

Annual report 2009



SNV

Connecting People's Capacities

Netherlands

Development

Organisation

About SNV

SNV is a non-profit, international development organisation, established in the Netherlands in 1965. We have been present **on the ground** in developing countries for over 40 years, and now operate in 35 countries in Africa, Asia, Latin America and the Balkans. SNV's 900 advisors in the field come from a variety of cultural and technical backgrounds, and over 60 per cent are nationals of the countries where we work.

Our aim is to **alleviate poverty** by enabling those with the lowest incomes to be part of social and economic networks and so increase their income and employment opportunities. More than half of our work focuses on economic and private sector development. Alongside this, we contribute to improving people's access to basic services like water and sanitation, energy and education. We achieve both by **strengthening local organisations**.

Promoting **gender equity** and **transparent public sector leadership** is at the heart of all our work. We believe these principles are essential to building **stronger societies**.

We work in the areas where our support is most needed. The majority of our advisors are based far from capital cities, in provincial towns and in rural areas, where the challenges of poverty are often greatest. From this **sub-national level**, we can facilitate links between local and national organisations.

Because of our **global presence**, we are able to replicate, adapt and scale up **local initiatives** to other sectors, regions and countries where they have real impact.

We are **independent** and results-driven. We view all potential partners equally, be they government, civil society or the private sector; we build **strong relationships** with those organisations we think will be most effective in alleviating poverty.

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Report of the Supervisory Board



In 2009, the combination of economic and food crises pushed the number of hungry people worldwide to historic levels: more than one billion people are undernourished, nearly all of whom are living in developing countries.

The shrinking global economy has affected not only the volume of development aid directed at developing countries; it has reduced the actual abilities of these countries to seize opportunities to grow out of poverty. So the challenge for SNV is now greater than ever.

But with challenge comes opportunity. Our capacity building approach echoes the growing voice in the development world: rich nations must not aim to 'deliver' development to poor countries or emerging economies. SNV continues to link the existing expertise of local, Southern organisations, giving them the tools to lift their communities out of poverty, without creating dependence on financial aid or expertise from developed nations. By building capacity, SNV enables clients to improve their performance, which in turn contributes to improved income, employment and basic services for low-income communities.

We follow with interest, and are very much part of the ongoing debate on development cooperation. Given some of the recommendations of the Scientific Council for Government Policy's recent report on development aid, SNV appears well positioned to face the future.

This report highlights SNV's drive to localise knowledge and expertise and create an environment in which local organisations are the drivers of change in their own countries. In 2009, growing numbers of local organisations and institutions worked alongside SNV advisors not just as clients but as trusted implementing partners.

So what did SNV achieve in 2009? We promoted strong, agricultural value chains that create local food security and increase rural communities' incomes for the long term. In Latin America and increasingly in other regions, we linked leading companies with local communities, creating benefits for both. Across sectors, we brought government, private and public sector parties together to improve accountability and strengthen links between actors.

Like others in the international development sector, SNV felt the squeeze of the global economic slowdown in 2009 and was forced to make painful choices about its own organisation. In both Latin America and the Balkans SNV downsized its operations, which made it an unsettling year for staff, and their commitment and achievements all the more impressive.

The economic situation also served as an impetus for SNV to redouble its efforts to attract new partners and donors and ensure the continuation of its work.

In such a climate, we appreciate more than ever the significant commitment of the Dutch Ministry of Foreign Affairs, both financially and through partnerships with Dutch Embassies in the countries where we work. This core support is what enables SNV to make a difference.

Lodewijk de Waal
Chair, Supervisory Board
16 April 2010

Report of the Board of Directors



1. Our advisors

Our expertise is our greatest asset. The majority of SNV advisors are based far from capital cities, in provincial towns and in rural areas, where the challenges of poverty are often greatest. Our advisors are a mix of international and local staff. They bring together innovation and experience from different international settings coupled with in-depth knowledge and understanding of local context.



"We have facilitated a water and sanitation stakeholders' platform in three provinces – the government here values SNV as a real connector of people's capacities."

Antonio Mirasse is a water, sanitation and hygiene advisor in Beira, Mozambique. As part of SNV's partnership with the government and UNICEF, he is coaching local organisations to raise awareness in communities about good sanitation practice. This is enabling rural communities to live in a healthy environment, free of open defecation. Before joining SNV in 2008, Antonio worked for various government institutions in Mozambique, mainly in projects funded by key international agencies. He holds degrees in business administration and environmental sciences.



Fidèle Yobo Gouem is a livestock and pastoralism advisor in north-west Cameroon. During her nine years with SNV she has moved from being a communications officer to an advisor. Her work has included strengthening women's economic capacities and analysing the micro-finance market. Since 2007, her social sciences background has enabled her to settle in the livestock sector, where she works to improve local people's access to, and management of, pastoral resources.



"Poverty reduction requires shifts in power, in favour of the needs and dreams of excluded people. Our contribution must be letting those with power see that this potential can benefit everyone."

Lucia Nass is our governance network leader for Asia, based in Hanoi, Vietnam. She guides the mainstreaming of governance, including gender, in agriculture, forestry, renewable energy, tourism, and water and sanitation. She also oversees SNV's partnership with UNDP, and runs learning programmes for new advisors. Originally from the Netherlands, Lucia has worked with SNV in Africa and Asia for over 20 years. Her professional background spans agricultural development, social development, adult learning, organisational development and change facilitation.



"Thinking creatively enables us to find innovative solutions to improve the living conditions of low income communities."

Karime Pavez is one of our income and employment advisors. She is based in Lima, Peru. Over the past two years, Karime has conducted a breakthrough ethnographic study of Bolivia's low-income population. It has given SNV a crucial insight into the sector's market potential, how people organise themselves and how companies can contribute to improving the living conditions of those at the base of the pyramid. Before joining SNV, Karime worked with Datapopular, a research institute that focuses on the low-income market. Karime is Brazilian-Chilean and holds a Masters in marketing and communications.



“At SNV we recognise that funding alone will not ensure an end to global poverty. Funding without local capacity will not lead to sustainable development.”

Gemma Jones is a business development officer, based in Hanoi, Vietnam. She works alongside advisors to develop project concepts and identify funding opportunities, and promotes positive engagement with donors. Before joining SNV, Gemma was a professional fundraiser in the development sector in the UK.



Ajša Bešliagić-Adrović is a governance advisor, based in Bosnia and Herzegovina. She strengthens understanding of the EU accession process among municipalities, helping them align their services for local people with EU standards and regulations. Ajša has an economics degree from the University of Malaysia. Before joining SNV in 2006, she worked for a USAID project, OSCE, the Office of the Special Auditor for Bosnia and Herzegovina, and Pro Credit Bank.



“The private sector appreciates SNV because we enable them to lobby government but also facilitate the establishment of direct business links, increasing their access to markets.”

Mahlet Yohannes is a senior milk value chain advisor in Ethiopia. Her role focuses on enabling private sector actors like farmers and milk processors to become knowledgeable, efficient and competitive in their sectors. Mahlet has an MA in International Business and Management. She has worked for pharmaceutical and energy companies, as well as Marie Stopes International.



Julio Garrett is a national business facilitator for the Inclusive Business Alliance, run by SNV and the World Business Council for Sustainable Development. Based in La Paz, Bolivia, he develops initiatives that engage the private sector in economic and social inclusion. Before joining SNV, Julio headed a number of leading export agri-business companies in Bolivia. Julio has studied in Spain, Ecuador and the USA, and holds degrees in economics, and strategy and business management.



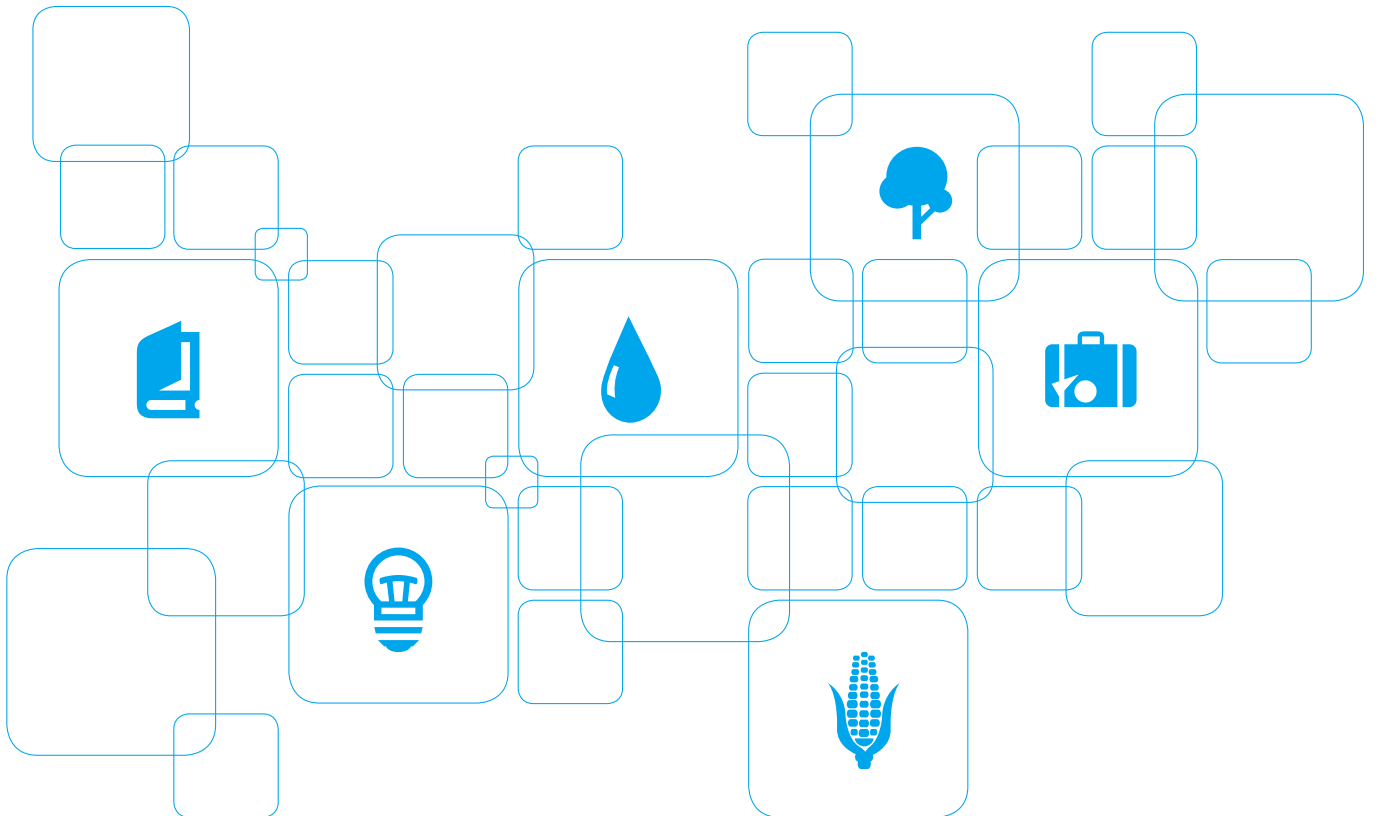
“I am proud to be making a contribution to improving good governance in Albania, ensuring that public administrations are better equipped to deliver services.”

Lindita Manga is based in Albania’s remote Diber region. She provides capacity development support to Diber Regional Council to ensure effective and innovative management of a major Netherlands Embassy-funded aid programme. Before joining SNV in 2002, Lindita worked for a women’s organisation and a women’s project funded from Oxfam Novib. She has a degree in business administration and quality management.



“For me, SNV’s advisory approach remains key to reducing poverty and achieving sustainable development; it empowers local people, for the long term.”

Pierre Mulumba has been a forestry advisor in the Democratic Republic of Congo since April 2009. He specialises in governance in forestry, and has been working to ensure wider access to, and better understanding of, forestry laws in Bas-Congo province. Before working for SNV, Pierre provided technical assistance for forest management, and advocacy and lobbying support to DR Congo’s environmental civil society movement.

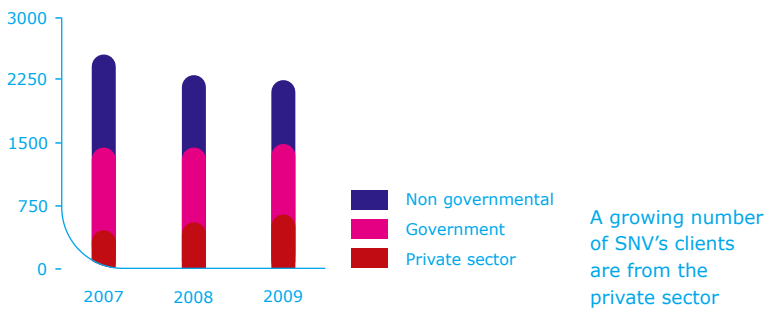


2. The sectors we work in

This section explains SNV's approach in each of our six corporate sectors: education; water, sanitation and hygiene; renewable energy; agriculture; forestry and tourism. We also include an explanation of our approach to governance, including gender, in this section, as it cuts across our work in all sectors. Each sector page includes selected and representative examples of improved service delivery by our clients, of improved enabling environment (outcome) and of the impact on poor and marginalised communities that SNV contributed to in 2009, in our five regions.

We made significant progress in 2009 in focusing all our interventions on impact. Our capacity development services, and the local organisations we work with, are logically connected to improved client performance and an enabling environment, both of which are needed for impact. In 2009, we provided services to 2,215 clients. These were made up of local and national governments, NGOs and, increasingly, the private sector (see graph below). The outcomes in this section are all linked to impact, either in increased access to quality basic services, or in increased production, income and employment. Local actors doing their work better, reaching more people and offering better services, is the key to achieving lasting improvements in the livelihoods of poor people.

Our client composition



In Latin America, SNV focuses on vocational education, enabling marginalised and disadvantaged people to find better jobs.



Education

Why education?

Education is a fundamental driver for development, providing a skilled labour force and promoting equity, enterprise and prosperity. Education also empowers girls and women and leads to healthier families (G8 Summit declaration, 2007).

Although there has been steady progress towards achieving 'education for all' (the second Millennium Development Goal), educational quality remains a significant challenge.

In addition, over 77 million children of school age, including 44 million girls, are still out of school.

SNV's approach in education

SNV's work in basic education in Africa focuses mainly on improved access to good quality basic education services. This is because we recognise that education is fundamental to achievement of all eight Millennium Development Goals, and intertwined with improved health, access to clean drinking water, decreased poverty and environmental sustainability.

In Latin America, where universal primary education goals have largely been achieved, SNV focuses on vocational education that enables marginalised and disadvantaged people, mainly young people and women, to find better jobs. Our key approach here is encouraging public-private partnerships between employers and training institutes that work together to adapt the curriculum to local market needs.

Our corporate education knowledge network provides a global platform for internal knowledge sharing, identifying scalable solutions and improving the quality of the practice.



SNV in education: facts and figures 2009



Active in **19 countries**



409 clients



31,359 total advisory days
of which **6,379** were delivered
through **112 local capacity builders**

Achievements in basic education in 2009

- In 14 countries in Africa, SNV contributed to larger outreach and better service delivery by education authorities and service providers. In turn, this increases access to, and improves the quality of education.
- In East and Southern Africa, engaging with a range of stakeholders (government, civil society, the private sector and NGOs, for example) led to improved resource allocation for basic education, greater efficiency, and increased enrolment across the region in 2009. SNV clients achieved better accountability and resource tracking through improved use of education management information systems. A focus on learning environment and improved water and sanitation in schools contributed to better quality education and improved learning achievement, especially among girls. SNV's services led to well-functioning school management committees in eight countries. These ensured active involvement of teachers, parents and children in school governance, management and service quality. It was so successful that UNICEF will fund SNV to scale it up to 7,000 more schools in Zimbabwe. As a result of SNV clients' improved service delivery, an estimated 250,000 new pupils enrolled in primary schools in the region in 2009.
- In West and Central Africa, our interventions in 2009 led to an increased enrolment of boys and girls in client municipalities' primary schools and higher success rates at exams. In Ghana's Northern region, which has some of the highest school drop out rates in the country, there has been a 27 per cent increase in girls' enrolments in 42 schools since the introduction of the Ghana Schools Feeding Programme. Civil society organisations conducted awareness raising activities to reduce the gender gap in education, and to reduce sexual harassment and early pregnancy among girls in the region. Civil society organisations at all levels now elaborate, implement and monitor education plans and so improve the quality, management and governance of education. These interventions also boosted the ongoing decentralisation process in various countries.

Achievements in vocational education in 2009

- In partnership with private and public actors and local organisations, SNV designed vocational education programmes aligned with the need of employers in growing sectors of the economy. For example, in Central America, 7,500 young people received vocational training in tourism, culinary arts and coffee production, improving their chances of employment.
- In Latin America, SNV and its clients also developed labour certification programmes, validated by a local university, that recognise the cumulative labour experience of 'unskilled' workers. More than 3,550 low-income workers directly increased their income as a result, affecting indirectly the income of more than 17,750 low-income people.
- In East and Southern Africa vocational and skills development is a new area of intervention for SNV. In 2009, we focused on improved technologies in existing value chains (honey, oilseeds, fruit, dairy and livestock), in tourism, renewable energy and water, sanitation and hygiene.

Domestic biogas provides clean, pro-poor and sustainable energy in developing countries.



Renewable energy

Why renewable energy?

Approximately 2.5 billion people in developing countries are confronting serious energy supply challenges. Excessive reliance on traditional fuels is exhausting natural resources and degrading productive land. Cooking with these fuels causes serious respiratory illnesses, particularly among women and children. The United Nations Millennium Project recommends halving the number of households using traditional biomass for cooking by 2015. This would involve 1.3 billion people switching to other fuels.

SNV's approach in renewable energy

SNV's two main areas of renewable energy work are biofuels and domestic biogas. In Central America, Peru and Ecuador, we link leading companies with small producers of biofuel crops such as oil palm and jatropha to increase income for both parties. More than 1,000 households improved their income and/or got employment in 2008 and 2009 as a result of these initiatives. At SNV we are aware of the continuous debate surrounding biofuels and food security. Our interventions focus specifically on risk mitigation, intercropping, land use planning and inclusive public policy development. Besides dedicated energy crops, we support initiatives that turn coffee waste, palm oil, waste water and other biomass residues into clean and hybrid energy solutions that benefit low-income people.

In domestic biogas, SNV brings together multiple stakeholders – government, private and public sector – to develop national biogas markets. In Asia, we have established national biogas programmes in seven countries, improving the quality of life of 300,000 households. In 2007, we began establishing similar programmes in African countries. In Nepal, in addition to biogas, our improved water mills programme installed almost 5,800 units, affecting another 300,000 households.



SNV in renewable energy: facts and figures 2009

-  Active in **19 countries**
-  **104 clients**
-  **11,961 total advisory days**
of which **1,286** were delivered
through **28 local capacity builders**

Building on lessons learned has been an essential part of SNV's growing renewable energy activity. In 2009, our corporate and regional knowledge networks enabled us to draw on successful practice, like quality assurance systems, from existing biogas programmes in Asia to apply to African programmes.

In 2009, we commissioned an external study to assess our potential added value in renewable energy in 2010–2012. Given the acute need for more clean, pro-poor and sustainable energy in developing countries, and our track record in domestic biogas and biofuels development, we will expand our renewable energy portfolio from 2010.

Achievements in 2009

- In Asia, the production rate of domestic biogas plants increased by almost 50 per cent in 2009 compared to 2008. The 200,000th plant was installed in Nepal, and we launched new programmes in Pakistan and Indonesia, the latter in cooperation with Hivos and both with financial support from the Dutch Embassy. More than 53,000 households gained access to clean energy and organic fertiliser, which contribute to a better quality of life, especially for women and children.
- In East and Southern Africa, SNV brokered a credit facility through Finance for Development that will enable an estimated 15,000 farmers in Rwanda to purchase biogas plants. The funds are managed by Banque Populaire du Rwanda, a local commercial bank.
- In Latin America, we completed a study of the laws and regulations governing the production and consumption of biofuels. This analysis will inform our work with governments and policy development across the region.

Our renewable energy profile

In November 2009, SNV and the Asian Development Bank (ADB) organised an international workshop on domestic biogas in Kathmandu, Nepal. The event brought together 170 experts from private and civil society organisations, government institutes, knowledge centres, NGOs and international donors from 26 countries in Asia, Africa, North and Central America and Europe. Participants shared knowledge and practical expertise in biogas. We also joined the ADB in the Energy for All Partnership, which aims to install an additional one million domestic biogas plants (five million people) by 2015/16.

We organised a panel discussion on renewable energy at the Copenhagen climate conference in December, and presented our biofuels model and advances at several other public and private expert events in 2009. These included the UN Food and Agriculture Organization's technical consultation on bioenergy in October in Rome.

Our technical and capacity building support to local actors aims to increase sustainable and equitable access to safe drinking water.



Water, sanitation and hygiene (WASH)

Why WASH?

Clean drinking water and sanitation are reaffirmed by the United Nations as a basic human right, essential for good health and humane living conditions. Drinking water and sanitation also positively influence girls' participation in education, a more equal position of women and economic development. Still, 1.2 billion people lack access to clean water and 2.6 billion people lack access to adequate basic sanitation. Although coverage is increasing with investment, water quality and functionality remain poor in many areas. UNICEF and WHO forecast that in sub-Saharan Africa it will take until 2040 to achieve the Millennium Development Goals for water, and until 2076 for sanitation, if more effective measures are not taken.

In 2001, with the launch of the WASH campaign by the Water Supply and Sanitation Collaborative Council (WSSCC), sanitation and hygiene were put on the global agenda next to drinking water.

SNV's approach in WASH

In 2008, SNV expanded its water, sanitation and hygiene programme, making it one of our focus sectors in 17 countries in Asia and Africa. Our technical and capacity building support to local actors aims primarily to increase sustainable and equitable access to safe drinking water, sanitation and hygiene. More specifically, we aim to improve the operation and maintenance of existing water provision, ensure sustainable water resources, and improve sanitation practices. In Africa, access to safe water and sanitation in schools is also a focus.



SNV in water and sanitation: facts and figures 2009

-  Active in **21 countries**
-  **331 clients**
-  **28,822 total advisory days**
of which **6,059** were delivered
through **99 local capacity builders**

SNV encourages more holistic management of water and sanitation. We strengthen accountability between communities, water user committees, local government and the private sector, and we work to increase community ownership of and decision making about water services. Our WASH corporate knowledge network stimulates coordination and learning between countries and regions. As the WASH programme in East and Southern Africa is more established than in other regions, advisors from other regions learn from it. Advisors in both African regions also benefit from Asia's experience in developing an initiative called Sustainable Sanitation and Hygiene for All.

Achievements in 2009

- In Asia, 120 facilitators for community-led total sanitation were trained, and this approach was introduced in northern Vietnam (see page 45). In Nepal, SNV facilitated the elaboration of district sanitation plans in three districts.
- In East and Southern Africa, SNV co-implements a water point mapping initiative with UNICEF, Water Aid and Concern. This gives local stakeholders (such as the Ministry of Water and Infrastructure of Tanzania) essential insight into functionality of rural water points, and enables them to identify and respond to the technical, financial, (community) management, and environmental factors undermining sustainable access. Repairing dysfunctional water points is a relatively cheap way of quickly increasing the number of households with access to safe drinking water. In 2009, an estimated 1.2 million people gained access to clean drinking water, and an estimated 1.4 million access to sanitation, in SNV clients' municipalities in eight East and Southern African countries.
- In West and Central Africa, SNV increased transparency and accountability to users in public water management in Cameroon by implementing a national water budget tracking system. Through an improved water billing system, better financial management and water point maintenance, the price of water was reduced by 20 per cent in some areas. In Benin, eight local organisations trained by SNV now provide capacity development services to WASH actors in 20 municipalities. In total in 2009, an estimated 120,000 people benefited from SNV's clients' improved service delivery.
- In the Balkans, SNV works on WASH in Bosnia and Herzegovina, with a focus on drinking water. There, advisors contributed to improvements in drinking water supply services in the city of Travnik and increased access to clean drinking water in the rural Travnik municipality. An estimated 200,000 people benefited from SNV's clients' services in 2009.

SNV at the World Water Forum

In March 2009, a small SNV delegation from East and Southern Africa took part in the fifth World Water Forum, organised by the World Water Council, in Istanbul, Turkey. SNV advisors gave a presentation on 'Why corruption in the water sector is a gender issue', highlighting the link between gender and social relations and corruption. The event drew participants from UN agencies, local government and national water and sanitation ministries, NGOs, academic institutions and the private sector in 155 countries.

Almost 1.8 of the two billion small-scale farmers in the world live in developing countries.



Agriculture

Why agriculture?

A huge number of studies, policies and interventions underline the importance of rural development in poverty reduction. Almost 1.8 of the two billion small-scale farmers in the world, live in developing countries, where agriculture still contributes significantly to food security and economic growth. In developing countries, most of these farmers live in remote areas, have limited access to equipment, advice and information, and so cannot compete commercially with large companies. Climate change and market fluctuations also make them vulnerable. Food demand continues to rise because of growing population and of changing food regimes in emerging social classes. Biofuels have joined the other big Fs (food, feed, fibre), competing for and putting enormous pressure on land, water and labour.

SNV's approach in agriculture

We enable small-scale farmers, livestock keepers and local processors to seize market opportunities, especially in supply chains for higher-value (e.g. organic) agricultural products. Agriculture is our biggest sector, and includes several sub-sectors, depending on opportunities and needs in different regions and countries: livestock, oilseeds, horticulture (fruit and vegetables), small holder cash crops (tea, cardamom, and cereals), coffee, and cacao. We work in agriculture in all of our five regions. Our most prominent approach is value chain development.

How we develop value chains

A value chain is a system of organisations, people, technology, activities, information and resources involved in shaping, transforming and moving a product or service from supplier to customer. Value chain activities transform natural resources, raw materials and components into a finished product that is delivered to the end customer. SNV promotes effective dialogue between actors in the value chain (for example, producers, processors and traders). This helps identify constraints and



SNV in agriculture: facts and figures 2009



Active in **29 countries**



833 clients



65,913 total advisory days
of which **11,395** were delivered
through **190 local capacity builders**

opportunities, brokers pro-poor deals between actors, and facilitates partnerships between the private sector and government institutions.

We enable farms and informal businesses to become part of the formal sector by strengthening rural economic groups like producer associations. We also improve access to and quality of financial products for small-scale producers, and facilitate better access to market information (trends, requirements, standards, new technologies and new products) along the value chain.

Alongside direct support for producers, we develop the capacities of service providers so that they are able to deliver in an effective and efficient way to producers and other private sector actors in the chain. Finally, we tackle institutional and governance issues to promote a favourable business environment.

Inclusive Business is a specific model in value chain development. Inclusive businesses are entrepreneurial initiatives where buying from and supporting small producers becomes part of the core business of a company, and leads to economic benefits for both.

With thorough analysis, SNV supports the key players involved in identifying the root causes of the main constraints, as well as the opportunities for improvement within a value chain. We then offer capacity development services to enable local actors to improve their own economic performance.

Knowledge sharing between countries and regions happens through SNV's regional and corporate agriculture knowledge networks. In East and Southern Africa, for example, our agriculture network organised an exchange visit to Kenya in 2009. SNV advisors and clients learned about dairy business hubs and collection centres. These hubs enabled 6,400 farmers to increase their income in 2009. As a result of the visit, this model is now being replicated in Ethiopia, and has attracted interest from other development partners such as Wageningen University and Agriterra.

Achievements in 2009

- In Asia, the value chain development approach helped an increasing number of agricultural product companies and producer groups in marketing and enterprise development. An estimated 75,000 women and men living from tea, cardamom, rice and maize, fruits and vegetables, increased their income. Through the Inclusive Business approach, small-scale producers of tea and jatropha were included in the value chain of large companies.
- In the Balkans, olive growers in Albania improved the productivity and quality of their harvest and increased their sales volume. Furthermore, the Ministry of Agriculture now understands the olive sub-sector better: it is connecting to stakeholders and aligning its services to the farmers' needs. Also in Albania, SNV client and local partner the Apple Growers Association increased the effectiveness of technical assistance to its members. This resulted in improved use of technology, better access to information for farmers, an improved quality of production and better market access. Overall, approximately 2,600 farmers benefited from SNV clients' improved performance.



