, which of the nine commitments organisations struggle most to comply with, and where progress can be made. The blue box presents average results achieved during HQAI audits in 2017. HQAI’s scoring system goes from 0 (major weakness) to 5 (perfection). 3 represents conformity.

Organisations are generally strong in providing assistance that is appropriate and relevant to the needs of communities, and have systems in place to monitor and evaluate programmes consistently. Yet, their framework is frequently donor-driven and can lack consistency at the organisational level. While a challenge for all types of organisations, it appears to be a trend that the national organisations face more difficulties with timeliness. This is partly due to the fact that their decision-making is not completely autonomous and can be constrained by delays in the responses and decisions of other actors (Commitments 1 and 2).

Participation of communities is generally central to how agencies work, but they frequently lack relevant guidance or minimum requirements on two-way information exchange with communities, and in particular around the expected behaviours of staff. In addition, most organisations do not yet have enough systemic ways to measure how their operations might have negative impacts on the communities they aim to serve (Commitments 3 and 4).

Gaps are almost systematically found on Indicator 5.1 which requires organisations to consult with communities on the design, monitoring and implementation of a complaints handling mechanism. Overall, HQAI audits have identified additional challenges to deliver commitments to affected populations when organisations work in partnerships. Auditors have found that some partnership models do not allow for organisations to understand how their partner implements the commitment, while other partnership models actually prevent organisations from helping their partners improve compliance.

All audited organisations have strong systems for coordination with other actors at different levels, including information sharing. Peer review is regarded as an important feature. The majority of compliance gaps concern the way agencies learn from their experience in a systematic way and institutionalise the learning (Commitments 6 and 7).

Our audits found that organisations invest consequently in staff capacity, although high turnovers can have undesired impact. The use and management of resources is generally well handled, but organisations often fail to consider the environment as a resource (Commitments 8 and 9).

Average scores of 22 audits (verification and certification) conducted by HQAI against the nine CHS Commitments in 2017

1 Humanitarian response is appropriate and relevant: requirements are generally met but space for improvement
2 Humanitarian response is effective and timely: requirements are generally met but space for improvement
3 Humanitarian response strengthens local capacities and avoids negative effects: generally slightly below conformity level
4 Humanitarian response is based on communication, participation and feedback: generally slightly below conformity level
5 Complaints are welcomed and addressed: generally insufficient performance, below conformity
6 Humanitarian actors continuously learn and improve: generally slightly below conformity level
7 Staff are supported to do their job effectively and are treated fairly and equitably: requirements are generally met but space for improvement
8 Resources are managed and used responsibly for their intended purpose: requirements are generally met but space for improvement
A WORD ABOUT OUR PARTNERS

HQAI is driven by its mission and aims to incentivise consistent investments into improving the quality and accountability of organisations working with vulnerable and at-risk people and communities. To put this mission into practice HQAI is not alone but builds on a solid network of strategic and financial allies, but also - and in particular - audited partners. These organisations take advantage not only of the reputation of their HQAI quality assurance report, but also of the continuous organisational learning it brings. Their enthusiasm and recognition of the value of HQAI’s services are essential to the implementation of our mission.

Benefits for organisations and for the sector

Currently HQAI audits against the CHS on Quality and Accountability. The Standard has been developed by the sector, for the sector and therefore benefits from a significant commitment from the sector. In accordance with the principles of the CHS, HQAI’s services help organisations deliver better quality and more accountable services. The audit reports help them focus their resources to where they are most appropriate for improvement and build a culture of continuous learning.

Moreover, HQAI’s audited partners may credibly demonstrate their performance to vulnerable people, donors and other stakeholders, hence grow their reputation and build trust.
Quality and Accountability are a fundamental part of our vision and we would like our members to focus on these principles, too. We see the HQAI certification as an excellent tool to achieve this objective and expect to have a very close cooperation with HQAI in promoting this agenda of transparency.

Rudelmar Bueno de Faria, ACT Alliance

This trust can simplify donor-recipient relations. HQAI audit reports are an objective tool for the sector and significant actors like CHS Alliance, DANIDA and DEC already recognise HQAI reports for their own due diligence processes.

Independent quality assurance can thus facilitate the implementation of various commitments of the Grand Bargain such as localisation and the simplification of reporting requirements.

