

24th January, 2017

Dear Members of the Independent Review Panel,

We would like to thank you for your feedback on our Interim Accountability Report 2015. We are very pleased to note that the Panel highlights some areas as examples of good practice to be shared with other organisations.

We would like to take this opportunity to clarify a possible misunderstanding detected in your feedback on indicator LA12 on Global Talent Management. As stated in our 2015 Interim Accountability Report, in 2015 we *began* work on our new job design, evaluation and appraisal system, which is currently in the implementation phase. We have now piloted the project in our country office in the Philippines and the next steps, during 2017, will be to roll out the methodology in the other countries we work in, including our head office in Spain.

We would also like to respond to the query raised in your feedback regarding Educo's financial income and expenditures. In the feedback, the Panel noted that 2015 was the 4th consecutive year in which expenditures exceeded income, and reserves accounted for approximately 26% of expenditures in 2015. This is a deliberate strategy to reduce the reserves level. The use of reserves to finance projects is an approach that the organisation has applied since 2012 with the aim of reducing reserves accumulated over previous years. The amount of reserves used each year is approved by the Board in the annual budget and varies according to the expected income and commitments with projects.

We hope this serves to clarify this point. We will, of course, strive to fully respond to all the issues raised by the Panel in our next full report, which will cover 2015 and 2016.

With thanks and warm regards,



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