- In East and Southern Africa, SNV works with producers, processors, traders and exporters in four agricultural value chains: oil seeds, livestock and dairy, fruit and cereals (rice). In the oilseed sub-sector, over 700 Ugandan producer organisations were formed under the Mukwano out-grower scheme, brokered by SNV, while another 480 were legalised, of which 30 per cent are led by women. The 45,000 households in the scheme increased their income per kilo 100 per cent in 2009 because of a better match of supply and demand. Links were also established with two local oilseed processing companies, and with multinational oil seed companies in Europe wanting to increase their imports from Africa.

In livestock, rural local markets in one Kenyan district brought thousands of nomadic farmers closer to buyers, saving them high transaction and transportation costs (see page 50 for the full story).

In the fruit sector, 12,700 Ethiopian mango and apple farmers increased their total production and access to markets, through improved farming techniques and via the establishment of market links with wholesale companies. As a result, they increased their net incomes by around EUR 33 (mangos) and EUR 69 (apples) per household in 2009. In Mozambique, 1,400 farmers improved their production and sales as a result of new market links with local traders and supermarkets.

- In Latin America, intervention focused on speciality fruits, vegetables, coffee, cocoa and dairy in 2009. SNV advisory services contributed to lifting 153,000 people above the USD 2 poverty line, by increasing access to employment, increasing productivity and income through more than 50 Inclusive Business arrangements with leading private companies. In Ecuador, where low-income small producers account for around 20 per cent of the population, the government adopted the SNV-proposed pro-poor national plan for rural Inclusive Business, applicable to all agribusinesses.
- In West and Central Africa, SNV supports livestock, cotton, oilseeds and fruit and vegetable value chains. In livestock, we focus on access to and improved management of natural resources, enhanced management of cattle markets, and reducing conflict between land users. All these aim to improve local livelihoods by increasing livestock production, revenues and food security. Approximately 105,000 people benefited in 2009.

In cotton, we improved farm management systems for increased productivity, income generation and food security, benefiting approximately 120,000 people in 2009.

In oilseeds, fruit and vegetables, SNV strengthened the capacity of, and links between value chain actors, enabling them to bring about favourable legislation, taxes, information systems and price and tariff setting. The number of people who benefited in 2009 is estimated at 50,000–80,000.

In Mali, Burkina Faso and Benin over 50 farmer organisations, representing more than 150,000 households, enhanced their capacities in financial management and in service delivery, leading to higher productivity, diversified markets and more food security. In Benin, Niger and Mali, national farmers' networks achieved formal recognition as main partners in the development of new agricultural framework laws.

Bringing livestock actors together

In November 2009, SNV organised the first ever global forum on livestock marketing in Bamako, Mali, for the West and Central Africa region. The event brought together 150 participants, including livestock associations, research institutes, NGOs and financial institutions from 20 countries to create awareness of market opportunities within the sector.

Forestry programmes increase economic benefits for rural people who depend on forest resources for their livelihood.



Forestry

Why forestry?

Forest resources directly contribute to the livelihoods of about 90 per cent of the 1.2 billion people who live in extreme poverty globally (World Bank, 2004). Yet the forestry sector only contributes on average between one and three per cent to the gross domestic product in developing countries. Lack of proper legal tenure, capacity, institutional structure and resources hamper sustainable forest management. This, and illegal logging, results in forest degradation and deforestation, which is the second most important contributor to global warming.

To address these issues globally, the focus is on sustainable economic development and environmental sustainability. More recently, forests have been high on the climate change agenda because of their contribution to climate change mitigation through REDD (reducing emissions from forest degradation and deforestation in developing countries).

Understanding REDD

Forests play an important role in climate regulation through carbon sequestration. Deforestation accounts for between 15 and 20 per cent of annual global greenhouse gas emissions. Reducing emissions from deforestation and forest degradation in developing countries (REDD) is being negotiated in the post-Kyoto agreement as a series of steps designed to compensate individuals, groups and/or governments for not cutting down forests.

REDD's other benefits are biodiversity conservation and poverty alleviation; REDD will offer a potential income source for the billions of poor forest dwelling communities.

In 2009, SNV promoted pro-poor REDD at the COP15 in Copenhagen and published *Understanding REDD: Implications for Lao PDR, Nepal and Vietnam*.

SNV's contribution to value chain development in non-timber forest products leads to increased income for small producers and processors.



SNV's approach in forestry

SNV implements its forestry programme in Asia, Latin America, Africa and the Balkans. The main focus is on increasing economic benefits (income and forestry products, timber and non-timber, for own use) for rural people who depend on forest resources for their livelihood. SNV promotes improved forest governance, sustainable forest management practices, and inclusion of rural people, in particular, as stakeholders. In Asia, Latin America and Africa we do this more explicitly through value chain development for forest products, while in the Balkans we include the value chain approach in wider forestry development, in which decentralisation is important.

In all regions we work closely with local organisations (civil society and private sector), and with government forest institutions at both national and meso level. We strengthen local actors' capacity to manage forests sustainably, so that forests can continue to provide economic and environmental benefits to rural communities.

Achievements in 2009

- Through our capacity development services, local actors manage to include local-level interests in wider national policies and approaches in forestry. In Montenegro, the influence of the National Association of Private Forest Owners grew, with advisory support from SNV; the new forestry law now explicitly reflects the interests of private forest owners.
- As a member of the Forest Stewardship Council, SNV actively supports the integration of forest carbon into the FSC certification system. In 2009, FSC certification was introduced for community forests (Latin America and Central Africa) and smallholder timber plantations (Asia) to incorporate social and environmental safeguards in the supported value chains.
- In Asia, value chain development in forestry products (acacia, rattan, bamboo) led to increased income and employment specifically for women and excluded groups. Climate change mitigation through carbon reduction and REDD was also a focus. In Vietnam and Nepal, SNV supported governments in preparing for REDD as part of the Forest Carbon Partnership Facility and UNREDD. We developed and piloted pro-poor REDD programmes, including benefit sharing mechanisms that link local with national level.
- In East and Southern Africa, value chain development (see page 16) in non-timber forest products increased income for small producers and processors of honey and bees wax, acacia gum and shea nut. In Ethiopia, seven local processing companies sold substantially increased quantities of honey to the local market and started exporting to EU and Middle East markets, increasing income for 27,000 beekeepers. Women in South Sudan were trained in shea nut harvesting, grading and processing to improve the quality of their product. As a result they sold 2.5 tonnes of shea nuts to a buyer in the UK, ensuring them higher incomes than in 2008.



**SNV in forestry:
facts and figures 2009**



Active in **23 countries**



286 clients



29,152 total advisory days
of which **6,310** were delivered
through **95 local capacity builders**

- In West and Central Africa, SNV contributed to increased sales and income, especially for minority groups (like the Baka Pygmies in Cameroon) and women by enabling their equitable participation in forestry product value chains. In Cameroon, this was achieved by developing market information systems (through the local radio) to improve small producers' awareness of prices and commercial opportunities. Also in Cameroon, the government gave SNV the lead in revising the community forest management section of the Forest Law. This was an important opportunity to include interests of poor forest communities in the law. In total, an estimated 30–40,000 people benefited from SNV interventions in the region in 2009.
- In Latin America, four inclusive forestry projects and three community forestry enterprise initiatives brought increased economic benefits from forest products for 15,000 local people. SNV helped create a more regulated and stable marketplace for purchasing and processing of timber.

At the World Forestry Congress in Buenos Aires, SNV launched a publication on *Inclusive Forestry, economic inclusion of the poor in forest value chains*, which presents case studies on our value chain and Inclusive Business approaches.

SNV creates a better link between tourism demand and supply by increasing the quality and quantity of locally-run tourist activities in a destination, and by encouraging tour operators to include these in their itineraries.



Tourism

Why tourism?

There is a growing awareness among tourists in the West of the impact, negative as well as positive, that their trip can have on the countries they visit. According to the Federation of Tour Operators in the UK, at least two thirds of the people walking into a travel agency are looking for authenticity, for something to be put back into the local community by the tour operator. They want to be sure that their trip is actually enhancing livelihoods.

SNV's approach in tourism

SNV is active in pro-poor tourism across 25 countries in Africa, Asia, the Balkans and Latin America. Over the last two years, we have deliberately shifted away from supporting small-scale initiatives like eco-tourism, and towards engaging larger tourism operators to cover larger destination areas and benefit more local people.

In the regions and countries where we work, governments, private sector and local communities are increasingly recognising tourism as an opportunity for growth, economic diversification, and poverty alleviation.

In all regions we focus on joining up tourism initiatives and opportunities in specific geographical locations (existing tourist destinations) by bringing together and strengthening cooperation between multiple private and public sector actors (for example, tour operators, local councils and conservation organisations). This destination management approach links tourism opportunities to local basic service needs, providing local benefits, aside from seasonal income, from tourism. It also aims to increase the quality and quantity of locally-run tourist activities in a destination, and encourages tour operators to include these in their itineraries. Beyond destination level, our work strengthens the enabling environment by supporting governments in formulating pro-poor national tourism policies.



SNV in tourism: facts and figures 2009

-  Active in **25 countries**
-  **214 clients**
-  **22,503 total advisory days**
of which **2,972** were delivered
through **59 local capacity builders**

SNV's global tourism knowledge network increasingly aligns approaches and shares experiences. In 2009, we focused our efforts in two areas: destination development and management and private sector engagement, mainly through responsible business in tourism. We gathered tourism experts from existing and potential partner organisations to exchange experience and to gain input into our own strategic choices.

Achievements in 2009

- In Asia, SNV supported marketing strategies for the Mekong Discovery Trail in two provinces in Cambodia. By the end of the year, 43 tour operators had incorporated Trail components and products in their offers, so increasing local communities' income opportunities from tourism.
- In the Balkans, we improved tourism cross-border cooperation by strengthening the capacity of four border municipalities in Macedonia, applying the destination management approach.
- In East and Southern Africa, SNV's collaboration with Mozambique's largest tourism operator enabled the establishment of a joint forum with surrounding communities for basic services improvement. As a result, 25,000 people have access to improved water, health, education and infrastructure.
- In Latin America, we linked 15 small producers with tourism businesses in Managua, Nicaragua by facilitating the establishment of a farmers' shop. As a result, several larger hotels in the resort, such as the Hilton Princess and the Holiday Inn, will receive quality, locally produced supplies from 2010.
- In West and Central Africa, SNV brought together local government, NGOs and private sector players to develop sustainable tourism in Ghana's Savannahland region (see also page 58). We also supported the Ministry of Tourism in formulating a tourism policy, which will be the basis of an inclusive Tourism Act to be passed in 2010.
- With support from UNWTO, SNV secured additional funding from AECID (the Spanish cooperation agency) and the Italian government for destination development projects in Cambodia, Nicaragua and Ghana to launch a next phase of the projects in 2010.

SNV at the World Travel Market

In November 2009, we brought a delegation to the World Travel Market in London, the largest annual global business-to-business travel event. We organised a panel discussion with 230 businesses, mainly tourism companies but also donors and NGOs, to highlight the Mekong Discovery Trail in Cambodia and relate this to experiences of destination development in Inhambane, Mozambique.

SNV focuses on inclusion of women as a means to improve sector governance, for example by improving girls' access to education.



Governance for empowerment

In all sectors, ensuring sustainable development results is a challenge. Progress is often hampered, not by a lack of technical capacity and funding, but by poor governance. This is why promoting transparent public sector leadership, including gender equity, cuts across all our work.

Poor governance can mean fragmented institutional structures, a lack of clarity of roles and responsibilities, questionable resource allocation, groups being excluded from decision-making processes, weak accountability of politicians, policy-makers and implementing agencies, and unclear or non-existent regulatory environments.

While poor governance is certainly not the only reason for sector weaknesses, there is strong evidence that poor governance severely limits opportunities for sustainable sector development. This is why SNV addresses governance issues in all the sectors it works in.

Accountability is an important starting point. Service providers tend to perform better when they are held to account by their clients. It is the pressure exerted by users that creates the incentive to perform. Accountability mechanisms help citizens voice their needs, and establish responsibility among service providers.

In early 2008, SNV and the Dutch Ministry of Foreign Affairs launched domestic accountability programmes in seven countries: Zambia, Mozambique, Rwanda, Tanzania, Ghana, Benin and Bolivia. The ultimate aim of the programmes is more effective service delivery in the sectors where SNV and the Netherlands Embassies work.



In Tanzania SNV carried out water point mapping as a tool to visualise the distribution and quality of water services.

Time and effort was invested in preparing and designing the programmes, which in itself resulted in a visible improvement in understanding between SNV and the Embassies. After a fairly slow start, the programmes are now progressing smoothly and showing the first significant results in terms of improved service delivery.

In Tanzania for example, SNV carried out water point mapping – a tool developed by SNV to visualise the distribution and quality of water services – in several districts. This included an exploration of various aspects of governance that have a direct impact on the functionality and distribution of water points. The exercise resulted in better-informed planning and decision making and more equitable resource allocation at district level. There were also some ‘quick wins’ such as a significant increase in repairs made to existing water points. Following these positive experiences, water point mapping has been adopted by the national government and has become national policy in Tanzania.

In Zambia, where the domestic accountability programme targets the private and education sectors, early results are also apparent. In education, there is now more transparent allocation and better management of education resources at district level. Better-informed district education planning also now reflects the demands of the community and is monitored by key stakeholders.

SNV also focuses on inclusion of women and marginalised groups as a means to improve sector governance. When particular segments of society are not able to exercise their rights and take advantage of development opportunities, poverty persists. We aim to increase equal participation in determining processes. This helps bring about services that are adapted to the needs of all segments of society, and in turn will help to achieve more equitable results in the sectors.

For example, improving girls’ access to education is at the core of our work in the education sector. Initiatives such as the Girl Child Network (Kenya), the Girls Education Movement (South Sudan, Zimbabwe), and various types of Girls Clubs, which also deal with issues like sexual abuse (Mozambique), all contributed to increasing the inclusion of girls in education in 2009. In Tanzania, SNV helped establish information-for-accountability mechanisms, in partnership with UNDP. These aim to enhance civic interaction with education service providers, teacher accountability, and advocacy for inclusion of young girls. In Cameroon, SNV is supporting civil society groups in lobbying the Ministry of Health for increased access to information about spending, with the aim of increasing budget allocation for maternal healthcare. For more details, see page 49.

3. Our drive to localise

Local capacity builders (LCBs)

For SNV, a local capacity builder is any type of individual, group or organisation that provides capacity development services to local actors, and is owned and governed within the country or region. We engage with local capacity builders in three ways: as clients, as sub-contractors and as partners.

A core element of our 2007–2015 strategy is to stimulate the enabling environment for capacity development and work with local organisations as clients, sub-contractors and partners.

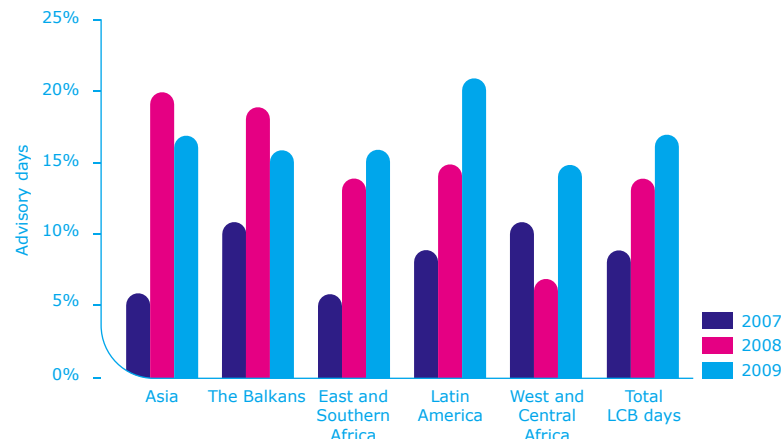
We believe that if local organisations have the power to provide appropriate capacity development support services, this will eventually drive the realisation and scaling up of tangible development results. The Accra Agenda for Action (2008) echoed this, pointing to the need to make better use of ‘Southern expertise’ in capacity development.

Engagement with local capacity builders (LCBs) in 2009

We engage with LCBs as clients, as contracting parties and as partners. In each sector we apply a combination of all three arrangements to stimulate the local capacity development service environment. There are many examples of LCB engagement in the chapters on our sectors, regional highlights, as well as in the case studies.

In 2009, the volume of sub-contracting to local capacity builders surpassed 15 per cent, reaching 20 per cent in some regions. The figure increased from an average of nine per cent in 2007 to 14 per cent in 2008 and 17 per cent in 2009. The slower rate of growth in 2009 is due to two factors: a) the need to select and develop cooperation with suitably qualified LCBs, and b) the need to develop our internal management practices to deal with increased volumes of sub-contracting.

Percentage of advisory days delivered by local capacity builders



The overall percentage of advisory days delivered by LCBs is steadily increasing



Localisation is part of the SNV brand: our way of achieving lasting development results.

The graph on page 26 shows that local capacity builders are delivering an increasing percentage of SNV's direct advisory days. The present percentage ranges from 15 to 21, influenced by, among other things, the availability of LCBs in a region. This growth declined in 2009 in two regions due to adjustments in our own staff logic and size. However, as restructuring measures take effect, we foresee consistent growth in LCB sub-contracting over the next three years. The effort required to support quality improvement of LCB services is starting to pay off, as confirmed by one Ethiopian LCB.

"We used to limit ourselves to one-off assignments, now we are actually part of the value chain development logic of SNV Ethiopia, and we enter into longer-term, multiple stakeholder engagements."

An Ethiopian LCB

Strengthening decentralised government in Montenegro

In Montenegro, eight organisations are working collaboratively to strengthen municipalities' capacities and so facilitate EU integration, with support from SNV.

SNV set up the local capacity builder platform in 2007 in a concerted effort to increase support for local development. Organisations were selected to address the skill gaps at municipality level that were hampering decentralisation. The participating LCBs brought a range of competencies in fields like agriculture, tourism, forestry, regional development and EU integration.

By the end of 2009 the platform was going strong, carrying out analyses, strategic planning training, consultancy in public-private partnerships, and more. While in 2007 these were eight unconnected organisations, they now form a strong network that shares information, applies for contracts jointly and offers relevant capacity development services to local government, civil society and private sector actors – largely independent of SNV.

SNV is moving away from being a self-contained service provider and towards sponsoring thriving local service environments.



In 2007 and 2008, increased engagement with LCBs had created resistance and fear of competition among some staff. But in 2009, all regions and countries started to see engagement with LCBs as an asset for achieving results and leveraging impact. We also learned that engaging with LCBs means that SNV staff need additional skills and seniority in drafting terms of reference, and providing feedback/supervision and quality assurance. We saw that as engagement progressed and performance of LCBs improved, some local capacity builders started to become our strategic partners in certain sectors or lines of work.

Bridging the macro-micro gap

The capacity development support sector in many countries consists of a mix of NGOs, consultancy firms and (semi-)public entities. These local capacity builders are normally concentrated in one or two major towns. In DR Congo, for example, nearly all LCBs are based in Kinshasa. Outside the capital city smaller NGOs might be active, but donors usually choose to fund the more established national-level actors to implement projects and activities. Most capacity development services are planned with the funder, far removed from local needs: the so-called macro-micro gap. More advanced and needs-based advisory programmes are rare. For many local actors it is difficult to find quality, affordable capacity development services.

SNV seeks to bring about a change in market relations and funding patterns for capacity development support by setting up local capacity development facilities (LCDFs). These facilities broker market information and connect local demand, supply and finance. They also provide a funding facility to which local actors can apply. LCDFs are locally governed and co-funded.

In 2009 we started to develop facilities in a first batch of specific country (and sector) settings. We involved interested local and international actors to ensure that the facilities would be locally owned and attract other international agencies and donors. Initial proposals were developed in Kenya, Tanzania, Zambia, Ghana, Vietnam, Latin America (regional) and Albania. Five of these were approved through a strict internal review, and are now establishing concrete initiatives. Oxfam, Danish development organisation IBIS, Action Aid, the British, Danish and Swedish government development agencies (DfID, Danida and SIDA respectively) and a series of national actors have all shown interest in the LCDF initiatives. In 2009, Dutch development organisation Hivos joined as a first international partner to the initiative. As we continue to make progress, others may join at this level in 2010.

The positive interactions with others and practical progress made in this first group of countries confirmed that LCDF is a highly relevant initiative. A second group will begin in 2010.

4. Regional highlights

This section gives an insight into the challenges and achievements in 2009 of SNV in each of the five regions where we work: Asia, the Balkans, East and Southern Africa, Latin America and West and Central Africa.





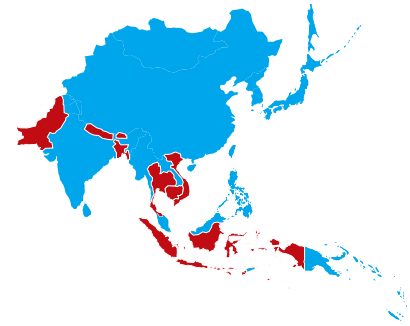
Asia

A climate of change

China and India are increasingly drawing attention as emerging players in the world's economy. These countries and other emerging markets in Asia have demonstrated remarkable resilience during the current economic crisis. However, despite optimism about quick recovery in many Asian countries, the expected number of people living in poverty in the region in 2015 still exceeds the number in sub-Saharan Africa. Inequality is on the rise, and the energy crisis and climate change are expected to hit Asian countries particularly hard.

SNV in Asia

For SNV in Asia, 2009 was a challenging and exciting year during which our joint efforts from the preceding two years yielded jobs, income and access to basic services for over 1.5 million people across eight countries. We maintained our presence in Nepal, Bhutan, Vietnam, Lao PDR and



Cambodia, and carried out additional work in Bangladesh, Pakistan and Indonesia, mainly in renewable energy financed by third parties.

Examples of achievement

- The value chain development approach is paying off in our work in agriculture and forestry. We focus on gender and social inclusion by targeting crops and products that benefit women and excluded groups most. In Bhutan, we also extended this work in 2009 by supporting the national government in completing its first national gender-sensitive policy on non-timber forest products.
- Tens of thousands of smallholder households around Asia living from tea, cardamom, rice and maize, fruits and vegetables, acacia, rattan and bamboo benefited from increased income. Through an Inclusive Business approach, many of these producers were included in the value chains of private companies. In Nepal, for example, 265 apple farmers increased their income by 335 per cent in 2009, while in Lao PDR, 917 households engaged in rice contract farming, a more than 30 per cent increase on 2008.
- SNV in Asia also started to pilot the Donor Committee for Enterprise Development's impact measurement standard in 2009. This will allow us to demonstrate the impact of all supported value chains in the region.
- In water, sanitation and hygiene we adopted two approaches with potential for impact at scale. The community-led total sanitation approach helped bring about positive behavioural change in isolated communities in Nepal and Bhutan, affecting over 20,000 people in 2009 (see page 42). Meanwhile, building capacity to ensure functionality of existing water systems gave over 10,000 people in Vietnam access to a clean water supply.

Localisation

2009 was another year of localisation for SNV in Asia. The percentage of our advisory days outsourced to 58 local organisations, many of which are also SNV clients, more than doubled compared to 2007. SNV and its partners also developed and began implementing an innovative concept for a local capacity development facility (LCDF) in Vietnam. The LCDF will provide tailored funding for capacity development support to local actors and increase our knowledge of the environment of and market for local capacity building.

Collaboration

In 2009, SNV's work in Asia aligned with Netherlands Embassies and other international organisations. In Bhutan, SNV signed an agreement with the Embassy based in Delhi in June 2009 to support it in, among other things, monitoring the country's transition towards parliamentary democracy and local governance. In Vietnam, where since 2007, 50 per cent of SNV's work has been complementary to that of the Embassy, future alignment will focus on climate change and Inclusive Business. In Lao PDR, Pakistan, Indonesia, Bangladesh and Cambodia, SNV worked to implement national biogas programmes funded by the Dutch government. Having successfully implemented seven biogas programmes, SNV was invited by the Asian Development Bank to lead its Energy for All partnership biogas working group, whose aims include creating one million domestic biogas plants throughout Asia.

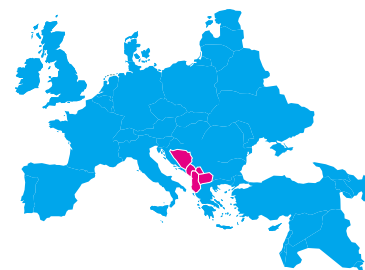




The Balkans

EU accession: hopes and anxieties

In 2009, politics and the economy in the Balkans continued to be dominated by more or less distant prospects for accession to the European Union. Against this backdrop, national political interests often, and naturally, have a much shorter horizon. Though regional integration may appear to be a precarious undertaking, it is a prerequisite for both political stability and equitable economic growth, which needs to be complemented by firmly rooted capabilities at sub-national level.



SNV in the Balkans

SNV's work in the Balkans in 2009 focused on achieving development results, including improved governance, in the following sectors: forestry, agriculture, tourism, water and rural development. We responded to a marked decrease in core funding with a thorough restructuring and an increasingly successful drive to diversify our financial resource base (see page 62). We maintained our presence in Albania, Macedonia, Bosnia Herzegovina and Montenegro, and started work in Kosovo to support a new, externally funded forestry programme.

Examples of achievement

- In Albania's remote Diber County, SNV in partnership with the Netherlands Embassy contributed to improved public services for 150,000 citizens in 2009 by strengthening local government capabilities of participatory decision making, triggering public and private investments in the area.
- Also in Albania, we started an agriculture value chain development initiative in partnership with the Danish government and launched an EU-funded programme to fight corruption in the forestry sector, which aims at stable livelihoods and sustainable use of natural resources.
- In Montenegro and Albania, 12 new forestry associations were formed, and in Montenegro the influence of the National Association of Private Forest Owners (NAPFO) grew, with advisory support from SNV; the new forestry law now explicitly regards the interests of private forest owners. Meanwhile in Macedonia, SNV coached a number of NAPFO members to access government funding for sustainable forestry practices. This opened the door for other successful funding proposals and led to the government doubling the share of forestry funds allocated to private forestry for 2010.
- With SNV support, the Central Bosnia Canton became the first in Bosnia and Herzegovina to apply basic EU water standards and best practices.

Localisation

SNV increasingly outsources advisory services to local organisations, reaching a level of 16 per cent of total output in 2009. We also started to source expertise from local organisations across borders, for example, including opportunities for Macedonian organisations to support an agricultural development programme in Albania.

In Albania, a plan for the design and launch of a local capacity development facility was accepted in autumn 2009. We commissioned several supporting research studies, including an extensive study of the local capacity development service environment.

Collaboration

In Albania, SNV's relationship with the Netherlands Embassy has matured from a donor-recipient relationship to partners in development. In Macedonia, SNV co-organised a conference on women's entrepreneurship with the Embassy in Skopje. We began working in Kosovo on a forestry programme jointly funded by the Swedish International Development Cooperation Agency. Together with the Netherlands agency for land and water, SNV supported the Macedonian Ministry of Agriculture in developing land consolidation practice. Both organisations will continue to support the Ministry in a second project to develop tools and upscale land consolidation in Macedonia.





East and Southern Africa

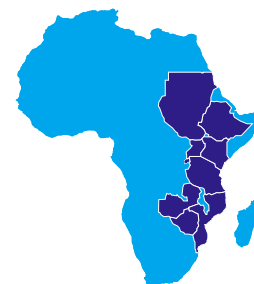
Promoting regional cooperation

Improved infrastructure and the promotion of regional trade are crucial to ensuring food security. In 2009, the East African Common Market Protocol was signed by the heads of state from Burundi, Kenya, Rwanda, Tanzania and Uganda. Similar commitments were expressed by the Common Market for Eastern and Southern Africa and the Southern Africa Development Community to form one regional economic community by 2015.

Accountability of governments continued to remain a challenge in 2008 and 2009. This is increasingly recognised as the key factor in the delivery and accessibility of basic services.

