



Netherlands

Development

Connecting People's Capacities

Organisation



# Corporate Annual Report 2010





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## Report of the Supervisory Board

The aftershock of the economic and food crisis of 2010, has deeply affected large populations in the developing world who still lack access to basic services. More than 850 million people still do not have access to safe drinking water; food prices continued to increase and 2.7 billion people are relying on the traditional use of biomass for cooking. Yet despite this, worldwide the budgets for overseas development assistance decreased further in 2010.

Significant cuts to the overall Dutch development budget have effected many Dutch development organisations, including SNV. At the end of 2009 the Dutch Ministry of Foreign Affairs enacted a budget cut of 12 million Euros for the period 2010-2012. This cut affected our 2010 budget by 2.8 million Euros. An additional yearly budget cut of 11 million Euros from 2011 onwards was announced at the end of 2010. However, prior to the budget cuts, SNV had the foresight to pro-actively prepare for our future through our strategic planning process. In an effort to optimise our added value, SNV leadership strategically decided to focus our future work on three lead sectors, namely Agriculture, Renewable Energy and Water & Sanitation. This refined focus for SNV, with cross cutting emphasis on private sector development, is very much in line with the new Dutch development policies.

Despite the budget cuts, SNV has managed to realise significant development results in 2010. Through our support, the income situation of more than half a million people in farming in East and Southern Africa has been improved. In Nepal, 300,000 people gained access to sanitation services as a result of an SNV supported regional sanitation campaign. And in Ecuador, 140,000 inhabitants of the impoverished township of Milagro acquired electricity from renewable sources.

To further improve our aid effectiveness, SNV formulated standards and quality criteria for our Managing for Results framework in 2010. These standards are sufficiently flexible to address multiple donor realities and are aligned with internationally recognised Planning, Monitoring and Evaluation policies and practices.

The government budget cuts have placed greater urgency on the need for SNV to improve its business development drive. In that respect 2010 provided useful insight into what we have learnt and how we can continue to diversify and increase our funding sources. Partnerships, positioning, profiling and early intelligence were the key to all of our wins. This included amongst others securing financial contributions from DFID to the sum of 2.5 million Euros for an agricultural development project in Africa and a grant of 1.8 million Euros from AusAid for our regional Water & Sanitation programme in Asia. Developing alliances with key players like Adam Smith International, Management Systems International and Winrock has enabled SNV to further broaden our funding base. These partnerships and our improved business development processes mean that we are now better equipped to manage large proposals and implement programmes effectively.

The urgent need to further diversify our funding sources has at the same time put pressure on the need to increase our visibility and to profile our work to external stakeholders, including the media. In 2010, SNV was seriously hit by negative media attention in The Netherlands, more particularly the discussion on the director's salary and accusations of inappropriate expenditures which were further investigated in 2011. In respect of the salaries discussion SNV formally confirmed compliance with the DG norm for all remuneration effective January 1st, 2011.

At the end of March 2011, a newspaper article on unjust SNV business ethics in Latin America, based on the results of our own internal audit, caused consternation in both national media and politics. Additionally, on March 30th, 2011 the statutory director Dirk Elsen and the Supervisory Board agreed on the resignation of Mr Elsen as statutory director. The post and duties of statutory director were assumed by Allert van den Ham, the Regional Director Asia, on a temporary basis effective March 30th until the appointment of a permanent successor. Also on March 30th, 2011 the Chairman of the Supervisory Board Lodewijk de Waal announced that he was stepping down immediately from the Supervisory Board and from his position as Chairman. His post and duties were assumed effective March 30th by myself as Vice Chair of the Supervisory Board, until a permanent successor is appointed. We are grateful for the contributions that Mr Elsen and Mr de Waal made to SNV.

Nevertheless despite negative attention we have been able to create significant positive interest for our work in 2010 through a new corporate brochure, our website, social media discussions and through active engagements in both national and international events such as the Rode Hoed debate in Amsterdam, the launch of the Cookstove Alliance at the Clinton Global Initiative in Washington and our alliance with the European Commission and German development organisation GTZ at the European Development Days 2010 in Brussels.

For many reasons 2010 was a challenging year for SNV. But with continued passion and a refined focus, SNV will continue to make valuable contributions to serve those most in need, whilst taking duly on board the concerns of our stakeholders and indeed society to carefully manage the resources entrusted to SNV.

**Emile de Haas**  
**Acting Chair of the Supervisory Board**  
**20 April 2011**

## Report of the Managing Board

### Introduction by the Managing Board

This document presents SNV's annual report for 2010. It reflects on our achievements and lessons learnt and our development and organisational results, and presents our annual accounts for the year ending 31 December 2010.

The report of the Managing Board is divided into the following parts: -

**Part I:** Achievements and lessons learnt: looks back at our main achievements and lessons learnt, the development trends that influenced our positioning and the progress made on the priorities set, in view of changing realities. This part also looks at our intensified efforts to localise our work and to align our interventions with those of DGIS and other organisations.

**Part II:** Development results 2010: provides an overview of each impact area and sector in numbers, the key development results (impact and outcome) achieved, and examples of our activities in each development sector. This part concludes with a short overview of results per region.

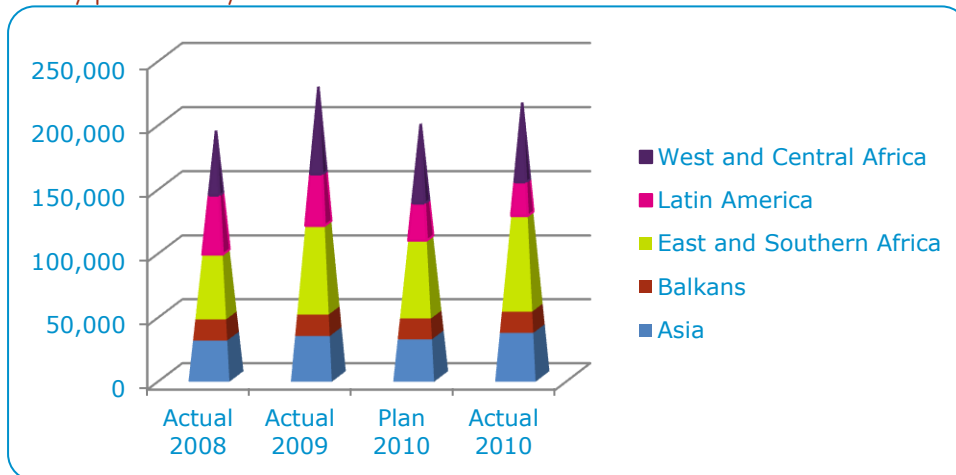
**Part III:** Organisational results 2010: describes the progress achieved on our organisational priorities, including resource diversification and communication, and how important developments affected our global workforce.

Alongside the report of the Managing Board, the annual accounts present our financial position at the end of the year and our financial performance over 2010.

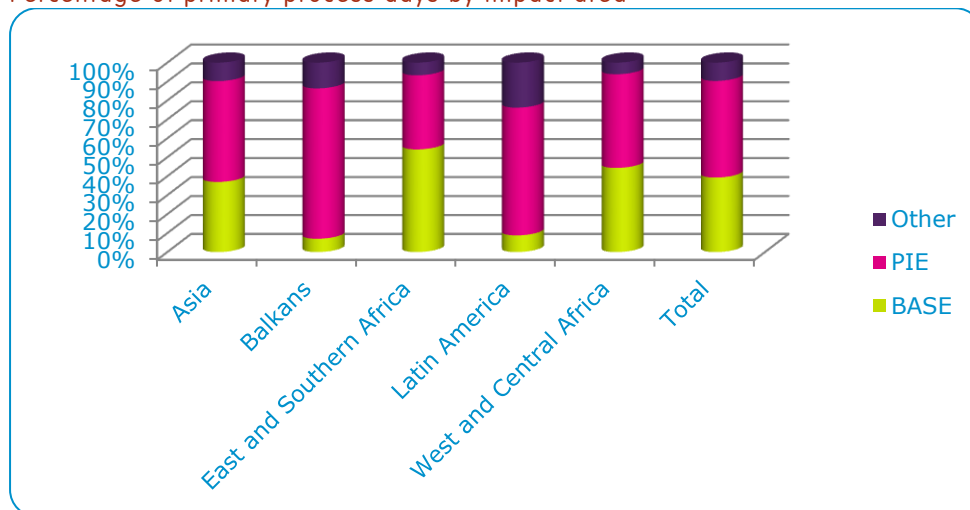
We also include a number of appendices containing more detailed quantitative information, short country overviews, development results per region, lessons learnt from evaluations and, last but not least, more than 80 individual case studies.

## Our work and our clients

### Primary process days



### Percentage of primary process days by impact area



### Primary process

We call the work we do at the ground in the regions and countries where we operate our primary process. We measure our primary process in days (as referred to in this chapter), though of course our intention is to achieve outcome and impact results (see section 'Overview of development results per sector' for general and specific examples per sector).

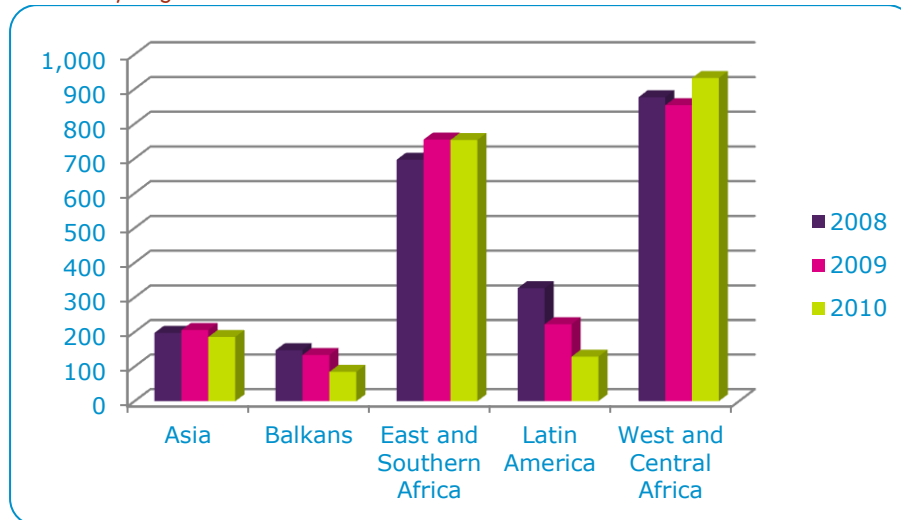
In 2010 we spent more than 214,000 days on our primary process. This is a decrease of 5 per cent compared to 2009, though the actual number of days is 8 per cent higher than originally planned for 2010. Within this there is regional variation, mainly due to differences in level of funding (resource mobilisation) that different regions were able to achieve. Asia and East and Southern Africa in particular increased their resource mobilisation in 2010.

Fifty-one per cent of our primary process targeted increased production, income and employment, while 39 per cent went on improving access to basic services. The remaining 10 per cent was invested in innovation and ensuring that we aligned with national development priorities. The investment per impact area and sector is further explained in the section 'Impact areas and sector choices'.

Our efforts to further localise our primary process, particularly by subcontracting to LCBs, paid off. In 2010, 35 per cent of our primary process days were executed by LCBs. In absolute figures this means that almost 75,000 days were delivered by more than 1,100 local capacity development organisations.

For comparison, the average number of advisors on the payroll of SNV was less than 800, of whom 70 per cent were locally recruited.

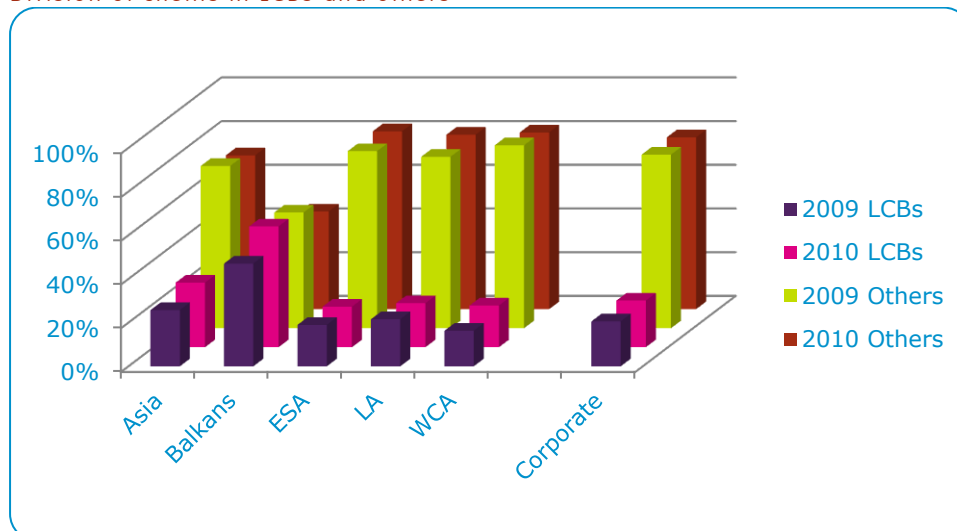
#### Clients by region



#### Clients

In 2010 we served almost 2,100 clients. This means that in general we are continuing our shift towards fewer clients (a 4 per cent decrease on 2009), except in the two African regions. This is partly because of increased resource mobilisation in these regions. As shown in the graph above there are big differences between the regions in the number of clients served, ranging from just under 100 clients in the Balkans and Latin America to more than 750 clients in the two African regions. The same kind of variation can be noted when comparing the average number of advisory days delivered to a client. For the two African regions this is less than 100 days per client, while for the other regions the average number is around 200 days.

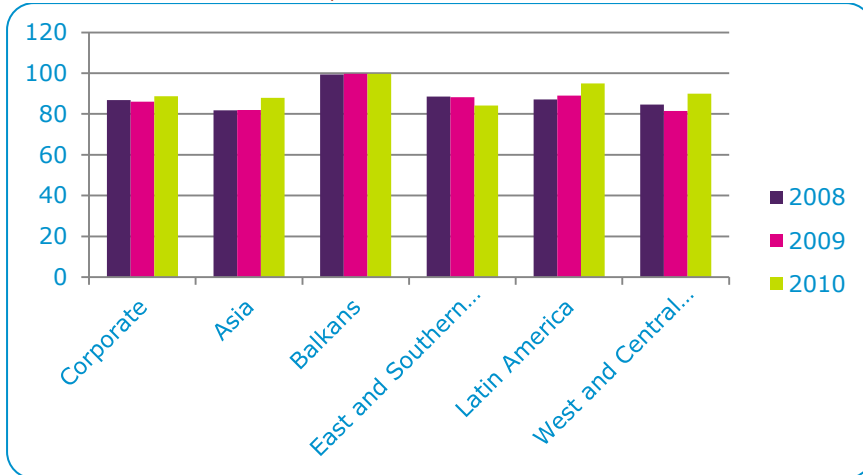
#### Division of clients in LCBs and others



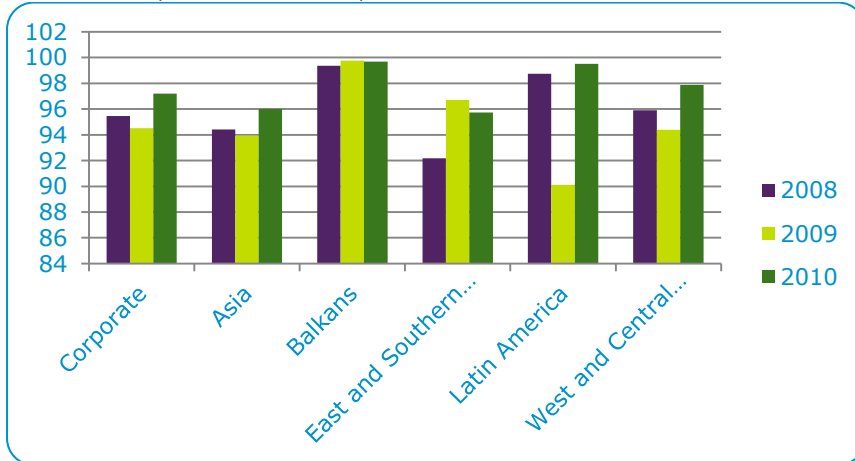
In 2010, 21 per cent of our clients were LCBs, which is in line with 2009. The percentages vary per region, with Asia and the Balkans on the high side and growing compared to 2009. In the other regions the percentages of LCBs as clients are around 20 per cent and show a stable or slightly decreasing trend.



Client satisfaction: % of days rated satisfied



Enhanced capacities: % of days with successful contribution



In 2010, 89 per cent of our clients are satisfied with the services delivered by SNV. This is slightly higher than in 2009, and in line with 2008. Ninety-seven per cent of our services contributed successfully to enhancing the capacities of our clients, and this figure also shows an overall increase compared to previous years.

## Part I Achievements and lessons learnt

### Achievements and lessons learnt

In 2010, 775 SNV advisors, together with 1,114 LCBs, gave a total of 214,132 days of capacity development support to 2,083 local actors in over 35 countries in Asia, Africa, the Balkans and Latin America. Through the resulting improved performance of local actors, and improved enabling environment, SNV contributed to increased production, income and employment, and access to basic services for a conservatively estimated 4.3 million (PIE) plus 8.9 million (BASE) low-income people.

These are very impressive numbers, and it is important to show them to appreciate the scale at which we are working and contributing to achieving development results. But the impact numbers do not tell us more than how many people benefited. We want to know *who* these people are, how and how much they and their families benefited, and whether the benefits will last, and affect others positively. We want to know how this impact was achieved, and which local actors are doing what better (outcome) to make this impact happen, as well as what SNV and local capacity builders and other partners *did*, to enable local actors to be more effective. And of course we want to know what worked, what did not work, and the reasons for this.

Therefore in the section on development results, we show impact numbers, but also examine the different outputs and outcomes leading to impact, as well as the key lessons we have learnt along the way.

To create a corporate annual report, country-level results have to be added up, generalised and selected, to give a good picture of what we have done and achieved in a year. There is, however, a risk that the specific details that make the results meaningful and relevant may be lost. This is why this report includes an additional section with around 80 case studies, covering all countries and sectors, with the level of detail needed to appreciate fully what we do and achieve. In the development results table in Part II we indicate in which case studies the highlighted examples of outcomes and impact are further explained.

Here we would like to give examples of two concrete results achieved in 2010 (please refer to Part II for a more representative overview): -

- In Nepal 23,279 households (111,739 people) gained access to biogas in 2010 through the SNV biogas programme; and 86 domestic biogas construction companies, 16 appliance manufacturers, 1,500 local masons and 800 supervisors improved their incomes through the construction of the biogas plants.
- By supporting 48 cotton producer organisations in Benin, Burkina Faso and Mali to manage inputs, market conventional cotton and produce niche market cotton and other farm products, SNV enabled more than 250,000 households (1,570,000 people) to increase their income and food security.

An important observation regarding the development results of 2010:

We focus increasingly on gender: for example, in specific outputs to increase women's participation in decision making, in our choice of which value chain to strengthen as well as in disaggregated data. This is an important observation in working for poverty elimination, because improving the position of women leads to whole families benefiting.

Concerning the lessons we learnt in 2010: an overview of SNV's contribution to development results over the past year(s) reveals a clear pattern in our approach., various types of value chain<sup>1</sup> (VC) analysis and development were practised and tested in all regions, especially in production, income and employment. The important lessons learnt during this process cumulated in the resource *SNV Value Chain Development Approach* in 2010, which will be published in 2011.

Perhaps the main lesson is that VC development involves not one or two types of services but a mix depending on the different stakeholders within a chain. The activities presented in the Overview of

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<sup>1</sup> In SNV, a value chain is formulated as a system of people, organisations and activities needed to create, process and deliver a product or service from supplier to customer.

development results in Part II of this report provide concrete examples of what is typically involved in this mix. In general SNV has learnt to adopt a systemic approach which combines: facilitation of collective processes; organisational and technical capacity development of individual or grouped enterprises, organisations or institutions; generating and facilitating access to information; and advocacy and support for enabling policy development. Governance issues are inherent and pertinent in all these aspects of developing VCs.

The multi-stakeholder character of VCs and the complexity associated with this was also highlighted in the Capacity Development (CD) evaluation in which SNV participated with three VC cases from East and Southern Africa. The evaluation, initiated by the Policy and Operations Department (IOB) of the Dutch Ministry of Foreign Affairs, used a model of five capability components: the 5C model (see Appendix O).

The evaluation showed that two of the five capabilities in particular, *to achieve coherence* and *to relate* within the VC and between VC actors and external actors, are generally promoted by SNV interventions (see also Annex X on lessons learnt from evaluations). We learnt that technical advisory services are important but that the relational aspects in VC development are also fundamental. The establishment and development of multi stakeholder platforms are concrete outputs in this respect. The three cases illustrated that SNV's support has been critical in building capacity for collective action and collaboration.

Another lesson drawn from the IOB CD evaluation was that SNV should be more explicit on how to address power issues. Proper analysis of power relations will assist in enhancing the articulation of a pro-poor strategy and in creating equal relationships (gender). This is all the more important, since other evaluations also show that poverty relevance is not made sufficiently explicit and is not well monitored during change processes.

In addition, the Benin evaluation showed, among other things, that CD only works when combined with implementation – in other words, learning by doing. This is a rather generic lesson and points to the fact that partnerships with others (who fund or actually have the implementation resources) are crucial if SNV is to be able to enable clients to learn and then put their new knowledge into practice (outcome).

Furthermore, all evaluation reports suggest strengthening the planning, monitoring and evaluation practice of our complicated and sometimes complex interventions. For instance, we should formulate intervention logics, focus more on efficiency of interventions, and regularly analyse and reflect on changes in the value chain, and use this learning to improve interventions.

## Development trends

In 2010 a number of overall trends affecting the aid industry were fiercely discussed in the Netherlands as a result of the publication of the long-awaited WRR report. Although the report was designed to inform Dutch policy making around aid, it also reflected development trends from a global perspective.

SNV participated actively in the Dutch debate, and this helped inform our own analyses and thinking about our future positioning, through the 2015+ project.

Below, we briefly explain the trends we see emerging and how they influence SNV's positioning in the future.

We see the focus on poverty expanding to include global issues that affect the wellbeing of the world's entire population and future generations. Development organisations need to be able to prove their added value beyond a traditional poverty focus.

The increasing pressure on resources, particularly natural resources, has led to sustainability becoming an increasingly important factor in our interventions. We have also noticed increasing attention on productive sectors, climate-change-related activities and financing systems and mechanisms. Fragile settings will remain a priority as conflicts (over resources) will continue and even increase.

Relatively new donor countries such as India, China, Brazil and South Africa will play a more important role. They have their own agendas and do not necessarily engage in traditional relationships. A second observation is that they do not all adhere to some of the important aid modalities and frameworks agreed upon with 'traditional donors'.

We expect traditional funding of aid (through ODA) to stabilise or decrease in the near future. We also see a trend of declining institutional or core subsidies in favour of programmatic and project-related funding in a more competitive setting.

New, emerging funders such as global private and corporate foundations, corporations and private investors are expected to increase. Requirements and disbursement may vary strongly and could well be driven by agendas other than aid.

We foresee increasing collaboration and competition among development players. The 'borders' of the traditional development domain are becoming more fluid, with different and new players appearing. Local organisations will profile themselves through good networks and extensive knowledge of local and national settings. For-profit operators will also offer services in particular niches, either specialised subsectors or a variety of specialised services and approaches. Collaboration and coordination therefore remain of utmost importance.

SNV is taking these developments into account in its way of operating in the coming years and in its future agenda (see also section on 2015+ project). The decisions taken last year about our major orientations all reflect on-going dynamics and trends in the development sector and are well aligned with the Ministry's new policy orientations.

## Priorities 2010

The annual plan 2010 as published in January 2010 already took into account the effect of the budget reduction for the period 2010–2012. These budget reductions led to a decrease in staff in the two African regions, which required the full attention of management in both regions.

At the end of the year we were overtaken by political realities, and saw substantial additional budget reductions. This shifted our focus to accelerating implementation of the 2015+ project and elaborating social plans for international and national staff.

In the section below we briefly reflect on the achievements and other developments in 2010 that influenced priority setting and execution.

In 2010 we made real advances in our priority to achieve “impact value for money”, both in practice and by defining and setting up frameworks and systems to further professionalise the outcome and impact measurement system. Among other things, six standards for Managing for results were formulated and approved, and are being implemented. This report and its appendices represent the progress we have achieved in further designing, rolling out and practising this priority.

For the resource mobilisation priority we are proud to report that we achieved 105 per cent of our ambitious 2010 plan. In comparison with 2009, resource mobilisation as a share of total income almost doubled to 20 per cent. The section on resource diversification gives further insight in the progress achieved.

For the third priority, localisation, we felt that extra attention was needed. We provided and updated the framework, described progress and focused on short- and long-term targets. This led to the publication of a document called *SNV's localisation strategy: Assessing progress and the way forward*, which was extensively discussed with DGIS and in which adjusted targets for both subcontracting to LCBs as well as efforts in Local Capacity Development Facilities were set. Recent developments put these targets in a new light, but the spirit and intention expressed in the document are still fully supported by SNV. The chapter on localisation will give more details on achievements and lessons learnt. In 2010, 35 per cent of SNV's output in advisory days was subcontracted to local capacity builders, compared to what was thought an ambitious target of 20 per cent. In financial terms, 10 per cent of our total costs were spent on LCBs.

On cross-cutting priorities, we can report that domestic accountability gained in importance in our practice in 2010. The accountability angle appeared to be a relatively easy way of integrating governance into concrete and specific interventions in the sectors we work in. Our experiences with the pilot programmes confirm that accountability is indeed an important component and tool for achieving development results. We prepared several governance case studies, and are putting together a publication on our domestic accountability experiences and results, in partnership with the European Centre for Development Policy Management. Our governance for empowerment guidelines were developed and are well integrated in our planning, monitoring and evaluation framework. We also produced a ‘gender in value chain’ manual.

For organisational priorities the achievements are differentiated, partly as a consequence of recently changing realities, and partly to illustrate our growing ambition. We made good progress on all of the priorities mentioned here. However, we have yet to achieve our ambition to have the consequences of all priorities integrated into our financial and HR methodologies, processes and systems. The reorientation of the Balkans and Latin America in view of the phasing-out of core subsidy is on schedule, but is being influenced by the very recent developments following the budget cuts. This has had major consequences for the Balkans region in particular.

## Localisation

### Results in working with local capacity builders

SNV's localisation effort intensified in 2010 and took practical shape in a range of ways. The firm rationale underlying these efforts is to a) help structurally improve the enabling environment for local capacity development and b) increase the outreach and impact of our on-going activities. The dynamics and achievements over 2010 show the following particular trends and results: -

- All regions continued to increase significantly the amount of work that they sub-contract to LCBs. This has reached between 20–30 per cent of total advisory days in all regions
- As well as increasing the volume, we started to better master the operational and administrative requirements that go with this way of working. Procedural clarifications and improvements of different kinds were made in various regions. The engagement of LCBs is becoming a more regular part of portfolio and country management. Asia and ESA have worked together to develop quality criteria and monitoring and evaluation of LCB engagement (on-going)
- With the growing volume, a considerable increase in effectiveness and efficiency was achieved (or is being pursued) by a deliberate choice in several regions to focus on 'top-end', 'preferred' and specifically selected LCBs. This coincides with a shift in emphasis from sub-contracting towards more long-standing strategic partnerships. In Rwanda for example, SNV has developed a strategic partnership with three LCBs for the coffee sector (one national branch of a regional NGO, one national NGO and one business actor). The three partners are partly sub-contracted by SNV but also bring their own resources to the table. They are now also (collectively) accessing resources as a result of the partnership with SNV. The collaboration has shown to have concrete positive effects on:
  - 
  - the quality of service delivery of the LCBs concerned and their position and reputation in the sector
  - the number of actors / part of the chain that SNV and its partners can reach / cover
  - the width and depth of support services that the four partners (including SNV) can provide
  - the power of the four partners to influence policies and institutional dynamics in the sector as a whole

Such examples indicate that the localisation strategy is indeed contributing to its goals.

- In 2010 most regions also started to look more seriously at how departing SNV staff with the required quality and potential could actually be stimulated to start up as LCBs. This was stimulated by the projections of lower numbers of own staff and, in the second half of the year by the expected budget cuts. The formation of LCBs by departing staff is expected to have on-going positive effect on the service environment. Regions have (each in their own way) established rules or guidelines to ensure that this actually happens, paying particular attention to: the quality of staff concerned, transparent competition, the need to show and develop a track record with other clients, and avoidance of unhealthy dependency-based relationships
- In 2010 further analyses / market studies into the reality of demand and supply of CD services were carried out in more than 10 countries (including Cambodia, Lao PDR, Nepal, Bhutan and Pakistan; in Ethiopia, Mozambique, Uganda, Rwanda and Zimbabwe; and in Cameroon, Benin, DRC, Burkina Faso and Niger). These were prompted particularly by the LCDF initiative (see next section). Though there are very significant variations between country settings (and even within countries) the overall analysis is strongly confirmed: -
  - there is very limited access to effective CD services at local level
  - providers tend to be concentrated in one or two main cities, and
  - services/products tend towards standardisation that responds to donor preferences and priorities and are much less geared towards the specific and nuanced real needs of local actors.
- Overall, SNV is increasingly able to help attract additional work volume / market share for LCBs in significant quantities. The volume that we help to broker (and this is often not reflected in our administrative data) is much larger than the official volume we subcontract. SNV ESA, for example, estimates it has (informally) brokered at least EUR 6 million for LCB work. A significant part of our

formal resource mobilisation is also for LCB engagement: in Tanzania, EUR 1.7 million was allocated to LCB work in 2010

- With practical progress being made, knowledge development and professionalization among LCBs began to gather pace towards the end of 2010. In Asia, partner LCBs were invited to participate in SNV courses and workshops. SNV in the Balkans encouraged LCBs to adopt multi-actor approaches as opposed to single-actor capacity development. WCA involved LCBs in the Leadership for Change programme. And ESA also started to experiment with specific knowledge and learning events for LCBs, and aims to intensify this effort in 2011. More globally, towards the end of the year a reconnaissance was started to look into a possible professionalization initiative to increase professional learning opportunities in change management and facilitation, capacity development and social innovation for the increasing volume of serious Southern professionals that have so far had far more limited access to such opportunities than Northern professionals.
- Finally, in 2010 we further increased our external engagement in information brokering and advocacy around effective capacity development and the cutting-edge challenges and trends. In general, the development sector and the donor community still have limited understanding of modern CD approaches, of the reality of demand-supply dynamics and of how CD can be more effective and relevant. The publication of the resource volume *Capacity Development in Practice* was an important achievement in this respect. It has sparked a range of external presentations, engagements and discussions in individual countries, internationally and in the Netherlands. Towards the end of 2010, and with the 2011 High Level Forum on aid effectiveness in Busan, Korea in mind, SNV began to support discussions on local development effectiveness. This involves Southern actors and collaboration with specific international players such as UNDP, EU, LenCD, GTZ and the recently-established African Platform on Aid Effectiveness.