Continuous collective learning

HQAI and its partners have to learn from each other and grow together. HQAI invests in this two-way street in different ways. In 2017, we organised two information and feedback sessions with organisations that are already engaged in one of HQAI’s services or interested in doing so, an occasion for HQAI to listen to our partners’ questions, suggestions and challenges. Annual learning events also allow HQAI and other organisations to share their experience around the collection and interpretation of reliable data on specific topics. In this way, HQAI can collate and analyse its data in collaboration with academic institutions so that such information provides opportunities for learnings and improvement in the services provided to fragile populations. The theme of the 2017 Annual Learning Event was the application of the impartiality principle.

Improving the accessibility of HQAI services

HQAI is firmly connected to the network of its partners, which strengthens its international position and gives it momentum to continue serving the sector. Building on this foundation HQAI works on making its quality assurance services more accessible, especially to organisations for which cost would be a barrier. Since 2017 a Subsidy Fund, managed by an independent committee, has been available to subsidise up to 90% of the cost of an audit. To further facilitate access, HQAI has developed a group scheme. The latter allows for several organisations to apply collectively, as a group entity, for one of HQAI’s quality assurance services and thus benefit from significant economies of scale (read more on pages 16 and 17).
Quality assurance is a two-way street and both donors and NGOs need to lift this agenda of quality and accountability.”

Mille Døllner Fjeldsted, DANIDA
In the name of partnerships

HQAI SUBSIDY FUND

Making HQAI services accessible!
Convinced that third-party quality assurance benefits the organisation, the sector and - above all - the affected populations, HQAI aims at making its services accessible to a large variety of national and international organisations. HQAI has therefore created a Subsidy Fund which grants financial contributions to organisations that want to access third-party quality assurance services but for which costs would be a barrier.

In 2017 the independent Subsidy Fund Management Committee allocated a total of 136’000CHF to five local organisations in Bangladesh, Ethiopia, South Sudan, Turkey and Uganda.
A further initiative: HQAI’s Board has agreed to increase the maximum subsidy for organisations based in countries rating low and medium on the human development index from initially 80% to 90%.

Find out more:
www.hqai.org/subsidies/

INFOIMATION & FEEDBACK MEETINGS

HQAI and its partner organisations held two information & feedback meetings in November and December 2017. The London meeting brought together members of the UK Disaster Emergency Committee (DEC) and organisations interested in the services of HQAI. The session in Copenhagen was hosted by Denmark’s development cooperation DANIDA and gathered partner organisations from Belgium, Denmark, Finland, Norway and Sweden.

The main objectives of these meetings were
- For HQAI to share updated information about HQAI and actively listen to our partner’s preoccupations
- For our partners to benefit from an open space to exchange experiences and best practices, as well as to provide feedback on their respective processes and address questions and criticism to HQAI.

HQAI regularly holds information & feedback meetings with its partners. The entire process is meant for collective learning and continuous improvement and represents an integral part of HQAI’s vision on the concept of partnership.
GROUP SCHEMES

In 2017 HQAI established a new group scheme that offers significant economies of scale particularly for smaller organisations that apply together for HQAI services. It will be applied for the first time in 2018. For these purposes a group may be formed by up to twenty organisations. Under the group scheme HQAI will audit the group management system and a sample of its members, thus reducing cost as opposed to auditing each organisation individually. The outcome of the audit (e.g. a certificate) will be held by the group entity.

Organisations who associate as a group entity benefit from different perspectives:
- Economies of scale: the cost of the audit can be spread amongst all members;
- Collective learning: group members proactively and continuously learn from and with each other;
- Joined forces: the group jointly develops a management system for the application of the CHS and internal management controls, thus minimising individual administrative workload.

HQAI LEARNING EVENT

In line with its strategic objective to influence the practice of organisations by analysing data and disseminating findings and recommendations, HQAI held its first public Learning Event in June. Organised in conjunction with the Centre on Conflict, Development and Peacebuilding (CCDP) of the Geneva Graduate Institute, the event “Measuring the humanitarian principle of impartiality” brought together participants from over twenty organisations.

During the day participants explored the suitability of the tools to assess the implementation of the principle of impartiality and whether these can be used to measure the impact of the CHS and the impact of HQAI’s own provision of services. Keynote speaker Dr. Jyotsna Puri discussed “Data, Devices and Designs: the Daring World of Impact Evaluations and Quality International Action” while Ed Schenkenberg echoed the significance of integrating qualitative elements in developing indicators for impact assessment.

Find out more: www.hqai.org/news-archive/
A valuable innovation

The adoption in 2014 of the CHS potentially marks a turning point in how humanitarians interact with people affected by crisis and relevant national stakeholders.