SNV in East and Southern Africa

At both country and regional level, SNV's work keeps track of and responds to these major contextual issues. In 2009, we sharpened our focus on value chain development and basic services in Ethiopia, Kenya, Mozambique, Rwanda, South Sudan, Tanzania, Uganda, Zambia and Zimbabwe.



Examples of achievement

- In the water and sanitation sector, WASH in Schools, urban WASH management and water point mapping are recognised as 'SNV specials'. We have established partnerships with UNICEF in the sector in seven countries.
- We made similar progress in the education sector, notably in Kenya, South Sudan, Uganda, Zambia and Zimbabwe. In Zimbabwe, our support to over 100 school management committees resulted in improved accountability, ensuring continuity of education service delivery, including payment of teachers.
- Domestic biogas programmes are up and running in Ethiopia, Kenya, Rwanda, Tanzania and Uganda. In 2009, SNV facilitated a major breakthrough in commercial financing for domestic biogas, which will give an estimated 15,000 farmers in Rwanda access to clean energy and fertiliser (see page 13 for details)
- SNV is a key player in major economic programmes such as the National Agriculture Growth Programme in Ethiopia, Fairtrade in Mozambique, the honey sectors in Ethiopia, Rwanda and Zambia, and the Market Linkage Working Group in Zimbabwe. In Kenya, our 2007 initiative in livestock market co-management was scaled up and received policy backing in 2009 (see case on page 50).
- Promoting good governance, including empowerment of women, remained central to our work in all sectors in 2009. We supported the formation of 43 Girls' Empowerment Movement clubs and 172 parent teacher associations in Sudan, to ensure education development.

Localisation

In 2009, SNV sub-contracted 16 per cent of its client advisory services to local organisations, an increase of two per cent since 2008. In Kenya, we established partnerships for the region's first local capacity development facility, which focuses on agriculture and water and sanitation. The initiative will take off early in 2010, with five new country pilots currently being designed.

Collaboration

In all nine countries in the region, alignment agreements with Netherlands Embassies are now established. These include domestic accountability programmes in Mozambique, Rwanda, Tanzania and Zambia. In Sudan and Zimbabwe, SNV and the Embassies are working together in value chain development and governance.

Cooperation with other Dutch development agencies is also on the rise, as illustrated by partnerships with ICCO (South Sudan), Hivos (Twaweza domestic accountability initiative in Kenya, Africa Biogas Partnership Programme in six countries and the Value Chain Catalyst Fund in Zambia), Cordaid (Zimbabwe), IRC International Water and Sanitation Centre (Uganda), Woord en Daad (Zambia), Agriterra (Tanzania, Zambia, Ethiopia, Kenya) and Agri-ProFocus (regionwide).

Other established regional partnerships include the International Fund for Agricultural Development (IFAD) and UN Habitat (see page 69 for more detail).





Latin America

Walking the talk

While Latin America emerged from the global financial crisis with strong prospects for macro-economic growth in the short and medium term, 2009 will be remembered for the political crisis in Honduras – a sobering reminder that democracy in the region, while ever-growing, is still young, fragile, and in need of further consolidation. Poverty continued to hover at around 35 per cent across the region, or almost 200 million people. The key challenges facing the region (and therefore the essential considerations for SNV) remained unchanged: rising inequity; unemployment, under-employment and insufficient income; stifled entrepreneurship; and lack of liquidity and financial solutions to accelerate and scale growth.

SNV in Latin America

In 2009, we continued to focus our efforts in both inclusive economic development and access to basic services in renewable energy and vocational education in Bolivia, Ecuador, Peru, Honduras and Nicaragua. We responded to a further decrease in our core subsidy by restructuring and downsizing our staff (see page 86), building closer links with local organisations as partners and continuing to diversify our financial resource base (see page 64).



Examples of achievement

- In 2008 and 2009, SNV made a direct or indirect impact on the lives of more than 250,000 people in Latin America. Our interventions enabled improved income and employment opportunities, improved access to (and quality of) vocational education and renewable energy for low-income people, and increased visibility and awareness of the needs and opportunities for innovation around poverty reduction in the region.
- By partnering with leading national and multi-national companies, SNV helped improve the performance of more than 70 inclusive businesses in agriculture, forestry, biofuels, financial services and consumer products. In turn, these generated increased income and employment opportunities for more than 40,000 low-income families.
- We also developed vocational education initiatives that benefited more than 5,000 families. These included labour certification schemes and targeted vocational training in underserved regions.

Localisation

We believe that working alongside local organisations is critical to ensuring the long-term quality and sustainability of SNV in the region. In 2009, we localised more than 20 per cent of our portfolio by sub-contracting to more than 50 local partners. A local capacity development facility also began to take shape in the region. This will enable us to attract the resources of other key funders for targeted technical assistance in Inclusive Business and social investment.

Collaboration

In Bolivia and Nicaragua, SNV dedicates resources and aligns its strategy to Netherlands Embassy priorities for at least 50 per cent of interventions. These include a local government strengthening project in Bolivia, and developing joint proposals for tourism and coffee value chain development in Nicaragua.

In 2008 and 2009 we renewed our partnership with the World Business Council for Sustainable Development and opened up new opportunities with the CAF (Andean Development Corporation). We continued to develop our partnerships with the World Tourism Organisation, UNDP, new partners Habitat for Humanity (for low-cost housing) and numerous academic institutions in the region. These were critical to validating labour certification, and helping to scale approaches like Inclusive Business.





West and Central Africa

Putting theoretical cooperation into practice

The economic slowdown in 2009 placed a heavy burden on the growing yet vulnerable economies of West and Central Africa. In addition, countries confronted drought and insecurity, which affect food availability and certain economic sub-sectors, such as livestock. This emphasised the need for market regulation, sustaining food security and more regional integration. Although in theory free circulation of people and goods between countries in the region is encouraged, in practice there are still barriers.

In many cases, however, challenges provided an opportunity to highlight long-term problems. The Copenhagen conference, for example, put DR Congo and Cameroon at the centre of the forest and climate debate. This has put pressure on the Congolese government, and others, to enter into real sector reform, a process that SNV supports.



SNV in West and Central Africa

In 2009, SNV continued to work in Benin, Burkina Faso, Cameroon, DR Congo, Ghana, Guinea Bissau, Mali and Niger, and began biogas activities in Senegal.

Examples of achievement

- In Mali, over 2,000 sesame producers, almost half of whom were women, increased their incomes by 115 per cent by developing organic sesame, following technical support from SNV. (For more details, see page 57.)
- In Burkina Faso, SNV has contributed to the establishment of four mutual health insurance organisations, giving 160,000 men, women and children access to basic health services. As a result, in 2009, the Health Organisation for Central Africa (OOAS) asked SNV to present a programme to support 90 mutual health insurance organisations in Burkina Faso, Mali and Niger.
- In Ghana, SNV worked with the Ministry of Tourism, the Ghana Tourist Board and private sector operators to develop and publish the National Tourism Marketing Strategy. SNV also supported the Ministry in formulating a tourism policy, which will be the basis of an inclusive Tourism Act to be passed in 2010. This will improve the enabling environment for tourism businesses and stimulate investment. Tourism employs approximately 300,000 people in Ghana.

Localisation

Sub-contracting to local organisations increased from less than seven per cent in 2008 to more than 15 per cent in 2009. In Ghana's education sector, for example, three local organisations worked to raise awareness among district and community structures of the Ghana School Feeding Programme. Two local agricultural organisations conducted a study of the programme's link to agriculture and worked with farmers to incorporate opportunities for local producers. In addition, six organisations with particular management and governance expertise supported and strengthened interventions in decentralised education. Despite initial difficulties with formulating proposals for local capacity development facilities, in December 2009 Ghana and Cameroon submitted concepts. Oxfam, Actionaid and Danish development organisation IBIS have already expressed an interest in joining, and providing co-funding for the Ghana initiative.

Collaboration

In Benin, Ghana and Mali, SNV has formalised relationships with the Netherlands Embassy, while DR Congo has a basic agreement for future collaboration. In 2009, SNV worked alongside the Ghanaian Ministry of Local Government and Rural Development, the National Secretariat of the Ghana School Feeding Programme and the Netherland Embassy in Ghana in the development and launch of a social accountability project.

A 2009 collaboration between SNV and PricewaterhouseCoopers strengthened fruit processing and forestry value chains in Ghana and Cameroon. In Cameroon, the support helped Baka farmers improve a market information system on forestry products like bush mangos (as featured in our 2008 annual report). As a result, the farmers using the system organised themselves into a platform that wrote a funding proposal.





SNV

Connecting People's Capacities

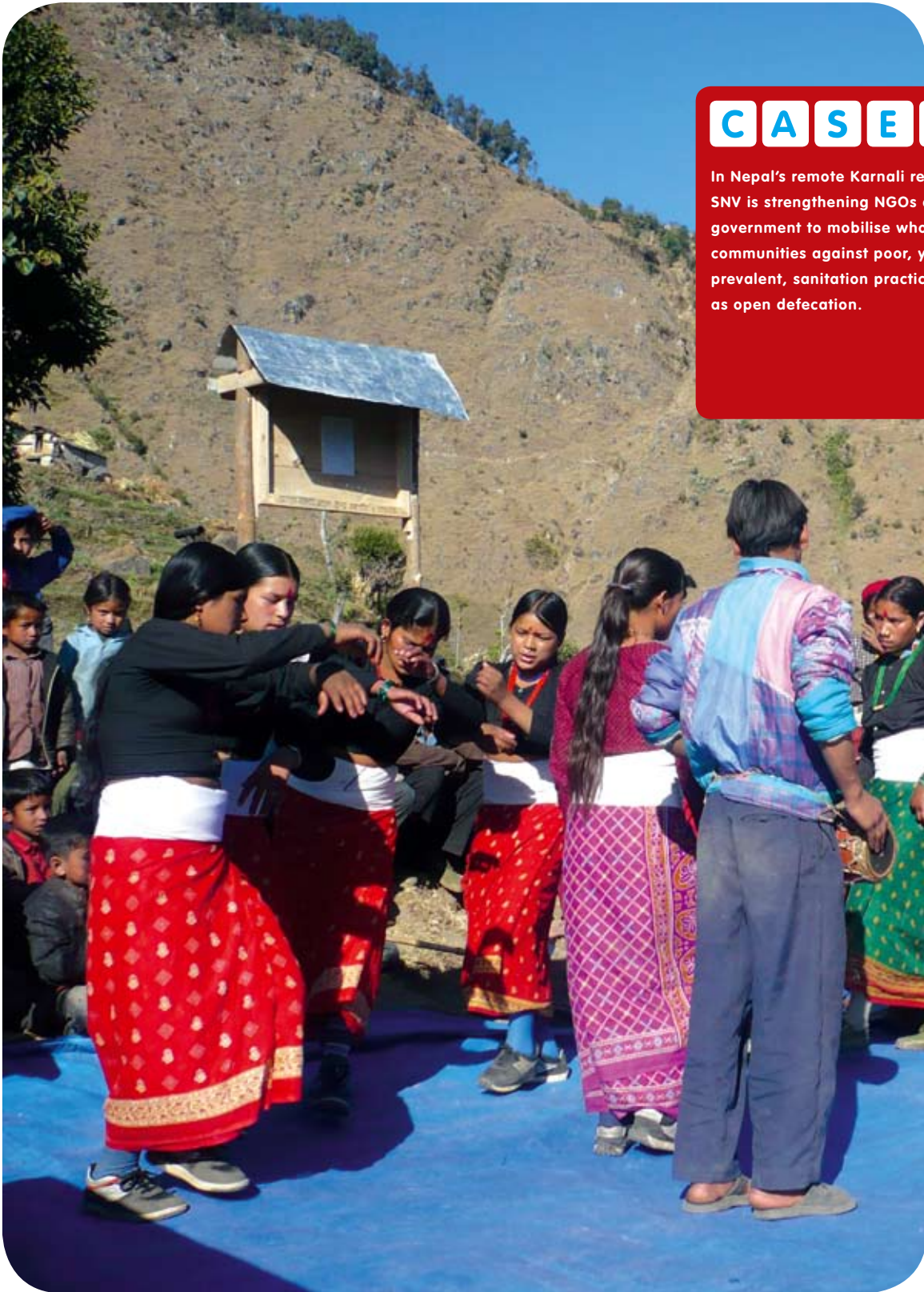
5. Our work in action

Through detailed case studies and other examples, this section highlights some of SNV's interventions in the field in 2009. These ranged from developing pro-poor tourism in Northern Ghana and establishing local livestock markets in Kenya, to linking coffee producers with large companies in Central America, creating benefits for both.



CASE 01

In Nepal's remote Karnali region, SNV is strengthening NGOs and local government to mobilise whole communities against poor, yet prevalent, sanitation practices such as open defecation.





Community action for improved sanitation

The Karnali region in mountainous north-western Nepal is one of the most remote and impoverished areas of the country. A 2007 survey indicated that about 20 per cent of households in Karnali have access to a toilet, though in some areas the figure is as low as three per cent; most people practise open defecation. Unsurprisingly, more than 50 per cent of patients in Karnali's hospitals are being treated for water-borne diseases.

Nepal aims to achieve full sanitation coverage by 2017. The government and various NGOs have attempted to address poor sanitation by, for example, compelling people to construct toilets as a precondition for implementing a water supply project. But such initiatives do not, on their own, educate communities in remote areas about good sanitation practices or bring about positive behavioural change.

Few qualified agencies work in water and sanitation in remote districts; even local government officials in these areas lack specialist knowledge. Most international NGOs and donors in Nepal are based in the capital and provide financial, but not capacity, support to local NGOs; SNV saw a clear gap in local NGO capacity.

What SNV did

Since 2008, SNV has been giving advisory support to the Karnali Integrated Rural Development and Research Centre (KIRDARC), an NGO, to enable it to provide services to local level organisations. KIRDARC's strength is its extensive reach in all five Karnali districts, including a community-run FM radio programme that potentially reaches 40 per cent of Karnali's rural people, and its established profile at both central and local levels.

One of the main obstacles to progress in Karnali is people's perception of development as something tangible, like new roads, so sanitation and hygiene is low on the local development agenda.

To address this, SNV also pushes sanitation at policy level by advising the district development committees of all Karnali districts on effective planning, monitoring, coordination and harmonisation in water and sanitation sector.

By working closely with organisations that already have links to the local communities, and providing advisory services to district development committees, SNV ensures that the sanitation problem is tackled on two fronts.

Through KIRDARC, SNV strengthens capacity among local NGO staff, building their knowledge and skills in community-led sanitation and hygiene initiatives. This focuses on: finding ways to trigger demand for basic sanitation, beyond just toilet coverage; increasing commitment to improved sanitation, without waiting for external subsidies; and setting up a follow-up or self-monitoring mechanism to ensure that sanitation practices remain sustainable.



Case facts

Project: Community-led approaches to sanitation

Location: Karnali region, Nepal

Clients: Karnali Integrated Rural Development and Research Centre (KIRDARC); Humla, Kalikot, Jumla, Mugu and Dolpa district development committees

Start and end date: January 2008 to December 2009



To enable people with low levels of education to play an active role, SNV has helped local NGOs to introduce simplified information on, for example, the importance of hand washing and toilet use, to use with Karnali communities. SNV is not inventing new approaches, but tailoring national policy and good practice for hard-to-reach communities. The NGOs have targeted women and young people in particular as a means to influence whole communities. Women are considered knowledgeable about issues of hygiene because of their traditional household role.

Alongside this on-the-ground technical assistance, SNV advisors also strengthen all five district committees' organisational systems. Improving sanitation practices relies on accurate data with which to identify, target and monitor progress. SNV has supported district committees in developing a database that enables users to analyse and update information easily. This also means that districts can create and update their own sanitation sector strategies.

Much of SNV's support is through informal coaching, though advisors have also facilitated a number of training seminars on, for example, sanitation awareness raising, engaging communities, and hygienic water handling. These were attended by major district-level stakeholders.

Outcomes

Over the last two years, women have played a leading role in promoting sanitation and mobilising communities. KIRDARC has trained around 30 women's groups and water users' committees to monitor against open defecation in 20 villages.

SNV advisors have supported all five district committees in updating their sanitation databases and developing formal sanitation strategies for achieving full sanitation coverage by 2017. The strategies combine increasing toilet coverage and declaring open defecation free (ODF) communities and villages with the continued promotion of behavioural change. More than 20 government and non-government agencies, major political party representatives and all village development committees have endorsed the strategy and prepared action plans.

The trained NGOs have facilitated 45 events on community-led sanitation approaches in 18 villages. They have organised cultural programmes to coincide with communities becoming open defecation free. These help publicise the achievement, motivate neighbouring communities, and disseminate information on sanitation to a wider audience in villages across the Karnali.

KIRDARC, the Water Supply and Sanitation Division Office (WSSDO) and district committees have conducted visits to communities, with representatives from stakeholders, political parties and professionals, to monitor, learn and disseminate information.

District committees have awarded certificates and prizes of NRs 50,000 (equivalent to over EUR 500) to water and sanitation users' committees in two districts, Kalikot and Jumla, for declaring the first ODF communities at district level.

By building the capacity and systems of local government in remote districts, SNV advisors are contributing to Nepal's national target of universal sanitation coverage by 2017.

"This particular day of declaring the village as ODF should be celebrated annually... We should invite all our relatives every year and demonstrate our pride and dignity with our continued effort on total sanitation."

Mr Nagendra Shahi, political party representative during ODF declaration in Malkot village, Kalikot District in December 2008.



As a result of awareness-raising activities by SNV clients, 2,000 households in 43 villages in Vietnam gained a basic knowledge of diseases, sanitation and hygiene and volunteered to build and use latrines.

Impact

In our 2008 annual report we reported the early impact of this initiative – two ODF settlements, with benefits to around 1,000 people. In 2009, with SNV’s advisory support, KIRDARC, WSSDO and the district committees have brought about significant change in all five districts. More than 29 settlements have declared themselves open defecation free. This means that more than 18,000 people – around six per cent of Karnali’s total population – now benefit.

Similar cases

Access to sanitation in Vietnam

As a result of a similar initiative in north west Vietnam, 2,000 households in 43 villages in Dien Bien, Lai Chau and Lai Cai provinces gained a basic knowledge of diseases, sanitation and hygiene in 2009. Following awareness raising activities by SNV clients, all of the households volunteered to build and use a latrine.

As a result of SNV advisory services at provincial level, 10 local NGO representatives in each province became community sanitation and hygiene trainers, and will continue to provide courses at district and commune level. By the end of 2010, 60 small and medium-sized companies will be trained on business development to enable them to provide effective water supply and sanitation services. This in turn will allow 3,000 households in the three north west provinces to access water and sanitation services.

Supporting private sector water companies in Kenya

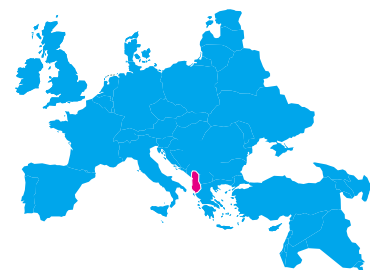
Two Kenyan water companies, NAWASCO and IWASCO, improved access to clean, safe drinking water for over 25,000 people in urban areas in 2009. SNV strengthened staff capacity and helped streamline processes, improving the companies’ efficiency. As a result, the two clients reduced unaccounted-for water by 20 per cent, collected more revenue (IWASCO quadrupled collection, including outstanding arrears) and improved their customer focus. Both companies brought in measures to benefit low-income households, like payment in instalments to help defaulters settle their bills. They were also able to expand water coverage to previously underserved areas. NAWASCO, for example, made clean water accessible to another 900 village households through water kiosks.





CASE 02

With support from SNV, a local women's NGO has opened the eyes of commune leaders in north-eastern Albania to how gender-inclusive planning can help them serve their communities more effectively.



Towards gender-inclusive planning and investment in rural Albania

Since applying for membership of the European Union in 2003, Albania has been working towards more significant economic and political stability. Supporting accountable, participatory governance at regional and commune level has therefore become an important part of SNV's role in Albania, and in the Balkans region in general.

In the mountain communities of north-eastern Albania, men tend to speak on behalf of their family, while women take on traditional roles within the home. This division of responsibilities is also reflected in local decision making; planning and investment at commune level involves almost exclusively men. Since 2007, the regional council in Diber Qark, one of Albania's poorest regions, has run a programme, with advisory support from SNV and funding from the Dutch Embassy, to promote participatory decision making. The council allocates funds, through a competitive process, to communes that demonstrate shared decision making (for example, by having a strategic plan; by planning investment based on needs of both men and women).

However, soon after the programme started, women's groups, the Embassy and SNV advisors voiced concern that the proposals which communes were submitting under the programme did not actually reflect the needs of both genders. They saw that elected bodies were making assumptions and speaking for whole communities in their proposals – for example, prioritising new roads and pavements – without any kind of rationale or analysis of who would benefit.

What SNV did

To find out and monitor the extent to which communes' priorities reflected the needs of whole communities, SNV commissioned Agrita Vision, a Diber-based NGO, to conduct gender-based investment analysis and planning with three of the region's 35 communes. Agrita had previously worked mainly with women's groups and in agriculture and farming. However, they were well known and trusted in the region, particularly in rural areas.

To support Agrita in implementing the assignment, SNV advisors provided training in gender analysis and survey methods including socio-economic profiling, time and task allocation, obligation and entitlement structures; as well as in communication skills to raise community awareness of the role of gender. This was a learning process for Agrita, as they had traditionally focused on women, whereas the questions and information in this survey would have to address men and women equally.

“During the interviews we noticed reflection, reaction from women expressing their rights, but also men acknowledging that women are not part of decision making process at either family or community level.”

Majlinda Hoxha, Executive Director of Agrita-Vision Center



Case facts

Project: Gender-inclusive planning and investment in Diber

Location: Diber, Albania

Clients: 3 communes

Start and end date: February to May 2009



Alongside this, SNV presented the purpose and objectives of the survey to the regional council and communal administrations. Gaining their support was an important step in raising awareness and ensuring that the results of the survey and analysis would be incorporated in planning and investment processes.

Agrita started putting the assignment into action by holding meetings with leaders from the three 'test' communes to discover, for example, how many men and women were employed within the administrations or held elected positions.

Next came the household surveys, which Agrita carried out among over 100 households in the three communes, questioning men and women in separate rooms to ensure open and honest responses. They defined the division of household activities by time and task, along with household obligations and entitlements. The survey itself prompted residents to reflect on how local planning might affect them. Agrita processed the survey data and in May 2009, presented the findings and analysis to the assembly of the regional council. Representatives of all 35 regional commune administrations were present, along with staff from government ministries, embassies and SNV.

Attendees were surprised and disappointed by the facts:

- There was not a single woman in an elected position in any of the three communes, and just a small handful of women employed in administrations (but not in decision-making positions)
- Women in rural areas were significantly over-worked. Basic duties took up 13 hours per day, whereas men's took eight hours.

Agrita's analysis of commune administrations' staffing revealed significant imbalance in numbers of men and women. They pointed out that this was influencing the planning and type of investments undertaken in the communes.

The findings provided a stark illustration of the unequal roles – and voice – of men and women in rural areas.

This meeting took place a month before national elections so the impact of these findings was immediate. Suddenly aware of gender perspective (and the implications of considering both men's and women's needs), candidates re-prioritised campaign issues to focus on those that would appeal to whole communities.

Outcomes

The survey findings and analysis from Agrita gave regional and commune leaders a clear picture of how investment was not gender-neutral and how different types of investments do not necessarily have the same impact on men and women. For example, a woman in a commune where a kindergarten had opened told Agrita: "I now have started to increase production [of jufka, a traditional pasta] because I have more free time".

With advice and capacity building from SNV, Agrita Vision:

- have developed a greater understanding of gender equity – considering both women and men's benefits, opportunities and participation
- are now gaining support for surveys of 32 other communes, independently of SNV
- have added surveys and data analysis to their professional services for improving the socio-economic wellbeing in the region.

"Identifying these new priorities with input from both women and men has increased the awareness of local leaders that involving both genders in local development is a necessity."

Majlinda Hoxha, Agrita Vision



Data from research supported by SNV led to a civil society lobbying campaign for increased access to budgetary information and more relevant investment in healthcare.

Impact

As a direct result of the survey intervention, the three communes have revised the priorities in their strategic development plans to reflect the specific needs and aspirations of the communities. The plans now put greater emphasis on improving income opportunities for men and women through, for example, better irrigation for agriculture, as well as on providing more piped drinking water, sewage systems and schools.

In practice, changes in investment planning by Diber's 35 commune administrations will mean capital investments that better reflect the needs of the region's 200,000 citizens.

However, the real, sustainable impact of this intervention is a shift in mindset, both at individual and local government level.

Similar cases

Accountability in healthcare spending in Cameroon

In Cameroon, SNV supported Femmes, Santé, Développement, a women's health NGO, in conducting an analysis of the Ministry of Health's budget, focusing particularly on the allocation for measures to reduce maternal mortality. The study revealed that 65 per cent of the budget goes on administration, while less than one per cent has a direct link to the fight against maternal mortality. These results provide the basis for a civil society lobbying campaign for increased access to budgetary information and more relevant investment. By increasing direct investment in maternal healthcare (e.g. more staff in rural hospitals, improved equipment for carrying out caesarian sections, prenatal malaria vaccinations) the Ministry of Health can play an increased role in reducing levels of maternal mortality.

More accountability strengthens private sector in Zambia

In partnership with the Netherlands Embassy, SNV brought rice farmers and local government in Zambia's Chavuma district together in 2009 to tackle issues affecting rice production and marketing. For example, lack of a ring road to link farmers from one side of the Zambezi River with markets on the other means that sometimes rice does not even reach market.

This local stakeholder forum developed a draft document supporting the construction of a much-needed new road, with which to lobby central government. Previously, there was no formal channel through which farmers' issues could be communicated to the local government. Now, farmers are able to hold local government accountable through the forum, and have also begun to demand representation by their local member of parliament on their issues. For the first time, in 2010, the provincial administration is allocating a budget to developing Chavuma's rice sector.

"This project has increased the awareness not only of those interviewed, but in their respective communities on gender involvement in local development. This will have a direct impact in improving women's status."

Majlinda Hoxha, Agrita Vision





C A S E 0 3

Community livestock markets in the Samburu district of Northern Kenya have provided a means both for local producers and traders to increase their income and for local councils to raise funds for services. This successful business model, developed by SNV, local NGOs and Samburu county council, is now being replicated in districts across the country, increasingly by local organisations.



Local livestock markets make national impact

Like many communities in arid northern Kenya, Lolkuniani boasts few basic services, and is linked to the nearest town only by around 200 km of undeveloped road. Its 800 households rely largely on income from livestock farming. But making a living from this is a challenge, given the distances involved in getting to market. The use of middlemen is widespread. Farmers also experience frequent loss and theft of livestock, and spend a lot on transport. Some have started selling livestock illegally from their own homes to avoid these issues.

Partners

In 2008, SNV brought together SIDEP (Samburu Integrated Development Programme), the Kenyan Livestock Marketing Council (KLMC) and Samburu District Council to examine the challenges and opportunities for livestock farmers in such areas.

On the face of it, setting up markets closer to communities seemed the obvious solution; in some areas the doorstep markets were thriving hubs of activity. However, the council was unable to collect revenue from unofficial markets, and the district veterinary board was unhappy that diseased animals could easily be bought and sold. In addition, the local livestock farmers were a large, amorphous group, so difficult to engage with collectively. The challenge was to formalise these local markets while addressing all of these concerns.

What SNV did

SNV led the problem-solving process by unpacking the issues and, together with KLMC, SIDEP and Samburu County Council, came up with a business model that satisfied all interests. Local producers would form a livestock marketing association and co-manage the market, collecting revenue on the council's behalf and splitting the takings 50-50. Community animal health workers, trained by NGOs, would monitor health, and provide basic treatment and referrals.

The council saw the obvious financial benefits of the co-management arrangement and agreed to the proposed market at Lolkuniani. Within three months they had approached three existing livestock markets in the district, where there were problems with revenue collection, and encouraged producers to form a market association and replicate the same model.

