

# Annual Report 2008



**SNV**

Connecting People's Capacities

Netherlands  
Development  
Organisation

# ANNUAL REPORT 2008



Netherlands

Development

Organisation

# Our Mission

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

We help to alleviate poverty by focusing on increasing people's income and employment opportunities in specific productive sectors, as well as improving their access to water and sanitation, education and renewable energy.

Our advisors work in thirty two countries across five geographical regions – Asia, the Balkans, East and Southern Africa, Latin America and West and Central Africa – with an increasing percentage of our services provided by local organisations in the communities we serve.

# 2008 in facts and figures



## Examples of impact

- SNV assisted in the construction of 5,300 biogas plants in Bangladesh, representing greenhouse gas reductions of four tonnes per plant per year, and commenced replication in Rwanda (case study, page 14).
- SNV helped secure the Ugar River water supply in Bosnia and Herzegovina, improving over 2,000 households' living standards and increasing opportunities for tourism at the same time (case study, page 32).
- SNV facilitated European Union Third Country Listing for Ethiopian honey, with 300 tonnes exported in the first year of operation, and demand from European countries for honey now far exceeding supply (case study, page 40).
- In Honduras, SNV worked to reduce the environmental impact of the biofuels sector, with flow-on effects for 600 small producers operating in existing palm oil plantations (case study, page 48).
- In Cameroon, SNV helped bring together 3,500 Baka people, suppliers of the bush mango, with potential markets for their products in Nigeria, leading to marked increases in income for the Baka (case study, page 58).



## Outcome

- SNV served over 2,200 clients – of which more than 500 were local capacity builders – across five regions in 32 countries
- 91% of the services contributed successfully to enhancing the capacities of the clients



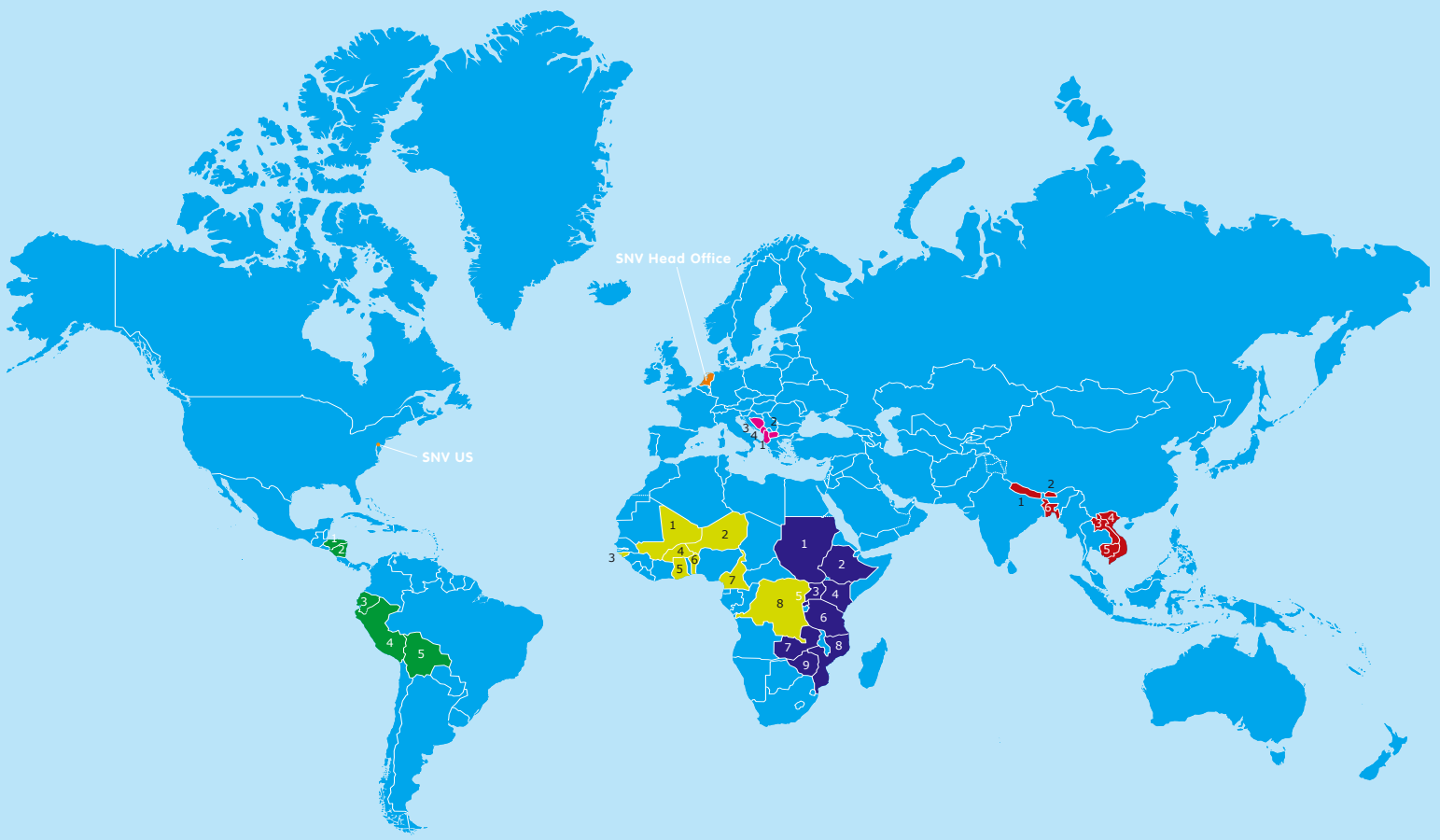
## Output

- 192,000 primary process days (PPDs) – an increase of 14% from 2007 – were produced by SNV advisors, subcontracted local capacity builders and external consultants
- 14% of the primary process days were subcontracted to local capacity builders



## Input

- Total expenditure was EUR 104.4 million versus EUR 91.8 million in 2007
- Cost per primary process day decreased from EUR 530 to EUR 528
- Average number of SNV advisors decreased from 873 to 827, while the share of nationals increased from 69% to 70%



**Latin America**

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

**West and Central Africa**

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

**East and Southern Africa**

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

**Balkans**

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

**Asia**

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

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# Report of the Supervisory Board

I am pleased to welcome you to SNV's Corporate Annual Report for 2008. Inside you will find a summary of the activities undertaken by SNV throughout the year and a breakdown of the internal arrangements that make this possible.

What will become apparent as you read through the report is the wide range of results that have been achieved during the year. As such, this report can only provide a snapshot of the complex work done by our staff and their clients.

As Chairman of the Supervisory Board, one of my tasks is to ensure, through monitoring, that SNV (comprising the Head Office in The Hague and the five regional offices) does what it has set out to do.

In a way, this is also the role of every person working in SNV. Together, we work to reduce poverty in some of the world's poorest nations, and to do so in the most effective and efficient way possible.

This need for impact requires development organisations like ours to be flexible and open to change. In this respect, developments taking place in SNV's Latin America and Balkans offices are setting an example for the organisation.

These regions are charting a new course to a sustainable future without a subsidy from the Ministry. The phasing out of the DGIS subsidy in these regions is no reason for despair. On the contrary, it offers opportunities for innovation. For example, the Inclusive Business work being carried out in Latin America, which has received impressive media attention on networks like CNN and BBC, shows that we continue to find new ways of engaging with people.

In 2008, we welcomed four new members to the Supervisory Board. My thanks go to the departing Board members for their service to the organisation.

Three of our new members recently visited SNV's operations in Ghana and came back with valuable impressions and a renewed sense of the urgency of our work.

This work, involving substantial investments in accountability, monitoring and evaluation, is a continuous source of inspiration both for me and for my fellow Supervisory Board members.

On behalf of the Supervisory Board, I would like to thank all SNV staff for their efforts in 2008.



*Lodewijk de Waal  
Chairman, Supervisory Board  
April 28, 2009*



# Report of the Board of Directors





# Our Strategy in Action

## Our Strategy in Action

In 2008 SNV helped to reduce poverty in more than thirty of the world's poorest countries. Making the best use of our extensive networks of advisors and expertise, we enhanced the capacities of local communities and organisations and in doing so worked towards the fulfilment of the Millennium Development Goals.

Our approach to poverty alleviation is reflected in the central elements of our corporate strategy. This strategy commenced in 2007 and will take us as an organisation through to 2015. It sets out access to basic services and increased production, income and employment as the two impact areas in which we work.

Our focus on basic services (including the provision of clean drinking water, education, sanitation and hygiene) is based on the fact that for millions of people in the countries where we work, improvements in living standards depend on the capacity of governments and institutions to deliver these services. When institutions fail, poor people suffer.

Our focus on increased production, income and employment (including in the agriculture, livestock, horticulture sectors) is based on the knowledge that successful poverty reduction depends upon the eradication of economic and social disadvantage, and the promotion of pro-poor solutions. Helping people achieve their own futures is an empowering act.

SNV, through the provision of advisory services, assisted over 2,200 clients in 2008. Our assistance led to an enhancement of capacities in 91% of these clients, 25% of whom were local capacity builders. This means that our work continues to be relevant and effective, across a range of contexts. However, we can still do a lot more.

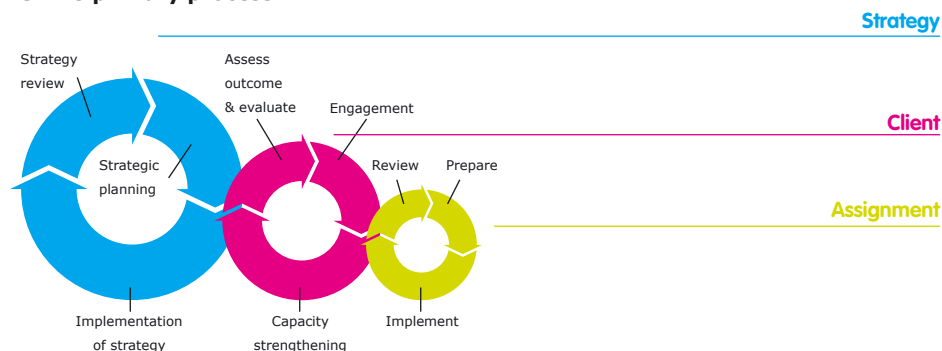
Another important aspect of our professional practice is working to increase the effectiveness of our advisory services. We do this through the development of products – in essence, service packages – that can be offered to clients and partners across different sectors. Examples are Inclusive Business, Pro-Poor Value Chain Development and Carbon Financing products.

We enhanced the capacities of

**91%**

of our clients

## SNV's primary process



**14%**  
**of our services**  
are now  
delivered by local  
capacity builders

The use of these products reflects the fact that SNV is entering new spaces in the development sector. For these innovations we often receive the recognition of third parties. This is most notably the case for Inclusive Business, launched in Latin America with the alliance between SNV and the World Business Council for Sustainable Development, and now finding its way across other continents.

#### **SNV's partnership approach: relevance and diversity**

First and foremost amongst SNV's partners are the local providers of advisory services, who are working on a par with SNV to strengthen the capacities and performance of our clients. These local capacity builders are a key strategic element in our operations.

SNV engages with local capacity builders as clients, contractors and as fully fledged partners. This reflects a deliberate investment strategy to increase the visibility and quality of local service providers in finding suitable development solutions.