Organisations who define themselves as humanitarian share a very strong sense of their exceptionalism, grounded in humanitarian principles and practices developed over decades of work in highly complex and often dangerous environments. This sense of exceptionalism, very legitimate from the perspective of those having to act fast to save lives while having to negotiate space and access in highly politicised and polarised contexts, can also make genuine partnerships between the organisations which deliver assistance and protection and the people that they aim to serve more difficult. The CHS can make a difference because it is about how humanitarian organisations behave and work with people affected by crisis and with other relevant stakeholders, not just about what they deliver. Also, because its implementation is verifiable: it has measurable indicators to tell us how an organisation is delivering its commitments.

This is where the Humanitarian Quality Assurance Initiative (HQAI) comes in: a tailor-made institution to provide quality assurance services to humanitarian organisations against the CHS, and potentially in the future against other norms and standards also.

HQAI has been specially designed to meet international quality assurance standards while recognising and considering the specificities of humanitarian action. Its approach is grounded in giving affected people on the receiving end of humanitarian assistance a voice in the assessment of organisations’ performance against the CHS. HQAI seeks constant improvement to make its services consistently relevant and accessible to humanitarian organisations of all types and size: it learns from its experience, confronts its learnings to that of others and acts on feedback and suggestions from actual and potential stakeholders. HQAI is designed to be sustainable and not rely on public contributions. Any revenue surplus will contribute to the Subsidy Fund set up to help smaller organisations access HQAI’s services.

After three years in existence, HQAI is beginning to demonstrate to humanitarian organisations that it is possible and valuable to open up to external scrutiny to get an impartial assessment of where they are at in meeting their commitments, and where they need to invest in to improve further.

“Giving affected people on the receiving end of humanitarian assistance a voice in the assessment of organisations’ performance against the CHS.”

Kate Halff, SCHR
2017 was the first full year of HQAI’s operations. The expansion in operational activities was mainly due to the groundwork that had been laid in 2016, but also to increased staff resources. According to plan, the Secretariat hired both a Quality Assurance Manager and an Assistant in February, as well as a Marketing and Communication Manager in November.

In addition, two training sessions allowed an increase in the pool of auditors to 28 people. Of these, ten are Senior Auditors able to lead audits.

The following pages give a detailed overview of the “people behind HQAI”. Our organisation is set-up in different corporate bodies, each with specific functions and responsibilities. HQAI is very fortunate to have a team of talented people who contribute their time, skills and experience to HQAI day to day operations.
Built for impartiality

HQAI is a non-profit association under Swiss laws. It was established as a third-party quality assurance mechanism specific to the sector of organisations that work with vulnerable and at-risk people and communities.

To all its stakeholders, HQAI is an accountable, open and trustworthy partner applying the internationally recognised principles of auditing, such as impartiality, competence, responsibility, openness, confidentiality, and responsiveness to complaints and avoiding conflicts of interest in all the work of HQAI. The set-up of its governance reflects these principles.

HQAI seeks to ensure that its different bodies, but in particular the Board of Directors, bring a range of background and experiences reflecting geographic representation, technical experience, gender, knowledge relevant to the sector and to standards and certification, and ensure adequate linkages to other standards bodies and interested parties. The key roles and responsibilities of various corporate bodies, as well as their membership, are presented on the following pages.

General Assembly of Members

The General Assembly (GA) of Members is the supreme authority of the organisation. In 2017 HQAI’s membership is comprised of 15 members (the maximum being 25 individuals), eight of whom are the founding members of the Board of Directors (BoD).

Board of Directors

In addition to setting strategic priorities for the organisation, the Board takes a lead role in terms of oversight and representation of the organisation. The BoD appoints the Executive Director, Subsidy Fund Management Committee (SFMC) members and contributes to fundraising activities.