## Results in Local Capacity Development Facilities

### Introduction

The initiative started with a deliberate decision to promote participation of countries and regions where core subsidy would be phased out. Energy was focused on Albania, Vietnam and Latin American to carry this initiative forward. In 2009 more countries began to participate by carrying out preparatory studies of existing local capacity development provision.

In 2010 we reflected on the lessons learnt so far in our localisation strategy. It became clear that aligning with SNV's sector focus in each country would strengthen the LCDF initiative. Furthermore, a closer relationship with SNV would help improve governance, with LCDFs gaining autonomy within two years. The original ratios for back office support to cash participation continue to hold true although we expect back office and advisory support to be an average of 15 per cent per year over the period of SNV support.

### Overview

In 2010 we saw a significant surge in LCDF activities from the corporate through to the field. Nineteen LCDF initiatives were 'live', from initial reconnaissance and field activities through to fully independent and active facilities. Activities focused on: -

- building effective constituencies for ownership and governance of national LCDFs
- positioning LCDFs within the legal and regulatory environment in countries of operation
- operational processes for financial and technical support to scale local solutions
- creating relevant and cost-effective ICT applications such as service provider and tendering portals
- developing an initiative-wide governance and financial management framework.

### Status of facilities

#### Active

Albania: In November 2010 the Albanian Local Capacity Development Foundation (ALCDF) was launched. Activities focused on operationalizing the funding and brokering modalities, with the first call for proposals in early 2011 in the rural development sectors of agriculture, forestry, tourism and local governance.

Vietnam: The Vietnam LCDF, "SPARK" progressed with the full development of its governance, financial set up and operations. It organised market place events for CDS providers, developed a network of LCDF ambassadors and ran proposal workshops on impact investment.

Kenya: 2010 saw the formation of a governance secretariat, including government trust funds and other donor organisations, to steer the development of the Kenya Local Capacity Development Initiative. Two local foundations were selected to host the Initiative, which focuses on the WASH and agriculture sectors.

Latin America: LCDF is a regional initiative, formalised as a partnership in a technical assistance facility with responsibility Invest AG.

#### *Commencement*

Four countries were engaged in a commencement process in 2010.

Country	Sector	Activity
Ghana	Health and education	CD market environment analysis and engaging donors
Cameroon	Forestry and pastoralism	Local organisation fully involved with governance
Ethiopia	WASH	Engagement of local actors for the development of the facility.
Mozambique	Agriculture	Engagement of national and local organisations, and donors

#### *Pre-commencement*

Ten countries carried out sector studies and feasibility analyses, engaged in multi-stakeholder processes and developed proposals in 2010.

Country	Sector	Activity
Lao PDR	Agriculture	Sector studies, feasibility analysis
Nepal	Renewable energy	Feasibility analysis
Ethiopia	Agricultural extension	Proposal development
Uganda	Agricultural	Proposal development
Rwanda	Agriculture	Proposal development
Zimbabwe	Agriculture	Multi-stakeholder processes, proposal development
Niger	Pastoralism	Sector analysis
Burkina Faso	Pastoralism	Sector studies
Benin	Agriculture and pastoralism	Proposal development, sector studies
DR Congo	Forestry and agriculture	Multi-stakeholder processes, proposal development
Pakistan	Health	Proposal complete, on hold.

#### *Funding partnerships and support*

In September 2010, LCDF was presented at the Clinton Global Initiative (CGI) for partnership support. Also during 2010, Hivos and SNV signed a cooperation agreement for the formation of new LCDF organisations and to fund on-going initiatives. In the following countries, pledges have been made contingent upon the full development of national LCDF entities.

Country	Donor
Albania	SIDA
Kenya	Water Services Trust Fund, Kenya Community Development Fund, Hivos
Mozambique	CEGOV, CSDF, EKN, SIDA
Ethiopia – WASH	Water Aid, PAN, CRDA, UNICEF, CBCB, MoWR-NWCO, KMG
Ethiopia – Agriculture	Share people, ICCO, GTZ
Uganda	DFID, EKN, Hivos
Zimbabwe	Danida, Hivos, DFID, World Bank
Rwanda	Ministry of Local Government

#### **Budget reduction**

The overall budget cuts will significantly reduce the budget for LCDF in 2011. The number of initiatives is expected to drop to 12.



## Complementarity with DGIS and other organisations

In the 2007–2015 subsidy application, SNV wanted to use its unique position and reach to strengthen its complementarity with DGIS, especially in bilateral partner countries. Through the different roles that both organisations play they are well positioned to increase the effectiveness of each other's work. To this end SNV wanted to: -

- Coordinate and communicate systematically with EKN in bilateral partner countries
- Allocate a minimum of 50 per cent of its capacity in these countries to jointly-agreed-upon themes that are of relevance to the bilateral presence
- Develop a common vision with the Embassy on the mutually-agreed themes
- Monitor and feedback information on implementation at the meso-level to the national level and
- Stimulate and facilitate discussions between different actors at various levels to bring out and reduce the micro-macro disconnect.

In the Balkans, complementarity is broader than simply with EKN. The Dutch bilateral development programmes have phased out or are phasing out in all countries in the region and the EKN policies have shifted to support the EU preparedness agenda.

Relations with EKN have evolved from donor-recipient to partners in development to a more independent and mutually supportive relationship. There is no formalised cooperation, as this would not fit the spirit of the evolving relationship.

The EKNs support SNV by advocating for Dutch organisations' involvement in EU accession programmes, while SNV supports EKN in Albania with the final phase-out of two programmes (Mjaft and Diber, both terminated in 2010). Also in Albania, SNV was able to match clients with EKN instruments such as the PUM programme and the match-making facility. In Macedonia, EKN and SNV cooperated on tourism support and land management, with DLG-Dienst Landelijke Gebieden.

In West and Central Africa, complementary programmes between SNV and EKNs exist in the four partner countries Benin, Mali, Ghana and Burkina Faso (with, respectively, 49 per cent, 53 per cent, 31 per cent and 42 per cent overlap between programmes). In Benin, Mali and Ghana mechanisms have been set up for information exchange, joint agenda setting, decision making, task division and joint monitoring, all formalised in MoUs, to bridge the micro-macro divide.

Aside from the collaboration with EKN in the four partner countries, SNV has good relations with EKN in Cameroon and DR Congo. There are also good relations between SNV in Niger and the EKN in Burkina Faso.

In 2010 SNV further established complementarity with Dutch NGOs like ICCO, Cordaid, HIVOS and Agitererra, and with knowledge centres like KIT, ECDPM, VNG and University of Wageningen in several countries, emphasising the regional – often sub Sahel – context, especially in agriculture, WASH, health and governance.

In East and Southern Africa, SNV countries across the region made further progress in aligning with Dutch development partners in 2010. In all nine countries, we have formal agreements with EKNs. In four SNV country programmes (Mozambique, Rwanda, Tanzania and Zambia) domestic accountability programmes with EKNs are fully operational. In education, we formalised an agreement with EKN on the new Abeyei Programme in South Sudan, and extended an education intervention with ICCO in Upper Nile. We signed a partnership with Oxfam-Novib on media and governance. In Zambia, the tripartite agreement between EKN, SNV and the Ministry of Education was extended and reinforced under the domestic accountability programme.

The country WASH partnerships with UNICEF are indirectly linked to DGIS, not only in terms of funding, but also content-wise. In 2010, the number of WASH partnerships was further extended, and existing ones were scaled up.

The DGIS-HIVOS-SNV partnership in the Africa Biogas Partnership Programme (ABPP) is active in Ethiopia, Kenya, Tanzania and Uganda. Some important issues to be solved came to light in 2010, and

this contributed to an improved working relationship with HIVOS, which translated into increased performance and production levels. It also further strengthened our joint working with HIVOS on the Twaweza citizen initiative in Kenya, Uganda and Tanzania.

In economic development, the EKN-SNV partnership in the Business Organisations and Access to Markets (BOAM) programme in Ethiopia will continue until August 2011. In addition, we partner with WUR and the Maastricht School of Management in value-chain research. Also in 2010, in Mozambique we signed a new contract with IPEX, the national export promotion agency, which is funded by EKN. In Ethiopia as well as in Rwanda, Uganda and Zambia, SNV is part of the Agriprofocus alliance. In Tanzania and Uganda we are partnering with Agriterra on value chain development and producer group strengthening, while in Zambia, HIVOS and SNV have been providing complementary fund management and capacity development services respectively in an EC-funded biofuel (jatropha) programme. In Zimbabwe, HIVOS and SNV formalised their complementarity in the Zambia Agriculture Development Trust, which will host a USD 4 million per year credit fund, brokered by SNV, from DANIDA. Earlier established partnerships between SNV, EKN and Cordaid in agriculture continued.

Although no formal collaboration agreements exist in Asia, SNV continued the honorary consular functions in Nepal and Lao PDR. In Nepal SNV represented the Netherlands in all important donor forums, in particular those in the EC context. Coordination with the Netherlands Embassy was strengthened in Bhutan, and a dialogue on extended involvement of SNV in Pakistan was maintained. Further collaboration was sought with Dutch NGOs, in particular HIVOS (Indonesia and Cambodia), Oxfam-Novib (Lao PDR, Pakistan and Vietnam) and Cordaid (Vietnam). Joint programming will increase opportunities for external resource diversification and will use the strengths of each organisation, with SNV bringing in contextualised expertise, and the Dutch NGOs bringing in expertise in, for example, international markets and lobbying. The partnership with IRC is active in all our sanitation activities, producing new development approaches and delivering results.

In Latin America SNV continue to foster partnerships with other organisations in all sectors, notably with Dutch NGOs Fact, HIVOS, and Cordaid in the renewable energy, Inclusive Business (IB) specialty commodity and vocational education sectors. In Nicaragua, we align with EKN on IB projects with FUNICA (Nicaraguan coffee growers cooperative) and with CEP (Centro Empresarial Pellas), and in Bolivia, with the PFI Domestic Accountability Project. We work closely with EKN officials to ensure programming and policy alignment.

## Part II Development results 2010

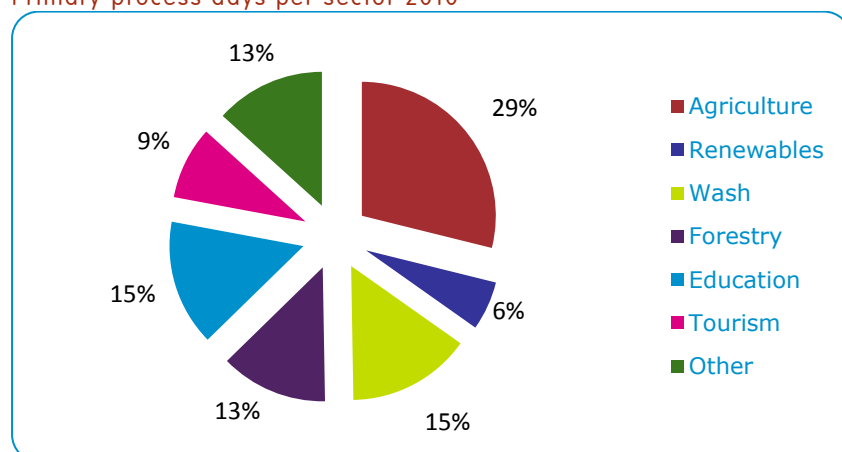
### Impact areas and sector choices

SNV continued to concentrate on the six agreed sectors (Agriculture, Renewables, WASH, Forestry, Education and Tourism) in 2010. Regions were permitted a regional specialism, like Primary health care in West and Central Africa (almost 8,000 PP days, included in 'other' in table below). The division basic services (BASE) and production, income and employment (PIE) is 40/60. At the end of 2010, SNV decided to concentrate for the 2015+ strategy on the first three sectors, which in 2010 represent approximately half of SNV's output. The section "Overview of development results per sector" describes the achievements per sector and per region.

#### Primary process days per sector in 2010

Sector	Corporate		Asia		Balkans		ESA		LA		WCA	
	Plan	Actual	Plan	Actual	Plan	Actual	Plan	Actual	Plan	Actual	Plan	Actual
Agriculture	66,551	61,810	7,150	8,075	2,800	3,160	16,844	20,004	12,780	7,384	26,977	23,187
Renewables	16,849	12,682	5,525	5,564	0	0	5,399	4,375	4,260	1,070	1,665	1,673
Wash	26,090	32,001	5,850	8,381	850	1,148	12,946	15,898	0	0	6,444	6,574
Forestry	21,053	27,739	6,175	7,033	6,800	6,999	4,237	4,440	0	4,745	3,841	4,522
Education	25,381	32,644	0	0	0	0	12,449	19,643	4,260	1,857	8,672	11,145
Tourism	18,473	18,828	6,175	4,700	2,080	2,836	5,239	4,188	1,420	4,504	3,559	2,599
Other	23,108	28,429	1,625	3,645	3,330	2,229	2,727	4,913	5,680	6,107	9,746	11,534
<b>Total</b>	<b>197,505</b>	<b>214,132</b>	<b>32,500</b>	<b>37,398</b>	<b>15,860</b>	<b>16,373</b>	<b>59,841</b>	<b>73,460</b>	<b>28,400</b>	<b>25,667</b>	<b>60,904</b>	<b>61,234</b>

#### Primary process days per sector 2010



## Overview of development results per sector

### Introduction:

This overview of development results is made up of the following elements per sector: a table of selected examples of representative outcomes and contributions to impact of our work; a paragraph on the approaches used in the sector, with specific information on typical outputs; a paragraph on knowledge development and partnerships; and last but definitely not least: a paragraph on lessons learnt in the sector.

In the process of writing a corporate annual report, a lot of detail on what we do and what we achieve with local actors, is inherently lost. Therefore in the annexes we have included the full set of development results tables of all five regions for reference purposes. In this year's annual report we have also included a collection of around 80 case studies covering all sectors and almost all countries. In the development results table in this chapter it is indicated which case studies relate to which development results<sup>2</sup>. The case studies offer all the detail needed to fully appreciate SNV's work and the achievements made with specific client groups.

Tables in which we present results per sector and per region give a quick overview of SNV's achievements of this year. But such tables are of course not the best way of showing the intervention logic we followed; what we invest and what we do, which capacities we built, how this leads to improved performance and enabling environment and contributes to impact in BASE and PIE. The case studies do bring these elements of the results chain together, and are therefore an essential part of this year's annual report.

All the results mentioned in the tables below are a consequence of SNV's involvement, and the local actors mentioned in the outcomes are SNV's clients.

In the tables below you will notice that the impact numbers we contribute to in the BASE impact area are much bigger than those in PIE. Working water-points, latrines, children in school and bio-digesters are more visible and easy to measure, than how many people increased their income, and from what. Basic services are the responsibility of government: when it improves its performance this has a positive effect on whole communities, reaching thousands of people at the time. What is important however is to know not only whether people have access to water, a latrine and a bio-digester, but to also make sure these are used and maintained well and benefit low income households. That SNV's interventions are designed around sustainability and relevance becomes especially clear in the case studies.

### Agriculture

Agriculture is the biggest sector SNV works in: all five regions, in different value chains, depending on the situation in the countries. Our interventions in this sector aim to ensure that rural low-income households reap the full benefit from their land and from forests, enhancing productivity, increasing incomes and improving living conditions while striving to protect these natural resources from degradation.

Asia:	
Contribution to impact:	Outcomes:
<ul style="list-style-type: none"><li>▪ Nepal: In pilot for the High Value Agriculture Programme (HVAP) 1,609 households increased their incomes (collectively by EUR 27,830), from the production and sale of apples, vegetable seeds and chiuri (butter nut tree), in 2010. See case study 6 and 7.</li><li>▪ In the Laos Bamboo programme,</li></ul>	<p><b>Improved service delivery of SNV clients:</b></p> <ul style="list-style-type: none"><li>▪ 17 farmer cooperatives established, re-activated or expanded their business from saving &amp; credit to support the production and marketing of apple, vegetable seed or chiuri (Nepal HVAP). See case studies 6 and 7.</li><li>▪ More than 2,000 households accessed monthly market information on cardamom from Enterprise Information Services in Lao Chau and Lao Cai, leading to producers</li></ul>

<sup>2</sup> Where we have a case study specifically about the outcome or impact mentioned in the tables, it says "see case study...". Where we have case studies which are about a similar intervention, it says "see related case study...".

<p>bamboo producers from Sangthong, Houaphanh and Luang Prabang provinces increased their net incomes by, respectively, USD 1,100 (275%), USD 150 (300%) and USD 80 (80%) per household per year.</p> <ul style="list-style-type: none"> <li>In Vietnam 3,400 households in Lao Chau and Lao Cai provinces increased their incomes by 15–20% from cardamom production and sales. See case study 8.</li> </ul>	<p>selling their cardamom at more competitive prices (Vietnam). See case study 8.</p> <ul style="list-style-type: none"> <li>After training / extension on sustainable production by 15 local service providers (trained by SNV) in the provinces of Thua Thien Hue, Quang Tri and Quang Binh, approx. 2,000 farmers applied the sustainable production practices in cassava (Vietnam) See case study 9.</li> <li>Tea cooperatives undertook cost-benefit analyses and disseminated findings to their members; facilitated a linkage brokering workshop; set up their own green leaf collection centre and acquired external funding (Nepal).</li> <li>Mobile-based marketing information system fully functional and serving all farmer groups &amp; individual farmers throughout the country (Bhutan).</li> <li>Farmer groups (fruit and vegetables) trained in business management, organisational development and governance-strengthening and supported to improve market linkages by Department of Agriculture Marketing &amp; Cooperatives (DAMC) and the Regional Agriculture Marketing &amp; Cooperatives (RAMCO) (Bhutan). See case study 3.</li> <li>400 households trained in processing non-timber forest products by ITMS and Bio-Bhutan. (Bhutan). See case study 3.</li> <li>Over 12,000 farming households received improved seed, fertilisers, cash advance and extension support from 21 rice milling companies in six provinces (based on Inclusive Business plans) to improve rice production and supply to the national market (Laos Enhanced Milled Rice Production programme). See case study 5.</li> </ul> <p><b>Improved enabling environment:</b></p> <ul style="list-style-type: none"> <li>Provincial government is branding bamboo as the green gold of Houaphanh. (Laos)</li> <li>Procedures drafted for sourcing medicinal plants by ITMS from Bhutan (promoting the buying of medicinal plants from Non Timber Forest Products groups in Bhutan). See case study 3.</li> <li>Market information on NTFPs available for traders and other stakeholders on the Ministry of Agriculture and Forestry website. (Bhutan) See case study 3.</li> </ul>
<p><b>Balkans:</b></p>	
<p><b>Contribution to impact:</b></p> <ul style="list-style-type: none"> <li>Macedonia: Increased employment and income for about 100 poor horticulture farmers through collective action (cooperatives), improved quality of agricultural production and the set-up of an Agriculture Business Incubator (Development) Centre. See case study 19.</li> <li>Albania: Employment and income generated for 4,600 of farmers living in mountainous areas by improving the value chains of small ruminants, herbs &amp; spices and horticulture (apples). See case study 20.</li> </ul>	<p><b>Outcomes:</b></p> <p><b>Improved service delivery of SNV clients:</b></p> <ul style="list-style-type: none"> <li>In Macedonia: The 100 member farmers of three cooperatives secured 20% lower production costs due to bulk purchase of inputs and access to subsidy programmes.</li> <li>In Macedonia better-informed farmers are negotiating better business deals, due to a computerised system of prices and market information (Macedonia). See case study 19.</li> <li>In Albania small ruminants farmers benefit from the training of 67 private vets who now provide better quality health care. See case study 20.</li> </ul> <p><b>Improved enabling environment:</b></p> <ul style="list-style-type: none"> <li>Macedonian government changed their position on cooperatives: in 2010 cooperatives were acknowledged as business entities and given preferential treatment in subsidies and IPA programmes.</li> </ul>
<p><b>East and Southern Africa:</b></p>	
<p><b>Contribution to impact:</b></p> <ul style="list-style-type: none"> <li>Increased production, income and/or employment for an estimated aggregated 139,000 people in oilseeds, 99,000 in horticulture, 148,000 in livestock, 93,500 in non-timber forest products (honey,</li> </ul>	<p><b>Outcomes:</b></p> <p><b>Improved service delivery of SNV clients:</b></p> <ul style="list-style-type: none"> <li>In Kenya the co-management model of local livestock markets developed with SNV in Samburu expanded to a further seven districts and the model is being promoted by the Ministry of Livestock and Fisheries<sup>3</sup>.</li> </ul>

<sup>3</sup> The livestock value chain in Kenya, the honey value chain in Ethiopia and the oilseeds value chain in Uganda were part of the IOB Capacity Building evaluation in 2010.

<p>gum acacia, shea butter), and 88,000 in other products (coffee, rice, etc) across the entire ESA region. See case studies 26 – 39.</p> <ul style="list-style-type: none"> <li>▪ Ethiopia: increase in honey production from approximately 24,600 tons in 2004/05 to 39,660 tons in 2008/09 (61% increment in a period of four years). Honey also increased in price from USD 1 to 1.2 per kg over the same period.</li> <li>▪ Uganda: oilseeds yields increased from 600 kgs per acre in 2007 to the current 1,000 kgs per acre. The farm gate prices also rose from some USD 0.17 in 2007, to USD 0.37 per kg of raw material in 2010.</li> <li>▪ Rwanda: Honey and coffee farmers' annual incomes increased, from USD 52 to USD 192. See case study 27.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Ethiopia: The actors in the honey value chain, supported by the SNV programme, reached 27,000 farmers by early 2010, having started exporting table honey to the European market in 2008.</li> <li>▪ In Uganda the number of households engaged in oilseed farming increased from about 150,000 three years ago to 500,000 in 2010. The number of processors has also increased from 4 in 2006 to 34 in 2010.</li> <li>▪ In Rwanda, 30 honey cooperatives and 72 coffee cooperatives (supported in governance, and business plan development by SNV) are implementing their business plans and increasing their revenues. See case study 27.</li> </ul> <p><b>Improved enabling environment:</b></p> <ul style="list-style-type: none"> <li>▪ In Zambia, SNV facilitated the establishment of the Zambia Rice Federation as a national association of rice farmers. The Rice Federation gave input into the Zambia National Government Rice Strategy and aligned with local and international stakeholders. See case study 56.</li> </ul>
<p><b>Latin America:</b></p>	
<p><b>Contribution to impact:</b></p>	<p><b>Outcomes:</b></p>
<ul style="list-style-type: none"> <li>▪ By our work in agribusiness (including national policy changes) SNV contributed to an increased income / production, or employment for an estimated total of 500,000 low-income people in Nicaragua, Honduras, Ecuador, Peru, Bolivia, El Salvador and Colombia. See case studies 57 and 58.</li> <li>▪ In Nicaragua: income and employment were generated for 3,261 small coffee producers, along with seasonal jobs for approximately 20,000 low-income people (coffee picking and other work).</li> </ul>	<p><b>Improved service delivery of SNV clients:</b></p> <ul style="list-style-type: none"> <li>▪ In the PROCASO project (funded by Irish Aid and Solidaridad) SNV developed and delivered a programme which has led to 19 coffee grower cooperatives in Nicaragua now providing technical assistance and internationally-recognised premium coffee certification training and labels to more than 3,261 small coffee producers, who are exporting more than 126,000 bags of premium coffee.</li> </ul> <p><b>Improved enabling environment:</b></p> <ul style="list-style-type: none"> <li>▪ In Bolivia in an Inclusive Business venture with an alpaca textile/fibre materials provider COPROCA, SNV developed the first internationally-recognised certification for organically produced fibre from llamas and alpacas. See case study 58.</li> <li>▪ Successes in Inclusive Businesses have stimulated governmental demand for policy reforms and programmes for economic and social inclusion in the agribusiness/ agricultural sector, especially in the poorest countries of the region: Ecuador, Bolivia, Honduras and Nicaragua.</li> </ul>
<p><b>West and Central Africa:</b></p>	
<p><b>Contribution to impact:</b></p>	<p><b>Outcome:</b></p>
<ul style="list-style-type: none"> <li>▪ 46,462 producers (including women) increased their production due to improved service delivery by producer organisations and other structures in Benin (1,500), Burkina Faso (9,680), DRC (16,770) and Mali (18,512). See case studies 62 -71.</li> <li>▪ 2,123 milk producers (1,778 women and 345 men) improved their diary production and marketing of milk products through establishment of dairy centres, in Benin (95), Burkina Faso (645) and Cameroon (1,383). See case studies 70 and 71.</li> <li>▪ Mali: 81% of the households that implement the farm management advice system produced sufficient food for the household as well as surpluses for the market. See case study 69.</li> <li>▪ 48 cotton producer organisations in Benin, Burkina Faso and Mali received support with managing inputs, marketing conventional cotton and producing niche market cotton and other farm products. As a result, more than 250,000</li> </ul>	<p><b>Improved service delivery of SNV clients:</b></p> <ul style="list-style-type: none"> <li>▪ In Guinea Bissau after SNV worked with producer organisations (with a total of 80,000 members) on inclusion and transparency, 80% of them are now headed by women.</li> <li>▪ Burkina Faso: SOCOPROLAIT manages a mini dairy centre in Houndé (Tuy province) where more than 400 women and 245 men cooperative members deliver and process their milk. The volume of milk processed in 2010 was 80 % higher than in 2009, earning producers FCFA 4,275,000 – an increase of 111% See case study 70.</li> <li>▪ Improved and cheaper veterinary health services increased production and income of 500 livestock farming households in Benin.</li> <li>▪ By piloting the Farm management system, cotton producer organisations in Mali, Burkina Faso and Benin developed members' business skills, and increased production, revenues and food security of 6,981 households. See case study 69.</li> <li>▪ In Ghana the price of shea butter increased due to better quality, leading to higher incomes for the producers (mainly women). See related case studies 62 and 64.</li> </ul> <p><b>Improved enabling environment:</b></p> <ul style="list-style-type: none"> <li>▪ Pro-poor policies improved as a result of effective lobbying and advocacy by multi-stakeholders platforms in</li> </ul>

<p>households (estimated 1,570,000 people) increased their income and food-security. See case study 69.</p>	<p>Mali (shea 4 actors, sesame 8 actors).</p> <ul style="list-style-type: none"> <li>▪ Women's unions and producer organisations negotiated with the environment department and gained formal access Shea tree products in state-controlled forests in Mangodara, Burkina Faso. See related case studies 62 and 64.</li> </ul>
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### Approaches in the Agriculture sector

For most of our work in the Agriculture sector we use a value chain development (VCD) approach, which increasingly relies on market-led solutions. SNV provides support along several steps of the chain, including: -

- producer group formation and strengthening
- multi-stakeholder platform strengthening
- management planning
- financing
- processing
- product development
- marketing
- creation of effective government policies for market access and inclusion of small farmers.

Governance issues are incorporated in all aspects of the value chain, especially during the group formation process and the formulation of by-laws. An approach closely linked to and combined with VCD is Inclusive Business. This approach was developed by SNV Latin America in 2008, where teams now have an impressive track record in applying it. There has been considerable exchange with the other regions; SNV in Asia especially is beginning to use Inclusive Business, followed by ESA and WCA. In Latin America, Inclusive Business is complemented by approaches such as public policy development, vocational education, and impact measurement.

In WCA in the Agriculture sector our added value in 2010 was in the integration of food security and land issues in our value chain approach. Livestock is an important sub-sector in WCA. Here our ambition was to boost livestock production through secured access to pastoral resources and to improve pastoralists' revenues from the sale of cattle and marketing of dairy products (mainly by women).

### Examples of SNV activities used in the sector

- Producer group strengthening: leadership development, business skills development, technical skills development (for example, improving techniques for production, post-harvesting, farm management, storage, packaging and marketing)
- Multi-stakeholder processes
- Value chain financing, brokering of funding
- Vocational education, curriculum development
- Market intelligence, information services on radio / internet / mobile phone
- Service provider strengthening
- Public policy management, advocacy to government.

### Knowledge development and partnerships

Knowledge development is an integral part of our work in agriculture. Below are some specific initiatives from 2010: -

- SNV in Asia and Latin America worked together to develop an Inclusive Business approach for the Asian market
- SNV Latin America continued to innovate the Inclusive Business approach with the following themes: how ethnography relates to base-of-pyramid (BoP) market potential, how ICT can best accommodate BoP market initiatives, and how impact investment can measure returns on BoP investment
- The Ford Foundation is funding research by SNV Latin America's Knowledge Institute on Inclusive Business practice in the region: what works, what does not, and how it contributes to poverty reduction.