As a result, as of the end of 2008, across all five regions in which SNV operates, 14% of our services are now delivered by local capacity builders. In one region this figure is as high as 20%.

SNV values partnerships – at a corporate level, as well as in regions and in countries – as an important way to improve the outreach and critical mass of our advisory practice. Partners help to boost the relevance and scope of our own investments, and also play an important role in SNV's knowledge development and knowledge brokering ambitions.

In 2008, efforts to attract additional funding and thereby diversify SNV's resource base have resulted in increasing returns, especially in East and Southern Africa and in those programmes where the subsidy from the Ministry is being phased out.

Also in 2008, SNV and selected partners completed a scoping exercise for the *Local Capacity Development Fund (LCDF) Initiative*. The main findings of this research confirm the relevance of creating independent, incubator-type development spaces for local capacity builders, nourished by local service environments rather than SNV programming. The Initiative will be piloted in at least five countries in 2009.

#### **Governance for Empowerment**

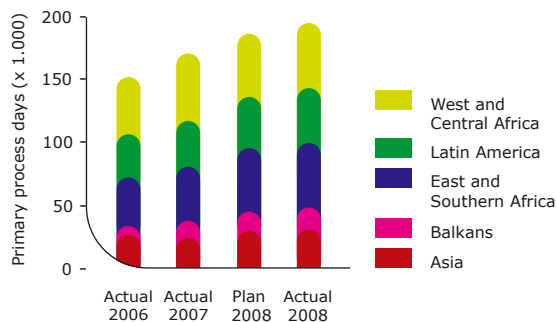
SNV's Governance for Empowerment approach is a specific take on good governance, which seeks a change in power relations between poor people and the institutions and policies that affect their lives. In order to achieve this, the assets and capabilities of poor people to hold these institutions accountable need to be supported and expanded.

Governance is a principle which underpins the recently launched Domestic Accountability programme in seven countries, a joint initiative of SNV and the Netherlands Ministry of Foreign Affairs. This initiative follows on from the Accra Agenda for Action endorsed at the 3<sup>rd</sup> High Level Forum on Aid Effectiveness held in September 2008. The aim of the initiative is to work in partnership with Embassies of the Kingdom of the Netherlands in order to strengthen, within selected sectors, the accountability of local government agencies and community based organisations.

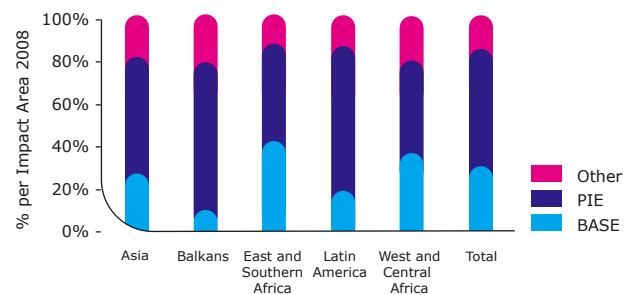
The initiative involves organisations from six African countries – Tanzania, Rwanda, Zambia, Mozambique, Ghana and Benin – plus Bolivia. An introductory workshop on accountability was held at the Ministry in 2008, and the initiative will continue in 2009.

# Our Work and Clients

**Graph 1: Primary process days**



**Graph 2: Percentage of primary process days by impact area**



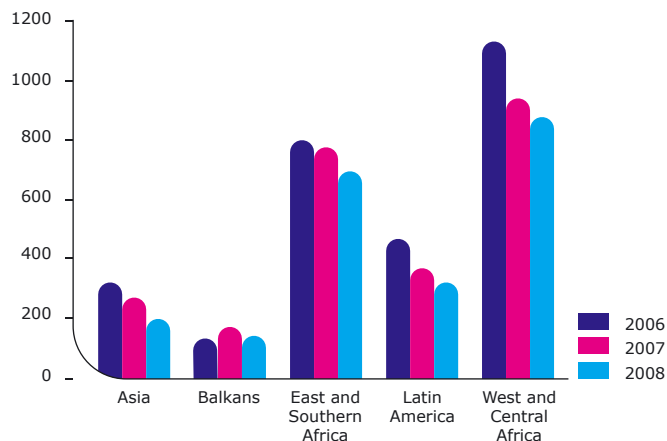
We refer to our work on the ground, in the regions and countries we serve, as the SNV primary process. We distinguish, therefore, between activities that achieve impact in our chosen focus areas, and activities that support the primary process. As with any organisation, our constant challenge is finding an effective balance between the two.

In 2008, SNV spent more than 192,000 days (up from 168,000 in 2007) on its primary process. 30% of our activities were focussed on improving access to basic services, while 54% of our activities were focussed on increasing production, income and employment. Our overall focus remains upon ensuring that we maximise impact in the context of national development priorities.

14% of our primary process days were delivered by local capacity builders in 2008. This overall figure masks regional variations, with a higher figure for some regions (20% in Asia, 19% in the Balkans) and variations from country to country within regions. For example, in East and Southern Africa, the regional average of primary process days contracted to local capacity builders was 14%, while in Uganda, this figure rose to 25%.

The percentage of primary process days devoted to the two impact areas also differs by region, due to the different choices made at regional level. In the East and Southern Africa region, for example, the percentage of primary process days devoted to improving access to basic services remained constant at 43%, while the percentage of days devoted to production, income and employment increased to 46%, reflecting the fact that SNV continues to concentrate its activities on these two impact areas.

**54%**  
of our activities  
were focussed  
on increasing  
production, income  
and employment

**Graph 3: Clients by region**

In 2008 SNV spent over  
**25,000**  
 primary process  
 days on primary  
 education

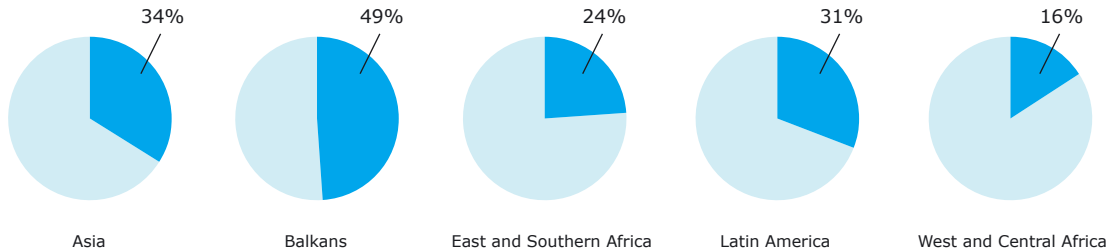
In terms of improving access to basic services, in 2008 SNV spent over 25,000 primary process days on primary education, and almost 20,000 days on water and sanitation. West and Central Africa was the only region where SNV delivered services in the area of primary health care (over 6,000 days).

In terms of increasing production, income and employment, the largest number of primary process days were spent on timber and non-timber forest products (almost 26,000 days) and horticulture and cash crops (almost 18,000 days). A similar number of days (almost 17,000) were spent on specific agricultural commodities, with important investments made in livestock and oilseeds as well.

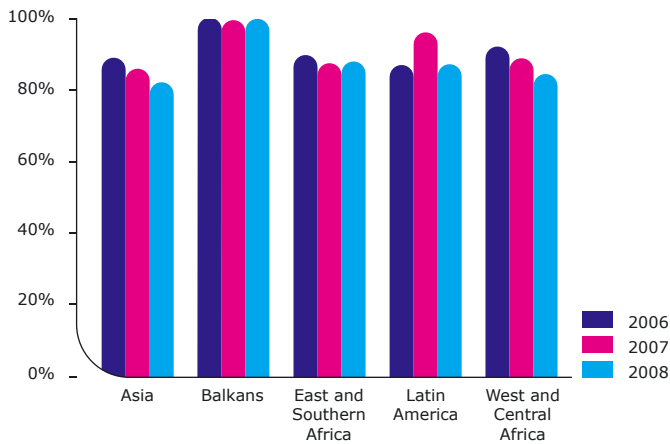
**Table 1: Positioning choices by region**

Positioning choice	Total	Asia	Balkans	East and Southern Africa	Latin America	West and Central Africa
Total output per Positioning Choice (Days)						
<b>Basic Services</b>						
Primary Education	25,462			9,838	7,964	7,660
Water & Sanitation	19,464	4,368	1,617	9,803		3,677
Primary Health Care	6,038					6,038
Renewable Energy/Biogas	7,303	3,852		1,541	909	1,001
<b>Production, Income and Employment</b>						
Livestock/Pastoralism	9,465			4,813		4,652
Oil seeds	6,839			3,048		3,790
Horticulture/Farm Cash Crops	17,856	5,850	2,023	6,263		3,720
Timber & Non Timber Forest Products	25,790	6,091	5,672	4,456	5,534	4,036
Cotton	3,804	53				3,750
Biofuels	2,669				2,601	69
Specific Agricultural Commodities	16,754	43	20	223	16,462	7
Tourism	19,717	4,944	3,323	4,073	5,805	1,572
Other	31,100	6,337	3,477	5,646	5,956	9,684
<b>TOTAL</b>	<b>192,261</b>	<b>31,539</b>	<b>16,132</b>	<b>49,704</b>	<b>45,230</b>	<b>49,657</b>

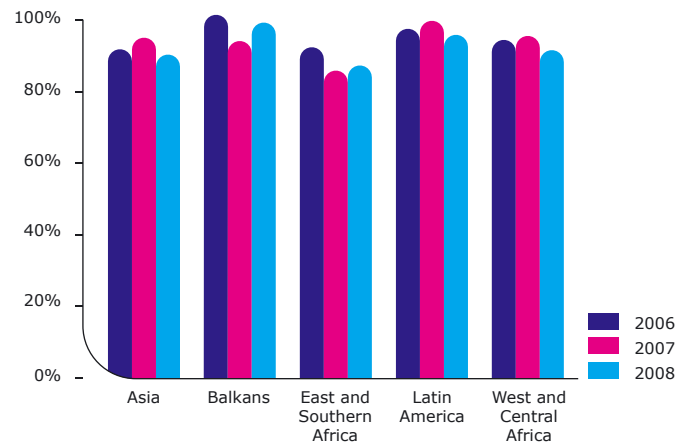
**Graph 5: Percentage of clients in 2008 who were local capacity builders**



**Graph 6: Client satisfaction**



**Graph 7: Enhanced capacities**



**Clients**

In 2007 we served 2,533 clients, with an expectation that this number would decrease in 2008, due to the finalisation of exit strategies with a number of clients. The total number of clients served by SNV in 2008 did in fact decrease by 11% (to 2245 clients), with the greatest reductions occurring in the Asia and Balkans regions. This reflects our focus on meso level actors and clients who can achieve impact.

To put these figures in perspective, in 2008 SNV Asia served a total of 198 clients, while in West and Central Africa, almost 900 clients were served in the same time period. Decreases in client numbers, therefore, do not necessarily imply a decrease in the range and quality of services offered. On the contrary, they suggest a sharpening of focus in our work.

25% of our clients in 2008 were local capacity builders. Again, this percentage varied from region to region: in the Balkans, for example, 49% of our clients were local capacity builders, while by the same measure in East and Southern Africa, 165 of SNV’s 697 clients (that is, 24%) were classified in this way.

