



annual  
report  
2007

**SNV**

Connecting People's Capacities

Netherlands

Development

Organisation



annual  
report  
2007



# Our mission

SNV is dedicated to a society in which all people enjoy the freedom to pursue their own sustainable development. SNV contributes to this by strengthening the capacity of local organisations.

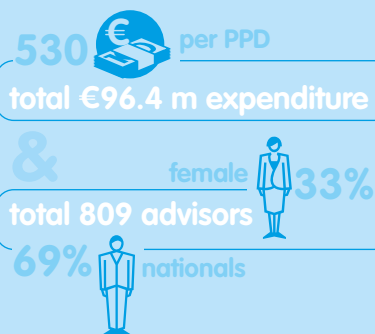
SNV provides advisory services in five geographic areas: Asia, the Balkans, East and Southern Africa, Latin America and West and Central Africa. We direct our activities at improving access to basic services and increasing income, production and employment of poor people. To achieve maximum impact and sustainability, SNV also brokers knowledge and works with and through local capacity builders, as a liaison for achieving development.

SNV strongly believes in creating synergy with other development institutions and actively engages in partnerships that can accelerate impact and create sustainability.

# 2007 in facts and figures

## Examples of impact

- Vietnam: Improved income by diversifying their businesses and gaining better access to markets for 19,000 disadvantaged farmer households (page 14)
- Montenegro: Increased and sustained income from non-timber forest products for over 20,000 villagers (page 28)
- Rwanda: Access to biogas for 763 people, saving time and improving their health (page 38)
- Peru: Increased income for 3,000 coffee-growing families (page 48)
- Burkina Faso: Improved access to primary health care through health schemes for 28,000 Burkinabé working in the non-formal sector (page 58)



## Outcome

- SNV served over 2,500 clients – of which more than 750 were local capacity builders – in 33 countries in five regions
- 93% of the services contributed successfully to enhancing the capacities of the clients



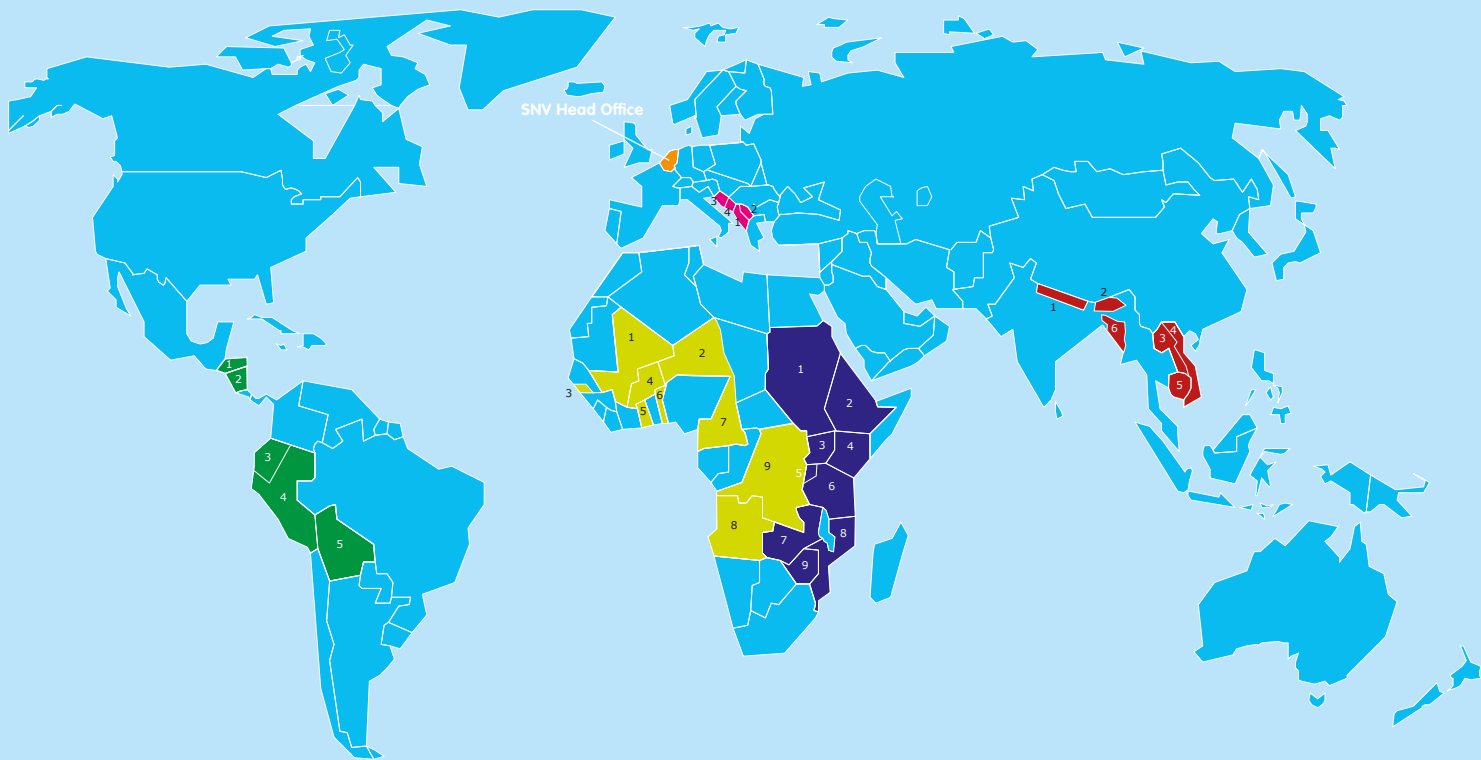
## Output

- 168.000 primary process days (PPD's) – in line with 2006 – were produced by SNV advisors, subcontracted local capacity builders and external consultants
- 9% of the services were subcontracted to local capacity builders



## Input

- Total expenditure was €96.4 million versus €97.8 million in 2006
- Cost per primary process day decreased from €548 to €530
- Number of SNV advisors decreased from 909 to 809, while the share of nationals increased from 65% to 69%.



#### Latin America

- 1 Honduras
- 2 Nicaragua
- 3 Ecuador
- 4 Peru
- 5 Bolivia

#### West and Central Africa

- 1 Mali
- 2 Niger
- 3 Guinea Bissau
- 4 Burkina Faso
- 5 Ghana
- 6 Benin
- 7 Cameroon
- 8 Angola
- 9 DR Congo

#### East and Southern Africa

- 1 Sudan
- 2 Ethiopia
- 3 Uganda
- 4 Kenya
- 5 Rwanda
- 6 Tanzania
- 7 Zambia
- 8 Mozambique
- 9 Zimbabwe

#### Balkans

- 1 Albania
- 2 Macedonia
- 3 Bosnia Herzegovina
- 4 Montenegro

#### Asia

- 1 Nepal
- 2 Bhutan
- 3 Lao PDR
- 4 Vietnam
- 5 Cambodia
- 6 Bangladesh

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# Report of the Supervisory Board

Having secured its funding in a new subsidy agreement with the Dutch Ministry of Foreign Affairs, SNV was set to pave its way forward to enhance impact in its mission: to contribute to reducing poverty through strengthening local capacities. In 2007, SNV further shaped and fine tuned its strategy for 2007–2015, building on the path set in previous years. In this light SNV has positioned its corporate attention on choices aligning with [national development strategies](#), sharpening attention towards increasing access to [basic services](#) and production, income and employment. In 2007 SNV also strengthened its connections and collaboration with the Embassies of the Kingdom of the Netherlands and other development [actors](#).

SNV staff in all regions and Head Office kept the strategy for 2007–2015 in the forefront of their thinking and concern. But they did not let the organisational transition get in the way of their interventions for the poor. In all staff efforts, the Supervisory Board clearly sees more alignment and a clearer corporate identity.

The Supervisory Board maintained its good working relations with the Board of Directors, extending its supervisory role by acting as a sounding board for the organisation. We attended thematic meetings with the private sector, visited field offices and connected to other developing organisations and donors.

In 2007, we continued to advise and supervise SNV's activities and monitored results. We have paid increased attention to internal and external evaluations and made discussing them a priority in our meetings with the Board of Directors. Attention for impact, quality and focus increased.

SNV's role will continue developing in the future. Accountability is a trend that will become even more prominent in the international agenda. In the years to come SNV can extend its value of strong local presence by taking a more prominent role in guarding that accountability, especially accountability of governments towards the population.

The current focus of SNV has started paving the way for the future – a future in which SNV is better able to account for its efforts, to show impact, and most of all, a future in which SNV makes a substantial contribution towards reducing poverty and enhancing good [governance](#). SNV is humbled by its mission to strengthen local capacities; it is also highly motivated and ready for that future to start.



*Lodewijk de Waal  
Chairman, Supervisory Board  
April 11, 2008*

# Report of the Board of Directors



# Alignment and focus

At the end of 2006, SNV was about to launch a new strategy cycle. The year 2007 can be characterised as a time of fine tuning the new strategy and preparing to implement it over the next nine years. Impact and focus remain key to the strategy; it also emphasises commitment to quality and being engaged and effective in answering the ever-greater international call for results in development cooperation. SNV began to direct all its activities towards generating income and employment and access to [basic services](#), in line with [national development strategies](#) and the Millennium Development Goals.

International development organisations, including SNV, strongly believe that donors must significantly harmonise on objectives and financial modalities if the Millennium Development Goals are to be reached by 2015. Also in that light SNV has strengthened its existing relations with international players. Answering to the Dutch Ministry of Foreign Affairs, more specifically the Directorate General for International Cooperation (DGIS), SNV actively engages in finding new partners and promotes public-private partnerships with the potential to make a difference in poverty reduction.

## **Alignment with Millennium Development Goals**

It is widely believed that national ownership with regard to development issues is a precondition for achieving impact. Aligning with [national development strategies](#) based on the Millennium Development Goals is increasingly seen as a starting point for development cooperation. In 2007, SNV increasingly aligned its activities with national strategies. In particular in Asia, the Balkans, and West and Central Africa SNV even aims for total alignment.

## **Complementarity with Dutch development cooperation**

The Directorate General for International Cooperation is SNV's most important partner and largest funder. Through the independent and fundamentally different roles that [DGIS](#) and SNV play they are well placed to reinforce each other. SNV wishes to use its unique position and outreach potential to strengthen its complementarity with the ministry. In 2007 SNV started dialogue with the embassies in all countries in which it is involved to discuss significant and meaningful complementarity and to develop a common vision on jointly agreed sectors and themes.

In June 2007, SNV and [DGIS](#) officials together visited Mali and Burkina Faso to experience and discuss complementarity in practice. In a joint letter of August 2007 to embassies and SNV field offices, SNV and [DGIS](#) management successfully spurred staff on to deepen their mutual relations. SNV has committed itself to allocate a minimum of 50% of the volume of its core spending in [DGIS](#) partner countries to provide for capacity development services in jointly agreed sectors and themes by 2008. This will be monitored in the regular policy dialogue of SNV with the ministry.

## **Bridging the micro-macro divide**

Over the years, SNV has acquired a strong local presence in 33 developing countries. Working at the [mesolevel](#) with [local capacity builders](#) and key [local actors](#) provides SNV with the ability to help in bridging the [micro-macro divide](#) – that is the lack of connection between macro plans and local realities, which often slows down the intended effectiveness of development cooperation. SNV can facilitate [meso-level](#) organisations (those operating between and linking the national and local levels) to strengthen their position as co-shapers and co-owners of broader develop-

**DGIS on complementarity**

*'Complementarity is a relatively new concept within Dutch development cooperation. It relates to finding new ways and means to improve cooperation between Dutch organisations operating in the field. One could say we have established our own Paris agenda here. When I say Dutch organisations, I mean our embassies, Dutch civil society organisations, and of course SNV. Seeking complementarity means not only working closer together but also looking for opportunities where we can strengthen each other—in other words, looking for synergy. We have made progress here, especially in our collaboration with SNV, but more can be done. We wish to keep on broadening the notion of complementarity also to the Dutch private sector.'*

from speech by Ruud Treffers, director general for International Cooperation, at SNV's reception for external stakeholders, 19 December 2007

ment agendas. Aligning with and participating in national development strategies based on the Millennium Development Goals, and supporting clients to link up with national-level agencies, among others the Dutch embassies, are ways to achieve that. In that way SNV also helps actors operating at the national level to better link to local players and realities. SNV has started to accelerate its engagement with local capacity builders. The volume of services delivered by local capacity builders that SNV subcontracted was 9% in 2007.

**More focus**

Alignment with national development strategies, donor harmonisation and above all increased focus on impact as set forth in the 2007–2015 strategy paper had far-reaching implications for the regions. The regions took on a stronger focus in two impact areas. These impact areas are: 1) access to basic services and 2) increased production, employment and income. Within the impact area of 'access to basic services' SNV decided to concentrate on education, water and sanitation, health and renewable energy. Within 'production, income, employment' countries and

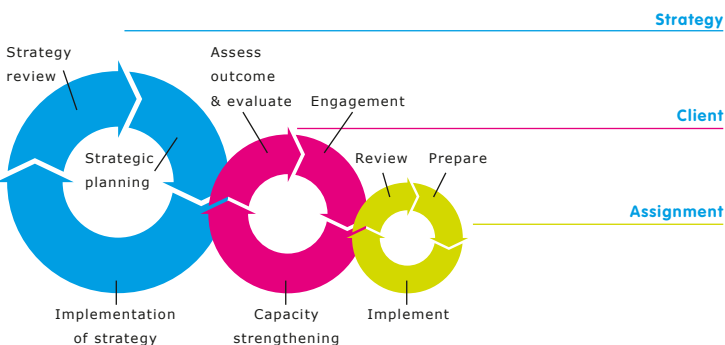
regions identified products and services that have potential for development impact.

Compared with the year before, regional plans increasingly included concrete preparations for resource mobilisation. The Balkans and Latin America are facing the gradual transition from a sole core source of subsidy from DGIS to a new and diverse base of resources. SNV wishes to secure its strong local presence in these regions and is convinced of the need for its activities in capacity development. Accordingly, Latin America completed a visioning process that clearly defined its value proposition, geographic focus, and operating strategy for the coming years that will accelerate and scale its impact on poverty and inequity in the region while diversifying and leveraging its resource base. The vision was vetted by leading global thinkers ranging from Harvard University to the Inter-American Development Bank in addition to the numerous local actors and clients with whom SNV engages on a daily basis. The Balkans largely refocused their programmes in 2007 and simultaneously embarked on a visioning process, to be finalised early in 2008.

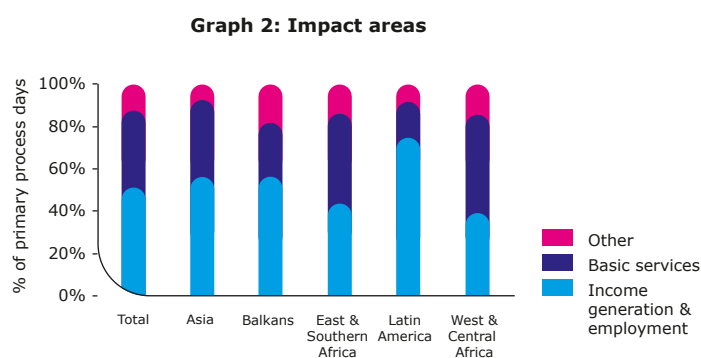
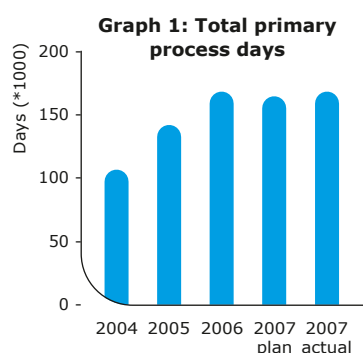
**Developing corporate quality standards**

The SNV strategy 2007–2015 calls for increased impact in the areas of access to basic services and to income generation, production and employment. SNV motivated staff to embrace the strategy, building on the mission set out in past years. Staff were stimulated to increasingly focus on results, and to continuously question the relevance, effectiveness and efficiency of all SNV activities. This thinking was captured into a refreshed set of corporate standards and tools interlinking activities to strategy, clients and assignments: the so-called Triple AAA model. The model makes it possible for SNV to achieve measurable results and increase its quality in capacity building.

**SNV's primary process**



# Work and clients



In 2007, SNV spent more than 168,000 days –in line with last year and slightly above plan– on its 'primary process': building local capacities to reduce poverty and promote good governance (graph 1). More than 85% of the activities were directed at the two impact areas 'access to basic services' and 'increased production, income and employment' (graph 2).

In 2007, the regions zoomed in on the two impact areas. Within those impact areas, the regions carefully selected their positioning choices for 2008 therein (see table below). In this selection process, national development strategies, SNV's experience in the region, alignment with the Dutch embassies and the desire to focus for

enhanced impact were crucial factors. Regional targets placed within national development strategies and agendas to which SNV intends to contribute will now guide and drive the organisation.

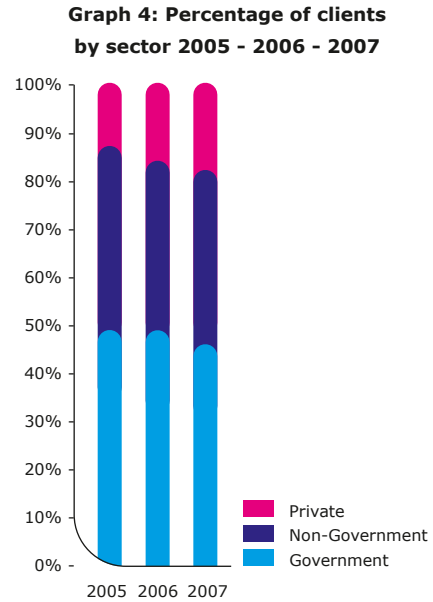
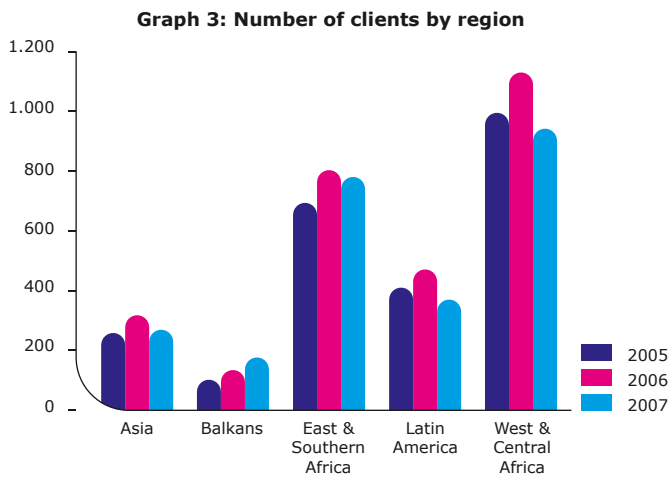
SNV is foremost an advisory service organisation; 99% of its primary process days were directed at this discipline. Directed by the wider SNV strategy, SNV has prepared to slowly extend its primary service by three additional delivery channels: knowledge brokering, advocacy and support of innovative financial mechanisms for local capacity builders. The year 2007 showed preparation and experimentation with these complementary services.

**Table 1: Positioning choices within the regions**

	Asia	Balkans	East & Southern Africa	Latin America	West & Eastern Africa
Primary education			•		•
Water and sanitation	•	•	•		•
Renewable energy / biogas	•		•	•	•
Livestock / pastoralism			•		•
Oilseeds and biofuels			•	•	•
Horticulture / farm cash crops	•	•	•	•	•
Timber / non-timber forest products	•	•	•	•	•
Tourism	•	•	•	•	•

□ Basic services    ■ Income generation and employment





A monitoring protocol for the new strategy was set up together with the Ministry of Foreign Affairs in 2007. Its aim is to jointly monitor SNV progress and results, to account for all resources received of the Ministry and to contribute to the learning process of both SNV and DGIS at operational, but especially at strategic level. The protocol contains a set of monitoring indicators for both developmental results (output, outcome, impact level) and organisational results (strategy, human resources and finance).

**Clients**

In 2007 SNV served 2,533 clients; 2,710 clients had been targeted (graph 3). The drop in number of clients is the consequence of the stronger strategic focus in the two mentioned impact areas, whereby SNV spends more days with a smaller group of strategically selected clients. The number of clients is likely to decrease further in 2008, when exit strategies with a number of clients will be finalised. Attention to the private sector increased somewhat, at the expense of attention to governments (graph 4).

**Governance for Empowerment**

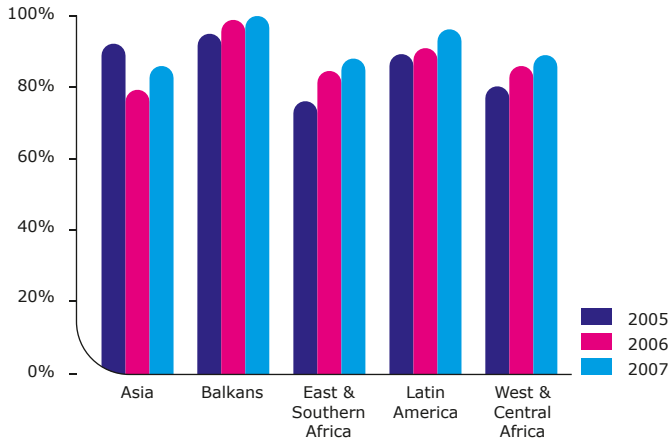
Governance is the system of relations, values, policies, institutions and processes by which a society manages its economic, political and social affairs at all levels in society (UNDP). Generally accepted good governance principles are: accountability/transparency, effectiveness and efficiency, rule of law, participation and responsiveness, and equity/inclusiveness.

SNV's Governance for Empowerment approach is a specific take on good governance, which seeks a change in power relations that expands assets and capabilities of poor people to co-shape (hold accountable, participate in, negotiate with, influence and control) institutions, policies, values, relations and processes that affect their lives.

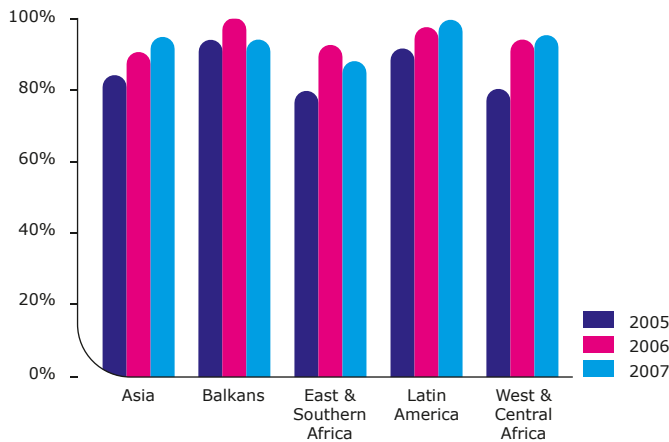
In 2007, SNV introduced corporate standards for our advisory work. Part of these corporate standards was a more active stance in client relations. For each assignment advisors map the various actors, beneficiaries and stakeholders at all levels, in 'actor constellation maps'. These maps are a supportive tool in understanding the links between various actors and their roles and power in the process.