We also participated in a number of conferences: -



- The Global Conference on Agriculture, Food Security and Climate Change, organised by the Dutch Ministry of Agriculture, FAO, World Bank and others in The Hague
- The OECD International Conference on Economic Inclusion (Ecuador)
- The Global Shea Conference in Bamako (Mali)
- The high-level knowledge event on farm management and service delivery mechanisms in Ouagadougou (Burkina Faso)
- The African Union consultative meeting on the African Pastoral Policy Initiative
- General assembly of the World Initiative for Sustainable Pastoralism.

In WCA, action-research was undertaken on several topics: -

- Land rights and acquisition, good governance and social inclusion / gender, funded by the Land Academy (Utrecht, NL) in Benin, Burkina, Mali, Niger, DRC and Guinea Bissau through partnerships with KIT and local producer organisations
- Options for collective action benefiting value chains for the onion (Niger), shea nut (Burkina Faso) and palm oil (DR Congo) with Wageningen University and local producer organisations
- The position of women in cotton-based value chains (Burkina Faso) and action for economic emancipation and on Inclusive Business in organic cotton based value chains including soya, peanuts and sesame.

In the second half of the year, WCA's Oilseeds, Fruits and Vegetables, Livestock and Cotton sectors moved into one knowledge network, Agriculture, with one knowledge network leader, facilitator and sector head.

National, regional and corporate level partnerships are essential to SNV's effectiveness in the sectors. The list of partnerships in the regions is too long to list here, but our international partners include: IFAD, IDB, Ministry of Foreign Affairs of Denmark, USAID, EU, UNDP, The Embassy of the Netherlands (EKN), CARE, FAO, WBCSD, IFC, Technoserve, Ford Foundation, Rabo Bank Foundation, Solidaridad, Utz, IFAD, ICCO, DANIDA, AUSAID, HIVOS, CORDAID, World Vision, KIT, Oxfam GB, SIDA, Wageningen University, World Bank, Agritererra, GTZ, Helvetas, SIDA, Action Contre la Faim, Swiss Development Cooperation, DED, WFP, Bill and Melinda Gates Foundation, IUCN and AgriProFocus.

In the case studies in the annex, more detail can be found on how we work with different partners in the Agriculture sector.

### Lessons learnt

We learnt some valuable lessons in 2010. Most of these relate to our interventions in value chains, which contribute to the development of a rather systemic value chain approach: -

- The importance of value chain analysis, proper power analysis, and of comprehensive and inclusive value chain development, which requires equal access to information, building relationships / conflict resolution and incentivising collaboration. In one example case, producers' unions started to develop long(er)-term relationships with commercial clients/buyers who were prepared to pre-finance agricultural production and marketing. This reduced the producers' traditional dependency on credit providers and showed increased professionalism and an ability to negotiate deals with buyers.
- Our role and that of LCBs, in developing value chains requires us to build good relationships with partners, based on professionalism and trust. In Benin, for example, reforms in the cotton sector had direct consequences for our collaboration with clients and partners. Being well informed and able to adapt to these reforms and our relevant partnerships showed the trust we had developed with our partners.
- Our role and that of LCBs, in developing value chains requires us to build good relationships with partners, based on professionalism and trust. SNV connects the micro and the macro levels. The Benin evaluation report remarked for instance that for the cotton and the water and sanitation programmes this facilitating role is extremely important. The presence of the SNV teams at central level and the close collaboration with the micro level enables us to play this role well.



### Lessons learnt in value chain development in general

- In all initiatives SNV increasingly profiles itself on market-based solutions for the poor through inclusive value chain development.
- SNV’s approach to value chains, involving all actors along the chain, is very much in line with donors’ emphasis on making markets work for the poor.
- The 5 C model of capacity development, used in the IOB capacity development evaluation, gave us further insight into how capacity actually develops. It helped to clarify the role of capacity developers like SNV in the value chain system.
- Multi stakeholder platforms are instrumental in building trust and addressing accountability and governance.
- Partnership building through joint planning and monitoring helps to avoid delays in implementation and in achieving successful results.

### Renewables

Our biogas programmes, which originated and are still expanding in Asia, have been successfully adapted to ESA and WCA. The number of households now using a bio-digester is truly impressive, and so is the impact on people’s lives: improved health of women and children, reduction in domestic labour time, increased food production, increased household incomes through savings on energy expenses and increased employment. As Madame Kwenti from Cameroon shares: *"For me, biogas is a present from heaven. I used to spend about FCFA 15,000 (EUR 22.50) per month on wood. Since I installed my bio-digester two months ago I have not bought any wood. Biogas allows me to start saving money and I need less time to prepare my meals."*

Asia:	
<b>Contribution to impact:</b>	<b>Outcomes:</b>
<ul style="list-style-type: none"> <li>▪ In Cambodia in 2010, 3,600 households (20,160 people) acquired access to biogas through SNV’s involvement in the sector (the total is now 56,000 people), improving their livelihoods by providing a modern energy supply for cooking and lighting, improved sanitation, health (reduced indoor air pollution), and time and money savings.</li> <li>▪ In Vietnam an estimated 550,000 people now have access to biogas, including 150,000 who gained access in 2010.</li> <li>▪ In Nepal, Improved Water Mills (IWM) benefited 556 households directly, and 28,912 households indirectly, providing access to basic services like grinding, rice hulling, oil expelling, electrification and chyura beating.</li> <li>▪ In Nepal 23,279 households gained access to biogas, while 86 domestic biogas construction companies, 16 appliance manufacturers, 1,500 local masons and 800 supervisors improved their incomes through the construction of biogas plants.</li> <li>▪ In Laos 850 households (4,250 people) have a bio-digester and jobs were created for 100 local masons.</li> <li>▪ In Bangladesh each household with a bio-digester saved an average of BDT 777 monthly on fuel; saved an average 46 minutes per day in cooking time; increased household income by using bio-slurry that increased yield. More than 700 people also obtained local employment. See related case study 11.</li> </ul>	<p><b>Improved service delivery of SNV clients:</b></p> <ul style="list-style-type: none"> <li>▪ A total of 10,000 bio digesters were installed (20% above target) by 21 local bio-digester construction companies in 4 provinces. These BCCs are in operation and about 18 are doing well enough to continue without regular coaching (Cambodia).</li> <li>▪ A biogas user survey (Sept. 2010) revealed that all of the 120 randomly-sampled bio-digesters are in use and operated both by the men and women of the visited households, and that 97.5% of the men and women farmers use the slurry as fertiliser (Cambodia).</li> <li>▪ The 100,000th biogas plant was constructed in Vietnam 2010. The biogas programme expanded to a total of 47 provinces. The number of biogas plants constructed by masons trained under the programme, but built outside the programme, is twice the number constructed under the programme.</li> <li>▪ In Vietnam 250 masons and 158 technicians were trained by the biogas programme in 2010.</li> <li>▪ Over 5,700 biogas plants were constructed in Bangladesh by local masons and supervisors.</li> </ul> <p><b>Improved enabling environment:</b></p> <ul style="list-style-type: none"> <li>▪ 750 poor households acquired access to renewable energy technology through credits from local micro finance initiatives (Nepal).</li> <li>▪ The Laos Ministry of Agriculture and Forestry contributes both in cash and in kind to the Laos biogas programme – a unique arrangement in Lao PDR and a sign of the high appreciation of the programme.</li> </ul>

<b>East and Southern Africa:</b>	
<b>Contribution to impact:</b>	<b>Outcomes:</b>
<ul style="list-style-type: none"> <li>The total number of people gaining access to renewable energy in the ESA region was approximately 19,000. See related case study 40.</li> </ul>	<p><b>Improved service delivery of SNV clients:</b></p> <ul style="list-style-type: none"> <li>In Kenya, by involving over 20 stakeholders in developing the sector as a whole and by ensuring that the private sector promotes the technology as a business, it was possible within 10 months in 2010 to provide more than 3,000 people with access to biogas; provide more than 150 young people with direct employment in the sector earning a total of EUR 80,000 in wages, and establish 19 active biogas construction companies earning an average of EUR 300 per month.</li> <li>Through the partnership with SCODE, more than 10,000 improved stoves were installed in Kenyan households, where people are now able to save on their energy expenditure, and work in cleaner and safer kitchens.</li> </ul> <p><b>Improved enabling environment:</b></p> <ul style="list-style-type: none"> <li>In Tanzania, the National Biogas Steering Committee, which includes representatives from the public, private and civil society, monitored the progress of the domestic biogas programme. As a result, more public institutions are aware of and interested in the programme.</li> </ul>
<b>Latin America:</b>	
<b>Contribution to impact:</b>	<b>Outcomes:</b>
<ul style="list-style-type: none"> <li>In Ecuador, 140,000 inhabitants of a poor township (Milagro) acquired electricity from a renewable source, balsa wood waste. In addition, 100 low-income balsa producers in the value chain increased their income as a result of this Inclusive Business initiative.</li> <li>See related case studies 59 and 60.</li> </ul>	<p><b>Improved service delivery of SNV clients:</b></p> <ul style="list-style-type: none"> <li>In Ecuador SNV helped an Inclusive Business to sell its balsa wood waste to a local electricity producer, in order to generate an affordable, and reliable renewable energy source for an entire township (Milagro) rather than dumping the waste, as had been done in the past.</li> </ul>
<b>West and Central Africa:</b>	
<b>Contribution to impact:</b>	<b>Outcomes:</b>
<ul style="list-style-type: none"> <li>In Burkina Faso more than 600 people already use biogas for light and cooking. See related case study 84.</li> </ul>	<p><b>Improved service delivery of SNV clients:</b></p> <ul style="list-style-type: none"> <li>In Burkina Faso, a solid base was created for a viable commercial biogas sector, involving local government and the private sector. The first 111 bio-digesters were built by local masons.</li> </ul>

### Approaches in the Renewables sector

Access to clean and reliable energy sources remains a major problem around Asia, and this is the key issue we seek to address through our Renewables programme. By encouraging households to move away from traditional biomass fuel sources and towards renewable energy technologies, we achieve improved household health due to reduced emissions, increased household incomes through enhanced productivity, and environmental protection through the reduction both of emissions and reliance on wood and other fuel sources.

In Asia, SNV takes a market-led approach to sector development by strengthening multi-stakeholder platforms, developing the private sectors (SMEs) and brokering access to finance. The value chain development approach is also applied across our work in the Renewables sector, promoting the inclusion of small-scale producers and entrepreneurs, like biogas construction companies, and helping ensure the development of efficient, viable renewable energy technology markets.

In 2010 our activities in the sector in Asia continued to focus on Improved Cook Stoves (ICS), Improved Water Mills (IWM) and biogas. Biogas continued to be our signature programme in Asia, with our activities once again gaining global recognition: our Vietnam biogas programme was one of the Ashden Award winners for 2010. In biogas in particular, we focused on stimulating market demand while developing sector capacity by training and coaching masons and technicians, and working with government to promote an enabling environment for sector growth.

In WCA and ESA, next to biogas, we are broadening our interventions to other types of high-potential energy sources, like biofuels and possibly solar energy. A key approach in 2010 was to establish public-private partnerships, to develop sustainable and innovative business opportunities, to transfer technology and to make share knowledge on decentralised renewable energy technologies.

In Latin America SNV works in renewable energy, particularly biofuels, and often with an Inclusive Business approach.

#### Examples of SNV activities used in the sector

In the biogas programmes, our capacity development services to national and local governments, the private sector and NGOs address a wide range of functions: -

- Promotion and marketing
- Financing
- Construction and after-sales
- Operation and maintenance
- Quality control
- Training and extension
- Research and development
- Monitoring and evaluation
- Programme management.

In biofuels, and specifically in the development of the jatropha value chain, our three main capacity development services include: -

- Effective public policy management to support the emergence of an enabling environment for a jatropha-based industry in the country
- Rural enterprise development that enables small-scale farmers to establish and manage community-based enterprises
- Forging Inclusive Business arrangements to facilitate private sector involvement in the value chain and promote equitable returns among actors.

#### Knowledge development and partnerships

In 2010, SNV convened the ADB's Energy For All Partnership domestic biogas working group. This is an important platform for knowledge development and resource mobilisation for SNV in Asia and globally.

Intense knowledge exchange took place between ESA and WCA to create a One Africa renewable energy focus: setting direction, strategic alignment, building rapport among advisors across regions and providing a framework for countries to move beyond biogas.

Conferences with active presence from SNV included: -

- The Energy For All International Workshop on Inclusive Planning and Financing of National Programmes on Domestic Biogas in Asia, Phnom Penh
- COP16, Cancun, 29 November–10 December
- European Development Days.

International partnerships in the Renewals sector include: African Biogas Partnership Programme, the Institute for Sustainable Development (ISD), and Wageningen University (WUR), WB, GTZ, Lighting Africa, Technoserve, AfDB (biogas), SIDA, Hivos, EU Energy facility, USAID, FACT Foundation, HIVOS, EKN, ECOWAS, AidEnvironment, UNDP and Heifer International.

#### Lessons learnt

- It is important to engage in a market-based manner (e.g. performance-based funding), as experienced in Asia.
- All regions note that we should try to ensure harmonisation, integration and coordination of RE programmes, especially at sub-national level, including the regulatory, demand and supply sides.
- In ESA, national implementing agencies need to realise that their role is to attract stakeholders and facilitate the development of the sector rather than running biogas programmes themselves.

- Setting up an institutional framework for building a viable renewable energy environment takes time. In particular, guaranteeing income from carbon emission rights proved to be labour-intensive and requires substantial investment, both in the preparatory work and in developing relations within the carbon market.

## WASH

SNV has been present in the Water, sanitation and hygiene (WASH) sector for many years in Asia, ESA and WCA, while in the Balkans interventions in WASH have recently been initiated. SNV does not work in the sector in Latin America.

<b>Asia:</b>	
<b>Contribution to impact:</b>	<b>Outcomes:</b>
<ul style="list-style-type: none"> <li>▪ In Nepal 4,410 households (26,400 people) under the AusAID funded SSH4A (Sustainable Sanitation and Hygiene for All) programme, and in total 50,000 households (300,000 people) gained access to sanitation services in all 10 districts of the mid-West as result of the (SNV supported) regional sanitation campaign.</li> <li>▪ In Laos the Sustainable Sanitation and Hygiene for All (SSH4A) programme directly impacted upon 1,400 households (8,400 people) across 28 villages distributed across the targeted projects (in Houaphan, Savannakhet and Bokeo).</li> </ul>	<p><b>Improved service delivery by SNV clients:</b></p> <ul style="list-style-type: none"> <li>▪ More than 60% increase in number of Open-Defecation-Free (ODF) declared settlements and a 200% increase in the number of ODF-declared village development committees (VDCs) (Nepal).</li> <li>▪ 75% of the households in Lau Cai and Dien Bien (Vietnam) now have improved sanitary latrines, through the Community Led Total Sanitation (CLTS) programme. See case study 10.</li> <li>▪ Field staff from Provincial Departments of Rural Development (PRDP) in Kampot and Kratie apply the CLTS approach in the field with explicit attention to the participation of women and children (Cambodia).</li> </ul> <p><b>Improved enabling environment:</b></p> <ul style="list-style-type: none"> <li>▪ In Kampot and Kratie provinces the PDRDs, in cooperation with the Commune Councils, conducted National Days of Rural Sanitation to raise awareness and spread the message in rural areas (Cambodia).</li> </ul>
<b>Balkans:</b>	
<b>Contribution to impact:</b>	<b>Outcomes:</b>
<ul style="list-style-type: none"> <li>▪ Improved access to safe drinking water for rural/sub-urban poor in Travnik municipality (Bosnia Herzegovina). See case study 25.</li> </ul>	<p><b>Improved enabling environment:</b></p> <ul style="list-style-type: none"> <li>▪ 15,000 rural citizens in Travnik municipality were informed by their municipal government about their water rights and duties and have freely chosen how to achieve sustainable drinking water supply in their communities in accordance with the water law and EU principles (Bosnia Herzegovina). See case study 25.</li> <li>▪ Municipalities ensured that their action plan reflect the actual need of citizens in basic services delivery (Bosnia Herzegovina). See case study 25.</li> </ul>
<b>East and Southern Africa:</b>	
<b>Contribution to impact:</b>	<b>Outcomes:</b>
<ul style="list-style-type: none"> <li>▪ A total of 2.5 million people acquired access to clean drinking water / sanitation / WASH in schools, in the ESA region. See case studies 41 – 46.</li> </ul>	<p><b>Improved service delivery by SNV clients:</b></p> <ul style="list-style-type: none"> <li>▪ In Mozambique up to 30% of WASH committees are now led by women and 30% of local council water commissions have female members. See related case study 43.</li> <li>▪ In Uganda (Kapchorwa District) SNV's WASH in schools capacity support focused on 14 schools with a total pupil population of 9,407, leading to an increase in the number of pupils attending school daily of over 70%; improved attendance of girls; reduction in WASH-related illness like diarrhoea and typhoid. See case study 46.</li> </ul> <p><b>Improved enabling environment:</b></p> <ul style="list-style-type: none"> <li>▪ At federal level, community-led total sanitation (CLTS) was adopted as a key approach for achieving sanitation and hygiene results in Ethiopia and SNV is a member of the federal steering committee. See related case study 41.</li> </ul>
<b>West and Central Africa:</b>	
<b>Contribution to impact:</b>	<b>Outcomes:</b>
<ul style="list-style-type: none"> <li>▪ In Benin 36,250 citizens obtained access to drinking water and 3,900 citizens access to latrines.</li> <li>▪ In DR Congo water authorities improved access to water sanitation services for 14,250 children (19</li> </ul>	<p><b>Improved service delivery by SNV clients:</b></p> <ul style="list-style-type: none"> <li>▪ Benin: Improved service delivery by 36 NGOs in WASH sector due to implementation of capacity development plans.</li> <li>▪ Improved dialogue and coordination due to effective</li> </ul>

<p>schools), and 4,900 households (29,400 people in 49 villages) apply better health practices.</p> <ul style="list-style-type: none"> <li>▪ In Cameroon there was increased access to water supply systems by 50% of low-income people in eight municipalities.</li> <li>▪ See related case studies 76 and 77.</li> </ul>	<p>installation of 2 regional dialogue platforms in Cameroon and 4 WASH multi-actor regional platforms in Benin.</p> <ul style="list-style-type: none"> <li>▪ In DR Congo 4,900 households (29,400 people in 49 villages) now apply better health practices.</li> <li>▪ In Cameroon about 66,500 people in 2 municipalities saw the cost of drinking water decrease. A water loss reduction up to 35% and a price reduction of up to 15 were realised through improved operation and maintenance of existing water systems. See case study 77.</li> <li>▪ In Cameroon the participation of women and minority groups increased (involvement of women and minorities up to 35% in water management committees in 8 municipalities) and needs of women are increasingly addressed in infrastructures and services.</li> </ul>
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#### Approaches in the WASH sector:

In Asia our Functionality of Water Supply (Functionality) programmes work to achieve sustainable access to water services for rural communities through improved local planning, monitoring and investment practices, as well as multi-stakeholder learning, institutional support mechanisms and benchmarking of both implementing agencies and operators of rural water supply services.

In *Sustainable Sanitation and Hygiene for All (SSH4A)*, the approach used is a programmatic one, adapting the community-led total sanitation methodology, tailoring it to the local context, building on it, and implementing lessons learnt globally. The outcome of the approach is measured in terms of achieving a complete end to open defecation and sustained behavioural change, rather than in terms of latrine construction coverage. This means discouraging any form of subsidy for sanitary hardware or materials provision.

In the Balkans (Bosnia Herzegovina) SNV's approach in WASH is to focus on capacity development at municipal level, fostering citizen engagement to ensure quality water management. In addition to better access to safe drinking water for citizens, water is a good starting point for increasing awareness of the importance of EU integration and compliance with EU standards for rural development in general. We do this by running workshops for municipality representatives to inform them about the national government's responsibilities, benefits of the EU accession process, and in particular, EU standards on delivery of basic services and safe drinking water. Participants in turn inform their constituents.

Our WASH interventions in ESA in 2010 targeted sanitation and hygiene in households and schools, operation and maintenance of WASH facilities and water supply conservation. Three priority products/services for scaling up were identified: hand pumps supply chain development, community-led total sanitation (CLTS) and menstrual hygiene management in adolescent school girls. ESA adopted the VCD approach to capacity support in WASH.

In WCA we supported governments, civil society organisations and the private sector (i.e. water companies) in establishing, managing and maintaining drinking water and sanitation infrastructure and providing quality services to end users (MDG 7). An important approach was to improve transparency and accountability in public water management by implementing budget tracking systems and by strengthening citizen participation in water management.

#### Examples of SNV activities used in the sector:

- Training of trainers for community-led total sanitation
- Training in workshop facilitation for Community Development for Health (CDH)
- Training for sanitation and hygiene professionals.

#### Knowledge development and partnerships:

In Asia knowledge development was included as an integral dimension of our WASH programmes in 2010. This contributed to better exchange and shared learning between countries in the region. We are active in sector working groups around the region (NGO WASH Working Group in Vietnam, National Working Group on Rural Sanitation in Cambodia, Rural Sanitation and Functionality working groups in Nepal).

ESA and WCA advisors and clients also participated and presented papers at the following international conferences: -

- The 15th International African Water Congress in Uganda
- The intentional WASH symposium on water, also held in Uganda
- World Water Week in Stockholm, Sweden.
- The WEDC conference in Addis Ababa, Ethiopia.

Our international partnerships in the WASH sector include: UNICEF, IRC, EU, UN Habitat, European Water Initiative, USAID, Orio Grant Facility, Swiss cooperation, DFID, EKN, IUCN, Water Aid, ICCO, GTZ, WB, Helvetas and Plan International.

**Lessons learnt:**

- In Asia we learnt that our WASH programmes need to be comprehensive, for example, integrating best practices for sanitation supply chains and behavioural change communication
- It is important to use high quality pilots to inform scaling up of WASH interventions. Pilots require careful designing and, ideally, should be accompanied by external research
- In ESA, using social inquiry to identify solutions for sanitation problems proved to be useful.
- In the Balkans we learnt (and this is confirmed by other regions) that access to safe drinking water and sanitation services are very much questions of governance and not only technical / infrastructural, as is often perceived.

**Forestry:**

Forestry forms a major part of our work in the Balkans, and to a lesser extent in Latin America and WCA. In both Asia and ESA we work in non-timber forest products (NTFP) such as honey, gum acacia and bamboo, the results of which are reported on under Agriculture.

<b>Balkans:</b>	
<b>Contribution to impact:</b>	<b>Outcome:</b>
<ul style="list-style-type: none"> <li>▪ In the Balkans a total of 2.3 million people (men and women) gained improved access to, and management of, private and communal forests. This increased production, improved ecological functions and increased income from mainly non-timber forest products. See case studies 13 – 18.</li> </ul>	<p><b>Improved service delivery by SNV clients:</b></p> <ul style="list-style-type: none"> <li>▪ 6 community anti-corruption watchdog groups functioning and reporting to Regional Monitoring Centre based on work of Korça Federation (Albania). See case study 13.</li> <li>▪ Empowered private and communal forest associations conducted training and awareness meetings in over 300 villages, based on manuals developed with SNV (Albania, Kosovo, Macedonia, Montenegro). See case studies 13, 14, 15, 16 and 17.</li> </ul> <p><b>Improved enabling environment:</b></p> <ul style="list-style-type: none"> <li>▪ Ministries now conduct multi stakeholder and consultation process for legislation improvement and institutional reforms (Albania, Montenegro, Kosovo). See case studies 14, 15 and 17.</li> <li>▪ Governments in Kosovo, Albania, Montenegro and Macedonia are taking legal decisions which are in the interest of private and decentralised forest users; for example forest management competencies to local government, licence systems in forestry, forest law adaptation. See case studies 13 to 17.</li> </ul>
<b>Latin America:</b>	
<b>Contribution to impact:</b>	<b>Outcome:</b>
<ul style="list-style-type: none"> <li>▪ In 2010 our work in Forestry contributed to an increased income / production, or employment for an estimated total of 45,000 low-income people in Bolivia, Peru and Ecuador.</li> </ul>	<p><b>Improved service delivery by SNV clients:</b></p> <ul style="list-style-type: none"> <li>▪ In Peru, our Inclusive Business client Masisa is incorporating low-income carpenters into the inclusive forestry value chain. In doing so, Masisa adopts sustainable forestry business practices while simultaneously enhancing opportunities for non-timber product employment.</li> </ul> <p><b>Improved enabling environment:</b></p> <ul style="list-style-type: none"> <li>▪ The government of Bolivia has adopted SNV policy proposals for inclusive forestry.</li> </ul>
<b>West and Central Africa:</b>	
<b>Contribution to impact:</b>	<b>Outcome:</b>
<ul style="list-style-type: none"> <li>▪ Community forestry groups in</li> </ul>	<p><b>Improved service delivery by SNV clients:</b></p>



<p>Cameroon increased their income from FCFA 25,000 to FCFA 30,000 per m<sup>3</sup> wood on the local market and up to FCFA 60,000 per m<sup>3</sup> on the international market by working in clusters. See case study 71.</p> <ul style="list-style-type: none"> <li>▪ In DR Congo, 200 micro entrepreneurs, organised in 82 micro enterprises in NTFP increased their incomes (50 pygmy and 120 women were involved).</li> </ul>	<ul style="list-style-type: none"> <li>▪ The formation of clusters allowed community forestry groups in Cameroon to fight illegal logging more effectively, market the legally labelled timber for better prices and build business contracts with carpenters' unions in Yaoundé and Douala. See case study 71.</li> <li>▪ Cameroon: 5 community forest groups developed participatory investment plans (education, construction youth meeting place, water points) including micro projects for women.</li> <li>▪ DR Congo: Micro entrepreneurs joined NTFP enterprises to sell their produce in groups, for better prices.</li> </ul>
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#### Approaches in the forestry sector:

In the Balkans, Forestry is our biggest sector. In all Western Balkan countries, sound forest management is key to creating income for the rural poor. The forests form a key part of the rural context across the Balkans. Following years of centralised over-exploitation, and with the change in the political context, a decentralisation process is underway giving more say in forestry resource to small farmers, both for communal and private forest users.

In the Balkans, the restoration of user rights and the improvement in forest management practices add value in several key areas like the ability of users to secure better income from timber and non-timber products. Improved forest management also secures better environmental services. In addition, market information and access, anti-corruption measures with civic engagement and the social return on improved forest management all contribute to the income and wellbeing of those dependent on forestry and pasture resources. Although the main focus of our Forestry programmes in this region is on increasing production, income and employment (PIE) through an improved enabling environment, in 2010 in Albania we applied value chain approaches for non-timber forest products from communal forests.

In WCA we supported local communities and small businesses to exploit and manage the forests and forest products in a more profitable, equitable and climate positive way. There is a particular focus on social and economic inclusion of minority groups, such as pygmies, who exploit merely the non-timber forest products.

#### Examples of SNV activities used in the sector:

- Formation and strengthening of forest organisations: private forest owners, forest user associations and forest producer groups, government and businesses
- Training of trainers (ToT) on sustainable forest management: safety measures, fire prevention, forest thinning, multi-objective forest management, forest harvest standards, increasing forest productivity/income diversification
- Lobbying for improved regulatory frameworks that secure the interests of small-scale forest holders.

#### Knowledge development and partnerships:

In 2010, colleagues from SNV in the Balkans presented cases and papers at several events, including IUFRO, TFD, PREPARE, Climate Change Seminar and EuroMontana.

SNV in WCA contributed at the Cameroon National Forum on Forestry in Yaoundé, the International Conference on Community Forestry in Montpellier (France), the Api-Trade Expo Africa Forum and Exhibition in Lusaka (Zambia) and the SNV-FLO annual partnership meeting in Akosombo (Ghana).

Our Balkans regional forestry knowledge network is instrumental in developing and sharing knowledge and learning in this sector. It also helps in profiling, business development and regional alignment. Regional forestry management, learning and sharing has increased the programme's integrity in the whole region and this has paid off in funding partnerships with IDA/Sweden, the World Bank and the EU.

Partnerships in the forestry sector include: EU, WWF, AfDB/PwC GTZ, WB, ICRAF, FAO and CIFOR.

### Lessons learnt:

- It has clearly emerged that forestry often serves as an entry point for wider issues like climate change, tourism, renewable energy and agriculture), so it should be integrated into rural development policy and practices.
- The combination of weak human capacity in the sector, political changes and slow political processes (as is the case in the Balkans), makes it critical for SNV advisors and LCBs to have technical forestry expertise, good facilitation skills and economic development expertise. Knowledge brokering and management is therefore an important aspect of our forestry work and needs continued and increased attention.

### Education:

In East and Southern Africa, and West and Central Africa we work in the education sector, mainly in primary education. In Latin America the focus is not on primary but on vocational education.