SNV advisors in Samburu shared the livestock market model with colleagues in other districts who were keen to replicate it. However, they encountered resistance from other district councils: the existing by-laws stated that council revenue could only be collected by council officials. Without a change in regulations, the livestock markets would be illegal.

With SNV's support, SIDEP raised awareness in the local area, explaining the importance of a law change and gathering feedback from the communities affected. Meanwhile, SNV lobbied the council, explaining the consequences of not changing the by-law – a significant drop in existing and potential

“The key to the success of these markets is that local people are actually involved. Across the three Samburu markets, 99 per cent of the traders are men, women and young people from the immediate area.”

Julius Lemalasia, SIDEP manager



Case facts

Project: Co-managed Kenyan livestock markets

Location: Samburu district, Kenya

Clients: Samburu County Council

Local partners: Samburu Integrated Development Programme (SIDEP) and the Kenyan Livestock Marketing Council (KLMC)

Start and end date: December 2008 to November 2009



revenue from the livestock markets. The council now legally recognises co-managed livestock markets. At the time of writing, the by-law change was awaiting ministerial sign off, but the changes have taken effect on the ground.

By building the capacity of SIDEP and KLMC capacity through mentoring, SNV ensured that the market model could be replicated in several districts without being reinvented each time. SIDEP has organised learning exchanges to allow district and community leaders in other arid districts to see the Samburu model at work. Meanwhile, KLMC has helped other councils to develop new by-laws to ensure a sound legal framework for co-managed livestock markets.

Building on early lessons

Moving the initiative from one district to another was an opportunity to fine-tune the model and build on lessons from the pilot markets in Samburu. Issues like a lack of accountability by the market committee were ironed out by the introduction of an official market committee account, elections, and an audit by the county council.

These lessons were integrated into the market model and, in 2009, SNV invited 22 county council leaders from arid areas all over Kenya to hear the leaders of Samburu and Chepararia district councils share their experience. The event was a major step in up scaling the model: it prompted other NGOs to put money and expertise towards the project. Farm Africa, for example, organised a series of exchange visits between districts following the meeting, while the United Nations Food and Agriculture Organization put in EUR 300,000 to develop the model in seven more districts.

Impact

The markets bring traders closer to their customers, so reduce the cost of transport and middlemen – and consequently, improve the quality of livestock. In 2009, small livestock producers in Lolkuniani increased their gross margin per animal by 30 to 40 per cent (or around EUR 57) per bull/cow. At its peak, an average of 2,000 goats worth approximately EUR 27,500 and 30 cows worth EUR 4,000 are sold each week.

Around 10 per cent of Lolkuniani's population is involved in the weekly market and, as highlighted by Keraita Lengnyuki, chair of the Lolkuniani livestock marketing association, this high level of participation helps address another common issue around markets: security. "The fact that everyone is earning income means that security sorts itself out".

Alongside livestock trading, other economic activities around the livestock markets provide income and opportunities for women. "In Samburu, around 60 per cent of market stalls are owned by women. These markets have given women a leadership role within families and communities. Traditionally, women have depended upon men for financial security. Now men are actually starting to believe that women can provide for families' basic needs." Julius Lemalasia, SIDEP manager. SIDEP now provides business training for women's groups. One of the food vendors, Mrs. Mpayoi Lenges, has learned how to run a small business through the SIDEP business training. From her food vending, she now earns between Ksh 2000–3000 (EUR 18–28) every market day. This income enables her to take care of her children's education and to live comfortably.

"There is a self-belief among the women involved in the markets. They are now holding leadership positions within communities, for example, on livestock market management committees, so the markets have facilitated social, as well as financial, changes."

Julius Lemalasia



Better knowledge of conservation techniques led to improved milk quality and more income for small dairy farmers in Niger.

A national legacy

The local livestock market model was replicated effectively in 11 more locations in 2009, though the impact of the initiative at national level goes beyond increased income for individual farmers or even communities. The spread of the livestock market model to seven other districts has put livestock marketing back on the national government agenda. As of 2009, there is a livestock markets desk within the Ministry of Local Government's Directorate of Markets, and from 2010–11, the Ministry's economic stimulus package will focus on developing livestock markets.

Similar cases

Linking dairy farmers and buyers for mutual benefit, Ecuador

SNV enabled 450 small-scale dairy farmers to more than double their daily incomes in 2009 by linking them directly with Floralp, one of Ecuador's leading dairy companies. Previously, the farmers had been reliant on middlemen to sell their produce, and at a low price because of inconsistent quality. The relationship means that the farmers receive technical assistance from Floralp to improve quality and productivity, and have a direct relationship with a buyer. This arrangement is beneficial to both parties as it also guarantees Floralp a consistent, increased supply of good quality milk. It also strengthens technical knowledge among farmers, ensuring continued improvement. By 2011, nine local farmers will be qualified trainers in, for example, production management.

Knowledge sharing in Niger's milk sector

In Niger's Niamey district, milk producers are improving their commercial know-how in order to compete with international imports. Poor knowledge of markets and conservation techniques, and lack of coordination between producers means local dairy farmers, predominantly women, struggle to compete with importers of dry milk. In 2009, SNV linked local producer organisations directly with dairy experts from the Ministry of Livestock and Animal Industries and other specialist government departments. Through knowledge sharing and training in, for example, conservation techniques, producers began to improve their milk quality and bring production in line with industry standards. Producers are now better informed about market conditions and are able to negotiate better with buyers. In 2009, the Laitière du Sahel and Niger-Lait signed contracts with local milk collectors for over 500 and 200 litres per day respectively.

"I now feel able to support dairy producers and help them take opportunities. I have learned about government policies, and sector-specific challenges."

Ibraime Hamadou Tidjani, member of the Association GAJEL SUDU BABA, a young dairy producers' organisation.



CASE 04

In Nicaragua and Honduras, SNV connects large coffee companies with small-scale coffee growers to increase income for all parties. By giving the companies tools and training, SNV has enabled staff to help 850 farmers increase the efficiency and quality of their production and gain Utz certification for their organic coffee beans. The impact is economic, social and environmental.





Certified coffee creates wins for small-scale farmers and large companies

Approximately 90 per cent of the coffee growers in both Nicaragua and Honduras are small producers. Coffee is mainly produced in a conventional manner in these countries, which means it fetches mediocre prices, and producers struggle to make a living. At the same time, coffee is the main export crop and creates a large number of jobs in the countryside. The global demand for certified organic coffee – which is sold at considerably higher prices than conventional coffee – is rising, and coffee companies are looking for ways to increase their supply to the international market.

Clients

In 2009, two companies from the Mercon Coffee Group, Comercial Internacional Exportadora S.A. (CISA) in Nicaragua, and Comercial Internacional de Granos de Honduras (CIGRAH) were keen to connect directly with small coffee producers in the main coffee growing areas of their respective countries to improve plantations' productivity and quality.

CISA works with 7,390 coffee producers, CIGRAH with 355. A small proportion of both companies' coffee carries the Utz Certified international seal, which guarantees socially and environmentally sustainable production. However, they are limited in scale by the relatively small numbers of producers able to supply Utz Certified coffee.

What SNV did

SNV brokered links between CISA and a further 300 small coffee producers in Nicaragua, and between CIGRAH and 1,000 small producers in Honduras. The aim was to increase the small producers' income in a sustainable way. To achieve this, SNV trained staff from the companies to help them establish long-term business relationships with these producers, and to enable them to offer:

- individual and group technical assistance on the farms, primarily to develop good production and manufacturing practices
- capacity building, encouraging producers to adopt good agricultural practices that are environmentally sustainable
- administrative and accounting assistance
- support with coffee processing
- financing and marketing services.

“The advantage of working with CISA is the technical assistance they provide directly on the plantation. As a small producer, this kind of training helps prepare us for the certification process.”

Marvin Ariel Rivera, producer from La Naranja in Wiwili, Nicaragua.



Case facts

Project: Programme for sustainable coffee

Location: Honduras and Nicaragua

Clients: CIGRAH and CISA

Start and end date: 2008 to 2011



This means that farmers can produce high-quality, certified coffee that earns them a higher price per kilo.

CISA and CIGRAH also offer financial services, for example, to help producers pay crop maintenance costs. The higher prices and other benefits secured through higher quality have been a good incentive for producers to continue to improve the quality of their coffee. For the companies, establishing a long-term relationship with small producers by providing such benefits also means they are able to make longer-term plans, based on a stable supply of coffee.

Outcome

There are clear benefits for both the companies and the producers. In 2009, SNV's technical advice enabled CISA and CIGRAH to support 850 producers. Five hundred of the Honduran producers went on to achieve Utz certification. As a result, CIGRAH turned approximately 100,000 bags of coffee beans into Utz Certified.

Technical assistance has also helped producers to become more efficient, and the certification has spurred them to use environmentally sustainable and socially responsible production practices. Coffee production is evolving gradually towards competition based on the quality, rather than the volume.

Impact

SNV's advisory services and brokering have enabled small coffee farmers to earn a higher income from the same area of land. As a direct result of the Utz certification, 850 producers increased their income from USD 4 to USD 5 per 100kg sold on the international market in 2009. In addition, the environmentally sustainable production methods will ensure them income from coffee for years to come.

For the coffee pickers who work on plantations during the harvest season, the Utz certification also brings benefits. To achieve certification, producers must pay a minimum wage, provide first aid equipment on site in case of accidents, and must not use child labour. In addition, coffee pickers are given training on health, safety and hygiene at work. Although coffee production and management is dominated by men, currently 15 per cent of the plantation owners in this initiative are women. Gender equity is also a concern for the large companies; CISA in Nicaragua reports a growing number of women in top management.

Future plans

The aim for 2010 and 2011 is to work with 1,300 producers in Nicaragua and Honduras. Some of the producers who are already Utz certified hope to obtain other seals, such as 4C and C.A.F.E. Practices, which will bring them broader opportunities for selling their coffee on the international market and earn them a higher income per kilo.

“For this coffee cycle we'll receive a bonus to help us market the coffee, on top of the sale price per 100kg. This extra income will mean our children can stay on at school, and will enable us to repay loans taken out this year.”

Florentina Tercero,
female coffee plantation owner,
La Naranja in Wiwili, Nicaragua.



By linking sesame farmers in Mali to a niche market, SNV helped them to increase their incomes by 115 per cent.

Similar cases

Organic sesame in Mali

In Mali, more than 2,000 sesame farmers – about half of whom are women – increased their incomes by 115 per cent in 2009 after gaining organic certification. SNV brokered an agreement between the Banamba Sesame Producers Union and a partner organisation, Yiriwa SA, which facilitated organic certification for the Union. Yiriwa SA also committed to buying the Union’s entire stock of organic sesame at the end of the agricultural year. By linking Banamba’s sesame farmers with a niche market, SNV enabled the farmers to access financial services and increased stable demand for their product. SNV helped the Union improve support to its members by providing technical assistance and leadership training. The success of the Union has started to create a national movement within the sector. In 2010, the Union will double its sales volume by selling 1,000 tonnes of organic sesame to its buyers.

Organic apples in Nepal

In 2009, SNV linked organic apple farmers in Nepal’s isolated Jumla district with high-end organic markets, enabling 300 farmers to more than triple their income. Being in one of Nepal’s poorest regions, Jumla is organic by default, yet farmers had not exploited the huge potential for income by selling to niche organic markets. Seeing this, SNV equipped a local government agriculture unit to provide training to producers from three pilot villages in professional farming techniques, and organised organic certification. By facilitating agreements between producers and buyers in Kathmandu, and by negotiating transportation with a domestic airline, SNV helped Jumla apples reach national organic markets. In 2009, between 20 and 25 tonnes of apples were certified and sold – a gross additional income of NPR 500,000 (around EUR 5,000) since 2008.

“This year, I was able to earn approximately NPR 15,000 (EUR 150) by selling apples for NPR 35 per kg. I am thinking of using some of this income for my children’s education, housing expenses, and to grow more apples and vegetables”.

Mitthu Khatri, farmer in Jumla





CASE 05

By bringing together and strengthening the capacity of local government, NGOs and private sector players, SNV is helping to bring the benefits of sustainable tourism to communities in Savannaland, in one of Ghana's poorest regions.



Developing sustainable tourism in Northern Ghana

Poverty in Ghana is a disproportionately rural phenomenon; close to 90 per cent of those living below the poverty line are in rural areas. There are very few income opportunities that do not involve farming, and with a growing rural population this puts pressure on natural resources. Mole National Park is in one of the poorest districts in Ghana, yet as the largest and best-known national park in the country it is the main point of attraction in the Savannaland area of Northern Ghana.

The clients

In 2008 and 2009, SNV supported a team of local organisations to develop Savannaland as a tourist destination as part of the UNWTO Sustainable Tourism for Eliminating Poverty (ST-EP) programme. The team consisted of representatives from three district assemblies, Mole National Park, the Northern Regional Coordinating Council, Ghana Tourist Board, local NGO A Rocha, the Rural and Social Development Foundation, Community Tourism Committees, a hotel association and tour operators.

What SNV did

As well as facilitating regular meetings of the destination management team, SNV strengthened a common understanding of sustainable tourism development, and provided coaching in planning, implementation, marketing, coordination, fundraising and networking to all partners throughout 2008 and 2009.

Outcomes

Mole National Park had not explored the park's real potential for attracting tourists for longer stays, and increasing income for both the park and the surrounding communities. Staff had given little thought to the location of the visitor attractions within the park. With SNV's advice, park staff commissioned a new information and safari centre and a craft shop, and viewing platforms and tree hides in the most interesting areas of the reserve. They also lobbied for a review of the park pricing structure, which resulted in increased income. SNV advisors trained a tourism officer and tour guides in presentation and information delivery skills to improve the visitor experience.

The district assemblies are responsible for getting local communities involved. Yet at the start of the project none of the three assemblies' development plans mentioned tourism. SNV advocated the inclusion of tourism, alongside priorities like health and education, to all three assemblies. Two years



Case facts

Project: Savannaland Tourist Destination Programme

Location: Savannaland, Northern Region, Ghana

Clients: A Rocha Ghana; Mole National Park; district assemblies of West Gonja, Sawla Tuna Kalba and Bole; Ghana Tourist Board Northern Region

Start and end date: July 2008 to 2010



later, the assemblies have dedicated tourism experts who coordinate and facilitate community involvement in tourism. The coordinators encourage local women and men to join community tourism committees and develop activities that link nature with culture. Fourteen communities around the park now receive livelihood support for activities like beekeeping, tour guiding and arts and crafts.

In addition, assembly members now speak confidently and knowledgeably about tourism opportunities and services in the area.

SNV advisors coached the destination management team in customer-friendly language and information, and supported them in producing marketing materials for visitor centres. These were also used to promote the Savannaland destination at Ghana's celebration of the 2009 UNWTO World Tourism Day in September. The team launched a website in 2009 to attract domestic and international tourists to Savannaland: www.savannatourism.com

With SNV's advice, the destination management team have gained a greater understanding of how to develop and manage a tourist destination. Through the community tourism committees, people living in and around the national park have learned about business management, tour guiding and how to run community-based tourist sites effectively. They have also worked together to improve the enabling environment, for example, by lobbying collectively for the opening of a road bridge to enable better future access to the park. "This bridge will connect another 10,000 people to the park from the east. It's something the local government would never have considered before yet now it's on their agenda because we have a coordinated approach. We're one voice", says Daryl Bosu from A Rocha Ghana. The park itself is now better equipped to welcome tourists. Walking trails and bridges have improved access through the park, while viewing platforms, campsites and four new visitor centres also improve the visitor experience. Between 2008 and 2009, the park's revenue increased from around EUR 2,700 to EUR 63,000. "This is the result of reviewing entrance, safari and camping fees, and of the wider range of activities in the park that encourage visitors to stay for longer", says Oliver, Tourism Officer at Mole National Park.

"I have been processing shea butter for the local market for a long time, and I have not been able to support my children as I am doing now. My home is now visited as part of the eco-village tour."

Memuna Pentu, Mognori, a female beneficiary

Impact

In one community, Mognori, tourist-oriented businesses have revived the communities and generated income for poor households. The Mognori Tourism Enterprise runs activities such as a canoe safari down the Mole River, traditional dancing and village tours (including craft demonstrations). The Enterprise received 875 visitors between its launch in mid-December 2007 and May 2009, generating receipts of approximately EUR 2,600, about half of which went to paying salaries. The Enterprise has also set aside a community development fund to support future community projects, including health and education.

As women run many of the activities, they are among the main direct beneficiaries of community tourism.

By professionalising the destination team's approach to tourism through coaching and technical advice, SNV has helped increase business at Mole National Park by approximately 8,000 visitor nights. Based on an estimated expenditure of EUR 40 per day, this equates to an additional EUR 320,000 per year. Ghana Tourist Board reports an increase in international visitors to the area,



SNV supported local government, civil society and the private sector in developing the Korce region in Albania as a tourist destination.

coming mainly from the USA, Britain, Netherlands, Belgium and Denmark.

By employing local people to implement improvements (paths, viewing platforms, roads) the developments have earned local artisans and small businesses over EUR 550,000. In total, around 200 small business owners in five communities have received training in customer care, business management, food and hygiene. Access to training in tour guiding, home stays, and other tourism-related skills mean continued employment opportunities for local people. Mole is now a major employer in Savannaland, with over 250 staff (park and hospitality), most of whom are locals. There is still some way to go before reaching the expected impact levels – 1,489 households benefiting directly – set out in 2008. But A Rocha project manager Daryl Bosu remains positive: “Some areas we have found hard to realise (and measure) but I think within four years we’ll reach those levels. 2010 will be the year for marketing and expansion.”

The wider picture

This ST-EP project in Savannaland is one example of a major effort by SNV to develop sustainably Ghana’s potential as a tourist destination and to bring greater benefit to low-income communities. In 2009, we supported the Ministry of Tourism in formulating inclusive tourism policy, which will be the basis of a Tourism Act to be passed in 2010. This will aim to improve the enabling environment for tourism-focused businesses and stimulate investment.

Similar cases

Tourism action planning in Albania and Macedonia

In Albania’s Korce region, effective tourism action planning resulted in improved road, water and electricity coverage for local people in 2009. A local tourism committee, including local government, civil society and the private sector, worked together to identify priorities and lobby for funding. The committee has raised over EUR 500,000 since 2008 to implement their plans. With capacity building support from SNV, Korce City and the surrounding communes and municipalities jointly applied for UNWTO ST-EP funding in 2009 to develop the whole Korce region as a tourist destination. SNV is supporting this tourism action planning approach all over Albania as well as in neighbouring Macedonia.

Pro-poor inclusive tourism in Mozambique

The Inhambane peninsula in Mozambique is a major tourism destination but one of the country’s poorest provinces. Lack of basic skills among local people means there are limited income opportunities for them in local tourism. In 2008 and 2009, SNV brought together a variety of public, private and government actors to examine the opportunities for, and barriers to, increased income for local people from tourism. Initiatives within the programme included looking at local agriculture and how to link producers into the supply chain of tourism businesses, like hotels; and creating a forum of local public and private sector actors to identify skills needed for jobs around tourism. They are now jointly developing relevant vocational training programmes, not just in hospitality skills but also in disciplines such as building, carpentry and mechanical trades.



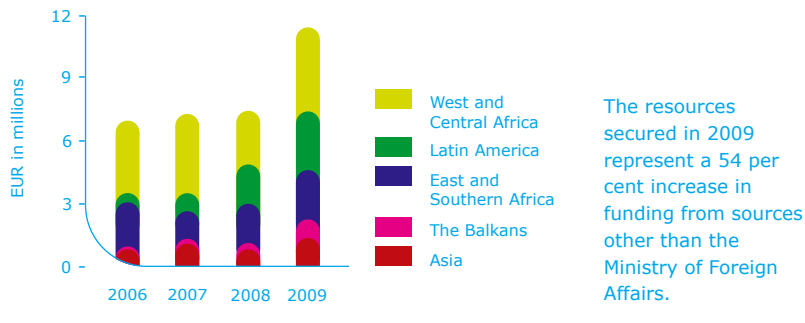
6. Diversifying our resources

Our aim to increase impact on poverty by scaling up local initiatives requires us to diversify our resources. Our efforts faced many challenges in 2009. Nevertheless, we made significant strides in both actual fundraising and in setting up SNV for greater future success in diversifying our resource base. This section details our 2009 efforts and achievements, both as a whole and by region.

Globally, official development assistance is being challenged, especially in the context of the economic crisis. Funds are growing ever scarcer, and being new to this market increases the challenge for SNV. Our engagement with the private sector and with multi-sector responses to poverty continues to grow, with two innovative business development initiatives: Inclusive Business and value chain financing. In 2009, against a backdrop of food and energy crises and climate change, we tested and improved our project proposals to donors, within the framework of our 2007–2015 strategy. All these factors contributed to our raising a total of EUR 11.6 million in 2009, against the ambition of EUR 13.4 million. This represents an increase of 54 per cent (EUR 7.5 million) on 2008. The graph on page 63 illustrates this increase, along with progress in each region since 2006. Internally, we focused on developing a coordinated agenda for partnership and resource mobilisation (PRM). We compiled a comprehensive report on potential funders, increased our profile and partnerships in new markets (such as the US and the EC), built strong relationships with a new range of partners that increase access to funding opportunities, and experimented with new funding



Resource mobilisation achieved by region



mechanisms. Our successes and failures in pursuing business opportunities gave us insights into the types of partnerships to focus on to achieve optimum impact.

Externally, several types of funding partnerships emerged: multi- and bi-lateral donors, foundation grants and contracts, service fees from companies, and sub-contracting relationships with 'lead' companies on projects. We began exploring innovative funding streams in the private sector, including investment funds.

Examples of successful partnerships attached to resource mobilisation per type of funder include:
Bilateral/multilateral:

- Forest governance facility (DfID, Cameroon,)
- Forest management and value chains (World Bank, Albania and SIDA, Kosovo/the Balkan region)
- Biogas programme (Asian Development Bank, Asia/Vietnam)
- Inclusive Business (World Business Council for Sustainable Development and the Inter-American Development Bank, Latin America)
- Non-timber forest products (EU, Central Africa)
- Agricultural value chain development (Danish Ministry of Foreign Affairs, Albania)
- Biofuels (FAO and Green Energy, Vietnam)
- Combatting child labour through education (Lead partner: Winrock, funded by US Department of Labor).

Foundations/corporates/investors:

- Agricultural value chains in Vietnam (IPADE/Spanish cooperation, Ford Foundation)
- Value chain financing facility (with SEAF, the Small Enterprise Assistance Fund, East and Southern Africa)
- Inclusive Business (Unilever and Nestlé, Latin America)

We continued to expand the roles of local capacity builders in developing and implementing initiatives funded by these new streams. This included involving local partners in tender proposals, both as lead applicants and as sub-contractors. There were also roles for local organisations as consultants on major proposals involving large donors like EU and USAID.

Neil Ghosh, Director of SNV's Washington DC office, and Ms. Dorothy Opare, Co-owner of Afrikiko.



Highlights in 2009

Across regions, an effective way to attract external funding and raise SNV's profile in 2009 proved to be by offering recognisable capacity development service packages within programmes. The Mekong Discovery Trail in Cambodia, biogas programmes in various countries in Asia (with the Asian Development Bank) and Africa (with Hivos) and a water and sanitation programme in Zambia (with UNICEF) were all good examples of this. Similarly, in Latin America, we raised USD 1 million in counter-funding from companies participating in the Inclusive Business programme, funded by the Inter-American Development Bank, and acquired fees-for-services contracts from Nestle and Unilever. In the Balkans, we secured EU contracts for rural business development (Montenegro) and accountability in forestry (Albania) as well as a substantial programme with the Danish Ministry of Foreign Affairs on agricultural value chains in Albania.'

In West Africa we attracted new funding, particularly from existing donors. We also generated serious interest from a number of potential new donors such as the European Union and the African Development Bank.

Our Washington DC office

In 2009, the formal legal establishment of an SNV office in Washington DC was realised. The DC office supports SNV in strengthening our partner network and in our resource diversification efforts. During the year, the DC office worked closely with head office and regional colleagues to compile a list of priority donors and establish a system to identify and disseminate funding opportunities. The process is still being refined, but by the end of 2009 a large number of pre-screened leads had been shared with the regions.

SNV staff in DC led relationship management activities with several funders, including the World Bank, USAID, US-based contractors, Millennium Challenge Corporation (MCC), and some major global foundations such as Gates, Ford and Kellogg. We gained greater understanding of the cultures and nuances of these partners, met with representatives at all levels, and started to build trust and familiarity.

The DC office led or supported over 30 proposals, both regional and global, in 2009. One highlight was a successful bid as a sub-contractor to Winrock International for a US Department of Labor project in Rwanda.

7. Global partnerships for local impact

SNV values partnerships – at corporate level, as well as in regions and in countries – as a way to align with other organisations and increase the effectiveness of our efforts. Our choice of partners is driven by the desire to increase impact so that we can scale up, replicate and learn. We seek partners that complement SNV's approach to development and work within best practice models. From a local development perspective, these partnerships have enabled us to deliver complementary services to our clients, enabling them to achieve development impact at national and local levels.

Our six corporate partnerships

Promoting farmer entrepreneurship with Agriterra and Agri-ProFocus

The partnership provides financial support and technical and capacity development services to producer organisations. This helps farmers to become more business-oriented, which leads to increased local income and employment.

In 2009, joint projects to strengthen 16 national-level producer organisations were implemented in Benin, Niger, Kenya, Uganda, Vietnam, Nepal and Cambodia, reaching more than 300,000 farmers. In a letter to parliament in January 2010, the Dutch Minister for Development Cooperation explicitly referred to Agri-ProFocus, Agriterra and SNV's contribution to aligning programmes that increase local organisations' effectiveness in the agriculture sector.



In partnership with Agriterra and Agri-ProFocus, SNV provides financial support and technical and capacity development services to producer organisations.



Local impact in Nepal: Tea sector Service Centre (TEASEC)

One organisation that has received support through the partnership is TEASEC, the first organised institution for orthodox tea producers in the Eastern Himalayan region of Nepal. It provides services to small-scale farmers (who produce 85 per cent of the tea from this region) and businesses to produce high quality orthodox tea and to generate sustainable incomes. The partnership aims to promote the orthodox tea sector and improve the livelihoods and employment opportunities of 11,000 small farmers.

TEASEC is an active member of Tea Development Alliance of Nepal, which includes major government, private sector and non-governmental stakeholders in the tea sector.

Production, income and employment with Fairtrade Labelling Organization (FLO)

The objective of this partnership is to increase production, income and employment of producer groups by assisting them in becoming and remaining FLO certified, and to ensure that producer groups, service providers and local government are fully included, and well positioned, in Fairtrade value chains.

In 2009, FLO and SNV jointly developed programmes in nine countries, and recorded increases in production, income and employment in most. The growth targets set for production, income and employment were exceeded, particularly due to satisfactory performances in a number of African countries, like Ghana and Rwanda. In Rwanda, partnership support helped Kopagi, a leading coffee cooperative to increase sales of green coffee from 22 to 40 tonnes in one year. This enabled the cooperative to pay health insurance premiums for all its members. Increasing private sector involvement, for example, in Ghana and Mozambique, improved access to specific buyers with links to national, regional and international markets.

Nevertheless, the certification process is complex and its costs remain high and beyond the means of many producer groups. This means that too many groups with the potential to access the Fairtrade market are unable to get certified. The partnership will therefore make efforts to streamline and simplify the process.

Sustainable tourism and poverty eradication with the World Tourism Organisation (UNWTO)

SNV, UNWTO and the Sustainable Tourism – Eliminating Poverty (ST-EP) Foundation have committed to pulling households out of poverty in a sustainable way through direct employment and income earned in the tourism sector.