Internal evaluations show a steady increase in client satisfaction. The results of the various assessments with clients are encouraging – client satisfaction has topped 90%, while 93% of the

**Graph 5: Client satisfaction**



**Graph 6: Enhanced capacities**



**Actor constellation for education initiatives – Eldoret, Kenya**

Take for instance the issue of education in Eldoret, in the North Rift region in Kenya. We mapped out the positions of all actors within the constellation of Eldoret’s complex educational system. This showed us that we continue to cover a complex mosaic of stakeholders from within government, the private sector, and civil society. Enabling these interrelated organisations to meet one another and explore what they can mutually offer has revealed a potential problem of a shortage of school places for 5,000 children. The solution, which is the participation of the private sector to contribute to pro-poor education, clearly lies within the same constellation of actors. SNV has played a key role so far in enabling individual actors to do what they do much better, and to help the collective constellation act more coherently. Making informal contacts, being open minded to ideas from both local-level and high-profile organisations and individuals in the society, and taking advantage of every opportunity that presents itself, like those for private sector support to education or e-learning for street children. That has been the driving force behind the success of the enquiry process.

‘The actor constellation map in practice’  
Joseph Langat, senior education advisor, Kenya

primary process days have successfully contributed to SNV’s primary goal of enhancing capacities. This is a significant improvement compared to previous years (see graph 5 and 6). However, the greatest value of the systematic reviews lies not with the scores as such, but in the fact that these reviews allow SNV to continuously learn from its clients and consequently improve its services. The coverage of the internal evaluations was boosted from 64% to 88% of all primary process days.

SNV strengthened its engagement with local capacity builders, who SNV sees as clients for building their own capacities, as subcontractors for providing services to others, and as partners with whom SNV shares interests and ambitions in a broader context. In 2007 SNV directed 29% of its advisory services to these local capacity builders, and 9% of the primary process days were delivered by local capacity builders whom SNV had subcontracted.



# Dovetailing investment strategies

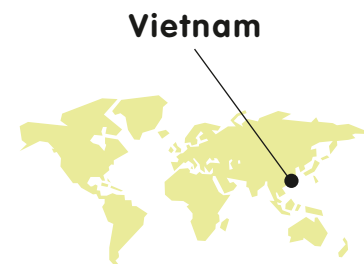
SNV and the Netherlands Embassy in Vietnam

Capacity Development Illustrated



Over the past 12 years, the working relationship between the Netherlands embassy and SNV in Vietnam has weathered numerous policy and organisational changes. Today's fruitful, if informal, match of the embassy's macro-level support to budget and policymaking with SNV's advisory services at the





**subnational-level shows that the collaboration has matured a great deal – from the days of symbiosis, when SNV was still part of the Dutch bilateral aid system, to an alliance that is considerate of the parties’ different exigencies and succeeds well in finding common ground in investment choices.**

‘We work in the same fields but we often operate at different levels,’ says Bengt van Loosdrecht, deputy head of mission in Vietnam. ‘The strength of SNV is its consultation skills with local actors, which produces visible results on the ground, whereas the embassy consults with government about budget support for social policies. Those results are countrywide and therefore more implicit.’

Logical? Not so logical, perhaps. Working ‘on different levels’, without formal connections binding the two parties, easily brings the risk – even if working in the same sectors – of lack of coordination, consultation and communication. To succeed, such a partnership requires trust. It also requires a common vision. The collaboration between the embassy and SNV in Vietnam satisfies both these conditions. Trust has been built on delivering development results and being willing to confer on processes and events at the appropriate stage. The common vision and shared conviction is that it takes a sector-based approach – in terms of both budget support and advisory services – to achieve pro-poor development results.

Sector-based investments are supported by Vietnam’s enabling environment for development cooperation. Over the past 15 years, the government has adopted progressively pro-poor policies, resulting in reducing poverty, from 58% in 1993 to 16% in 2006, making it the envy of the world. Following the Paris Declaration on Aid Effectiveness in 2005, Vietnam has sought to

localise the declaration in the Hanoi Core Statement, which was signed with development partners in 2006. That was to underscore – not so much initiate – the willingness of the government to adopt sector-based, pro-poor investment strategies. The government’s ownership of the development agenda helps to increase the efficiency and effectiveness of contributions by international partners.

Still, when scratching the elegant surface of successful poverty reduction in Vietnam, familiar fault lines appear. Also, the micro-macro gap is very much alive: the disconnect between national policies and reality on the ground. This is exemplified by a growingly exposed lack of capacity – to plan, to invest, to monitor – at intermediate administrative levels trying to cope with the pace of development and the strains of modernization. For all of Vietnam’s economic prowess, it appears at the same time to be bursting at the seams. Economic development heavily affects the environment and does not yield benefits to the population equally. This disparity can be witnessed by the growing gap between urban and rural populations, and between the majority Kinh and ethnic minorities. A rights-based approach to social inclusion and gender equity binds the embassy and SNV, instinctively partnering as soft advocates for inclusive growth.



It may come as a surprise that the most obvious example of 'results on the ground' is at the same time the least direct visible example of the partnership. The Vietnam Biogas Programme (2003–2010) is implemented by the government of Vietnam with help of a direct grant by DGIS and supported by advisory services delivered by SNV. The embassy is not directly implicated but does play an important supportive role, giving a boost to the institutional setting in which this innovative venture has had to find its way. As a result, the Vietnam Biogas Programme is on track to achieve the ambitious production target of 140,000 household-based plants delivering clean energy, together with highly effective organic fertiliser (bioslurry) as well as less tangible but no less important benefits in the areas of health and gender. Moreover, the programme's financing potential based on reduced carbon emissions has triggered the interest of third parties, in both development and private sectors.

The hidden charm of the Vietnam Biogas Programme is that farmers are famously buying in to it, recognising that the economic and environmental benefits of the biodigesters offset their considerable investment in a short period of time.

The sector-based approach bridging the **micro-macro gap** and the quality of advisory services coupled with financial investment and looking for public-private partnerships are the main drivers for dovetailing pro-poor investment strategies. These are also to be found in other manifestations of the SNV-embassy partnership in Vietnam. In the forest sector, this dates back to the time when SNV was part of the ministry. Since 2000,

the Netherlands embassy and SNV have worked closely together in pioneering at provincial level in the north central part of Vietnam for small-holder farmers, typically the ethnic minority, to have access to productive forest land. Through the land-use planning and the land-allocation mechanism, documentation of land rights was assured. Scaling this pilot up to five provinces is envisaged in the Pro-Poor Forestry Programme. This programme takes the process one step further by creating a live link between decentralised forest management and forest product chains, both timber and non-timber. As a result, 19,000 disadvantaged farmer households in remote areas should be able to improve their income by diversifying their businesses as well as having better access to markets.

The conception, birth and teething problems of the Pro-Poor Forestry Programme are illustrative of the close relationship between SNV and the Netherlands embassy in the forest sector. Drawing from previous experience, SNV has from 2003 onwards been intimately involved in designing the programme. Its funding is secured through the Trust Fund of Forests, a basket fund instituted in 2004 under Vietnam's Forest Sector Support Partnership. The Netherlands is one of three main donors. This trust fund constitutes the first effort in the Vietnam forest sector to harmonise and align donor funding. Moreover, the Pro-Poor Forestry Programme was to channel parts of these funds directly to provincial authorities, thus creating an unprecedented by-pass of Vietnam's traditionally strong central budgeting and planning mechanisms. For these reasons, the Pro-Poor Forestry Programme took agonisingly long to materialise in the form of a



If poor people in Vietnam grow more confident about engaging in their own development prospects, that will constitute the ultimate dovetailing investment plan.

### Similar cases

signed grant agreement, in April 2007. And that was the beginning of another joint effort of vigilance by SNV and the embassy, to avoid losing the original socially inclusive approach when the programme was translated into operation, which finally happened in November 2007. This experience shows that the Netherlands embassy and SNV are in together for the long haul, beyond basic considerations of budget support or advisory services.

Looking forward, SNV and the embassy in 2007 compared notes on their respective multiannual strategy plans for the coming two to three years. This has resulted in strengthening the mutual appreciation of each other's missions as well as the confirmation that sector overlap can and should be translated into dovetailing investment strategies.

Moreover, SNV is charting new terrain on linking up with Dutch private investors in Vietnam (for example in coffee, cacao, clean water), promoting inclusive business strategies that indicate the embassy's growing focus on economic partnership between the two countries as well as SNV's evolving operational paradigm. These trends reflect a common concern of the embassy and SNV to assist Vietnam in being one of the few countries to reap an inclusive and sustainable 'growth dividend'.

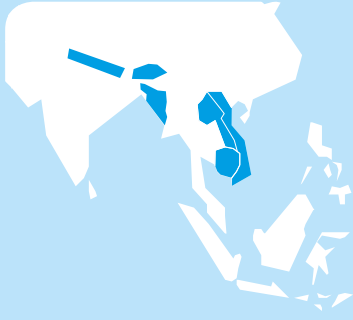
SNV aims to align with the Embassies of the Kingdom of the Netherlands in all countries it is involved in. Examples of alignment can be found in, for instance,

#### *Rwanda*

SNV and the embassy strive to enhance their strategic positions and align their work in the area of decentralisation and local administration. This includes the increase of access to and delivery of **basic services** like renewable energy, education and water, sanitation and hygiene. 15,000 families are targeted in the biogas programme by 2011. Second area of mutual attention is governance for empowerment, including gender, social inclusion, HIV/AIDS and environment sustainability.

#### *Albania*

In Diber, north-eastern Albania, SNV is helping the local governments to benefit from the three-year programme of the Embassy of the Kingdom of the Netherlands. The programme provides financial support for local government units that prove to be capable and accountable for implementing their strategic plans. So far, four communes and two municipalities have won projects to reconstruct roads, build irrigation and sewage systems, commercial markets, etc, with a total amount of €479 thousand.



## Regional highlights: Asia

Asia is showing impressive economic growth but also experiencing conflict, instability, social exclusion and increasing inequality in many countries. As the region is still home to two-thirds of the world's poor, SNV has a strong commitment in ensuring sustainable development impact.

### Asia presence, local impact

Examples of SNV's success in Asia include the renewable energy programmes. Thirty thousand households in Asia got access to biogas in 2007 through programmes supported by SNV. The biogas programmes of Vietnam and Nepal won prestigious international prizes, including the Energy Globe Awards and the Ashden Awards for Sustainable Energy. SNV is increasingly recognised as an organisation with expertise in domestic biogas throughout the world. Asia's biogas experience was used in the start-up of biogas programmes in Africa. Agreements for poor households to use carbon market revenues have been signed with rock group Normaal, MDF Indochina and the [HIVOS](#) climate fund. Smokeless kitchens, clean farms, considerable timesaving (2.5 hours per family per day), cost reductions are some of the benefits for now over 200,000 rural households that use biogas and increasingly also bioslurry. In Bangladesh, SNV's innovative approaches including the concept of establishing Biogas Village in some districts have helped the biogas programme to expand throughout the country, with the construction of about 2,400 biogas plants by the end of December 2007.

SNV Asia is also contributing to better access of rural households to water and sanitation. In Vietnam, SNV is introducing the concept of multi-stakeholder sector-wide planning, the use of the logical framework and mind mapping tools

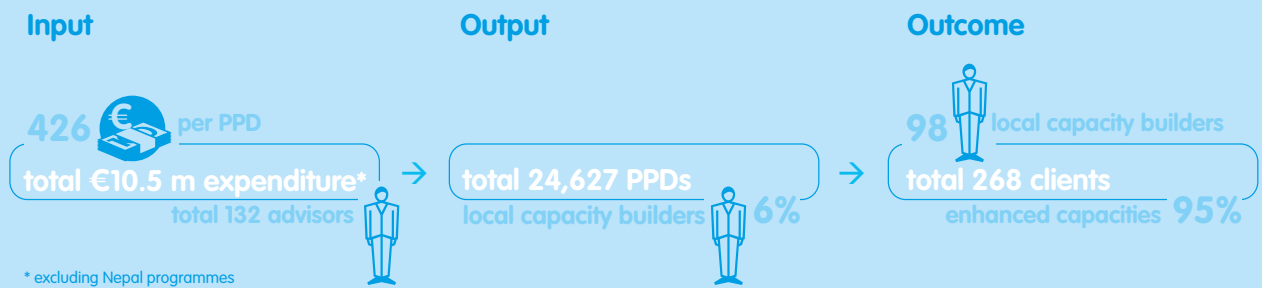


– the first of its kind for local stakeholders. In Bhutan, SNV continues to reinforce the success of the Rural Water Supply and Sanitation programme, with distribution of a practical water and sanitation toolkit, as well as 200 posters that benefit hundreds of community health workers throughout the country.

A leadership programme in Lao People's Democratic Republic that links leadership to organisational change and institutional development was successfully developed and implemented with three different groups of clients in Laos, who are mostly involved in tourism. An inspiring leadership forum was organised, hosted by national partners and clients, and supported by the World Bank Institute. In Bhutan, SNV supported the national women's association to upscale a women's leadership programme from the east to the remaining 14 districts of Bhutan.

SNV's pro-poor sustainable tourism activities are helping tourism stakeholders develop policies and practices that contribute to poverty alleviation. In Vietnam, SNV has been working closely with the Vietnam National Administration of Tourism and the World Tourism Organisation ([UNWTO](#)) in the development of the country's first Law on Tourism. With SNV's technical assistance and process facilitation support, Vietnam's Law on Tourism now contains specific directives and other provisions for sustainable development and poverty reduction and has gained recognition





as an international 'best practice'. In Cambodia, SNV is working closely with the Ministry of Tourism and UNWTO as part of the Sustainable Tourism – Eliminating Poverty (ST-EP) initiative – to design and implement the Mekong Discovery Trail. This project is expected to have impact on thousands of poor people who live in Kratie and Stung Treng – two poor north-eastern provinces on both sides of the Mekong River.

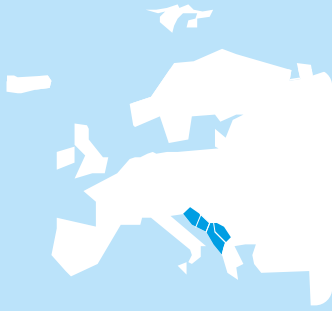
Many poor people in Asia have to rely on agriculture for livelihood. As a result, SNV's work in the Smallholder Cash Crop sector has had direct poverty alleviation impact. In Nepal, 500 smallholder tea farmers, united in an association with three factories, benefited from SNV's assistance in acquiring a Code of Conduct certificate. This resulted in a 20% increase in price for their products. SNV also supported the organisation of Madhesi Dalits, the untouchables, in the terai, to get citizenship for 53,000 excluded people. These citizenships are a basic condition for access to [basic services](#) and employment. Through building the capacity of their organisations, SNV Nepal is helping to empower such ethnic minorities as the Dalits and Madhesi Dalits, Chepang and Janajatis with special focus on the disadvantaged, mostly single women.

SNV Asia's forestry work has been appreciated by clients, partners and beneficiaries. In Bhutan, as part of the Community-based Natural Resource Management project, SNV supported the people in Bjoka to form a Community Forest Management Group and to develop a management plan which includes prescriptions for resource management as well as by-laws outlining the group norms and rules. The project helped secure access rights for 10 years for the 132 households of Bjoka. Bjoka people now produce about 20 high quality products instead of only the traditional baskets of different sizes. The Community Forest Management Group members have been able to obtain higher prices from buyers and their income is more than double what they were earning before the group was formed.

During 2007 SNV partnered with the United Nations Development Programme (UNDP) on approved local MDG projects in Bhutan, Lao PDR, Nepal, Vietnam and in the region. Local government officers and community leaders reported increased capacity and confidence to assess priorities, plan responses, make and implement decisions, and coordinate effectively with higher administrative levels to deliver better services and reduce poverty in their constituencies.

*'With challenges come opportunities. In the centrally led countries where SNV works, democratisation, opening markets and gradually increasing space for civil society, as well as new sources of funding for development, are providing opportunities for us and our clients. Our advisors are mobilising the carbon market for poor farmers' households with biogas plants and improved sanitation. This shows that we can scale up our contribution to reducing poverty and at the same time help mitigate climate change.'*

Andy Wehkamp – regional director, Asia



## Regional highlights: The Balkans

Working in four countries from 11 offices, starting in Albania in 1993 and extending its services in 2005 into three more countries, SNV was ready to address the regional needs with its capacity development services in the challenging environment of the Balkans.

### The stage

The Balkans continues to be a challenging political environment with recent heightened tensions related to the status of Kosovo, the last ex-Yugoslav province under United Nations administration, since 1999. The western Balkan countries of Albania, Bosnia and Herzegovina, Macedonia and Montenegro continued their efforts to accelerate their integration into the European Union. Bosnia and Herzegovina and Montenegro took their first steps and signed stabilisation and association agreements with the EU, while Macedonia started to benefit from its pre-accession status through a €19 million rural development programme for 2007–2009. According to the EU progress report on the Balkans, Albania has made progress in democracy and in rule and law, and privatisation gained new momentum in 2007. Despite these positive developments, many challenges lie ahead for the western Balkan countries. High unemployment levels, shortages of qualified staff, poor infrastructure, and the need to align legislation and policies with European standards, to strengthen public administration and to improve the functioning of the market economy, are but a few.

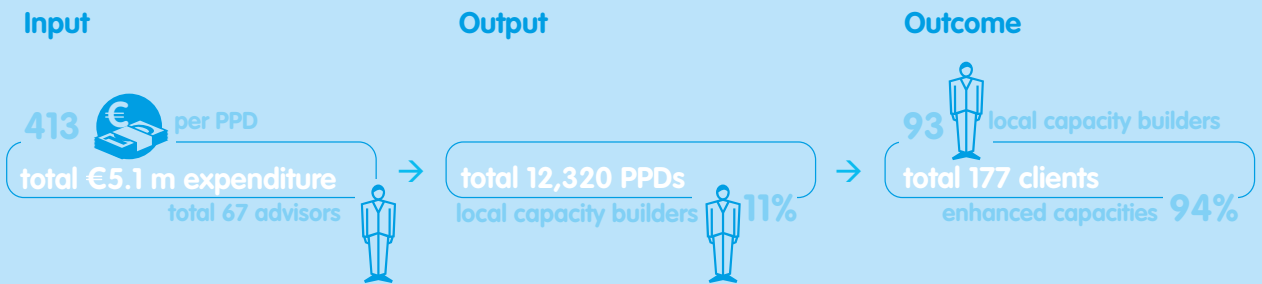
### Triggering results

SNV has achieved clear results in the Balkans, which have strengthened its belief in the relevance and purpose for continued existence in the region. In April 2007, for instance, SNV and

the embassy of the Kingdom of the Netherlands in Albania joined forces with the Regional Council of Diber and signed a memorandum of understanding that gave the green light to a three-year programme to strengthen local **governance** in this region. A trust fund managed by the regional government in an accountable and transparent manner and supported by the embassy provides financial support for local economic development initiatives. So far, four communes and two municipalities have received funding totalling €479,000 (out of €3.6 million in the total fund) for implementing initiatives aimed at improving the local economy and citizen incomes.

Again in Albania, SNV developed a report 'On monitoring and evaluation of the direct financial scheme to support orchards, vineyards and olive tree production in the Fier and Diber Regions' with the Albanian Ministry of Agriculture, Food and Consumer's Protection, which recommended that investments in the agriculture sector be enlarged by seeking co-financing with farmers as a way to approach the single-payment scheme used in EU countries. Early in December 2007, the Albanian minister for Agriculture, Food and Consumer's Protection, Jemin Gjana, announced that the government will double support to farmers, resulting in an additional €4 million for 2008.

The Montenegrins will soon have their first national forest policy, through a historical process that SNV assisted in which all relevant stakeholders had an opportunity to provide direct input into the policy. This step paved the way for a new approach to developing national policies aimed at improved **governance** and more equal income opportunities.



Together with local capacity builders and clients, SNV Balkans produced a number of guides. Examples in Bosnia and Herzegovina are 'A guide for the implementation of gender equality in local communities' and 'A tailor-made publication for members of the network of community builders in Bosnia and Herzegovina', which refers to relevant laws and regulations and provides information on institutions dealing with gender issues.

Special attention is paid to activities in remote areas, based on recent research on the situation of women in rural areas in Bosnia and Herzegovina. A joint publication with the Association of Municipalities and Cities of Bosnia and Herzegovina aims to inform municipalities of the opportunities for pre-accession funds

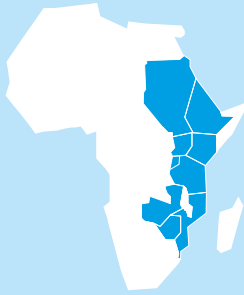


from the European Union. The association also participated in research activities on municipal experiences with public-private partnerships in local economic development and basic service delivery.

The SNV team in Stip, Macedonia, facilitated a broad partnership between the municipality of Berovo, the ProCredit Bank, and GTZ in organizing the Berovo festival programme. About 50 producers exhibited and sold their products at the fair. Their efforts were rewarded as an estimated 15,000 people from all over Macedonia and abroad, mainly from Serbia and Bulgaria, sampled their goods while celebrating the feast of the Holy Mary Bogodorica in the monastery area of Berovo.

*'It is inspiring to see that, in such a short time working in new countries and new sectors, a growing advisory team with a combination of technical, governance, organisational development and process expertise can yield real results and develop such strong relationships with key government and private actors. We have certainly planted the seeds for the years to come.'*

Courtney Bickert – regional director, Balkans



## Regional highlights: East and South Africa

SNV East and Southern Africa has written a comprehensive strategy for 2008 and put sound structures and systems in place. 'We have committed and dedicated staff at all levels to whom our priorities and challenges are crystal clear. This year was about organising ourselves and getting ready to implement the corporate strategy for the years to come,' says regional director Worku Behonegne.

### Challenges and opportunities

While the region as a whole experienced sustained high economic growth rates (Ethiopia 8.9%, Mozambique 7.5%, Rwanda 7%, Tanzania 6.8%\*) these rates are still not considered high enough to achieve the Millennium Development Goals of halving poverty by 2015. Equitable distribution of wealth remains a serious challenge to countries in the region.

The year 2007 saw the United Nations mid-term review of progress towards attaining the Millennium Development Goals. Despite successes in treating AIDS, increasing agricultural productivity, escalating school enrolments (Kenya, Tanzania, Uganda) and improving access to water and sanitation, most countries in the region will fail to meet the Millennium Development Goals by the target year of 2015.

The mainstay of the economy is agricultural and livestock raw materials and products. Climate change increasingly poses a new challenge to economic growth and poverty reduction. It is estimated that just a 2% rise in the annual average temperature could destroy the complete coffee crop in Uganda. The tourism sector is increasingly becoming an important driver of growth. However, distribution of wealth

this sector generated remains inequitable and seldom benefits local communities and producers.