East and Southern Africa:	
Contribution to impact:	Outcomes:
<ul style="list-style-type: none"> <li>▪ A total of 3,645,511 pupils acquired access to quality education in the 8 countries SNV works in the ESA region. See case studies 47 – 55.</li> </ul>	<p><b>Improved service delivery by SNV clients:</b></p> <ul style="list-style-type: none"> <li>▪ In Kenya over 250 school management committees in 10 districts show improved governance and management following the implementation of School Improvement Plans.</li> <li>▪ In Sudan, 4 education authorities introduced integrated quality improvement involving 104 teachers and school managers. This is despite rudimentary infrastructure and the difficulties associated with providing education in pastoralist communities. 690 Senior education officials of the Ministry of Education, Sport, Arts and Culture (SNV's client) trained 613 primary schools. See related case studies 49 and 50.</li> <li>▪ In the Solwezi District of Zambia, absenteeism was reduced by 70% by working through traditional leaders and 60% of school drop outs over the last two years are returning to school. See related case study 53.</li> </ul>
Latin America:	
Contribution to impact:	Outcomes:
<ul style="list-style-type: none"> <li>▪ The policy breakthroughs, in programmes such as Proneri in Ecuador, and adopted actions and regulations, by the national and local governments of Peru, have led to increased access to vocational education and training (and subsequently employment opportunities) for more than 500,000 beneficiaries.</li> </ul>	<p><b>Improved service delivery by SNV clients:</b></p> <ul style="list-style-type: none"> <li>▪ As a result of the vocational education component in the BID FOMIN programme in South and Central America, technicians from 15 Inclusive Businesses are giving technical training to cooperatives and small farmers, reaching approximately 19,000 poor people.</li> </ul> <p><b>Improved enabling environment:</b></p> <ul style="list-style-type: none"> <li>▪ The national and local governments of Peru, Ecuador and Bolivia have made vocational skills training for economic inclusion a policy priority, to enable poor people to enter the job market.</li> <li>▪ The private sector (Petrobras) and a social fund (Semilla) in Bolivia are helping to make vocational education more affordable and accessible, particularly to women in the low-income segment. These women are the target beneficiary group of both of these vocational education initiatives in Bolivia.</li> </ul>
West and Central Africa:	
Contribution to impact:	Outcomes:
<ul style="list-style-type: none"> <li>▪ Our services in education in WCA reached more than 240,000 people in 2010.</li> </ul>	<p><b>Improved service delivery by SNV clients:</b></p> <ul style="list-style-type: none"> <li>▪ In Tuy Province in Burkina Faso, pupil enrolment increased by 18.5 % from 28,687 pupils in 2009 to 33,987 pupils in 2010.</li> <li>▪ Improved quality of education shown by an increase in examination pass rates (primary education) in Niger: +9.11% for girls and +10.1% for boys. See case study 83.</li> <li>▪ Improved lobbying and advocacy by civil society organisations and local governments to improve access, quality and management of education: <ul style="list-style-type: none"> <li>○ Mali: 14 actions</li> <li>○ Benin: 18 actions</li> </ul> </li> </ul>



	<ul style="list-style-type: none"> <li>○ Niger: 26 actions</li> <li>○ Guinea Bissau: 3 actions</li> <li>○ Burkina Faso: 4 actions</li> <li>○ Ghana: 2 actions</li> </ul>
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**Approaches in the Education sector:**

In Latin America, vocational education is an integral part of Inclusive Business, SNV's main approach in the region. In Africa the focus is on primary education, specifically: access and participation; quality and relevance; efficiency and delivery effectiveness and equity and equality.

The four main areas of our education practice in ESA are: improved learning environment, knowledge development, education governance and accountability, and education management development.

In WCA in 2010 we supported local government and civil society organisations in developing and implementing education policies and plans. These addressed the needs of communities and the quality of education, and contributed to the MDG 2: education for all. Multi stakeholder platforms proved instrumental in addressing accountability and governance in the sector.

**Examples of SNV activities used in the sector:**

- Multi-stakeholder processes
- Education Management information systems
- Resource Brokering
- Civil Society Strengthening.

**Knowledge development and partnerships:**

In 2010 colleagues from SNV in Kenya presented a paper on how e-learning is transforming the lives of street children in Eldoret, Kenya at the 6th International Conference on ICT for Development, Education and Learning. As a result the ESA regional office was contacted by the Kenya e-learning Centre, which coordinates the e-learning initiatives of the 19 member states of COMESA. SNV in ESA was invited to review the recently drafted COMESA action plan on e-learning and identify areas of collaboration.

In addition, guidelines for tracking achievement in basic education were developed in Zambia and Zimbabwe and will be piloted in 2011 in Southern Africa.

Direct information sharing between advisors across countries was actively encouraged: there was direct information exchange and learning between countries on education strategy and operational issues such as school feeding (Ghana-Mali, Ghana-Benin), and monitoring and evaluation in education (Benin-Guinea-Bissau). Colleagues in WCA and ESA developed a One Africa Network, and there was information exchange on vocational education and skills development between our WCA, ESA and LA regions.

Our international partnerships in education include: UNICEF, UNIFEM, UNESCO, UNDP, EKN, ICCO, EU, USAID, Edukans, John Hopkins University, Winrock, Shell, the Bill and Melinda Gates Foundation, DANIDA, SDC, Care International, World Bank, AFLATOUN, Plan International.

**Lessons learnt:**

- In WCA, we observed that interventions in education became more sustainable and functional when we linked them directly with livelihoods / employable skills
- As most funding for education comes directly to national governments in ESA, opportunities for resource mobilisation there remain limited.

## Tourism:

We work in the tourism sector in all regions to increase levels of income and create employment opportunities for low-income people. Impact has not yet been achieved in all regions.

Asia:	
Contribution to impact:	Outcomes:
<ul style="list-style-type: none"> <li>In Nepal, the Great Himalaya Trail Programme (GHTP) led to an increase of 30% in annual income for small local tourism enterprises (About USD 1,200 in Humla and USD 1,500 in Dolpa district).</li> <li>In Bhutan, 30 households (180 people) increased their incomes by providing accommodation to tourists, as did an additional 200 people by providing other services to tourists. See case study 1.</li> </ul>	<p><b>Improved service delivery by SNV clients:</b></p> <ul style="list-style-type: none"> <li>Tourism Development Committee is functioning with wider participation of stakeholders (Nepal GHTP).</li> <li>Greater (inter) national awareness of the programme with over 30 articles in leading international and national publications generated on GHT. (Nepal)</li> <li>Improved hygiene and quality of services and products offered by tourism enterprises to travellers (Nepal GHTP).</li> <li>Increase in the number of quality home stay service providers by 30 households, and increase in the number of quality tourism service providers by 50 people (Bhutan). See case study 1.</li> <li>One tour operator developed a new responsible tour package to communities in Cambodia and has committed to promoting it to its clients and partners outside the country (Cambodia).</li> </ul>
Balkans:	
Contribution to impact:	Outcomes:
<ul style="list-style-type: none"> <li>As a result of increased numbers of visitors to Skadar Lake, the destination increased revenues by 16% (Montenegro). See case study 23.</li> <li>12,600 rural households benefited from improved tourism infrastructure in Korca Region (Albania). See case study 21.</li> </ul>	<p><b>Improved service delivery by SNV clients:</b></p> <ul style="list-style-type: none"> <li>20% increase in number of tourists visiting Korca region in 2010 due to marketing and promotional efforts of Destination Management Organisation (Albania). See case study 21.</li> <li>30% increase in number of tourists in the NP Skadar Lake destination (Montenegro). See case study 23.</li> <li>Length of Hike &amp; Bike groups' stays increased: 3-6 days – 11%, 7-10 days – 68%, 11-14 days – 14%, resulting in increase in tourists' spending (Montenegro). See case study 23.</li> </ul> <p><b>Improved enabling environment:</b></p> <ul style="list-style-type: none"> <li>In the five year National Park development planning document the perspective of marginalised groups is included, because they were part of all planning activities undertaken (Montenegro). See case study 23.</li> </ul>
East and Southern Africa:	
Contribution to impact:	Outcomes:
<ul style="list-style-type: none"> <li>An estimated total of 47,664 people increased their income or obtained employment in the tourism sector in the ESA region.</li> </ul>	<p><b>Improved service delivery by SNV clients:</b></p> <ul style="list-style-type: none"> <li>In Kenya, SNV client Laikipia Wildlife Forum is now being used as a resource for destination management expertise in 40 districts.</li> <li>Mozambique: In Maputo significant progress was made in creating a market intelligence instrument called the Tourism Observatory applied in the Mafalala neighbourhood, the first chosen tourism cluster of the destination.</li> <li>In Rwanda, there is an increase of 5% in tourism revenue, from USD 42 million in 2009 to USD 44.4 million. Seven community cooperatives in Musanze and Rubavu are contracted specifically in potatoes, fruits &amp; vegetables and crafts. Out of 609 cooperative members, 250 are women.</li> </ul> <p><b>Improved enabling environment:</b></p> <ul style="list-style-type: none"> <li>The National Wildlife Bill was redrafted, a mechanism that enables conservation and tourism to reinforce mutual efforts for public wellbeing.</li> <li>The government of Zanzibar is taking the lead in making tourism more pro-poor, and included a specific section in its Poverty Reduction Strategy Paper.</li> <li>In Mozambique, the Ministry of Tourism has requested up-scaling of the Maputo tourism multi stakeholder platform, which has successfully connected and promoted various public services benefiting 25,000 inhabitants of</li> </ul>

	the city.
<b>Latin America:</b>	
<b>Contribution to impact:</b>	<b>Outcomes:</b>
<ul style="list-style-type: none"> <li>▪ SNV LA contributed to an estimated 4,337 low-income people increasing their income or obtaining employment in the tourism sector In Latin America.</li> <li>▪ In Nicaragua 250 new jobs are created and 400 small farmers increased their incomes, through inclusive tourism businesses.</li> <li>▪ In Honduras, 180 new jobs were created by the strengthening of artistic enterprises (Creativity and Cultural Identity Project funded by AECID).</li> </ul>	<p><b>Improved service delivery by SNV clients:</b></p> <ul style="list-style-type: none"> <li>▪ Within the UNDP funded WTO-STEP programme in Nicaragua, CLUSA (Association of Cooperative Farmers) is providing its' small producers members with technical assistance to increase quality and quantity of vegetables, and organising linkages to sustainable market opportunities. 80 small vegetable producers are producing for and selling their produce to large hotels in Nicaragua.</li> <li>▪ 110 enterprises participated in the second Trade Fair in Tegucigalpa, Honduras, and increased their income thanks to the contracts they obtained and alliances made there.</li> </ul> <p><b>Improved enabling environment:</b></p> <ul style="list-style-type: none"> <li>▪ With banking conglomerate client BAC Credomatic, SNV Nicaragua developed terms and financial products/services for 200 SME tourism operators to access small amounts of revolving credit, enabling them to increase sales. See case study 61.</li> <li>▪ SNV worked with the Nicaraguan government to develop and adopt inclusive tourism strategies, focused on market participation of poor people.</li> </ul>
<b>West and Central Africa:</b>	
<b>Contribution to impact:</b>	<b>Outcomes:</b>
No impact yet.	<p><b>Improved service delivery by SNV clients:</b></p> <ul style="list-style-type: none"> <li>▪ 367 persons, mostly women, delivered improved services to their tourist clients after receiving vocational training in Mole and Mognori, two tourist sites in Ghana (customer satisfaction form). See related case study 74, and also 73 and 75.</li> </ul>

#### Approaches in the tourism sector:

SNV's approaches in the tourism sector are a combination of value chain development, Inclusive Business focused on the development of selected tourist destinations, and responsible / inclusive tourism. Vocational education is also an important element. With destination development we support the establishment of sustainable, inclusive destinations that benefit disadvantaged communities. With responsible / inclusive tourism we engage with the private sector to support the creation of market-based opportunities leading to greater participation by the poor and more equitable distribution of benefits.

The growing demand for tourism activities in the Western Balkans which are culturally, socially and environmentally responsible, demonstrates that including low-income communities in the tourism market is not just good for society, but also good for business.

#### Examples of SNV activities used in the sector:

- Stimulating collaboration between tourism associations
- Multi-stakeholder platform approach, including work on strategic planning, membership development, and planning for financial sustainability
- SME development, business development
- Tourism product development
- Engaging tour operators and stimulating responsible practices in private sector
- Effective public policy management, support in facilitation of tourism destination planning and management
- Capacity strengthening of local government and non-government organisations to promote and support pro-poor tourism planning and management
- Branding, marketing and promotion of destinations
- Engaging with the private sector to promote responsible tourism development, always considering environmental sustainability.

#### Knowledge development and partnerships:

Key events relating to the tourism sector 2010 included the Mekong Tourism Forum in Siem Reap (Cambodia) and the GMS Tourism Working Group Meeting in Jinghong City (China).

SNV colleagues in Nepal facilitated extensive coverage of the Great Himalayan Trail and Responsible Travel Nepal concepts, with over 30 specialist travel and mainstream news publications featuring these tourism programmes in 2010, both within Nepal and overseas.

In the Balkans, knowledge development and learning took place between teams of SNV advisors through informal "brown bag lunches", and across regions with an active corporate tourism network and an e-newsletter, and a study tour to the Mekong Discovery Trail in Cambodia. Research was carried out on energy efficiency and use of renewable energy in SME hotels across the Balkans involving advisors, LCBs and local stakeholders.

Examples of the varied products developed include a tourism awareness creation framework, a tourism destination governance framework, a tour guide framework, a tourism strategy plan, and a destination management framework (Ghana).

Partnerships specific to the tourism sector include: UNWTO/ST-EP, University of Salzburg, WB, UNWTO/ST-EP, ESTA, EU/HITT, Academy for Educational Development and DED/GTZ.

#### Lessons learnt:

- Proper VC analysis and strategic positioning in the tourism sector is crucial. In Macedonia this led to the decision to focus on the accommodation sector in Mavrovo, since this would have the highest impact on the living standard of the local people. In WCA, it was a deliberate and strategic choice to involve local government institutions in the process of institutionalising the multi destination approach from the onset and ensuring that tourism development was included in their planning cycles. This counteracted partly the still-inadequate government commitment to tourism development
- In WCA we learnt that further development of pro-poor initiatives in communities near national parks and lifting households out of the poverty circle was directly related to sound and cost-efficient park management, leading to more wildlife and increased attraction of the park
- As became clear in the Balkans, for tourism it is important to work across sectors, for example with agriculture, to scale up impact and maximise resources.

## Regions

### Asia

#### Context developments

From all reports it is clear that Asia has weathered the financial crisis. We see continued economic growth, with Bangladesh, Indonesia and Vietnam soon to be middle-income countries, despite the looming danger of inflation as real macro-economic reforms are stalled. Nevertheless, continued economic growth figures reflect the region as a whole and with the export market becoming more demanding, attention turns to private sector involvement and the sustainability aspects of development. Yet all this is overshadowed by the continuing political stalemate in Nepal and deepening instability in Pakistan.

#### Countries

SNV continues to achieve impact at scale in eight countries in South Asia (Nepal, Bhutan, Pakistan, Bangladesh) and South East Asia (Vietnam, Lao PDR and Cambodia and Indonesia). In Indonesia, Pakistan and Bangladesh, we work in biogas only.

#### Impact in sectors and localisation

In sanitation, SNV started a multi-country programme, based on an adapted community-led total sanitation (CLTS) approach, aiming to quadruple our current and on-going operations in *Sustainable Sanitation and Hygiene for All* in rural areas and schools in Vietnam, Lao PDR, Cambodia, Nepal, and Bhutan. This programme aims to secure access to improved sanitation and hygiene for 122,000 people and in 275 schools.

SNV's approach in the agriculture and forest products sector now centres around the combination of value chain development and Inclusive Business approaches. Agribusiness programmes were initiated in Nepal, Lao PDR, Bhutan and Vietnam, while preparatory studies are underway in Pakistan. In all initiatives SNV increasingly profiles itself as providing market-based solutions for the poor through inclusive value chain development.

The Asia Biogas Programme continues to thrive and is gradually attracting attention from other development agencies. In 2010 SNV facilitated the construction of the 100,000th biogas plant in Vietnam, while in Cambodia we surpassed targets by 20 per cent and reached a total of 10,000 plants, and in Bangladesh we reached over 5,700 plants. SNV leads the biogas working group in the ADB-sponsored Energy for All (E4A) initiative. Other programme development has started with improved cook stoves (mainly in Lao PDR).

A prime example of our destination development approach is the *Great Himalaya Trail Development Programme (GHTDP)* in Nepal. The programme has been successfully positioned as Nepal's highest-profile tourism development programme, with Ministry of Tourism actively promoting it as a headline product for its Nepal Tourism Year 2011.

Finally, SNV in Asia established itself as a key player in addressing climate change mitigation mechanisms in sectors, particularly through the reduction of the carbon footprint resulting from biogas, and through development and facilitation of carbon-offsetting mechanisms of renewable energy and forests. There were particular breakthroughs in REDD.

Within all these sector programmes, SNV continued a structured approach towards localisation, with a focus on: working with a select number of LCBs, improved quality of LCB subcontracting processes, LCB partnership development, professional development in LCBs, and transition of staff to LCB. The LCDF in Vietnam achieved legal registration and the programme will become fully operational in 2011. SNV carried out preparatory LCDF studies in Lao PDR, Nepal and Pakistan.

#### Complementarity, partnerships and resource diversification

Although no formal collaboration agreements exist, SNV continued the honorary consular functions in Nepal and Lao PDR. In Nepal, SNV represented the Netherlands in all important donor forums, in particular those in the EC context. Coordination with the Netherlands Embassy was strengthened in Bhutan, and a dialogue on our extended involvement in Pakistan was maintained. We sought further

collaboration with Dutch MFOs, in particular HIVOS (Indonesia and Cambodia), Oxfam-Novib (Lao PDR, Pakistan and Vietnam) and Cordaid (Vietnam). Joint programming will increase opportunities for external resource diversification and will use the strengths of each organisation, with SNV bringing in contextualised expertise, and MFOs bringing in expertise on, for example, international markets and lobbying. The partnership with IRC is active in all our sanitation activities, yielding new development approaches and delivering results.

In 2010, SNV in Asia secured a total of EUR 1,990,000 against a regional DGIS budget of EUR 10,750,000, which is 16 per cent of total cost. Major donors to SNV programmes were: -

- (in WASH): AusAid, EC, CordAID, AECID, WB
- (in Renewables): BMZ, DfID, ADB, DGIS
- (in agriculture and forest products): EC, IFAD, ADB, Ford Foundation
- (in Tourism): DFID, UNWTO, AECID.

The resource diversification per country is as follows: -

▪ Vietnam:	EUR 620,552	(24% of total cost)
▪ Cambodia:	EUR 234,349	(20% of total cost)
▪ Lao PDR:	EUR 328,004	(13% of total cost)
▪ Indonesia:	EUR 159,000	(100% of total cost)
▪ Nepal:	EUR 638,696	(23% of total cost)
▪ Bhutan:	EUR 84,265	(5% of total cost)
▪ Bangladesh:	EUR 0	(0% of total cost)
▪ Pakistan:	EUR 0	(0% of total cost)

Resource diversification was a key priority for all country teams and we have done extremely well, surpassing targets. The aim has not been to translate targets to country level, but instead to develop strategic relationships with key funders (for example, IFAD and AusAid) and selectively pursue funding opportunities (for example, with EC). SNV in Asia is gradually developing relationships with foundations (for example, Stone Foundation) and results are expected in 2011.

#### Managing for results

Asia was the first SNV region where the corporate MfR workshops were organised. We established a network of MfR focal points are fully prepared for the anticipated MfR roll-out. In addition to the MfR framework, SNV in Asia further introduced the internationally accepted monitoring framework developed by the Donor Committee for Enterprise Development, in particular in all PIE programmes. The promotion of the DCED standards in selected programmes contributed considerably to improved result chain logics, baselines and realistic target setting. No specific evaluations were undertaken.

#### Organisation and management

Over the course of 2010, the regional management team chose programmes for further investment and resource mobilisation. One of the main criteria was impact value for money. The number of interventions was brought down and eventually enabled us to deal in an adequate manner with budget reductions. This translated in a much more focused regional portfolio of programmes, in which scale truly comes out.

## Balkans

#### Context developments

All Western Balkan countries' development agendas are defined by the ambition to become EU member states. In line with the overall EU emphasis on economic growth and income, national development plans focus on economic growth and preparedness of national institutions to comply with EU standards.

Despite progress through reform of government and institutions, unjustifiable political interest and corruption remain persistent. Direct private sector involvement and further engagement in multi-stakeholder processes with civil society, private business and (local) government is needed to enhance capacity.

The donor market – the buyer and funder of SNV services – is evolving around capacity building for EU accession and getting countries’ institutions up to EU standards. The EU has become a major investor, while bilateral donors and (semi-)private investors focus on preparing both private and public actors for EU membership.

### Countries

In 2010 SNV was active in Albania, Kosovo, Macedonia, Montenegro and Bosnia and Herzegovina.

### Impact in sectors and localisation

In all countries we invest in capacity development with those institutions and organisations that are crucial for the most productive rural development sectors: agriculture, forestry and tourism. In Bosnia we also contributed to increased access to safe drinking water. Governance for empowerment, gender and inclusion became ever-important elements of the sector programmes, a well as in the regional investment programme in Diber (Albania).

Service delivery through LCBs increased in the region in 2010. We delivered 28 per cent of our advisory days through LCBs, 16 per cent more than in 2009 and 5 per cent more than planned. We find that the increased LCB involvement make the investments more effective and efficient. It also contributes to sustainability.

The Albanian Local Capacity Development Foundation (ALCDF) was launched at the end of 2010. It is an innovative approach, inspired by SNV’s experiences with LCB engagement in regional development. Increased LCB work through ALCDF co-funding without SNV involvement (other than as a financial investor) is expected to take off in 2011. At the end of 2010 the ALCDF was operational as a non-SNV entity, with an independent board of directors. It secured limited SNV funding, which is expected to provide leverage for third party investment. The first results of the fund are expected in the first quarter of 2011. The development of the ALCDF has given a lot of insight into the working – and shortcomings – of the local capacity development environment.

### Complementarity, partnerships and resource diversification

In the Balkans, complementarity is broader than simply with EKN. The Dutch bilateral development programmes have phased out or are phasing out in all countries in the region and the EKN policies have shifted to support the EU preparedness agenda.

Relations with EKN have evolved from donor-recipient to partners in development (for example, the Albania Diber Regional Development Programme, terminated in September 2010), and recently, to a more independent and mutually supportive relationship. There is no formalised cooperation, as this would not fit the spirit of the evolving relationship.

The EKNs support SNV by advocating for Dutch organisations’ involvement in EU accession programmes, while SNV supports EKN in Albania with the final phase-out of two programmes (Mjaft and Diber, both terminated in 2010). Also in Albania, SNV was able to match clients with EKN instruments such as the PUM programme and the match-making facility. In Macedonia, EKN and SNV cooperated on tourism support and land management, with DLG-Dienst Landelijke Gebieden. Within the EU accession process in general, SNV’s work complements that of bilateral donors, the UN, development banks and EU instruments.

In 2010 we made a next step in formalised partnerships for resource mobilisation with SIDA/Sweden, Ministry of Foreign Affairs of Denmark, the World Bank, and we continued the existing partnerships with the Ministry of Foreign Affairs of Finland, the World Bank and the EU.

The resource diversification per country is as follows: -

▪ Albania:	EUR 524,372	(22% of total cost)
▪ Bosnia Herzegovina:	EUR 16,778	(2% of total cost)
▪ Kosovo <sup>4</sup> :	EUR 794,645	(54% of total cost)
▪ Montenegro:	EUR 103,383	(7% of total cost)

<sup>4</sup> Kosovo resource mobilisation and cost cover a regional programme



### Managing for results

Result chains and result framework per sector and per (externally funded) programme were established in 2010. As a region we contributed to the corporate Management for Results project to develop corporate standards for managing for results by sending representatives to four working group meetings at head office. We emphasised particularly our experience with externally financed projects and the requirements of financing organisations.

### Organisation and management

In 2010, SNV in the Balkans implemented the restructuring whereby the structure was transferred from geographic to sector based. The departure of 40 colleagues created tensions and had a negative influence on spirits and energy level. Notwithstanding these difficulties, we are convinced that we created a solid base for future sector steering and forthcoming restructuring into an effective and efficient organisation delivering externally-funded activities in two of the three corporate sectors. We became more flexible in responding to requests and using short-term contracts, LCBs, external consultants or other temporary external service providers.

## East and Southern Africa

### Context developments

Africa is being described as a new economic frontier and one of the fastest growing regions of the world. Africa offers large, untapped markets with nearly one billion potential customers and all the benefits of emerging economies, such as comparatively high rates of return and attractive possibilities for portfolio diversification. This potential is already attracting new investors not only from China but from the Middle East, India, Turkey and Brazil. Private sector development is increasingly recognised as the driving force of economic growth, with a huge potential now attributed to smallholder farmers.

Agricultural value chains are recognised as the key to the development of Africa and the achievement of the MDGs. SNV's approach to value chains, involving all actors along the chain, is very much in line with the donors' emphasis on making markets work for the poor. Climate change and food security remain central development challenges and call for increased attention on our programmes in agriculture, WASH and renewable energy. The UN Food and Agricultural Organization (FAO) estimates that 265 million people in Sub-Saharan Africa suffer from hunger and undernourishment. Some 60 per cent of the region's population is under 25 and mainly rural based. SNV's emphasis on strengthening vocational skills in the selected sectors and identifying employment and self-employment opportunities along the whole value chain is geared to addressing the needs of young people.

### Countries

SNV in East and Southern Africa is successfully implementing its strategy in Ethiopia, Kenya, Mozambique, Rwanda, South Sudan, Tanzania, Uganda, Zambia and Zimbabwe.

### Impact in sectors and localisation

Education				
3,645,511				
Water	Sanitation	School WASH		
1,176,074	1,020,354	264,662		
Renewable Energy – Domestic bioqas				
19,362				
Agriculture				
Oilseeds	Horticulture	Livestock	NTPP	Other
138,980	99,260	147,933	93,676	88,306
Pro Poor Tourism				
47,664				

### Education

Across the region in 2010 we built strategic partnerships to enable significant scaling up of improved governance, accountability and management systems – with a solid gender focus. In Kenya 26 districts improved their capacity in increasing access, retention and learning achievements. Over 250 school management committees in 10 districts show improved governance and management at school level through school improvement plans. A new bilateral budget support from UNICEF of USD 500,000 was



introduced in Zimbabwe for training head teachers, while our support to school development committees was scaled up nationwide.

#### *WASH*

Strategic partnerships, notably with UNICEF, were key to scaling up governance, management, accountability and gender mechanisms such as Water Point Mapping. In Tanzania 54 Community Water Societies (COWSO) were empowered to manage water points sustainably. As part of the Joint Action Development Fora (JDAF) in Rwanda, seven monthly WASH commissions were facilitated in 10 out of the 15 districts. In Mozambique up to 30 per cent of WASH committees are now led by women, while 30 per cent of local council water commissions have female members.

In Zambia an NGO WASH forum was set up, and the voice of civil society organisations contributing to accountability resulted in the doubling of budget allocation to WASH. The Ethiopian government adopted the preventive operations and management (O&M) and a management information system introduced and promoted by SNV. At federal level, community-led total sanitation (CLTS) was adopted as a key approach for achieving sanitation and hygiene results in Ethiopia.

#### *Renewables*

The total number of biogas plants constructed by SNV-supported programmes was 3,289 by the end of November 2010. With another 600 installations expected in December, the 2010 production will be close to 10 times the 2009 production. Domestic biogas offers particular advantages for women and girls in terms of their work load and health. In Kenya, the programme is engaging the government agencies responsible for standards and regulations, as well as users and contractors through their associations. In Rwanda, 85.7 per cent of biogas investment costs of private farmers were financed through loans, which confirm the success of the credit facility supported by Rabobank, brokered by SNV.

SNV in Rwanda supports both the improved cooking stoves (ICS) programme development and the charcoal value chain. SNV in Kenya engaged with SCODE, an NGO working in ICS, solar and biogas. SNV in Kenya has also identified stakeholders in the solar lighting business, mainly suppliers of solar lanterns and solar home systems. In Zambia, we scaled up our support to the jatropha value chain, which includes forging Inclusive Business arrangements to facilitate private sector involvement in the value chain and promote equitable returns among actors.

#### *Agriculture*

In agricultural value-chain development SNV pursued its "missing middle" approach, facilitating B2B relations, market development and processing capacities, which pull increasing numbers of smallholders into commercial agriculture, contributing to their productivity, income and employment. The North-western Beekeepers Association in Zambia produced over 2,000MT of honey through its bulking centres, which are effective entry points for buyers. In Sudan, more than 3,000 gum producers have accessed markets – over 4,000MT of gum was produced and marketed. In Ethiopia, SNV engaged eight honey processing companies in out grower schemes – a further strengthening of links to overseas' markets resulted in honey exports rising from 109MT in 2009 to 400MT in 2010. The Zimbabwean Agriseeds' pilot successfully linked 2,200 smallholder farmers with a private company – which already doubled the annual income of the farmers. The Rural Agro-dealer Restocking Programme successfully reached 12,000 households, and reanimated dozens of rural retailers of agricultural inputs. This success will be scaled up to 140,000 households in a sequel programme based on a partnership between DANIDA, SNV and the Zimbabwe Agriculture Development Trust.

Policy level work supported by SNV across the region has consistently been based on inclusive, multiple stakeholder processes. In Zambia, we facilitated the establishment of the Zambia Rice Federation as a national association of rice farmers. The Rice Federation gave input into the Zambia National Government Rice Strategy and has built partnerships with local and international stakeholders. The Zambia Honey Partnership brokered an innovative fund facility with an initial budget of USD 250,000.

#### *Localisation*

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

ambition a key focus of the ESA 2010–2012 strategy is to strengthen local organisations to provide appropriate capacity development support services (CDS). The ESA region’s 257 (figure end of 2010) advisors work with 285 local capacity builders (LCBs) across the region. Of these, 68 LCBs are in education, 67 in WASH, three in renewable energy, 132 in agriculture and 15 in tourism.