In 2009, the partnership continued to implement and support a portfolio of 16 ST-EP projects. In July, UNWTO established that 6,745 households and 166,319 individuals were target beneficiaries. A lesson from 2009 is that encouraging local businesses to take ownership of the continuation of tourism development is crucial if an attractive business environment is to be created. For example, in Ecuador Galapagos, the Association of Cruise and Tour Operators successfully developed a supply



In partnership with WWF, we develop sustainable value chains and favourable policies for those who depend on forest products and biofuels for their income.

chain programme that has strengthened the capacity of local vegetable and bread producers. They now deliver good quality products at competitive prices to the tourism industry.

Going local to achieve the Millennium Development Goals with UNDP

The aim of this partnership is to strengthen capacities to translate national MDG-based planning, implementation and monitoring to local level.

In 2009, 16 countries implemented joint SNV-UNDP country programmes that aim to achieve MDGs at local level. In Rwanda, for example, the partnership helped bring about gender-sensitive and MDG-based district development planning in five districts.

A joint 2009 publication, *Going Local to Achieve the Millennium Development Goals: Stories from Eight Countries*, presents further results from the partnership.

The partnership has demonstrated that there is tremendous opportunity to reach the most vulnerable with crucial MDG-based basic services, including economic empowerment of the poor.

Sustainable forestry and biofuels with the World Wide Fund for Nature (WWF)

This partnership aims to improve income and employment in forest products and biofuels by developing sustainable value chains and favourable policies. The partnership will discontinue on a global level, but collaboration between SNV and WWF will continue at region and country levels.

In 2009, joint initiatives were implemented in Vietnam, Laos and Bolivia (certification of forest products) and Vietnam, Laos, Cambodia, Nepal, Peru and Honduras (biofuels). Activities included:

- supporting small-scale farmers and companies in applying sustainable harvesting and cleaner production methods (for example, through analysis of jatropha and oil palm value chains in Peru)
- introducing farmers and companies to the requirements of certification system (FSC and CDM) and supporting them to comply with these requirements. In Vietnam, for example, five small-holder acacia groups will become the country's first FSC group certificate holders in 2010, giving them access to the high-value furniture chains
- identifying product and marketing opportunities in the region and internationally and exposing producers to new markets
- promoting practices and policies for sustainable production of biofuels, an innovative sector in many countries, most recently in cooperation with the UN Food and Agriculture Organization in Vietnam, Laos and Cambodia.

Our partnership with Hivos enables us to take our renewable energy experience from Asia into Africa.



Inclusive Business with the World Business Council for Sustainable Development (WBCSD)

This partnership promotes Inclusive Business: linkages between businesses and low-income communities that are profitable to both parties and that create sustainable livelihoods (see page 54 for an example of an inclusive business).

In 2009, SNV and WBCSD signed a new memorandum of understanding, building on a successful three-year alliance. Collaborative activities will include joint promoting Inclusive Business in all regions and lobbying for an enabling national business environment, in which Inclusive Business can be both successful and replicable. The weblog www.inclusivebusiness.org provides results and updates from the partnership.

Developing our global partnership portfolio

These relationships have positioned SNV alongside international partners and their networks. However, specific efforts are still needed to align our global portfolio of partnerships with our strategy, to make efficient use of SNV resources and to bring in new resources for our work. These include being able to demonstrate partnership results and improve partnership governance (collaboration, communication, negotiation and financial management).

Regional partnerships

Our regional partnerships often relate to specific sectors, like agriculture, forestry, renewable energy or water and sanitation. SNV values partnerships that have the potential to increase scale and replicate initiatives from country to regional level and beyond.

In **Asia** SNV partners with the International Fund for Agricultural Development (IFAD) on IFAD investment programmes in Nepal (high-value agriculture in hills and mountainous areas), Bhutan (agriculture marketing and enterprise promotion project) and Vietnam (leveraging private sector investment through Inclusive Business). In East and Southern Africa too, SNV has worked intensively with IFAD on the Strengthening Support Capacity for Enhanced Market Access and Knowledge Management (SCAPEMA) programme. This aims to increase the impact of investments in value chain development and promote market access for small-scale producers. In renewable energy, our partnership with Hivos is on the Africa Biogas Partnership Programme, also supported by the Dutch Ministry of Foreign Affairs. This partnership builds on our biogas programme experience in Asia, where more than 1.5 million people now have access to clean fuel and fertiliser through biogas. The partnership programme in Africa will adapt experience from Asia to Ethiopia, Tanzania, Kenya, Uganda, Senegal and Burkina Faso. The aim is to construct over 70,000 biodigesters over the next four years. The programme will be implemented by a national biodigester implementation agency in each country, which will be selected and advised by a stakeholder group, so guaranteeing African and national ownership.



In the African regions, SNV has a wide range of partnerships to increase access to water, sanitation and hygiene.

In both **African regions**, we work alongside the Dutch Embassies and UNICEF on water, sanitation and hygiene (WASH). Increasing access to WASH in Africa is a priority both for the Dutch government and SNV. We therefore work closely with the Embassies in African countries, sharing information, conducting joint analyses, and positioning ourselves coherently and consistently. We have formal alignment agreements, which include WASH, with three Embassies. SNV also works alongside UNICEF at country level, as part of the Dutch government's sub-Saharan Africa WASH agreement with UNICEF. In Zambia, for example, collaboration started in three districts in 2008 and expanded to 15 districts in 2009. In East and Southern Africa, SNV is also a partner in UN Habitat's Lake Victoria Water and Sanitation Programme, which aims to enable 10 towns to sustain and develop high quality water and sanitation services for 365,000 people.

SNV in **Latin America** and the World Business Council for Sustainable Development (WBCSD) work alongside the Inter-American Development Bank (IDB) in Inclusive Business. The IDB promotes market-based approaches to reaching and serving Latin America's poor through its Opportunities for the Majority initiative. The partnership links large companies that are looking for new markets to increase their competitive advantage while helping low-income communities. In Ecuador in 2009, the partnership enabled a public-private initiative with the Ecuadorian government and leading companies to create new jobs and a favourable business climate. This will improve the livelihoods of over 250,000 people.

Alignment with Netherlands Embassies

The Dutch Ministry of Foreign Affairs is a key partner for SNV, both financially – as our core funder – and strategically.

The Ministry is present in 19 of the 35 countries where we work. Overall in these countries, we have realised a sector alignment – or 'complementarity' – with the Netherlands Embassies of 48 per cent. In countries which are not Dutch bilateral cooperation countries, SNV coordinates closely with Dutch development stakeholders, both government (for example the EVD's Private Sector Investment programme in Nepal) and non-government. In Laos, SNV's country director is the honorary consul for the Netherlands, and the SNV office in Nepal houses the Dutch consulate.

In countries where the Ministry is not present, SNV aligns with other international donors such as the European Union in the Balkans.



8. Managing for results

For SNV, it is crucial to be able to demonstrate the tangible and sustainable results of our work in poverty reduction. As well as our own desire to do this, there is pressure from politicians, funders and the general public to show that the money invested in international development work is leading to concrete results.

Since 2005, SNV has worked hard on results management, and in 2009, 'Managing for Results' (MfR) became a priority project, to be finalised at the end of 2010. Of the seven core elements of our 2007–2015 strategy, the first and the last refer specifically to achieving and measuring development results:

- We focus our activities on impact in two areas: basic services, and production, income and employment
- We sharpen our drive for quality in staff, work processes and result measurement.

Impact in two areas: basic services, and production, income and employment

We have made substantive progress in focusing our interventions on achieving outcome and impact in these two impact areas. In 2009, 87 per cent of our advisory work was within our sectors (basic services: water and sanitation, education, renewable energy; production, income and employment: agriculture, forestry, and tourism).

In all regions, the shift has been made from offering demand-based capacity development services to local actors (what the client needed, we provided), to choosing those actors with whom we can go



With 'Managing for Results' as a priority project, SNV is focusing more sharply on achieving and measuring development results.

Measuring and managing for results is increasing integrated in our capacity development process.



two steps further, to outcome and contribution to impact through increased production, income and employment, and improved access to basic services. This was an impressive culture shift within SNV. It required all staff to zoom out to the bigger picture and realise how the performance of local actors hampers or drives improvements in the lives of excluded groups. Advisors are now more able to explain how their assignment with a client will contribute to which impact, and for whom. Another consequence of deliberately linking our capacity development services to impact is that we work less with individual clients and more with constellations of clients, often in value chains.

SNV's development result areas

Output: The quality and quantity of SNV's capacity development services

Outcome: Improved performance of (groups of) SNV's clients and improved enabling environment

Impact: Improved access to quality basic services, and increased production, income and employment, and the related improvements in wellbeing, of poor people.

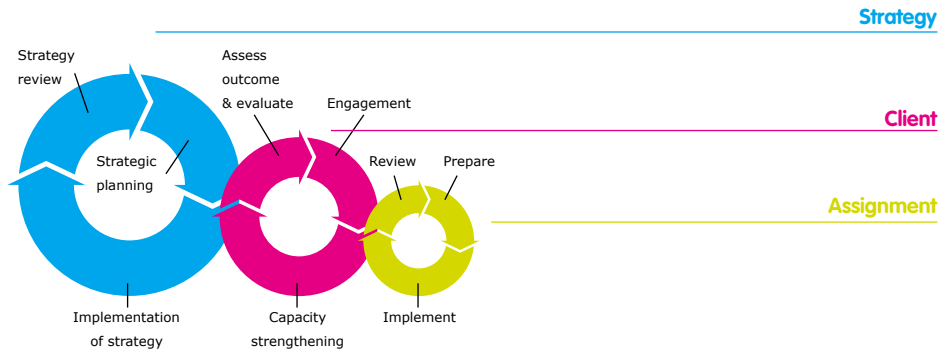
Outcome is the link between our services (output) and impact on the lives of poor people. Outcome is more than improved client capacity; it is when clients put into practice their new capacities, and actually improve their performance. Improvements in the political, economic, or cultural environment that enable further development of their performance, also fall within SNV's outcome result area. We consider our services effective when they lead to these outcomes. Outcome is an essential intermediary result in promoting sustainable poverty reduction because local actors' improved services will continue to have an impact on poverty without SNV. In 2009, we worked with three outcome types: increased coverage/outreach, improved service delivery, and an improved enabling environment. In the sectors section under achievements, these three outcome types and the two impact areas can be clearly recognised.

The drive for quality, and results measurement

In 2007, SNV introduced the Triple AAA model, our corporate standards for planning, monitoring and evaluating our capacity development process. Triple AAA stands for Analyse and plan, Act and monitor, and Assess and evaluate. In 2008, we created a managing for results policy framework and introduced and implemented Triple AAA in all regions. By 2009, all standard formats were being used in all countries. Compliance with the standards is audited internally.

A 2009 assessment of Triple AAA showed that some colleagues let compliance with the standards get in the way of using the Triple AAA logic and tools to learn and improve. Recommendations for improvement of the standards were made, based on the assessment.

The Triple AAA model



The Triple AAA model contains SNV's corporate standards for planning, monitoring and evaluating our advisory process.

Planning for results

Using standard tools, elaborating results chains and a consistent management message to focus on impact has resulted in further improvements in the way we plan our capacity development services. In the Triple AAA assessment, colleagues stressed that the guidelines and tools helped them greatly in deciding on which outcomes and impact to focus their interventions and with which clients, partners and LCBs to work. The planning documents also helped advisors and clients decide on, and clearly document, desired results, and how to achieve them.

All regions developed results chains during 2008 and 2009 and are now using them to help decide on priorities and planning interventions in the countries. Depending on need and context, generic results chains were made per sector (or sub-sector) at regional level or country level, per programme (e.g. IFAD-funded agriculture programme in Nepal), or project (e.g. BID-Fomin in Central America), or even a combination of all of the above. Together with context analyses, results chains are an essential part of our intervention logic. They specify how certain outputs are expected to lead to certain outcomes and in turn contribute to a certain impact. SNV Latin America developed and implemented an intervention logic tool with outcome chains and a target matrix specifying the outputs needed to reach the outcomes, and the indicators for enterprise development and its contribution to poverty reduction.

In West and Central Africa and Latin America, SNV agreed on harmonised key outcomes per sector, formulated outcome indicators and set targets, based on the results chains. However, we still have work to do on harmonising impact indicators so that we can attempt to aggregate access to basic services, income and employment figures. In Asia, certain production, income and employment programmes have started to pilot the Donor Committee for Enterprise Development (DCED) standard for results measurement, which uses three standard impact indicators. Collecting baseline data for selected interventions on impact indicators is something else we need to improve on. This is essential if we are to measure progress or talk about our (clients') contribution to impact. In 2009, SNV in Latin America developed and piloted a methodology for baseline development, which the MfR project team can adapt and use in the other regions.

A Managing for Results team was established in September 2009, consisting of three head office staff and one representative per region.



Assessing results

It is clear that we need to improve in measuring and assessing outcome and contribution to impact (see also the following paragraph on Evaluating our work). Progress on assessing outcome was made in 2009, with West and Central Africa introducing a new tool to assess our clients' performance, aligned with the Triple AAA client planning document. Progress monitoring tools were also developed and implemented in both African regions and in Latin America. The tools will be adapted and scaled up to the other regions as part of the MfR project.

Each year, we assess impact through about five external country and thematic evaluations, initiated and controlled by SNV head office, and conduct a large number of case studies through country offices. We are deciding how to improve impact assessments so that we can report on more reliable and meaningful impact data and use these reports to improve our services. This will mean selecting more carefully the interventions to be evaluated and ensuring that the evaluations are 'owned' to a greater degree by SNV field offices, clients and partners. However, we must remain realistic: it will not be possible to measure the contribution each and every intervention has to impact, nor to involve all relevant stakeholders all the time, nor to quantify all changes we contribute to. We will need to strike a balance between central control and ownership, improve on quality and quantity of our assessments, and provide a sound mix of methods.

The corporate MfR project aims to improve the 2008 MfR policy framework – including the underlying standards and tools, and a supportive IT infrastructure – test it in 2010, and start implementing it throughout SNV. An MfR team was established in September 2009, consisting of three head office staff and five regional representatives (one per region), who meet regularly. We communicated the MfR project internally and externally, including to our main donor, the Dutch Ministry of Foreign Affairs.

In September 2009, we began designing an improved MfR policy, which will be complete in the first half of 2010. One of its basic elements will be a tool to develop an intervention logic and theory of change. Other important elements include the development of key outcome and impact indicators, an impact indicator baseline methodology, progress monitoring and an evaluation policy, including case studies and storytelling. We will make good use of tools developed and tried out in the regions. These include the progress monitoring tools already mentioned, the DCED standard in Asia, the intervention logic and baseline methodology from Latin America, as well as the case studies, videos and buddy visits from East and Central Africa, and the gender-sensitive Triple AAA from the Balkans. We aim to align our design with internationally recognised standards such as that of the DCED.

Evaluating our work

We have learned important lessons about the strategic choices that we have made over the past decade. In 2009, evaluations of country programmes, thematic or sector evaluations, as well as reviews of strategies and operational issues contributed significantly to this learning process. We are addressing the recommendations from these evaluations in our annual strategic plans. For example, as a result of the gender mainstreaming evaluation, we introduced a quality standard to ensure that

“No numbers without a story, no story without numbers”

Jim Tanburn, Coordinator of the Donor Committee for Enterprise Development (DCED).



Evaluations show that SNV has made a substantial impact on improving clients' capacity to perform.

gender is addressed in the design, implementation and evaluation of our advisory process. The evaluations show that SNV has made a substantial impact in improving clients' capacity to perform. This means that many clients are better able to provide basic services and to participate in commercial value chains. One of the main reasons for this is that SNV has sharpened its focus on impact in two areas: basic services; and production, income and employment. We focus on specific targets within these in the context of national development priorities.

Evaluations in 2009

Completed:

- Gender mainstreaming in local governance in West and Central Africa (2003–2007)
- Practice area evaluation of market access for the poor (MAP) in Asia (2005–2007)
- Rwanda: country programme (2004–2008)
- Honduras: country programme (2004–2008)
- Evaluation of SNV's organisational learning (2000–2008)

Started in 2009:

- Benin: country programme
- Peru: country programme
- IOB capacity building evaluation

What are our strengths?

- Several evaluations suggest that the concept of value chains, which SNV embraced about five years ago, and the recent focus on Inclusive Business are powerful and promising avenues for sustainable private sector development. Linking small producers to existing markets holds great potential for sustainable income improvement.
- Moreover, realising impact and outcomes starts with planning for results. SNV has made significant strides in developing well thought through intervention plans (logics) and the evaluations suggest that this is paying off.
- Another relevant insight relates to alignment and collaboration. In general, SNV regions are well aligned with SNV corporate, and our work also complements that of other (inter)national NGOs and donors, as well as to that of local and central government programmes.

“The more successful cases stand out with a better developed intervention logic [...]. Once the activities, outcomes and impact of a project are better thought through and planned for, the project gains both efficiency and effectiveness.”

SNV practice area evaluation of market access for the poor (MAP) in Asia.

“SNV Rwanda's programme and interventions are relevant and embedded in the national priorities of the Government of Rwanda and are strongly aligned with the major government policies and Poverty Reduction Strategy Paper (PRSP), as well as with the MDGs.”

SNV Rwanda country programme evaluation.

The evaluations give us some clear directions on where and how we need to improve our practice.



“Despite this concerted regional push in West and Central Africa for greater focus on gender equity and women’s empowerment, significant differences remained in the understanding, institutionalisation and extent of investment among country offices in gender mainstreaming.”

SNV evaluation of gender mainstreaming in local governance in West and Central Africa (2009)

Where do we need to improve?

- Some evaluations raise the vital question to what extent improvements in value chains and their stakeholders actually benefit poor people, and whether such impact on the poor is sustainable. These questions are valid and will be addressed by evaluations of value chain and inclusive business interventions. It is also important to realise that it might take three to four years (2011/12) for the first relevant results to materialise, and that such evaluations will therefore be conducted and presented in the coming years.
- The uncertainty about impact, as reflected in a number of evaluations over the past few years, also relates to a need for clearer planning, monitoring and evaluating in SNV. Some evaluations suggest a need for reflection and critical inquiry of results. This would not only show accountability for donors, but would also enhance learning within the organisation and among its stakeholders. SNV has taken this advice on board. In 2009, a Managing for Results unit formed at head office, regional Managing for Results coordinators were appointed, and SNV started to develop a Managing for Results policy. This policy, and the implementation thereof, aims to improve accountability as well as learning within SNV and among its development partners.
- The concept of mainstreaming Governance for Empowerment (including gender) is supported by the evaluations. However, we should invest some time in exploring how best to translate it into clients’ organisational and institutional development and into improving the living conditions of the poor. In response to these recommendations, we have established an organisation-wide workgroup to develop clear guidelines for mainstreaming Governance for Empowerment.
- Lastly, the evaluations urge SNV to improve communication of achievements and activities. Communication at a corporate level, both internally and externally, has not always been effective in ‘selling’ the new approach of SNV, and this hampers SNV in attracting funds. The Managing for Results project is expected to assist in improving SNV’s communication and resource mobilisation by sharply defining, accurately measuring and clearly presenting results achieved by SNV, its local capacity builders, clients and other partners.

9. Profiling SNV

Meaningful and visible engagement with corporate and local stakeholders remained at the heart of our communication strategy in 2009.

SNV in the media

Our activities triggered many (local) media, and resulted in coverage of our work in daily newspapers, radio broadcasts and internet news wires in many countries from Albania to Zambia. Media coverage in the field included a report on private sector mapping in Latin America (*Latin Trade* magazine, April 2009), a study on beekeepers in the Volta region (Ghana News Agency, 17 August 2009), a biogas programme launch in Pakistan (*New Europe*, 30 August 2009), a cross-border environmental park in Albania, Kosovo and Montenegro (*Albanian Daily News*, 26 August 2009), the renewal of a primary education partnership with World Vision in Uganda (*All Africa*, 3 September 2009), the export of 50,000 tonnes of Ethiopian honey to Europe (*Walta Info*, 15 September 2009) and our co-organising an international livestock conference in Bamako, Mali (*L'Independant*, 25 December 2009). In addition, SNV in Latin America completed a five-part BBC television documentary series on the poverty debate in the region.

In Europe, and in particular the Netherlands, our work was highlighted in a number of daily newspapers (such as *NRC Handelsblad*), magazines (such as *Vice Versa* and *Internationale Samenwerking*) and on radio programmes (such as Radio Nederland Wereldomroep).

In October 2009, SNV launched the *Making a Difference* media campaign, in partnership with Euronews. The aim were to generate awareness of our work and attract more visitors to our website. Five 90-second video reports were aired at regular intervals in eight countries until the end of December. A Making a Difference banner on the Euronews website also directed visitors to our website.



In July 2009, Chief Executive Dirk Elsen had the honour of an audience with his Majesty the King of Bhutan.

Through a partnership with Euronews, five video reports about our work were aired at regular intervals in eight countries.



Each of the videos reported on one of the following issues: the energy crisis, the global food shortage, lack of water and sanitation, bridging the gap between rich and poor, and finally, the economic crisis and how it affects developing countries. The series addressed these problems by highlighting local, scalable solutions. The video on the impact of the financial crisis in the developing world featured an interview with Patrick Chabal, a member of SNV's International Advisory Board. The media partnership with Euronews was launched at the European Development Days 2009 in Stockholm. The films aired on a large screen in the main lounge, and ran continuously on television monitors in the Euronews lounge. At the end of the initiative, Euronews conducted a survey to gauge public responses to the campaign. Of 600 respondents, 72 per cent rated the Making a Difference films as either very good or quite good. Fifty six per cent of respondents said that they would like to find out more about SNV as an organisation. In addition, Shell's Corporate Communication department has contributed EUR 40,000 to continue our media partnership with Euronews in 2010.

Regional and international events

During 2009, SNV positioned itself in a number of regional and international events, all related to our corporate strategy and our sectors. Our focus on a selected group of key stakeholders – including the Ministry of Foreign Affairs, development organisations, the European Union and academics – remained more or less unchanged.

- SNV Chief Executive Dirk Elsen delivered a keynote speech at the **ANDE conference** (London, March 2009), organised by the Aspen Network of Development Entrepreneurs in which he talked about SNV's approaches to private sector development.
- SNV's Washington DC office organised a conference on **Refining the Role of Multinational Partnerships for Global Development**, (Brussels, April 2009) with the US Chamber of Commerce. Both our value chain approach and the Inclusive Business model were highlighted for an audience that included European Commission officials.
- A small delegation from SNV Latin America gave a presentation on the value of planning for results at the **Canadian Evaluation Society's Annual Conference** (Ottawa, Canada, June 2009), attended by over 700 participants. It was the first time that SNV had presented its intervention logic to an external audience of experts. The reactions from the audience were positive. One Canadian government official commented: "This is what the Canadian Government needs! I never saw a system of results-based management which links planning and results measurement in such an integrated way."
- Following our involvement in the European Development Days 2008 in Strasbourg, we continued our European involvement at the **European Development Days 2009** (Stockholm, October 2009). SNV joined strategic partners like German Capacity Builder GTZ, the Association of Netherlands Municipalities (VNG), the Dutch Ministry of Foreign Affairs and the European Parliament Development Committee in organising a side event called 'Raise your voice: Hold governments accountable. Who are the drivers of change?' Over 250 government and EU officials, NGOs and academics joined the panel discussions on how to meet the challenges to strengthening voice and accountability in developing countries and young democracies.



Dirk Elsen participated in a panel discussion hosted by the Dutch Ministry of Foreign Affairs on the Netherlands and multilateral organisations.

- A group of SNV forestry experts from Bolivia, Peru, Cameroon, Nepal, Vietnam and Montenegro joined the **XIII World Forestry Congress** (Buenos Aires, Argentina, October 2009). In a side event on inclusive forestry, SNV was presented as a global organisation working towards the economic inclusion of the poor in forest value chains.
- SNV's tourism experts from various regions joined the **World Travel Market** (London, November 2009), the largest annual business-to-business tourism event. In one of the well-attended side events, SNV and tourism partners – including the UN World Tourism Organization – highlighted the advantages and business opportunities of responsible, inclusive tourism.
- In Asia, SNV organised an **international workshop on domestic biogas** (Kathmandu, November 2009) at which over 150 renewable energy experts from 26 countries shared knowledge and lessons learned in their sector.
- An SNV delegation of renewable energy experts and forestry experts joined the **Climate conference or COP 15** (Copenhagen, November 2009) organised by the UN Framework Convention on Climate Change (UNFCCC). SNV attracted over 300 participants to a side event on reducing emissions from deforestation and forest degradation in developing countries or REDD, organised in partnership with the Centre for International Forestry Research.
- SNV hosted an **international livestock marketing conference** (Bamako, Mali, November 2009) for the West and Central Africa region. The event brought together 150 participants from 20 countries, representing governments, livestock holders associations, research institutes, development organisations and financial institutions. The conference resulted in recommendations to support domestic and regional markets to increase income for small producers.

Events in the Netherlands

- At the **Synergy Conference** (The Hague, April 2009) organised by the Dutch Ministry of Foreign Affairs, SNV highlighted its private sector development work and, in particular, the Inclusive Business approach, for an audience of over 150.
- We marked **Africa Day** (The Hague, April 2009) by co-organising a renewable energy workshop with Hivos and taking part in a panel discussion – How does the financial crisis affect Africa? – alongside State Secretary for Economic Affairs, Frank Heemskerk.
- At the **GAIN Business Alliance Forum** (Amsterdam, May 2009), SNV management highlighted our private sector development and value chain approach in a plenary panel discussion for an audience of over 150 participants, most of them from the business sector. The Forum was organised by Global Alliance for Improved Nutrition.
- SNV Chief Executive Dirk Elsen was invited to a panel discussion hosted by the Dutch Ministry of Foreign Affairs, entitled **The Netherlands and the Multilateral Organisations** (The Hague, June 2009). The panel, which included minister Bert Koenders, researcher Peter van Lieshout and former politicians Ruud Lubbers and Onno Ruding, discussed the role of multilateral organisations in Dutch development cooperation policy. During the discussion, Elsen stated that “the multilateral channel should not be considered the preferred channel in the distribution of Dutch development aid”.

International Advisory Board member Angelique Kidjo performed at the 2009 Africa Day in the Hague.



- In consultation with the Ministry, SNV hosted an **NGO roundtable with UNDP Administrator Helen Clark** (SNV head office, August 2009) for a small number of Dutch NGO leaders.
- A debate on **the future of development cooperation** was organised by micro-finance NGO Oikocredit (Amsterdam, December 2009). Dirk Elsen joined former Dutch ministers Jan Pronk and Joris Voorhoeve on a panel and addressed an audience of over 150 participants, many of whom were students.

All the events we took part in – both in the Netherlands and abroad – increased our external profile in 2009. In addition, individual contacts established at these events have often resulted in follow-up discussions with other organisations. For example, as a result of the 2009 European Development Days, we are meeting with EU officials and GTZ to discuss possible forms of cooperation.

Our International Advisory Board

In July 2009, we launched our International Advisory Board of social, political and academic leaders from around the world. The aim of the Board is to help expand the scale, impact and visibility of our work through members' knowledge and networks.

Each Board member had expressed a keen interest in working with us to promote our mission to reduce poverty through local capacity building and the promotion of good governance.

In September 2009, John Agyekum Kufuor addressed the '60 Years of Development Aid' event in The Hague hosted by minister Bert Koenders. On that occasion – which attracted over 2,000 participants – Kufuor was interviewed by daily newspaper *NRC Handelsblad* and monthly magazine *Internationale Samenwerking*, in which he advocated for development aid, arguing that it has helped Ghana become less dependent. He pointed to successful cases in Ghana, including the SNV-supported school feeding programme.

Musician and activist Angélique Kidjo performed at the 2009 Africa Day in The Hague, organised by the Evert Vermeer Foundation and attended by over 2,000 people. Kidjo stated that, "In the fight against poverty, you need organisations like SNV and the Evert Vermeer Foundation. SNV with expertise on the ground and EVF convincing politicians to do more on sustainable development." SNV management also spoke with Dr Muhammad Yunus and Lyonchhen Jigme Yoser Thinley about our work during visits to Bangladesh and Bhutan respectively, while SNV's Making a Difference campaign with Euronews featured an interview with Professor Patrick Chabal on the effects of the financial crisis in the developing world.