### Connecting

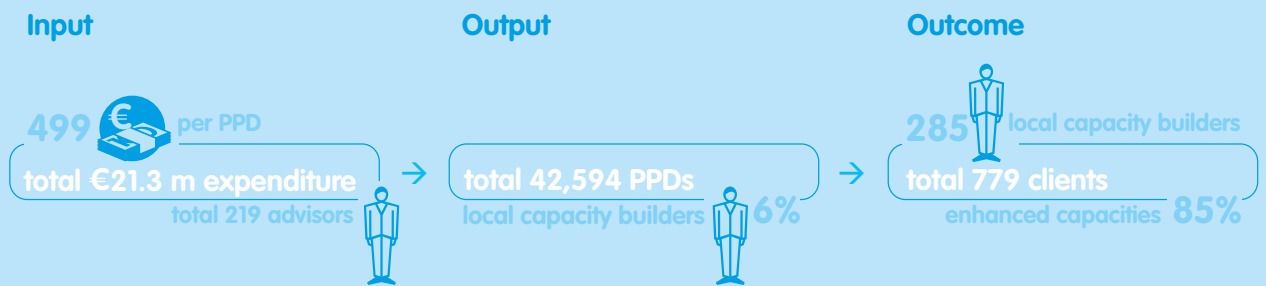
To effectively deliver results, SNV East and Southern Africa focussed on building high impact strategic partnerships.

SNV is working with the International Fund for Agricultural Development (IFAD) on 'strengthening support capacity for enhanced market access and knowledge management in East and Southern Africa'. The programme aims at improving effectiveness and capacity to support market linkages and initiatives that ensure returns to the rural poor. This is achieved by enhancing knowledge and understanding, improving capacity, regional linkages and networking and through policy dialogue and advocacy. The programme's focus is on the promotion of cross-border trade in Zambia, Zimbabwe, Tanzania and Mozambique, and support to commercialization of the dairy sector in Kenya, Uganda and Rwanda.

In Tanzania, the SNV-Lake Zone portfolio successfully launched the Local Governance Excellence Awards in May 2007, in conjunction with regional secretariats of the Lake Zone region of Tanzania and support from private corporate and commercial sector agencies and cooperating partners. The general theme of the awards was Enhancing Public Accountability for Improved Service Delivery in 2007. The main aim of the award is to motivate local governments to celebrate local governance excellence in the four regions of Kagera, Mara, Mwanza and Shinyanga. The Tanzanian Minister for Administration and Local Government commended SNV for the

\* as estimated in the Economic report on Africa 2006 by the UN Economic Commission for Africa





initiative and pledged to make the awards an annual event, extending it to the rest of Tanzania.

In 2007, pro-poor tourism development took off as a relatively new **value chain** for SNV in the region. In collaboration with the Overseas Development Institute in the United Kingdom, the region is upscaling pro-poor tourism to ensure that mainstream commercial tourism benefits local communities and producers. As a basis the region published a guide, 'Tourism and Development: Agendas for Action as Advice to What Governments Can Do to Boost the Tourism Industry for the Benefit of Local and Poor Economies'.

The Rwanda Ministry of Infrastructure, the German Cooperation for Technical Support (GTZ) and SNV signed a tripartite agreement to establish and implement the first phase of the Rwandan National Domestic Biogas Programme in February 2007. The programme is funded by the Dutch Ministry of Foreign Affairs (DGIS in particular) through GTZ under the Biogas for Africa Initiative. Interventions of SNV in 2007 contributed to the construction and operation of 109 biogas plants in four Districts, benefiting approximately 763 people. Ethiopia is set to take off with a similar programme in 2008. Feasibility studies show a potential of promoting 15,000

and 10,000 biogas plants in Rwanda and Ethiopia respectively to individual households over the next five years.

Achieving complementarity with the Embassies of the Kingdom of the Netherlands was a priority in 2007. Complementarity agreements reached for Kenya, Rwanda and Zambia covered all the selected sectors and private sector development in the region. Zambia's agreement on education and vocational training serves as a model for collaboration with the embassies globally. Good **governance** is central to the agreement in Rwanda.

UNICEF emerged as an important partner, collaborating in water, sanitation and hygiene, and education in Ethiopia, Kenya, Mozambique, Rwanda, Uganda, Zambia and Zimbabwe. SNV will pursue regional partnership in 2008.

A global learning event co-organised and facilitated by UNDP and SNV East and Southern Africa in April on 'Localising the MDGs: Local Development, Global Impact' in collaboration with UN-Habitat and UNCDF was instrumental not only in sharing common areas of approach and complementarity, it served to create enthusiasm for the partnership and to cement a commitment to collaborate more closely.

*'We are well aware that the key to success in strengthening local capacities and good governance is accelerating our own learning and holding each other accountable for the targets we have set. That means we need to keep on strengthening our own governance and empower ourselves before we can preach to our clients and partners.'*

Worku Behonegne – regional director, East and Southern Africa



## Regional highlights: Latin America

### Inclusive business – from pilot to regional scaling

Latin American countries have made remarkable progress towards implementing most of the Millennium Development Goals, but they are failing in halving the proportion of people living in poverty by 2015. Some 205 million people in the region continue to live on less than US\$2 a day, while 79 million are in extreme poverty. Recent economic growth rates in the region exceeded 5%, more than double the region's long-run average of 2.5%, which masks large differences between and within countries. Latin America is the most unequal region in the world in terms of income distribution, and in terms of access to education and to credit – only 10% of the adult population in Latin America has access to credit and financial services. While poverty is reducing overall, over 70%

\* Latinobarometro

*'SNV in Latin America is focused on finding new paradigms across traditional dividing lines – working across sectors in new ways to develop innovative solutions that can lift millions out of poverty. One such innovation is inclusive business – an innovation that allows us to dream big dreams and relentlessly focus on scale, sustainability and inclusive economic growth. In just two years, we have created opportunities that have the potential to improve the lives of almost half a million people in eight countries, we have leveraged the commitment of some of the world's leading companies like GE and Nestle, while empowering the low-income entrepreneur to be an active player in the marketplace.'*

Robert de Jong – regional director, Latin America

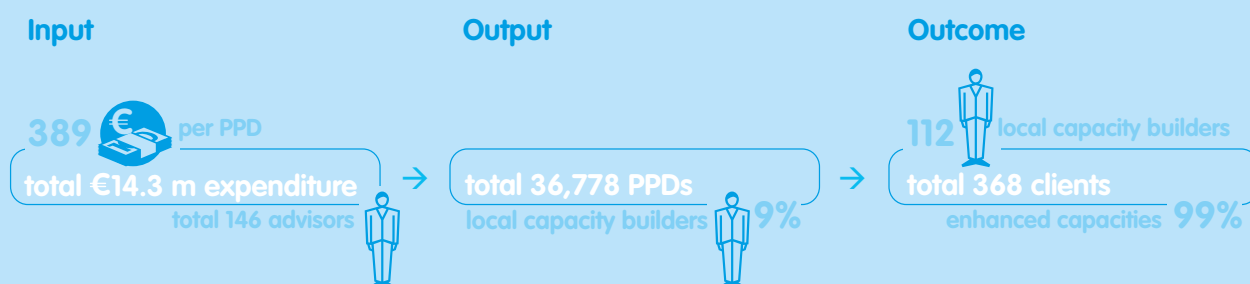
of the people in Latin America perceive current income distribution as either 'unfair' or 'very unfair'\*.

### Triggering economic inclusion

Within this context of inequality SNV focused their services on the social and economic inclusion of the poverty-stricken majority of the population, finding ways to leverage and scale impact on poverty. An important approach is by promoting **inclusive business** development, encouraging large private enterprises to involve poor people as part of their **value chains** and making profits at the same time. To that effect, the alliance of SNV and the World Business Council for Sustainable Development (WBCSD) signed a memorandum of cooperation with the Inter-American Development Bank (IDB) to support the implementation of the IDB's Opportunity for the Majority initiative, which aims to positively affect the lives of millions of low-income people in Latin America. Following the agreement, IDB partnered with SNV to conduct the first-ever mapping of 533 private enterprises in 13 Latin American countries to assess their potential for **inclusive business** development, scalability and positive effect on the lives of the poor.

### Achievements

US\$5 million secured from the Multilateral Investment Fund (MIF) was used to promote **inclusive business**. This programme will be replicated in Central America and Bolivia in 2008 with additional MIF funding. It is the first of efforts where companies have agreed on and committed themselves to budget contributions and counterpart matches ahead of projects being approved by SNV and the IDB. This shows confidence not only in SNV but also in the notion of **inclusive business**. Fifteen companies have



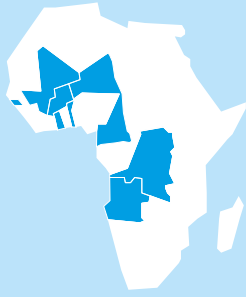
been engaged in this programme that is specifically aimed at improving the livelihoods of the poor in specific SNV-focused **value chains** in Peru and Ecuador. The programme may improve the livelihoods of more than 40,000 families and will serve as a demonstration case to inspire other companies to join the effort in the future.

Furthermore, through SNV's economic inclusion strategy and **inclusive business** track record, SNV and key members of Ecuadorian President Correa's cabinet co-designed a social development policy agenda focusing on creating more than 250,000 jobs, which will improve the livelihoods of a million low-income farmers in underserved rural areas. The focus is on inclusive tourism, public procurement practices and policies sourcing from low-income producers, and on seven agricultural **value chains**. The policy also earmarks US\$70 million to provide financial incentives to catalyse inclusive rural businesses as part of this initiative. And as a tangible follow-up to this agreement, seven anchor Ecuadorean companies and seven ministries signed a memorandum of understanding with SNV to execute results-oriented strategies critical to converting policy and rhetoric into action and impact. The first of these companies, PRONACA, with meat products, already improved the livelihoods of corn farmers, whose incomes were projected to increase from US\$0.80 to US\$3.71 a day within two years.

In Bolivia, a comprehensive impact-oriented programme is being developed in all nine government departments, focused on creating jobs and improving **basic services**. SNV will play a pivotal role in articulating national to subnational (**meso-level**) dynamics that will contribute to good **governance** and lead to reducing poverty. SNV harmonises these efforts with multiple donor agencies, and seeks economies of scale and

efficiencies across departments in addition to the National Vice-Ministry for Decentralisation. At the request of the Special Delegate for Energy of the cabinet of the presidency of Honduras, SNV supported implementation of the national renewable energy policy. Specific emphasis was put on the social, environmental and economically sustainable expansion of feed crop production for national biofuel production. Second was the effort to increase national refinery capacity under conditions of clean development principles, and third was the related potential to create 130,000 new jobs. A model for transforming existing palm oil plantations is being developed and pilots and research projects have been started that will create 10,000 direct and 18,000 indirect new jobs. The model will provide the possibility of upscaling to national-level and even internationally to El Salvador and Nicaragua.

SNV activities in Nicaragua were aligned with and integrated in those of the National Tourism Institute and Lux Development (Luxemburg international cooperation) in the Ruta de Café project in the north of the country. SNV will build capacities of the Nicaragan Institute of Tourism (INTUR) and project staff in local strategic tourism planning of five municipalities and three departments, to improve the quality of the services and products they offer, to increase their competitiveness at their destination, and to attract a larger number of tourists. This in turn will lead to more jobs and income from tourism in northern Nicaragua. SNV will also support the Ruta de Café project with financial and technical assistance to small and micro-tourism enterprises. In addition, SNV will be involved in national tourism planning with INTUR, with funding from the Spanish Agency for International Cooperation and UNDP.



## Regional highlights: West and Central Africa

'One of SNV's strengths is bringing different stakeholders together. Together we analyse the situation, define the problem and propose a solution. Ownership of the problem and ownership of the solution are key to progress,' says Jan de Witte, regional director, West and Central Africa.

### Fragile stability and poor resources

Many countries in West and Central Africa have a recent history of internal conflict, varying from coups d'état with riots to outright civil war or latent actual conflicts just below the surface. Management of natural resources, poverty and social exclusion are often at the source of this perpetual cycle of conflict, which leads to poverty, which leads to conflict. In this region the biggest challenge partners and clients face is this:

'How to develop a vision and clear objectives in activities if everything is urgent, no technical competencies are present and the context in which SNV acts is marked by bad **governance** and drought?' This essential question will greatly influence regional strategic positioning for years to come.

### Strong strategic choices

Next to SNV's activities in capacity development, the advisors prepared regional choices for the period 2008–2009. West and Central Africa

facilitated further production, income and employment (39% of output in 2007) by directing the region's advisory services to agriculture including cotton, livestock, fruits and vegetables, and oilseeds. Forestry and non-timber forest products will also have SNV's attention. In 2007, 46% of services were directed at **basic services** and SNV will further its work on access to quality education, health care, and water and sanitation. As innovations, the successful introduction of biogas in West and Central Africa will be furthered and the potential for regional tourism explored. In essence, the region aims to achieve more by working more efficiently. Regional director Jan de Witte says, 'We want to do more by doing less, based on a more mature problem analysis and increased focus on impact.'

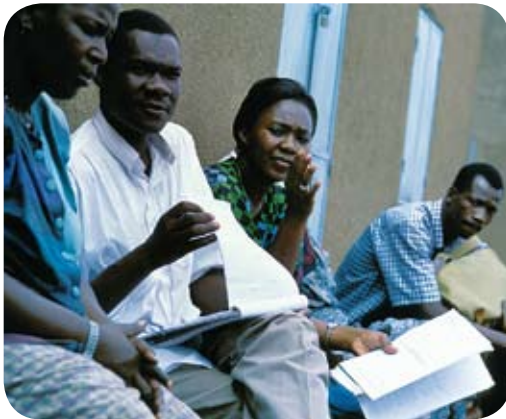
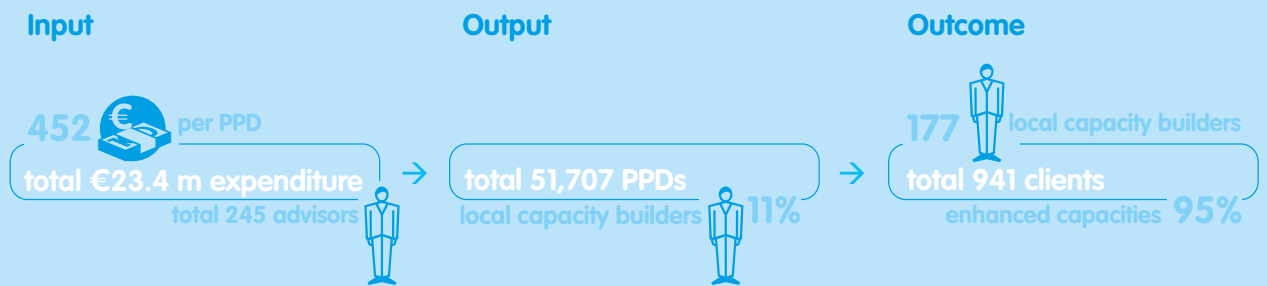
### Achievements

Evaluation of the SNV Congo programme pictured a starting programme adapted to changing contexts and therefore deviating from the forecast of 2004. A follow-up of recommendations resulted in an adjusted geographic position in Congo, with attention to peace and stability now embedded in the programme.

After consultation with **DGIS**, SNV exited Angola in 2007. During the year the local team handed over the majority of its successful programmes to

*'Space for change is the most important factor for capacity development interventions. It really makes the difference. Individuals are the drivers for change. And leadership and change concerns all, women as well as men. Changed behaviour may lead to better performing organisations with eventually more positive impact on the lives of poor people.'*

Jan de Witte – regional director, West and Central Africa



other development organisations. A newly founded local organisation, Centro para o Desenvolvimento e Parcerias de Angola, took over capacity development of civil society. Multinational Chevron's Corporate Responsibility Department funded the transition and committed a five-year grant to the new organisation.

SNV is not alone in fighting poverty. In all countries in West and Central Africa SNV increasingly consulted with other development partners. In Benin, Burkina Faso, Ghana and Mali – Dutch bilateral partner countries – the search for complementarity with Dutch embassy sectors resulted in new and renewed cooperation.

Despite local barriers that hamper development effectiveness, SNV can show several results. For instance, a market study showed that 200.000 beekeepers in Cameroon increased their income by organising themselves with support from SNV. In the cotton sector, SNV succeeded in getting government subsidy for inputs, like fertiliser and seeds, by supporting the national farmers union in Burkina.

A planning system has been developed in Mali to improve cooperation between municipalities and health care personnel. This system includes estimates of expected activities, based on existing population size, and discussion of budget and price setting for these activities. The municipality plays an important role, because with decentralisation it became responsible for primary health care. The national Health minister acknowledged the importance of the planning instrument and decided to introduce it at a larger scale in Mali.

Inclusion of Islamic Koranic schools in the official education system in Guinea Bissau was the result of SNV client Al Ansar's lobby and preparatory work. It works both ways: it improves the educational level in those schools and it increases access to primary education in the country.

Some 150 leaders from six countries, including elected, nominated and traditional leaders in local government, civil society and private sector member organisations, 30% women, participated in the SNV Leadership for Change programme.

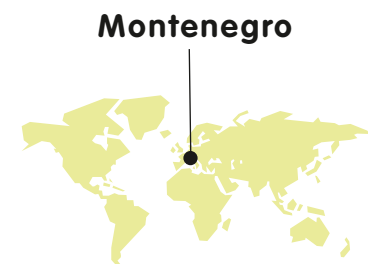


# A true milestone in Montenegro

Capacity Development Illustrated



**'For the first time in the history of Montenegro we have developed and drafted a policy involving various local actors through a participatory, transparent and democratic process. A true milestone' says Miso Andjelic, Deputy Minister of Montenegro's Ministry of Agriculture,**



**Forestry and Water Management. The draft National Forestry Policy is to create an enabling environment for increased income and employment opportunities and joint forest management.**

The spectacular scenery of Montenegro shows mountainous forest areas taking up to almost 54% of the total land area, offering Montenegrins income possibilities varying from firewood to non-timber forest products as herbs, wild berries, honey, mushrooms, tourism, research and hunting. The forestry sector contributes to the development of the national economy (six to eight percent of total Gross National Income) and the majority of the poorest communities, often self-subsistence farmers, depend heavily on forest resources for their livelihood.

Exploitation of non-timber forest products can have a noteworthy impact on the lives of the rural population where it often is an important source of income. Managed in a sustainable way, non-timber forest products may provide long-term income. Potential beneficiaries are the 20,000-30,000 villagers who gather these products and an estimated 50,000 (small) private forest owners. They belong to the poorest ten percent of Montenegro's population living mainly in the underdeveloped North of the country and are the target group of SNV Montenegro's strategy. They may further benefit from tourism activities, partly as a result of improved forest management.

SNV assisted the Montenegro Ministry of Agriculture, Forestry and Water Management in formulating a formal forestry policy aiming at creating a framework for the new formulation and synchronization of the Forest Law, Law on Hunting, Law on Water, as well as Law on Local



Self Government and Strategy supporting sustainable forest management in Montenegro and complying with the standards and principles leading to European Union accession.

The development of this policy was to also create a new approach to developing national and local programs aiming at improved **governance** and more equal income opportunities. With its eye on local realities and concrete results SNV played a strong role in the design and implementation of the process of policy writing, safeguarding stakeholder involvement, transparency and ownership at the local level.

The National Forestry Policy has shifted thinking from a purely technical production approach towards a sustainable social and economic rural development. It therefore not only incorporated forest production aspects focusing on logging



and timber production, but also included private forestry, Non-Timber-Forest-Production, poverty reduction and social inclusion, bringing the aspect of equity in access to resources and services. The policy intends to strengthen the private forestry sector through regulations related to concessions and provision of extension services to the private forest owners. It predicts improvement of communication between the Forestry Directorates and private forest owners, developing their partnership relation, joint planning and managing, participatory development of the multi-year management plans, participatory decision on taxation, etc. Overall the NFP represents the initial steps of the Montenegrin forestry sector to move towards national forestry management that meets European standards and requirements.

'It was a very inspiring process which gave us a great opportunity to influence the National Forest Policy. We got the chance to ventilate our opinions and visions with others. Now it is up to us to start the implementation,' says Miodrag Bakic, member of the Private Forest Owners Association. In fact the Private Forest Owners were directly responsible for the final 'Policy Statement' on private forest management. Another important outcome of their strong

involvement is the establishment of eight Private Forest Owners Associations created at municipality level. More associations are to be established in 2008.

Key local **actors** involved, like the Private Forest Owners, originated from all segments of society including municipalities, non-governmental organisations and institutions related to forestry and the protection of nature. Initially they were quite reluctant to articulate their interests, but they soon took the lead in new initiatives and persuaded government representatives to include their vision in the policy. A great learning platform for all involved. Blazo Jokanovic, representative of the Ministry of Forestry, proudly proclaimed the National Forestry Policy to be the result of a democratic multi-stakeholder process: 'The ministry will use this method for future work such as the creation of the national forestry strategy, the preparation of national management plans and forest laws which will start very soon. This approach guarantees high quality documents and creates a learning environment. Citizens feel commitment and want to realise its goals.'

The full involvement of the Government triggered the start of stakeholder consultations.

Fifteen stakeholder workshops were conducted





in all regions of Montenegro with around 420 representatives from different interest groups mapping the main issues and concerns during the often very constructive and lively discussions. As Private Forest Owner Milenko Zejak points out: 'This was the prime time opportunity for us to participate in meetings with representatives of the ministry, forestry institutions and other forestry industry – all sitting at the same table.' The stakeholder workshops were followed by community meetings for proper public interaction. Those public hearings showed that responsible high-level officials were open to different views and at the same time emphasizing that compromises had to be made.

'We expect better forest management that will result in a sustainable use of forest resources' says Mr. Dragan Roganovic of the Centre for Nature Protection. 'We hope that the environmental approach will be high on the agenda bringing better conditions for tourism development and nature protection. It would prove that Montenegro is an ecologically sound country.' SNV will continue its focus on joint forest management and income opportunities, as an interaction between private forest owners association and local government institutions.

### Similar cases

#### *Bolivia*

The Bolivian Amazon Forest Management Program (PROMAB) has adopted a capacity development approach for community forestry management, exceeding the initial approach of governmental management plans. PROMAB is encouraged to participate in the forestry regulations debate.

#### *Mali*

Through SNV's rural forestry management initiative in the Koulikoro region, rural communities and timber operators were trained. This resulted in their participation in the reforestation program, aiming to restore tree coverage.

#### *Cameroon*

The lobby program for sustainable harvesting of *Prunus Africana* has raised awareness on status, threats and market value. Conflict resolution meetings were organised and rapid resource inventories were developed. This resulted in a 10% price increase, controlled harvesting and an improved lobby to government. Furthermore better living standards were realised with more money to spend on education and health.

Direct outcomes of the NFP will be newly developed laws and strategies in the Montenegro Forest Programme based on the National Strategy for sustainable development and adopting its main goals:

- Accelerate economic development and decrease regional discrepancies in development
- Reduce poverty; provide equality and equity in access to resources and services
- Provide efficient control of pollution and sustainable management of natural resources
- Improve governance and public participation; mobilise all stakeholders with capacity development on all levels
- Preserve cultural diversities and identities

# Corporate partners



In 2007, SNV continued to strengthen strategic relations with sector leaders and to seek actors that are committed to working collaboratively to achieve development impact by pooling resources and sharing risks and responsibilities.