Preparations for the Local Capacity Development Facility (LCDF) in Ethiopia, Kenya, Mozambique, Rwanda, Tanzania, Uganda, Zambia and Zimbabwe have given the SNV country teams insight in the key constraints of matching CDS supply and demand. The LCDF Kenya – focusing on WASH and agriculture - has been established and is currently in the process of being formalised and embedded in genuine Kenyan institutions.

#### Complementarity, partnerships and resource diversification

In 2010, SNV countries across the region made further progress in partnering with EKN (formal agreements in all nine countries) and other Dutch development organisations. In four SNV countries (Mozambique, Rwanda, Tanzania and Zambia) domestic accountability programmes with EKNs are fully operational. At a regional level, we pursued and reinforced joint working with HIVOS in Twaweza (Kenya, Uganda, Tanzania) and ABPP (Ethiopia, Kenya, Tanzania, Uganda) – the latter is funded by DGIS. SNV also supports the DGIS national biogas programme in Rwanda.

In 2010, SNV ESA made decisive progress in the establishment of strategic partnerships, which is reflected in the anticipated total amount of resource mobilisation (RM). The bulk of these funding partnerships were negotiated at country level. There is a general trend partnerships evolving into a second or third phase, where cost-sharing is replaced by full funding for SNV’s (advisors and LCBs) services at larger scale.

The first regional partnership with IFAD was successfully completed and culminated in a well-attended regional conference. We are currently preparing a next phase on regional knowledge development, brokering and networking with IFAD, Kilimo Trust and AGRA. The regional relationship with IFAD has given impetus to the rise of a number of long-term country-level partnerships (Uganda, South Sudan, Mozambique, Kenya) with considerable funding. As is the case with UNICEF in WASH (and education in Zimbabwe), IFAD increasingly perceives SNV as a preferred partner in agriculture.

Progress in partnerships and resource mobilisation is a reflection of a changing mind-set in combination with a strong strategic profile. This trend is a consolidation of our profile in governance, accountability and value-chain development in all sectors. Pro-poor tourism attracted lower levels of interest from partners with funding, reflecting the challenge of consistently profiling ourselves. As a consequence, SNV in ESA has decided to focus resources in a smaller number of sectors, exiting tourism.

	Actual RM in EUR	Actual CS in EUR	Total in EUR	% RM of Total
Regional office	5,672	4,451,444	4,457,115	0%
Ethiopia	612,124	1,916,645	2,528,859	24%
Kenya	277,290	2,601,629	2,878,920	10%
Mozambique	204,478	1,810,592	2,015,070	10%
Rwanda	359,798	1,784,692	2,144,490	17%
Sudan	395,399	2,193,013	2,588,412	15%
Tanzania	316,120	2,934,554	3,250,674	10%
Uganda	410,730	2,751,079	3,161,809	13%
Zambia	573,128	3,491,090	4,064,218	14%
Zimbabwe	2,091,178	1,646,218	3,737,396	56%
<b>Total</b>	<b>5,246,007</b>	<b>25,580,955</b>	<b>30,826,962</b>	<b>17%</b>

Sector	Partners
Education	UNICEF, Winrock, UNIFEM, UNESCO, ICCO, Twaweza/HIVOS
WASH	UNICEF/DGIS, EU, UN Habitat, IRC, NWCO, Water Aid, Swiss Cooperation,
Renewables	DGIS, HIVOS, GIZ
Agriculture	IFAD, EKN, DANIDA, AusAid, CARE, Mercy Corps, Rabobank, FAO, Gates
PPT	EU, Academy for Educational Development

### Managing for results

A regional focal person and the senior regional advisor took part in the corporate Managing for Results (MfR) project, joining colleagues from the West and Central Africa region for an orientation meeting in Ouagadougou in October. A roll-out plan for MfR standards across the region was due to be agreed in January 2011. In addition, three senior economic development advisors attended a course of the Donor Committee for Enterprise Development (DCED) on internationally recognised standards for monitoring and evaluation. The DCED standard will be rolled out to the region in the course of 2011 aligned to the requirements of the Managing for results (MfR) framework. As required by both the MfR framework and the DCED standard, all data on increased employment and income will be aggregated according to gender. The five capabilities framework has been adopted by DGIS for Dutch-funded NGOs in capacity development. In light of this, ESA is using the framework to assess programmes in preparation for the 2012 evaluation.

### Organisation and management

In view of the need for a flexible workforce in future, career development will become even more crucial to maintain a credible critical mass of qualified advisors. Country management teams now discuss PARS (performance reviews), which allows a harmonisation of assessment and identification of a talent pool in each country. A talent pool of 10 potential CDs and level 2 advisors were part of a pilot programme visiting HO and DGIS in 2010. They were given regional responsibilities and support in their personal development. Support staff orientation and training did not materialise though, because the programme to be developed at HO is still to be finalised. Guidelines for LCBs were devised and are being used in the countries. An overview of consultants and types of assignments will be compiled in 2011. In 2010, consultants were engaged for case study assessments, and to conduct advisory learning programmes but were no longer used for advisory roles.

## Latin America

### Context developments

Select events and circumstances throughout the region affected development aid flows and priorities in 2010. Political turmoil and armed conflict threatened stability and security in Ecuador and Honduras, while severe flooding in Ecuador, Colombia, Brazil and Haiti as well as a major mining collapse in Chile called into question funding support for non-humanitarian relief activities in the region.

The withdrawal of funding by some donors, (for example, US government's Millennium Challenge Corporation in Nicaragua) coupled with uncertainty about SNV's future presence and funding support in the region, made attracting new business (especially that requiring multi-year commitments) a particular challenge. In addition, changes in SNV LA's legal status (from in-country EKN/DGIS affiliation to standalone entity) created uncertainty around tax implications in places like Nicaragua and Ecuador, which brought added complications to bidding and contracting for business. This, alongside the dwindling DGIS subsidy, made 2010 a tough year financially.

### Countries

SNV LA continued to work in Honduras, Nicaragua, Ecuador, Peru and Bolivia.

### Impact in sectors and localisation

#### *Impact*

In 2010 SNV LA established approximately 50 inclusive development initiatives at scale across sectors, improving the livelihoods of well over 1.1 million low-income people in the region.

In the Inclusion of the Base of the Pyramid Programme funded by the Inter-American Development Bank, low-income people in Peru, Ecuador, Nicaragua, Honduras and El Salvador are increasing their income. For example in Peru, 12,800 low-income producers of coffee, organic cacao and organic banana increased the quality and quantity of their production, and 300 people increased their income through activities in the tourism sector. In Central America the programme started later.

In El Salvador and Honduras 600 families will increase their income through the production of oil-seeds for bio-diesel. In Nicaragua and Honduras 2510 families will increase their incomes from the production

and sales of coffee and milk. SNV developed a monitoring and evaluation system for the IDB programme with which outcomes and impact are measured.

The SNV – CAF programme in Bolivia led to higher incomes for 16,000 low-income producers of goat milk; potatoes and alpaca fibre, due to higher production, improved processing and new market linkages.

#### *Localisation*

Downsizing and localising our workforce were key elements of our 2010–2012 plan, and in this respect, we did what we said we would in 2010. Further efforts to localise will continue in 2011 and 2012. This may mean even further increases to the already high 2010 levels (59 per cent) of total PPD delivery by LCBs. Below are our 2010 results.

<b>SNV LA PPD breakdown by source</b>	<b># PPD's</b>	<b>% PPD'S</b>
Services delivered by SNV staff (Days)	9,134	36%
Services delivered by LCB (Days)	15,088	59%
Services delivered by external consultants (Days)	1,445	5%
<b>TOTAL LA REGION</b>	<b>25,667</b>	<b>100%</b>

	<b>External consultants</b>		<b>LCB's</b>	
	<b>BASE</b>	<b>PIE</b>	<b>BASE</b>	<b>PIE</b>
BOLIVIA	8	6	29	35
ECUADOR	0	3	0	43
PERU	2	1	15	16
HONDURAS	0	6	15	18
NICARAGUA	0	9	5	18
<b>LA REGION</b>	<b>10</b>	<b>25</b>	<b>64</b>	<b>130</b>

### **Complementarity, partnership and resource mobilisation**

#### *Complementarity*

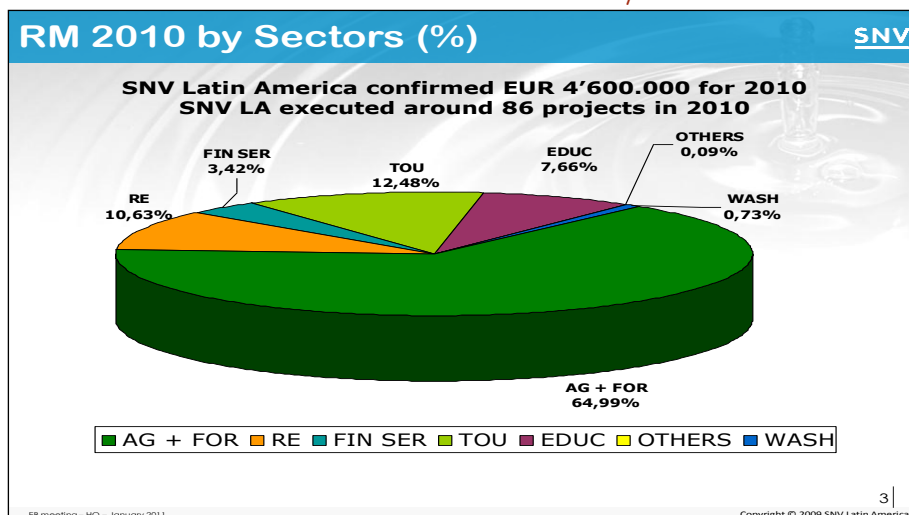
We continue to foster partnerships with other organisations in all sectors, notably with Dutch NGOs Fact, HIVOS, and Cordaid in the renewable energy, Inclusive Business (IB) specialty commodity and vocational education sectors. In Nicaragua, we align with the Netherlands Embassy (EKN) on IB projects with FUNICA (Nicaraguan coffee growers cooperative) and with CEP (Centro Empresarial Pellas), and in Bolivia, with the PFI Domestic Accountability Project. We work closely with EKN officials to ensure programming and policy alignment.

Similarly, we are in regular contact via our project activities with UNDP, AECID, IFAD, USAID, EU, IrishAid, DFID and other major international development donors who fund many of our RM contracts in the region. All of the above relationships are formalised in writing, generally in the form of an RM funded contract and with direct and periodic reporting requirements to the donor agency. At the end of 2010, SNV LA concluded an LCDF Activity Agreement with responsAbility, a SECO-supported social investment fund. We anticipate further complementarity with SECO policy priorities in 2011–2012.

#### *Partnership and resource mobilisation*

In 2010 SNV LA generated EUR 4.9 mln in gross revenue through partnership and resource mobilisation, just short of our ambitious EUR 5,453,750 target. Of particular note were partnerships with consulting firms, enabling us to compete on European and US-based tenders; and deal generation and net revenue sharing agreements signed with responsAbility, IDB and Unilever

Here is a breakdown of our resource mobilisation by sector in 2010:



### Managing for results

SNV LA contributed to the corporate MfR project. Some Latin America-developed tools and methods were adopted as part of the MfR standards for the whole organisation.

All of the region's projects included outcome measurement over 2010. Most of our funded projects have baselines, but not all have results chains and target matrixes. This is a goal for 2011, taking into account funding levels.

### Organisation and management

Delivering 86 projects was a challenge, given that our plan for 2010–2012 (our 'Blue Model') called for over 50 per cent staff reductions immediately and further reductions by the end of 2010. These reductions helped streamline management (some roles were eliminated, while some regional management roles became national roles) and bring down costs. The transition also meant that we were unable to implement the 'Great place to work' framework and performance management system (deferred to 2011). However, we did improve the efficiency of back office processes, including introducing new project management tools, and implemented a knowledge infrastructure – most advisors and managers in the region are now using an online data and knowledge platform.

## West and Central Africa

### Context developments

In 2010 economic growth of 5.6 per cent was a strong influence on development in the WCA region. It helped countries make progress towards achieving the Millennium Development Goals (MDG) although the growth is not sufficient for reaching the Goals in most countries. Some countries will be early achievers, some are on track and some are lagging behind on some of the Goals (Ghana, Benin, Burkina Faso and Mali). Other face more serious problems and are actually sliding backwards. Governments in these countries, together with their social partners have insufficient capacity or political engagement to turn external support and internal growth into good enough governance to achieve better development results.

### Countries

In 2010, SNV continued to work in Benin, Burkina Faso, Cameroon, DR Congo, Ghana, Guinea Bissau, Mali, Niger and Senegal.

### Impact in sectors and localisation

SNV was a well-recognised partner for clients and organisations in the sectors and countries in which we operated.

In 2010 we improved our monitoring and evaluation system, with outcome measurement and more "SMART" indicators, and countries started defining baselines. The base study done in the cotton sector in 2009 was an excellent example of having insight data for defining our impact after a certain period of

time. However, realising the cost of this study, baselines with basic data were used in various sectors, using current information from producer organisations, local government structures and via score cards, client satisfaction forms and other methodologies.

We contributed to improved incomes of more than 1,100,000 producers, livestock holders, tourism entrepreneurs and their staff, and small businesses through value chain development, capacity development services, multi-stakeholder facilitation, Inclusive Business services and other approaches. In our basic service sectors we reached around a million teachers, families with health insurance, families with access to drinking water and sanitation through better service delivery by local government and technical institutions. Women benefited increasingly from basic services and increased incomes. The knock-on effect for individuals that benefited indirectly, like pupils at primary schools, is far bigger. Civil society organisations raised their voices more often, demanding more information and better services from their municipalities, and accountability began showing its face. Overall, more than 4.5 million people in WCA, men, women and children, were part of and benefited directly and indirectly from our interventions in collaboration with local associations and organisations.

Increased contracting to local capacity builders and the start of LCDF development in four WCA countries showed our commitment to transferring capacity development resources to African actors and giving these actors in the lead.

### Complementarity, partnership and resource mobilisation

#### *Complementarity*

In the 2007–2015 subsidy application, SNV wanted to use its unique position and reach to strengthen its complementarity with DGIS, especially in bilateral partner countries. Through the different roles that both organisations play they are well positioned to increase the effectiveness of each other's work. To this end SNV wanted to: -

- coordinate and communicate systematically with EKN in bilateral partner countries
- allocate a minimum of 50 per cent of its capacity in these countries to jointly-agreed-upon themes that are of relevance to the bilateral presence
- develop a common vision with the Embassy on the mutually-agreed themes
- monitor and feedback information on implementation at the meso-level to the national level and
- stimulate and facilitate discussions between different actors at various levels to bring out and reduce the micro-macro disconnect.

Three indicators are used to monitor increased coherence and alignment: -

- 50 per cent overlap (in money or advisory services and LCDF) of themes/sectors in partner countries from 2009 onwards
- 90 per cent of core subsidy in partner countries spent in not more than three themes/sectors from 2009 onwards
- Both EKN (or lead partner) and SNV are satisfied with complementarity (every three years)

Complementarity in Benin and Mali was almost reached for the first indicator; however both Burkina Faso and Ghana could improve. This insufficient overlap is due to the importance of budget support from DGIS in the EKN partner countries (between 43 and 22 per cent). Both partners are satisfied in the three partner countries (Benin, Mali and Ghana) where there are mechanisms for information exchange, joint agenda-setting, decision-making, task division and joint monitoring, formalised in an MoU, in order to bridge the micro-macro divide. However, cooperation needs to improve in Burkina Faso, where the partners were unable to establish an MoU for the partnership. Aside from the collaboration with EKN in the four partner countries, SNV has good relationships with EKN in Cameroon and DR Congo (basic agreement for collaboration). There are also strong links between SNV in Niger and the EKN in Burkina Faso. We also established complementarity with Dutch NGOs (ICCO, Cordaid, HIVOS, Agiterra, and others) and knowledge centres (KIT, ECDPM, VNG, Wageningen University, and others) in several countries.

### *Partnership and resource mobilisation*

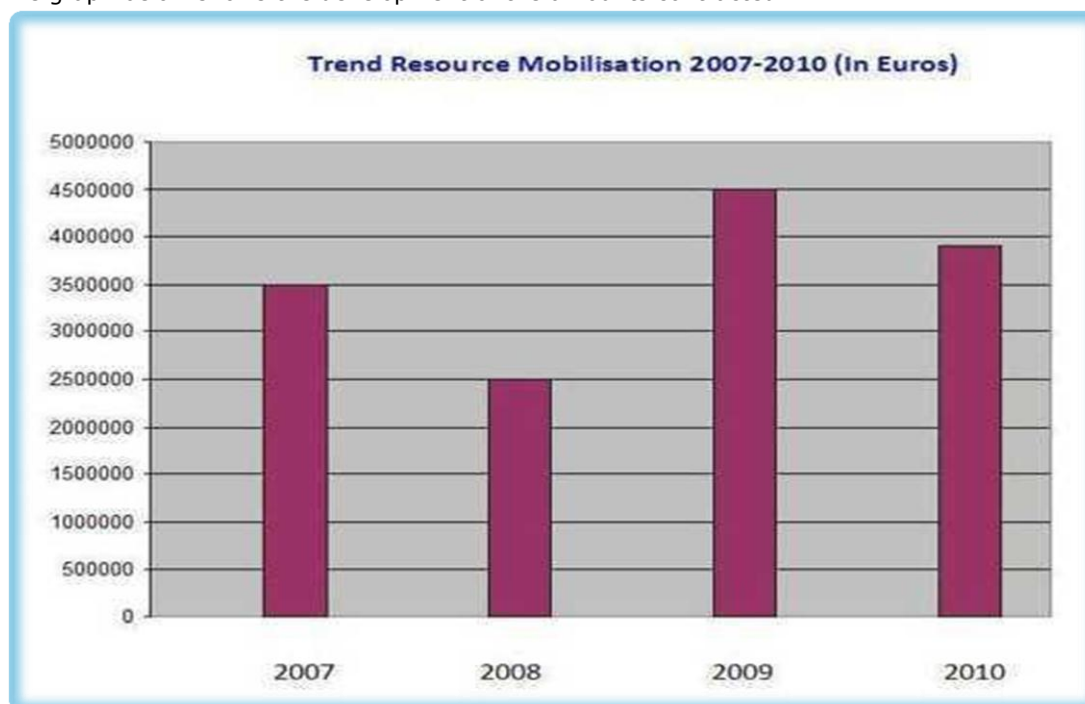
In 2010 we worked closely with colleagues in East and Southern Africa to establish PRM tools. Submitting proposals became routine practice, in close cooperation with the corporate business development team and ESA colleagues. The regional office provided two training sessions on business development methodologies and writing winning proposals. Quarterly pipeline overviews provided insight into progress on our regional target and the contribution to it by countries and sectors, as well as other relevant information to steer PRM efforts.

These overviews are increasingly accurate thanks to our continuously updating Sales Force and an increased cooperation with the regional finance team in order to make our data more consistent. Diversification of funders is in progress. Currently, 47 per cent of our funding still comes from DGIS and 5 per cent from other Dutch organisations (VNG, KIT, ICCO, Wageningen University, Hivos). The region is increasingly successful in building relationships and receiving money from non-European partners like the African Development Bank, USAID, and foundations like the Bill and Melinda Gates Foundation.

Here are some highlights of the 2010 WCA PRM initiatives: -

- We realised about 80 per cent of our ambitious 2010 target of EUR 4,918,424
- 50 proposals were submitted, including 15 to the EU (including HITT and a corporate forestry proposal), five to the World Bank, four to USAID, three to the African Development Bank, for an average EUR 400,000 (the sum of proposals is about EUR 20 ml). Half of them were successful; some are still under evaluation or negotiation
- The average size of revenue secured in 2010 is EUR 105,000 and should increase.
- The livestock and oilseeds sectors generated the highest percentage of RM in 2010, while the health and WASH sectors created the strongest pipeline for future funding.

The graph below shows the development of the amounts contracted



### **Managing for Results**

In line with the priorities set by the corporate MfR project we contributed strongly to the development and implementation of the revised MfR policy, in particular the six standards, the integrated PME format, the corporate dashboard, the evaluation policy and baseline guide. Our regional advisor participated in all corporate MfR meetings and organised several workshops at country and regional level to engage management and focal points on MfR, in particular a One Africa workshop with all focal points from ESA and WCA, in October 2010). In collaboration with ESA, we elaborated a regional MfR implementation plan. This plan sets the main targets, describes the different steps of the implementation and monitoring

process, defines each person's responsibilities, identifies the support needs as well as the financial resources required to operationalise MfR successfully. In 2011 our country management teams will plan the MfR roll-out by taking into account this regional framework as well as the recent changes in corporate strategic direction. In close collaboration with the MfR team in HO, we supported the country management teams in conducting country evaluations (Guinea Bissau) and preparing a follow-up on previous evaluations (Benin). In addition, we implemented a sector monitoring framework including regionally harmonised outcomes and indicators with support of the sector heads, focal points and knowledge network leaders. A first sector monitoring was conducted in July 2010 as part of the mid-year review (and will be repeated in 2011). The results of this exercise were analysed and presented during the RMT meeting in September 2010.

#### Organisation and management

SNV's visibility got an enormous boost in 2010 through our participation in the "Africa Caravan", a tour through all West African countries that were celebrating 50 years of independence, organised by the TV station Africable.

Sector briefs were developed in collaboration with knowledge networks. All knowledge network leaders exchanged information and collaborated with their equivalents in ESA. Joint actions were undertaken in, for example, tourism (joint RM and product development), WASH (common preparation and participation at international conferences, exchange on products), joint research and documentation on land issues in collaboration with the CKN and KIT. The other collaborations focused more on information exchange. Case study development was also supported strongly by the knowledge networks to boost internal knowledge developments. We invested resources in making our key sector documentation available for a wider public, and made a successful start with ensuring linkages between results, resource mobilisation and documented cases and stories.



## Part III Organisational results 2010

### 2015+ project

At the beginning of 2010 we launched a project aimed at preparing SNV for the years after the current subsidy period.

#### The project was launched based on both external and internal drivers:

Key external drivers: -

- Aid effectiveness is increasingly being called into question
- The development sector is being challenged to link development more to global themes
- Budgets for development aid are under pressure
- New players, new ways of working and new opportunities are emerging.

Key internal drivers: -

- SNV current core subsidy ends in 2015
- SNV's current work is interesting but needs more strength and innovation to face the future
- Timely and renewed positioning is crucial if we are to make the best of opportunities in the future.

A small working group was set up. The project group worked as far as possible through the existing organisation.

Activities had an external and internal scope and were grouped under four "building blocks": -

- 1) Identity
- 2) Focus on sectors, approaches and geographies
- 3) Revenue model
- 4) Organisational implications.

#### The following activities were carried out:

For the first building block, SNV success stories were analysed and served as input for an SNV story that would capture the essence of SNV's work in a concise form. We explored both a narrative and visualisation. This work is still in progress and during 2011 an information package will be created that will enable all staff to communicate the SNV story and related messages in a coherent way. The essence is that all materials will be based on field cases. They are rooted in the past, but help us move forward into the future.

The second and third building blocks received most attention in 2010. An overall analysis of external trends was carried out. The analysis was based on desk research but was reinforced by interviews with experts from different organisations across the world. We also carried out an analysis of SNV's strengths and weaknesses. This was based on external evaluations on SNV, and research on more than 100 cases, annual plans and reports and external and internal interviews.

After this first analytical phase we mapped all our activities in sectors in all countries and analysed strengths and weaknesses. We also researched sector trends externally and did an extensive analysis of donors and other potential funders on their current funding patterns and modalities as well as on their ambitions. Here again, external interviews were used to check our findings.

Work on organisational implications is under way and will receive more attention in 2011 as it relies on content.

The entire process led to a set of high-level decisions that were approved by our Supervisory Board. At various points the orientations and, in the later stages, the decisions were shared with DGIS and served as a framework for the realisation of budget reductions.

**The following decisions were made:**

- To build and implement a global value proposition based on three leading sectors: Agriculture, Renewables and Water, sanitation and hygiene (WASH)
- To exit non-leading sectors: Forestry, Tourism and Education
- To transfer value-chain-related Forestry activities to Agriculture or Renewables
- To develop a clear agenda to integrate cross-cutting themes in leading sectors
- To work in a range of countries from fragile states to middle income countries
- To concentrate on Africa and Asia
- To develop a new revenue model based on different funding sources and possibly fewer core subsidies
- To design and restructure the organisation in such a way that it is in line with strategic decisions and resilient to funding patterns as sketched out above.

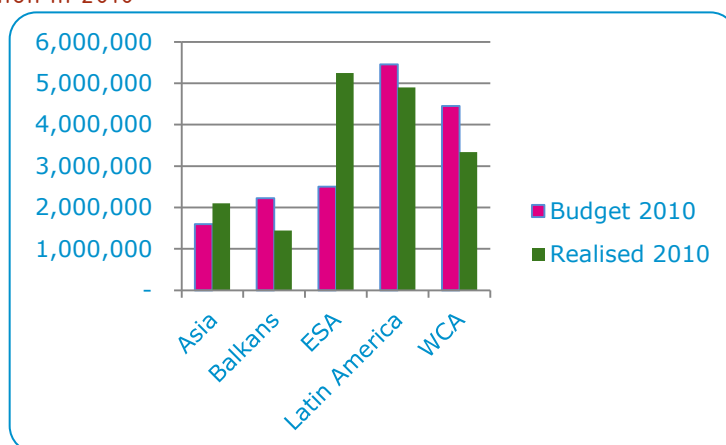
## Resource diversification

Over the past few years we have learnt that resource diversification is an exciting venture that helps to sharpen and validate SNV's strategy. Dealing with risk and uncertainty, the nuts and bolts of business development, compels us to go the extra mile and adapt our systems (human resources, finance and ICT) to market realities.

Resources for development are increasingly scarce. Africa is expected to receive less than half of the 25 billion aid dollars donors pledged in 2010. Many donors are phasing out of countries in Latin America and Asia as economic indicators improve. Nevertheless, we made significant advances in fundraising and paved the way for greater future success. In 2010 we managed to raise EUR 17 mln in comparison to EUR 11.6 mln in 2009.

The financial crisis meant that large foundations reduced disbursement plans, narrowed priorities, and delayed new initiatives. For instance, the Hewlett Foundation postponed new grants, while the Bill and Melinda Gates Foundation slowed disbursements. The increasing drive of corporations to move away from corporate social responsibility and towards creating societal as well as economic value creates exciting new partnership opportunities for us. At the same time, it has decreased CSR funds available for SNV impact ambitions.

## Resource mobilisation in 2010



Our past successes and failures in resource mobilisation help us understand what types of partnerships to focus on in the future. Numerous funding partnerships have emerged, with bi-lateral donors, grants and contracts with the EU, funding agreements with the multi-lateral banks, foundation grants and contracts, service fees from companies and subcontracting relationships with lead companies on projects. We will also further explore innovative funding streams from the private sector. A diversified portfolio of financing partners is what contributes to flexibility, relevance and critical mass of SNV's interventions across the world.

## Highlights and achievements in 2010

In 2010 we gained useful insight into what we have learnt and what we can do better. Positioning, profiling and early intelligence were key in all our wins. This applied to established relationships, like the one with DFID (ESA Agriculture EUR 2.5 mln) as well as to new frontiers, like our EUR 1.8 mln Asia WASH programme with AusAID. While we secured wins, much remains to be done to make the process more effective and efficient. We need to strengthen coordination throughout the organisation. Bankable resumes and project references need to be within arm's reach of the proposal writing teams. We need to address post-contract challenges in advance. Solid monitoring and evaluation needs to be in place. And proper identification and professional collaboration with teaming partners likely to secure the big wins is essential.

Three of our biggest deals of 2010 (ASI/DFID in Kenya, MSI/USAID in Ghana, and an EU global grant for vocational education in tourism) were generated through partnerships identified by early intelligence from SNV staff. We continued to invest in building internal expertise to manage or support large proposals. Ad hoc teams provided advice and support in proposal review, assessment of eligibility and

budgeting support. Internal experts also prepared training materials and business development tips and conducted skills building sessions on business development and proposal writing (WCA and Balkans).

We also continued to invest in relationship building. SNV staff led relationship management activities with several funders, including the World Bank, USAID and Millennium Challenge Corporation. The SNV office in Washington DC submitted concept notes and established relationships with key donors and partners like the Bill and Melinda Gates Foundation, Ford Foundation, Rockefeller Foundation, GIIN, Omidyar Network and the Soros Foundation. In February, we co-hosted the GFII (Global Forum on Impact Investment) with the Netherlands Embassy. The forum focused on how impact investments can lead to poverty reduction and economic and social inclusion. In September we were invited by the Clinton Global Initiative to participate as members. In addition, two of our proposals were approved by CGI and we were invited to become a founding member in the Global Clean Cook stoves Alliance. ANDE's Capacity Fund awarded SNV DC a grant in April 2010 to conduct a study of technical assistance and capacity building in the impact investment sector. The study has been completed, and we intend to have the report printed and distributed among key actors in the sector.

Top winners of bids and tenders such as Winrock, Carana Corporation, Chemonics, and other key players in the US regularly invited SNV to participate on USAID bids; while top European partners, including PM Group, IFC, GTZ, ASI and NIRAS asked us to participate in European opportunities. These resulted in some of our largest deals. We were also invited by EUNIDA to participate in proactive tenders on several accounts.

