

**Power of humanity**

Council of Delegates of the International  
Red Cross and Red Crescent Movement

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**COUNCIL OF DELEGATES  
OF THE INTERNATIONAL RED CROSS  
AND RED CRESCENT MOVEMENT**

Geneva, Switzerland  
8 December 2019

**Report of the Joint Commission of  
the Empress Shôken Fund**

**Document prepared by the Joint Commission of the Empress Shôken Fund**

Geneva, October 2019

## **EXECUTIVE SUMMARY**

This is the report on the Empress Shôken Fund to the Council of Delegates, as mandated in Article 10 of the regulations of the Fund (see attachment).

The Empress Shôken Fund granted a total of CHF 423,060 to 15 projects in 2018, and CHF 395,782 to 14 projects in 2019. The value of the Fund at 31 May 2019 was CHF 15.9 million.

### **1) INTRODUCTION**

The Empress Shôken Fund was established in 1912 when HM Empress Shôken donated 100,000 Japanese yen and created an international fund to increase the peacetime activities of all National Societies, broadening the role of the Red Cross and Red Crescent beyond its wartime activities. In 1934, a second gift from HM Empress Kojun and HM Dowager Empress Teimei of Japan increased the Fund to 200,000 Japanese yen.

Over the years, thanks to the generous contributions of the Japanese Imperial Household and the Japanese Red Cross Society, the value of the Fund's capital has constantly grown. At present (May 2019), it totals CHF 15,929,037.

It operates as an endowment fund, distributing annual grants for the implementation of National Society projects which contribute to their development.

The purpose of the Fund is to support National Society peacetime activities in the areas of disaster preparedness, health, youth, blood donation, first aid and rescue, social welfare and the dissemination of the humanitarian ideals of the Red Cross and Red Crescent.

On 11 April each year – the anniversary of the Empress's death – the Joint Commission announces the allocation of grants to National Societies. The Fund received around 50 requests in each of the past two years. The Joint Commission aims to distribute at least CHF 300,000 to National Societies every year and has met this target in recent years, with the fund having recovered from several years of depressed performance following the correction in financial markets in 2008. The Joint Commission continues to stress the importance of good quality, well-presented submissions which emphasize the sustainability of the projects and are consistent with the criteria and regulations of the Fund, with a focus on originality, innovation and learning. The Joint Commission encourages National Societies to contact the country and regional delegations of the International Federation of Red Cross and Red Crescent Societies (IFRC) and the International Committee of the Red Cross (ICRC) for support when preparing their submissions.

### **2) THE JOINT COMMISSION**

The Fund is administered by the Joint Commission of the Empress Shôken Fund which decides on the annual allocation of grants and oversees the financial management of the Fund.

The Joint Commission continues to meet annually under the chairmanship of the ICRC, with secretariat support and day-to-day management provided by the IFRC. It is chaired by Mr Melchior de Muralt, and other members of the Commission include Mr Shaun Hazeldine and Mr Andrew Rizk from the IFRC, and Mr Emmanuel Séité and Ms Christine Zaninetti from the ICRC. During the reporting period, Mr Jeremy Mortimer took over from Ms Aarathi Krishnan (both from the IFRC) as secretary to the Commission.

### 3) FINANCIAL SITUATION OF THE FUND

The value of the Fund at 31 May 2019 was CHF 15.9 million. Total operating income was CHF 377,141 in 2018, and CHF 660,814 in 2017.

### 4) GRANT ALLOCATIONS 2018–2019

In 2018 and 2019 there were two rounds of distributions of the Empress Shôken Fund (the 97th and 98th distributions) to 29 National Societies, with allocations totalling CHF 818,842, as detailed below.