Overall client satisfaction with our services remains high but has decreased slightly from 90% to 87%. In addition, 91% of our services (93% in 2007) contributed successfully to enhancing the capacities of our clients.

**25%**  
of our clients  
in 2008  
were local capacity  
builders



# Local solutions in the domestic biogas sector in Bangladesh

Asia





## Bangladesh



**Bangladesh, one of the poorest countries in the world, is facing an acute shortage of domestic energy. With just 14% of its forest coverage left, the country's 145 million inhabitants depend to a large extent on biomass for cooking their meals. Many people, for example, are forced to use cattle dung as cooking fuel. This in turn means that farmers are forced to use expensive and environmentally-damaging chemical fertiliser in order to produce crops.**

The production of renewable energy is one important solution to these kinds of environmental problems. SNV has been working in Bangladesh since 2005 to support the development of a sustainable biogas sector. In 2006, SNV assisted with the setup of a National Domestic Biogas and Manure Programme to improve the access of poor rural households to clean cooking fuel and to ensure the proper use of valuable bio-manure for crop production.

### Ismail Hossain's Story

One of the first beneficiaries of the programme was Mr Ismail Hossain, a villager from the Jhinaidaha District in western Bangladesh. He had some experience with biogas technology but had no idea how to run a company. SNV, together with its main implementing partner Infrastructure Development Company Ltd (IDCOL), advised and encouraged him to form a private biogas company and participate in SNV's National Domestic Biogas and Manure Programme.

In 2006 Ismail formed the "Hossain Bio-gas Company" and signed an agreement with SNV and IDCOL (a private, non-state actor) for plant construction in 2006. IDCOL trained Ismail's masons, supervisors, and managers and continuously provided advice and feedback on how to manage a company and improve quality services to the users. SNV also sent him to Nepal

to learn how private biogas companies are working there.

Hossain Bio-gas Company is now one of the most successful companies in the Jhinaidaha District and has produced about 350 biogas plants so far, providing employment for 14 full-time and 15 part-time local staff. Ismail himself is earning 600,000 Taka (EUR 6,800) per year, of which 100,000 Taka (EUR 1,130) is his net saving. Based on Ismail's and others' success, SNV has now further intensified the roll-out of smaller biogas companies throughout the country. This is deemed to be the best approach for developing a sustainable biogas sector and creating local employment. These smaller, local companies are generally found to be more sustainable and cost effective than larger organisations.

### SNV's Role in the Bangladesh Biogas Programme

In a national biogas programme, a range of tasks need to be carried out in a coordinated manner. Using a multi-stakeholder sector development approach, SNV has facilitated relationships among various stakeholders such as the Embassy of the Kingdom of the Netherlands, IDCOL, the Bangladesh Agriculture Research Institute, the Department of Agriculture Extension, construction and lending partner organisations and local user groups.

*32,000 people have now benefited directly from the use of biogas in Bangladesh*



SNV advisors also provide valuable technical support in the development of construction manuals, promotion materials, quality standards, product development, the training of biogas masons and supervisors, bio-manure management and construction teams. In 2008 alone, SNV together with its client encouraged and supported eight locally-based biogas construction companies through training and counselling. The programme in Bangladesh is part of an international programme with a huge outreach and impact potential. While 5,300 domestic biogas plants had been constructed in Bangladesh by the end of 2008, a total of more than 244,000 plants have now been built in the Asia region, with replication in progress in several African countries.

### **The Long-Term Benefits of Biogas**

32,000 people have now benefited directly from the use of biogas in Bangladesh. The programme also brings with it the potential for increased impact over time, mainly in a reduction

in workload for rural poor people. In particular, the workloads of rural women are expected to decrease by between 1.5 and 3 hours per day, per family. Biogas also reduces fuel costs through replacing biomass and fossil fuels. In addition, each plant represents greenhouse gas emissions savings of up to four tons per year.

Biogas plants also contribute to a reduction in indoor air pollution, as well as improvements in sanitation, with the capacity to have latrines connected to the biogas plants. The use of bio-slurry (a high quality organic fertiliser produced from biogas plants) also represents potential cost savings of up to 40% through the replacement of chemical fertiliser, thus helping to maintain sustainable soil and increase agricultural production.

At a more macro level, biogas installations are part of a coordinated strategy to improve the environment and living conditions for people like Ismail, as well as his family and employees. Each installation therefore brings additional benefits for the whole community, including a decrease in pollution of underground water supplies. Some of

**“SNV support has been instrumental in establishing the biogas sector in Bangladesh. The dissemination process of biogas plants in rural areas is very effective because farmers who need financial support can easily receive subsidies and loans for biogas plant construction.”**

Mr Ahashan Habib, the Executive Director of Save Our Urban Life, in Bangladesh

*Biogas plants also contribute to a reduction in indoor air pollution*



the plants are even constructed using poultry droppings which were otherwise polluting the surroundings.

SNV is committed to the long-term sustainability of the biogas programme in Bangladesh as well as other countries in the region including Vietnam and Lao PDR. It is envisioned that institutional and financial sustainability for the biogas sector in Bangladesh will be achieved by 2017.

### Similar cases

#### Nepal

##### Rural Biogas Promotions in Nepal

SNV's biogas promotion in the Kalikot district of Nepal illustrates one of the components of SNV's Renewable Energy Sector Support. The main objective of this support is to increase the living standards of rural people and improve the environment through the promotion of renewable energy technologies. SNV's interventions will focus

on ensuring 400 people in Kalikot gain access to biogas plants by 2010. Upon the completion of the intervention in Kalikot, SNV will seek to up-scale operations further along the Karnali highway, into the Dailekh and Achham districts.

#### Rwanda

##### Financing clean Energy in Rwanda

Rwanda continues to face challenges in ensuring environmental preservation, with greater demands for energy production and increasing fuel costs. Households in rural Rwanda depend on fuel wood to meet 90% of their domestic energy needs. With the help of SNV, the Ministry has set up a National Domestic Biogas Programme along the lines of existing programmes in the Asia region, with the clear objective of developing a commercially viable and market oriented Rwandan biogas sector. The programme aims to build 15,000 family-sized, quality biogas plants by the end of 2011.

### Leading the Way in Biogas Rollout

SNV led the discussion on building national biogas sectors at the Energy Dialogue held in September 2008 in New Delhi, India. The event was organised by the World Business Council for Sustainable Development, the Energy and Resources Institute and the Business Council for Sustainable Development India. Its aim was to explore sustainable and replicable business models for the biogas sector and to expand access to energy services in developing countries, including the deployment of renewable energy technologies and energy efficiency measures. The event was attended by representatives from national and regional governments, local and international businesses, non-government organisations, multilateral banks and academia.

In Asia, SNV works in the field of renewable energy with a focus on biogas and on carbon funding mechanisms to finance further expansion of the biogas programme. We also provide assistance in water, sanitation and hygiene, with a number of sanitation pilots, multi stakeholder platforms and other activities. In terms of increased production, income and employment, we work in the area of small holder cash crop value chains with a focus on tea, cardamom, fruits and vegetables and *Jatropha* for biofuels. We also support the development of markets for forest products, especially non-timber forest products. In the field of pro-poor sustainable tourism, we have invested in destination development and management.



## Regional highlights: Asia

### Two Long-Term Programmes concluded in Bhutan and Vietnam

2008 marks the end of SNV Asia's involvement in two successful, high-impact clusters of programmes, both of which have been important for the profile and track record of SNV in the respective countries.

In Bhutan, the environmentally-friendly road construction approach brought to scale by SNV during the last seven years is now mandated by the government as the obligatory approach for all future road construction in the country. Local capacity builders have been equipped with the methodology and are now able to provide these services without SNV support. Since 2006, 357 kilometres of roads have been constructed giving 15,000 families better access to health, education and markets.

In Vietnam, SNV's support for micro-credit schemes and business skills training for female entrepreneurs in the North Central provinces has now come to an end. These activities have benefited over 12,000 female entrepreneurs and their families over the last decade through increased income, business skills and empowerment, as documented in an impact study in 2004 and in the Market Access Programme evaluation of 2008 (see page 38 for more details).

The programme established a number of linkages with organisations including the Vietnam Women's Union. Long term sustainability has been achieved through the strengthened capacities of the Union's 11 million members, as well as female entrepreneurs and other local capacity builders.

### Continued Regional Achievements in Biogas

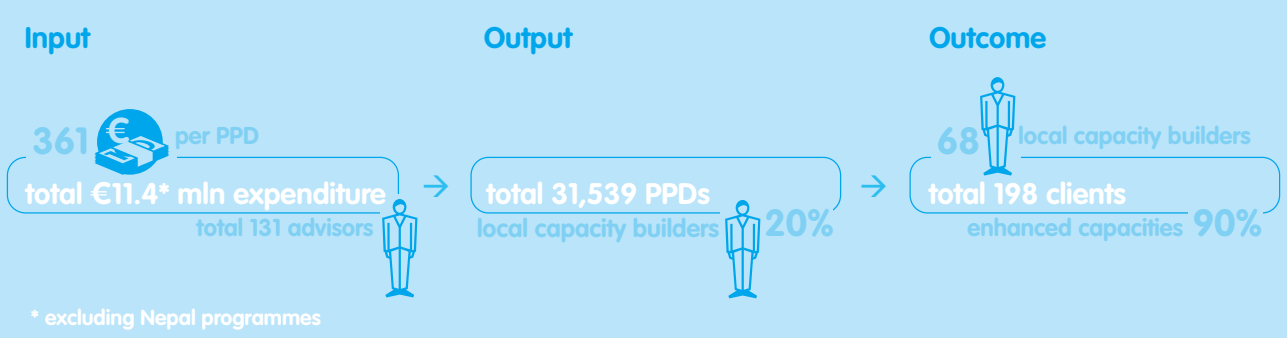
244,000 biogas plants benefiting at least 1.2 million people have now been built across the region in Nepal, Vietnam, Bangladesh, Cambodia and Lao PDR with SNV support. A total of 35,000 biogas plants were constructed in 2008. Impact has been achieved in access to renewable energy, reduced indoor air pollution, improved farm sanitation through the use of bio-slurry, reduced workloads for women, and also increased employment for construction workers.

### Supporting Value Chains in Agriculture

Linking different stakeholders was an important part of SNV's contribution to value chain development in 2008. In Vietnam, different actors in the sedge value chain now collaborate to improve the quality of sedge production and the marketing of sedge export handicrafts. This has led to increased income and employment for 25,000 people in Ninh Binh province, with upscaling potential (through the work of local capacity builders) for 60,000 people in 25 provinces.

In Bhutan  
**15,000**  
**families**  
have better access  
to health, education  
and markets





SNV engaged several organisations to establish direct trade between paper mulberry bark producers in Lao PDR and a large paper manufacturer in Thailand. New products were developed and tested (for example, paper flower) and were showcased in the national handicraft fair. Improved trading of bark resulted in communities receiving 15% more for the bark, an increase in income for traders and more satisfied buyers in Thailand.

**Supporting Pro-Poor Sustainable Tourism**

The development of the Mekong Discovery Trail in two provinces in Cambodia provides another example of an effective multi stakeholder approach, where SNV’s vision of the roles different actors can play out has been a decisive factor in the development of tourism destinations. It is expected that this will mean positive results for poverty reduction, with a potential impact on around 10,000 poor households over eight years.