The BoD’s President, Vice-President and Treasurer form the Executive Committee, whose role is to facilitate efficient operations of the Board. They may take decisions that fall within its delegated authority between Board meetings.
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<tr>
<th>Name</th>
<th>Position</th>
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<tr>
<td>Jacques Forster</td>
<td>President</td>
<td>Professor Emeritus at the Graduate Institute of International and Development Studies in Geneva, Switzerland. Vice-President of the International Committee of the Red Cross (ICRC) from 1999 to 2007.</td>
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<tr>
<td>Judith Greenwood</td>
<td>Executive Director</td>
<td>CHS Alliance, Switzerland</td>
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<tr>
<td>Kate Halff</td>
<td>Executive Secretary</td>
<td>Steering Committee for Humanitarian Response (SCHR), Switzerland</td>
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<tr>
<td>Gerrit Marais</td>
<td>Treasurer</td>
<td>SGS Certification and Business Enhancement, South Africa</td>
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<tr>
<td>Sawako Matsuo</td>
<td>Secretary General</td>
<td>Quality and Accountability Network in Japan (QAN), Manager, Multi-Sector Engagement Group, Japan NGO Center for International Cooperation, Japan</td>
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<tr>
<td>Jyotsna (Jo) Puri</td>
<td>Head of the Independent Evaluation Unit (IEU)</td>
<td>Green Climate Fund, Korea, and Adjunct Associate Professor, School of International and Public Affairs (SIPA), Columbia University, USA</td>
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<tr>
<td>Ed Schenkenberg</td>
<td>Executive Director</td>
<td>HERE-Geneva, Switzerland</td>
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<tr>
<td>Sue-Anne Wallace</td>
<td>Vice-President</td>
<td>Chair of Australia’s Customer Owned Banking Code Compliance Committee and former Chair of the Australian Council for International Development’s Code of Conduct Committee</td>
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**Advisory and Complaint Board**

The Advisory and Complaint Board (ACB) handles complaints made to or about HQAI and safeguards the rules of impartiality, confidentiality and avoiding conflicts of interests in the work of HQAI. In this function the ACB acts independently from the other corporate bodies.

Members collectively represent knowledge/competencies in CHS, quality assurance and mediation while the chair is independent from any humanitarian organisation.

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<tr>
<td>Chris Adams</td>
<td>Director of Development Effectiveness</td>
<td>ACFID, Australia</td>
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<tr>
<td>Gerrit Marais</td>
<td>President</td>
<td>HQAI’s Board of Directors</td>
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<tr>
<td>Martha Nemera</td>
<td>President</td>
<td>Woman Support Association, Ethiopia</td>
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<tr>
<td>Philip Tamminga</td>
<td>Global Cluster AAP Advisor</td>
<td>with UNICEF Emergency Operations (EMOPS), Global Cluster Coordination Unit, Spain</td>
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<tr>
<td>Elizabeth May Wakilo</td>
<td>Board Member</td>
<td>Action Aid International; Programs Manager with Anglican Development Services Pwani, Kenya</td>
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**Subsidy Fund Management Committee**

The committee manages the independent Subsidy Fund established to financially support organisations that want to access HQAI services but for which cost would be a barrier.

The SFMC provides an impartial service to the sector, reflecting the perspectives of donors, humanitarian NGO’s and HQAI and makes decisions independently from the GA, BoD and Secretariat.

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<tr>
<td>Bianca Belger</td>
<td>Ministry of Foreign Affairs</td>
<td>Germany</td>
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<tr>
<td>Sawako Matsuo</td>
<td>President</td>
<td>Secretary General of Quality and Accountability Network, Japan</td>
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<tr>
<td>Quassem Saad</td>
<td>Chairman of Developmental Action without Borders/Naba’a</td>
<td>Lebanon</td>
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Community engagement, feedback and accountability are at the heart of the CHS and of the audit process itself. As auditors we ask affected populations for their opinions on the quality of the assistance they receive. Based on their personal experience with an organisation we try to find out how informed and consulted the communities are: Can they influence decisions that affect them? Are they protected and strengthened? Are they able to provide feedback and hold the organisation to account when things go wrong?

By offering communities a confidential space with an external person to listen to their feedback, we most often receive insightful and honest responses on these important issues. As an auditor, this information is key in understanding how an organisation meets the core of the CHS.

Claire Goudsmit, Senior Auditor HQAI
Registered Auditors

A pool of specially trained registered auditors is mandated by HQAI to undertake auditing of clients’ systems and practices. Auditors are responsible to collect and analyse sufficient information to generate objective and impartial conclusions.