Our website: www.snvworld.org

The media partnership with broadcaster EuroNews helped boost the number of SNV website visitors substantially in 2009. In the last quarter, following the launch of the partnership in mid October, we attracted 56,659 visitors, or around 800 hits per day.

We also reached out through social media such as LinkedIn and Twitter, and through our YouTube channel of short video reports.

International Advisory Board



Nathalie Cely Suárez
Minister Coordinator of
Production, Employment and
Competitiveness, Ecuador



Jeffrey Sachs
President and Co-founder of
Millennium Promise Alliance
and Special Advisor to United
Nations Secretary-General Ban
Ki-moon on the Millennium
Development Goals.



Patrick Chabal
Professor of African History
and Politics at King's College
London.



Amartya Sen
Professor of Economics and
Philosophy at Harvard
University.



**Lyonchhen Jigme
Yoser Thinley**
Prime Minister of Bhutan and
President of Druk Phuensum
Tshogpa.



Gabriel Silva
CEO of the National
Federation of Coffee Growers
of Colombia.



Angélique Kidjo
Singer, songwriter, anti-
poverty activist, UNICEF
goodwill ambassador and
Grammy Award winner.



Ousmane Sy
Coordinator of the Alliance for
Redesigning Governance in
Africa, Mali.



John Agyekum Kufuor
President of Ghana from 2001
to 2009.



Mohammad Yunus
Managing Director, Grameen
Bank and 2006 Nobel Peace
Prize winner

10. Building our organisational strength

This section explains what SNV did in 2009 to improve efficiency and accountability. It includes details of staffing and governance structure, and an overview of our financial situation.

Human resources

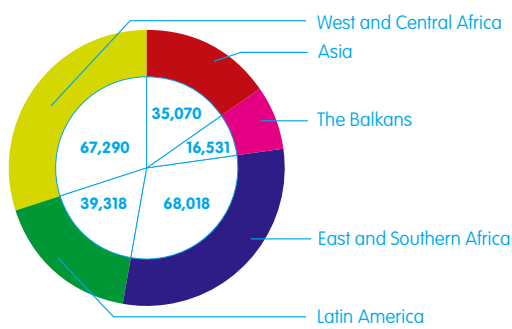
Staffing trends

By the end of 2009, the total number of SNV staff had increased by almost six percent compared 2008.

Beyond absolute numbers, the composition of staff across SNV changed to reflect a move towards a more flexible staffing model, particularly in Asia, the Balkans and Latin America. Advisors who leave SNV in fact strengthen the local professional capacity development workforce, sometimes as LCBs. Sub-contracting to local organisations continued to grow, as did the use of consultants and staff on more flexible contracts. This allows SNV to respond to both short and long term opportunities for partnerships and staffing of projects funded from resources beyond the Dutch Ministry of Foreign Affairs.

Sub-contracting to local organisations and the use of consultants has allowed SNV to respond more flexibly to opportunities for partnership.




Advisory days per region in 2009


Recruitment figures for 2009 show higher demand for senior staff, compared to intermediates and juniors. This reflects the experience needed to guide and monitor projects and assignments staffed by local organisations or consultants. In addition, more complex projects like those involving multiple stakeholders and value chains require significant levels of seniority in lead roles. The need for more seniors has stimulated interest in how to boost the capacity and ultimately the seniority levels of national staff to offset the cost of international advisors at senior levels. SNV's learning and human resource development strategy will support countries and regions to achieve this through a combination of on-the-job and more structured learning, training and mentoring.

Although the number of juniors did not increase significantly compared to previous years, the way in which junior staff are deployed is now more focused. Both national and international juniors took on supportive roles in knowledge networks, helping senior network leaders to manage and organise knowledge development and knowledge sharing activities. Juniors across the regions increasingly played a role in supporting processes led by seniors to systematise SNV practice knowledge.

SNV as an employer of choice in the sector

SNV has always strived to be an employer of choice in the development sector for both national and international staff. Our Total Rewards remuneration policy is being further improved to give managers greater flexibility to attract and retain staff of different categories and expertise levels. The basic remuneration and benefits package for staff is boosted by a strong staff development and learning policy and a stimulating work environment. In addition, agreement was reached in 2009 on an expat collective labour agreement (CLA), satisfying both employee and employer interests.

SNV staffing at year end

SNV staffing (positions at year end)	2009					2008			2007		
	Total advisors	Nationals %	Female %	Support staff	Total staff	Advisory staff	Support staff	Total staff	Advisory staff	Support staff	Total staff
Asia	135	59%	24%	75	210	133	72	205	132	77	209
Balkans	79	82%	37%	34	113	75	32	107	67	32	99
East and Southern Africa	276	71%	33%	161	437	248	123	371	219	133	352
Latin America	95	77%	33%	40	135	152	52	204	146	58	204
West and Central Africa	300	69%	29%	179	479	253	159	412	245	190	435
Total	885	70%	31%	489	1374	861	438	1299	809	490	1299
Head office SNV (NL)	1	-	-	59	60	1	58	59	-	57	57
SNV Washington DC	-	-	-	3	3	-	-	-	-	-	-
Total staff	886	70%	31%	551	1437	862	496	1358	809	547	1356

Sometimes, the places where we work are so remote that SNV advisors need to go the extra mile to reach the communities they work with.



This new CLA was implemented in March 2010. Also in 2009, work on mobility and career management was improved by better tracking systems linked to the individual performance management cycle.

We strengthened the link between performance, mobility and further development by integrating management team discussions on emerging talent and staff potential into the individual appraisal process. In 2010, we will pay more attention to career management, ensuring that managers at all levels are aware of 'mission critical' positions, and that the management team receives the support it needs to identify potential successors for such positions and manage their development.

While adjusting existing systems to support the move towards a more flexible staffing model, SNV has also had to manage significant reductions in staffing levels, especially in the Balkans and Latin America. This downsizing started at the end of 2009 and continues into 2010. This has been handled as sensitively as possible in close collaboration with workers councils. As far as possible, we have identified possible placements for international staff with indefinite contracts whose positions were no longer available, especially in the two regions most affected by staff reductions, Latin America and the Balkans.

SNV launched and completed a global Employee Satisfaction Survey in 2009 with highly positive results. The first survey result that stands out is that globally, employee satisfaction is higher than average, compared to the international benchmark. Another very positive indicator was that almost 80 per cent of employees responded to the survey. The results show that SNV has a high percentage of engaged employees, who make extra effort to contribute to the success of the organisation. Globally, the survey demonstrated that there is room for improvement in employees' professional development opportunities, team performance and interaction with colleagues.

A new security framework, endorsed by the Workers Council in 2008, was launched at the start of 2009. It took the form of a security workshop, and led to the creation of a crisis management plan, which will be finalised in 2010. To gain an overview of the quality of individual country security plans, SNV organised a review in summer 2009. The security plans from Sudan and Niger are now considered best practice, meaning they are user-friendly and should be taken as examples for other SNV countries.

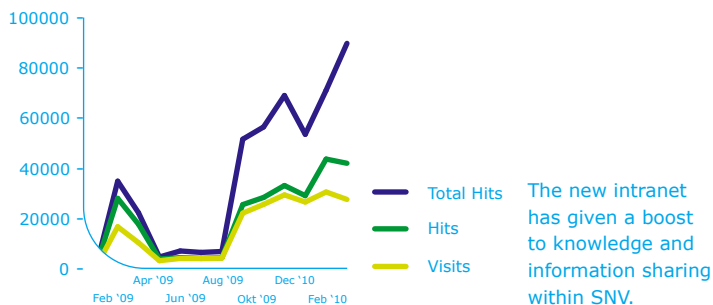
Human resource development and learning

In 2009, we aligned development and learning policies and frameworks with our 2010–2012 strategy. Here are some of our achievements in 2009.

- We improved the quality of inductions: we produced guidelines and quality standards for all advisory and support staff, and adapted these to cater for consultants, local organisations and short term staff. This will greatly improve the quality and consistency of inductions across the board.



Intranet use



The new intranet has given a boost to knowledge and information sharing within SNV.

- The corporate Advisory Practice Learning Programme, which introduces all advisors to SNV practice, was positively evaluated by SIOO (Interuniversitair centrum voor organiseren veranderen, vernieuwen en leidinggeven). This covered 12 programmes run between 2006 and 2009 in four regions. Recommendations for further improvement and alignment to SNV future needs will be addressed in 2010. This includes offering short versions to local consultants and sub-contracting organisations, thereby contributing to the quality of capacity development supply in the countries and regions where we work.
- We successfully piloted an advanced practitioner programme for senior advisors in Asia between 2008 and 2009. This programme will be on offer to other regions in 2010, to boost the seniority level of national advisors as well as local organisations that have a long term relationship with SNV.
- We piloted (2008) and rolled out (2009) a management improvement programme (ISM-Improving SNV Management). Led by the regional director's team with support from corporate HR, the programme provides a framework for junior, middle and senior managers in a region to work and learn together. This will strengthen their collective management practice and leadership culture in line with the demands of SNV strategy in the years ahead.
- We continued to invest in e-learning with the launch of three more internal e-modules for senior support staff. These introduce managers and senior support staff to key strategy, finance and HR policies and processes as part of their induction and professional development. This is in addition to the Virtual Orientation Programme for all staff and the e-module introducing our standard planning and evaluation framework to new advisors and managers.

Internal communication and knowledge sharing

In early 2009, we launched our new intranet. Based on Microsoft Sharepoint, the new site goes far beyond the traditional notion of an intranet as a tool for disseminating information to employees. It enables all employees to share information and knowledge and collaborate online. Internal communication is therefore no longer solely the responsibility of the communication department; it has become the responsibility of each and every staff member. The new site now receives around 3,000 visits each month. The new collaboration spaces proved popular with staff, with almost 300 created in 2009. The new intranet also boosts knowledge sharing within SNV: 870 properly tagged documents were uploaded to the corporate library.

During the year, we introduced specific new tools for sharing information through the intranet portal, including an overview to monitor our external profiling via events and coverage in the media and online. This supports our ambition to monitor external perceptions of SNV more systematically. The intranet also gave a boost to internal communication. Our internal magazine *Nethwork* was transformed into an electronic intranet-based bulletin, and SNV's Chief Executive Dirk Elsen started a blog for employees.

Downsizing our staff in Latin America and the Balkans was both inevitable and recommended for medium-term sustainability.



The communication team also supported the production of a number of publications in 2009, including one with UNDP on our partnership to promote the MDGs at the local level. The book is for development practitioners and includes case studies from eight countries highlighting lessons and good practice from SNV and UNDP. Among other publications were a collection of forestry case studies and a CD on capacity development, produced with Dutch development organisation Context, International Cooperation.

Downsizing in Latin America and the Balkans

Our 2007–2015 Corporate Strategy, and the corresponding Ministry of Foreign Affairs subsidy allocation to SNV, mandates a 'gradual' phasing out of subsidy to Latin America and the Balkans. In anticipation of this, we have embarked on an ambitious effort to diversify our resources. Using our core subsidy as leverage, we have sought to attract outside parties' funding that directly supports our aims. While early results have been encouraging, self-sustainability for SNV in these regions remains a significant challenge. In 2009, the global financial crisis was an additional obstacle, especially in Latin America.

Given these challenges and factors, we decided that fundamental change, both in our staff size and in our model for conducting business and raising external funds, was essential. Downsizing was both inevitable and recommended for medium-term sustainability. After in-depth discussions, our Supervisory Board and Corporate Council approved new business model proposals submitted by Latin America and the Balkans at the end of 2009.

Both regions will face strong staff reductions in following years. Latin America started early in 2009, the Balkans in the second half of the year. At the end of 2009, employees were informed of the measures needed to downsize their organisations. We take our social responsibilities as an employer very seriously and are doing our utmost to treat those affected with respect and integrity. At the end of the year, a total of EUR 1.3 million and EUR 0.3 million were accrued to cover severance liabilities in Latin America and the Balkans respectively.



Income and expenditure summary

SNV financial statement	Realised 2008	Planned 2009	Realised 2009	Variation 2009 to 2008
<i>Income</i>				
Core subsidy	90,867,981	98,334,191	92,369,809	1.7%
Resource mobilisation	7,487,343	13,415,404	11,559,217	54.4%
Income regular capacity development	98,355,324	111,749,595	103,929,026	5.7%
Other income	4,945,297	4,450,000	3,483,480	-29.6%
Income SNV programme	103,300,621	116,199,595	107,412,506	4.0%
<i>Expenditure</i>				
Regions	85,288,919	91,919,322	89,512,521	5.0%
Head office	13,187,213	15,013,455	11,714,525	-11.2%
LLC US	0	491,294	417,336	-
Corporate partnerships	2,491,231	3,250,000	2,212,496	-11.2%
Local capacity development facilities	0	1,700,000	579,353	
Expenditure regular capacity development	100,967,363	112,374,071	104,436,231	3.4%
Other expenditure	3,444,798	3,150,000	3,234,933	-6.1%
Expenditure SNV programme	104,412,161	115,524,071	107,671,164	3.1%
Balance income and expenditure	-1,111,540	675,524	-258,658	-
Advisory days	192,261	201,422	226,423	17.8%
Average number of advisors (FTE)	827	967	911	10.2%
Cost/advisory day (EUR)	528	558	464	-12.1%
Support costs/total costs	42%	37%	40%	-5.0%
Indirect costs/total costs	7.6%	10.0%	8.6%	13.1%

Income and expenditure summary

Total expenditure on SNV's regular programme in 2009 was 3.4 per cent higher than in 2008.

Expenditure in the regions increased by five per cent, while head office and corporate partnerships expenditure decreased by approximately 11 per cent. For further details, please refer to our annual accounts (page 93).

Local capacity development facility (LCDF) expenditure is less than planned due to the complexity of implementation. However, some major steps were taken towards the approval of LCDF proposals in Asia, the Balkans and Latin America in the last quarter of the year. The first cash contributions to LCDFs are expected early in 2010.

Our total number of direct advisory days increased by 17.8 per cent in 2009.



SNV used its core subsidy from the Dutch Ministry of Foreign Affairs as leverage to raise an additional EUR 11.5 million of funding from other sources, a 54.6 per cent increase on 2008. We were unable to achieve our EUR 13.4 million target, largely because of political tensions in Central America and the economic crisis (see section on Diversifying our resources on page 62). Our total number of direct advisory days increased by 17.8 per cent, up to 226,423, while sub-contracting to local capacity builders increased to 17 per cent of our total output, exceeding our 15 per cent target. Localisation is being implemented and the first results of a strategy beyond sub-contracting are visible in all regions (see section on Our drive to localise on page 26). The average number of advisors increased by 10 per cent compared to 2008; growth in the African regions outweighed reductions in Latin America. The number of positions at the end of the year was lower than planned due to the slowdown in recruitment during the second half of the year. We foresee a decline in staff numbers in the next strategic period, in line with the subsidy application for 2007–2015.

The corporate cost per direct advisory day reduced by 12.1 per cent, from EUR 528 in 2008 to EUR 464 in 2009. This is primarily due to changes in workforce balance, greater use of local capacity builders and higher productivity of our own staff.

The indirect costs (head office costs that only indirectly support the advisory process) account for 8.6 per cent of total costs, which is higher than in 2008 due to corporate projects carried out in 2009.

Accountability

Our integrated planning and control cycle

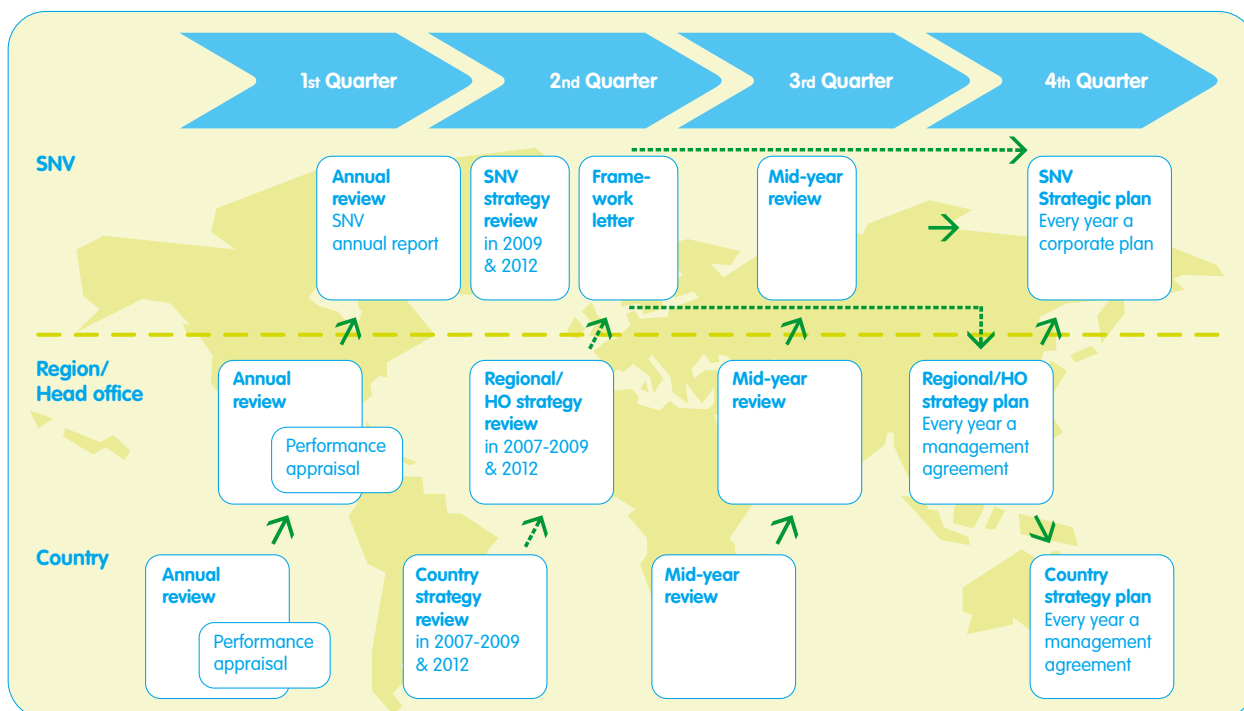
In 2009, we prepared our plan for 2010–2012, as per the planning and control cycle. It included a budget cut of EUR 12 million as requested by the Ministry.

In addition to the standard cycle, illustrated on page 89, we introduced quarterly accruals and a quarterly forecasting process.

We also implemented internal programme management, which enables us to manage multiple, inter-dependent projects simultaneously. Progress of projects is reviewed regularly within the planning and control cycle.

Also in 2009, and in parallel with our internal Managing for Results project (see page 71), we started to revise our monitoring protocol, with the Ministry, to improve our system for planning and measuring results.

SNV's integrated planning and control cycle



Compliance and internal control

SNV's Managing Board strives to realise the highest levels of financial accountability. We aim to achieve a positive compliance report and an unqualified opinion of external auditors. One regular activity that is fully embedded within SNV is compliance self-assessment. These are carried out twice a year, from portfolio level to head office, and comprise a total assessment followed by a reassessment of all action points identified during the first assessment. Follow-up action plans are monitored biannually, and remediation measures to address high-risk deficiencies are monitored continuously. Independent validation checks are also carried out.

We continue to improve our core administrative processes. Our Internal Control Framework project started in 2008 was finalised in 2009. The results of this project are incorporated in a Process Improvement Programme (PIP), which, together with our Beat the Bureaucracy initiative, will enable us to get the basics right and to professionalise further, in 2010 and beyond.

Our internal control framework is based on the integrated framework of the Committee of Sponsoring Organisations of the Treadway Commission (COSO).

Audits

Our internal audit unit carries out operational audits throughout SNV. Every country programme is audited at least once every four years, regional offices once every two years. SNV worldwide process audits, including head office, are carried out regularly. In 2009, eight countries (Cameroon, DR Congo, Ecuador, Kenya, Montenegro, Niger, Peru and Vietnam) were audited, along with three regional offices (East and Southern Africa, Latin America and West and Central Africa). These internal audits became more risk-based, which increased their added value. This process will be further strengthened in the coming years.

The corporate external auditor is responsible for the financial audit of SNV and produces an audit opinion report on our consolidated accounts. With effect from 2009, these audits, too, are risk-based, which results in fewer separate audit reports on the country/regional financial statements.

Our Supervisory Board supervises SNV policy making and implementation.



Risk management

The risk management process – identifying and controlling main organisational risks – is not yet fully embedded in SNV. However, in the coming strategic period, we plan to make it an integral part of business management. An initial risk assessment resulted in an overview of applicable risks, control measures and mitigation factors.

Common practice in case of supposed irregularities

Potential irregularities are monitored and reviewed by local management, in close cooperation with senior finance management in the regions and at head office. The supervisory board is also informed of these. In order to improve this process, a procedure has been devised outlining how to deal with supposed irregularities within SNV. This procedure describes communication and information responsibilities, as well as how to deal with the investigation process and the results.

Our supervisory structure

Our Supervisory Board

A Managing Board, led by the chief executive, manages the SNV organisation under the supervision of an independent Supervisory Board. The Supervisory Board meets at least four times a year, and in line with the statutes consists of a minimum of five and a maximum of seven members. The main tasks of the Supervisory Board are supervising SNV policy making and implementation. Specific items for discussion and approval in 2009 were the restructuring plans for the Balkan and Latin America regions and the change of SNV's top management structure.

In July, the treasurer and chairman of the Audit Committee resigned because his term had ended. A new member, who has significant experience of auditing, replaced him.

The current Supervisory Board consists of seven members, with different and complementary backgrounds including the development sector, international law and organisational development.

SNV's supervisory structure complies with national and international standards of good governance:

- Two members of the Supervisory Board (the chairman and one other member) sit on the remuneration committee, responsible for the evaluation and remuneration of the SNV Managing Board.
- Three members of the Supervisory Board sit on the Audit Committee. The Audit Committee monitors finance, risk and compliance and advises the Supervisory Board on finance and control issues.
- An external auditor reports annually to the full Supervisory Board.

Managing Board members



Dirk Elsen, Chief Executive

Dirk holds non-executive board positions at social housing corporation De Alliantie, the Netherlands organisation for international cooperation in higher education Nuffic, and the Heineken Africa Foundation. He is also a member of UNDP's Growing Inclusive Markets advisory board.



Annemiek Jenniskens, Managing Director for Regional Operations

Annemiek became Managing Director for Regional Operations in 2009.



Courtney Bickert, Managing Director for Business Development

Courtney joined the Managing Board as Managing Director for Business Development



in November 2009 after three years as Regional Director for the Balkans. Before joining SNV in 2007, Courtney was Director of the Center for Private Sector Solutions at Futures Group, an NGO based in Washington DC.

Jan Boekelman, Managing Director for Finance and Human Resources

Jan joined the Managing Board as Managing Director for Finance and Human Resources in November 2009. Before joining SNV in 2008, Jan spent 15 years with the Royal Dutch Shell Group in various locations around the world. Jan is a member of the investment advisory committee of Foundation Rural Electrification Services, an NGO working in renewable energy in Africa.

Our Managing Board

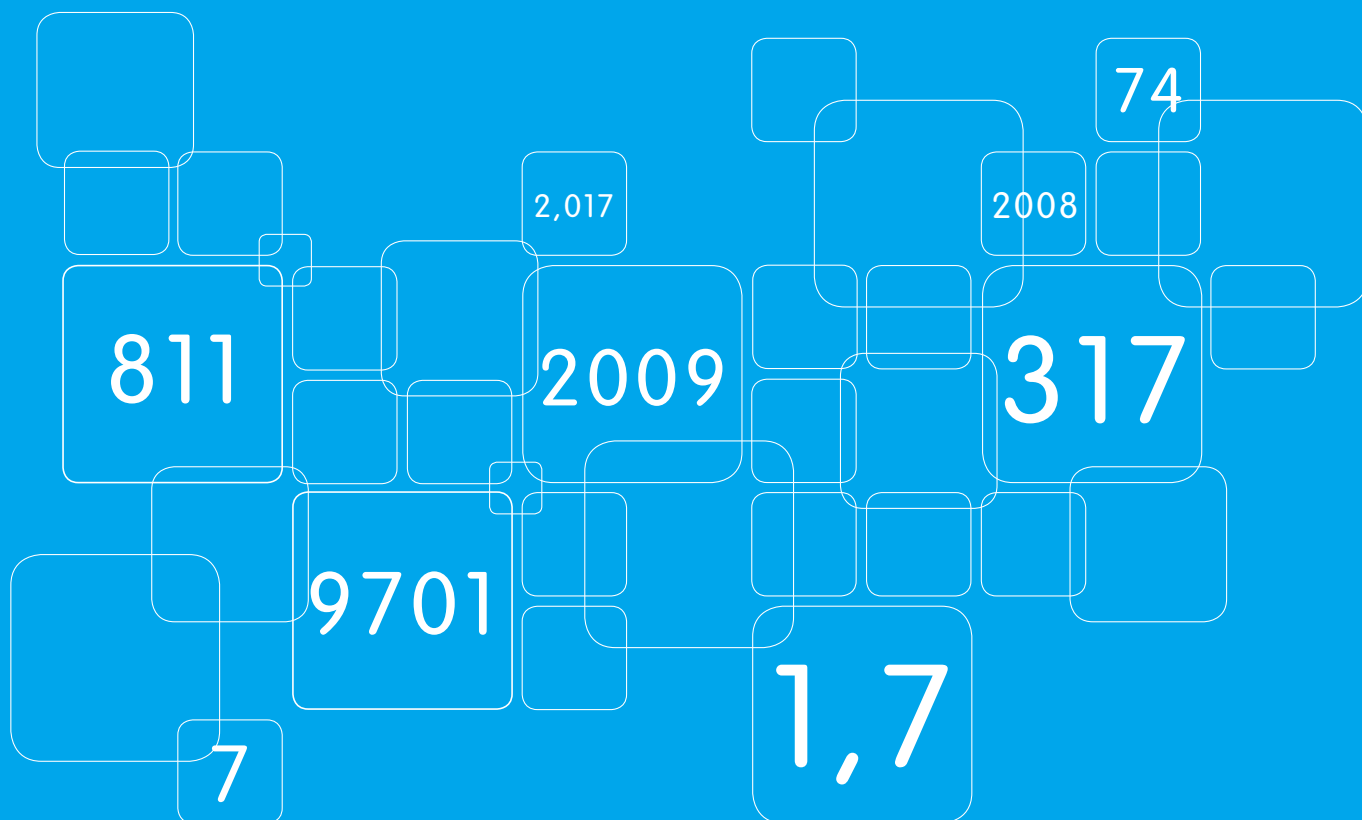
On 1 November 2009 SNV's top structure changed.

Previously, our Board of Directors consisted of one Chair (Dirk Elsen) and one member (Annemiek Jenniskens).

In order to divide tasks in a more balanced way, improve the quality and integration of our support services and improve and expand the business development activities, we decided, with our Supervisory Board, to install a Managing Board. The Managing Board consists of three managing directors and one chief executive. The three managing directors are responsible for finance and human resources, regional operations and business development. The chief executive focuses primarily on SNV's positioning, and has final responsibility for managing SNV.

The regional structure has not changed. The five SNV regions are led by the five regional directors who, together with the Managing Board and the head of strategy, make up the Extended Board. The Extended Board meets three times a year and is the chief executive's most senior advisory body on strategic issues.

Annual accounts





Introduction

SNV's annual accounts

The annual accounts of SNV Netherlands Development organisation (SNV), legally seated in The Hague 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 financial performance, income consists of subsidy income, earmarked contributions, Nepal programmes, resource mobilisation and interest. Expenditures comprise costs of the regions, the head office, LLC US, partnerships and local capacity development facilities. The balance of income and expenditure is transferred to capital base. The changes in capital base consist of interest and invested capital in fixed assets. In case of under expenditure, subsidy income is reduced to the level required to cover the expenditures. In case of realisation above budget, the difference is financed with accumulated, unused subsidy from earlier years. This year is the final year of the subsidy agreement 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, DGIS = Directorate-General International Cooperation) and other donors (third-party programmes). SNV is responsible for financial administration, reporting and advice on content; donors are ultimately responsible for the programmes. In the statement of financial performance, 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.