**The Future of Carbon Financing**

Carbon funding for voluntary and certified carbon credits means that poor people can benefit from the availability of resources for more biogas plants and by payment for their services in sustainable forest management. SNV’s support to governments in Vietnam and Nepal on reduced emissions from deforestation and degradation projects has resulted in the shortlisting of these proposals for the World Bank’s Forest Carbon Partnership Facility. A draft project design document has also been developed for carbon credits for 125,000 biogas plants in Vietnam.

For three country programmes, preparations started for decision making on if and how we can be relevant in these countries after 2012. We have now commenced working in Pakistan, with a subsidy from the Ministry. For Indonesia, external resources have been mobilised to also begin providing services in 2009.

In Lao PDR, improved trading of mulberry bark resulted in communities receiving

**15%**  
more for the bark

In the Balkans, SNV provides advisory services to improve access to basic services including water and sanitation, with a particular emphasis on the safe drinking water supply sub-sector. In terms of increased production, income and employment, in the Balkans we concentrate on rural, community and cultural tourism; communal and private forest products; and agriculture, more specifically the fruits and vegetables sub-sector. The European Union accession process continues to be the driving force for development work in the region.



## Regional highlights: Balkans

### Advocating for Sustainable Forestry Laws

We made significant progress in the forestry sector in 2008. With advisory services support from SNV resulting in a participatory process, a new forestry law was enacted in Montenegro. This law, which includes the interests and obligations of private forest owners, is important because it offers the possibility of income generation from forests for approximately 50,000 households.

In Albania our work on forestry issues reached 2,025 villages or more than one million people. In three countries (Albania, Montenegro and Bosnia and Herzegovina) official legislation on forestry has now been signed into law. Due to SNV's facilitation of the process and strengthening of various forest associations, these laws include the interests of the users and owners.

SNV has also signed a contract with the Swedish International Development Cooperation Agency to implement a EUR 3.6 million forestry project in Kosovo, and across borders with Montenegro and Albania.

### Promoting Regional Pro-Poor Tourism

We made notable progress in the tourism sector in 2008. During 2008 we focused on scaling up our Tourism Action Planning initiative, which ensures a participatory process for tourism planning. These plans are then used to generate funds to implement specific projects. In Macedonia, for example, one region was able to raise EUR 200,000 for projects resulting from the planning process.

In the Korca region of Albania this planning process is being taken to the next level through the implementation of the Sustainable Tourism for Eliminating Poverty (ST-EP) project in partnership with the United Nations World Tourism Organisation.

### New Beginnings for Agriculture

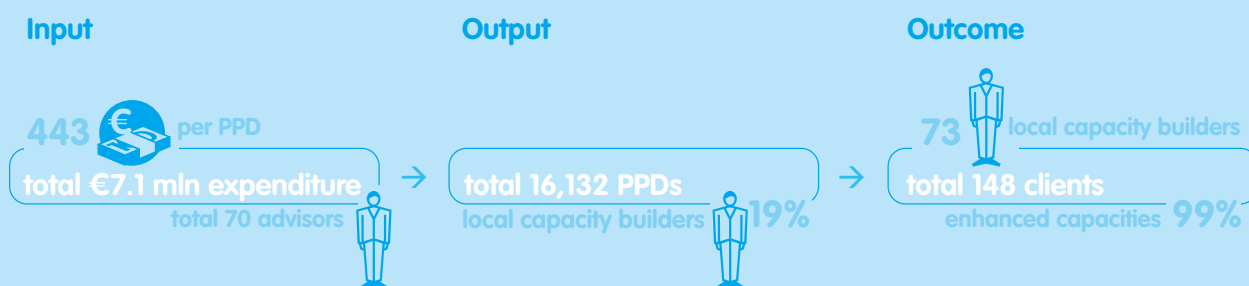
In Albania we engaged in specific value chain development initiatives with olive oil producers in southern Albania and apple producers in the Korca and Diber regions. SNV Macedonia also worked intensively with two federations of farmers (one organic and one more general). SNV conducted with them an assessment of their ability to effectively link with the member organisations (and therefore the actual farmers) as well as to assess the actual service needs of the farmers. This has resulted in the development of work plans that will increase and improve the federations' connections to their members and the quality and relevance of the services they provide.

With support from SNV the government of Albania also implemented a direct subsidy to farmers. SNV helped the Ministry of Agriculture to assess the success of the subsidy programme and as a result the subsidy programme was extended and increased. The direct subsidy has supported 7,600 farmers at a value of over EUR 6.6 million.

In Albania our work on forestry issues reached

**2,025**  
villages or more  
than  
**one million**  
people





### Access to Basic Services: Water and Sanitation

In Bosnia and Herzegovina, we work in the drinking water supply sector. Through a process in which various groups were involved, we have been able to ensure the formal protection of the Ugar river water source, which affects the drinking water supply of five villages. We have assisted in planning initiatives that have resulted in proposals for loans for improved water supply systems, and the legislation for drinking water has been upgraded.

With technical assistance from SNV the Canton of Central Bosnia adapted the cantonal water law to be in line with Bosnia and Herzegovina water law and the EU Water Framework Directive. The alignment of the Cantonal law with the Federal law was essential for effective implementation as that occurs on the municipal level. This new alignment creates the conditions for implementation of measures for safe drinking water in poor communities.

### Governance for Empowerment and EU Localisation

The European Union accession process drives the development agenda of all of the countries in the region. Rural development is one of the key approaches to development utilised by the European Union during the accession process. Much of the early and ongoing financial assistance is channelled through rural development mechanisms.

To protect and increase the income and employment opportunities of rural communities it is essential to support efforts to increase the readiness of local governments and stakeholders to participate in European Union pre-accession and post-accession mechanisms. Eventually the funds from these mechanisms must be channelled to local communities. We have successfully demonstrated the effectiveness of this in a major project in the Diber region of Albania, and will shortly begin a similar programme in the cross-border region of the Albanian Alps.

SNV has signed  
a contract  
to implement a  
**EUR 3.6**  
million  
forestry project  
in Kosovo

In East and Southern Africa, SNV's work in improving access to basic services centres on achieving results in primary education and water and sanitation. In addition, in several countries renewable energy (more specifically biogas) is fast becoming an important sector. SNV works to increase production, income and employment primarily in livestock, oil seeds and horticulture sectors, while also investing in the development of markets for non-timber forest products. Pro-poor sustainable tourism is another important sector where great potential exists for poverty reduction. While countries such as Sudan and Zimbabwe continue to be challenging environments in which to work, SNV remains committed to working in these fragile states.



## Regional highlights: East and Southern Africa

### Improving Access to Basic Services

All countries in East and Southern Africa, with the exception of Ethiopia, have selected basic primary education as a positioning choice. SNV support for basic education emphasises improved access and quality of service delivery. A total of 9,838 primary process days were spent working in the education sector across the region during 2008.

In Kenya, SNV contributed to an overall increased enrolment of 12% (that is, 125,066 pupils) across 17 districts. In Eldoret, an adequately established emergency committee brought 4,000 children back to school, whilst the district education authorities in the North Rift Valley successfully mobilised stakeholders to avert the possibility of another 14,000 internally displaced children missing out on education.

SNV also works to ensure countries in the region have better access to clean water. In order to achieve the ambitious national target of 100% access to safe and sustainable water, sanitation and hygiene by 2012, SNV Ethiopia has provided capacity development services to six *woredas* (districts) in the Southern Nations, Nationalities and People's Region. A total of 16 water schemes have now been rehabilitated, enabling some 1,600 households to access safe drinking water.

### Harnessing the Potential of Renewable Energy & Biofuels

In 2008, efforts in renewable energy were focused on the development and implementation of national biogas programmes in Rwanda, Ethiopia and Tanzania. In December 2008, the Africa Biogas Programme – a partnership between DGIS, Hivos and SNV – was formally approved and signed. DGIS will provide funding of EUR 30 million and Hivos will perform as fund manager, with SNV providing technical assistance. The programme will cover Burkina Faso, Senegal, Ethiopia, Kenya, Tanzania and Uganda from 2009 onwards.

Community access to sustainable and renewable energy in the region is very low. For example, up to 89% of the population of Zambia relies on wood fuel (firewood and charcoal) and this has contributed to increasingly high levels of deforestation in the country. Biofuels offer one solution to providing cleaner energy sources.

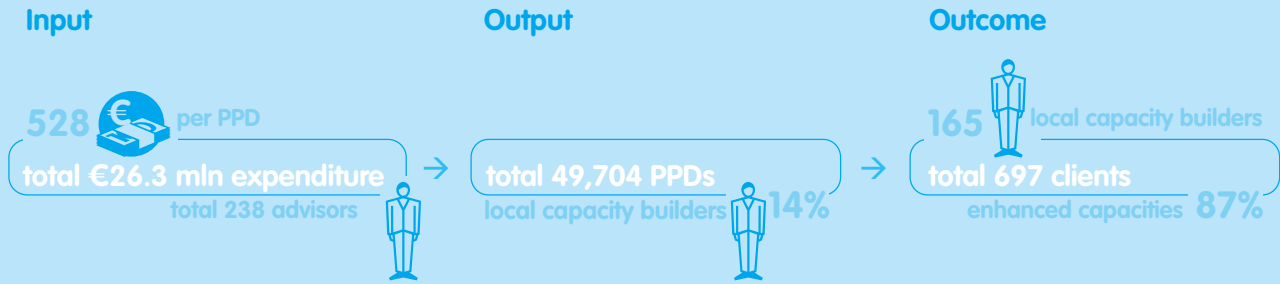
The oil seed value chain in Zambia thus aims at stimulating production, income and employment amongst smallholder farmers through production of biofuels (*jatropha curcus*). Together with partners at macro, meso and micro level, SNV has mobilised 1,100 farmers for the production of *Jatropha* in Zambia. A total of 6,750 *Jatropha* farmers are now participating in the market.

### Developments in Agricultural Sectors

In Uganda the vegetable oil seed sector is one of the seven strategic sub sectors selected by the Ugandan government for transforming agriculture from subsistence to commercial activity. Recently, the country has embarked on palm oil production for industrial oil

In Kenya, SNV contributed to an overall increased enrolment of

**12%**  
(that is 125,066 pupils) across 17 districts



extraction. Sunflower is the lead domestic raw material for vegetable oil, with annual production currently estimated at over 200,000 metric tons. In 2008, SNV Uganda supported 13 producer organisations and worked along with other actors and partners.

The livestock sector in East and Southern Africa covers three distinct commodity value chains: red meat, dairy and small stock. A regional dairy fair (the fourth African Dairy Conference and Exhibition) was organised by SNV and brought together over 130 farmers, service providers and government officials from Kenya, Uganda, Rwanda and Ethiopia to enhance awareness of, and demand by small holder farmers for, business support services. We also work in the non-timber forest products and horticulture sectors.

**Sustainable Pro-Poor Tourism for Africa**

SNV is active in pro-poor tourism in Ethiopia, Kenya, Mozambique, Rwanda, Ghana, Tanzania and Zambia. In each of these countries, tourism is high on the agenda of the government as a means to reduce poverty. In 2008 SNV made a conscious shift from Community Based Tourism projects to a Destination Management approach.