#### A) 97th DISTRIBUTION 2018

Region/ National Society	Programme/project	Grant allocation (CHF)
<b>Africa</b>		
<b>Lesotho</b>	<b>Integrated health and blood donor recruitment drive:</b> improving the health of adolescents living with HIV, strengthening HIV prevention strategies and promoting voluntary blood donation, using youth as agents of behavioural change	<b>31,012</b>
<b>Côte d'Ivoire</b>	<b>Mobilizing young people and the community for the promotion of blood donation:</b> contributing to ensuring sufficient supplies of blood products in Abidjan within a period of six months by mobilizing young people and the community	<b>29,926</b>
<b>Liberia</b>	<b>Increasing access to timely medical referrals and first aid with a 24/7 good-quality ambulance service:</b> strengthening health care delivery systems in Liberia through increased access to timely medical referral services and quality first aid	<b>30,000</b>
<b>Somalia</b>	<b>Leadership skills enhancement and mentoring project for SRCS board members and senior management:</b> enhancing the leadership and management capacities of board members and senior managers in the National Society	<b>30,000</b>
<b>Americas</b>		
<b>El Salvador</b>	<b>Living our principles:</b> implementing a play-based, interactive methodology to address the issues of stigma and discrimination, social inclusion and assertive communication by applying the Fundamental Principles of the Red Cross and Red Crescent	<b>24,605</b>
<b>Uruguay</b>	<b>Strengthening the nationwide network of volunteers with a focus on the national Volunteer and Youth Departments:</b> promoting the empowerment and participation of the Uruguayan Red Cross volunteer network in the fulfilment of the National Society's mission	<b>30,000</b>
<b>Honduras</b>	<b>Reinforcing the academic capacities of socially excluded boys and girls:</b> contributing to improving the academic capacities of children at social risk by promoting a culture of peace, non-violence and social inclusion, with a view to ensuring that students remain at the target schools	<b>26,097</b>
<b>Asia Pacific</b>		
<b>Maldives</b>	<b>Addressing immediate migrant health issues,</b> including the high prevalence of communicable and non-communicable diseases in the vulnerable migrant population in Male, and providing	<b>22,701</b>

	volunteering opportunities for migrants to foster inclusion in community life	
<b>Palau</b>	<b>Filling the gap in social welfare in the country by implementing the Palau Caregiver Certificate Programme:</b> improving the quality of life for homebound individuals by providing more knowledgeable, confident, happy and attentive caregivers	<b>28,805</b>
<b>Pakistan</b>	<b>Blood donor management and stewardship:</b> developing a blood donor management system (web-based software) designed to identify, classify and qualify blood donors and serving as a data bank for all PRC blood donors	<b>28,255</b>
<b>Europe</b>		
<b>Belarus</b>	<b>Addressing the issue of trauma and injuries among vulnerable groups (children and the elderly), including hearing impairments, by developing and introducing a first aid training module and promoting the social inclusion of people with disabilities</b>	<b>28,734</b>
<b>Macedonia</b>	<b>Experimenting with the positive deviance approach as a methodology for reaching the most vulnerable and excluded communities in Macedonia</b>	<b>26,625</b>
<b>Romania</b>	<b>Developing new and innovative programmes and experimenting with new methodologies to reach more people and improve the standing of the RRC among the general public</b>	<b>27,400</b>
<b>Latvia</b>	<b>Capacity building for the volunteer sector of the Latvian Red Cross:</b> improving the registration system of the LatRC volunteer movement to organize innovative initiatives, with a view to attracting and involving new volunteers and members, especially from remote and less developed rural regions	<b>28,900</b>
<b>Middle East and North Africa</b>		
<b>Egypt</b>	<b>Protection of adolescent girls, including migrant girls, from sexual and gender-based violence</b>	<b>30,000</b>
	<b>Total for 2018</b>	<b>423,060</b>

#### B) 98th DISTRIBUTION 2019

<b>Region/ National Society</b>	<b>Programme/project</b>	<b>Grant allocation (CHF)</b>
<b>Africa</b>		
<b>Mozambique</b>	<b>Strengthening youth structures:</b> strengthening the MRCS youth structures to better implement its programmes and projects	<b>30,000</b>
<b>Guinea Bissau</b>	<b>Disaster preparedness:</b> reducing vulnerability in four communities, strengthening the RCGB's capacity to respond to vulnerability and developing its rapid disaster response capacity	<b>29,092</b>
<b>Sao Tome and Principe</b>	<b>Renovation of a social home for the elderly:</b> renovating and refurbishing the Red Cross home for the elderly, improving assistance and services in the home and ensuring greater comfort and dignity for the residents	<b>30,000</b>
<b>Americas</b>		
<b>Bolivia</b>	<b>Building our future happiness with respect and without violence:</b> analysing and understanding gender-based violence in adolescence, implementing prevention activities and developing a permanent programme to assist victims of violence	<b>29,563</b>
<b>Mexico</b>	<b>Resilient schools, Jojutla, Morelos:</b> preparing school communities to cope with emergencies and disasters and	<b>28,713</b>