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<tr>
<td>Liliane Bitong</td>
<td>France</td>
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<td>Catherine Blunt</td>
<td>Australia</td>
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<td>Claire Boulanger</td>
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<td>Annie Devonport</td>
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<td>Mathieu Dufour</td>
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<td>Richard Dye</td>
<td>United Kingdom</td>
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<td>Elissa M. Goucem</td>
<td>Switzerland</td>
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<td>Claire Goudsmit</td>
<td>United Kingdom</td>
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<td>Marie Grasmuck</td>
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<td>Pierre Hauselmann</td>
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<td>Belinda Lucas</td>
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<td>Sylvie Robert</td>
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<td>Carlos Rodriguez Ariza</td>
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<td>Jo Thomson</td>
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<td>Karin Wierenga</td>
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<td>Nina Wöhrmann</td>
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<td>Tess Williams</td>
<td>United Kingdom</td>
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<td>Tanya Wood</td>
<td>Switzerland</td>
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List of auditors registered with HQAI in December 2017. The country indicated is the auditors’ residential country.

Senior auditors have the authority for the management, control and performance of auditing activities.
Focus on finance and funding

In line with the growth of activities, the revenues accruing from the provision of quality assurance services grew significantly in 2017, compared to 2016, the first year of operation.

Continued donor support

Significant thanks are due to all donors who have continued to support the work of HQAI in 2017. On the basis of HQAI’s Business Plan, the Swiss Agency for Development renewed their support for 2017 and 2018, and the German Ministry of Foreign Affairs for 2017, 2018 and 2019. Denmark (DANIDA), whose previous grant was covering 2017 renewed its support for the years 2018 and 2019. In 2017, the Canton and Republic of Geneva continued to subsidize the rental of HQAI’s offices in the International Environment House in Geneva.

From these commitments, HQAI received in 2017 a total of CHF 392.9 thousands in core funding from governments.

A key distinction is made between tied and untied revenues: while unrestricted (untied) income may be used for general purposes supporting the organisation’s mission, tied revenues must be used only for the specific purpose agreed with the donor. HQAI’s tied income is solely dedicated to the Subsidy Fund to finance organisations for which the cost of HQAI services is a barrier. In 2017 no such funds were received as HQAI allocated the funds received in 2016 by the German Ministry of Foreign Affairs and DANIDA. Both governments have renewed their commitments to the Subsidy Fund for 2018 and 2019.

Reduced dependency on grants

HQAI plans to reach financial self-sufficiency for the delivery of its quality assurance services by 2021. In the meantime, it requires support from donors. By the end of 2016, HQAI had been able to finance 8.2 percent of its G&A expenses through its net revenues. At the end of 2017, this percentage had grown to 29%.

“CHS certification strengthens our position with international partners and gives us credibility.”

Quassem Saad, NABA’A
2017 in a snapshot

**Revenues**

- Grants from the public sector: untied 392'902 CHF
- Grants from the public sector: tied (Subsidy Fund) 0 CHF
- Revenues from service rendered 425'936 CHF

**Revenues**

818'838 CHF

**Cost**

- Cost from service rendered (273'734) CHF
- General & Administrative (G&A) Expenses
  - Staff cost (431'158) CHF
  - Other G&A expenditures (85'552) CHF
  - Depreciation and Amortisation (10'362) CHF

**Operating cost**

(800'806) CHF

**Result**

- Operating result 18'032 CHF
- Financing Profit/(Loss) 1'606 CHF

**Profit/(Loss) before Tax**

19'638 CHF
## Detailed revenues 2017

### Donor

<table>
<thead>
<tr>
<th>Donor</th>
<th>Local Currency</th>
<th>CHF</th>
</tr>
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<tbody>
<tr>
<td>German Ministry of Foreign Affairs</td>
<td>EUR 92’000</td>
<td>107’282</td>
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<tr>
<td>DANIDA</td>
<td>DKK 600’000</td>
<td>85’620</td>
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<td>Swiss Agency for Development</td>
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### Core funding

Core funding 392’902

### Own revenues

<table>
<thead>
<tr>
<th>Own revenues</th>
<th>Local Currency</th>
<th>CHF</th>
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</thead>
<tbody>
<tr>
<td>Audit revenues from organisations</td>
<td></td>
<td>382’901</td>
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<tr>
<td>Audit revenues via Subsidy Fund</td>
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<td>32’009</td>
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<tr>
<td>Management fee on travel cost</td>
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<td>Auditor training</td>
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<td>9’367</td>
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</tbody>
</table>

### Own revenues

Own revenues 425’936

### All revenues

All revenues 818’838
“If there was only one thing to emphasise, this would be our human-centered and service-oriented approach. First of all by participating in the improvement of quality and accountability towards vulnerable people. And secondly in our relations with partners, donors and the entire team. Respect is our leitmotif and our partners value this attitude.”

Pierre Hauselmann, HQAI