We secured highly visible and prominent roles at key international development events including: COP16, European Development Days and the Global Conference on Agriculture, Food Security and Climate Change. A Euronews campaign was successfully completed, with films still available on Youtube and the SNV website driving interactions with organisations. SNV was also invited to participate in high-level strategy forums with key stakeholders such as Bill Clinton and CGI, the Center for Global Development, the Delhi Dialogue with the HH Dali Lama and the European Commission.

The DC office supports SNV in strengthening our partner network and in resource diversification efforts. This is achieved through three primary functions: fundraising / business development from US-based partners, increasing the scale and recognition of SNV's work and sharing knowledge and positioning SNV international development and poverty alleviation methodologies. During the past year, the DC office worked closely with head office and the regional colleagues. This collaboration with SNV advisors and the global partnership team are essential for business development. In 2010, a number of significant contracts were awarded by US-based development organisations, including USAID and the Ford Foundation.

Overall, the business development team met its objectives for 2010. However, there were a couple of deviations at the activity level: -

- Our efforts at profiling SNV positively in the press were diverted due to efforts to deal with negative press.
- We did not achieve a web redesign in 2010. This is due to the departure of the person responsible for this activity.

### **Regional highlights**

In 2010 there was strong collaboration throughout the regions, head office and DC. Valuable proposals were won in each region. For instance, in Asia we won a bid on a sustainable landscapes programme on forestry, land use and REDD (Reducing Emissions from Deforestation and Forest Degradation). This multi-country proposal, worth USD 4.3 mln, was granted by USAID. Additionally, the Asian Development Bank granted USD 0.6 mln to SNV in Bhutan, for a national biogas programme.

SNV in ESA obtained a contract from DFID worth EUR 4 mln, for a project in Kenya. The overall objective for this project is to improve the performance of key market systems that are relevant to low-

income people in Kenya. Furthermore, we received a USD 200,000 grant from the Ford Foundation for a project to improve rural livelihoods in Mozambique and Zimbabwe.

SNV in LA won a project proposal to participate in the Nicaraguan Municipal Governance Programme. We have been working in Nicaragua for almost 30 years and contribute our long-standing expertise to project goals that align with SNV's efforts towards decentralisation and improving local governance. In order to fulfil this commitment, we managed to obtain a subcontract from USAID worth USD 1.5 mln, in collaboration with CHF International. Additionally, we launched an Inclusive Business virtual platform in conjunction with AVINA, World Business Council for Sustainable Development (WBCSD), FUNDES and World Resources Institute (WRI).

In 2003 the European Union published the EU Forest Law Enforcement, Governance and Trade (FLEGT) action plan, aimed at tackling illegal logging and poor forest governance. In light of this action plan, in 2010 SNV received a grant from EuropAid to tackle the problem of illegal deforestation in Cameroon. The total contracted amount was EUR 1.29 mln.

In the Balkans, SNV succeeded in winning a proposal from SIDA (Swedish International Development Organisation) worth EUR 0.8 mln. The forestry assessment in Kosovo made by SIDA indicated areas that need further strengthening to achieve sustainable forest management and economic development. The project aims to sustainably fulfil the needs of citizens and society for forest products and services, while safeguarding biodiversity and contributing to the local economy.

Additionally, the Ministry of Foreign Affairs of Denmark granted EUR 0.82 mln to SNV in Albania, where we partnered with the Danish to improve the livelihoods of local farmers, who were affected by the floods in Albania's northern region.

## Corporate partnerships

SNV and its partners provide complementary services to our public and private clients. These partnerships, and the innovative approaches they produce, enable us to compete effectively for increasingly scarce resources with key funders.

Here is our 2010 portfolio of corporate partnerships that help us to deliver on our strategic ambitions:

Sector / Approach	Partner / Alliance	Partnership focus	Highlights of 2010
Governance	UN Development Programme (UNDP)	Strengthening capacities for MDG-based national-local level planning, implementation and monitoring for increased service delivery including enhanced equitable income, production and employment.	Finalised the implementation of 16 country engagement programmes. Closed current corporate partnership agreement, leading to continued and focused cooperation at country level in Africa and Asia.
Tourism	UN World Tourism Organization (UNWTO)	Through the Sustainable Tourism – Eliminating Poverty (ST-EP) programme, this partnership is working to pull 20,000 – 25,000 households out of poverty for the long term, through direct employment and income earned in the tourism sector.	Implemented 20 tourism projects including integrated support activities in impact measurement, strategy development and knowledge development.
Multiple sectors	World Business Council for Sustainable Development (WBCSD)	Promoting Inclusive Business models: profitable ways to engage the low-income segment in business operations that create sustainable livelihoods.	Promoted Inclusive Business and advocated for suitable national business environments for successful and replicable Inclusive Business in Latin America, Asia and Africa. Published and disseminated 11 IB cases in Latin America: <i>Inclusive Business: Creating Value in Latin America</i> , highlighting the impact that Inclusive Business can achieve.
Agriculture	Agriterra and AgriProFocus	Promoting farmer entrepreneurship and reinforcing the role of farmer / producer organisations in agricultural value chains. Aims to gain better market access for farmer / producer organisations in ESA, WCA, Asia and Balkan regions.	Strengthened producer organisations, and enabling environment for producer organisations, through: Complementary support (funding and advisory services) to 19 farmer / producer organisations & 7 AgriProFocus “Country Agri-Hubs” Exchange of knowledge & experiences on farmer / producer organisation support in 7 countries in Africa within the AgriProFocus network. In 2010, a particular effort was made to link smallholder producers with the larger and better-organised private sector actors with links to markets.
Agriculture	Fairtrade Labelling Organization (FLO)	Improving governance in selected agricultural value chains in ESA and WCA regions. Strengthening value chain through capacity building of actors to improve product	- Created awareness on fair-trade certification in all 11 participating countries. - Business Development & Financial Services that improved product quality and quantity (access to finance, technology,

Sector / Approach	Partner / Alliance	Partnership focus	Highlights of 2010
		quality and quantity in a sustainable manner. Linking producers to markets while creating fair and equitable income and employment opportunities for women and men.	market intelligence). - Capacity development of producer groups - Information shared on producers support and capacity development funds to the actors in the value chains. In all countries production, income and employment increased far beyond the targets set.
Knowledge development	Capacity.org With partners ECDPM, UNDP and ICCO	Capacity.org is a knowledge portal & professional magazine that makes relevant knowledge on capacity development available to practitioners in developing countries. Capacity.org is a knowledge brokering activity and fits with SNV's broader ambition to support the 'localisation' of expertise.	Production and distribution of 3 issues of Capacity.org magazine Significant development of the knowledge portal as a principal resource / reference for professionals.

Strong leadership and effective partnership governance with our main partners is key. For that purpose (account) managers are appointed, matched with appropriate human and financial resources. This formal basis is backed with strong communication and information processes.

In 2010 we were invited by the Clinton Global Initiative to join the Global Clean Cook stoves Alliance. The Global Alliance for Clean Cook stoves is a new public-private partnership to save lives, improve livelihoods, empower women, and combat climate change by creating a thriving global market for lean and efficient household cooking solutions. The Alliance's '100 by '20' goal calls for 100 million homes to adopt clean and efficient stoves and fuels by 2020. The Alliance will work with public, private, and non-profit partners to help overcome the market barriers that currently impede the production, deployment, and use of clean cook stoves in the developing world.

In 2010 we also joined the BoP Innovation Centre, a partnership that aims to develop better insights into the development of market-driven pro-poor innovation strategies. The BoP Innovation Centre stimulates the local private sector in low-income markets in order to improve the livelihood of low-income people.

The BoP Innovation Centre is based on a strategic partnership of Wageningen UR, TNO, SNV, RSM Co Creation and Innovation Centre, ICCO, Global Compact Network Netherlands and a growing number of private partners/customers worldwide.

## Communication

### Profiling SNV

SNV received significant media attention in 2010. Some of this was related to the publicly-debated salaries of the Board of Directors but fortunately there was also plenty of interest in our work. We also succeeded in increasing the visibility of SNV through events such as the Annual Clinton Global Initiative in Washington, the Rode Hoed Political Debate in Amsterdam and the European Development Days in Brussels.

### SNV in the media

In 2010, we maintained our ambition to tell the world about our work. Internationally, SNV's work was covered in a number of high-profile media outlets like *The Guardian Reporter*, *Frankfurter Allgemeine Zeitung*, the *Boston Globe*, *Noticias* (a popular Latin American magazine) and CNN Mexico.

Given the excellent results of 'Making a Difference' in 2009, we decided to continue the campaign with *Euronews* in 2010. Throughout the year, the campaign attracted attention on the Euronews website. In December, another vignette was produced and broadcast on the Euronews channel. This vignette, about cook stoves, was aired for a full month, and also featured on both Euronews and SNV websites.

In the Netherlands, we secured exposure of our work in magazines and newspapers like *het Nederlands Dagblad*, *De Volkskrant online*, water magazine *H2O*, *het Financieel Dagblad*, *NRC*, *NRC Next* and *De Pers. Radio 1* and *Radio 2* covered our involvement in the Global Alliance for Clean Cookstoves. Across these media channels as well as in online news and blogs, SNV was covered in the Dutch and international media 407 times.

The salary issue dominated media coverage of SNV in the Netherlands in 2010. The initial decision of SNV's Supervisory Board not to lower the salaries of the Managing Board created a chain of events that was extensively covered in the media. Two of the largest national daily newspapers – *De Telegraaf* and *De Volkskrant* – drew particular attention to the issue. These articles were then picked up by a long line of other (online) media. From our experience in other public and media debates on salary ceilings in the semi-public sector, we concluded that this 'battle' would be a hard one to win in the public and media domain. Therefore SNV chose to take a low-key media approach in responding to the issue. We picked a televised interview with the chair of our Supervisory Board, Lodewijk de Waal, on the primetime discussion programme *Moraalridders*, on Dutch public television; and a written response by Dirk Elsen to an open letter from the editor-in-chief of *Vice Versa* in the same magazine.

### Online communication

Given the need to achieve more with fewer financial resources, and given the growing importance of digital media as an information source, SNV's focus is increasingly shifting towards online communication. An example is the SNV group page on LinkedIn. This group currently has over 800 members and 44 active discussions. It serves as a platform for former SNV staff and people with an interest in SNV to discuss all kind of issues related to our work. We have also started using social media like YouTube, Twitter, Facebook, and Flickr, with some success: SNV's YouTube channel attracted 11,155 views in 2010.

With our ambition to profile SNV better in the Netherlands, and in response to all the domestic media attention, we also set up a Dutch version of our website in 2010. The content of our main website was also significantly improved by the addition, for example, of a news feed and a publications section.

### Events

SNV managers, strategy officers and advisors in the field took part in a variety of external events all over the world in 2010. We considered carefully each event's connection with our core sectors and the opportunities it would provide for us to broaden our partnerships and diversify our funding sources.

The **Global Forum on Impact Investing** (Washington, February 2010), organised by the Netherlands Embassy in Washington and SNV in consultation with the Aspen Network of Development Entrepreneurs (ANDE), the Global Impact Investing Network (GIIN), the Rockefeller Foundation and the Small



Enterprise Assistance Funds (SEAF), was one of our highlights in 2010. Another was the launch ceremony of the Global Alliance for Clean Cookstoves during the **Clinton Global Initiative** (New York, September 2010) in the presence of Bill and Hillary Clinton. SNV is one of the founding partners of the cookstove initiative.

A delegation of SNV agriculture experts and SNV partners participated actively in the **Global Conference for Agriculture, Food Security and Climate Change** (The Hague, October/November 2010), organised by the Dutch Ministry for Agriculture, World Bank, FAO and others.

SNV, the German development organisation GTZ and the European Commission joined forces to organise a high level panel on energy during the **European Development Days 2010** (Brussels, December 2010). The session demonstrated how access to energy can be increased in developing countries through a multi-stakeholder approach. The keynote address was provided by the President of Tanzania, Jakaya Kikwete. Among the other speakers and panel members were Andris Piebalgs, European Commissioner for Development; Hela Cheikhrourou, Energy Director of the African Development Bank; and Fatih Birol, Chief Economist at the International Energy Agency.

Other international events in which SNV participated included the Capacity Investments and Policy Choices at the Local Level session at the **UNDP Global Event on Capacity Development** (Marrakech, March 2010) and the round table debate **Where is Europe's Aid Policy Headed?** (Brussels, April 2010) organised by EU think-tank Friends of Europe. Together with HIVOS we participated in a **parliamentary hearing on access to renewable energy** (Brussels, May 2010) organised by the European Parliament.

We also joined the prestigious **Ashden Awards Ceremony, World Water Week**, and the **UN Climate Change Conference - COP16**, where SNV and the UN Foundation, in cooperation with the Asian Development Bank, organised a session on universal energy access. SNV in Cameroon was one of the four winners of a prestigious research grant awarded annually at the **Global Forum for Health Research**.

Of the events in the Netherlands, our highlights included the expert seminar **Next Steps in Capacity Development**, which we organised in cooperation with the European Centre for Development Policy Management (ECDPM). This seminar was attended by more than 40 representatives from NGOs, knowledge institutes and the Ministry of Foreign Affairs.

A few days before the parliamentary elections the media group Global Village Media, in cooperation with SNV, IUCN and Simavi, organised a public debate at De Rode Hoed, entitled **'Welk belang hecht de politiek nog aan ontwikkelingssamenwerking?** Spokespersons for development cooperation from CDA, VVD, PvdA, Groen Links and D66 took part in a lively debate in which the audience (of over 120) was also involved and which was chaired by TV presenter Frènk van der Linden.

SNV also presented at a forum debate organised by the Institute of Social Studies entitled **The Future of Dutch Development Aid**, and at a discussion during the **Asian Development Report Launch. At Africa Day**, speakers from SNV joined a debate on private sector development and, as co-organisers with FMO, took part in a discussion on financing instruments for SME development in Africa. Furthermore, we joined the launch of the Dutch chapter of the **Base of the Pyramid Innovation Centre**.

### Internal communication

The SNV intranet really took off in 2010. Following a number of key improvements, like a better search engine, the intranet is increasingly becoming *the* trusted source of information for all SNV staff. The average number of visits is 10,056 a month. After the homepage, the library and Dirk's blog are among the most visited sections of the intranet. Furthermore, the intranet played an important role in keeping the staff up to date with the media coverage of SNV both domestically and abroad and, where appropriate, our response to negative news articles about SNV.

### Publications

In 2010, one of our flagship publications was the resource volume *Capacity Development in Practice*, edited and collated by Jan Ubels, Naa-aku Acquaye Baddoo and Alan Fowler. This impressive resource

volume was very well received among development practitioners. Kumi Naidoo, Executive Director of Greenpeace, called it "a carefully crafted piece of work that will be recognised as a benchmark resource". Koos Richelle, Director General of EuropeAid, called it "a source of inspiration for those who want to increase the return on the billions invested yearly in this area", and Chiku Malunga, a Malawian author on organisational development, referred to it as "an essential resource for every capacity development practitioner".

Furthermore, a new corporate brochure was produced in 2010. This was used extensively as supporting information at events, and also to introduce SNV to new clients, partners and funders. In support of business development we also produced a series of capability statements around our key services, along with and a presentation folder.

Other publications in 2010 were our annual report, 10 issues of the internal magazine *Nethwork*, a video for development practitioners entitled *The power of how* (in collaboration with UNDP), a flyer for our presentation at the European Development Days, and *Joining Forces*, a guide to collaborative processes for sustainable and competitive tourism (in collaboration with UNWTO). The book *Bricks, Mortar and Capacity Building* was published by the Afrika Studie Centrum as a result of a study financed by SNV about our 40-year history.

## Human resources

During 2010, SNV continued its journey to implement qualitative and quantitative changes in order to develop a stronger human capital base. This affected different levels throughout the organisation, though to a lesser extent in our Latin America and Balkan regions. In these regions, focus shifted more towards the finalisation of the downsizing exercises that took place during 2009.

During 2010, the impact of two important priorities affecting SNV's global workforce increased, notably:

- Services carried out by local capacity builders: SNV's work is increasingly carried out through service contracts and/or partnerships with third parties. We refer to this group as local capacity builders, or LCBs
- Diversification of resources: SNV aims to receive a substantial part of its external funding from other donors. This changes the accountabilities of some groups of employees.

Management continuously faces the challenge of acquiring, developing and retaining a high-quality and flexible workforce that can be deployed to respond to SNV programme requirements. During 2010 HR efforts focused on supporting management to deal with these, and to prepare both employees and managers for the challenges that they face.

## Major developments:

### Staff development to meet current and future requirements

During 2010, staff development efforts targeted different groups of staff, including new hires and leaders, to equip these groups to manage changing requirements: -

- Young professionals: Southern and Northern interns were hosted in different countries in almost all of our regions. In Laos, we piloted a young professionals programme in partnership with an LCB. This helped to build young people's knowledge and understanding of the development sector and SNV.
- Induction programme: induction of new advisors and support staff was streamlined and managed centrally. The induction process was reviewed for further possible improvements and induction posters were designed to make the programme more visible and appealing to our workforce. Further improvements will be cascaded over the course of 2011, during which a stronger connection will be made with the advisory programme to enhance longer-term impact.
- Advisory programme: Based on evaluations conducted during 2009, with support from SIOO, strong cooperation from different regions, the advisory programme was redesigned, piloted and implemented. Integrated into a strong long-term programme, the newly designed, face-to-face training week will better enable our advisors to 'hit the ground running'. A first pilot including LCBs demonstrated the value of the programme for both groups.
- Increased attention to leadership: three regions participated in corporate leadership programmes, bringing together the people managers to build their strategic outlook and learn how strategy can be implemented into their daily work and through their management decisions. This then feeds into the country management team meetings, improving management practice. In addition, shorter leadership training courses were conducted in some regions to focus on specific needs. Our East and Southern African region ran a programme for a group of senior advisors and middle managers to increase their understanding of SNV's strategy and to support their development towards potential next steps. The programme included a visit to head office, where they met with members of the Managing Board and relevant external parties.
- General staff training: regions and countries conducted training to support functional skills and knowledge development. West and Central Africa implemented a "Learning Factory", making training available to their staff via an intranet portal.

### Rewarding our staff

As well as local arrangements for national staff being updated and revised to match current needs, agreement has been reached on the expat Collective Labour Agreement (CLA) and this was implemented in 2010. In order to strengthen the link with performance, on-going attention was paid to ensure high quality of feedback, fair processes and better insights into the quality of employees' performance. Digitalising the performance management processes in 2011 will lead to a more efficient process and higher quality output for management.

The shifting reality requires a more flexible approach to contracting and rewarding our employees, enabling SNV to strike a better balance between flexibility and continuity within our workforce. Some regions have successfully implemented flexible workforce management models. During 2011, corporate guidelines will be developed to offer a consistent global approach.

#### **Security, safety and wellbeing of our employees**

Because we work in countries where our employees and operations face security hazards, we make every effort to mitigate risk. In 2010 the corporate crisis management plan was approved and processes were designed and arrangements made to support the implementation of our security management processes. The plan included a process for incident reporting, a revised travel policy, non-medical evacuation insurance and a newly designed collective health insurance. The human resources department also supported the regions by organising a working session in Asia and by carrying out three reviews in the two African regions.

## Finance and control

The finance organisation continued to support SNV's on-going financial operations across the wide range of countries in which we work, and under the many different fiscal and accounting regimes involved. The central financial administration team at head office worked closely with regional financial operations staff and, where necessary, with individual country finance officers to ensure transaction recording, local reporting and compliance and monthly reporting requirements were met. This included payroll processing in country in addition to international staff payroll processing, which is carried out at head office; and liquidity forecasting and management for the countries. During the last quarter of 2010 the planning and preparation for year-end closing was carried out and timetables and deliverables were agreed with external auditors.

The Planning and Control (PLC) team at head office managed the integrated planning cycle (IPC) across SNV, working closely with the regional controllers and their teams to gather and analyse budgeting and actual results and report upwards to the MB and business unit leaders on progress made during the year. The PLC team also carried out a major evaluation of the IPC process and developed a proposal for a more integrated, streamlined and efficient process. This was presented to the MB and accepted with minor modifications for implementation in the coming years. Towards the end of 2010 the PLC team carried out analysis and support work in respect of budget challenges, which were expected to be made more concrete in early 2011.

In addition to routine activities, the PLC team put significant effort into supporting new business processes in 2010, particularly in the business-critical areas of resource mobilisation and localisation, and into supporting the implementation of MfR.

For resource mobilisation, Finance developed a concept note for the Ministry explaining how the necessary reporting architecture was being developed to support transparent reporting of core-subsidy-funded projects and RM projects. This was discussed with the Ministry and now forms the basis for tracking and reporting. Finance also took the lead in the implementation of phase 1 of the PRM finance systems project. The team provided its own resources and managed external technical consultants to ensure that system development was completed for net contribution reporting at assignment level, and redesigned the necessary business processes. This successfully brought to a conclusion a complex project phase which had been running for a couple of years, covering the migration from a system architecture that was built with a single funder in mind to a system which allows for tracking and reporting of projects under multiple funding streams.

For LCDF, Finance worked with the global LCDF manager to support the accelerating rollout of this new delivery channel. This included contributing financial and legal input to the governance and financial management framework of the first LCDFs, and reviewing, analysing and advising on budgets. The first two LCDFs, based in Albania and in Latin America, received funding before the end of 2010.

Finance also partnered with MfR in 2010 in developing the dashboard for rollout during 2011, as well as in the update of the monitoring protocol with DGIS.

Tax and fiscal issues were examined in relation to the US, where the challenge is to find the most efficient and cost effective structure to support the fundraising efforts, and in Latin America, where for-profit business often does not co-exist easily with traditional INGO activity.

We made progress in improving a number of process issues, including rolling out of monthly actual against budget reporting for head office business unit managers. In the second half of the year the scope of re-engineering work identified under PIP was narrowed down to a small number of key business areas, including PRM, time writing and procurement processes, which are all globally relevant and require a standardised approach.

## Projects

During 2009 SNV's Managing Board decided that an extra drive was needed to integrate our existing triple AAA and result management policies from 2007 and 2008, and to diversify our financial (re)sources. These two strategic priorities led to the prioritisation of two key projects for the following years: -

- Partnership and resource mobilisation (PRM project), aimed at:
  - increasing the quantity and quality of our partners
  - extending and diversifying our funding.
- Managing for results (MfR project), aimed at:
  - designing an overall Management for results framework, which addresses results in all of our sectors, with an emphasis on outcome and impact
  - implementing this framework throughout SNV, at managerial and operational levels.

The two projects are closely interrelated. The better we are able to steer, account for and learn from our results in a transparent and convincing way, the more attractive we become to our stakeholders – in particular, funders. And by increasing our (diverse) resources and results we can ultimately contribute more to our mission, via our strategy and policies.

## Managing for results

The MfR project started with the establishment of an MfR team in September 2009. After a start-up phase in 2009, the team worked hard in 2010 on an MfR design, which has been positively received and also had an impact on the existing SNV-DGIS monitoring protocol. Fortunately, we did not have to start from scratch. Building on the triple AAA and MfR policy documents from 2007 we drew heavily on best practices from our five regions in the field and on the latest (inter)national developments in result chain methodology and definitions. We carried out a triple AAA/MfR analysis in September 2009 and found that our current policy was too tool-oriented, with too much emphasis on compliance and not enough on the logic behind it all. Moreover, intervention logic and baseline policy were still weak links, which needed to be strengthened and promoted.

More concretely, our efforts led to the following main products in 2010: -

- We formulated six standards for MfR which are aligned with internationally-recognised MfR theories and practices. Our MfR standards are a form of quality assurance for the way in which we plan for, achieve, monitor, evaluate and reflect on results. Every standard has been worked out into quality criteria, guidelines and accompanying tools, formats and policies. Compliance to standards and quality criteria will be audited internally in the second half of 2011. The guidelines and corresponding tools are merely recommended. This gives staff flexibility to meet planning, monitoring and evaluation (PME) requirements from different donors and to use guidelines only when they need them. Moreover, it enables them to use and/or create innovative tools. The decision to create standards was good and fundamental but it was time-consuming. As a result the implementation phase of the MfR project was postponed from the second half of 2010 to the first half of 2011. In working according to MfR standards SNV is better able to reach its four MfR purposes:
  1. *Steer results* to ensure that we achieve them via our strategy to fulfil our mission
  2. *Account for results* externally (donors, other stakeholders) as well as internally
  3. *Learn from results* to find out how and why our results were a success or a failure
  4. *Profile SNV* to convince stakeholders that SNV is an organisation worth investing in.
- Alongside the MfR standards, which determine *how* we work in a unified way throughout SNV, we developed indicators on *what* we need to achieve. Our corporate dashboard with indicators addresses all core elements of our mission, strategy and policies. Input indicators are now improved, particularly those related to PRM and localisation. Outcome indicators have been given a clear framework and there is general agreement on our new and harmonised impact indicators.
- We developed a draft version of an integrated PME format (PME format), which constitutes the heart of our MfR system. In the format all planned results and targets can be filled in, monitored and evaluated at (sub) sector level. Every PME format also includes an intervention logic, consisting of a theory of change (and a visualisation thereof) in a logic model, such as a result chain. The format will be finalised in a web-based version in the first half of 2011.

- We drew up a baseline policy and developed a baseline guide to promote more frequent/consistent and better quality baseline practice.
- We started to revise and extend our evaluation policy, procedures and terms of reference so that we can better show results in terms of quantity and quality. The new evaluation policy will be finalised in the first half of 2011.
- Last but not least, the outcome of the MfR design was also favourable for the SNV-DGIS monitoring protocol (MP), which was updated again in 2010. The MP became more 'smart' and now includes our MfR standards as well as our updated and new indicators. SNV and DGIS are in the process of formally finalising the MP.

In 2011 the introduction and further implementation of the new MfR design in SNV will take place. We expect that everything will be fully operational in 2012.

## Partnerships and resource mobilisation

### Background

Over the past few years, resource diversification has become a key part of SNV's strategy as we move from single-source funding to a multiple-source funding model. The fact that we now have multiple funders makes new demands on our management information systems: while we must still be able to report to DGIS on our performance and costs for the activities for which we receive core subsidy (as per the subsidy agreement), we must also be able to report separately on the performance and costs of activities which are carried out without core subsidy with funding from other donors and partners.

In addition to this basic need for separate tracking, we recognise that core subsidy should not be used to compete against commercial parties. In its regulation on market and public sector organisations, the Dutch government stipulates that no cross-subsidisation should occur when government-sponsored organisations such as SNV compete with commercial parties in commercial markets. To ensure competitive neutrality we must have a cost accounting system that provides the internal rates for advisory services (including all relevant overheads) that can be used as minimum rates in public tenders. This means a system that supports assignment of costs to different types of activities, products and services; calculates the cost of advisory days, including overheads; and identifies and charges the costs involved in general overheads and common costs to the appropriate activities on a cost driver basis.

We developed and submitted a concept note to DGIS in October setting out how we intended to track and report separately in our accounting systems and in the financial accounts those activities funded through our core subsidy and those activities funded from other sources. The overall approach has been approved, with the proviso that cross-subsidisation of commercial deals is not acceptable and must be guarded against. The appropriate controls are being built into our rate setting and reporting processes.

### Details of project deliverables

SNV's systems architecture was originally set up for single donor tracking and reporting and substantial changes have had to be made to convert the systems so that they can support multi-donor operations. The corresponding business processes have also required considerable alteration. This was a major challenge as we needed to continue supporting existing operations across 30 countries while developing and migrating to new systems and business processes as efficiently and quickly as possible.

Under the PRM finance redesign phase 1 project plan, approved by the Steering Committee in August 2009, the main deliverables were: -

- to enter the commitment of all resource mobilisation contracts in the fund management module in SAP and
- to show the profit and loss result at the end of every reporting period for all these contracts. The reporting of results is to be handled by BW (Business Warehouse) Reporting, with the functionality to report at both contracted and internal rates, allowing the calculation of a net contribution for SNV on each contract.

Two different commitment registrations were made in the fund management module in SAP:

1. A revenue commitment

Every time money is received from a donor, the amount is posted via a special transaction type to a revenue commitment account (for RM only) offset by the bank receipt.

2. An expenditure commitment

Every time a report is sent to the donor, their expenditure commitment is also posted by a special transaction type to the commitment account with the offset to income.

As these are financial transactions a balance is created and maintained in the general ledger on the commitment account, which enables us to see the net amount of the money received from the donors and the expenses reported to donors as billings. This enables SNV to check that pre-financing of contracts by donors is taking place in accordance with contract conditions.

**Progress in 2010 and Phase 2 in 2011**

The key project deliverables were developed, tested and implemented by the end of 2010 with regular communication with the regions ensuring input was reflected where possible and that all parties stayed in touch with developments. An evaluation workshop was held in early January to build on these results and develop the action plan for rollout across the regions in phase 2 in 2011.

The key actions identified for 2011 are: -

- coaching in budgeting of proposals
- leading the cultural change to local ownership of the project contribution
- fully-auditable overhead rates for use in proposals, ensuring no risk of cross-subsidisation
- developing more flexibility in dealing with the range of challenges presented by the different sizes and types of RM contracts in different regions
- formally agreeing the processes for identifying and building equity reserve on PRM contracts, ensuring they are approved by DGIS and auditable.