Most of SNV's partnerships are formed within the country or the region, as described in the regional reports. At corporate level, a portfolio of six high-profile partnerships has been developed: Agriterra and Agri-ProFocus, Fair-trade Labelling Organisation (FLO), the United Nations Development Programme (UNDP), the United Nations World Tourism Organization (UNWTO), the World Business Council for Sustainable Development (WBCSD) and the World Wide Fund for Nature (WWF).

### Agriterra and Agri-ProFocus

In June 2007, SNV sealed a four-year partnership agreement with Agriterra and Agri-ProFocus. Agri-ProFocus is a partnership of donor agencies, credit institutions, fair trade organisations, training institutes and knowledge institutions. Since then, with SNV's joint support, producer organisations in Kenya have been able to improve their income and employment opportunities by organising national trade fairs. Further initiatives from producer organisations that have been developed include agro-tourism (Vietnam) and improved support services to farmers (Laos, Niger, Uganda, Vietnam).

### Fair-trade Labelling Organisation

With FLO, SNV is working with producer organisations in the developing world to gain access to international markets. Fair-trade labelling continued to expand in 2007, both in number of producers affected and in volume sold. Total fair-trade retail turnover was estimated at €2.5 billion (40% growth) with an estimated

flow of additional income to local producers of €150–170 million worldwide.

Although 55 countries are covered by fair trade, half the growth in certification came in the 13 countries covered by liaison officers under the terms of the partnership. While certification follow-up remains the biggest single operation for FLO, the combined weight of fair-trade introduction, training and support for developing capacity has been an important contribution of the SNV-FLO partnership. Africa has been identified as the region with the most active cooperation and where the partnership has worked best. Therefore the main focus in 2008 will be on collaboration and effectiveness in Africa.

### United Nations Development Programme

Partners since 2005, UNDP and SNV have been working closely on localising the Millennium Development Goals by increasing ownership through decentralised government and civil society. In 2007, the partnership supported countries to accelerate progress in reaching the Millennium Development Goals by advising them on design and implementation of MDG-based national and local development strategies involving 17 countries. First results and experiences gained in the successful collaboration were shared in April 2007 in Nairobi with key clients and stakeholders and in collaboration with UN-Habitat and the United Nations Capital Development Fund (UNCDF). SNV, UNDP and the European Centre for Development Policy Management published four issues of *Capacity.Org*, a popular magazine on key themes and challenges in capacity development.





### United Nations World Tourism Organization



Recognising the potential of tourism to reduce poverty, SNV, UNWTO and the ST-EP Foundation continued their active collaboration on policy and strategy formulation, knowledge management and capacity development support through 19 tourism projects in Africa, Latin America, the Balkans and Asia. Projects directly address one or more of the seven UNWTO-selected mechanisms for poverty reduction through tourism. All agreed activities were jointly implemented according to planning. Synergy and complementarity between the partners was confirmed in an evaluation of the partnership in August. In November 2007 they charted a route forward for partnership for the next three years. The intent is for SNV's joint work and integrated programmes to help 20,000–25,000 households out of poverty.



### World Business Council for Sustainable Development

Having entered into a strategic alliance with WBCSD in 2006, SNV continued working together at developing pro-poor, inclusive business models, contributing to creating jobs and fulfilling basic needs in low-income communities. At present, SNV promotes inclusive business

models in eight Latin American countries: Bolivia, Colombia, Ecuador, El Salvador, Guatemala, Honduras, Nicaragua and Peru. In 2007 the success of this partnership was leveraged in agreements with the Inter-American Development Bank for initiatives in Peru and Ecuador. In Peru more than 5,250 micro and small enterprises, and in Ecuador more than 4,850 will receive technical assistance and training that will enable them to participate in the value chains of private sector businesses. Full information on this partnership may be read at weblog [www.inclusivebusiness.org](http://www.inclusivebusiness.org).

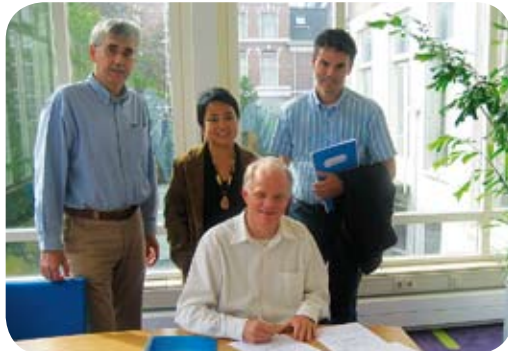
### World Wide Fund for Nature

In SNV's aim to contribute towards both poverty reduction in rural communities and ecologically sustainable forest management, SNV and WWF have worked together and identified options and approaches to increase the incomes and welfare of forest-based communities. Joint pilot activities in selected forest-based communities and small forest enterprises in Bolivia, Cameroon, Lao PDR, Paraguay and Vietnam have been carried out with the aim of identifying whether and how the Forest Stewardship Council International (FSC) in combination with fair trade certification can provide viable options for local communities to produce and market sustainably produced timber

*'Building on the success of our Alliance for Inclusive Business in the Central American and the Andean Region, SNV and the World Business Council for Sustainable Development have signed a memorandum of understanding with the Inter-American Development Bank to increase market-based solutions for the poor in Latin America. The agreement could help improve the living conditions of the more than 300 million people in the region—over 70% of the population—trapped in the vicious cycle of poverty. We will be joining forces to catalyse and scale up inclusive business opportunities that will benefit the majority.'*

IDB President Luis Alberto Moreno





and non-timber forest products. The positive outcomes of the partnership in these pilots and a strong common interest in the potential as well as the dangers of bio-energy production in developing countries naturally lead to continued partnership. In 2007 a new activity agreement was signed with WWF to jointly develop proposals for sustainable and pro-poor bio-energy production.

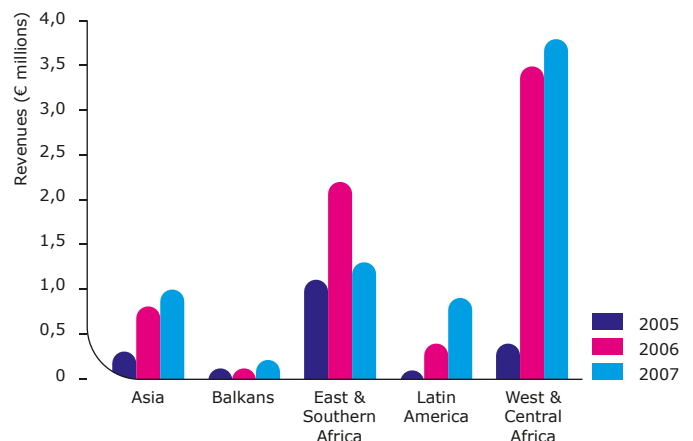
### Resource mobilisation

In 2007, SNV made a good start in resource mobilisation and secured €7.2 million from a variety of donors (graph 7). This is slightly above the €7 million of 2006 but below the ambitious target of €8.4 million. Donors include Royal Netherlands embassies, Cordaid, Swedish International Development Agency, European Union, Asia Development Bank, World Bank, Interchurch Organisation for Development Co-operation and United Nations agencies.

SNV continues to be an attractive strategic partner for public and private donors. The partnership and resource mobilisation policy that SNV adopted in 2007 recognises that its local presence and international outreach combined with its advisory role in capacity development presents it with opportunities to leverage expertise, resources and networks effectively. SNV is better placed than ever before to pursue these opportunities.

To increase the effectiveness of its efforts, SNV has developed a clear policy guidance for its staff on resource mobilisation. It clarified responsibilities and procedures, such as how to manage risk and continue to ensure quality and compliance with best international practice for efficiency and effectiveness. These policies and guidelines also facilitate smoother transfer of experience from one partner to another, enhancing wider synergy in development. This is how, for example, SNV's experience with WBCSD and UNWTO in developing inclusive business models is starting to benefit the tourism sector.

**Graph 7: Resource Mobilisation**



# Bringing SNV to the world

SNV considers it vitally important to bring its activities and its achieved results to the attention of a broader external audience. SNV is passionate about its aims for impact and wants to share its experience with the wider world, both in the Netherlands and in countries in which SNV works.

SNV's management in The Hague broadly acknowledges the importance of increased external communication; it strengthened its corporate communication team with two senior communication officers in 2007 and established a network of regional communication officers. In external communication SNV has directed its focus at a number of key stakeholders such as the Ministry for Foreign Affairs, potential partners and third-party funders, Dutch and international development organisations, knowledge institutes and development banks.

SNV has approached these target groups by using a mix of communication tools such as its website and press releases, and by organising or joining external events. SNV and stakeholders also meet frequently at bilateral meetings, on joint field trips, and at thematic meetings.

## **SNV website**

In 2007, SNV developed a new website ([www.snvworld.org](http://www.snvworld.org)), which went live early in 2008. The website can be considered SNV's base to present the organisation to the world in answering such questions as *who is SNV?*, *what does SNV do?*, *where and how?* News items and practical cases show SNV's recent developments and digital versions of its publications can be obtained here. At the same time the website aims to be a platform for developing knowledge on capacity development in development cooperation.

## **SNV in the media**

A focused media strategy was set up in 2007 and SNV started to selectively contact and inform the media on a number of newsworthy initiatives and achievements.

## *Launch of the Biogas Initiative for Africa (May 2007)*

Together with the Dutch Ministry of Foreign Affairs and HIVOS, SNV caught the attention of various Dutch newspapers on the Africa biogas programme, which strives to provide some 20 million households in about 25 African countries with renewable energy.

## *Inclusive business in Ecuador (May 2007)*

SNV's role in the Inclusive business model in Ecuador was highlighted broadly in the media in Latin America. Through the initiative, 300,000 coffee, cocoa, milk and corn producers will be able to access national and international markets.

## *Energy Globe Award (Brussels, May 2007)*

The biogas programme in Vietnam, which SNV assisted, won the Energy Globe Award. Since 2003, the programme has provided 25,000 Vietnamese families with cooking facilities, lighting and toilets. It is being implemented by the Vietnamese Ministry of Agriculture and Rural Development in collaboration with SNV and is being co-financed by the Dutch Ministry of Foreign Affairs.

## *Ashden Awards (London, July, 2007)*

SNV's watermill project in Nepal was one of the prize winners in the Enterprises category at the Ashden Awards for Sustainable Energy in July 2007. The judges were impressed by the success the Centre for Rural Technology (CTA) had in using simple techniques to transform the efficiency of traditional Himalayan watermills. Climate opinion leader Al Gore handed over the prize to the head of CTA, one of SNV's clients in Nepal.

## *SNV-FMO initiative on biodigesters and micro loans (November 2007)*

SNV and the Netherlands Development Finance Company (FMO) launched an innovative cooperation agreement with local partners in Phnom Penh, Cambodia, to provide biodigesters, including micro loans for local farmers.





### Meeting the academic world

SNV is increasingly contacted to share its knowledge with the academic world. For instance on biogas, SNV was asked for guidance and advice on how to disseminate domestic biogas throughout the world. And SNV was invited by the University of Oldenburg in Germany to conduct a concentrated course on biogas for the postgraduate programme on renewable energy. SNV has a wealth of experience right in the heart of its organisation; 2007 showed several examples of the synergy SNV can create when its knowledge and experience meet. SNV contributed to the AEGIS (Africa-Europe Group for Interdisciplinary Studies) conference, held in Leiden, the Netherlands, in 2007, for instance, by presenting a series of applied research papers from its work all over Africa. In collaboration with King's College London, these papers were published and are available to an international audience\*.

### Promoting collaboration on development themes

SNV actively participates in the Development Policy Review Network (DPRN), which aims to bring together and enhance collaboration between practitioners, researchers and policymakers around shared interests in development regions and themes. In 2007 a series of conferences were held, development expertise is made available through establishment of a website (Global-Connections) and a public debate on global issues is promoted (through DPRN support to the World Connectors).

### Public events

#### Schokland

The Millennium Development Goals event in Schokland in June 2007, organised by the Dutch Ministry of Foreign Affairs, was attended by ministers and officials of development organisations and the private sector. An SNV delegation participated as well. At the Schokland event SNV committed itself publicly to realising the Millennium Development Goals. SNV directors Dirk Elsen and Annemiek Jenniskens took on three



Schokland MDG agreements: a national action plan on women, peace and security; an agreement to combat violence against women; and a climate agreement to support sustainable energy.

### Night of the United Nations

In October 2007, the National Committee for International Cooperation and Sustainable Development organised the annual Night of the United Nations in Amsterdam, which was attended by hundreds of participants, especially young people. SNV director Dirk Elsen participated in a round table 'Poverty Debate' with NGOs, journalists and opinion leaders, who discussed major hiccups in working to alleviate poverty. In a lively discussion he underlined the importance of the concept of inclusive business, which has been developed by a joint partnership of SNV and WBCSD.

### Poverty campaign

'EEN' is the Dutch name of the Global Call to Action against Poverty. SNV joined the 'poverty requiem', the kick-off of the campaign in the Hague. SNV also supported EEN in their campaign to collect voices against poverty. These voices, visualised by virtual avatar puppets, joined 38 million other voices from over a hundred countries. They demonstrated at the annual World Bank and International Monetary Fund meeting in Washington in October, drawing the attention of a significant number of ministers. The SNV avatar was one of them.

### Reception for external partners

Just before Christmas 2007, SNV transformed the first anniversary of its new Head Office location into an opportunity to connect to some hundred main stakeholders in the Netherlands. Among them were representatives from the ministry, development organisations, knowledge institutes, development banks, the private sector and journalists. Opinion leader Roger Riddell of the Oxford Policy Management Institute, author of *Does foreign aid really work?* and other works, gave a presentation and led a discussion among the people present.

\* See also

<http://ecas2007.aegis-eu.org/>



# Rwanda hits gas



## Capacity Development Illustrated



Charles Rugambage, his wife, Josephine, and their four children are a cattle-keeping family in Kamonyi District of Rwanda. They used to be part of the 90% of households in Rwanda that depend on fuelwood to meet their energy needs. For many of these households it has become increasingly difficult to satisfy daily energy requirements. The burden on women and children increases, as they are the ones who must gather firewood and cook in a smoky environment. 'We were one of the first families to participate in the National Domestic Biogas Programme and had a biogas plant installed in our homestead. It changed our lives tremendously,' says Charles.





**Josephine now uses a biogas burner to cook all their daily meals. 'There is less smoke in the homestead and I am no longer bothered with the eye infections I used to have while cooking,' she says. The family saves the money they used to spend on wood and kerosene, the daily workload of gathering firewood and cooking has reduced drastically, providing family members time for self-development and socio-economic activities. And using bioslurry as a fertiliser has improved their agricultural productivity.**

### Changing lives in Rwanda

Rwanda has one of the highest population densities in Africa with most people relying on farming to feed their families. As density increases further, land and other resources, like fuelwood, become scarce. Pressure on these resources increases, leading to unsustainable use and environmental destruction.

A SNV feasibility study conducted in 2005 showed that over 110,000 Rwandan families have the technical potential to install and use a biogas digester, including access to water and a sufficient supply of animal dung. Therefore providing energy from sustainable sources in general and biogas technology in particular played a significant role in improving the quality of life for these rural households. With the support of SNV and other partners, the Rwandan Ministry of Infrastructure was able to draft an implementation plan for the first phase of a national domestic biogas programme in September 2006. The Rwandan biogas programme is part of the ambitious African Biogas Programme launched by a large group of organisations including SNV, the Dutch Ministry of Foreign Affairs, the Dutch Humanist Institute for Development Cooperation (HIVOS) and a number of African partners.

### Development through the market

SNV supports the programme by providing advisory services to develop a sustainable, market-oriented domestic biogas sector. Several agencies cooperate in making proper institutional arrangements for providing access to sustainable energy and organic fertiliser on a commercial basis for households rearing livestock. In this development-through-the-market approach, the potential user is the most important actor in the sector.

Combined efforts have resulted in a detailed activity plan for the first year of operations and incorporation of the biogas programme in the Rwandan Economic Development Poverty Reduction Strategy. The Rwandan Ministry of Infrastructure has established a National Domestic Biogas Programme Unit to initiate and coordinate activities. This unit will be SNV's main client through which advisors will support local actors in the sector. Participation of other line ministries, non-governmental organisations, the private sector, and financial and research institutes, and the channelling of assorted expertise into one oriented objective will be guaranteed through their representation in the envisaged National Biogas Steering Committee.



### Starting and first yielding

In anticipation of donor funding for the initial phase, which has been obtained from the DGIS Energising Development Fund, the Rwandan Ministry of Infrastructure set about using available government funds for a demonstration phase in five selected districts (Gasabo, Gicumbi, Kamonyi, Ruhango and Rulindo). Meanwhile SNV supports the Banque Populaire of Rwanda in developing biogas loan arrangements and links them to the Netherlands Development Finance Company (FMO), which is ready to provide a credit fund for this initiative from their Access to Energy Fund.

Partners such as Heifer International and farmers' associations have worked together in identifying and mobilising potential biogas customers, like Charles and his family. In the meantime eight interested private enterprises, a technical school and the Centre for Innovation and Technology Transfer were selected and trained on biogas technology and biogas sector development, including providing after-sales services to the biodigester users. One group of trained masons has now successfully registered the Renewable Energy Company as the first fully fledged biodigester construction company in Rwanda; thus the programme has clearly contributed to creating employment.

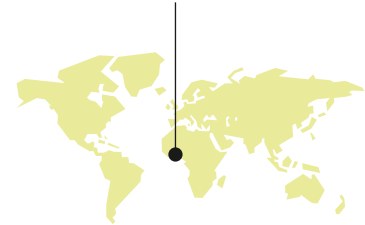
The demonstration phase targeted 109 families, and presently 89 of those families have biodigesters operating in their homesteads, resulting in their completely abandoning the use of firewood. The last 20 digesters have been constructed, and families were expected to start using the gas by mid-February 2008. The constructed plants will directly benefit the wellbeing of approximately 763 people in the demonstration phase alone. Indirectly, the direct employment of technicians, masons and unskilled labourers has benefited many more.

### Learning from experience

The success of this programme has shown the power of word-of-mouth promotion. A well-functioning biogas plant and a satisfied user are the best promotion. Despite rather negative economic forecasts, potential users clearly are willing and able to invest in a biodigester, on either a cash or a credit basis. To improve the effectiveness of the programme, clear communication channels with farmers have to

Through the National Domestic Biogas Programme, SNV is targeting 15,000 households, aiming to convince them to invest in a biodigester by 2011. This will contribute to poverty eradication, gender equality, health improvement and environmental sustainability, while laying an important foundation for developing commercially viable domestic biogas sectors in other African countries.

## Rwanda



be set up to explain the benefits and the limitations of a biogas plant, as well as what they must contribute. As 70% of the potential customers are members of a farmers' cooperative, the importance of cooperatives in promoting this technology is clear. Further, it is important to have focal points within the sector to facilitate extending the programme and for companies to make supervisors available to oversee newly trained masons. Writing up household case studies proved to be useful to underscore experiences and concerns: for instance, people unnecessarily purchasing extra dung, their fear of sabotage or of burners being too fragile to prepare ugali. Clarifying these user concerns will contribute to the future success of the programme.

The successful demonstration phase has also enhanced ownership of the programme by the Rwandan Ministry of Infrastructure, which is a solid foundation towards the programme's realisation and success. SNV will continue its support and aims in the long term at building institutions needed for the sustained viability of the sector beyond the duration of the National Domestic Biogas Programme itself.

### Similar cases

#### *Bangladesh*

Training and raising awareness of the possibilities of biogas reduced the cost of biogas plant constructions, made biogas promotion more effective and increased the number of trained users, women in particular. Bioslurry is utilised for vegetable and crops and fish production.

#### *Vietnam*

Formal and informal consultations lead to the coordination of investment in biogas; accordingly the Vietnam Biogas Programme is heading for a production target of 140,000 household-based plants. These plants deliver clean energy and enable the use of a highly effective organic fertilizer (bioslurry). Furthermore living conditions are enhanced, especially among women.

# Proving and improving





SNV is fully aware that a sharper focus and more of an orientation towards results are key to its ability to achieve impact on the reduction of poverty and the promotion of good governance. In 2007, SNV emphasised measuring results to account for the merits of its efforts (to prove), to learn from the wealth of experience present in its own organisation (to improve) and to move towards even better results in the years to come.

#### Managing for results

With the aim of gearing up impact, SNV moved from measuring results of a single project to proactively and overall managing for results; it set standards and guidelines on what a results focus truly entails. In 2007, SNV started to integrate results management into its activities to develop capacity, directed at benefiting the poor and at a positive outcome for clients from the output by SNV staff.

In 2007 SNV developed a consistent framework to sharpen the way it focuses on results – aiming to improve its external development results through optimising its internal organisational results. SNV also adopted related key performance indicators, which will allow the organisation to prove and to improve its performance in these key areas. The intensified focus on impact, which SNV expects from its entire staff, is accompanied by enhanced attention to professional development.

#### Accountability

SNV's key performance goals were drawn up in a monitoring protocol submitted to the Ministry of Foreign Affairs (DGIS). The document outlines how the subsidy agreement 2007–2015 between SNV and DGIS will be monitored. An important element is also to internally monitor SNV's progress in meeting its key performance targets in mid-year and annual reports.

### Spread the word on result management

In 2007 SNV participated in the international conference on Managing for Development Results, organised by the development banks (World Bank, Asian Development Bank and African Development Bank), OECD-DAC and UNDP. From 2002 onwards the aid effectiveness agenda showed a shift of attention from the donor community to developing countries' governments and preceded to local governments and civil society organisations, the niche in which SNV is strongly present. In 2008 SNV and its clients will further promote ownership and accountability at the donor conference in Ghana.

SNV also annually carries out 10 internal audits and about a hundred control self-assessments, done by all country directors and portfolio coordinators, to verify whether work done is in accord with corporate standards and instructions.

#### Evaluations

In 2007, SNV for the first time carried out five evaluations, one per region. The evaluations helped SNV in developing in-depth understanding of its work in all regions and made increasingly good use of acquired insights. Follow-up trajectories are now given full attention, including Supervisory Board discussion of evaluation findings. Management comments on evaluations with a follow-up action plan. Reporting on actual follow-up and progress has been integrated into the regular planning and reporting cycle.

The following external, independent evaluations were carried out: three country evaluations (Democratic Republic of Congo, Nepal and Tanzania) and two thematic evaluations (on forestry in the Balkans and on market access for the poor in Latin America).

The DR Congo evaluation revealed that a dedicated strategy and additional structural measures will be indispensable for SNV to meaningfully continue its work in such a fragile state environment. In contrast, the evaluation for Nepal, another fragile environment, concluded that SNV had achieved good results over the past few years under difficult circumstances, for which SNV is well acknowledged. The results of these





two evaluations are used to shape SNV's work in fragile states. The evaluation in Tanzania showed that SNV work quality has been good, but its effect is still limited, and due attention should be given to scaling up pro-poor interventions.