	promoting healthy lifestyles and the development of skills for peaceful co-existence	
<b>Suriname</b>	<b>Strengthening vulnerable schools in disaster preparedness and risk reduction through the school safety programme</b>	<b>29,890</b>
<b>Asia Pacific</b>		
<b>Thailand</b>	<b>Emergency water, sanitation and health (WASH) promotion:</b> improving emergency WASH services in the TRCS by providing training for nurses and personnel, developing a WASH manual, including information, education and communication (IEC) materials, and providing general hygiene and menstrual hygiene kits	<b>29,485</b>
<b>Singapore</b>	<b>Capacity building for disaster response:</b> expanding the volunteer development framework and doubling the number of classes for Overseas Disaster Deployment Training and Basic Water Safety Training	<b>19,961</b>
<b>Vanuatu</b>	<b>Yumi evriwan tugeta “All of us together”:</b> improving and promoting gender and disability inclusion in National Society projects and programmes in regard to volunteers, recruitment, capacity building, participation and access	<b>27,534</b>
<b>Europe</b>		
<b>Cyprus</b>	<b>Maximizing potential and training first responders:</b> training refugees and asylum seekers in basic first aid and psychological first aid	<b>26,896</b>
<b>Slovenia</b>	<b>Slovenia Speaking:</b> preventing hatred in society by fostering mutual understanding and social cohesion; strengthening awareness of hate speech and its consequences and purpose by educating the next generation	<b>29,844</b>
<b>Ukraine</b>	<b>Technological innovations in management and training for URCS volunteers for better service delivery to people in need</b>	<b>28,000</b>
<b>Middle East and North Africa</b>		
<b>Iraq</b>	<b>Health education for children:</b> education on communicable diseases and personal hygiene for children in vulnerable areas	<b>26,804</b>
<b>Lebanon</b>	<b>Safe blood components:</b> maintaining the quality management enhancement achieved in past years; providing 2,375 free tested blood units	<b>30,000</b>
	<b>Total for 2018</b>	<b>395,782</b>

Appendices: Regulations (in force since 2015)  
Statement of Accounts for 2017 and 2018

# Empress Shōken Fund

## Regulations

***(Approved by the Sixteenth International Conference of the Red Cross, London 1938, and revised by the Nineteenth International Conference, New Delhi 1957, the Twenty-fifth International Conference, Geneva 1986, the Council of Delegates, Budapest 1991, the Twenty-seventh International Conference, Geneva, 1999, the Twenty-eighth International Conference, Geneva 2003, the Council of Delegates, Seoul 2005 and Geneva 2015)***

**Article 1** - The sum of 100,000 yen in Japanese gold presented by H.M. The Empress of Japan to the International Red Cross on the occasion of the Ninth International Conference (Washington, 1912) to promote "relief work in time of peace", was increased to 200,000 yen by a further gift of 100,000 yen from their Majesties The Empress and The Dowager Empress of Japan, on the occasion of the Fifteenth International Conference, (Tokyo, 1934). The Fund was further increased by a gift of 3,600,000 yen from H.M. The Empress of Japan, on the occasion of the Red Cross Centenary in 1963, and by successive contributions from the Government of Japan since 1966, and from the Japanese Red Cross Society. This fund shall be entitled: "The Empress Shōken Fund".

**Article 2** - The Fund shall be administered and its revenues distributed by a Joint Commission of six members chosen in their personal capacity. The Joint Commission shall be composed equally of three members appointed by the International Committee of the Red Cross and three by the International Federation of Red Cross and Red Crescent Societies; the quorum shall be four. The Chairman of the Joint Commission shall be on a permanent basis one of the representatives of the International Committee of the Red Cross whereas the International Federation of Red Cross and Red Crescent Societies shall provide the Joint Commission's Secretariat. The Joint Commission shall meet at Geneva, in principle at the headquarters of the International Federation of Red Cross and Red Crescent Societies.