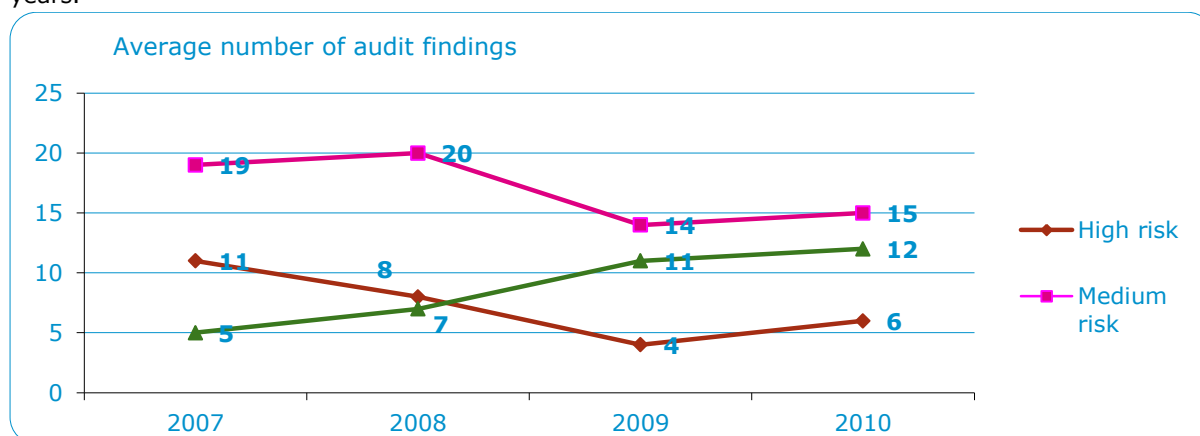
## Other information

### Compliance and internal control

The SNV Managing Board strives to realise the highest level of financial accountability. We aim to achieve a positive compliance opinion and an unqualified opinion of the external auditor. An important tool that is fully embedded within SNV is the compliance self-assessment. These self-assessments are carried out twice a year, from portfolio level to head office level, and comprise a total assessment followed by a reassessment of all action points identified previously. Follow-up action plans are monitored biannually and remediation measures to address high-risk deficiencies are monitored continuously. In addition, independent validation checks like peer reviews and audits by the internal audit unit are carried out. Our internal control framework is based on the integrated framework of the Committee of Sponsoring Organisations of the Treadway Commission (COSO).

### Audits

The internal audit unit carries out operational audits throughout SNV. The goal of the internal audit unit is to assist SNV in accomplishing its objectives and add value to improve the operations of SNV by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of the organisation's risk management, control, and governance processes. Therefore every country programme and the regional offices are audited periodically, at least every four years. SNV worldwide process audits, including HO, are also carried out on a regular basis. In 2010 six countries (Benin, Bhutan, Ghana, Sudan, Uganda and Zimbabwe) were audited as well as the Balkans regional office. Three processes (payroll, procurement and travel and entertainment expenses) were also audited in 2010. In 2009 we started with a more risk-based audit approach to increase the added value of internal audits by focusing the audit activities on (business) risks. In 2010 this resulted in the completion of a risk-based audit plan for 2011. The risk-based approach will be further strengthened in the coming years.



The corporate external auditor is responsible for the financial audit of SNV resulting in an audit opinion for the consolidated accounts. As begun in 2009, the corporate external auditor applies a risk-based audit approach, which results in a decreased number of separate audit opinions for the country/regional financial statements.

### Risk management

In 2010 the first steps in designing and implementing a risk management process - identifying and controlling main organisational risks - were taken. A high-level risk assessment resulted in an overview of applicable risks, control measures and mitigation factors and also resulted in a risk-based audit plan for 2011. The risk management process is still developing and in progress. We aim to implement the risk management process fully within SNV in 2011/2012.

### Common practice in case of alleged irregularities

A 'whistle-blower procedure' has been designed outlining how to deal with alleged irregularities within SNV. The goal of the procedure is to deal with alleged irregularities in an effective and efficient manner. Within this procedure the communication and information responsibilities are described, as well as how to deal with the investigation process and the results. The whistle-blower procedure will be in place in the beginning of 2011.

## Supervisory structure

The Board of Directors (which became the Managing Board in late 2009) manages the SNV organisation under 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 to supervise SNV's policy making and the implementation of these policies.

Specific items for discussion and approval in 2009 were the restructuring plans of the Balkans and Latin America regions and the change of SNV's top management structure.

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

SNV values comply with national and international standards of good governance: -

- Three members of the Supervisory Board (the chairman and two other members) sit on the remuneration committee, responsible for the evaluation and remuneration of the SNV Statutory Director and Managing Board
- Three members of the Supervisory Board take seat on the Audit Committee. The Audit Committee monitors finance, risk and compliance and advises the Supervisory Board on finance and control issues
- SNV's governance code complies with 'Code Wijffels'
- Internal control is based on the integrated framework of the Committee of Sponsoring Organisations of the Treadway Commission.

The external auditor reports annually to the full Supervisory Board.

# 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. SNV is a Foundation (Stichting) under Netherlands law.

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 (referred to as 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. During 3 year periods within the overall 2007-2015 subsidy agreement, in any year where there is under expenditure, subsidy income is reduced to the level required to cover the expenditure and where there is realisation above budget the difference is financed with accumulated unused subsidy from earlier years. At the end of each 3 year period a final calculation settlement is carried out for those 3 years. This took place at the end of 2009 and the year 2010 is the first year of the next 3 year cycle 2010-2012, within the overall 2007-2015 subsidy agreement. 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.

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

As per the 1<sup>st</sup> of January 2009 a Limited liability Company (LLC) was set up in Washington DC. SNV has a 100% 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 through additional resource mobilisation.

The consolidated financial statements of SNV for the year ended 31 December 2010 comprise SNV foundation and its participation in 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

	Notes	2010	2009	
<b>Assets (in EUR)</b>				
Tangible fixed assets	1			
Buildings, renovation and terrain		776,904	874,894	
Vehicles		2,019,451	2,591,248	
Equipment		1,040,256	1,405,758	
Other inventory		180,309	287,678	
Assets in transition		16,717	69,224	
Subtotal				5,228,802
		4,033,637		
Long-term receivables				
Deposits	2	280,127	267,406	
Subtotal				267,406
		280,127		
Long-term receivables programmes	3			
DGIS programmes		3,817,197	6,049,000	
Third-party programmes		2,790,790	5,523,966	
Nepal programmes			0	
Subtotal				11,572,966
		6,607,987		
Short-term receivables programmes				
DGIS programmes	3	4,979,277	5,854,482	
Third-party programmes	3	2,429,572	2,108,301	
Nepal programmes	13	2,442	941,688	
Subtotal				8,904,471
		7,411,291		
Short-term receivables				
Ministry of Foreign Affairs Subsidy	14	0	4,038,907	
Ministry of Foreign Affairs Debtors	11	1,538,147	0	
Prepayments and accrued income	4	2,849,833	3,419,546	
Pre-financed DGIS programmes		0	15,553	
Pre-financed third-party programmes		0	39,541	
Debtors programmes		0	681,812	
PRM contracts pre-financed by SNV	5	293,051		
Subtotal				11,879,876
		6,674,783		
Cash and cash equivalents	6			
SNV programme		48,479,083	38,652,826	
DGIS programmes		865,429	1,428,057	
Third-party programmes		1,022,766	951,870	
Nepal programmes		3,161	196,437	
Subtotal				41,229,190
		50,370,439		
<b>Total</b>		<b>75,378,264</b>		<b>79,082,711</b>

	Notes	2010	2009	
<b>Liabilities (in EUR)</b>				
Capital base				
Equity	7	8,805,468	8,722,962	
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	4,033,637	5,228,802	
Subtotal				27,945,528
		26,832,869		
Provisions	11		937,939	0
Long-term debts				
Pre-received earmarked contributions	12		7,958,702	7,627,896
Long-term commitments programmes				
DGIS programmes	13	4,289,592	8,303,579	
Third-party programmes		3,073,304	5,803,118	
Nepal programmes		0	0	
Subtotal				14,106,697
		7,362,896		
Short-term commitments programmes				
DGIS programmes	13	5,523,185	5,725,325	
Third-party programmes	13	3,181,687	2,820,560	
Nepal programmes	3	263	1,138,125	
Subtotal				9,684,010
		8,705,135		
Short-term payables				
Pre-received earmarked contributions	12	200,000	600,000	
PRM contracts pre-financed by donors	5	4,457,377	0	
Ministry of Foreign Affairs Subsidy	14	1,272,251	0	
Creditors		3,692,551	4,948,825	
Accrued expenses	15	11,177,509	11,945,371	
Taxes and social security premiums		858,890	790,573	
Pensions		1,922,145	1,433,811	
Subtotal				19,718,580
		23,580,723		
<b>Total</b>			<b>75,378,264</b>	<b>79,082,711</b>

Consolidated statement of financial performance  
**Consolidated Statement of Financial Performance**

EUR	<u>Income</u>	Notes	Realised 2010	Budget 2010	Realised 2009
	Subsidy income	16	83,678,843	87,200,000	92,369,809
	Release WCA/ESA severance	11	600,208		
	Earmarked contributions	12	69,194	450,000	688,043
	Nepal programmes	17	1,140,567	1,148,000	2,546,890
	Ministry of Foreign Affairs		85,488,812	88,798,000	95,604,742
	Resource mobilisation	18	17,018,998	16,226,912	11,559,217
	Interest SNV programme	18	160,857	257,700	248,547
	Income SNV programme		102,668,667	105,282,612	107,412,506
	Programmes DGIS		5,095,845	n.a.	4,900,296
	Third-party programmes		3,011,133	n.a.	2,025,896
	Income other activities	20	8,106,978	n.a.	6,926,192
	<b>Total income</b>		<b>110,775,645</b>	<b>105,282,612</b>	<b>114,338,698</b>
	<b><u>Expenditure</u></b>				
	Regions	21	86,527,713	88,111,746	89,512,521
	Nepal programmes	17	1,140,567	1,148,000	2,546,890
	Total regions		87,668,280	89,259,746	92,059,411
	Head office	21	12,993,656	13,532,010	11,714,525
	LLC US	21	611,655	450,000	417,336
	Earmarked contributions	12	69,194	450,000	688,043
	Total non-regional		13,674,505	14,432,010	12,819,904
	Corporate Partnerships	21	1,736,110	1,800,000	2,212,496
	Local Capacity Development Funds				
	Local Capacity Development Funds	21	702,430		579,353
	Expenditure SNV programme		103,781,325	105,491,756	107,671,164
	Programmes DGIS	13	5,095,845	n.a.	4,900,296
	Third-party programmes	13	3,011,133	n.a.	2,025,896
	Expenditure other activities		8,106,978	n.a.	6,926,192
	<b>Total expenditure</b>		<b>111,888,303</b>	<b>105,491,756</b>	<b>114,597,356</b>
	<b>Balance income and expenditure</b>		<b>-1,112,658</b>	<b>-209,144</b>	<b>-258,658</b>
	Attributable to:				
	Equity		82,506	200,000	143,922
	Special purpose fund tax claims		0	0	0
	Invested capital in fixed assets		-1,195,164	-409,144	-402,581
	<b>Total</b>		<b>-1,112,658</b>	<b>-209,144</b>	<b>-258,658</b>
	<b>Balance income and expenditure after appropriation</b>		<b>0</b>	<b>0</b>	<b>0</b>



## Consolidated cash flow statement

After the appropriation of the result for the financial year 2010 the cash flow statement, based on the Indirect Method, is presented as follows:

EUR	2010	2009
Total Ministry of Foreign Affairs	85,488,812	95,604,742
Expenditure SNV programme	-103,781,325	-107,671,164
Resource mobilisation	17,018,998	11,559,217
Received Interest	78,351	104,624
<b>Cash flow operating activities</b>	<b>-1,195,164</b>	<b>-402,581</b>
Depreciation	2,234,779	2,629,520
Increase/(Decrease) in provision for doubtful debts	220,781	-106,446
Increase/(Decrease) in payables	-3,529,726	3,038,478
Increase/(Decrease) in provisions relating to employee costs	937,939	-2,430,288
(Gains)/losses on sale of tangible fixed assets	-305,844	-360,910
(Increase)/Decrease in receivables	11,429,749	-4,159,196
<b>Non-cash movements</b>	<b>10,987,678</b>	<b>-1,388,843</b>
<b>Net cash flow from operating activities</b>	<b>9,792,514</b>	<b>-1,791,424</b>
Purchase of tangible fixed assets	-1,090,657	-2,315,895
Proceeds from sale of tangible fixed assets	356,886	449,867
<b>Net cash flow from investing activities</b>	<b>-733,771</b>	<b>-1,866,028</b>
Received Interest	82,506	143,922
<b>Cash flow from financing activities</b>	<b>82,506</b>	<b>143,922</b>
<b>Net cash flow</b>	<b>9,141,249</b>	<b>-3,513,530</b>
Cash and cash equivalents as at 1 January	41,229,190	44,742,720
Cash and cash equivalents as at 31 December	50,370,439	41,229,190
<b>Net cash flow</b>	<b>9,141,249</b>	<b>-3,513,530</b>

The liquidity of SNV has increased from EUR 41.2 mln to EUR 50.4 mln.

## 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 located in The Hague is the head of a group of legal entities. The group consists of the foundation SNV 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 foundation SNV The Hague.

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

### General

The consolidated annual accounts are prepared in accordance with RJ 640 accounting standards.

The accounting policies formulated below relate to the consolidated annual accounts as a whole. Assets and liabilities are stated at fair value unless indicated otherwise. If assets and liabilities are stated in foreign currencies, the calculation is based on the exchange rates prevailing on the balance 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. From the period 2007 and onwards interest income earned on subsidy monies is no longer added to equity as previously but allocated to subsidy income.

### 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 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 contract

Renovation and repair cost regarding the building are capitalised. Other costs of repair and maintenance are reported in the statement of financial performance in the fiscal year when they were carried out.

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

The long-term receivables include deposits. The current account balances with the Ministry of Foreign Affairs have been included under short-term receivables and payables.

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

These figures include the amounts 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 2011 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 the free disposal of the organisation and is maintained to ensure the continuity of the organisation. The special purpose funds may only be used for the purposes 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 for specific purposes from the Ministry of Foreign Affairs that have not yet been spent are included here. Amounts related to the year 2011 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, including the budget allocation for the year 2011 for programmes funded by DGIS (including Nepal programmes) and third-party donors are included here, the remainder are 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 which can be considered as highly liquid investments. Cash flows in foreign currencies are translated at an estimated average rate.

#### **Accounting principles for determining the balance of 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 follows the defined contribution method.

National pensions are based on national legal systems and 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 table sets out the tangible fixed assets by category:

	Buildings, renovation and terrains	Vehicles	Equipment	Other inventory	Assets in transition	<b>Total</b>
Purchasing value	1,968,548	8,696,251	9,776,839	1,713,103	69,224	<b>22,223,965</b>
Cumulative depreciation	-1,093,654	-6,105,003	-8,371,081	-1,425,425	0	<b>-16,995,163</b>
<b>Book value 1 January 2010</b>	<b>874,894</b>	<b>2,591,248</b>	<b>1,405,758</b>	<b>287,678</b>	<b>69,224</b>	<b>5,228,802</b>
Investments	20,424	575,473	511,630	35,636	-52,506	<b>1,090,657</b>
Disposals (purchase value)	-8,565	-1,225,500	-712,433	-29,782		<b>-1,976,280</b>
Disposal (cum. depreciation)	8,565	1,198,246	694,828	23,599		<b>1,925,238</b>
Depreciation	-118,414	-1,120,016	-859,527	-136,822		<b>-2,234,779</b>
<b>Book value 31 December 2010</b>	<b>776,904</b>	<b>2,019,451</b>	<b>1,040,256</b>	<b>180,309</b>	<b>16,717</b>	<b>4,033,637</b>
Purchasing value	1,980,407	8,046,224	9,576,036	1,718,957	16,717	<b>21,338,341</b>
Cumulative depreciation	-1,203,503	-6,026,773	-8,535,780	-1,538,648	0	<b>-17,304,704</b>
<b>Book value 31 December 2010</b>	<b>776,904</b>	<b>2,019,451</b>	<b>1,040,256</b>	<b>180,309</b>	<b>16,717</b>	<b>4,033,637</b>

The depreciation cost of the buildings is based on linear depreciation over 15 years. A four-year depreciation period has been applied to vehicles and inventory. The depreciation period of building renovation is flexible, depending on the duration of the renting contract. Equipment is written off in three years. Assets in transition relate to prepayments on assets that had not been received at balance sheet date and as a consequence have not yet depreciated. SNV expenditures on tangible fixed assets are capitalised. The depreciation costs are accounted for in the statement of 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 2010 is fully subsidised via the core budget.

### Long-term receivables

#### 2 Deposits

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

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

The long-term balance relates to the money to be received after 2011 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	2010			Total
	DGIS	Third parties	Nepal	
Budget after 2011	3,817,197	2,790,790	0	<b>6,607,987</b>
<b>Long-term receivables</b>	<b>3,817,197</b>	<b>2,790,790</b>	<b>0</b>	<b>6,607,987</b>
Budget 2011	5,814,343	3,240,150	-2,442	<b>9,052,051</b>
Pre-received money	-903,841	-808,619	2,179	<b>-1,710,281</b>
Pre-financed programmes	68,775	-1,960		<b>66,816</b>
<b>Short-term receivables</b>	<b>4,979,277</b>	<b>2,429,572</b>	<b>-263</b>	<b>7,408,586</b>
<b>Total receivables</b>	<b>8,796,474</b>	<b>5,220,362</b>	<b>-263</b>	<b>14,016,573</b>

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

On the balance sheet the short-term receivable amount (negative) for Nepal in 2010 is reported under Short-term commitments.

## Short-term receivables

### 4 Prepayments and accrued income

Prepayments and accrued income include prepayments made by the field offices relating to items such as rent and school fees. Prepayments on partnership activities scheduled for 2011 are also included amounting to a total of EUR 0.4 mln for Fairtrade Labelling Organisation (FLO). An amount of EUR 0.7 mln is also included representing the initial investment in the Local Capacity Development Facility in LA. This was made late in 2010 and as activities are carried out during 2011 the prepayment will be released and the expenditures recognised as LCDF spend.

### 5 PRM contract pre-financing

During 2010 the process for tracking the billings and receipts on Partnership Resource Mobilisation Programmes (PRM) was changed to improve control over visibility and liquidity management. Under the new accounting process the net amounts received in advance from donors by country are included in "PRM contracts pre-financed by donors" and the net amounts pre-financed by SNV "are included in "PRM contracts pre-financed by SNV". In 2009 the comparable amounts were included in Short Term Debtors and Payables and the net balance was not material. The net amount of EUR 4.2 mln pre-financed by donors in the balance sheet at 30 December 2010 reflects the substantial growth in PRM activity during 2010 and the successful focus on more effective liquidity management.

## 6 Cash and cash equivalents

The cash and cash equivalents are unrestricted.

EUR	<b>2010</b>		<b>Total</b>
	Cash	Bank	
SNV programme	72,504	48,406,579	<b>48,479,083</b>
DGIS programmes	340	865,089	<b>865,429</b>
Third-party programmes	435	1,022,331	<b>1,022,766</b>
Nepal programmes	0	3,161	<b>3,161</b>
<b>Total</b>	<b>73,279</b>	<b>50,297,160</b>	<b>50,370,439</b>
EUR	<b>2009</b>		<b>Total</b>
	Cash	Bank	
SNV programme	75,352	38,577,474	<b>38,652,826</b>
DGIS programmes	301	1,427,756	<b>1,428,057</b>
Third-party programmes	0	951,870	<b>951,870</b>
Nepal programmes	0	196,437	<b>196,437</b>
<b>Total</b>	<b>75,653</b>	<b>41,153,537</b>	<b>41,229,190</b>

## Capital base

### 7 Equity

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

EUR	2010	2009
Equity as at 1st January	8,722,962	8,579,040
Financial income	82,506	143,922
<b>Total as at 31st December</b>	<b>8,805,468</b>	<b>8,722,962</b>

### 8 Special purpose reserve foreign exchange

The reserve for foreign exchange of EUR 1.0 mln 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 where formerly the tax status was laid down in bilateral country agreements under the DGIS umbrella. The change in legal status may lead to SNV needing to pay taxes on expatriate salaries to the governments in the host countries. To manage this risk as from 2003 a net amount of EUR 13.0 mln was set aside through the result appropriation. The fund is reviewed annually and in 2010 the Ministry approved SNV's request to hold the fund at the same level as in 2009 and 2008. It is expected that the allocation to the special-purpose fund foreign taxes is sufficient to cover possible tax claims over the previous periods. As a consequence of the "freeze" the disbursed taxes in 2009 were charged to the core subsidy.

EUR	2010	2009
Balance as at 1st January	13,023,269	13,023,269
Movement hypotax	0	-92,824
Disbursed	0	92,824
Movement for the year	0	0
<b>Total as at 31st December</b>	<b>13,023,269</b>	<b>13,023,269</b>

### 10 Invested capital in fixed assets

As of 1996, tangible fixed assets have been presented on the balance sheet. As the Ministry deploys a cash accounting system, where investments are charged to the budget year in question, 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	2010	2009
Balance as at 1st January	5,228,802	5,631,383
Movement for the year	-1,195,165	-402,581
<b>Total as at 31st December</b>	<b>4,033,637</b>	<b>5,228,802</b>

## Provisions

### 11 Provisions

A provision was created in 2010 to cover the severance costs of a redundancy exercise caused by core subsidy budget cuts imposed by DGIS for the 2010-2012 cycle. These redundancies related to the West and Central Africa and East and Southern Africa regions.

The total amount involved of EUR 1,538,147 has been agreed to be funded by DGIS outside of the core subsidy, and during 2010 EUR 600,208 of the reserve was utilised.

EUR	2010	2009
Balance as at 1st January	0	0
Total provision guaranteed by DGIS	1,538,147	0
Utilised in year	-600,208	0
<b>Total as at 31st December</b>	<b>937,939</b>	<b>0</b>

The balance of EUR 1.538.147 due from DGIS at 31st December, 2010 is included in Short term Receivables.

## Long-term debts

### 12 Pre-received earmarked contributions

One special agreement with the Ministry of Foreign Affairs remains in effect, being the pre-received earmarked contributions to cover potential future expenditures related to personnel rights acquired before 2002. These earmarked contributions reflect an agreement made with DGIS when SNV became independent in 2002. It has further been agreed with the Ministry that if the orientation leave contributions become fully depleted, the contributions for unemployment benefit may also be used for orientation leave payments subject to prior approval being obtained. At 31 December 2009, the maximum estimated commitments for orientation leave amounted to EUR 1.2 mln and for unemployment benefit EUR 1.1 mln and during 2010 very limited disbursements were made from the provision. Further discussions with the Ministry in late 2010 and early 2011 following the communication of a further round of significant core subsidy budget cuts led to agreement with the Ministry that the pre-received earmarked contributions reserve would be maintained at the existing level and would be potentially available as a reserve for absorbing additional subsidy reduction driven severance costs during 2011/2012.

The disbursements regarding earmarked contributions in 2010 can be specified as follows

EUR	Orientation leave	Unemployment benefit	Total
Balance as at 1 January	132,840	8,095,056	<b>8,227,896</b>
Disbursed in 2010	-24,243	-44,951	<b>-69,194</b>
<b>Total as at 31 December</b>	<b>108,597</b>	<b>8,050,105</b>	<b>8,158,702</b>
Represented by:			
Long-term debts	8,597	7,950,105	<b>7,958,702</b>
Short-term debts	100,000	100,000	<b>200,000</b>
<b>Total</b>	<b>108,597</b>	<b>8,050,105</b>	<b>8,158,702</b>

## 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 per 31 December 2009	14,028,903	8,623,678	1,138,125	<b>23,790,706</b>
New commitments	739,603	2,256,525	0	<b>2,996,128</b>
De-commitments	0	-1,346,594	0	<b>-1,346,594</b>
Expenditure	-5,095,845	-3,011,133	-1,140,567	<b>-9,247,545</b>
Interest	140,115	-267,484	0	<b>-127,369</b>
Mutation 2010	-4,216,126	-2,368,687	-1,140,567	<b>-7,725,380</b>
<b>Total commitments as per 31 December 2010</b>	<b>9,812,777</b>	<b>6,254,991</b>	<b>-2,442</b>	<b>16,065,326</b>
Represented by:				
Long-term commitments as per 31 December 2010	4,289,592	3,073,304	0	<b>7,362,896</b>
Short-term commitments as per 31 December 2010	5,523,185	3,181,687	-2,442	<b>8,702,431</b>
	<b>9,812,777</b>	<b>6,254,991</b>	<b>-2,442</b>	<b>16,065,327</b>

On the balance sheet the short-term commitment amount (negative) for Nepal in 2010 is reported under Short-term Receivables programmes.

### Short-term debts

#### 14 Ministry of Foreign Affairs

This entry includes the current account with the Ministry of Foreign Affairs. In 2009 the amount was a receivable and in 2010 it was a payable and can be specified as follows:

EUR	2010	2009
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	-2,369,809
Settlement Core subsidy 2007-2009	2,800,000	0
<b>Core subsidy 2007-2015</b>	<b>-1,238,907</b>	<b>-4,038,907</b>
Pre-received core subsidy 2010	3,521,157	0
Receivable Nepal programme	-1,010,000	0
Settlement Core subsidy 2010-2012		
<b>Total as at 31st December</b>	<b>1,272,251</b>	<b>-4,038,907</b>

#### 15 Accrued expenses

The decrease in 'Accrued expenses' is mainly the result of a decrease in Leave days in 2009.

EUR	2010	2009
Leave days	3,370,537	5,400,487
Holiday allowance	705,787	779,587
Various costs to be paid - HO	961,821	1,167,261
Various costs to be paid - Regions	6,139,364	4,598,036
<b>Total as at 31 December</b>	<b>11,177,509</b>	<b>11,945,371</b>

### Commitments and contingent assets & liabilities

#### Subsidy agreement

In 2010 SNV used EUR 3.5 mln less than the subsidy planned of EUR 87.2 mln and this amount is transferred to 2011.

#### Suppliers' contracts



SNV has signed several contracts with suppliers of goods and services for a total amount of EUR 4.3 mln. The annual rent for the office in The Hague amounts to EUR 0.3 mln (price level 2010). The rental agreement terminates on 31 July 2015.

#### *Legal cases in progress*

There are 13 legal cases pending against SNV of which 11 were brought by former employees. Furthermore there are 4 claims by SNV against former employees and 1 by SNV against an external party.

For these legal cases no provisions have been made, the amounts not being material.

### **Partnerships**

SNV has entered into certain partnerships with a financial component covering the year 2011. The total amount involved is EUR 0.6 mln:

#### **World Tourism Organisation (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 mln 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 mln 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 contributed to finance and sponsor sustainable tourism projects in Asia, Balkan, Latin America and Africa. During 2010 some projects were delayed, so it was agreed to move the budget into 2011 in order to be able to finish the planned activities. The remaining commitment at the end of 2010 is EUR 0.2 mln.

#### **Fair Trade Labelling Organisation (FLO)**

SNV and FLO have been collaborating since 2006 in a partnership providing support to producer groups in the South to access international fair-trade markets in the North, involving production chains such as coffee, cocoa, several kinds of nuts and rice. After a joint review of partnership activities during the period 2006-2008, both parties agreed to extend the partnership until 2011. Early 2009 a Memorandum of Understanding and an Activity Agreement was 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 mln over the following three year period. The remaining commitment at the end of 2010 is EUR 0.4 mln.

## Notes to the consolidated statement of financial performance

### Income

#### 16 Programme funding Ministry of Foreign Affairs

The total income for the SNV programme for regular capacity development activities amounted to EUR 83.7 mln in 2010. This was a decrease of EUR 8.7 mln (9.4%) compared to 2009 and an underspend of EUR 3.5 mln (4.0%) compared to budget.

The pre-received earmarked contributions of the prior subsidy agreement are carried forward for future earmarked expenditures (see Note 12).

EUR	Realised 2010	Budget 2010	Realised 2009
Subsidy agreement 2007-2015	87,200,000	87,200,000	90,000,000
<b>Total subsidy agreement</b>	<b>87,200,000</b>	<b>87,200,000</b>	<b>90,000,000</b>
Transfer 2010-2012(2007-2009)	-3,521,157	0	2,369,809
Release Hypotax	0	0	0
<b>Total subsidy income</b>	<b>83,678,843</b>	<b>87,200,000</b>	<b>92,369,809</b>
Earmarked contributions	69,194	450,000	688,043
<b>Total programme funding</b>	<b>83,748,037</b>	<b>87,650,000</b>	<b>93,057,852</b>

#### 17 Nepal programmes

In 2005, SNV took over two EKN-funded (Embassy of the Kingdom of the Netherlands) Nepal activities that form part of the core subsidy as from 2005. The duration of these programmes was extended to December 2010 with an expenditure budget for 2010 of EUR 1.1 mln. Movements in 2010 in the two Nepal activities may be presented as follows:

Programme funds EUR	Biodiversity	Renewable Energy Sector Support	Total
Net commitment 31 December 2009	669,256	468,870	1,138,126
Net receivable 31 December 2009	-475,611	-466,076	-941,687
<b>Net programme fund balance at 31 December 2009</b>	<b>193,644</b>	<b>2,794</b>	<b>196,438</b>
<b>Funds received in 2010</b>	<b>475,901</b>	<b>466,050</b>	<b>941,951</b>
Expenditure 2010	-732,119	-476,506	-1,208,625
Interest and revaluation	60,158	7,899	68,057
<b>Total Nepal programme expenditures 2010</b>	<b>-671,961</b>	<b>-468,607</b>	<b>-1,140,568</b>
<b>Net programme fund balance at 31 December 2010</b>	<b>-2,416</b>	<b>237</b>	<b>-2,179</b>
Represented by:			
Net receivable 31 December 2010	-2,705	263	-2,442
Net payable 31 December 2010	290	-26	264
	<b>-2,416</b>	<b>237</b>	<b>-2,179</b>

#### 18 Resource mobilisation

The amount for resource mobilisation relates to income from third parties to finance SNV's primary and support process costs to realise the impact it strives for. In 2010 income increased significantly to EUR 17.0 mln compared with EUR 11.6 mln in 2009 (46% increase) and was also 5% above budget.