One special agreement with the Ministry of Foreign Affairs is still effective: 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.

On 1 January 2009, SNV's presence in Washington DC became a Limited Liability Company (LLC). SNV has a 100 per cent participation in this LLC US. The LLC US was set up to provide relationship management support to all regions in expanding partnerships with multilateral and bilateral organisations, corporations, foundations and other entities in coordination with other offices. The goal of these strategic partnerships is to diversify resources, increase visibility and thus expand the scale and impact of SNV's work. The consolidated financial statements of SNV as at and for the year ending 31 December 2009 comprise SNV foundation and its participation in the LLC US.

The annual accounts consist of the following:

- Consolidated balance sheet after appropriation balance income and expenditure
- Consolidated statement of financial performance
- Consolidated cash flow statement
- Accounting principles
- Notes to the consolidated balance sheet
- Notes to the consolidated statement of financial performance
- Balance sheet SNV Foundation after appropriation balance income and expenditure
- Statement of financial performance SNV Foundation
- Cash flow statement SNV Foundation
- Notes to the annual accounts of SNV Foundation
- Other information.

Consolidated balance sheet after appropriation balance income and expenditure

Assets (in EUR)	Notes	2009	2008*
Buildings, renovation and terrain		874,894	728,578
Vehicles		2,591,248	2,602,654
Equipment		1,405,758	1,596,814
Other inventory		287,678	401,358
Assets in transition		69,224	301,979
Tangible fixed assets	1	5,228,802	5,631,383
Bonds	2	0	1,731,050
Deposits	3	267,406	226,367
Long-term receivables		267,406	1,957,417
DGIS programmes		6,049,000	11,084,752
Third-party programmes		5,523,966	0
Nepal programmes		0	483,301
Long-term receivables programmes	4	11,572,966	11,568,053
DGIS programmes		5,854,482	4,020,917
Third-party programmes		2,108,301	922,709
Nepal programmes		941,688	2,197,576
Short-term receivables programmes	4	8,904,471	7,141,202
Ministry of Foreign Affairs	14	4,038,907	1,669,098
Debtors		3,684,517	2,579,544
Prepayments and accrued income	5	3,419,546	3,192,175
Pre-financed DGIS programmes	4	15,553	223,871
Pre-financed third-party programmes	4	39,541	27,716
Debtors programmes		681,812	0
Short-term receivables		11,879,876	7,692,404
SNV programme		38,652,826	42,404,527
DGIS programmes		1,428,057	694,074
Third-party programmes		951,870	639,980
Nepal programmes		196,437	1,004,139
Cash and cash equivalents	6	41,229,190	44,742,720
Total		79,082,711	78,733,179

*The comparative figures of 2008 consist only of SNV Foundation

Equity and liabilities (in EUR)	Notes	2009	2008*
Equity	7	8,722,962	8,579,039
Special purpose reserve foreign exchange	8	970,495	970,495
Special purpose fund tax claims	9	13,023,269	13,023,269
Invested capital in fixed assets	10	5,228,802	5,631,383
Capital base		27,945,528	28,204,186
Provisions	11	0	2,430,288
Pre-received earmarked contributions	12	7,627,896	8,415,939
Long-term debts		7,627,896	8,415,939
DGIS programmes		8,303,579	11,084,752
Third-party programmes		5,803,118	0
Nepal programmes		0	483,301
Long-term commitments programmes	13	14,106,697	11,568,053
DGIS programmes		5,725,325	4,491,119
Third-party programmes		2,820,560	1,534,973
Nepal programmes		1,138,125	3,201,715
Short-term commitments programmes	13	9,684,010	9,227,807
Pre-received earmarked contributions	12	600,000	500,000
Creditors programmes		0	310,553
Creditors		4,948,825	3,976,002
Accrued expenses	15	11,945,371	11,262,141
Taxes and social security premiums		790,573	718,742
Pensions		1,433,811	2,119,468
Short-term debts		19,718,580	18,886,906
Total		79,082,711	78,733,179

*The comparative figures of 2008 consist only of SNV Foundation

Consolidated statement of financial performance

EUR	Notes	Realised 2009	Budget 2009	Realised 2008*
<i>Income</i>				
Subsidy income	16	92,369,809	98,334,191	90,867,982
Earmarked contributions	12	688,043	450,000	525,923
Nepal programmes	17	2,546,890	2,700,000	2,918,875
Ministry of Foreign Affairs		95,604,742	101,484,191	94,312,780
Resource mobilisation	18	11,559,217	13,415,404	7,487,342
Interest SNV programme	19	248,547	1,300,000	1,500,500
Income SNV programme		107,412,506	116,199,595	103,300,622
Programmes DGIS	13	4,900,296	n.a.	5,144,058
Third-party programmes	13	2,025,896	n.a.	1,449,056
Income other activities		6,926,192	n.a.	6,593,114
Total income		114,338,698	116,199,595	109,893,736
<i>Expenditure</i>				
Regions	20	89,512,521	91,919,322	85,288,920
Nepal programmes	17	2,546,890	2,700,000	2,918,875
Total regions		92,059,411	94,619,322	88,207,795
Head office	20	11,714,525	15,013,455	13,187,213
LLC US	20	417,336	491,294	0
Earmarked contributions	12	688,043	450,000	525,923
Total non regional		12,819,904	15,954,749	13,713,136
Partnerships	20	2,212,496	3,250,000	2,491,231
Local capacity development facilities	20	579,353	1,700,000	0
Expenditure SNV programme		107,671,164	115,524,071	104,412,162
Programmes DGIS	13	4,900,296	n.a.	5,144,058
Third-party programmes	13	2,025,896	n.a.	1,449,056
Expenditure other activities		6,926,192	n.a.	6,593,114
Total expenditure		114,597,356	115,524,071	111,005,276
Balance income and expenditure		-258,658	675,524	-1,111,540
Attributable to:				
Equity		143,922	1,100,000	1,104,153
Special purpose fund tax claims		0	0	-1,764,130
Invested capital in fixed assets		-402,581	-424,476	-451,563
		-258,658	675,524	-1,111,540
Balance income and expenditure after appropriation		0	0	0

* The comparative figures of 2008 consist only of SNV Foundation

Consolidated cash flow statement

After the appropriation of the result for the financial year 2009, the cash flow statement, based on the indirect method, can be presented as follows:

EUR	2009	2008
Total income Ministry of Foreign Affairs	95,604,742	94,312,780
Expenditure SNV programme	-107,671,164	-104,412,162
Resource mobilisation income	11,559,217	7,487,342
Received interest	104,624	396,347
Cash flow operating activities	-402,581	-2,215,693
Depreciation	2,629,520	3,178,913
Increase/(Decrease) in provision for doubtful debts	-106,446	-54,608
Increase/(Decrease) in payables	5,706,621	-16,425,983
Increase/(Decrease) in provisions relating to employee costs	3,038,478	2,430,288
(Gains)/losses on sale of tangible fixed assets	-360,910	-313,972
(Increase)/Decrease in receivables	-4,159,196	8,036,249
Non-cash movements	-1,388,842	-3,149,113
Net cash flow from operating activities	-1,791,423	-5,364,806
Purchase of tangible fixed assets	-2,315,895	-2,788,414
Proceeds from sale of tangible fixed assets	449,867	375,036
Net cash flow from investing activities	-1,866,029	-2,413,378
Received Interest	143,922	1,104,153
Cash flow from financing activities	143,922	1,104,153
Net cash flow	-3,513,530	-6,674,031
Cash and cash equivalents as at 1 January	44,742,720	51,416,751
Cash and cash equivalents as at 31 December	41,229,190	44,742,720
Net cash flow	-3,513,530	-6,674,031

The liquidity of SNV has decreased from EUR 44.7 million to EUR 41.2 million. The amount to be received from the Ministry increased by EUR 2.4 million up to EUR 4.0 million.

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 five geographical regions – Asia, the Balkans, East and Southern Africa, Latin America and West and Central Africa – 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.

Group structure

SNV in the Hague is the head of a group of legal entities. The group consists of the SNV Foundation the Hague and SNV LLC US. The activities of SNV in the five geographical regions are performed from branch offices which are an integral part of the SNV Foundation the Hague.

The group company SNV LLC US is located in Washington. SNV the Hague holds 100 per cent of the shares in the issued share capital.

General

The consolidated 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 a new arrangement with the Ministry, this interest is allocated to subsidy income.

The accounting policies formulated below relate to the consolidated annual accounts. 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 sheet 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.

Consolidation principles

Financial information relating to group companies and other legal entities which are controlled by SNV or where central management is conducted, has been consolidated in the financial statements of SNV. The consolidated financial statements have been prepared in accordance with the accounting principles of SNV.

The financial information relating to SNV LLC is presented in the consolidated financial statements. Financial information relating to the group companies and the other legal entities and companies included in the consolidation is fully included in the consolidated financial statements, after eliminating intercompany relationships and transactions.

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.



The principal annual rates of depreciation used are:

- Terrains 0%
- Buildings 6.67%
- Vehicles 25%
- Equipment 33%
- Other inventory 25%
- Renovation building Depending on the remaining duration of the lease.

Renovation and repair costs to the building are capitalised. Other costs of repair and maintenance are reported in the statement of financial performance in the fiscal year when they took place.

Long-term and short-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 financial performance under head office expenditure. In 2009, the bonds were redeemed. The current account with the Ministry of Foreign Affairs has been included under short-term receivables.

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 EUR; otherwise the prevailing exchange rate on balance date is used. The amounts related to the year 2010 are presented as short-term, the remainder as long-term receivables.



Equity and liabilities

Capital base

Capital base consists of equity, special purpose reserve, special purpose fund and invested capital in fixed assets. Equity is at free disposal of the organisation and kept to safeguard the continuity of the organisation. The special purpose fund 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 2010 are presented as short-term, the remainder as long-term debt.

Long-term and short-term commitments programmes

Short-term commitments, based on programme agreements, include the budget allocation for the year 2010 for programmes funded by DGIS (including Nepal programmes) and third-party donors; the remainder is presented as long-term commitments.

Accounting principles for preparation of the cash flow statement

The cash flow statement is prepared according to the indirect method. The funds in the cash flow statement consist of cash and cash equivalents. Cash equivalents can be considered as highly liquid investments. Cash flows in foreign currencies are translated at an estimated average rate. Exchange rate differences in finances are shown separately in the cash flow statement.

Accounting principles for determining the balance income and expenditure

Income and expenses are accounted for on an accrual basis. Income is only included when realised on the balance sheet date. Expenses originating before the end of the financial year are taken into account if they have become known before preparation of the financial statements.

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 pension system at head office is the defined contribution.

As national pensions are based on national legal systems, they vary from country to country.

The balance of 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 consolidated balance sheet

1 Tangible fixed assets

The following comprises the tangible fixed assets item:

EUR	Buildings, renovation and terrains	Vehicles	Equipment	Other inventory	Assets in transition	Total
Purchasing value	1,712,260	8,241,939	9,589,420	1,664,962	301,979	21,510,560
Cumulative depreciation	-983,682	-5,639,285	-7,992,606	-1,263,604	0	-15,879,177
Book value 1 January 2009	728,578	2,602,654	1,596,814	401,358	301,979	5,631,383
Investments	259,811	1,335,352	803,520	149,966	-232,755	2,315,895
Transfers (purchase value)	1,047	0	17,584	-18,631		0
Disposals (purchase value)	-4,570	-881,040	-633,685	-83,194		-1,602,489
Transfers (cum. depreciation)	-875	0	-11,274	12,149		0
Disposal (cum. depreciation)	508	822,726	625,349	64,950		1,513,533
Depreciation	-109,605	-1,288,444	-992,550	-238,920	0	-2,629,520
Book value 31 December 2009	874,894	2,591,248	1,405,758	287,678	69,224	5,228,802
Purchasing value	1,968,548	8,696,251	9,776,839	1,713,103	69,224	22,223,965
Cumulative depreciation	-1,093,654	-6,105,003	-8,371,081	-1,425,425	0	-16,995,163
Book value 31 December 2009	874,894	2,591,248	1,405,758	287,678	69,224	5,228,802

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 lease. 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 financial performance. 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 2009 is fully subsidised via the core budget.

Long-term receivables

2 Bonds

During 2004, bonds were purchased for the amount of EUR 2.0 million. These are '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 2008 was nil per cent. In 2009 the bonds were redeemed.

3 Deposits

The balance includes primarily deposits for rent and maintenance contracts for properties in countries where SNV is operating.

4 Long-term and short-term receivables programmes

The long-term balance relates to the money to be received after 2010 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:

EUR	2009			Total
	DGIS	Third parties	Nepal	
Budget after 2010	6,049,000	5,523,966	0	11,572,966
Long-term receivables	6,049,000	5,523,966	0	11,572,966
Budget 2010	6,912,760	2,881,445	1,138,125	10,932,330
Pre-received money	-1,073,830	-812,684	-196,438	-2,082,952
Pre-financed programmes	15,553	39,541	0	55,093
Short-term receivables	5,854,482	2,108,301	941,688	8,904,471
Total receivables	11,903,482	7,632,267	941,688	20,477,437

EUR	2008			Total
	DGIS	Third parties	Nepal	
Budget after 2009	11,084,752	0	483,301	11,568,053
Long-term receivables	11,084,752	0	483,301	11,568,053
Budget 2009	4,491,120	1,534,972	3,201,715	9,227,807
Pre-received money	-694,074	-639,980	-1,004,139	-2,338,192
Pre-financed programmes	223,871	27,716	0	251,588
Short-term receivables	4,020,917	922,709	2,197,576	7,141,202
Total receivables	15,105,669	922,709	2,680,877	18,709,255

Short-term receivables

5 Prepayments and accrued income

Prepayments and accrued income concern prepayments made by the field offices relate to such things as rent and school fees. Prepayments on partnership activities scheduled for 2010 are also included, amounting to a total of EUR 0.7 million (United Nations Development Programme EUR 0.6 million, United Nations World Tourism Organisation EUR 0.1 million). A further amount of EUR 0.1 million is for accrued interest stated under this item, and EUR 0.8 million for accrued income resource mobilisation in Benin.

6 Cash and cash equivalents

The cash and cash equivalents are unrestricted.

EUR	2009		Total
	Cash	Bank	
SNV programme	75,352	38,577,474	38,652,826
DGIS programmes	301	1,427,756	1,428,057
Third-party programmes	0	951,870	951,870
Nepal programmes	0	196,437	196,437
Total	75,653	41,153,537	41,229,190

EUR	2008		Total
	Cash	Bank	
SNV programme	95,189	42,309,338	42,404,527
DGIS programmes	80	693,994	694,074
Third-party programmes	0	639,980	639,980
Nepal programmes	0	1,004,139	1,004,139
Total	95,269	44,647,451	44,742,720

Capital base

7 Equity

The equity reserve is built up to guarantee the continuity of the organisation.

EUR	2009	2008
	Equity as at January	8,579,039
Financial income	143,922	1,104,153
Total as at 31 December	8,722,962	8,579,039

8 Special purpose reserve foreign exchange

The reserve for foreign exchange of EUR 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 from DGIS, 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 EUR 13 million has been created through the result appropriation. The disbursed amounts relate to payments of specific tax and social security premiums for international staff. The size of the fund will be reviewed annually. In 2009, the Ministry approved our request to freeze the special purpose fund tax claims at the level of year-end 2008. As a result, as of the end of 2009 the reserve is equal to the amount of 2008. As a consequence of this 'freeze' the disbursed taxes in 2009 were charged to core subsidy. It is expected that the allocation to the special purpose fund foreign taxes is sufficient to cover possible tax claims over the previous periods.

EUR	2009	2008
Balance as at 1 January	13,023,269	14,787,400
Movement hypotax	92,824	-1,836,551
Disbursed	-92,824	72,420
Movement for the year	0	-1,764,131
Total as at 31 December	13,023,269	13,023,269

10 Invested capital in fixed assets

As of 1996, tangible fixed assets have been presented on the balance sheet. As the Ministry uses a cash accounting system, where investments are charged to the current budget year, a difference arises between the expenditure based on accrual accounting used by SNV. The annual net change is the net investment (see also 'tangible fixed assets').

EUR	2009	2008
Balance as at 1 January	5,631,383	6,082,946
Movement	-402,581	-451,563
Total as at 31 December	5,228,802	5,631,383

Provisions

11 Provisions

A provision was created in 2008 to cover future obligations of which the size was uncertain on balance date. It concerns a provision for Total Reward, the new remuneration system.

It was assumed that international staff had to be paid retroactively, if the new remuneration system had been agreed upon.

The provision was released in 2009 because the new labour agreement is effective from 1 March 2010. This agreement has no retroactive effect.

Long-term debts

12 Pre-received earmarked contributions

There is still one special agreement with the Ministry of Foreign Affairs in operation: 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. 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 also be used for orientation leave payments. However, prior approval is required. On 31 December 2009, the maximum estimated commitments for orientation leave amounted to EUR 1.2 million and for unemployment benefit EUR 1.1 million. The disbursements regarding earmarked contributions in 2009 can be specified as follows:

EUR	Orientation leave	Unemployment benefit	Total
Balance as at 1 January	141,413	8,774,526	8,915,939
Disbursed in 2009	-8,573	-679,470	-688,043
Total as at 31 December	132,840	8,095,056	8,227,896
Represented by:			
Long-term debts	32,840	7,595,056	7,627,896
Short-term debts	100,000	500,000	600,000
Total	132,840	8,095,056	8,227,896

13 Long-term and short-term commitments programmes

The long-term commitments represent the activities to be executed in 2011 and beyond. The short-term commitments represent activities in 2010.

EUR	DGIS	Third parties	Nepal	Total
Total commitments as at 31 December 2008	15,575,871	1,534,971	3,685,016	20,795,858
New commitments	3,526,018	9,172,549	0	12,698,567
Decommitments	-63,260	-54,725	0	-117,985
Expenditure	-4,900,296	-2,025,896	-2,546,890	-9,473,083
Interest	-109,430	-3,221	0	-112,651
Movement 2009	-1,546,968	7,088,707	-2,546,890	2,994,849
Total commitments as at 31 December 2009	14,028,903	8,623,678	1,138,125	23,790,706
Represented by:				
Long-term commitments as at 31 December 2009	8,303,579	5,803,118	0	14,106,697
Short-term commitments as at 31 December 2009	5,725,325	2,820,560	1,138,125	9,684,010
	14,028,903	8,623,678	1,138,125	23,790,707

Short-term debts

14 Ministry of Foreign Affairs

This entry includes the current account with the Ministry of Foreign Affairs. In 2008 and 2009 this current account is a receivable. It can be specified as follows:

EUR	2009	2008
Pre-received core subsidy 2007	5,788,884	5,788,884
Pre-received core subsidy 2008	-7,457,982	-7,457,982
Pre-received core subsidy 2009	-2,369,809	0
Core subsidy 2007–2015	-4,038,907	-1,669,098
Total as at 31 December 2009	-4,038,907	-1,669,098

15 Accrued expenses

The increase in 'Accrued expenses' is mainly the result of an increase in leave days in 2009.

EUR	2009	2008
Leave days	5,400,487	4,941,929
Holiday allowance	779,587	702,864
Various costs to be paid	5,765,297	5,617,348
Total as at 31 December	11,945,371	11,262,141

Commitments and contingent assets and liabilities

Subsidy agreement

In 2007, SNV did not use EUR 7.1 million related to the subsidy agreement 2007–2009. In 2008, SNV used EUR 0.9 million more than the EUR 90 million subsidy. To summarise, at the end of 2008 EUR 6.2 million related to the subsidy agreement 2007–2009 was transferred to 2009. Finally, in 2009, SNV used EUR 2.4 million more than the EUR 90 million subsidy. The subsidy agreement period 2007–2009 ends with an underspend of EUR 3.8 million. Of this, EUR 1.7 million was earmarked for a release of part of the hypotax reserve in 2008. This underspend cannot be compensated by the next subsidy period 2010–2012.

Suppliers' contracts

SNV has signed several contracts with suppliers of goods and services for a total amount of EUR 6.3 million. The annual rent for the office in The Hague amounts to EUR 0.3 million (price level 2009). The rental agreement terminates on 31 July 2015.

Legal cases in progress

There are 12 legal cases pending against SNV. Furthermore, there are three claims by SNV against former employees and one by SNV against an external party. For these legal cases no provisions have been made.

Partnerships

SNV has entered into several partnerships with a financial component covering the year 2010 and beyond. The total amount involved is EUR 2.1 million:

United Nations Development Programme (UNDP)

SNV has been collaborating with UNDP since October 2004 and has already completed three activity agreements. The remaining activity agreement (AA4) will continue until June 2010. AA4 aims to support countries in accelerating progress towards attaining the Millennium Development Goals (MDGs) through the design and implementation of MDG-based national and local development strategies including support to the scaling up of responses for achievement of MDGs at country level. The remaining obligation at the end of 2009 amounts to EUR 1 million.

United Nations World Tourism Organization (UNWTO)

Since November, 2004 UNWTO and SNV have worked in partnership. SNV agreed with UNWTO to contribute funds to the amount of EUR 2.0 million for the financing of 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 EUR 0.9 million during the period 2008–2010. In 2008, a memorandum of understanding and action plan 2008–2010 was signed with UNWTO and ST-EP Foundation in line with the original letter of intent, where all parties contribute to finance and sponsor sustainable tourism projects in Asia, the Balkans, Latin America and Africa. The remaining commitment at the end of 2009 is EUR 0.4 million.

Fairtrade Labelling Organization (FLO)

SNV and FLO have been collaborating since 2006 in a partnership providing support to producer groups in the South to access international Fairtrade markets in the North, involving production chains such as coffee, cocoa, several kinds of nuts and rice. In 2009, after a joint review of partnership activities during the period 2006–2008, both parties agreed to extend the partnership until 2011. In early 2009, a memorandum of understanding and an activity agreement were signed to provide a clear framework for year-to-year planning to achieve the joint objective of poverty reduction through producer empowerment and organisational capacity building. In this activity agreement, SNV made a commitment for an amount of EUR 0.9 million over the following three year period. The remaining commitment at the end of 2009 is EUR 0.7 million.

Millennium Promise

Millennium Promise (MP) signed an agreement with SNV to improve food and income security in and around five Millennium Village clusters as part of a new three-year business development programme. This joint effort aims to improve the livelihoods of about 240,000 people living in six Millennium Village clusters in five countries in sub-Saharan Africa: Tanzania, Rwanda, Uganda, Ghana and Ethiopia. The two main pillars of the programme are ensuring sustainable access to modern agricultural inputs and identifying new agribusiness opportunities. According to the agreement, SNV committed funding of EUR 0.5 million for a one year period (January–December 2009). The remaining commitment at the end of 2009 is almost EUR 0.1 million.

Notes to the consolidated statement of financial performance

Income

16 Programme funding from the Ministry of Foreign Affairs

The total income for the SNV programme amounted to EUR 93.1 million in 2009, of which EUR 92.4 million was for regular capacity development activities. These activities increased by EUR 1.5 million (1.7 per cent) compared to 2008 and reached EUR 6.0 million (6.1 per cent) compared to budget. The pre-received earmarked contributions of the prior subsidy agreement may be used for future earmarked expenditures.

EUR	Realised 2009	Budget 2009	2008
Subsidy agreement 2007–2015	90,000,000	90,000,000	90,000,000
Total subsidy agreement	90,000,000	90,000,000	90,000,000
Transfer 2007–2009	2,369,809	8,334,191	2,632,113
Release hypotax	0	0	-1,764,131
Total subsidy income	92,369,809	98,334,191	90,867,982
Earmarked contributions	688,043	450,000	525,923
Total programme funding	93,057,852	98,784,191	91,393,905

17 Nepal programmes

In 2005, SNV took over two Netherlands Embassy-funded Nepal activities that have formed part of the core subsidy since 2005. The duration of these programmes has been extended to December 2010. The expenditures budget for 2009 amounted to EUR 2.5 million. Movements in 2009 in the two Nepal activities may be presented as follows:

EUR Programme funds	Renewable energy		Total
	Biodiversity	sector support	
Net commitment as at 31 December 2008	2,304,449	1,380,567	3,685,016
Net receivable as at 31 December 2008	-1,774,266	-906,638	-2,680,904
Net programme fund balance as at 31 December 2008	530,183	473,929	1,004,112
Funds received in 2009	1,298,655	440,562	1,739,217
Expenditure 2009	-1,631,079	-904,317	-2,535,396
Interest and revaluation	-4,114	-7,380	-11,494
at programme fund balance as at 31 December 2009	193,644	2,794	196,438
Represented by:			
Net commitment as at 31 December 2009	669,256	468,870	1,138,126
Net receivable as at 31 December 2009	-475,611	-466,076	-941,687
	193,644	2,794	196,438

18 Resource mobilisation

The amount for resource mobilisation relates to income from third parties to finance SNV's primary (advisory) and support process costs to realise the impact it strives for. In 2009, the income increased compared to 2008, but lags behind the original budget. In Latin America, due to the major economic crisis and the Central America political crisis, some clients asked SNV to suspend temporarily the activities due to budget shortfalls. While in the Balkans, the postponement of a SIDA Albania contract resulted in lower income than planned.

19 Interest SNV programme

During the subsidy agreement 2002–2006, SNV was allowed by the Ministry to add the interest earned to equity. In 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 EUR 0.2 million interest an amount of EUR 0.1 million was added to equity. The main reason why the realised interest is lower than budgeted is that the average interest rate on the savings account decreased by more than three per cent during 2009.

Income from other activities

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

Expenditure

20 Expenditure on SNV regular Capacity Development Programme

The total costs for the regular Capacity Development Programme amount to EUR 104.4 million.

This means an increase of EUR 3.4 million (3.4 per cent) compared to 2008. Compared to budget 2009, actual expenditures are EUR 7.9 million (7.0 per cent) lower.

EUR	Realised 2009	Budget 2009	Realised 2008
Regions:			
Gross salaries	31,262,049	34,351,435	28,868,169
Social securities	2,683,401	1,727,057	2,319,657
Pension premiums	3,479,228	1,785,971	3,276,203
Other	29,184,767	20,201,355	30,692,385
Personnel costs	66,609,444	58,065,818	65,156,414
Depreciation	2,348,238	2,005,985	1,018,085
Other	20,554,839	31,847,519	19,114,420
Other costs	22,903,077	33,853,504	20,132,505
Regions	89,512,521	91,919,322	85,288,919
Head office:			
Gross salaries	3,418,721	5,405,513	2,691,716
Social securities	408,212	n.a.	320,458
Pension premiums	689,921	n.a.	385,659
Other	2,063,144	3,386,022	4,015,609
Personnel costs	6,579,998	8,791,535	7,413,442
Depreciation	277,733	284,000	789,020
Other	4,856,794	5,937,920	4,984,751
Other costs	5,134,527	6,221,920	5,773,771
Head office	11,714,525	15,013,455	13,187,213
LLC US:			
Gross salaries	131,080	259,274	0
Social securities	532	n.a.	0
Pension premiums	13,329	n.a.	0
Other	115,520	46,000	0
Personnel costs	260,462	305,274	0
Depreciation	3,549	0	0
Other	153,325	186,020	0
Other costs	156,874	186,020	0
LLC US	417,336	491,294	0
Partnerships	2,212,496	3,250,000	2,491,231
LCDF	579,353	1,700,000	0
Total	104,436,231	112,374,071	100,967,363
Full-time equivalents	1,464	1,554	1,343

Regions

Regional expenditures are all costs accounted for by the portfolio, country and regional offices. Total costs increased by EUR 4.2 million in 2009 compared to 2008. The main reasons were the EUR 3.5 million higher cash contributions to regional partnerships and the EUR 1.6 million severance accruals posted in Latin America and the Balkans.

Total costs in 2009 are EUR 2.4 million under budget. Regional deviations can be seen between actual costs and budget in 2009. Most regions are below budget (Asia, Balkans, East and Southern Africa and Latin America), and only West and Central Africa is slightly above.