The evaluation of forestry work in the Balkans showed that in a short period SNV had managed to support and promote community forestry well but that land and user rights needed to be addressed to further optimise the effectiveness of the work. The evaluation of market access for the poor in Latin America rendered useful insights into how SNV has well positioned itself and how now for the benefit of the poor it is bringing inclusive business concepts and products to the mainstream private sector.

In August, SNV also evaluated its corporate partnership with the United Nations World Tourism Organization and used its conclusions and recommendations as a reference in shaping the next stage in the collaboration. In December, the partners signed a letter of intent, marking a new phase of the partnership.

Special attention has been paid to step up the use, quality and consistency of the evaluations. Standard evaluation procedures have been laid down and the evaluation approach improved by adopting relevance, effectiveness and efficiency as a fixed set of performance criteria, key for the SNV impact focus. Also, SNV improved cost efficiency, by allocating 20–30 working days per evaluation, instead of 40–50 working days as was done in 2006. Ten evaluations have been programmed for 2008–2009.

## Lessons learned

'Evaluating the results of SNV DRC is almost impossible, as there is no clear planning and monitoring system in place. The management agreements are too general and are not of much use for evaluations. SNV DRC has formulated highly ambitious targets for 2008 and 2009, including influencing of legislation and implementation of laws around property rights, but it seems unlikely that these can be achieved.'

Page 22 of the DR Congo evaluation

'The cases where SNV had a longer presence with the client and focused on a limited number of issues show better results in terms of improved service delivery.'

Evaluation 'Market Access for the Poor' (MAP) in Latin America

## Improving

One of SNV's key assets is its worldwide network of advisors, who are strongly rooted in the field, connected to one another, and who work in an ever-changing environment. They provide great potential for sharing knowledge and assisting in development and are highly valued in the SNV strategy. In 2007, SNV increased its attention to assisting these professionals in adopting its focus on results, to grow in their ability to share knowledge as an asset to innovate, and to make expertise accessible throughout the organisation. Staff have been documenting, sharing and presenting SNV experiences and results internally and externally; 115 descriptions of successful and unsuccessful cases from all regions have been analysed and applied to further learning.



### Knowledge Networks

To enhance organisational learning, regional knowledge networks are being established for each of SNV's strategic choices in 2007, to become common practice in all regions in 2008. These knowledge networks played a major role in various regions by engaging staff in training activities, peer support and feedback, and also in joint presentations and publications on issues related to strategic choices. SNV's publications with the World Tourism Organization and the Overseas Development Institute (ODI) in Asia are a good example of this process. Moreover, SNV's methods, in particular 'advisory practice' and 'knowledge brokering' for clients, are subject to debate and improvement within SNV's regional knowledge networks. Development of the inclusive business concept in Latin America is a good example of how knowledge networking can also contribute to SNV's product development and improvement. Strengthening knowledge networks as well as enhancing the coherence and quality of knowledge and learning across and between regions is SNV's way forward into 2008.

### Professional development

SNV set out to further develop, maintain and improve learning opportunities, investing in professional development and training of advisors, managers and support staff at all levels. The corporate professional development framework describes the corporate-wide training and development offerings targeted at different categories of staff. Advisors have access to different programmes at specific stages in their career while managers receive attention to

management and leadership performance in special programmes. The framework also describes a range of options for support staff depending on the function and degree of specialisation; 45% of these programmes are already up and running, with the full range expected to be functional by the end of 2009.

One success of the corporate programmes is a series of leadership programmes based on action teachings and targeted at portfolio coordinators in four regions. In the Asia region, this programme has led to participants collectively writing of their experiences and insights, which will be published in 2008 and shared throughout the organisation.

Every employee has been allocated 10 learning days per year. Advisors are given an additional 10 days to spend in research, writing articles, writing about cases and making presentations at conferences – allowing them to actively contribute to knowledge development within the organisation. Unfortunately not all staff used these learning days. Therefore SNV will better promote possibilities for learning and development in 2008.

The Virtual Orientation Programme is an interactive e-module that provides new employees with a comprehensive overview of SNV history, vision, strategy and key organisational messages, within their first two weeks of joining SNV. An updated version is being launched in 2008. The programme plays a major role in early orientation of new staff and serves as a building block for more tailored induction for staff in



different roles. Also in 2007, the SNV Campus, an e-learning platform, was launched, providing more than 25 e-courses available for all levels and groups of staff.

#### **Young Professionals Programme**

SNV's Young Professionals Programme is a specific learning trajectory designed to attract and grow young advisory talent in SNV. Bright young graduates and postgraduates who qualify for the two-year programme are offered a broad range of experience, guidance and opportunities for development. The programme is designed to maximise the potential demonstrated at the time of recruitment and accelerate the growth of participants into competent mediation advisors who can be placed anywhere in SNV. It is ready to be launched in 2008.

#### **Intern programme**

SNV collaborates with northern and southern academic institutions to bridge the gap between development theory and practice by investing in a research internship programme. In 2007, 21 interns from the University of Utrecht, the Netherlands, carried out research and learned about capacity development approaches under the guidance of SNV teams all over the world.

#### **Corporate Leadership Programme**

Only through effective leadership can SNV succeed in its aim to pull through far-reaching innovations in its way of working. SNV wants to create an inspiring working environment in which trust, responsibility and accountability are key factors. SNV wants to be connected – to each other within SNV and to the outside world. In 2007, SNV increased its attention to recruiting women for leadership positions. Currently,

within the main managing bodies of SNV over 50% of the members is female.

Leadership programmes have also been carried out with clients. In Laos, SNV developed a participatory leadership learning programme with focus on addressing universal leadership concepts from a local and culturally appropriate perspective. In West Africa SNV developed a leadership and coaching programme with joint participation of leaders of civil society and government organisations. This action learning programme, which included coaching from senior SNV advisors, was rated as highly successful in the participating countries of Burkina Faso, Mali and Niger. The programme was seen to have contributed positively to participants' leadership roles in various development processes in the region.

#### **Corporate Management Consultation**

In April 2007 SNV had its biannual Corporate Management Consultation. This organisation-wide leadership development initiative involved 50 of SNV's senior management, including the extended board, in a series of retreats addressing personal and collective leadership in light of SNV's values and vision. The consultation presented a great opportunity to align all senior management, including the controllers and human resource managers, on the new course and its implications. During the management consultation, SNV senior management endorsed the adoption of five SNV key leadership symbols in line with SNV's capacity development vision.

In 2008, more attention will be devoted to further adoption by all staff of these leadership characteristics in line with SNV values.



### Internal communication

Some 1,400 colleagues spread over 100 global locations who work successfully at the same mission, sharing knowledge and experience, need solid internal communication. In the previous year SNV enhanced its internal communication efforts and was able to effectively and efficiently reach staff in all locations by various means. Much effort in internal communication was geared towards informing staff of the 2007–2015 strategy. The process had already started by the end of 2006, with road shows in all regions informing staff of the main concepts of the new strategy. SNV involved the complete organisation in further defining the new strategy through working in taskforces including SNV's field experts, who maintained strong links with reference groups in their own region. By the end of the taskforce process in June, SNV had built a solid network of strategy ambassadors throughout its organisation.

The new SNV course was communicated throughout the organisation in July and August by means of the strategy paper 2007–2015, a poster with the essences of the strategy, an internal PowerPoint presentation on the strategy and the formal framework letter, all of which provided the regions with guidance in their regional planning for 2007 and 2008.

### 'Under the tree'

#### SNV learns from SNV in Ghana

'Thank God it's Friday!' Driving to the SNV office in Accra, I am smiling as I listen to Joy FM, one of the most popular radio stations in Ghana. Friday is usually a joyful day, with both colleagues and clients wearing modern-designed shirts and dresses, made from printed or waxed cloth to show respect for tradition. On top of that, today, like every last Friday of the month, we will meet 'under the tree'.

At 4:00 p.m., the enormous almond tree in front of the country office provides more than enough shade for about 20 advisors, support staff and managers gathered and keen on sharing experiences in the field, accompanied by drinks and snacks.

Today, Afua shares the key steps and her experiences in the selection process with one of our clients, an umbrella organisation for businesses in the fruit and vegetable sector. She also highlights the dynamics that, in her experience, lead to mutual understanding and respect with the client, the basis for a good-quality contract. Of course there are various challenges. The intense discussion that follows demonstrates that many of us often confront similar issues. How can we go about handling them? Different solutions and options are suggested. It's good to know that we can support each other and that we can use solutions from colleagues in our own work with clients and partners.

Dusk is falling and brings the day informally to an end. We go home in good spirits. It was a good discussion, we learned and we had fun and ... it is Friday.



# Inclusive business— from pilot to regional scaling

nr 4  
case  
2007

Capacity Development Illustrated



Rojas Aguilar Elitoncio is a small-scale coffee producer in Peru who benefits from SNV's agreement with PERHUSA. PERHUSA is the main coffee producer of the country (24% of Peru's exports in 2007, representing a value of US\$110 million). 'The advantage of working with PERHUSA is that they pay us





**more for our coffee than other companies,' explains Rojas Aguilar. 'They give us credit for weeding and harvesting, and we have access to emergency credit, for example, if someone should get sick. This doesn't happen with banks or credit companies, which take two to three months before they put the credit through and we receive any money. In this sense, PERHUSA is very much on our side,' Rojas says.**

In the global fight against poverty, the business sector is emerging as a key actor and provider of solutions. In Latin America, many major businesses are beginning to acknowledge not only the needs of low-income communities but also the development potential often concealed behind poverty. With this vision as their cornerstone, SNV and the World Business Council for Sustainable Development (WBCSD) formed an alliance in 2006 to develop an entrepreneurial initiative called **inclusive business**. This new business model reduces poverty by including the poor into a company's **value chain** without losing sight of its final objective: generating profit. It involves opening up new markets and exploring the hidden potential of the base of the pyramid.

Success lies in combining the company's core business interests with the needs, abilities and circumstances of low-income communities. Thus, the poor become business partners, service providers, suppliers or distributors. For instance, as suppliers, small producers will help companies increase their access to quality raw materials. Meanwhile, the small producers benefit from increased income, new jobs and the transfer of skills. Ricardo Huancaruna, managing director of PERHUSA, agrees: 'The opportunity to work with small producers and obtain mutually beneficial results in terms of profit and cost cutting is an alternative that we hope to continue to explore in the future. It's a win-win situation for everyone involved.'

#### *Coffee-growing families in Peru*

PERHUSA is Peru's largest coffee exporter and an ideal company for implementing an **inclusive business** with specialty coffee producers. PERHUSA and the SNV-WBCSD alliance signed a cooperation and consultancy agreement aimed at strengthening the ties between the company and small producers. The agreement results in increased income for 3,000 coffee-growing families in Peru, through higher prices, improved quality, technical assistance and other direct benefits. Meanwhile, PERHUSA benefits from an increased local supply of quality raw materials.

#### *Biofuels in Honduras*

In Honduras, the SNV-CEHDES alliance (WBCSD's Honduran counterpart) is working with Dinant Corporation to set up inclusive businesses involving 1,500 to 2,000 small producers in the sustainable production and commercialisation of biofuels, using corozo palm and jatropha as energy crops. Don Carlos Cruz Urritiak is the secretary to the board of directors of the Corozo Extractors Association of Guadalupe Carney, Honduras. In his words, 'Currently we are 18 farming companies with more than 100 families who have agreed to do business with Facussé (a division of Dinant Corporation) for selling corozo.'

Corozo palm is covering almost all our land, but it is not being used. The sale of the seed will give us additional income that will benefit everyone.' The alliance is contributing to this project by



identifying suppliers, managing information on production technology, brokering the financing to assist small producers, and designing **inclusive business** models. In 24 months, the corozo initiative will increase the income of 1,200 poor indigenous families by approximately 600%.

#### *Milk production in Ecuador*

'The moment Toni arrived here it created a tremendous impact. It is an extremely reliable company, and it has paid us a stable price for our milk. Everyone works together here. Toni has really changed our lives,' says Jorge Meza, a small-scale milk producer in Balzar, Ecuador. Toni is Ecuador's leading yogurt production company. In 2007, Toni started a cooperation plan with small and medium-sized milk producers to guarantee both the quality and the availability of raw materials in the long term. Within the framework of the SNV-WBCSD alliance, this **inclusive business** is based on a supplier development programme, which includes cooperation in marketing, technological innovation, financing and improvement of internal management of milk suppliers. The programme increases the income of small producers through higher productivity and better marketing channels. In the next four years the initiative will increase the income of 320 small producers (1,600 people) by 300%, from US\$0.90 to US\$3.00 per person per day. At the same time, Toni reduces its costs in comparison with the high price of imported milk supplies. 'At first I wasn't convinced that the idea of **inclusive business** was a good way to work. However, when we took a good look at the finances, we realised that buying milk from small-scale farmers was a pretty good

idea. If I buy milk from hundreds of small producers, the profit goes directly to the base of the economy. In addition, these people are going to buy a lot more of my product,' says Edward McIntosh, general manager of Toni.

#### *Coffee producers in Nicaragua*

SNV Nicaragua has signed an agreement with Atlantic S.A., a coffee-exporting company. Atlantic S.A. is a member of the Ecom Agro-industrial Corporation, which is committed to developing a system of differentiated coffee producers for specialty coffee markets. The SNV-WBCSD alliance and Atlantic S.A. are actively developing and co-financing the initiative, to include approximately 6,000 small producer families through improving certification practices, technical training and technological innovation. The initiative increases income for the small producers, creates new jobs and establishes a quality control system tailored to the coffee sector. For Atlantic S.A., this **inclusive business** increases the company's supply of quality raw materials, which results in increased sales to coffee roasters – and positions the company and Nicaragua in differentiated international coffee markets.

### **Scaling inclusive business – a policy of economic inclusion**

In Ecuador, SNV advised the Ecuadorian government in designing and implementing public policies that promote inclusive businesses nationwide. By advocating at the national-level, SNV drew from its experience in six **inclusive business** projects and helped formulate a



national economic inclusion policy. In 2008, the Ecuadorian government has committed US\$40 million to the programme. This can be added to funds SNV has secured from multilateral and bilateral agencies such as the Multilateral Investment Fund (MIF) of the Inter-American Development Bank. In Ecuador, this will create an integrated system of incentives and policy instruments that are accessible to companies interested in **inclusive business** practices.

SNV's advocacy for economic inclusion is a crucial component for the success of **inclusive businesses**, because the initial investments are too high for companies to undertake on their own before they receive dramatic increases in their profits. Already, **inclusive business** efforts have attracted the attention of various entities, such as MIF, that are keen to promote and grant financing to these initiatives. Through SNV's co-development of the integrated policy framework, and the support of external funding, inclusive businesses are positioned to make a major impact in Ecuador, and through scaling, throughout Latin America.

There are many examples of successful development efforts to reduce poverty. However, taking projects to scale for greater impact remains highly elusive. In this case, the collaboration between the private sector, government and civil society has created positive conditions for scaling up results and additionally for providing a framework that enhances their quality and sustainability.

## Private sector development cases

### *Mozambique*

SNV contributed in the link between supermarket chain Shoprite and two medium-sized banana producers in Manhica district in Maputo province. This resulted in a higher income for 2,500 banana farmers as supplying to the supermarket chain offered a 100% higher price per kilo. The link also affected the income and employment of a transport service provider in the weekly delivery to the Shoprite supermarket. Further possibilities of supplying to other supermarkets in Maputo and further improvement of this **value chain** can be explored in the future.

### *Benin*

Professionalising the cashew producers' organisation in Zou and Collines involved 10,000 cashew producers, members of 130 village cooperatives and 11 Unions at municipality level. Support was provided in improving the **governance** of the producers' organisation and the introduction of a business concept. Attention was paid to implementing a mechanism to improve cashew production through improved technical equipment and better maintenance plantations. Producers participating in the collective improved their negotiating skills and collaborated with other **actors** in the chain. Their market access has improved, they received higher prices and saw their income rise.

# Internal Organisation

## Staffing trends

SNV's staffing trends consistently show a good balance between expatriate and national staff. Gender targets are well monitored and show that increased efforts are needed to increase the percentage of female advisors and line managers. The percentage of support staff versus primary process staff is slightly decreasing. The number of Head Office staff is also showing a downward trend.

## Redesigned staffing structure

Implementing the 2007–2015 strategy requires highly qualified and motivated staff. SNV redesigned its salary structure and job house. SNV wishes to increase its organisational competitiveness and appeal, especially to retain and attract senior management staff and senior advisors. Secondly, clearer and more transparent terms of employment for expatriate and national staff are required. Thirdly, the growing internationalisation of SNV staff requires a package that has more international features.

A new job house was adopted and job profiles are structured in line with the strategy cycles and essential steps in SNV's services. The job house contains a more attractive career path for advisors through a clear distinction in five levels and generic profiles for line management (regional directors, country directors, portfolio coordinators). The profiles can easily be tailored to region, country and portfolio needs while preserving the basic requirements and qualifications. All proposed changes were approved by the Works Council and the Supervisory Board late 2007, to be implemented in 2008. Two new collective labour agreements that were concluded in 2007 form a good basis for implementing SNV's new reward system.

To make recruitment more efficient, SNV decentralised its international human resource activities to the regions at the beginning of 2007, after solid training and preparation of staff in international human resource management.

**Table 2: SNV Staffing at year end**

SNV staffing (positions at year end)	2007					2006			2005		
	Total advisors	Nationals %	Female %	Support staff	Total staff	Advisory staff	Support staff	Total staff	Advisory staff	Support staff	Total staff
Asia	132	63%	27%	77	<b>209</b>	156	87	<b>243</b>	155	82	<b>237</b>
Balkans	67	73%	39%	32	<b>99</b>	58	28	<b>86</b>	31	19	<b>50</b>
East and Southern Africa	219	74%	33%	133	<b>352</b>	232	128	<b>360</b>	282	145	<b>427</b>
Latin America	146	68%	43%	58	<b>204</b>	190	61	<b>251</b>	200	82	<b>282</b>
West and Central Africa	245	69%	31%	190	<b>435</b>	273	192	<b>465</b>	269	213	<b>482</b>
<b>Total</b>	<b>809</b>	<b>69%</b>	<b>33%</b>	<b>490</b>	<b>1,299</b>	<b>909</b>	<b>496</b>	<b>1,405</b>	<b>937</b>	<b>541</b>	<b>1,478</b>
Headquarters SNV (NL)				57	57		59	59		65	65
<b>Total Staff</b>	<b>809</b>	<b>69%</b>	<b>33%</b>	<b>547</b>	<b>1,356</b>	<b>909</b>	<b>555</b>	<b>1,464</b>	<b>937</b>	<b>606</b>	<b>1,543</b>



### Improved internal procedures

SNV has updated and improved its internal procedures regarding salary administration and accompanying guidelines. Quality and clarity are key, and compliance is given even more attention than in the past. Personnel files of all staff have been updated. In constantly optimising the overall performance of its internal organisation, SNV is using a digital system called ARIS. This system is the one source for all corporate processes and procedures.

### Health and safety

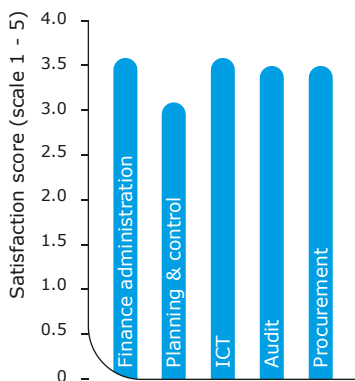
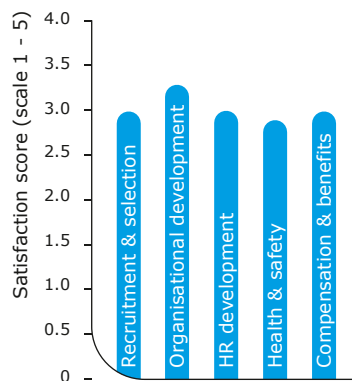
As SNV works from a rising number of countries in which HIV and AIDS are daily realities, the corporate workplace policy on the epidemic was revised. It now includes a shared set of principles and directives, more sensitive to gender. Moreover, the new policy acknowledges the considerable differences in levels of susceptibility and vulnerability among the countries in which it works. Its implementation is more contextualised. Asia, Latin America and the Balkans are benefiting from the experience gained earlier in Africa, which has completed its roll-out of the workplace policy on HIV and AIDS.

**Table 3: Income and expenditure summary**

(in € millions)	Realised 2006	Plan 2007	Actual 2007	Variation 2007 to 2006	Plan 2008
Core subsidy	86.9	96.3	82.9	-5%	93.8
Resource Mobilisation	7.0	8.4	7.2	3%	9.9
<b>Income regular capacity dev.</b>	<b>93.9</b>	<b>104.7</b>	<b>90.1</b>	<b>-4%</b>	<b>103.7</b>
Other income	7.7	3.1	9.5	23%	7.5
<b>Total income</b>	<b>101.6</b>	<b>107.8</b>	<b>99.6</b>	<b>-2%</b>	<b>107.4</b>
Regions	74.3	82.3	74.5	0%	84.8
Head Office	14.1	13.6	11.7	-17%	15.2
Partnerships	2.8	7.8	2.2	-22%	4.0
LCDF	-	-	-	-	0.5
<b>Costs regular capacity dev.</b>	<b>91.2</b>	<b>103.7</b>	<b>88.4</b>	<b>-3%</b>	<b>104.5</b>
Other costs	6.6	3.0	8.0	21%	3.2
<b>Total costs</b>	<b>97.8</b>	<b>106.7</b>	<b>96.4</b>	<b>-1%</b>	<b>107.7</b>
Result	3.8	1.1	3.2	-16%	-0.3
Primary Process Days (PPD)*	168.147	164.986	168.027	0%	185.475
Advisers at year-end	909	-	809	-11%	-
Cost/PPD	€ 548	€ 629	€ 530	-3%	€ 566
Support Costs/Total Costs	47%	41%	41%	-12%	39%
Indirect Costs/Total Costs	9.8%	8.5%	8.4%	-14%	10%

\* The PPD was introduced in 2007 and stands for primary process days. It includes both service delivery and strategy development. Figures before 2007 refer to service delivery only.



**Graph 8: Finance support service****Graph 9: HR support service**

### Corporate security framework

The SNV corporate security framework was modernised with respect to its increased presence in unstable areas, in which the nature of conflict often goes beyond political mishaps. Accordingly, SNV has extended its security network to deal with more diverse possible security emergencies. Also, with the growing number of international staff, SNV needed to broaden its security framework beyond cooperation with the Dutch embassies. All regional human resource managers were trained on the new corporate security policy in 2007 and the roll-out was started in most regions. In Kenya and Sudan corporate security training was set up as it was regionally in Latin America. More pilots are scheduled for the beginning of 2008.

### Financial resources

Total expenditure for SNV's regular programme in 2007 was €88.4 million (in 2006: €91.2 million). Expenditures in the regions together with partnerships remained at the 2006 level, while the Head Office saved costs and decreased expenditures by 17% (see table 3 on page 53, for details see annual accounts).