**Article 3** - The capital of the Fund as well as subsequent donations and contributions shall remain intact. The reserve for loss on investment has to be kept at adequate level (up to 20% of total assets) through donations, interest and capital gains. Only revenues provided by interest and capital gains may be used for allocations awarded by the Joint Commission to meet all or part of the cost of the activities enumerated below:

- (a) Disaster preparedness
- (b) Activities in the field of health
- (c) Blood transfusion services
- (d) Youth activities
- (e) First aid and rescue programs
- (f) Activities in the field of social welfare
- (g) Dissemination of the humanitarian ideals of the Red Cross and Red Crescent
- (h) Such other programs of general interest for the development of the activities of the National Red Cross and Red Crescent Societies.

**Article 4** - National Red Cross and Red Crescent Societies wishing to receive an allocation shall make the necessary application through their Central Committees to the Secretariat of the Joint Commission before 31 December of the year preceding that in which the allocations are to be made. Applications shall be supported by full details concerning the particular activity selected from among those specified in Article 3 above.

**Article 5** - The Joint Commission shall examine the applications mentioned in the previous Article and shall make such allocations as it considers just and suitable. It shall each year communicate the decisions it has taken to National Red Cross and Red Crescent Societies.

**Article 6** - National Red Cross and Red Crescent Societies which feel obliged by circumstances to put the allocations received to uses other than those specified in their applications for grants under Article 4 must ask for the Joint Commission's approval before doing so.

**Article 7** - National Red Cross and Red Crescent Societies shall send to the Joint Commission, not later than twelve months after receipt of the allocations, a report on the use of the allocations received.

**Article 8** - The announcement of distribution shall take place each year on 11 April, the anniversary of the death of H.M. The Empress Shôken.

**Article 9** - A sum which shall not exceed CHF 50,000 shall be set aside to cover the cost of administering the Fund and of assisting the National Societies concerned in the realization of their projects.

**Article 10** - The Joint Commission shall present to each Council of Delegates of the Red Cross and Red Crescent a report on the current financial situation of the Fund, the allocations which have been made since the preceding Council and the use made of those allocations by National Societies. The Council of Delegates shall transmit this report to the Japanese Imperial Family through the intermediary of the Japanese Red Cross Society.

EMPRESS SHÔKEN FUND  
Balance Sheet as at 31 December

<u>ASSETS</u>	<u>2018</u> <u>CHF</u>	<u>2017</u> <u>CHF</u>
<b>Current assets</b>		
Derivate financial instruments measured at fair value (Note 8)	623	-
Cash at banks	762.723	869.156
Investments (Note 5)	14.719.730	15.744.629
<b>Total Current assets</b>	<b>15.483.076</b>	<b>16.613.785</b>
 <b><u>LIABILITIES AND CAPITAL RESERVES</u></b>		
<b>Current liabilities</b>		
Accounts payable (Note 7)	13.866	6.402
Derivate financial instruments measured at fair value	-	4.177
Deferred unrealized gain on investments (Note 5)	-	234.207
<b>Total Current liabilities</b>	<b>13.866</b>	<b>244.786</b>
<b>Capital &amp; Reserves</b>		
Capital (Note 3)	12.271.825	12.226.975
Reserve for loss on investments ( Note 6)	2.383.638	3.148.926
Reserve for future distributions (Note 4)	813.747	993.097
<b>Total Capital &amp; Reserves</b>	<b>15.469.210</b>	<b>16.368.999</b>
	<b>15.483.076</b>	<b>16.613.785</b>



## EMPRESS SHÔKEN FUND

Statement of Income and Expenditure for the year ended 31 December

	<u>2018</u> CHF	<u>2017</u> CHF
<b><u>OPERATING INCOME</u></b>		
Dividend and interest income, tax refund	139.213	232.518
Japan Red Cross contributions	44.850	44.964
Realized gain on investments	192.455	383.332
Net gain on derivative financial instruments (Note 8)	623	-
<b>Total operating income</b>	<b>377.141</b>	<b>660.814</b>
<b><u>OPERATING EXPENDITURE</u></b>		
Investment manager fee	17.331	17.947
Fund administration fee	50.000	50.000
Audit fee	4.250	4.100
Bank transfer charges	359	-
Catering expenses	219	-
Translation expenses	13.646	6.402
Net loss on derivative financial instruments	-	4.177
<b>Total operating expenditure</b>	<b>85.805</b>	<b>82.626</b>
<b>Net income over expenditure from operating activities</b>	<b>291.336</b>	<b>578.188</b>
Unrealized (loss) on investments	(765.288)	-
<b>Total (loss) / income for the year</b>	<b>(473.952)</b>	<b>578.188</b>
<b><u>ALLOCATIONS</u></b>		
Allocation to Capital (Note 3)	44.850	44.964
Allocation to Reserve for future distributions (Note 4)	246.486	486.382
(Decrease) / Increase of Reserve for loss on investments (Note 6)	(765.288)	46.842
	<b>(473.952)</b>	<b>578.188</b>