For example, SNV in its tourism initiatives in Mozambique combines the development of appropriate value chains and basic services. To this end, SNV’s interventions are focussed on professional training in hospitality, development and diversification of tourism products.

Together with relevant stakeholders, SNV analyses mainstream tourism areas to identify opportunities for improved management of the destination site and to ensure that local populations benefit from increased tourism investment and activities.

SNV has mobilised  
**1,100**  
 farmers  
 for the production of  
 Jatropha in Zambia

In Latin America, SNV improves access to basic services by concentrating its efforts in two areas, namely renewable energy (including biogas) and education, predominantly vocational education and training. In terms of increased production, income and employment, we concentrate firstly on agricultural commodities (including coffee), with an additional focus on biofuels (including palm oil and jatropha) and forestry, as well as pro-poor sustainable tourism.



## Regional highlights: Latin America

More than  
**70**  
inclusive businesses  
have now been set up  
in Latin American  
countries

### **Increasing the Inclusiveness of Specialty Agribusiness**

Inclusive businesses engage poor people in their business operations in ways that benefit low-income communities and create sustainable livelihoods. Inclusive Business development is a gradual process that involves identifying the highest potential anchor company, establishing baselines and securing investment capital. The implementation of pilots that can be subsequently scaled based on results is the most credible indicator of success for any inclusive business.

SNV Latin America supports the development and scaling of sustainable inclusive businesses in the agribusiness, inclusive forestry and biofuels sectors. More than 70 inclusive businesses have now been set up in Latin American countries with a potential impact on more than 500,000 low income families by 2012. Five inclusive businesses in the specialty commodity sector are now in development in Ecuador, with an expected increase in income of more than 130% over three years for 6,000 families.

More than three million low income families have directly benefited from the design and development of inclusive public policies designed by SNV, including the "Food Security Law" and "Nourishing Development Law" in Ecuador. Inclusive public policy efforts have also been leveraged through a Biofuels law in Central America and tourism laws in several Andean countries – all of these focused on complementing and scaling on the ground inclusive development efforts.

### **Enhancing access to vocational education**

In several countries, SNV is partnering with the private and public sectors to design vocational education programmes that are tied to capacity gaps in employment in growing sectors of the economy. Specifically, the programmes are linked to the value chains in which SNV is focusing and that are relevant to people on low incomes, in particular women.

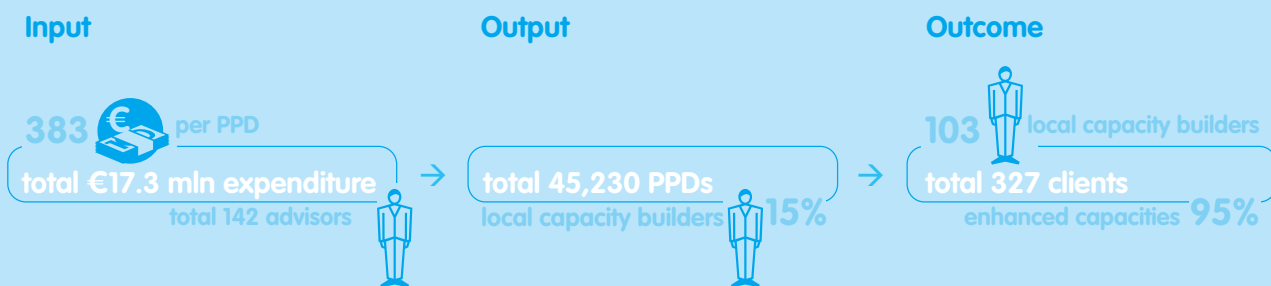
Furthermore, SNV is also developing curricula with several universities to design specific course offerings and training for low-income people. SNV's engagement with the InterAmerican Development Bank in Central America has successfully attracted external funding from both North American and European foundations to strengthen its vocational education programmes in the region.

To date, over 2,000 low income beneficiaries have been targeted of whom more than 80% have sought and found suitable employment. As a result of our work in vocational education, 4,745 people are in a better position to improve their living conditions, through access to training or labour certification.

### **Promoting socially inclusive tourism as an alternative income source**

SNV has applied lessons learnt from Inclusive Business to the tourism sector. More integrated approaches to the promotion of inclusive destination management have had greater short term potential, though scalability remains a growing challenge.





SNV has piloted destination management initiatives in Cuzco (Peru), the Galapagos Islands (Ecuador) and Lake Titicaca and Salar de Uyuni (Bolivia) as demonstration initiatives to show potential with the private sector tour operators. This has included the design of tourism routes (for example, eight tourism routes around the municipality of Quito) and the integration of the poor in the supply chain of tour operators (as in the Galapagos).

These initiatives have leveraged World Tourism Organisation and UNESCO funding of around USD 5 million over the next four years. SNV is also partnering with several regional tourism organisations to develop inclusive tourism incentives and standards and make Central America the first inclusive tourism destination in the world.

On the basis of the work done in our programmes related to the productive sectors (Biofuels, Forestry, Tourism, Specialty Commodities), SNV has contributed to improved income generation for almost 19,000 individuals, with an indirect impact on 70,000 more.

#### **Building Partnerships for the Future**

In 2008, SNV Latin America made use of its existing partnerships by forming knowledge partnerships with Instituto Centroamericano de Administración de Empresas (Latin America's leading business school), the Harvard Kennedy School of Government, Cornell SC Johnson School of Business, Aalborg University in Denmark and Columbia University in New York.

In addition, we forged links with National Chambers of Commerce in three countries to expand the reach and potential of our inclusive business efforts. SNV has also conducted several studies to investigate the potential for biogas and other renewable sources of energy in the region and is advocating for the development of a harmonised renewable energy framework in Central America.

**4,745**  
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In West and Central Africa SNV improves access to basic services in four sectors: education, water & sanitation, healthcare and renewable energy. This last sector (specifically, the biogas sector) has been adopted as an experimental field of focus at a regional level. The same is true for the emphasis on pro-poor sustainable tourism in this region. In terms of sectors where SNV works towards increased production, income and employment, our focus is on agriculture (including cotton and livestock) as well as timber and non-timber forest products such as honey.



## Regional highlights: West and Central Africa

The number of schools with potable water has increased from **50%** in 2007 to **65%** in 2008

### Improving Basic Services

In Ghana, SNV has applied a multi-stakeholder approach to its efforts to improve basic services. For example through the Ghana School Feeding Programme, SNV facilitated dialogue, information sharing and participation among government and non-governmental and civil society organisations. Subsequently, the number of schools in the programme with potable water has increased from 50% in 2007 to 65% in 2008.

Sanitation facilities in the schools also increased from 50% in 2007 to 75% in 2008, while daily feeding amount per child increased from USD 0.25 to USD 0.33. As of December 2008, the total number of children fed through the programme was 571,783, representing 20% of all public primary school children in the country, with an increase in enrolment of 12.8%. From 2009 local organisations will be represented on the project steering committee.

SNV Benin supported municipalities in establishing effective household waste and management systems, in collaboration with other actors including womens' associations. In addition municipalities strengthened their financial capacities by implementing local tax mobilisation strategies. SNV Benin's contribution to improvements in the drinking water supply and sanitation infrastructure resulted in increased access to drinking water for the population in rural areas from 45% in 2007 to 51% in 2008.

SNV Mali guided the Associations for Community Health as well as municipalities on how to encourage pre-natal consultations. The efforts resulted in an improvement in maternal health for the 12,608 inhabitants of Wacoro, and the 1.5 million residents of the Koulikoro region.

### Agriculture, Livestock and Pastoralism

There is considerable inequity within pastoral societies, in terms of unequal gender relations and social exclusion of certain ethnic groups. Farmers, processors and local traders need the right skills to be able to respond to new demands and markets.

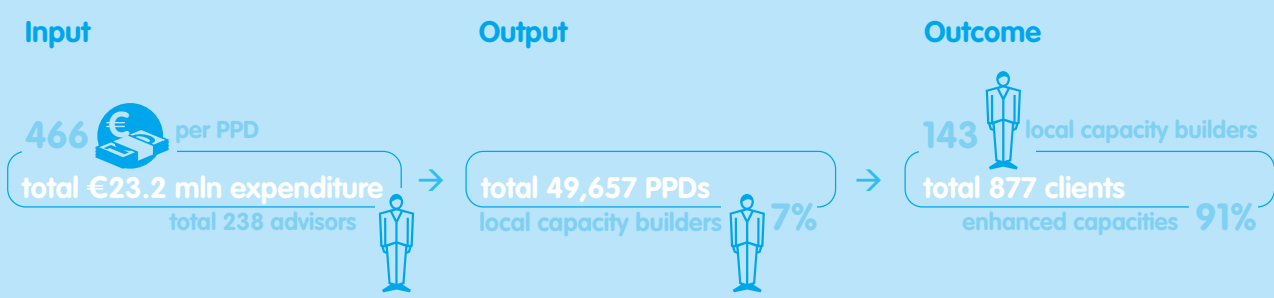
SNV's main interventions in these sectors in 2008 were aimed at establishing links between producers' organisations and other value chain actors, building public-private partnerships to mobilise communal resources for local economic activities and strengthening clients' lobbying capacities to influence the adoption and implementation of policies.

In Guinea Bissau, for instance, cashew producers were mobilised for collective commercialisation, leading to an increase in the cashew price from EUR 0.23 per kilogram to EUR 0.56 per kilogram.

### Increased Income for Cotton Producers

Despite fluctuating world prices, farm gate cotton prices were higher than previous agriculture seasons in all countries, partly due to the strong negotiating capacities of





cotton producer organisations. These organisations undertook income diversification initiatives for the benefit of their members with an emphasis on alternative markets for cotton. 2,000 farmers participated in the organic cotton initiative with the Netherlands Royal Tropical Institute and the Inter-church Organisation for Development Co-operation, ICCO.

In partnership with the Embassy of the Kingdom of the Netherlands and the national cotton association, SNV Benin set up a cotton programme focused on developing the capacities of cotton producers' organisations. The contribution of SNV Burkina Faso to the Farm Management System also improved the situation of 15,000 producers, or 15% of the total number of producers in the SNV intervention area.

**Timber and Non-Timber Forest Products**

SNV West and Central Africa is involved in timber in Cameroon and non-timber forest products in Cameroon, Ghana and DR Congo. Six value chains have been developed in the Congo Basin forest which is the world's second largest tropical forest, covering one million square kilometres in six countries (including DR Congo and Cameroon), and containing a quarter of the world's remaining tropical forest.

Increasing the value of the products of these forests has become an important economic, social and environmental opportunity for the poor population (including children, women and minorities) and will remain an important area of focus for SNV in 2009.

Biogas and tourism are innovative sectors in the region. SNV has conducted various studies to analyse the potential and constraints of these sectors for West and Central Africa. In 2009, decisions will be taken as to whether or not we continue with these sectors.

SNV's efforts resulted in an improvement in maternal health for the

**12,608**  
inhabitants  
of Wacoro



# Leading Through Partnerships

## Our Choice of Partners

Partnerships are a vital component of SNV's contribution to achieving the Millennium Development Goals. Our choice of partners is driven by the desire to increase impact so that we can scale up, replicate and learn. Our partners are selected on the basis that they complement SNV's approach to development and work within best practice models.