In 2007, SNV leveraged its core subsidy with another €7.2 million non-DGIS resources (2006: €7.0 million). The ambitious growth to €8.4 million was not realised. Several activities were delayed, which implies that revenues will be booked in 2008. SNV produced the same volume of primary process days (PPDs) in 2007 as in 2006 with fewer financial resources and staff by making more effective use of the services of local capacity builders and external consultants. In 2006 only 12% of the primary process days were outsourced versus 19% in 2007. As a consequence the total cost per primary process

day has dropped from €548 per PPD in 2006 to €530 per PPD in 2007. The ratio of support costs to total costs went down conform planning from 47% in 2006 to 41% in 2007. The indirect costs (Head Office costs that only indirectly support the primary process) went down to 8.4% of the total costs, which is even better than planned for (8.5%). Main reasons for the efficiency gains are the implementation of cost control measures and decreased expenditure at Head Office.

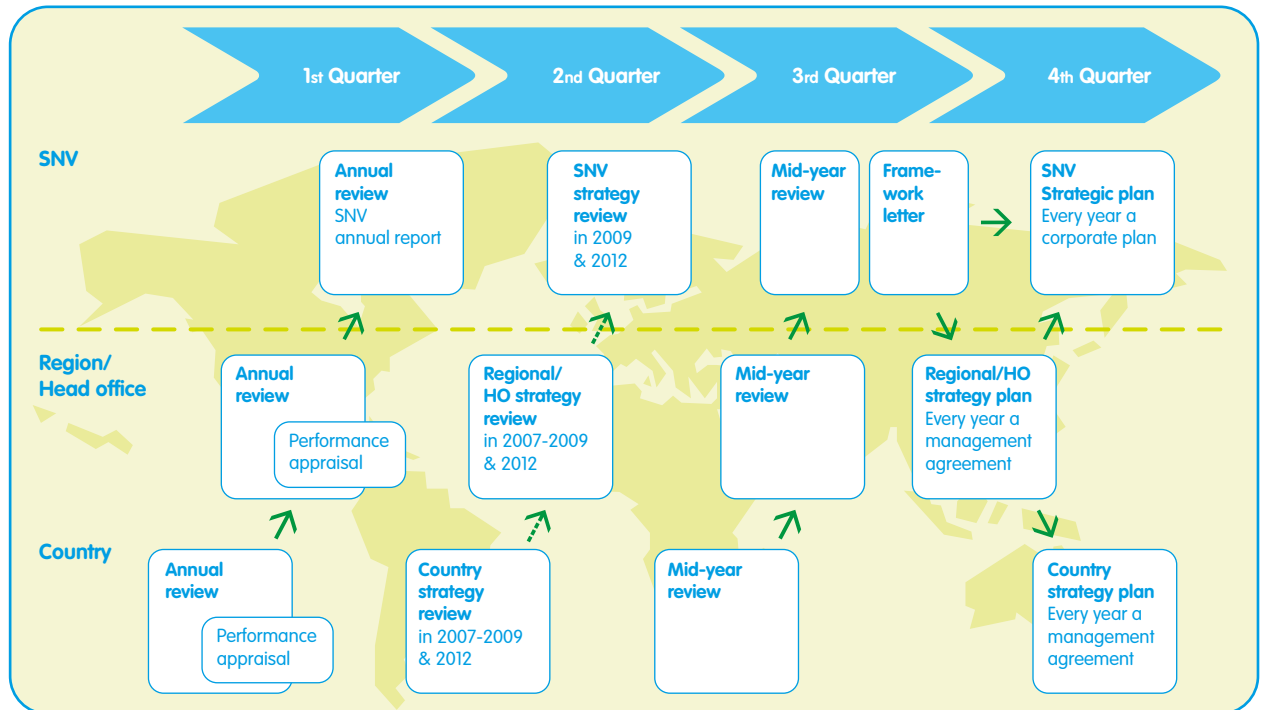
### Equity and treasury policy

Our financial strength is presented under equity (see page 72) and amounts to €7.5 million (2006: €6.4 million). All other reserves are appropriated and are not freely disposable. A treasury policy is in place and liquidities not directly required for the activities are invested in low risk investments, mainly saving deposits. In 2004 a one-off purchase of bonds took place.

### Quality Serves All

The 'Quality Serves All' initiative was finalised in 2007 and integrated into regular business processes. Within the framework of that initiative the structure of the support services was simplified, minimum standards were set and responsibilities clarified. Ongoing is a further simplification and update of the business process model. An internal satisfaction review under a representative sample of SNV's management population revealed that despite general satisfaction improvements are possible (see graphs 8 and 9).

Points of concern are the accessibility of management information (under planning and control) and absence of clear communication on specific human resources issues—most notably in the fields of health and safety and of human resource

**Figure 1: SNV's integrated planning and control cycle**

development. Action has been taken to address these points. A similar review will be carried out in the course of 2008 to keep track of improvements.

### Governance structure

#### *Integrated planning and control cycle*

SNV's integrated planning and control cycle, which captures the budgeting, planning, monitoring and control activities within all layers of the organisation, was adjusted to perfect the connection with the newly introduced primary process procedures (*Triple AAA*) and the monitoring protocol. The monitoring protocol, with an extensive list of performance indicators, was approved by the Ministry of Foreign Affairs and forms the framework for monitoring the subsidy agreement.

SNV's 2007–2015 strategic plan is now cascaded towards individual plans for results and development, via the corporate strategic plan 2008–2009 and regional and national management agreements. Consequently, individual performance appraisals are linked to semi-annual reporting at national, regional and corporate levels. An automated system with key performance indicators plays a central role in monthly monitoring and semi-annual reporting.

#### *Compliance and internal control*

The SNV Board of Directors strives to realise the highest level of financial accountability, resulting in a positive compliance opinion and an unqualified opinion of the external auditors. One of the fully embedded instruments within SNV is 'compliance self-assessment'. In all offices self-assessments are carried out to ascertain that internal control measures are in place and operating effectively. For these self-assessments, instructions and a questionnaire have been developed. Independent validation checks are carried out. The assessments are executed twice a year, and the follow-up of action plans is monitored quarterly. The current compliance system will be expanded in 2008 to include the primary process – using *Triple AAA* procedures as a basis. Internal control is based on the integrated framework of the Committee of Sponsoring Organisations of the Treadway Commission (COSO).

#### *Audits*

The Internal Audit Unit performs audits throughout SNV. Every country programme is audited at least once every four years. In 2007, the unit audited six countries and two regional offices. It also executes audits at Head Office. The corporate external auditor is responsible for the financial audit of SNV, resulting in an audit



opinion for the consolidated annual accounts. In 2006, a new external auditor was contracted for 2007–2009.

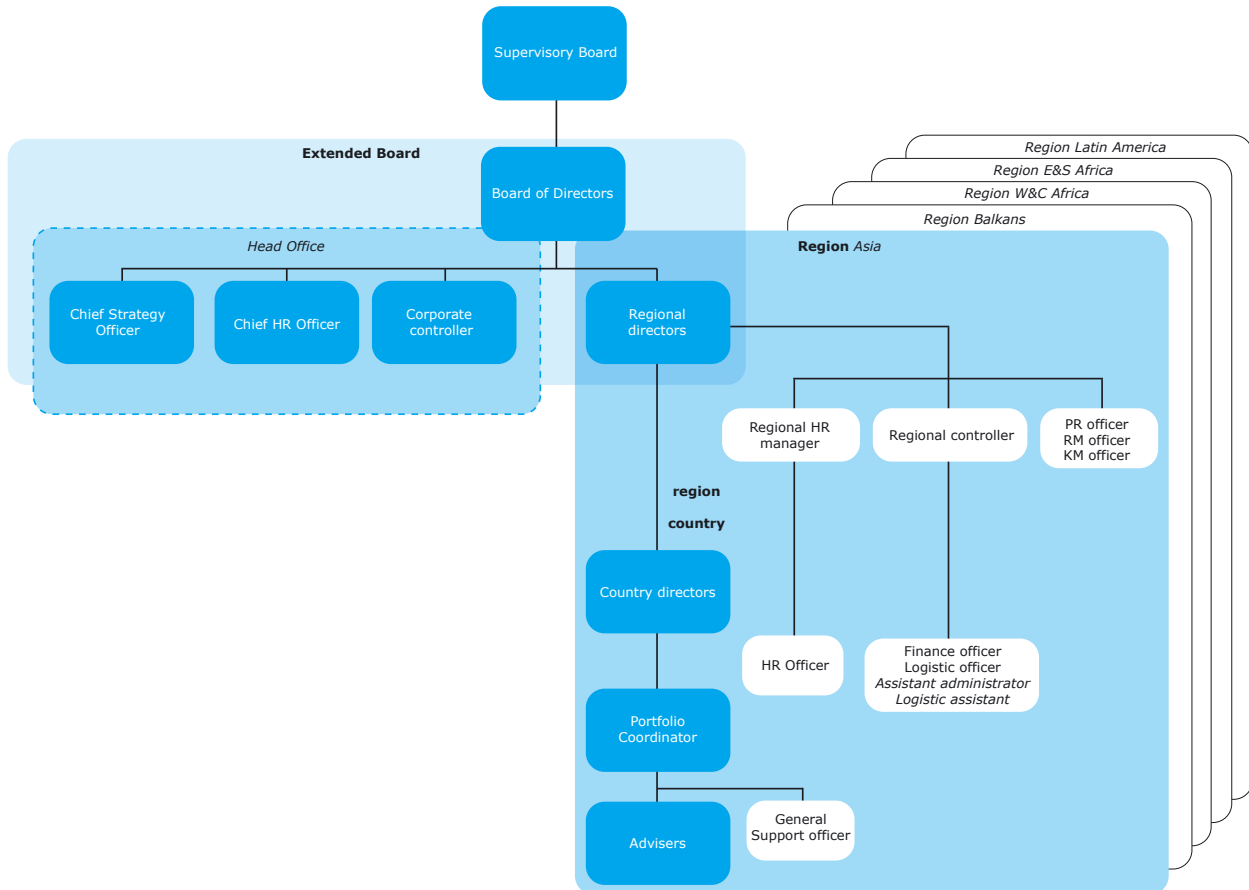
*Risk management*

In 2007 interviews were conducted with senior management to identify risks. In 2008, SNV management will agree on an action plan how to manage these identified risks. Follow-up of it will be monitored, as will the risk management process itself.

*Common practice in case of supposed irregularities*

SNV’s practice in case of supposed irregularities is that the first employee that is confronted with such a case bears the responsibility of directly informing the country director. After that the corporate controller, the Internal Audit Unit and the Board of Directors are informed. An investigation process is designed and undertaken, either internally or by external forensic experts.

**Figure 2: SNV’s organisational structure**



Based upon the outcome of the investigation action taken may differ from case to case:

- Suspend employee(s) suspected of being involved in irregularities
- Withhold salary payment of employee(s) involved
- Terminate contract of employee(s) involved
- Take legal steps

The corporate controller informs the external auditor, the Audit Committee and DGIS.

#### *Supervisory structure*

The Board of Directors manages the SNV organisation under guidance of an independent Supervisory Board. The Supervisory Board meets at least four times a year and, in line the SNV statutes, consists of a minimum of five and a maximum of seven members. Supervising SNV policy and how it is implemented is its main task. Specific items for discussion in 2007 were the finalisation of the subsidy agreement for 2002-2006, and in consequence the new SNV-strategy, SNV's new remuneration policy, the external evaluations reports and the new workers participation structure within SNV worldwide. A number of Supervisory Board members also visited SNV's programmes in Kenya and Bolivia to gain a better understanding of SNV's realities in the field. The Supervisory Board also evaluates the Board of Directors. The yearly evaluation of the Board of Directors is prepared by the Remunerations Committee, in which two members of the Supervisory Board participate (the chairman and one other member).



SNV values comply with national and international standards of good corporate [governance](#):

- The Audit Committee monitors finance, risks and compliance and advises the Supervisory Board regarding finance and control issues
- Internal control is based on the integrated framework of the Committee of Sponsoring Organisations of the Treadway Commission (COSO)
- An external auditor reports annually to the full Supervisory Board

In November 2006, the new [governance](#) code, based on the Code Wijffels, was formally approved by the Board of Directors and the Supervisory Board.

#### **Dirk Elsen**

Chairperson of the Board of Directors

#### **Annemiek Jenniskens**

Member of the Board of Directors

April 11, 2008



# Improving access to health care in Burkina Faso

Capacity Development Illustrated

nr 5  
case  
2007



'More people than ever before joined the launch of new health schemes in Burkina Faso,' enthusiastically says Lamine Mariko, head of the Training and Capacity Building Department of the Réseau d'Appui aux Mutuelles de Santé (RAMS). 'RAMS was able to strengthen the voice and



**accountability of insurance schemes as we improved the agreements between the insurance schemes and the health facilities involved. More people became aware of and joined in health schemes reducing their medical expenditure and enhancing their purchasing power. The insurances are now anchored in the local context, resulting in sustainability and increased outreach,' agree Amina Bila, executive secretary, and Aicha Belem, financial officer, at the Réseau.**

RAMS is a unique network in Burkina Faso, providing training and advisory services to health schemes. It is SNV's key client in this field. The Réseau was created by a number of local organisations operating in rural areas as well as in the informal sector of cities, to provide their members and target groups with health insurance services. The organisation deals with 80% of the health insurance of the informal sector of Burkina Faso. It has strong leadership and an executive secretariat of 12 members comprising four senior executive staff and four middle executive staff; these factors add up to making the Réseau a perfect capacity developer for SNV to work with.

The Plan National de Développement Sanitaire 2000–2010 of Burkina Faso identified the weak purchasing power of the population as one obstacle to wider access to primary health care. Taking care of the need for medical care is correlated to the scope and effectiveness of existing health insurance models. In Burkina, the social security system only covers the formal economy, which is less than 25% of the total economy of the country. When referring to regular health insurance, only 11% of the population is covered. Foreign, often European, insurance companies provide these regular (expensive) insurance schemes, unaffordable to the majority of Burkina people. The Réseau d'Appui aux Mutuelles de Santé specifically targets the

informal sector and works with non-profit schemes asking a lower contribution, which enables a larger number of people the opportunity of health insurance.

### Stimulating access to health care

SNV started advising RAMS in March 2007. Advisory was provided on the condition that improvement of the functioning of the schemes was intimately linked to enhancing access to primary health care. The advisory body of RAMS has been structured and adapted to this need and SNV supported the designing of a benchmark setting marks for the solid functioning of insurance schemes.

The expected impact of SNV's efforts with RAMS is a significant enhancement of the financial accessibility of members of schemes of the RAMS network to primary health. In the set system, this accessibility is measured by the attendance rate (number of people attending a health facility within the total number of members) and the 'sinistrality' rate (percentage of collected premium that is utilised for paying the medical bills from health facilities). Measured by the end of 2007, these rates are respectively 41% (against 34% for the whole country) and 58%.



## Results

RAMS was able to show impeccable results already by the end of 2007; 58 affiliated health schemes have been set up against 31 in 2006, an increase of 87% contributing to the financial access of 28,000 members (compared to 19,500 members in 2006 or an increase of 47%) to primary health care in 15 of the 43 provinces of the country. Its potential target group is the complete non formal sector of the country. Further opportunities for the effectiveness of the work the Réseau can be enhanced further. Currently the staff of health facilities are not obliged to stimulate people to use of insurances schemes. As health insurance can pay 70% of a sick person's bill, joining a scheme would have a positive impact on people's lives as it would reduce their costs of living. Added to that can be the positive effect on the cost of insurance as the number members rises. Therefore SNV links up with the Dutch embassy and stimulates them to

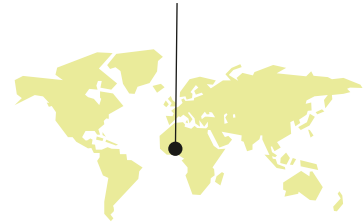
use their contacts with the Burkina government to ensure access to health care and remind health facilities to their role in enlarging people's awareness of insurance schemes. 'SNV also stimulates our organisation to take this challenge to the macro level', explains Lamine Mariko.

## Learned

Although complex, SNV's advisory practice is directly correlated with client performance, in which the core of the activity is the client's own primary process of selecting and clarifying expectations (what strategic objective is SNV pursuing with the collaboration? what is the strategic objective of the client? do they match?). This will clarify the roles and objectives, and increase the efficiency of the collaboration. So far the experience of the Réseau d'Appui aux Mutuelles de Santé in enhancing the performance of individual insurance schemes and therefore financial access to insurance



## Burkina Faso



schemes in Burkina Faso is effective in contributing to developing people's capacities.

Nine of the 12 RAMS staff members are women. There are therefore few gender issues within the organisation. However, RAMS does experience gender problems in its relations with its own rural clients located in poor, conservative institutional settings, who are strongly influenced by culture and tradition. Therefore, there is a need to adopt a holistic approach. Unfortunately this still needs attention.

### Similar cases

#### *Ghana*

SNV has raised awareness on the weakness of the national health insurance scheme in two districts. The management of the health insurance scheme has been supported to improve its financial administration. As a result access to health care will increase.

#### *Niger*

People's access to primary health care has been improved through the promotion of sustainable, community-based health insurance organisations. SNV has established linkages between donors like UNICEF and local NGO's, which enabled them to scale up their activities and to cover more beneficiaries.



# SNV Annual accounts 2007



## Introduction

### *What's new in 2007*

This is the first year of the new subsidy agreement for 2007–2015. For evaluation purposes, the subsidy agreement is divided into three periods: 2007–2009, 2010–2012 and 2013–2015. As a result of a change in the subsidy conditions underlying the new agreement, the accounting treatment of interest earned on subsidy money has changed. For details refer to the paragraph 'accounting principles'. For general subsidy conditions, refer to the subsidy framework of the Ministry of Foreign Affairs ([www.minbuza.nl/nl/ontwikkelingssamenwerking](http://www.minbuza.nl/nl/ontwikkelingssamenwerking)). As of 2007 the annual accounts are prepared in full accordance with the accounting standards for not-for-profit organisations (RJ 640). Application of this standard has led to minor adjustments in the presentation of the figures; when necessary, comparative figures are adjusted accordingly.

### *SNV's annual accounts*

The annual accounts of SNV reflect its three main activities: core activities, managing externally financed programmes and special agreements with the Ministry of Foreign Affairs.

Core activities consist of capacity building in developing countries (regions), Head Office support and activities with partners to support capacity building. These activities are financed by the Ministry of Foreign Affairs and by other parties (so-called resource mobilisation). In the statement of income and expenditure, income consists of subsidy income, earmarked contributions, resource mobilisation and interest. Expenditures comprise costs of the regions, the Head Office and partnerships. The balance of income and expenditure is transferred to equity. The changes in equity consist of interest, build-up of the fund for special tax purposes and invested capital in fixed assets. In case of underexpenditure, subsidy income is reduced to the level required to cover the expenditures, and the surplus is accounted for in the current account with the Ministry of Foreign Affairs and available for the remaining years of the relevant three-year subsidy period (currently 2007-2009). In the balance sheet, tangible fixed assets, long-term and short-term receivables, part of the cash and cash equivalents, equity and short-term debts reflect the core activities.

The externally financed programmes are funded by the Ministry of Foreign Affairs (Nepal programmes), embassies of the Kingdom of the Netherlands (DGIS programmes) and other donors (third-party programmes). SNV is responsible for financial administration, reporting and advice on content; donors are ultimate responsible for the programmes. In the statement of income and expenditure, income and expenditure related to externally financed programmes are equal. In the balance sheet, the short-term and the long-term receivables programmes, the short-term and the long-term commitments programmes, and part of the cash and cash equivalents reflect these programmes.

Still one special agreement with the Ministry of Foreign Affairs is effective, being the pre-received earmarked contributions to cover potential future expenditures related to personnel rights acquired before 2002. These earmarked contributions reflect an agreement made with DGIS when SNV became independent in 2002. Income and expenditures with regard to the pre-received earmarked contributions are equal.