The main deviations versus the regional 2009 budgets are explained below:

- The cash contributions to regional partnerships is EUR 2.2 million lower than planned. An amount of EUR 1.3 million relates to the renegotiated annual allocation cut to the Twaweza partnership in the second half of the year, leading to its postponement after 2009.
- The resource mobilisation income is EUR 1.8 million below planned, mainly in Latin America and the Balkans. This has consequences for the respective regional expenditure.
- As a consequence of the postponement of the expatriate CLA until 2010, the provision of EUR 0.8 million for Total Reward of international staff made in 2008 was released in 2009.
- An accrual of EUR 1.3 million and EUR 0.3 million respectively was made in 2009 to cover severance liabilities as a consequence of the downsizing in Latin America and the Balkans.

Pension premiums are included in personnel costs (2009: EUR 3.5 million and 2008: EUR 3.3 million). As national pensions are based on national legal systems, they vary from country to country.

Head office

Head office costs are all costs accounted for by the head office units. The costs in 2009 decreased by EUR 1.5 million compared to 2008. The deviation can be explained by the release of EUR 1.6 million provision for the Total Reward project, which includes a new salary scale system and other collective labour agreement-related implications. The total head office costs in 2009 are EUR 3.3 million lower than planned, mainly due to the financial implications of the postponement of the CLA for international staff and a few delays in executing some corporate projects.

Included in personnel costs are pension premiums (2009: EUR 0.7 million; 2008: EUR 0.4 million). The pension system at head office is the defined contribution.

Remuneration, Supervisory Board and Statutory Director

Chair of the Supervisory Board	EUR 5,400 net annually
Treasurer	EUR 4,800 net annually
Other members	EUR 4,200 net annually

In 2009, Statutory Director received a total remuneration of gross salary including holiday allowance:

Chief Executive	EUR 155,072 (in 2008 EUR 151,634)
Member (until 01/11/2009)	EUR 105,537 (in 2008 EUR 131,758)

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

Chief Executive	EUR 182,464 (in 2008 EUR 179,573)
Member (until 01/11/2009)	EUR 123,236 (in 2008 EUR 155,739)

Partnerships

The amount relates to justifications received from UNDP, UNWTO, FLO, WWF, Millennium Promise, Agriterra and Capacity.org for the partnerships activities. The total expenditures in 2009 are less than planned, mainly due to delay in implementation of UNDP project activities, the reduction of the contribution to Millennium Promise and some agreed budget postponement for WWF activities.

Local capacity development facilities

The expenditure for local capacity development facilities in 2009 is significantly lower than planned. Projections on the speed with which actual funds could be started proved too optimistic. The first cash contributions to funds have been shifted to 2010.

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 EUR):

Description	Asia	Balkans	ESA	LA	WCA	Total regions	HO	WDC	Total
Balance sheet items:									
Tangible fixed assets	238,705	349,534	2,039,459	510,554	1,787,333	4,925,584	296,796	6,422	5,228,802
Long-term receivables	14,842	25,135	51,970	46,110	113,019	521,075	16,331	0	267,406
Long-term receivables programmes	5,913,713	2,645,634	1,549,263	1,006,504	457,853	11,572,966	0	0	11,572,966
Short-term receivables programmes	3,101,612	951,979	2,499,417	650,127	1,701,336	8,904,471	0	0	8,904,471
Short-term receivables	1,302,759	208,981	1,625,550	1,554,432	1,940,408	6,632,131	5,246,299	1,447	11,879,876
Cash & cash equivalents	2,251,284	1,237,604	1,911,262	1,351,005	2,505,942	9,257,098	31,945,719	26,373	41,229,190
Total assets	12,822,914	5,418,867	9,676,920	5,118,732	8,505,892	41,543,325	37,505,145	34,243	79,082,711
Capital base	851,551	720,164	3,314,840	-70,333	2,396,950	7,213,172	20,729,043	3,314	27,945,528
Provisions	0	0	0	0	0	0	0	0	0
Long-term debts	0	0	0	0	0	0	7,627,896	0	7,627,896
Long-term commitments programmes	5,913,714	2,645,634	1,848,085	1,006,504	2,692,760	14,106,697	0	0	14,106,697
Short-term commitments programmes	5,125,451	1,061,238	2,797,322	700,000	0	9,684,010	0	0	9,684,010
Short-term debts	932,198	991,831	1,716,673	3,482,561	3,416,184	10,539,447	9,148,206	30,929	19,718,580
Total liabilities	12,822,914	5,418,867	9,676,920	5,118,732	8,505,892	41,543,325	37,505,145	34,243	79,082,711
Statement of financial performance									
Core subsidy	12,864,504	5,926,291	28,297,099	10,601,859	22,906,017	80,595,770	12,041,432	420,650	93,057,852
Resource mobilisation	1,415,980	836,161	2,372,029	2,801,328	4,133,718	11,559,216	0	0	11,559,216
Project income	4,737,640	293,128	2,951,811	1,031,534	458,971	9,473,084	0	0	9,473,084
Other income	20,333	2,564	14,012	168	25,856	62,932	185,615	0	248,547
Total income	19,038,457	7,058,143	33,634,951	14,434,889	27,524,561	101,691,001	12,227,047	420,650	114,338,698
Personnel costs	9,538,357	5,058,239	20,590,666	11,989,758	19,432,425	66,609,445	6,579,998	260,462	73,449,905
Operational costs	6,189,129	1,588,969	7,901,998	1,901,645	6,828,838	24,410,579	5,822,570	156,874	30,390,023
Partnership costs	2,511,195	353,017	3,644,117	345,420	1,111,678	7,965,427	2,792,002	0	10,757,429
Expenditure SNV	18,238,680	7,000,225	32,136,781	14,236,822	27,372,942	98,985,451	15,194,570	417,336	114,597,357
Balance income and expenditure	799,777	57,919	1,498,169	198,067	151,619	2,705,551	-2,967,523	3,314	-258,658

Balance sheet SNV Foundation after appropriation balance income and expenditure

Assets (in EUR)	Notes	2009	2008
Buildings, renovation and terrain		874,894	728,578
Vehicles		2,591,248	2,602,654
Equipment		1,399,336	1,596,814
Other inventory		287,678	401,358
Assets in transition		69,224	301,979
Tangible fixed assets	<i>1</i>	5,222,380	5,631,383
Participation		3,393	0
Financial fixed assets		3,393	
Bonds	<i>2</i>	0	1,731,050
Deposits	<i>3</i>	267,406	226,367
Long-term receivables		267,406	1,957,417
DGIS programmes		6,049,000	11,084,752
Third-party programmes		5,523,966	0
Nepal programmes		0	483,301
Long-term receivables programmes	<i>4</i>	11,572,966	11,568,053
DGIS programmes		5,854,482	4,020,917
Third-party programmes		2,108,301	922,709
Nepal programmes		941,688	2,197,576
Short-term receivables programmes	<i>4</i>	8,904,471	7,141,202
Ministry of Foreign Affairs	<i>14</i>	4,038,907	1,669,098
Debtors		3,684,519	2,579,544
Prepayments and accrued income	<i>5</i>	3,418,099	3,192,175
Pre-financed DGIS programmes	<i>4</i>	15,553	223,871
Pre-financed third-party programmes	<i>4</i>	39,541	27,716
Debtors programmes		681,812	0
Short-term receivables		11,878,430	7,692,404
SNV programme		38,626,453	42,404,527
DGIS programmes		1,428,057	694,074
Third-party programmes		951,870	639,980
Nepal programmes		196,437	1,004,139
Cash and cash equivalents	<i>6</i>	41,202,817	44,742,720
Total		79,051,863	78,733,179

Equity and liabilities (in EUR)	Notes	2009	2008
Equity	7	8,722,962	8,579,039
Special purpose reserve foreign exchange	8	970,495	970,495
Special purpose fund tax claims	9	13,023,269	13,023,269
Invested capital in fixed assets	10	5,228,802	5,631,383
Capital base		27,945,528	28,204,186
Provisions	11	0	2,430,288
Pre-received earmarked contributions	12	7,627,896	8,415,939
Long-term debts		7,627,896	8,415,939
DGIS programmes		8,303,579	11,084,752
Third-party programmes		5,803,118	0
Nepal programmes		0	483,301
Long-term commitments programmes	13	14,106,697	11,568,053
DGIS programmes		5,725,325	4,491,119
Third-party programmes		2,820,560	1,534,973
Nepal programmes		1,138,125	3,201,715
Short-term commitments programmes	13	9,684,010	9,227,807
Pre-received earmarked contributions	12	600,000	500,000
Creditors Programmes		0	310,553
Creditors		4,948,905	3,976,002
Accrued expenses	15	11,914,442	11,262,141
Taxes and social security premiums		790,573	718,742
Pensions		1,433,811	2,119,468
Short-term debts		19,687,731	18,886,906
Total		79,051,863	78,733,179

Statement of financial performance

SNV Foundation

EUR	Notes	Realised 2009	Budget 2009	Realised 2008
<i>Income</i>				
Subsidy income	16	91,949,159	97,842,897	90,867,982
Earmarked contributions	12	688,043	450,000	525,923
Nepal programmes	17	2,546,890	2,700,000	2,918,875
Ministry of Foreign Affairs		95,184,092	100,992,897	94,312,780
Resource mobilisation	18	11,559,217	13,415,404	7,487,342
Interest SNV programme	19	248,547	1,300,000	1,500,500
Income SNV programme		106,991,856	115,708,301	103,300,622
Programmes DGIS	13	4,900,296	n,a,	5,144,058
Third-party programmes	13	2,025,896	n,a,	1,449,056
Income other activities		6,926,192	n,a,	6,593,114
Total income		113,918,048	115,708,301	109,893,736
<i>Expenditure</i>				
Regions	20	89,512,521	91,919,322	85,288,920
Nepal programmes	17	2,546,890	2,700,000	2,918,875
Total regions		92,059,411	94,619,322	88,207,795
Head office	20	11,714,525	15,013,455	13,187,213
Earmarked contributions	12	688,043	450,000	525,923
Corporate projects		0	0	0
Total non-regional		12,402,568	15,463,455	13,713,136
Partnerships	20	2,212,496	3,250,000	2,491,231
Local capacity development facilities				0
Local capacity development facilities	20	579,353	1,700,000	0
Expenditure SNV programme		107,253,828	115,032,777	104,412,162
Programmes DGIS	13	4,900,296	n,a,	5,144,058
Third-party programmes	13	2,025,896	n,a,	1,449,056
Expenditure other activities		6,926,192	n,a,	6,593,114
Total expenditure		114,180,020	115,032,777	111,005,276
Result participation		3,314	0	0
Balance income and expenditure		-258,658	675,524	-1,111,540
Attributable to:				
Equity		143,922	1,100,000	1,104,153
Special purpose fund tax claims		0	0	-1,764,130
Invested capital in fixed assets		-402,581	-424,476	-451,563
		-258,658	675,524	-1,111,540
Balance income and expenditure after appropriation		0	0	0

Cash flow statement SNV Foundation

EUR	2009	2008
Total income Ministry of Foreign Affairs	95,184,092	94,312,780
Expenditure SNV programme	-107,253,828	-104,412,162
Resource mobilisation income	11,559,217	7,487,342
Received interest	104,625	396,347
Share of interest in participation	3,314	0
Cash flow operating activities	-402,581	-2,215,693
Depreciation	2,625,971	3,178,913
Increase/(Decrease) in provision for doubtful debts	-106,446	-54,608
Increase/(Decrease) in payables	3,007,629	-16,425,983
Increase/(Decrease) in provisions relating to employee costs	-2,430,288	2,430,288
(Gains)/losses on sale of tangible fixed assets	-360,910	-313,972
Increase in other current assets	-3,393	0
(Increase)/Decrease in receivables	-4,157,750	8,036,249
Non-cash movements	-1,425,187	-3,149,113
Net cash flow from operating activities	-1,827,768	-5,364,806
Purchase of tangible fixed assets	-2,314,486	-2,788,414
Proceeds from sale of tangible fixed assets	458,429	375,036
Net cash flow from investing activities	-1,856,057	-2,413,378
Received interest	143,922	1,104,153
Cash flow from financing activities	143,922	1,104,153
Net cash flow	-3,539,903	-6,674,031
Cash and cash equivalents as at 1 January	44,742,720	51,416,751
Cash and cash equivalents as at 31 December	41,202,817	44,742,720
Net cash flow	-3,539,903	-6,674,031

Notes to the annual accounts of SNV Foundation

Reporting entity:

The annual accounts of SNV Foundation are included in the consolidated annual accounts of SNV.

General accounting principles for the preparation of the financial statements:

The company financial statements have been prepared in accordance with RJ 640 accounting standards. For the general principles for the preparation of the financial statements, the principles for valuation of assets and liabilities and determination of the result, as well as for the notes to the specific assets and liabilities and the results, reference is made to the notes to the consolidated financial statements, if not presented otherwise hereinafter.

Significant accounting policies:*Financial fixed assets*

Participations in group companies in which significant influence is exercised on the business and financial policy are valued in the balance sheet of SNV Foundation under the net equity value, but not lower than nil. This net asset value is based on the same accounting principles as applied by SNV. On 1 January 2009, SNV's presence in Washington DC became a Limited Liability Company (LLC). SNV has a 100 per cent participation in this LLC US. The LLC US was set up to provide relationship management support to all regions in expanding partnerships with multilateral and bilateral organisations, corporations, foundations and other entities in coordination with other offices. The goal of these strategic partnerships is to diversify resources, increase visibility and thus expand the scale and impact of SNV's work. The consolidated financial statements of SNV as at, and for the year ending, 31 December 2009 comprise SNV Foundation and its participation in the LLC US.

Profit of participating interests

The share of profit of participating interests consists of the share of SNV in the results of these participating interests.

The Hague, 16 April 2010

Supervisory Board

Mr L. de Waal
Mr W. Veldman
Mrs F. Leeftang
Mr B. Hartman
Mrs T. Hilhorst
Mrs P. Hoogerwerf

Statutory Director

Mr T.J.H. Elsen

Managing Board

Mrs A.M.F. Jenniskens
Mr A.J. Boekelman
Mrs C. Bickert

Other information

Auditor's report

To the Supervisory Board
of SNV Netherlands Development Organisation
The Hague

We have audited the accompanying annual accounts 2009 of SNV Netherlands Development Organisation, The Hague, as set out on pages 94 to 122 which comprise the consolidated and foundation balance sheet as at December 31, 2009, the consolidated and foundation statement of financial performance for the year then ended, the consolidated and foundation cashflow statement and the notes.

Managing Board's responsibility

The Managing Board's is responsible for the preparation and fair presentation of the annual accounts and for the preparation of the Report of the Board of Directors, 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 Managing Board, 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 Organisation as at December 31, 2009, and of its balance of income and expenditure 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 statements of financial performance meet the requirements of legitimacy.

Voorburg, 16 April 2010
Deloitte Accountants B.V.

J.P.M. Hopmans

Constitution of the Supervisory Board

Chair and member of the Remuneration Committee

Mr L.J. de Waal

Director of Humanitas, holds various commissioner posts, including ING, IRC, Morocco Fund and PGGM.

Date of birth	4 November 1950
Nationality	Dutch
Takes seat as from	25 November 2005
Assigned until	1 July 2011

(re-elected in 2008)

Vice chair of Supervisory Board and chair of the Audit Committee

Mr E.J.F.A. de Haas

Former director of the Audit Department of the Ministry of Foreign Affairs; member of the Audit Board of the Court of Justice, Zwolle; external expert at the Rotterdam Erasmus University School of Accounting & Assurance (ESAA); and treasurer of a charitable foundation (RKWO).

Date of birth	12 June 1944
Nationality	Dutch
Takes seat as from	1 July 2009
Assigned until	1 July 2012

Treasurer and chair of Audit Committee

Mr W. Veldman RA

Director, VeldmanAdvies, and various audit committee posts, including the ministries of Agriculture, Nature and Food Quality, and Economic Affairs, and the Municipality of Rotterdam.

Date of birth	30 December 1948
Nationality	Dutch
Took seat as from	1 July 2003
Assigned until	1 July 2009

Other members:

Mrs F. J. Leeflang

Member of Audit Committee; partner at Boekel de Neree N.V.; board member at NL Sporter, Stichting Sport, Werk & Opleiding and Het Amserdams Juridisch Genootschap; and vice president of the European Elite Athletes Association.

Date of birth	2 May 1969
Nationality	Dutch
Takes seat as from	1 July 2008
Assigned until	1 July 2011

Mr B.E. Hartman

Member of the Audit Committee and co-founder of NOTS Foundation, chair of Stichting Keurmerk Goede Doelen and non-executive director and shareholder of PronovaMedical BV.

Date of birth	7 January 1962
Nationality	Dutch
Takes seat as from	1 July 2008
Assigned until	1 July 2011

Mrs D.J.M. Hilhorst

Professor of Humanitarian Aid and Reconstruction at Wageningen University.

Date of birth	28 September 1961
Nationality	Dutch
Takes seat as from	1 July 2008
Assigned until	1 July 2011

Mrs P.F. Hoogerwerf

Member of the Remuneration Committee Director of INHolland School of Economics.

Date of birth	6 June 1969
Nationality	Dutch
Takes seat as from	1 July 2008
Assigned until	1 July 2011

Constitution of the Managing Board

Statutory Director and Chief Executive

Mr T.J.H. Elsen

Managing Board

Managing Director Regional Operations

Mrs A.M.F. Jenniskens

Managing Director Business Development

Mrs S.C. Bickert

Managing Director Finance and Human Resources

Mr A.J. Boekelman

Appropriation balance income and expenditure

The 2009 balance income and expenditure has been processed in the annual accounts as follows:

EUR	2009	2008
Transfer to equity	143,922	1,104,153
Special purpose fund tax claims	0	-1,764,131
Transfer to reserve invested capital in fixed assets	-402,581	-451,563
Total	-258,658	1,111,540

Subsequent events

Due to a core subsidy budget cut imposed on us by DGIS for 2010–2012, staff redundancy exercises, with associated severance costs, have been put in motion for the West and Central Africa and East and Southern Africa regions. Over the course of 2010, we expect to be able to quantify accurately the staff numbers and costs involved.

Terms and abbreviations

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.

Capacity development

Capacity development (or building) is the deliberate effort to increase a human system’s capacity to perform, sustain and renew itself. In SNV’s practice capacity development usually means empowering actors, and improving their delivery of development results in terms of poverty alleviation and improved governance. As such capacity development is not value-neutral but involves changes in relationships within the social, political and economic realms.

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

Large corporations traditionally target consumers in the middle and high-income segments of society, and established suppliers and service providers from the formal economy. Inclusive businesses find profitable ways to engage the low-income segment into their business operations in a way that benefits the low-income communities and creates sustainable livelihoods.

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 sub-contractors
- As partners

Macro level

The macro level refers to actors, processes and institutions at the national level, such as central 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 programmes 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.

Macro-micro gap

The macro-micro 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.

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 Development Cooperation
ESA	East and Southern Africa
EU	European Union
FLO	Fairtrade Labelling Organization
GfE	Governance for Empowerment
IPC	Integrated planning & control cycle
LA	Latin America
LCB	Local capacity builder
LCDF	Local capacity development facility
MDG	Millennium Development Goal
NTPF	Non-timber forest products
NGO	Non-governmental organisation
ODA	Official development assistance
PIE	Production, income & employment
PPP	Public-private partnership
UNDP	United Nations Development Programme
UNICEF	United Nations Children's Fund
UNWTO	United Nations World Tourism Organization
WaSH	Water, sanitation and hygiene
WBCSD	World Business Council for Sustainable Development
WCA	West and Central Africa
WWF	World Wide Fund for Nature (formerly World Wildlife Fund)

Colophon

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Sectors

- Education
- Renewable energy
- Water & sanitation
- Agriculture
- Forestry
- Tourism

Advisory days per sector

Education	31,359
Renewable energy	10,058
Water & sanitation	28,822
Agriculture	64,011
Forestry	29,153
Tourism	22,504

Number of advisory days
 ● < 5000
 ●● 5000 - 12000
 ●●● > 12000

Latin America

West and Central Africa

East and Southern Africa

The Balkans

Asia

2009 in facts and figures

Input

Total expenditure: **EUR 107,671,164**
 Total number of advisors (at year end): **886**
 (70% nationals, 31% female)
 Cost per advisory day: **EUR 464**

Output

Total number of advisory days: **226,200**
 Advisory days delivered by local capacity builders: **17%**

Outcome

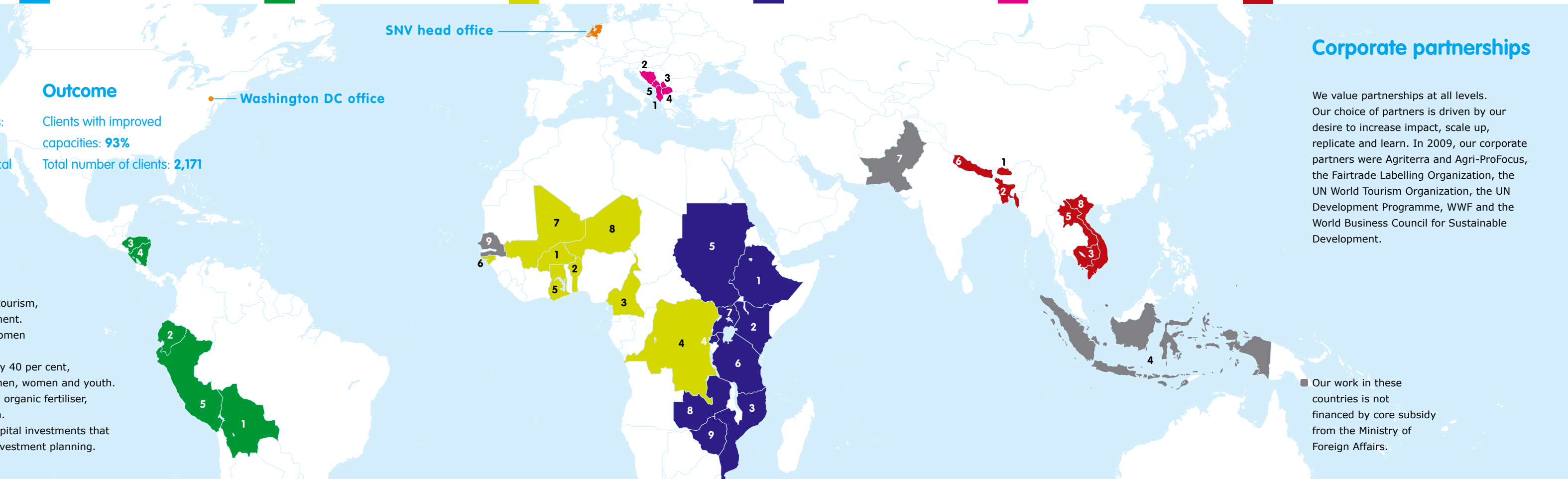
Clients with improved capacities: **93%**
 Total number of clients: **2,171**

Examples of impact

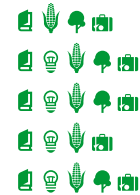
- In Central America, 7,500 young people received vocational training in tourism, culinary arts and coffee production, improving their chances of employment.
- In Mali, more than 2,000 sesame farmers – about half of whom were women – more than doubled their incomes after gaining organic certification.
- In Kenya, 12 local livestock markets increased farmers' profit margins by 40 per cent, tripled council revenue and became thriving business centres for rural men, women and youth.
- More than 53,000 households in Asia gained access to clean energy and organic fertiliser, contributing to a better quality of life, especially for women and children.
- More than 200,000 citizens in Albania's Diber region will benefit from capital investments that better meet their needs following the introduction of gender-inclusive investment planning.



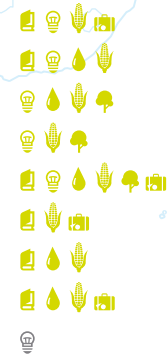
Netherlands
Development
Organisation



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



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



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



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



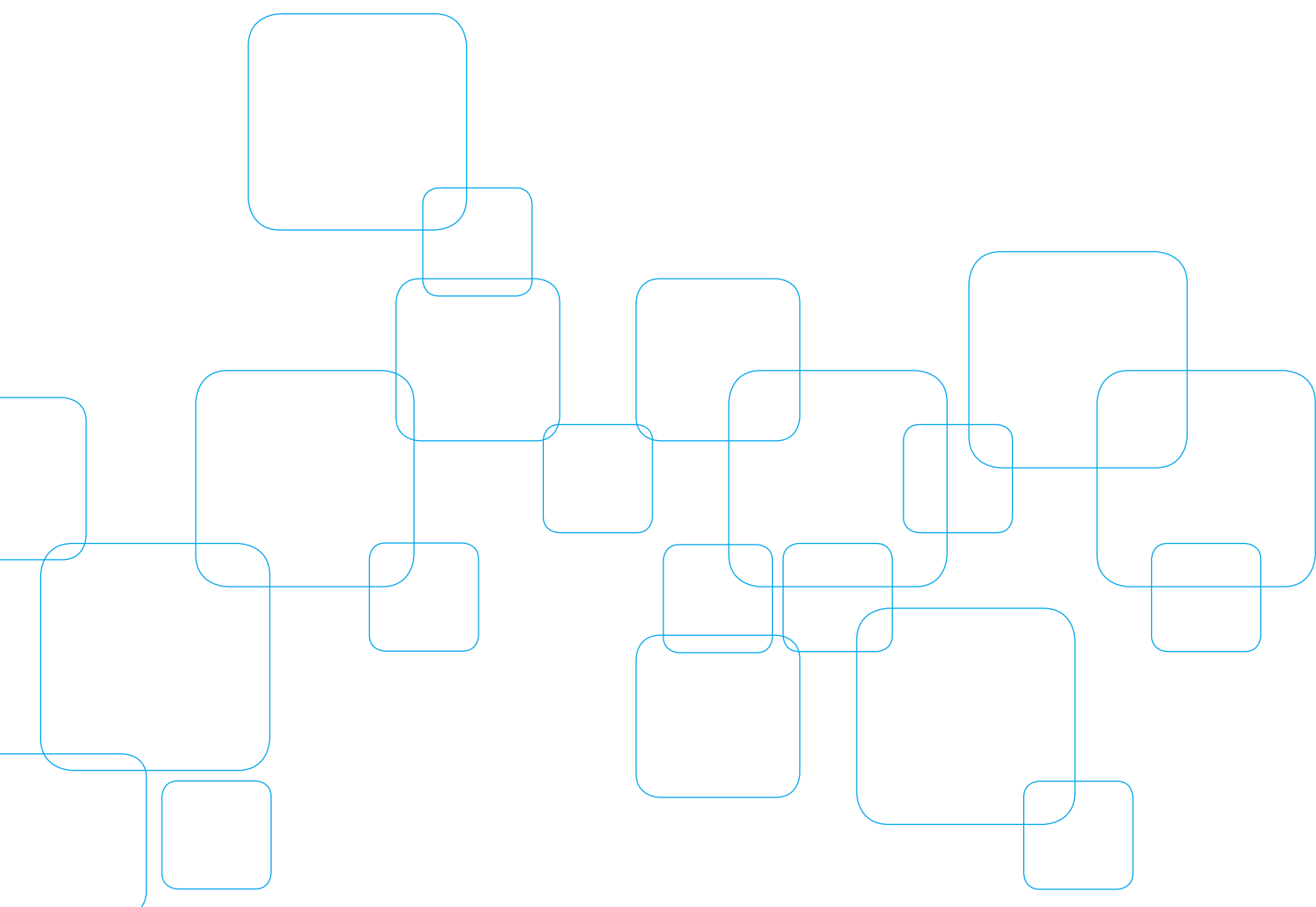
- 1 Bhutan
- 2 Bangladesh
- 3 Cambodia
- 4 Indonesia
- 5 Lao PDR
- 6 Nepal
- 7 Pakistan
- 8 Vietnam



Corporate partnerships

We value partnerships at all levels. Our choice of partners is driven by our desire to increase impact, scale up, replicate and learn. In 2009, our corporate partners were Agriterra and Agri-ProFocus, the Fairtrade Labelling Organization, the UN World Tourism Organization, the UN Development Programme, WWF and the World Business Council for Sustainable Development.





SNV

Connecting People's Capacities

Netherlands

Development

Organisation