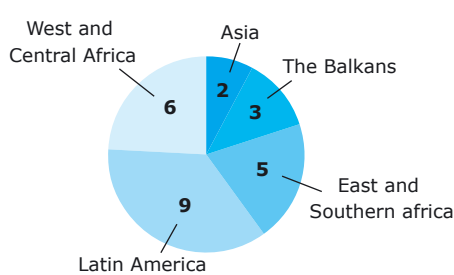
We leverage aid provided by the government of the Netherlands, as well as by multilateral and bilateral partners. Some of our partnerships focus on new players who promote economic growth and employment opportunities. Our collaboration with the World Business Council for Sustainable Development, for example, brings together leading corporate innovators who recognise that inclusion of the poor is good for business.

We are beginning to see the benefits of our thriving partnership drive in the regions. SNV is now involved in a diverse range of partnerships at the regional and country levels. Further, one of our key strengths as an organisation is our ability to scale up partnerships in different regions for greater impact.

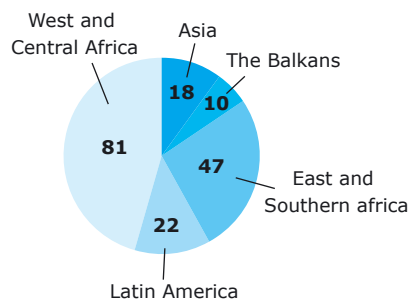
Other partnerships (such as our work with the World Tourism Organisation) make a direct contribution towards improving good governance by strengthening legal and fiscal environments. In our work with Hivos on the Twaweza initiative, we help monitor the provision of basic services and engage citizens in an informed dialogue on the effectiveness of investment aid. Our value chain approach brings together producer groups and key stakeholders who are contributing towards sustainable economic development.

SNV's collaborations with Agritererra, Agri-ProFocus, the Fair Trade Labelling Organisation and the International Fund for Agricultural Development set out to make a tangible contribution to lifting poor people out of poverty. We provide existing investment funds with advice and also share pipeline opportunities that benefit our clients including Grofin, Inreturn Capital BV (a joint venture with Cordaid) and Norfund. In 2008, we also joined forces with an experienced fund manager, Small Enterprise Assistance Funds, with the intention to create an agricultural value chain fund in Africa.

## Our partnerships at regional and country level



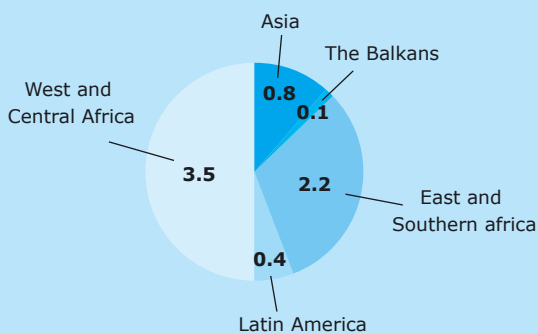
Regional



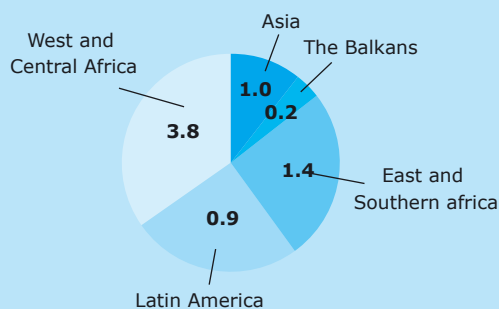
Country



## Resource mobilisation by region in EUR millions



2006



2007



### Resource Mobilisation

The total amount of our resource mobilisation for 2008 was EUR 7.5 million, slightly higher than in 2007. The diversity of our resource mobilisation changed in 2008, with significant increases in Latin America (from EUR 0.9 million in 2007 to EUR 1.9 million in 2008) and East and Central Africa (from EUR 1.4 million in 2007 to EUR 1.9 million in 2008). This provides a solid foundation for further planned increases across all regions in 2009.



While much has been achieved in the development of the SNV partnership approach, we know that we can do even more. To ensure greater effectiveness we need to continue to set clear benchmarks for success and monitor implementation (which is now done in the field) and to innovate in the rapidly changing environment in which we operate.



### Our Partnerships in 2008

#### *Agriterra and Agri-ProFocus*

In 2007, Agriterra, Agri-ProFocus and SNV became "Partners in support of Producer Organisations". The thrust of this partnership is to pool resources to strengthen producer organisations and enable them to contribute to the United Nations' Millennium Development Goals, specifically by improving the income and employment opportunities for people living on less than USD 2 per day. Achievements and highlights in 2008 included joint projects on strengthening producer organisations in West and Central Africa (Benin, Niger), East and Southern Africa (Kenya, Uganda) and Asia (Vietnam, Nepal).



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

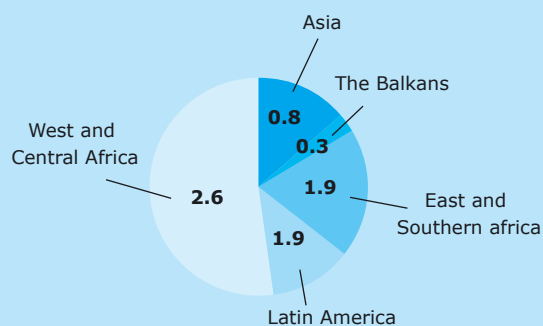
SNV and FLO have been collaborating since 2006 in a partnership that provides support to producer groups to access international fair trade markets. The partnership focuses on production chains such as coffee, cotton, cocoa, fresh and dried fruits, oil seeds and honey. After a joint review of partnership activities during the period 2006-2008, both parties agreed to extend the partnership until 2011. A key element in the new phase of the partnership will be the exchange of market information.

#### *Millennium Promise*

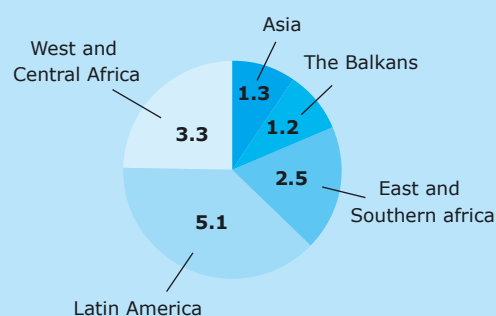
In November 2008, SNV and Millennium Promise entered into a partnership to improve food and income security for 240,000 people in and around five Millennium Village clusters in five countries in Sub-Saharan Africa: Tanzania, Rwanda, Uganda, Ghana and Ethiopia. The initiative is part of a new three-year Business Development Programme.

#### *United Nations Development Programme (UNDP)*

Since 2004, UNDP and SNV have engaged in strategic cooperation focusing on achieving the Millennium Development Goals. The partnership is based on creating synergies between UNDP and SNV's well established networks and presence at the local level. Both organisations believe that national and local level governments need to be enabled to work towards a common vision of development in order for the Millennium Development Goals to be achieved. The current agreement continues until June 2010 with projects in 16 countries.



2008



2009 (plan)

#### *United Nations World Tourism Organisation (UNWTO)*

UNWTO and SNV established a partnership in 2004 to jointly promote sustainable tourism for the elimination of poverty. After a positive evaluation of the partnership results, a tripartite partnership between SNV, UNWTO and the ST-EP Foundation was agreed for the period 2008–2010. UNWTO and SNV have begun implementing the new partnership, resulting in a total of 21 projects contributing to planning and implementing interventions that will help enhance the local economic impact from tourism.

In the framework of the partnership, a joint commitment is also made for resource mobilisation. Projects in Ghana, Mozambique and Nicaragua are to be implemented with funds received from the ST-EP Foundation, the Italian Government and the Flemish Government. The Rwandese government has also contributed funds for UNWTO to develop a Tourism Master Plan. For the ST-EP project in Cambodia, UNWTO has received a contribution from the Cambodian Government that will be used to finance project activities in 2009 and 2010.

#### *World Business Council for Sustainable Development (WBCSD)*

Since 2006 SNV, with the support of the World Business Council for Sustainable Development and its regional network members, has worked to build awareness among the world's most elite business leaders from multinationals and national companies, and has now piloted more than 70 inclusive businesses in Latin America. The Alliance is prepared to strengthen its financial brokering role and take the initial successful pilots to scale. For that purpose, a continuation of this partnership is currently being explored.

#### *World Wide Fund for Nature (WWF)*

Since 2006, SNV and WWF have worked together to identify options and approaches for forest-based communities to produce and market sustainably produced timber and non-timber forest products.

In 2008 a review of progress and possible continuation of the partnership in the field of bio energy for sustainable development was carried out. The review generated new enthusiasm for cooperation between the two organisations outside of a formal corporate partnership structure.

SNV and WWF mutually agreed to work on a phasing-out plan in 2009. SNV has decided to build on the partnership results in renewable energy, agriculture and forest products, and will continue to explore strategic cooperation in this field at the regional and country levels.





# Securing the water supply of poor communities in the Ugar River area

Balkans





## Bosnia and Herzegovina



Vlašić Mountain, northwest of Sarajevo, is one of the most famous ski centres in Bosnia. Before the recent war in the Balkans a plethora of hotels, weekend houses, restaurants, and ski lifts could be found here, servicing the needs of visitors to the mountain region during the winter season.

Post conflict, despite difficulties, tourism still provides the biggest potential for the development of this beautiful area in Middle Bosnia. For the villagers living around the tourist zones, mostly returnees after the war, tourism might be seen as a good chance to improve their poor living conditions.

For instance, drinking water for the area comes from the 10 kilometre long Ugar River, which flows out of the forests, fed by natural springs. The landscape around the river is very beautiful and attractive for tourists but the area has suffered greatly from uncontrolled development. In particular, forest management around the river has been inadequate and inappropriate resulting in waste and machine oil pollution of the water. In addition, timber harvesting operations paid no attention to the quality of the water or the integrity of the watershed.

### Pollution of the Ugar River

By 2006, a major problem for the local people was that an area very close to the river was being used as a disposal site for waste from a meat-processing factory, which had illegally dumped thousands of cadavers in the forest, at the source of the Ugar River.

The smell of rotting carcasses dominated the area and the water was badly polluted, with potentially serious health consequences for the 10,000 people in the local communities that rely on the river for their water supply.

"I was very happy when I saw that rehabilitation of the polluted place was done and the pollution was stopped. It was not pleasant to drink water whose spring was so close to the meat pollution place," says Omer Spahić, a representative of Mudrike village.

Both the Cantonal Ministry of Forestry, Agriculture and Water Management (the Ministry) and the special forest department within the Ministry, the Cantonal Forest Office, have an official mandate to organise, maintain and support activities related to forestry and water issues in the canton.

Although the pollution had been reported to these local authorities on many occasions, no action was taken to improve the situation. Local people found it difficult to get a definite response. It was not clear, for example, which authority was responsible for preventing the pollution.

### What Did SNV Do?

In September 2006 the Director of the Forest Office asked SNV for help in solving the problem. He felt the problem lay in the fact that there was very little participation of local stakeholders in the decision making process — including national and local government institutions, local people, tourist associations and environmental and ecological associations.