The annual accounts consist of the following:

- balance sheet after appropriation balance income and expenditure
- statement of income and expenditure
- cash flow statement
- accounting principles
- notes to the balance sheet after appropriation balance income and expenditure
- notes to the statement of income and expenditure
- other information

# Balance sheet after appropriation balance income and expenditure

Assets (in €)	Notes	2007	2006
Buildings, renovation and terrain		789,427	773,583
Vehicles		2,534,180	3,134,884
Equipment		2,170,683	2,960,518
Other inventory		498,601	633,108
Assets in transition		90,055	8,487
<b>Tangible fixed assets</b>	<b>1</b>	<b>6,082,946</b>	<b>7,510,580</b>
Bonds	2	1,598,790	1,661,030
Deposits	3	177,280	161,359
<b>Long-term receivables</b>		<b>1,776,070</b>	<b>1,822,389</b>
DGIS programmes		3,939,728	4,567,716
Third-party programmes		711,808	1,209,408
Nepal programmes		3,057,891	6,394,929
<b>Long-term receivables programmes</b>	<b>4</b>	<b>7,709,427</b>	<b>12,172,053</b>
DGIS programmes		10,574,855	3,087,898
Third-party programmes		2,040,343	1,885,172
Nepal programmes		3,166,589	2,522,456
<b>Short-term receivables programmes</b>	<b>4</b>	<b>15,781,787</b>	<b>7,495,526</b>
Ministry of Foreign Affairs	14	0	1,934,684
Debtors		2,097,243	1,356,107
Prepayments and accrued income	5	3,870,147	3,606,267
<b>Short-term receivables</b>		<b>5,967,390</b>	<b>6,897,058</b>
SNV programme		48,905,418	36,982,951
DGIS programmes		1,286,190	175,742
Third-party programmes		1,130,362	1,083,309
Nepal programmes		379,411	398,086
<b>Cash and cash equivalents</b>	<b>6</b>	<b>51,701,381</b>	<b>38,640,088</b>
<b>Total</b>		<b>89,019,001</b>	<b>74,537,694</b>



Liabilities (in €)	Notes	2007	2006
Equity	7	7,474,885	6,397,100
Special purpose reserve foreign exchange	8	970,495	970,495
Special purpose fund tax claims	9	14,787,400	11,195,247
Special purpose fund programme finance	10	0	4,303,386
Invested capital in fixed assets	11	6,082,946	7,510,580
<b>Capital base</b>		<b>29,315,726</b>	<b>30,376,808</b>
Pre-received earmarked contributions		8,841,862	9,457,337
<b>Long-term debts</b>	12	<b>8,841,862</b>	<b>9,457,337</b>
DGIS programmes		3,939,728	4,571,636
Third-party programmes		711,810	1,218,010
Nepal programmes		3,057,891	6,394,929
<b>Long-term commitments programmes</b>	13	<b>7,709,429</b>	<b>12,184,575</b>
DGIS programmes		11,817,912	3,192,287
Third-party programmes		2,929,205	2,726,189
Nepal programmes		3,546,000	2,920,542
<b>Short-term commitments programmes</b>	13	<b>18,293,117</b>	<b>8,839,018</b>
Pre-received earmarked contributions	12	600,000	600,000
Pre-received waiver assignments		396,367	393,137
Programme activities not yet accounted for		543,791	420,524
Pre-financed DGIS programmes	4	43,133	71,353
Pre-financed third-party programmes	4	241,498	242,292
Ministry of Foreign Affairs	14	8,157,586	0
Creditors		4,072,373	3,646,582
Accrued expenses	15	9,096,057	6,837,881
Taxes and social security premiums		261,483	484,138
Pensions		1,446,579	984,049
<b>Short-term debts</b>		<b>24,858,867</b>	<b>13,679,956</b>
<b>Total</b>		<b>89,019,001</b>	<b>74,537,694</b>



# Statement of Income and Expenditure

€	Notes	Realised 2007	Revised budget 2007	Original budget 2007	Realised 2006
<i>Income</i>					
Subsidy Income	16	82,911,116	88,700,000	96,300,000	86,884,365
Earmarked contributions	12	615,475	500,000	0	946,328
Nepal programmes	17	2,711,821	2,200,000	3,000,000	2,055,279
<b>Ministry of Foreign Affairs</b>		<b>86,238,412</b>	<b>91,400,000</b>	<b>99,300,000</b>	<b>89,885,972</b>
Resource mobilisation	18	7,208,924	8,000,000	8,400,000	7,035,640
Interest SNV programme	19	1,556,480	500,000	100,000	896,957
Other income		0	0	0	189,352
<b>Income SNV programme</b>		<b>95,003,816</b>	<b>99,900,000</b>	<b>107,800,000</b>	<b>98,007,921</b>
DGIS Programmes	13	2,267,829	n.a.	n.a.	2,284,560
Third-party programmes	13	2,361,842	n.a.	n.a.	1,314,923
<b>Income other activities</b>		<b>4,629,671</b>	<b>n.a.</b>	<b>n.a.</b>	<b>3,599,483</b>
<b>Total income</b>		<b>99,633,487</b>	<b>99,900,000</b>	<b>107,800,000</b>	<b>101,607,404</b>
<i>Expenditure</i>					
Regions	20	74,495,577	80,400,000	82,300,000	74,268,009
Nepal programmes	17	2,711,821	2,200,000	3,000,000	2,055,279
<b>Total regions</b>		<b>77,207,398</b>	<b>82,600,000</b>	<b>85,300,000</b>	<b>76,323,288</b>
Head office	20	11,705,712	12,600,000	13,600,000	14,138,879
Earmarked contributions	12	615,475	500,000	0	946,328
<b>Total non-regional</b>		<b>12,321,187</b>	<b>13,100,000</b>	<b>13,600,000</b>	<b>15,085,207</b>
<b>Partnerships</b>	20	<b>2,232,927</b>	<b>3,900,000</b>	<b>7,800,000</b>	<b>2,815,913</b>
<b>Expenditure SNV programme</b>		<b>91,761,512</b>	<b>99,600,000</b>	<b>106,700,000</b>	<b>94,224,408</b>
DGIS Programmes	13	2,267,829	n.a.	n.a.	2,284,560
Third-party programmes	13	2,361,842	n.a.	n.a.	1,314,923
<b>Expenditure other activities</b>		<b>4,629,671</b>	<b>n.a.</b>	<b>n.a.</b>	<b>3,599,483</b>
<b>Total expenditure</b>		<b>96,391,183</b>	<b>99,600,000</b>	<b>106,700,000</b>	<b>97,823,891</b>
<b>Balance income and expenditure</b>		<b>3,242,304</b>	<b>300,000</b>	<b>1,100,000</b>	<b>3,783,513</b>
Attributable to:					
Equity		1,077,785	300,000	1,100,000	896,957
Equity (UNV)		0	0	0	189,352
Special purpose fund tax claims		3,592,153	0	0	3,113,389
Invested capital in fixed assets		-1,427,634	0	0	-416,185
		<b>3,242,304</b>	<b>300,000</b>	<b>1,100,000</b>	<b>3,783,513</b>
<b>Balance income and expenditure after appropriation</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

# Cash flow statement

After the appropriation of the balance income and expenditure for the financial year 2007, the cash flow statement can be presented as follows:

€	2007	2006
Total Ministry of Foreign Affairs	86,238,412	89,885,972
Expenditure SNV programme	-91,761,512	-94,224,408
<b>Cash flow from operations</b>	<b>-5,523,100</b>	<b>-4,338,436</b>
Resource mobilisation	7,208,924	7,035,640
Other income	0	189,352
Interest	1,556,480	896,957
<b>Balance income and expenditure</b>	<b>3,242,304</b>	<b>3,783,513</b>
Net investment	1,427,634	416,185
Change special purpose fund programme finance	-4,303,386	0
Change provisions	0	-835,000
Change long-term receivables	46,319	-1,657,693
Change short-term receivables	929,668	7,239,616
Change long-term debts	-615,475	9,457,337
Change short-term pre-received earmarked contributions	0	-8,096,021
Change other short-term debts	11,178,911	3,129,970
<b>Net change SNV programme funds</b>	<b>11,905,975</b>	<b>13,437,907</b>
Change long-term receivables	4,462,626	4,249,704
Change short-term receivables	-8,286,261	741,892
Change long-term commitments	-4,475,146	-4,371,392
Change short-term commitments	9,454,099	-3,083,105
<b>Net change programme funds</b>	<b>1,155,318</b>	<b>-2,462,901</b>
<b>Net change in cash and cash equivalents</b>	<b>13,061,293</b>	<b>10,975,006</b>
<b>Balance as at 31 December</b>	<b>51,701,381</b>	<b>38,640,088</b>

The liquidity level of SNV has increased from €38.6 million to €51.7 million. The increase is primarily due to an increase in short-term debts, especially to the Ministry of Foreign Affairs. SNV needs to refund the special purpose fund programme finance 2002–2006 (€4.3 million) and has pre-received an amount of €5.8 million for core subsidy.

The format of the cash flow statement deviates from the format as pre-described by RJ 640 as the above-presented format gives better insight and meets the requirements of the Ministry of Foreign Affairs.

# Accounting principles

## Objective of the foundation and nature of activities

SNV is a Netherlands-based international development organisation that provides advisory services to local organisations in 33 developing countries to support their fight against poverty.

SNV is dedicated to a society where all people enjoy the freedom to pursue their own sustainable development. SNV's advisors contribute to this by strengthening the capacity of local organisations.

### General

The annual accounts are prepared in accordance with RJ 640 accounting standards. As of 2007, interest earned on subsidy money for the period 2007 and beyond is no longer added to equity.

As a result of change in subsidy conditions, this interest is allocated to subsidy income.

For better insight, some items of the annual accounts are reclassified; the comparative figures are adjusted accordingly.

The accounting principles formulated below relate to the annual accounts as a whole. Assets and liabilities are stated at fair value unless indicated otherwise. If assets and liabilities are stated in foreign currencies, the calculation is based on the exchange rates prevailing on the balance date. Exchange rate differences are included in operational (other) costs. For receivables, where deemed necessary, a provision is taken into account and calculated on an individual basis.

## Accounting principles for the valuation of assets and liabilities

### Assets

#### *Tangible fixed assets*

Assets are depreciated by asset group over their expected economic lives using the linear method. Residual value is not taken into account. All tangible fixed assets are included at historical cost and are converted using the exchange rates prevailing at the date of purchase. Assets in transition relate to prepayments on assets that have not been received at balance sheet date and as a consequence have not yet depreciated. The tangible fixed assets purchased by or for externally financed programmes are not taken into consideration as they will be handed over to the partners at the end of the programme period.

#### *Long-term receivables*

The long-term receivables include deposits and the bonds SNV purchased in 2004. The bonds are valued at market value. Any realised or unrealised gain or loss is presented in the statement of income and expenditure under Head Office expenditure.

#### *Long-term and short-term receivables programmes*

These figures include the amounts yet to be received from DGIS (including Nepal programmes) and third-party donors relating to programme activities that are to be carried out under the auspices

of SNV. SNV has entered into commitments for these programmes, usually expressed in euros; otherwise the prevailing exchange rate on balance date is used. The amounts related to the year 2008 are presented as short-term, the remainder as long-term receivables.

### **Liabilities**

#### *Capital base*

Capital base consists of equity, special purpose reserve, special purpose funds and invested capital in fixed assets. Equity is at free disposal of the organisation and kept for safety purposes. The special purpose reserve may only be used for the purpose for which was decided upon. The special purpose funds may only be used for the purpose as agreed upon with the Ministry of Foreign Affairs. The invested capital in fixed assets reserve is an offset account of the capitalised tangible fixed assets, representing the book value of the fixed assets. Although investments are directly subsidised under the current subsidy scheme, they are capitalised to gain better financial insight.

#### *Long-term and short-term debts*

The earmarked contributions received in advance from the Ministry of Foreign Affairs for earmarked purposes and that have not yet been spent are included here. Amounts related to the year 2008 are presented as short-term, the remainder as long-term debt. The current account with the Ministry of Foreign Affairs is also included under short-term debt.

#### *Long-term and short-term commitments programmes*

Short-term commitments, based on programme agreements, include the budget allocation for the year 2008 for programmes funded by DGIS (including Nepal programmes) and third-party donors; the remainder is presented as long-term commitments.

## **Accounting principles for determining the balance income and expenditure**

Income and expenditure are allocated to the year to which they relate.

Income and expenditure in foreign currencies are calculated throughout the year under review using the accounting exchange rate prevailing at the date the money was paid or received.

Depreciation of fixed assets is calculated by means of fixed percentages of the purchase price, based on their expected economic lives.

Income related to other activities (programmes) and the Nepal programmes is considered equivalent to the programme expenditure.

The balance income and expenditure is determined as the difference between the income generated by the SNV programme and the expenditure related to implementing the SNV programme.



# Notes to the Balance Sheet

## 1 Tangible fixed assets

The following comprises the tangible fixed assets item:

€	Buildings, renovation and terrain	Vehicles	Equipment	Other inventory	Assets in transition	Total
Purchasing value	1,609,030	8,849,550	8,761,838	1,512,080	8,487	20,740,985
Cumulative depreciation	-835,447	-5,714,666	-5,801,320	-878,972	0	-13,230,405
<b>Book value 1 January 2007</b>	<b>773,583</b>	<b>3,134,884</b>	<b>2,960,518</b>	<b>633,108</b>	<b>8,487</b>	<b>7,510,580</b>
Investments	154,174	809,203	1,084,496	127,883	90,055	2,265,811
Disposals	-27,236	-54,778	-62,029	-10,935	-8,487	-163,465
Depreciation	-111,094	-1,355,129	-1,812,302	-251,455	0	-3,529,980
<b>Book value 31 December 2007</b>	<b>789,427</b>	<b>2,534,180</b>	<b>2,170,683</b>	<b>498,601</b>	<b>90,055</b>	<b>6,082,946</b>
Purchasing value	1,667,573	7,686,502	9,057,759	1,568,191	90,055	20,070,080
Cumulative depreciation	-878,146	-5,152,322	-6,887,076	-1,069,590	0	-13,987,134
<b>Book value 31 December 2007</b>	<b>789,427</b>	<b>2,534,180</b>	<b>2,170,683</b>	<b>498,601</b>	<b>90,055</b>	<b>6,082,946</b>

The depreciation cost of the buildings is based on linear depreciation over 15 years. A four-year depreciation period has been applied to vehicles and inventory. The depreciation period of building renovation is flexible, depending on the duration of the renting contract. Equipment is written off in three years. Assets in transition relate to prepayments on assets that had not been received at balance sheet date and as a consequence have not yet depreciated. SNV expenditures on tangible fixed assets are capitalised. The depreciation costs are accounted for in the statement of income and expenditure. As the ministry operates on a cash basis, the difference between investments and depreciation is booked to the offset account invested capital in fixed assets. The amount for 2007 is fully subsidised via the core budget.

## Long-term receivables

### 2 Bonds

During 2004 bonds were purchased for the amount of €2.0 million. It concerns 'Rabobank ladder obligatie III' until 2011. The bonds have a flexible interest rate (previous coupon rate plus a growing raise minus six months Euribor rate). Because of the high Euribor interest rate, the effective interest rate on the bonds at the end of 2007 was nil per cent. In 2005 an amount of €0.06 million was redeemed. As at 31 December 2007 the nominal value amounted to €1.9 million, whereas the market value of these bonds was €1.6 million (rate of 82).

### 3 Deposits

The balance includes primarily deposits for rent and maintenance contracts for properties in countries where SNV is operating. The amount has remained at almost the same level as last year.

### 4 Long-term and short-term receivables programmes

The long-term balance relates to the money to be received after 2008 in connection with the commitments with respect to implementing the programmes. The short-term balance relates to the amount to be received within one year. The long-term and short-term receivables programmes can be specified as follows:

€	2007			Total
	DGIS	Third parties	Nepal	
Budget after 2008	3,939,728	711,808	3,057,891	7,709,427
<b>Long-term receivables</b>	<b>3,939,728</b>	<b>711,808</b>	<b>3,057,891</b>	<b>7,709,427</b>
Budget 2008	11,817,912	2,929,207	3,546,000	18,293,119
Pre-received money	-1,286,190	-1,130,362	-379,411	-2,795,963
Pre-financed programmes	43,133	241,498	0	284,631
<b>Short-term receivables</b>	<b>10,574,855</b>	<b>2,040,343</b>	<b>3,166,589</b>	<b>15,781,787</b>
<b>Total receivables</b>	<b>14,514,583</b>	<b>2,752,151</b>	<b>6,224,480</b>	<b>23,491,214</b>

€	2006			Total
	DGIS	Third parties	Nepal	
Budget after 2007	4,571,636	1,218,010	6,394,929	12,184,575
Pre-received money	-3,920	-8,602	0	-12,522
<b>Long-term receivables</b>	<b>4,567,716</b>	<b>1,209,408</b>	<b>6,394,929</b>	<b>12,172,053</b>
Budget 2007	3,192,287	2,726,189	2,920,542	8,839,018
Pre-received money	-175,742	-1,083,309	-398,086	-1,657,137
Pre-financed programmes	71,353	242,292	0	313,645
<b>Short-term receivables</b>	<b>3,087,898</b>	<b>1,885,172</b>	<b>2,522,456</b>	<b>7,495,526</b>
<b>Total receivables</b>	<b>7,655,614</b>	<b>3,094,580</b>	<b>8,917,385</b>	<b>19,667,579</b>

The increase in programme receivables is due to a new DGIS project in Asia.

### Short-term receivables

#### 5 Prepayments and accrued income

Prepayments and accrued income concern prepayments made by the field offices relating to such things as rent and school fees. Prepayments on partnership activities scheduled for 2008 are also included, amounting to a total of €1.5 million (UNDP €1.0, UNWTO €0.3, WWF €0.1, other €0.1). A further amount of €1.4 million is for accrued interest stated under this item.

### 6 Cash and cash equivalents

#### Specification Cash and cash equivalents

€	2007		Total
	Cash	Bank	
SNV programme	79,256	48,826,162	48,905,418
DGIS programmes	0	1,286,190	1,286,190
Third-party programmes	137	1,130,225	1,130,362
Nepal programmes	0	379,411	379,411
<b>Total</b>	<b>79,393</b>	<b>51,621,988</b>	<b>51,701,381</b>

€	2006		Total
	Cash	Bank	
SNV programme	116,566	36,866,385	36,982,951
DGIS programmes	0	175,742	175,742
Third-party programmes	703	1,082,606	1,083,309
Nepal programmes	0	398,086	398,086
<b>Total</b>	<b>117,269</b>	<b>38,522,819</b>	<b>38,640,088</b>

The cash and cash equivalents are unrestricted.

**Capital base***7 Equity**Specification equity*

€	2007	2006
Equity as at 1 January	6,397,100	5,310,791
Financial income	1,077,785	896,957
UNV refund 2003	0	189,352
<b>Total as at 31 December</b>	<b>7,474,885</b>	<b>6,397,100</b>

Equity is built up to guarantee the continuity of the organisation.

*8 Special purpose reserve foreign exchange*

The reserve for foreign exchange of €1.0 million is to cover the claims made by field offices in the 'dollar countries' in situations where the resources available are not sufficient to cover an extreme increase in exchange rates.

*9 Special purpose fund tax claims*

As a result of the disentanglement, SNV may face tax and social premium claims in programme countries. Formerly the tax status was laid down in bilateral country agreements under the DGIS umbrella. The change in legal status may imply that SNV needs to pay taxes on expatriate salaries to the governments in the host countries. To this effect, as from 2003 a net amount of €14.8 million has been created through the appropriation of the balance income and expenditure. The disbursed amounts concern payments of specific tax and social security premiums for international staff. The fund will be reviewed annually. It is expected that the allocation in 2003–2007 to the special-purpose fund foreign taxes is sufficient to cover possible tax claims over 2003–2007.

*Specification special purpose fund foreign tax claims*

€	2007	2006
Balance as at 1 January	11,195,247	8,081,858
Reserved hypotax	4,067,679	3,721,311
Disbursed	-475,526	-607,922
<b>Total as at 31 December</b>	<b>14,787,400</b>	<b>11,195,247</b>

*10 Special purpose fund programme finance*

This fund represented the remaining balance of the subsidy for 2002. It has been agreed with the Ministry of Foreign Affairs to refund this amount, which is presented in the current account with the ministry.

*Specification special purpose fund programme finance*

€	2007	2006
Balance as at 1 January	4,303,386	4,303,386
Refund to Ministry of Foreign Affairs	-4,303,386	0
<b>Total as at 31 December</b>	<b>0</b>	<b>4,303,386</b>

*11 Invested capital in fixed assets*

As of 1996, tangible fixed assets have been presented as such on the balance sheet. Because the ministry deploys a cash basis system, where investments are charged to the budget year in question, a difference arises between the expenditure based on the accrual system used by SNV and the cash system. The annual mutation is the net investment (see also 'tangible fixed assets').

*Specification invested capital in fixed assets*

€	2007	2006
Balance as at 1 January	7,510,580	7,926,765
Mutation	-1,427,634	-416,185
<b>Total as at 31 December</b>	<b>6,082,946</b>	<b>7,510,580</b>

**Long-term debts***12 Pre-received earmarked contributions*

The disbursements regarding earmarked contributions in 2007 can be specified as follows:

€	Orientation leave	Unemployment benefit	Total
Balance as at 1 January 2007	499,216	9,558,121	10,057,337
Disbursed in 2007	-259,702	-355,773	-615,475
<b>Total as at 31 December 2007</b>	<b>239,514</b>	<b>9,202,348</b>	<b>9,441,862</b>
Represented by:			
Long-term debts	39,514	8,802,348	8,841,862
Short-term debts	200,000	400,000	600,000
<b>Total</b>	<b>239,514</b>	<b>9,202,348</b>	<b>9,441,862</b>

It has been agreed with the Ministry of Foreign Affairs that if the orientation leave contributions become fully depleted, the contributions for unemployment benefit may be used for orientation leave payments as well. However, prior approval is required. At 31 December 2007, the maximum estimated commitments for orientation leave amounted to €1.7 million and for unemployment benefit 2.2 million.

**13 Long-term and short-term commitments programmes**

The long-term commitments represent the activities to be executed in 2009 and beyond.

The short-term commitments represent activities in 2008.

*Specification of the long-term and short-term commitments programmes*

€	DGIS	Third parties	Nepal	Total
Total commitments as per 31 December 2006	7,763,923	3,944,199	9,315,471	21,023,593
New commitments	11,626,000	2,778,806	0	14,404,806
Decommitments	-1,356,518	-707,993	0	-2,064,511
Expenditure	-2,267,829	-2,361,842	-2,711,821	-7,341,492
Interest and revaluation	-7,936	-12,155	241	-19,850
<b>Total commitments as per 31 December 2007</b>	<b>15,757,640</b>	<b>3,641,015</b>	<b>6,603,891</b>	<b>26,002,546</b>
Represented by:				
Long-term commitments as per 31 December 2007	3,939,728	711,810	3,057,891	7,709,429
Short-term commitments as per 31 December 2007	11,817,912	2,929,205	3,546,000	18,293,117
	<b>15,757,640</b>	<b>3,641,015</b>	<b>6,603,891</b>	<b>26,002,546</b>

**Short-term debts***14 Ministry of Foreign Affairs*

This entry includes the current account with the Ministry of Foreign Affairs; it can be specified as follows:

€	2007	2006
Receivable programme finance	-5,816,821	-5,816,821
Subsequent payment core subsidy 2005	1,513,435	1,513,435
Pre-received core subsidy 2006	2,368,702	2,368,702
Special purpose fund programme finance	4,303,386	0
<b>Core subsidy 2002–2006</b>	<b>2,368,702</b>	<b>-1,934,684</b>
Pre-received core subsidy 2007	5,788,884	0
<b>Core subsidy 2007–2015</b>	<b>5,788,884</b>	<b>0</b>
<b>Total as at 31 December</b>	<b>8,157,586</b>	<b>-1,934,684</b>

*15 Accrued expenses**Specification accrued expenses*

€	2007	2006
Leave days	4,156,243	3,971,966
Holiday allowance	749,052	825,283
Various costs to be paid	4,190,762	2,040,632
<b>Total as at 31 December</b>	<b>9,096,057</b>	<b>6,837,881</b>

The increase in 'various costs to be paid' is the result of an increase in invoices regarding 2007 received in 2008.

**Commitments and rights not shown in the balance sheet***Subsidy agreement*

At the end of 2006 there was a positive balance of €10.8 million related to subsidy agreement 2002–2006. SNV planned to use €6.3 million in 2007 and the remaining €4.5 million in 2008. It is agreed with the Ministry of Foreign Affairs that the €6.3 million, not used in 2007, will not be used anymore. In 2007 SNV received €5.8 million more subsidy than used and this amount is presented as payable to the ministry in the current account.

The subsidies up to and including 2006 are agreed upon by the ministry.

*Suppliers' contracts*

SNV has signed several contracts with suppliers of goods and services for a total amount of €2.4 million. The annual rent for the office in The Hague amounts to €0.3 million (price level 2007). The rental agreement terminates on 31 July 2015.

*Legal cases in progress*

In two countries there are in total four pending legal cases by former employees against SNV. The total amount involved is €0.1 million. SNV has a claim against two former employees for a total amount of €0.04 million.



*Contingent liability*

In one country there is a contingent liability of €0.04 million for potential incorrect income tax and social security cost calculations.

**Partnerships**

SNV has entered into several partnerships with a financial component covering the year 2008 and thereafter. The total amount involved is €4.9 million.

*United Nations Development Programme ( )*

SNV has been collaborating with [UNDP](#) since October 2004 and commitments continue until August 2010. Existing commitments are for integrating policy advice, capacity development and knowledge management activities within national development agendas. The remaining commitment at the end of 2007 amounts to €2.8 million.