#### 19 Interest SNV programme

During the subsidy agreement period 2002–2006, SNV was allowed by the Ministry to add the interest earned to equity. As from the subsidy period commencing in 2007 SNV is allowed to add only 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 total EUR 161 thousand interests received an amount of EUR 82 thousand mln was added to equity. The interest earned was lower than budgeted owing to the low interest rates available in the markets during 2010.

#### *20 Income 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.

## Expenditures

### 21 Expenditure SNV regular Capacity Development Programme

Total costs for the regular Capacity Development Programme amounted to EUR 102.6 mln. This was a decrease of EUR 1.8 mln (1.7%) compared to 2009. Compared to budget the actual expenditures were EUR 1.3 mln (1.3%) lower than planned.

EUR	Realised 2010	Budget 2010	Realised 2009
<b>Regions:</b>			
Gross salaries	27,920,020	33,367,225	31,262,049
Social securities	2,951,500	1,966,112	2,683,401
Pension premiums	3,430,009	2,178,994	3,479,228
Staff costs and allowances	16,918,264	10,226,119	14,259,137
Travel and lodging	3,765,043	4,067,073	4,013,932
Other	5,369,758	9,775,544	5,883,321
<b>Personnel costs</b>	<b>60,354,594</b>	<b>61,581,067</b>	<b>66,609,444</b>
Depreciation	2,092,579	2,070,829	2,348,238
Facilities	4,583,073	4,760,239	4,841,332
LCBs	8,099,622	5,419,732	3,847,107
External advisory staff	2,643,178	6,760,655	6,066,849
Programmes workshops	4,800,333	4,626,929	3,737,223
Other	3,954,334	3,342,295	5,332,370
<b>Other costs</b>	<b>26,173,119</b>	<b>26,980,679</b>	<b>22,903,077</b>
<b>Regions</b>	<b>86,527,713</b>	<b>88,561,746</b>	<b>89,512,521</b>
<b>Head office:</b>			
Gross salaries	3,428,604	5,270,273	3,418,721
Social securities	457,893	n.a.	408,212
Pension premiums	1,017,508	n.a.	689,921
Staff costs and allowances	1,390,074	n.a.	1,393,848
Other	1,272,470	1,637,971	669,296
<b>Personnel costs</b>	<b>7,566,549</b>	<b>6,908,244</b>	<b>6,579,998</b>
Depreciation	138,925	121,202	277,733
Facilities	1,579,811	1,271,451	1,335,205
Short term support	2,248,306	4,130,925	2,542,875
Professional fees	939,990	633,240	806,091
Other costs	520,075	16,948	172,623
<b>Other</b>	<b>5,427,107</b>	<b>6,173,766</b>	<b>5,134,527</b>
<b>Head Office</b>	<b>12,993,656</b>	<b>13,082,010</b>	<b>11,714,525</b>
<b>LLC US:</b>			
Gross salaries	186,498	290,071	131,080
Social securities	0	n.a.	532
Pension premiums	41,441	n.a.	13,329
Other	130,610	95,500	115,520
<b>Personnel costs</b>	<b>358,550</b>	<b>385,571</b>	<b>260,462</b>
Depreciation	3,275	2,000	3,549
Other	249,830	62,429	153,325
<b>Other costs</b>	<b>253,105</b>	<b>64,429</b>	<b>156,874</b>
<b>LLC US</b>	<b>611,655</b>	<b>450,000</b>	<b>417,336</b>
Partnerships	1,736,110	1,800,000	2,212,496
LCDF	702,430	0	579,353
<b>Total</b>	<b>102,571,564</b>	<b>103,893,756</b>	<b>104,436,231</b>
<b>Full-time Equivalents</b>	<b>1,278</b>	<b>1,336</b>	<b>1,464</b>

## Regions

Regional expenditures are all costs accounted for by the portfolio, country and regional offices. Total costs decreased by EUR 3 mln in 2010 compared to 2009.

- The main reasons are the decrease of personnel costs in more than EUR 6 mln due to the decrease in salary costs related to the staff reduction of approximately 190 FTEs and the reduction in external consultant advisory costs.
- On the other hand, the "other costs" increased by EUR 3 mln due to the net increase of LCB cost.

Total cost in 2010 is EUR 2 mln lower than planned due to the decrease in FTEs and external consultant costs mainly in LA.

Included in personnel costs are pension premiums (2010: EUR 3.4 mln and 2009: EUR 3.5 mln). As national pensions are based on national legal systems, they vary from country to country.

In 2010, an amount of EUR 0.6 mln severance payments related to the ESA and WCA 2010 budget cut is included in personnel costs, which are reimbursed separately by DGIS.

### Head Office

Head Office costs are all costs accounted for by the Head Office units. The costs in 2010 are EUR 1.3 mln higher than 2009. The deviation can be partly explained by the release of EUR 1.6 mln provision for the Total Reward project in 2009. In 2010 there are some additional FTEs but, at the same time, the temporary staff cost and the short term support is significant lower than last year.

The total Head Office costs in 2010 is slightly lower than planned. There are variances by cost category but the major net decrease is in short term support related to external consultants due to the postponement of some MFR evaluations.

Included in personnel costs are pension premiums (2010: EUR 1.0 mln and 2009: EUR 0.7 mln). In 2010 additional administrative and catch up costs were incurred due to the delayed processing of calculation changes relating to 2009. The pension system at Head Office is the defined contribution.

### LLC US

LLC US cost are all costs accounted for by the Washington DC Office. The costs in 2010 are higher than 2009 due to 1 additional FTE and an increase in consultancy costs to support the US marketing plan, some high value resource mobilisation proposals and legal and accounting advisory work related to the WDC legal entity.

The total LLC US costs are higher than planned due to the increase in consultant costs, subscriptions and other operational costs.

### Corporate Partnerships

Corporate partnerships expenditure includes EUR 1.0 mln for UNDP, EUR 0.3 mln for FLO and EUR 0.2 mln for WTO and for Capacity.org.

### Remuneration Supervisory Board

Chairman	EUR 5,400 net annually
Vice chairman	EUR 4,800 net annually
Other members	EUR 4,200 net annually

### Remuneration Statutory Director and Management Board Members

The DG norm<sup>5</sup> for a 36 hour workweek for 2010 was EUR 126,976 (in 2009 124,073). On a contractual 40 hour workweek basis the norm for 2010 was EUR 141,084 (in 2009 EUR 137,859). The SNV Statutory Director and Management Board members all had contractual 40 hour workweeks during the period.

In 2010 the SNV statutory director received remuneration calculated on the DG norm basis of EUR 160,578 (in 2009 EUR 156,173)

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<sup>5</sup> DG norm includes: gross salary + holiday allowance + year end allowance

Other Management Board members were remunerated as follows on the DG norm basis:

Managing Director Regional operations:

Ms A. Jenniskens                    EUR 139,703 (in 2009 EUR 135,870)

Managing Director Business Development:

Ms C. Bickert                      EUR 125,000 (n/a 2009 as joined the board January 1, 2010)

Managing Director Finance and Human Resources:

Mr J Boekelman                    EUR 125,000 (in 2009 EUR 23,127 as joined SNV October 26<sup>th</sup>, 2009)

SNV formally confirmed compliance with the DG norm for all remuneration going forward as from January 1<sup>st</sup> 2011.

The Statutory Director and Management Board Members all fell below the relevant disclosure threshold for WOPT.

### **WOPT disclosure**

Under the requirements of the WOPT legislation SNV reports that one employee received a total amount in excess of the WOPT norm of EUR 193,000 for 2010. The total amount of EUR 225,641 relates to a Country Director and is made up of basic pay of EUR 65,614, Pension amounts of EUR 14,226 and Severance of EUR 145,801.

### **Partnerships**

The amount relates to expenditure justifications received for the partnerships activities from UNDP, UNWTO, FLO, WWF, Millennium Promise, Agritererra and Capacity.org.

### **Local capacity development funds**

Expenditures on local capacity development funds in 2010 were lower than planned. Projections on start-up were found to have been too optimistic particularly in view of meeting fiscal and legal structural requirements in the light of the necessary governance framework. However the first cash contributions to LCDFs funds were achieved in 2010, for Albania and for Latin America.

## 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):

	Asia	Balkans	East and South Africa	Latin America	West and Central Africa	Total Regions	Head Office	Washington DC	Total SNV
<b>Balance sheet items:</b>									
Tangible fixed assets	190,116	239,559	1,654,426	457,806	1,272,655	3,814,562	215,929	3,147	4,033,638
Long-term receivables	17,518	27,219	53,322	39,242	129,846	267,148	12,979	0	280,127
Long-term receivables programmes	4,320,183	326,959	457,829	0	1,503,016	6,607,987	0	0	6,607,987
Short-term receivables programmes	2,849,320	585,600	2,413,054	696,446	866,871	7,411,291	0	0	7,411,291
Short-term receivables	385,638	119,852	806,287	1,423,772	1,360,659	4,096,209	2,578,572	0	6,674,781
Cash & cash equivalents	2,492,204	3,781,260	2,904,010	3,088,546	2,340,468	14,606,489	35,704,542	59,410	50,370,441
<b>Total assets</b>	<b>10,254,979</b>	<b>5,080,449</b>	<b>8,288,929</b>	<b>5,705,813</b>	<b>7,473,516</b>	<b>36,803,685</b>	<b>38,512,022</b>	<b>62,557</b>	<b>75,378,265</b>
Capital base	370,994	1,192,415	2,337,545	1,146,657	636,962	5,684,573	21,165,699	-17,405	26,832,867
Provisions	0	0	0	0	0	0	937,939	0	937,939
Long-term debts	0	0	0	0	0	0	7,958,702	0	7,958,702
Long-term commitments programmes	4,459,267	601,626	457,829	50,133	1,794,040	7,362,895	0	0	7,362,895
Short-term commitments programmes	3,353,934	585,600	3,099,196	801,494	864,912	8,705,136	0	0	8,705,135
Short-term debts	2,070,784	2,700,808	2,394,358	3,707,529	4,177,603	15,051,081	8,449,680	79,962	23,580,723
<b>Total liabilities</b>	<b>10,254,979</b>	<b>5,080,449</b>	<b>8,288,929</b>	<b>5,705,813</b>	<b>7,473,516</b>	<b>36,803,685</b>	<b>38,512,020</b>	<b>62,557</b>	<b>75,378,265</b>
<b>Statement of Financial Performance</b>									
Core Subsidy	10,255,828	5,067,246	25,058,983	5,495,079	22,584,400	68,461,536	15,295,274	590,936	84,348,246
Resource Mobilisation	2,098,213	1,439,179	5,246,007	4,896,945	3,338,654	17,018,998	0	0	17,018,998
Project income	4,453,431	815,781	2,525,950	960,955	491,427	9,247,545	0	0	9,247,545
Other Income	51,838	16,909	308,171	48,322	164,194	589,435	125,061	0	714,497
<b>Total income</b>	<b>16,859,310</b>	<b>7,339,116</b>	<b>33,139,111</b>	<b>11,401,301</b>	<b>26,578,675</b>	<b>95,317,513</b>	<b>15,420,835</b>	<b>590,936</b>	<b>111,329,285</b>
Personnel Costs	9,645,570	4,015,182	21,415,797	5,710,666	19,567,380	60,354,594	7,566,551	358,550	68,279,695
Operational Costs	7,523,514	2,671,750	10,943,921	4,473,045	8,728,751	34,340,981	5,496,298	253,105	40,090,384
Partnership costs	0	0	1,632,721	601	0	1,633,322	1,736,110	0	3,369,432
LCDF	170,786	179,932	123,968	0	42,530	517,216	185,215	0	702,431
<b>Expenditure SNV programme</b>	<b>17,339,869</b>	<b>6,866,864</b>	<b>34,116,408</b>	<b>10,184,312</b>	<b>28,338,660</b>	<b>96,846,113</b>	<b>14,984,174</b>	<b>611,655</b>	<b>112,441,942</b>
<b>Balance income and expenditure</b>	<b>-480,559</b>	<b>472,252</b>	<b>-977,297</b>	<b>1,216,990</b>	<b>-1,759,985</b>	<b>-1,528,600</b>	<b>436,661</b>	<b>-20,719</b>	<b>-1,112,658</b>

## Balance sheet SNV foundation after appropriation balance income and expenditure

	Notes <sup>6</sup>	2010	2009
<b>Assets (in EUR)</b>			
Tangible fixed assets	1		
Buildings, renovation and terrain		776,904	874,894
Vehicles		2,019,451	2,591,248
Equipment		1,037,109	1,399,336
Other inventory		180,309	287,678
Assets in transition		16,717	69,224
Subtotal		4,030,490	5,222,380
Financial fixed assets			
Participation		0	3,393
Long-term receivables			
Deposits	2	280,127	267,406
Subtotal		280,127	267,406
Long-term receivables programmes	3		
DGIS programmes		3,817,197	6,049,000
Third-party programmes		2,790,790	5,523,966
Nepal programmes		0	0
Subtotal		6,607,987	11,572,966
Short-term receivables programmes			
DGIS programmes	3	4,979,277	5,854,482
Third-party programmes	3	2,429,572	2,108,301
Nepal programmes	13	2,442	941,688
Subtotal		7,411,291	8,904,471
Short-term receivables			
Ministry of Foreign Affairs Subsidy	14	0	4,038,907
Ministry of Foreign Affairs	11	1,538,147	
Debtors		1,993,752	3,684,519
Prepayments and accrued income	4	2,849,833	3,418,099
Pre-financed DGIS programmes		0	15,553
Pre-financed third-party programmes		0	39,541
Debtors programmes		0	681,812
PRM contracts pre-financed by SNV	5	293,051	
Subtotal		6,674,783	11,878,430
Cash and cash equivalents	6		
SNV programme		48,419,673	39,309,795
DGIS programmes		865,429	912,640
Third-party programmes		1,022,766	944,355
Nepal programmes		3,161	36,027
Subtotal		50,311,029	41,202,817
<b>Total</b>		<b>75,315,707</b>	<b>79,051,863</b>

<sup>6</sup> Refers to consolidated financial statements



	Notes <sup>7</sup>	2010	2009
<b>Liabilities (in EUR)</b>			
Capital base			
Equity	7	8,805,468	8,722,962
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	4,033,637	5,228,802
Subtotal		26,832,869	27,945,528
Provisions			
Provision for participation		17,405	0
Provision of severance	11	937,939	0
Subtotal		955,344	0
Long-term debts			
Pre-received earmarked contributions	12	7,958,702	7,627,896
Long-term commitments programmes			
DGIS programmes	13	4,289,592	8,303,579
Third-party programmes		3,073,304	5,803,118
Nepal programmes		0	0
Subtotal		7,362,896	14,106,697
Short-term commitments programmes			
DGIS programmes	13	5,523,185	5,725,325
Third-party programmes	13	3,181,687	2,820,560
Nepal programmes	3	263	1,138,125
Subtotal		8,705,135	9,684,010
Short-term debts			
Pre-received earmarked contributions	12	200,000	
PRM contracts pre-financed by donors	5	4,457,377	600,000
Ministry of Foreign Affairs Subsidy	14	1,272,251	0
Creditors		3,692,552	4,948,905
Accrued expenses	15	11,097,547	11,914,442
Taxes and social security premiums		858,890	790,573
Pensions		1,922,145	1,433,811
Subtotal		23,500,762	19,687,731
<b>Total</b>		<b>75,315,707</b>	<b>79,051,863</b>

<sup>7</sup> Refers to consolidated financial statements

## Statement of financial performance SNV foundation

EUR	<u>Income</u>	Notes <sup>8</sup>	Realised 2010	Budget 2010	Realised 2009
	Subsidy income	16 <sup>9</sup>	83,087,907	86,750,000	91,949,159
	Release WCA/ESA severance	11	600,208	0	
	Earmarked contributions	12	69,194	450,000	688,043
	Nepal programmes	17	1,140,567	1,148,000	2,546,890
	Ministry of Foreign Affairs		84,897,876	88,348,000	95,184,092
	Resource mobilisation	18	17,018,998	16,226,912	11,559,217
	Interest SNV programme	19	160,857	257,700	248,547
	Income SNV programme		102,077,731	104,832,612	106,991,856
	Programmes DGIS	13	5,095,845	n.a.	4,900,296
	Third-party programmes	13	3,011,133	n.a.	2,025,896
	Income other activities		8,106,978	0	6,926,192
	<b>Total income</b>		<b>110,184,709</b>	<b>104,832,612</b>	<b>113,918,048</b>
	<b><u>Expenditure</u></b>				
	Regions	21	86,527,713	88,111,746	89,512,521
	Nepal programmes	17	1,140,567	1,148,000	2,546,890
	Total regions		87,668,280	89,259,746	92,059,411
	Head office	21	12,993,656	13,532,010	11,714,525
	Earmarked contributions	12	69,194	450,000	688,043
	Total non-regional		13,062,850	13,982,010	12,402,568
	Partnerships	21	1,736,110	1,800,000	2,212,496
	Local Capacity Development Funds	21	702,430	0	579,353
	Expenditure SNV programme		103,169,670	105,041,756	107,253,828
	Programmes DGIS	13	5,095,845	n.a.	4,900,296
	Third-party programmes	13	3,011,133	n.a.	2,025,896
	Expenditure other activities		8,106,978	0	6,926,192
	<b>Total expenditure</b>		<b>111,276,648</b>	<b>105,041,756</b>	<b>114,180,020</b>
	Result Participation		-20,719	0	3,314
	<b>Balance income and expenditure</b>		<b>-1,112,658</b>	<b>-209,144</b>	<b>-258,658</b>
	Attributable to:				
	Equity		82,506	200,000	143,922
	Special purpose fund tax claims		0	0	0
	Invested capital in fixed assets		-1,195,164	-409,144	-402,581
	<b>Total</b>		<b>-1,112,658</b>	<b>-209,144</b>	<b>-258,658</b>
	<b>Balance income and expenditure after appropriation</b>		<b>0</b>	<b>0</b>	<b>0</b>

<sup>8</sup> Refers to consolidated financial statements

<sup>9</sup> Subsidy income of EUR 83,087,907 excludes Core Subsidy LLC WDC of EUR 590,936

## Cash flow statement SNV foundation

EUR	2010	2009
Total Ministry of Foreign Affairs	84,897,876	95,184,092
Expenditure SNV programme	-	-107,253,828
	103,169,670	
Resource mobilisation	17,018,998	11,559,217
Received Interest	78,351	104,625
Share of interest in participation		3,314
<b>Cash flow operating activities</b>	<b>-1,174,445</b>	<b>-402,581</b>
Depreciation	2,231,504	2,625,971
Increase/(Decrease) in provision for doubtful debts	220,781	-106,446
Increase/(Decrease) in payables	-3,578,760	3,007,629
Increase/(Decrease) in provisions relating to employee costs	937,939	-2,430,288
(Gains)/losses on sale of tangible fixed assets	-305,844	-360,910
Increase in other current assets	0	-3,393
(Increase)/Decrease in receivables	11,428,302	-4,157,750
<b>Non-cash movements</b>	<b>10,933,922</b>	<b>-1,425,187</b>
<b>Net cash flow from operating activities</b>	<b>9,759,476</b>	<b>-1,827,768</b>
Purchase of tangible fixed assets	-1,090,657	-2,314,486
Proceeds from sale of tangible fixed assets	356,886	458,429
<b>Net cash flow from investing activities</b>	<b>-733,771</b>	<b>-1,856,057</b>
Received Interest	82,506	143,922
<b>Cash flow from financing activities</b>	<b>82,506</b>	<b>143,922</b>
<b>Net cash flow</b>	<b>9,108,212</b>	<b>-3,539,903</b>
Cash and cash equivalents as at 1 January	41,202,817	44,742,720
Cash and cash equivalents as at 31 December	50,311,029	41,202,817
<b>Net cash flow</b>	<b>9,108,212</b>	<b>-3,539,903</b>

## 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.

As per the 1st of January 2009 a Limited liability Company (LLC) was founded in Washington DC. SNV has a 100% participation in this LLC US. Located in Washington DC, 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 ended 31 December 2010 comprise SNV foundation and its participation in 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, 20 April 2011

#### **Supervisory Board**

Mr E. de Haas

Mrs F. Leeflang

Mr B. Hartman

Mrs T. Hilhorst

Mrs P. Hoogerwerf

#### **Statutory Director**

Mr A. vd Ham

#### **Managing Board**

Ms A. Jenniskens

Ms C. Bickert

## Other information

### Appropriation balance income and expenditure

The 2010 balance income and expenditure has been processed in the annual accounts as follows:

<b>EUR</b>	<b>2010</b>	<b>2009</b>
Transfer to equity	82,506	143,922
Special purpose fund tax claims	0	0
Transfer to reserve invested capital in fixed assets	-1,195,164	-402,581
<b>Total</b>	<b>-1,112,658</b>	<b>-258,658</b>

### Subsequent events

On March 30<sup>th</sup>, 2011 the resignation of the statutory director Dirk Elsen was agreed upon with the Supervisory Board. The post and the duties of statutory director were assumed by Allert van den Ham, the Regional Director Asia, on a temporary basis effective March 30<sup>th</sup> until the appointment of a permanent successor.

Also on March 30<sup>th</sup>, 2011 the Chairman of the Supervisory Board Lodewijk de Waal announced that he was stepping down immediately from the Supervisory Board and from his position as Chairman. His post and duties were assumed effective March 30<sup>th</sup> by Emile de Haas, Vice Chair of the Supervisory Board, until a permanent successor is appointed.

## Independent Auditor's report

To: the Supervisory Board of SNV Netherlands Development Organisation

### Report on the financial statements

We have audited the annual accounts 2010 of SNV Netherlands Development Organisation, which comprise the consolidated and foundation balance sheet as at December 31, 2010, the consolidated and foundation statement of financial performance, the consolidated and foundation cash flow statement for the year then ended and the notes comprising a summary of the accounting policies and other explanatory information.

### Management's responsibility

The Managing Board is responsible for the preparation and the 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. Furthermore the Managing Board is responsible for such internal control as it determines is necessary to enable the preparation of the annual accounts that are free from material misstatement, whether due to fraud or error.

### 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, including the Dutch Standards on Auditing. This 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 an 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 with respect to the financial statements

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, 2010, 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.

The Hague, April 20, 2011

Deloitte Accountants B.V.  
Already signed: J.P.M. Hopmans

## Constitution of supervisory board

### Chairman and member of the Remuneration Committee

Mr. L.J. de Waal

Director Humanitas and various commissioner posts, among others ING, IRC, Morocco Fund and PGGM.

Date of birth	04 November 1950
Nationality	Dutch
Takes seat as from	25 November 2005
Assigned until	30 March 2011 (re-elected in 2008)

### Chairman of the Audit Committee and Vice Chairman of the Supervisory Board

Mr. E.J.F.A. de Haas

Former director of Audit Services Dutch Ministry of Foreign Affairs and member of the Audit Board, Court of Justice Zwolle.

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

Mr. de Haas became acting chairman of the Supervisory Board effective 30<sup>th</sup> of March 2011

### Other members:

Mrs F. J. Leeflang – Member Audit Committee

Partner Boekel de Neree N.V.

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

Mr. G.E. Hartman – Member Audit Committee

Co founder and chair of NOTS Foundation and Stichting Nationale Goede Doelen (Foundation for Dutch Charities).

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 - Member of the Remuneration Committee

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 Valeda Consultancy for non profit and governmental institutions.

Director of the school of Economics, university of applied sciences, INHolland (until mid Feb.)

Member of the City Council of Amsterdam (until mid March)

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

## Constitution of Managing board

### **Statutory Director and Chief Executive**

Mr D. Elsen (assigned until 30 March 2011)

Mr A. vd Ham (assigned as from 30 March 2011)

### **Managing Director Regional Operations**

Ms A. Jenniskens

### **Managing Director Business Development**

Ms C. Bickert

### **Managing Director Finance and Human Resources**

Mr J. Boekelman (assigned until 31 January 2011)



## Abbreviations

ABPP	Africa biogas partnership programme
ADB	Asian development bank
AECID	Agencia Española de cooperación internacional para el desarrollo
AfDB	African development bank
AGRA	Alliance for a green revolution in Africa
ALCDF	Albanian local capacity development foundation
ANDE	Aspen network of development entrepreneurs
ASI	Adam Smith international
AUSAID	Australian agency for international development
B2B	Business to business
BASE	Basic services
BCC	Bio-digesters construction company
BMZ	Bundesministerium für wirtschaftliche Zusammenarbeit
BoP	Base of pyramid
CBCB	Capacity Building Coordination Bureau
CD	Capacity development
CDS	Capacity development services
CEGOV	Centro de governação local de Namaita-Nampula
CGI	Clinton global initiative
CIFOR	Center for international forestry research
CKN	Corporate knowledge networks
COMESA	Common market for Eastern and Southern Africa
CLTS	Community led total sanitation
CRDA	Consortium of Christian relief and development association
CS	Core subsidy
CSDf	Civil society development facility
CSR	Corporate social responsibility
DANIDA	Danish international development agency
DC	SNV office in Washington DC
DCED	Donor committee for enterprise development
DED	Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)
DFID	Department for international development (UK)
DGIS	Directorate-general for international cooperation (Netherlands)
EC	European community
ECDPM	European centre for development policy management
ECOWAS	Economic community of West African states
EKN	Embassy of the kingdom of the Netherlands
ESA	East and Southern Africa
ESTA	Electronic system for travel authorisation
EU	European Union
EUNIDA	European international development agency
FACT	Fuels from agriculture in communal technology
FAO	Food and agriculture organisation
FCFA	Franc communauté financière africaine
FLO	Fairtrade labelling organisation
FMO	Finance for development
FTE	Full-time equivalent
FUNICA	Fundación para el desarrollo tecnológico agropecuario y forestal de Nicaragua
GHTP	Great Himalaya trail programme
GTZ	German technical cooperation agency
HITT	High impact training technology
HIVOS	Humanist institute for development cooperation
HVAP	High value agriculture programme
IDB	Inter American development bank
IB	Inclusive business
ICCO	Interchurch organisation for development cooperation
ICRAF	International centre for research in agroforestry
ICS	Improved cooking stoves
ICT	Information and communication technology
IDA	International development association
IDB	Inter-American development bank
IFAD	International fund for agricultural development
IFC	International finance corporation

INGO	International non-governmental organisation
IOB	Inspectie ontwikkelingssamenwerking en beleidsevaluatie
IPA	Pre-accession Assistance
IPEX	Institute for export promotion (Mozambique)
IPC	Integrated planning cycle of SNV
IRC	International water and sanitation centre (Netherlands)
ITMS	Institute of traditional medicine services
IUCN	International union for the conservation of nature
IUFRO	International union of forestry research organisations
KIT	Royal tropical institute
KMG	Kembatti Mentti Gezzimma
LA	Latin America
LCB	Local capacity builder
LCDF	Local capacity development facilities
LenCD	Learning network on capacity development
LLC	Limited liability company
MB	Managing board of SNV
MDG	Millennium development goal
MFO	Mede financiering organisatie (Netherlands)
MfR	Managing for results
MoU	Memorandum of understanding
MoWR	Ministry of water resources (Ethiopia)
MP	Monitoring protocol with DGIS
ASI	Management systems international
MT	Metric tonne
NGO	Non-governmental organisation
NTFP	Non timber forest products
NWCO	National WASH co-ordination office
ODA	Official development assistance
OECD	Organisation for Economic Co-operation and Development
PANE	Poverty for action network
PDRD	Provincial department of rural development
PFI	Programa de Formación Integral
PIE	Production, income and employment
PIP	Process improvement programme of SNV
PLC	Planning and control unit of SNV
PME	Planning, monitoring and evaluation
PPD	Primary process day
PREPARE	Programming environment for parallel architectures
PRM	Partnership and resource mobilisation
PUM	Netherlands senior experts
PWC	Price Waterhouse Coopers
REDD	Reduced emissions from deforestation and degradation
RM	Resource mobilisation
RSM	Rotterdam school of management
SCODE	Sustainable community development services (Kenya)
SDC	Swiss development cooperation
SECO	Schweizerische eidgenossenschaft
SIDA	Swedish international development cooperation agency
SME	Small and medium enterprise
ST-EP	Sustainable tourism – eliminating poverty
TFD	The forests dialogue
Triple AAA	SNV's three main steps: <u>A</u> nalyse and Plan, <u>A</u> ct and Monitor, <u>A</u> ssess and Evaluate
UN	United nations
UNDP	United nations' development programme
UNESCO	United nations' educational, scientific and cultural organisation
UNICEF	United nations' children's fund
UNIFEM	United nations' development fund for women
UNWTO	United nations' world tourism organisation
USAID	United States agency for international development
VC	Value chain
VCD	Value chain development
VNG	Association of Netherlands municipalities
WASH	Water, sanitation and hygiene
WB	World bank
WBCSD	World business council for sustainable development
WCA	West and Central Africa

WDC	SNV office in Washington DC
WEDC	Water, Engineering and Development Centre
WFP	World food programme
WOPT	Wet openbaarmaking uit publieke middelen gefinancierde topinkomens
WRR	Wetenschappelijke raad voor het regeringsbeleid
WUR	Wageningen university and research centre
WWF	Worldwide fund for nature