With SNV support and the cooperation of the two forest authorities the mayor of Travnik



municipality organised a public debate where ideas on protection of the Ugar river springs and the watershed were presented. The discussion was well attended by local people and received widespread public support through the media. SNV then organised a meeting with the Minister and enlisted his support for the process as a neutral facilitator. As a result of several preparatory meetings an agreement between SNV, the Ministry and the Forest Office was signed in December 2006. The next phase involved getting together all the local actors involved in the process in order to encourage coordinated action. Following the public discussions, the mayor appointed an official Work Group to deal with the issue. As well as representatives of the municipality this group included the Ministry, the Forest Office and SNV. The Work Group created a local legally binding document (an Expert Elaborate) that defined new forest management rules for the 1,650 hectare area surrounding the source of the Ugar River.

Emsad Pružan, of the Forest Office, explains: "By adopting the Elaborate with these measures we have provided opportunities for local people to influence forest management directly. I hope that the Ugar case is only the start and that we will continue to build good relationships between people from the forestry sector and local communities in the future."

### The Impact of Improvements in the Water Supply

The impact of the programme in its clean-up of the river reportedly has to be seen, and smelt, to be fully appreciated. One immediate and obvious impact was the removal of the illegal meat dump. As a direct result of this action alone, over 2,000 permanent local users of the Ugar water source have clean water in their homes. In addition more than 3,000 occasional users who visit the region now benefit from unpolluted water. The Ugar River Valley has now been officially

"I was aware that the risk of Ugar river pollution could destroy the tourist potential of Vlašić area for a long period. It means the loss of a lot of income and employment opportunities for hundreds of local people that live in the area."

Samer Dolovac, owner of a local tourist agency

*The impact of the programme in its clean-up of the river reportedly has to be seen, and smelt, to be fully appreciated*



declared a protected area. This enhances the tourism potential for the area: by reducing harvesting activities and declaring the area as a "Forest with special purpose", tourism opportunities (such as the building of bicycle tracks) have now become possible. Opportunities for hiking, photo hunting and fishing have increased as well. In addition to this direct impact, new laws for forest management in places like the Ugar area have come into effect in Bosnia and Herzegovina. These require the forest authorities to inform all stakeholders of any planned activities. Harvesting activities in the area have also been restricted in order to protect the watershed and improve the tourist potential of the river and forest. According to Mile Vujinović, a representative of Šišava village, "For me, the most important thing is to prevent further pollution of the Ugar river area. I want to stress that now we have much better contact with the Forest office than before, which is good for us villagers for the future."

### Similar cases

#### **Nepal** **Testing the Community Led Total Sanitation approach in Karnali**

SNV Nepal, together with its clients and partners, has initiated the community-led total sanitation approach in Karnali, one of the poorest and most isolated regions of Nepal. Poor sanitation is one of the major problems in the region, with reportedly 50% of hospital admittances due to waterborne diseases. SNV together with the Karnali Integrated Rural Development and Research Centre and the District Development Committee has started a pilot programme across the five districts of Karnali. Through advocacy campaigns and community-led participation, two districts have already been declared non-open defecation areas,

directly benefitting more than 150 households (nearly 1,000 people). Another 14 settlements from five districts are now engaged, benefitting about 4,000 people.

#### **Rwanda**

##### **Advocacy for Water, Sanitation and Hygiene**

UNICEF and SNV joined forces to implement capacity building activities in Water, Sanitation and Hygiene in four districts of Burera and Musanze in Northern Province and Nyabihu and Rubavu in Western Province of Rwanda. This involved training of district officials, Public Hygiene and Sanitation committees and water committees in technical elements such as behaviour change. The districts in collaboration with SNV also adopted an advocacy role to mobilise sector organisations to engage in more capacity development initiatives. This activity contributed to the strengthening of the districts through an accessible and user friendly baseline data collection system.

#### **Benin**

##### **Using workshops to help achieve water and sanitation outcomes in Benin**

In September 2007, SNV partnered with the Embassy of the Kingdom of the Netherlands in Benin to provide advisory services to local government and their water and sanitation services, within a five year programme. The Netherlands' contribution to clean water and sanitation for this period is EUR 53.4 million. SNV Benin is assisting the Benin national and local government in the water and sanitation decentralisation process, which began in 2003. In collaboration with regional water and sanitation services, SNV has organised regional workshops explaining the legal and practical sides of the decentralisation process.







# Improving Through Learning

## **Improving our results orientation**

Like many organisations in the development sector SNV faces challenges in the way we measure and communicate our results and failures. We acknowledge that we have work to do in this area and we will be giving this considerable attention in the coming years.

Our objective in terms of evaluating our work is to combine quantitative and qualitative information in a way that does justice to what works well and accurately identifies areas for improvement. This will enable us to harvest the learning that is an essential part of success and failure.

We have developed result chains for all of our work. These have been incorporated in our performance contracts with management, which elaborate in greater detail how to work towards the intended impact. Intermediary goals and results leading to the impact are expressed in our strategic plans.

For 2008-09, SNV has planned a series of corporate evaluations, to be carried out by external parties. These have been tendered through international competitive bidding. The 2008 evaluations included country evaluations in Honduras and Rwanda; thematic evaluations on Market Access in Asia and Gender in West and Central Africa; and an extensive evaluation of our organisational learning.

## **Evaluations in 2008**

### *Gender Evaluation*

The Gender evaluation of West and Central Africa indicates that the region has invested a substantial amount of time and effort between 2004 and 2007 in gender mainstreaming, with good results. Stakeholders in the region see SNV West and Central Africa as an expert regarding gender issues. In terms of output we have achieved a lot on the issue of gender. Networks of women's associations were supported by SNV at district level. These are doing a commendable job in mobilising women and advocating for their interests with local authorities.

Unfortunately, with the change in strategy in 2007 many programmes were abruptly stopped. Other organisations had to step in to complete these programmes. This caused some frustration among clients. It is believed that with the Governance for Empowerment programme, it may be possible to include gender again, but a stronger focus on gender still needs to be achieved. It will take time to rebuild the expertise on gender and the faith of stakeholders in SNV regarding gender issues.

### *Country Evaluation: Honduras*

SNV Honduras achieved impressive results in terms of institutional strengthening and improved governance at national and local levels, as well as the private sector and civil society. Furthermore, SNV is efficient through attention to cost and benefits. This efficiency is a major priority for SNV Honduras. In the whole of SNV Latin America, efficiency is on the rise.

Transversal issues such as gender are included in all of Honduras' operations. The programmes of SNV Honduras are well aligned with the priorities of local and national governments. SNV Honduras also assists local communities with the development of their strategic plans. The role of SNV as communicator has proven to be very effective. Civil society representatives described how SNV addressed their need to strengthen the management and operation of their organisations.

*Country Evaluation: Rwanda*

The programmes of Rwanda were found to be effective and efficient, but improvements can still be made, for example by improving internal communications. The sustainability of SNV Rwanda programmes is high. For the new delivery channels good guidelines are as yet missing, as a result of which the implementation of these is not yet optimal. It is advised that SNV Rwanda invest more in knowledge brokering, research and strategic partnerships.

Governance for Empowerment as a concept is in need of better understanding by SNV Rwanda staff. On the whole though, SNV staff members have taken ownership of the new Governance for Empowerment strategy. The interventions and programmes of SNV Rwanda are now embedded in the Rwandan government's national priorities, and are strongly aligned with the Millennium Development Goals.

*Asia: Market Access Evaluation*

The five consecutive market access evaluations, which have been conducted by the same evaluator each time, enable us to learn across the regions. In 2008, also for the first time, evaluations were presented and discussed at the Supervisory Board level.

The Asia Market Access evaluation resulted in important lessons which will help improve value chain development. This can be done by institutionalising impact orientation, creating more of a 'numbers' culture in which return on investment is always taken into account, creating a business and investment culture, improved matching of advisors with assignments and coaching in the application of the value chain approach.



### Organisational Learning Evaluation

In 2008 SNV conducted its first internal, corporate-wide thematic evaluation, looking into organisational learning. The International NGO Training Centre in the United Kingdom was commissioned to conduct a three-month evaluation to ascertain to what extent SNV has been 'maturing as a learning organisation'. The evaluation focussed initially on the years 2004-2007 but, given the organisational changes within SNV since 2000, the actual timeframe of the evaluation ended up spanning the last eight years.

The evaluation process also acted as an exercise to consolidate SNV's corporate memory with regard to learning. The evaluators made three visits to Head Office and two separate regional visits; conducted interviews with all five regional directors; and also interviewed over one hundred SNV staff and clients, either in person or by phone.

Importantly, the evaluators also spoke with external parties including DGIS. This reflects the fact that SNV is not only concerned with learning at an individual, team and organisational level, but also is aware of the opportunities provided by learning from peers and from external actors whose insights may be relevant to our success as capacity builders.

While the evaluation has found that SNV takes learning very seriously, one of the main recommendations is that SNV should accommodate all its learning efforts within a more comprehensive, all-embracing strategy for organisational learning. While it is true that from a human resources perspective SNV's learning processes are strong (for example in the area of new staff orientation, and at the level of individual or team learning), in other areas there remains work to be done. This is for instance true on the primary process side, where a lot of attention has been paid to knowledge networks, but where the results could be made more visible.

### Knowledge in practice

*Regional knowledge networks* have been a feature of SNV's regional work since 2004. The introduction of SNV's new corporate strategy has led to these regional knowledge networks becoming aligned with our strategic choices, in order to improve regional learning and knowledge development, stimulate corporate product development and enhance SNV profiling.

*Corporate knowledge networks* on water & sanitation, education, renewable energy, agriculture, forest products and tourism have now been created and will be operational as of 2009. These networks connect the different regional networks, generate new knowledge and insights for the practice, and support profiling of SNV.

### Evaluations in 2009

The Netherlands Ministry of Development Cooperation, as well as many Dutch non-government organisations that focus on capacity development, are in need of coherent policy guidelines regarding capacity development.

To meet this need, The Ministry and partners have decided to carry out a comprehensive evaluation on capacity development.

SNV will carry out two or three evaluations (in the East and Southern Africa region) of its support for capacity development to increase production, income and employment opportunities for poor people. These evaluations will have a strong focus on learning.

In addition, two regular country programme evaluations are planned in Ecuador and Benin.





# Facilitating EU Third Country Listing for Ethiopian honey

East and Southern Africa







**Ethiopia, an important actor in the world's honey and beeswax sector, was until recently unable to export any animal-based product to the European Union (EU), where an excellent market for specialty honey already exists. This was because Ethiopia was not listed as a "Third Country with Approved Residue Monitoring Plan" under regulations controlling exports to all EU member States.**

Third Country Listing is the basis for the import of any product of animal origin into EU countries. In fact, very few African countries have so far been listed by the EU in this way, as most lack approved Residue Monitoring Plans for such products, particularly value-added products. Successfully completing the process is therefore vital to the future of Ethiopian honey exporters.

### The Third Country Listing Process

The Third Country Listing accreditation process is complex and costly. Accreditation requires engaging in a rather complex and, for the first round, costly procedure. To remain on the list is less costly but still requires annual updates and residue analyses.