*World Tourism Organization (UNWTO)*

Since November 2004, [UNWTO](#) and SNV have worked in partnership. SNV agreed with [UNWTO](#) to contribute €2.0 million for advisory services and technical assistance in the field of sustainable tourism development for the years 2005–2007. At the end of 2007 SNV signed a letter of intent to contribute additional funds up to €0.9 million during the period 2008–2010.

*World Business Council for Sustainable Development (WBCSD)*

In 2006, SNV signed an agreement with [WBCSD](#) to involve the private sector in creating jobs for sustainable poverty alleviation. In this agreement SNV contributes an amount of €0.95 million. The remaining commitment at the end of 2007 is €0.4 million. The original activity agreement ended at the end of 2007 but it has been extended until 31 March 2008.

*World Wide Fund for Nature (WWF)*

In 2006, SNV signed an initial agreement with [WWF](#) to contribute funds for providing better and more stable economic incentives to small timber and producers of non-timber forest products in the tropics. The original activity agreement ended at the end of 2007. An extension to the initial agreement has been signed to contribute an additional €0.2 million to continue activities until the end of 2008. The remaining commitment at the end of 2007 was €0.2 million.

At the end of 2007, SNV signed a second activity agreement with [WWF](#) to contribute an amount of €0.3 million to explore sustainable strategies for developing bio-energy as a tool to reduce poverty in rural communities. The remaining commitment at the end of 2007 was €0.3 million. This activity agreement ends at the end of 2008.

*Fair Trade Labelling Organisation (FLO)*

In 2006, SNV signed an agreement with [FLO](#) to contribute an amount of €1.2 million to support producer organisations in the South, involving production chains such as coffee, cocoa, several kinds of nuts and rice. The remaining obligation at the end of 2007 was €0.3 million. Contracts run until 16 January 2009.

# Notes to the Statement of Income and Expenditure

## General

The original budget as well as the revised budget 2007 is included in the statement of income and expenditure. The original budget 2007 is approved by the Ministry of Foreign Affairs. In the fourth quarter of 2007 the Supervisory Board approved the revised budget 2007. The main variations between revised budget and original budget in the regions are due to the reductions made in personnel costs and programme support costs to adjust expenditure with the delays in recruitment and delays in programme activities. Part of the effect of exchange rate fluctuations was also included in the revised budget. The main variations between revised budget and original budget in Head Office are due to the adjustments in personnel costs due to a few delays in recruitment and because some corporate projects were partly postponed to 2008. The analyses in the paragraphs hereafter are based on the realised figures set off against the revised budget.

## Income

### 16 Programme funding Ministry of Foreign Affairs

The total income for the SNV programme amounted to €83.5 million in 2007 of which €82.9 million is for regular capacity development activities. These activities decreased by €4.0 million (4.6%) compared with 2006 and by €5.8 million (6.6%) compared with the revised budget.

#### Specification programme funding Ministry of Foreign Affairs

€	Realised 2007	Revised Budget 2007	Original Budget 2007	Realised 2006
Subsidy agreement 2002-2006	0	0	0	79,253,067
Subsidy agreement 2007-2015	90,000,000	90,000,000	90,000,000	0
<b>Total subsidy agreement</b>	<b>90,000,000</b>	<b>90,000,000</b>	<b>90,000,000</b>	<b>79,253,067</b>
Transfer 2007-2009	-7,088,884	-1,300,000	0	0
Refund 2006	0	0	0	-2,368,702
Release from unutilised subsidy income in the past	0	0	6,300,000	10,000,000
<b>Total subsidy income</b>	<b>82,911,116</b>	<b>88,700,000</b>	<b>96,300,000</b>	<b>86,884,365</b>
Earmarked contributions	615,475	500,000	0	946,328
<b>Total programme funding</b>	<b>83,526,591</b>	<b>89,200,000</b>	<b>96,300,000</b>	<b>87,830,693</b>

In the subsidy agreement 2002–2006 a certain amount for earmarked contributions was included. In the new subsidy agreement this is no longer the case. The pre-received earmarked contributions of the prior subsidy agreement may be used for future earmarked expenditures.

### 17 Nepal programmes

In 2005, SNV took over two EKN-funded Nepal activities that form part of the core subsidy as from 2005. The duration of these programmes is through 2009. The original expenditures budget for 2007 amounted to €3.0 of which €2.7 million of cash was actually received. The income is considered equivalent to the expenditure. Movements in 2007 in the two Nepal activities may be presented as follows:

€	Biodiversity	Renewable Energy Sector Support	Total
Net commitment as per 31 December 2006	6,155,505	3,159,966	9,315,471
Net receivable as per 31 December 2006	-6,127,969	-2,789,416	-8,917,385
<b>Net programme fund balance as per 31 December 2006</b>	<b>27,536</b>	<b>370,550</b>	<b>398,086</b>
Funds received in 2007	2,113,000	576,000	2,689,000
Expenditure 2007	-1,815,773	-896,048	-2,711,821
Interest and revaluation	2,309	1,837	4,146
<b>Net programme fund balance as per 31 December 2007</b>	<b>327,072</b>	<b>52,339</b>	<b>379,411</b>
Represented by:			
Net commitment as per 31 December 2007	4,339,732	2,264,159	6,603,891
Net receivable as per 31 December 2007	-4,012,660	-2,211,820	-6,224,480
	<b>327,072</b>	<b>52,339</b>	<b>379,411</b>

At the time of the forecast, the original budget of €3 million was revised to € 2.2 million as a result of the political instability in Nepal. The realised expenditure is higher compared with the revised budget as more activities could be executed – despite the instability – than foreseen.

#### 18 Resource mobilisation

The amount for resource mobilisation relates to income from third parties to finance SNV's primary and support process costs to realise the impact it strives for. In 2007 the income slightly increased compared to 2006.

#### 19 Interest SNV programme

During the subsidy agreement 2002–2006, SNV was allowed by the ministry to add the interest earned to equity. As from the new subsidy agreement, SNV is only allowed to add the interest earned on cash and cash equivalents from the subsidy period 2002–2006 and SNV's own capital (equity and special purpose reserve foreign exchange) to equity. The other interest earned is used for the Capacity Development Programme. Of the received €1.6 million interest an amount of €1.1 million was added to equity. The main contributor to reason why the realised interest is higher than budgeted is that the interest rate on the savings account increased by more than one per cent.

#### Income other activities

Other income relates to externally financed programmes. The income of externally financed programmes equals the expenditure. Outstanding commitments and receivables are accounted for in the balance sheet.

### Expenditure

#### 20 Expenditure SNV regular Capacity Development Programme

Total costs for the regular Capacity Development Programme amounts to €88.4 million. This means a decrease of €2.8 million (3%) compared with 2006. Compared with the revised budget, actuals are €8.5 million or 9% lower. The indirect costs, which are Head Office costs that only indirectly support the primary process, went down from 9.8% to 8.4% (norm 2007: 8.5%) of the total regular capacity development costs. Main reasons for the efficiency gains are decreased expenditure at Head Office.

## Specification expenditure SNV regular Capacity Development Programme

€	Realised 2007	Revised Budget 2007	Original Budget 2007	Realised 2006
<b>Regions:</b>				
Gross salaries	29,188,928			29,600,950
Social securities	2,061,618			2,011,319
Pension premiums	2,450,172			2,644,266
Other	22,862,310			22,068,134
<b>Personnel costs</b>	<b>56,563,028</b>	<b>61,084,609</b>	<b>61,336,273</b>	<b>56,324,669</b>
Depreciation	2,554,300	2,503,611	2,450,079	2,635,894
Other	15,378,249	16,811,780	18,513,648	15,307,446
<b>Other costs</b>	<b>17,932,549</b>	<b>19,315,391</b>	<b>20,963,727</b>	<b>17,943,340</b>
<b>Regions</b>	<b>74,495,577</b>	<b>80,400,000</b>	<b>82,300,000</b>	<b>74,268,009</b>
<b>Head office:</b>				
Gross salaries	3,329,177			3,102,884
Social securities	400,965			156,681
Pension premiums	454,820			855,453
Other	1,280,916			3,085,874
<b>Personnel costs</b>	<b>5,465,878</b>	<b>5,858,724</b>	<b>6,285,453</b>	<b>7,200,892</b>
Depreciation	975,680	990,890	930,000	861,368
Other	5,264,154	5,750,386	6,384,547	6,076,619
<b>Other costs</b>	<b>6,239,834</b>	<b>6,741,276</b>	<b>7,314,547</b>	<b>6,937,987</b>
<b>Head Office</b>	<b>11,705,712</b>	<b>12,600,000</b>	<b>13,600,000</b>	<b>14,138,879</b>
Partnerships	2,232,927	3,900,000	7,800,000	2,815,913
<b>Total costs</b>	<b>88,434,216</b>	<b>96,900,000</b>	<b>103,700,000</b>	<b>91,222,801</b>
Headcount:	1,356			1,464

*Regions*

Regional costs are all costs accounted for by the portfolio and country and regional offices. Total costs remained on the same level as in 2006 but were lower than in the revised and the original budget. The main deviations are explained below:

US dollar exchange rate fluctuations and some delays in recruitments resulted in lower salary expenditure than planned, but part of the reduction was offset by the higher number of consultants hired for delivering advisory services. The main net deviation in personnel costs is explained by the realised adjustment of €3.6 million related to the fund for foreign tax claims.

Other (operational and general) regional costs were lower than planned because of lower direct assignment costs linked to programme activities and lower equipment and office costs. These expenditures were also affected in part by exchange rate fluctuations of the US dollar in 2007.

Included in personnel costs are pension premiums (2007: €2.5 million and 2006: €2.6 million). As national pensions are based on national legal systems, they vary from country to country.

*Head Office*

Corporate costs are all the costs accounted for at Head Office. The costs decreased by €2.4 million compared with 2006. On one hand, there were some exceptional expenditures posted in 2006 linked to corporate projects, adjustment on pension premiums, redundancy, short-term support staff and moving of the Head Office. On the other, some savings in recruitments, travelling and meetings were made in 2007. Comparison of the realised 2007 figures to the revised budget indicates a reduction in expenditures because of some delays in executing corporate projects.



Included in personnel costs are pension premiums (2007: €0.5 million; 2006: €0.9 million).

The pension system at Head Office is the available premium system.

#### Partnerships

The amount for partnerships relates to justification received for partnership activities from FLO, UNDP, UNWTO, WBCSD and WWF. The original budget 2007 included unallocated amounts that were not assigned to any new partnership, although that had been intended. The total expenditures in 2007 were much lower than in the revised and in the original budgets mainly because of delay in planned activities.

#### Segmentation

SNV activities take place in five regions: Asia, the Balkans, East and Southern Africa, Latin America, and West and Central Africa. The major balance sheet items and statement of income and expenditure items may be segmented as follows (in €):

Description	Asia	Balkan	ESA	LA	WCA	Total regions	HO	Total
<b>Balance sheet items:</b>								
Tangible fixed assets	302,555	407,224	2,054,323	465,293	1,747,297	4,976,692	1,106,254	6,082,946
Long-term receivables	1,472	18,035	30,987	45,711	68,145	164,350	1,611,720	1,776,070
Long-term and short-term receivables programmes	16,800,894	360,792	6,065,138	0	264,390	23,491,214	0	23,491,214
Short-term receivables	253,926	240,058	602,048	140,431	1,648,001	2,884,464	3,082,926	5,967,390
Cash and cash equivalents	3,094,585	362,199	2,443,582	1,485,097	3,266,934	10,652,397	41,048,984	51,701,381
<b>Total assets</b>	<b>20,453,432</b>	<b>1,388,308</b>	<b>11,196,078</b>	<b>2,136,532</b>	<b>6,994,767</b>	<b>42,169,117</b>	<b>46,849,884</b>	<b>89,019,001</b>
Capital base	663,900	804,324	2,335,548	1,048,025	2,448,086	7,299,883	22,015,843	29,315,726
Long-term and short-term commitments programmes	18,450,484	445,694	6,626,850	0	479,518	26,002,546	0	26,002,546
Long-term and short-term debts	1,339,048	138,290	2,233,680	1,088,507	4,067,163	8,866,688	24,834,041	33,700,729
<b>Total liabilities</b>	<b>20,453,432</b>	<b>1,388,308</b>	<b>11,196,078</b>	<b>2,136,532</b>	<b>6,994,767</b>	<b>42,169,117</b>	<b>46,849,884</b>	<b>89,019,001</b>
<b>Statement of income and expenditure items:</b>								
Income SNV programme	12,593,252	5,428,096	20,017,249	13,617,529	22,683,401	74,339,527	20,664,289	95,003,816
Income other activities	2,774,565	329,212	1,357,286	0	168,608	4,629,671	0	4,629,671
<b>Total income</b>	<b>15,367,817</b>	<b>5,757,308</b>	<b>21,374,535</b>	<b>13,617,529</b>	<b>22,852,009</b>	<b>78,969,198</b>	<b>20,664,289</b>	<b>99,633,487</b>
Expenditure regions and non-regional	13,204,832	5,089,029	21,255,518	14,305,122	23,352,897	77,207,398	12,321,187	89,528,585
Partnerships	0	0	0	0	0	0	2,232,927	2,232,927
<b>Expenditure SNV programme</b>	<b>13,204,832</b>	<b>5,089,029</b>	<b>21,255,518</b>	<b>14,305,122</b>	<b>23,352,897</b>	<b>77,207,398</b>	<b>14,554,114</b>	<b>91,761,512</b>
Expenditure other activities	2,774,565	329,212	1,357,286	0	168,608	4,629,671	0	4,629,671
<b>Total expenditure</b>	<b>15,979,397</b>	<b>5,418,241</b>	<b>22,612,804</b>	<b>14,305,122</b>	<b>23,521,505</b>	<b>81,837,069</b>	<b>14,554,114</b>	<b>96,391,183</b>
<b>Balance income and expenditure</b>	<b>-611,580</b>	<b>339,067</b>	<b>-1,238,269</b>	<b>-687,593</b>	<b>-669,496</b>	<b>-2,867,871</b>	<b>6,110,175</b>	<b>3,242,304</b>

# Other information

## **Auditor's report**

We have audited the accompanying annual accounts 2007 of SNV Netherlands Development Organization, The Hague, as set out on pages 62 to 80 which comprise the balance sheet as at December 31, 2007, the statement of income and expenditure for the year then ended and the notes.

## **Board of Directors' responsibility**

The Board of Directors is responsible for the preparation and fair presentation of the annual accounts and for the preparation of the Board of Directors' report, both in accordance with the Guideline for annual reporting 640 'Not-for-profit organisations' of the Dutch Accounting Standards Board. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the annual accounts that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

## **Auditor's responsibility**

Our responsibility is to express an opinion on the annual accounts based on our audit.

We conducted our audit in accordance with Dutch law. This law requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the annual accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the annual accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the annual accounts give a true and fair view of the financial position of SNV Netherlands Development Organization as at December 31, 2007, and of its result for the year then ended in accordance with the Guideline for annual reporting 640 'Not-for-profit organisations' of the Dutch Accounting Standards Board. Furthermore, in our opinion the expenditure accounted for in the statement of income and expenditure meet the requirements of legitimacy.

The Hague, April 11, 2008

Deloitte Accountants B.V.

J.P.M. Hopmans

# Constitution of the Supervisory Board

## **Chairman and member of the Remuneration Committee**

Mr L. de Waal

*Director Humanitas and various commissioner posts, among others FMO, IRC, Marocco Fund and PGGM pension fund*

From 25 November 2005

Date of birth 04 November 1950

Nationality Dutch

Assigned until 25 November 2008

## **Treasurer and chairman of the Audit Committee**

Mr W. Veldman RA

*Director, VeldmanAdvies and various audit committee posts, among others ministries of Agriculture, Nature and Food Quality and Economic Affairs and Municipality of Rotterdam*

From 01 July 2003

Date of birth 30 December 1948

Nationality Dutch

Assigned until 01 July 2009

## **Other members:**

Mrs A.E. Kuipers-Bakker MBA

*Director General, Biblioservice Gelderland*

*(until 1 June 2007) (member Audit Committee)*

From 01 July 2002

Date of birth 01 June 1951

Nationality Dutch

Assigned until 01 July 2008

Mr Ir. K.A. de Jong

*Former Executive Vice President Corporate*

*Affairs, Royal Numico (member Remuneration Committee)*

From 01 July 2002

Date of birth 10 April 1942

Nationality Dutch

Assigned until 01 July 2008

Mr H. Muller

*Various commissioner posts, among others*

*SNS REAAL Group (member Audit Committee)*

From 01 July 2002

Date of birth 27 March 1942

Nationality Dutch

Assigned until 01 July 2008

**Remuneration, Supervisory Board**

In 2007 members of the Supervisory Board received the following fee attendance money:

Chairman	€5,400 net annually
Treasurer	€4,800 net annually
Other members	€4,200 net annually

**Constitution of the Board of Directors**

Mr T.J.H. Elsen

Mrs A.M.F. Jenniskens

**Remuneration, Board of Directors**

In 2007 the members of the Board of Directors received a total remuneration of gross salary including holiday allowance\*:

Chairperson	€144,680 (in 2006 €128,500)
Member	€118,898 (in 2006 €98,819)

\* including correction  
of previous years  
(chairman 3,743  
and member 657)

Total pay (including employer's contribution and pensions)\* amounted to:

Chairperson	€166,122 (in 2006 €152,793)
Member	€139,139 (in 2006 €118,914)

**Appropriation balance income and expenditure**

The 2007 balance income and expenditure has been processed in the annual accounts as follows:

€	2007	2006
Transfer to equity	1,077,785	896,957
Transfer to equity (UNV)	0	189,352
Special purpose fund tax claims	3,592,153	3,113,389
Transfer to reserve invested capital in fixed assets	-1,427,634	-416,185
<b>Total</b>	<b>3,242,304</b>	<b>3,783,513</b>

# Terms, abbreviations and expressions

## Actor

An actor is a person who acts and gets things done. SNV defines actors as organisations, groups, networks or individuals that are related to a specific area of work (such as a specific value chain or basic service sector).

## Actor constellation

An actor constellation is a grouping of interrelated actors that are involved in or linked to a specific area of work. Together such actors and the diverse interactions that occur between them can be viewed as a 'system'.

## Actor constellation map

An actor constellation map is a graphical representation of actors in a specific constellation and the various connections and interrelationships between them. The objective is to have an accessible, well organised and contextualised overview of relevant actors in a given area of work and their interrelationships – including with SNV. An actor constellation map also includes a brief description of the dynamics of, and between, actors. The actor constellation map is thoroughly reviewed once a year.

## Basic Services

Basic services include the delivery of safe water, sanitation, waste management, social welfare, transport and communications facilities, energy, health and emergency services, schools, public safety, and the management of open spaces. The lack of adequate basic services exacts a heavy toll on human health, productivity and the quality of life.

## Delivery channels

SNV has categorised its ways of working into four channels:

- advisory services
- knowledge brokering
- advocacy
- strengthening local capacity development funding mechanisms

These four delivery channels are the means by which SNV works to achieve its overall goal

## Governance

Governance is the system of relations, values, policies, institutions and processes by which a society manages its economic, political and social

affairs at all levels in society (UNDP). Generally accepted good governance principles are: accountability/transparency, effectiveness and efficiency, rule of law, participation and responsiveness, and equity/inclusiveness.

## Governance for Empowerment

SNV's Governance for Empowerment approach is a specific take on good governance, which seeks a change in power relations that expands assets and capabilities of poor people to co-shape (hold accountable, participate in, negotiate with, influence and control) institutions, policies, values, relations and processes that affect their lives

## Inclusive business

An entrepreneurial initiative seeking to contribute towards poverty alleviation by including lower-income communities within its value chain while not losing sight of the ultimate goal of business, which is to generate profits.

## Local Capacity Builder (LCB)

For SNV a local capacity builder is any type of actor that a) provides capacity development services to meso-level actors, and b) is owned and governed within the country or regional context. We engage with local capacity builders in three ways:

- As clients
- As subcontractors
- As partners

## Macro level

The macro level refers to actors, processes and institutions at the national level, such as central government, parliament, national laws, the government policies, trade unions, umbrella organisations of NGOs or the national media. It may also include supra-national institutions, dynamics and forces of change.

## Meso level

The meso level refers to the actors, processes and institutions that shape the layer between the micro and the macro level. It is the social space where district and provincial governments operate, where economic chains between local producers and their national and international markets are organised, where civil society organisations strive for service delivery and social



change. It is the place in society where national policies, institutions and programs get connected to local realities and could become effective. The meso level is the focus of SNV's work.

#### Micro level

The micro level refers to actors, processes and institutions at the community level, with actors being village councils, community based organisations, primary schools, health clinics, small-scale producers and individual households.

#### Micro-macro gap

The micro-macro gap, also known as the macro-micro divide, refers to a situation in which macro processes and frameworks are not in tune with local realities. This implies that formal policies are not sufficiently informed by what really works on the ground and that national policies are not well enough translated in workable approaches.

#### National development strategy

A national development strategy (NDS) describes a country's macro-economic, structural and social policies and programmes to promote development and reduce poverty, as well as the associated financing needs. National development strategies are based on nationally determined priorities and are frequently aligned to the Millennium Development Goals, or MDGs (hence the term MDG-based).

#### Portfolio

SNV defines a portfolio as a geographic or thematically organised business unit within a country in which SNV operates. Each portfolio works with a variety of actors in one or more specific areas of work, aiming at contributing to impact targets, as defined in national development strategies.

#### Primary process

The primary process is the process through which SNV identifies, engages with and supports its clients and other actors with the purpose of achieving impact.

#### Triple AAA model

The Triple AAA model provides a conceptual framework and set of guidelines for the implementation of SNV's primary process. The Triple AAA model outlines the essential steps of the primary process at three levels:

- a. strategy level: how we develop, implement and update our strategy in a basic services sector, value chain or country as a whole;
- b. client level: how we start, maintain, review and end a client relation;
- c. assignment level: how we prepare, execute and review specific work assignments.

#### Value chain

A value chain is a functioning whole assembling a variety of tasks, functions and activities for bringing a product or service to the end-use market. A value chain perspective emphasises the institutional setup of economic transactions and social relationships; it looks into interdependencies and how these are coordinated and governed. For SNV the pro-poor perspective of a value chain is of main importance.

#### Abbreviations

DGIS	Directorate General of International Cooperation
DR	Democratic Republic (of Congo)
FLO	Fair-trade Labelling Organisation
FMO	Netherlands Development Finance Company
GTZ	German Agency for Technical Cooperation
HIVOS	(Dutch) Humanist Institute for Development Cooperation
IDB	Inter-American Development Bank
IRC	International Water and Sanitation Centre
LCB	Local Capacity Builder
MDG	Millennium Development Goal
OECD	Organisation for Economic Co-operation and Development
PDR	People's Democratic Republic (of Lao)
PPD	Time dedicated to the Primary Process
UNDP	United Nations Development Programme
UNWTO	United Nations World Tourism Organization
WBCSD	World Business Council for Sustainable Development
WWF	World Wide Fund for Nature

**SNV Netherlands Development Organisation**

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**Colophon**

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