## EMPRESS SHÔKEN FUND

Notes to the Financial Statements for the year ended 31 December 2018

Note 1 - Activity

The Empress Shôken Fund (the "Fund") is administrated by a Joint Commission of six members chosen in their personal capacity. The Fund is based in Geneva.

The Joint Commission is composed equally of three members appointed by the International Committee of the Red Cross and three by the International Federation of Red Cross and Red Crescent Societies. The day to day administration of the Fund is carried out by an administrator appointed by the Joint Commission.

Only interest and capital gains may be used for allocations awarded by the Joint Commission to meet all or part of the cost of the activities detailed in Article 3 of the Regulations for The Empress Shoken Fund (the "Regulations")

Note - 2 - Significant accounting policies

The Fund financial statements are presented in Swiss Francs and have been prepared using the accrual basis of accounting, under which, the effects of transactions and other events are recognized when they occur (and not as cash or its equivalent is received or paid) and they are recorded in the accounting records and reported in the financial statements of the period to which they relate.

Investments in securities are valued at market value. In order to cover current as well as potential future losses, unrealised gains are allocated to the "Reserve for loss on investments" until such reserve reaches 20% of the market value.

The Reserve for future distribution is funded by the appreciation of the investment portfolio and the excess of income over expenditure. Distributions are made on the basis of National Society grant requests and subject to approval by the Joint Commission.

According to Article 9 of the Regulations, a sum which shall not exceed CHF 50,000 shall be set aside to cover the cost of International Red Cross and Red Crescent Societies in administering the Fund and in assisting the National Societies concerned in the realization of their projects.

Note 3 - Capital as at 31 December 2018

	CHF
Capital as at 1 January 2018	12.226.975
Contributions from Japanese Red Cross Society	44.850
Capital as at 31 December 2018	<u><u>12.271.825</u></u>

Note 4 - Reserve for future distribution

Opening Balance 2018	993.097
97th Allocations approved in 2018	(425.836)
Transfer excess income over expenditure	54.031
Transfer gains on investments	192.455
	<u><u>813.747</u></u>

## EMPRESS SHÖKEN FUND

Notes to the Financial Statements for the year ended 31 December 2018

Note 5 - Investments

	Shares	Bonds/Notes	Total
PAM closing Balance 2017	7.048.980	8.695.649	15.744.629
PAM closing Balance 2018	5.888.320	8.831.410	14.719.730
Net (decrease)/increase	<u>(1.160.660)</u>	<u>135.761</u>	<u>(1.024.899)</u>

The net (decrease)/increase in the investments includes purchases, sales and unrealized gains and losses.

Note 6 - Reserve for loss on investments

Opening balance 2018	3.148.926
Transfer unrealized loss on investments	(765.288)
31 December	<u>2.383.638</u>

The Reserve for loss on investments has decreased due to unrealized losses on investments at 31 December 2018.

Note 7 - Accounts payable to the IFRC

	31/12/2018	31/12/2017
Catering expenses	219	-
Translation expenses	13.647	6.402
	<u>13.866</u>	<u>6.402</u>

Note 8 - Derivate financial instruments measured at fair value

During the year, the Empress Shoken Fund used derivative financial instruments, notably foreign currency swaps. These financial instruments are used by the Empress Shöken Fund to mitigate foreign exchange risk and are recognized at fair value with subsequent movements in value reported through the statement of Income and Expenditure.

The following derivative instruments were outstanding:

**As at 31 December 2018**

Currency	Notional value	Fair Value gain / (loss)	Maturity date
EUR	-181.837,00	232,00	21/03/2019
GBP	-44.027,00	-84,00	21/03/2019
USD	-142.569,00	475,00	21/03/2019
<b>Total</b>		<b>623,00</b>	