In the case of Ethiopian honey, the resources (in terms of both expertise and finance) required in order to undertake the listing could not be provided by producers, processors or exporters or by the sector association, the Ethiopian Honey and Beeswax Producers and Exporters Association. In addition, the "competent authority" – in this case the Ethiopian Ministry of Agriculture and Rural Development – lacked the necessary resources to engage in the process. This situation is by no means unique to Ethiopia, and reflects the need for capacity development within many producer organisations.

To take another example, the honey sector

intervention strategy developed by SNV in Zambia in 2005 assisted bee keepers and honey processors there. For the producers, constraints included poor organisational capacity, weak leadership skills and a lack of full-time management. In addition, the export market viewed Zambian honey as being of low quality and poor branding.

Using information from its experiences in resurrecting the honey value chain in Zambia, SNV began by preparing an action plan for Ethiopian producers. The entire course of action following on from this was taken over by a Honey Quality Working Group established by the value chain coordination group to oversee the process. An international consultant who had successfully listed another African country (Uganda) and three national consultants were hired to assist in the process and prepare the framework of the accreditation request. The local specialists included a representative of the Ministry of Agriculture and Rural Development, an expert from the national apiculture research centre and a chemist from a private laboratory.

### Successfully Completing the Accreditation Process

The accreditation process was completed in 11 months, at an overall cost of EUR 20,000, which included residue analyses whose costs amounted to EUR 12,000. Equivalence with the

*The Third Country Listing will also benefit the local market*



With the SNV experience for Ethiopian honey, a blueprint for EU Third Country Listing of any animal-based product is now in place. It is a model of local expertise development based on connecting existing capacities, as a result of which further listings can be undertaken with limited, if any, external assistance.

European Community law for honey exports entered into force after publication in January 2008 in the pertinent EU document.

The initial Third Country Listing 2008-2009 assumed 300 tonnes of exported honey, which was the total capacity of the participating companies.

The sampling design and number of analyses to be undertaken in the second listing (for the period 2009-2010) assumes a quantity of 1,300 tonnes. Export markets have now been developed and the projected contracts accommodate production by up to 10,000 smallholder beekeepers.

Traceability and quality issues have been addressed simultaneously, triggering the establishment of private sector (processor)-owned apiaries in the main honey production areas, with honey collection centres (depots) for out-growers and contract beekeepers.

The process has triggered a demand for laboratory services which goes far beyond residue analyses. Taking note of this, SNV took appropriate steps to facilitate attracting investors for such a laboratory. The sample analysis undertaken in the course of the EU accreditation process prompted the laboratory management to consider moving to Ethiopia.

### **A Bright Future for African Honey**

A Honey Desk is in place at the Ethiopian Ministry and a formal commitment from the State Minister that the Ministry will support the Third Country Listing renewal process has been obtained.

A similar commitment has been obtained from the Ministry of Trade and Industry.

The Third Country Listing accreditation is not a blanket approval for any Ethiopian honey to be exported to the EU. It is producer-specific, with only those companies whose samples were approved being able to export their honey to EU countries, and it must be renewed every year. Initial costs have been covered by SNV through the Business Associations and their Access to Markets programme, but for future renewals, listed companies will themselves pay for the analysis of their samples in accordance with the amount of honey they plan to export.

With the SNV experience for Ethiopian honey, a blueprint for EU Third Country Listing of any animal-based product is now in place. It is a model of local expertise development based on connecting existing capacities, as a result of which further listings can be undertaken with limited, if any, external assistance.



The Third Country Listing is also expected to benefit the local market. The infrastructures that have been created make it possible to know who the producers are, where they are located, how much they produce and how good their product is. The quality of the honey for local and international consumers should improve as a result.

### Similar cases

#### Ecuador

##### **Inclusive Business models with suppliers of potatoes and tomatoes**

Ecuador's potato and tomato supply has been highly variable owing to informality, failing volume and the use of damaging chemicals. Small producers do not currently enjoy optimum conditions to reach highly profitable levels. As a result, enterprises often have to turn to large and medium-sized producers and to intermediary agents in order to supply their potato and tomato demand. The main objective of this project was to demonstrate the scalability of Inclusive Business by connecting a network of local producers to a supermarket chain, La Favorita Supermarkets. The network has now successfully commenced supplying potatoes and tomatoes to the supermarket, benefitting small producers.

#### Niger

##### **Micro-credits for Cow Pea and Sesame Seed Growers' Unions**

Since 2006, SNV has supported the cow pea value chain development in Niger. Cow pea is one of the principal cash crops in Niger. The goal of SNV's

work is to enhance incomes and food security for cow pea farmers in the Magaria district by facilitating their access to micro-credits. Such credits enable them to buy high quality inputs (including seeds and fertilisers) and to store produce. In 2008 the International Monetary Fund granted credits to smallholders for an amount of EUR 128,771 - five times more than in the previous year. Three unions of cow pea producers used the credits to buy nine tonnes of high-quality fertiliser for their members, which directly benefited 520 men and 266 women.

#### Nepal

##### **Impact through Collaboration: Value Chain Development of Lemon Grass**

In cooperation with the Regional Support Unit of Biodiversity Sector Programme for Siwaliks and Terai, SNV Nepal is currently exploring options to strengthen the value chain for lemon grass. Capacity building on value chains, institutional development, and inputs on marketing were provided to the targeted group through our client, the Nepal Non Timber Forest Product Promotion Association, or Lalbandi. As a result, a cooperative was formed and an oil distilling plant installed, benefiting 500 farmers in Sarlahi. Due to improved product quality and quantity, and the increased bargaining power of farmers, the market price per litre of lemon grass oil has increased by 78 percent. Furthermore, as well as benefiting from price rises, 110 households are also eligible for dividends as they are the shareholders of the enterprise.







# Media and Public Events

## SNV in the media

SNV engages actively both in the Netherlands and internationally. All SNV regions have strengthened their ties with local and international media.

In Latin America, SNV has invested in a media and marketing team which has resulted in good media coverage through CNN and BBC World (a potential audience of over two billion viewers) and in influential daily newspapers and regional magazines such as *America Economía* and *Estrategia y Negocios*, the two most widely circulated business periodicals in the region.

SNV's investments in biogas solutions to the energy needs of poor communities also received exposure when a mini documentary on the added value of biogas as a renewable energy source in Asia was broadcast by BBC TV.

SNV has connected with a number of Dutch media representatives. This has resulted in radio interviews and a number of articles (for example, on the topic of sustainable tourism in Mozambique and educational services in Eldoret, Kenya) in Dutch newspapers such as *Algemeen Dagblad* and *de Volkskrant*. Our media strategy will be further developed and strengthened in 2009.

## Regional and international events

SNV has actively participated in a number of external events. Collaboration with similar organisations on development issues is at the heart of our communication strategy. Our overall aim is to create meaningful and visible engagement with a variety of local stakeholders, including the Ministry, development organisations, academics and the media.

We shared our renewable energy expertise at the high ranking **International Renewable Energy Conference** (Washington, USA, March 2008) where government, civil society and private business leaders gathered to address the benefits and costs of a major and rapid scale-up in the global deployment of renewable energy technology. Energy ministers from about 70 countries were in attendance at the event, which featured 250 speakers, 70 side events and 240 exhibitions.

SNV, in partnership with the German Organisation for Technical Cooperation and Food and Agriculture Organisation of the United Nations, organised a seminar entitled 'REDD: Financing Options and Social Implications' as part of the **Asia Pacific Forestry Week** (Hanoi, Vietnam, April 2008). The session generated a high level of interest among delegates who came from many countries in Asia and the Pacific.

SNV presented at the **Crans Montana Forum** (Tirana, Albania, May 2008) in the session "The Role of International Financial Organisations: the key for Economic Development and Foreign Investment". Representatives also joined a second Forum later that year (Sarajevo, Bosnia and Herzegovina, October 2008) as organiser of the seminar 'Capacity Building for Investment'.

## SNV at the European Development Days

SNV invested significantly in increasing its engagement with the European Union at the European Development Days 2008 (Strasbourg, November 2008).

At this major event, with over 2,500 participants, SNV led a symposium entitled 'Citizens as Partners – Capacity Development for Ownership in Local Governance'. The symposium emphasised the importance of local capacity development and explored scale-up opportunities. Four regional SNV delegations presented cases and profiled SNV as a global player and impact-driven capacity builder.

The performance by Beninese singer and activist Angélique Kidjo was a promotional highlight of the event. Over 350 people attended the SNV symposium. We consider the event to have been a success, as we increased our visibility amongst a wider audience and used this platform to advocate for our central messages on the need for local capacity development.

SNV participated in a parallel event for non government organisations held at the same time as the **Accra High Level Forum on Aid Effectiveness** (Ghana, September 2008). In cooperation with a number of other non government organisations based in the Netherlands, SNV lobbied successfully to address the need for domestic accountability and local capacity development.

An SNV delegation participated in the **Tällberg Forum 2008** (Tällberg, Sweden – June 2008), where we advocated the Inclusive Business approach. The Forum brought together 500 leaders from various sectors to discuss innovative solutions to global issues such as sustainable poverty alleviation and climate change. SNV invited Nathalie Cely, Ecuador's Coordinating Minister for Social Development and Jose Carvajal, Chief Executive Officer of Cafiesa, the biggest cacao producer in Ecuador, to explain how Inclusive Business works in practice.

An SNV advisor from Uganda was invited to speak at the international **World Water Week** (Stockholm, August 2008) where an innovative sanitation programme was presented.

In joint cooperation with the Embassy of the Kingdom of the Netherlands in Washington, D.C. and the Civic Leadership Center of the United States Chamber of Commerce, SNV organised the **Inclusive and Sustainable Business Partnerships Forum** (Washington, USA, September 2008). This global forum was a pre-event to the Chamber's annual Global Corporate Citizenship Conference. Over 140 representatives of corporate, governmental, and non-governmental organisations attended this panel discussion and dialogue on new approaches to private sector engagement in international development.

SNV and others organised the first ever **Dolpa festival** (Nepal, September 2008) which was staged in a bid to promote the remote Himalayan region of Western Nepal through the development of local tourism. Prime Minister Dahal, one of the festival's distinguished guests, thanked SNV for its continued support in Nepal.

We were actively involved in the **Honey Trade Expo** (Kampala, Uganda, October 2008), the first trade and investment promotion event in the field of honey which brought together over 500 delegates including exhibitors of bee products and technologies, researchers, policy makers, honey trade support networks and development partners.



*Beninese singer and activist Angélique Kidjo performs at the European Development Days*

In cooperation with local authorities SNV Balkans organised the high level conference **Demystifying the European Union: a Challenge at the Local Level** (Sarajevo, December 2008) which was attended by over 100 mayors and other senior government representatives. The European Union's Special representative in Bosnia and Herzegovina, Mr, Miroslav Lajčák, spoke about the added value provided by SNV in promoting the move towards European integration.

The United Nations World Tourism Organisation, the Sustainable Tourism-Eliminating Poverty (ST-EP) Foundation, the Korca Regional Council and SNV organised the **Sustainable Regional Tourism Development Conference** (Korca, Albania, December 2008). Over 150 participants discussed tourism potential in the region.

#### Events in the Netherlands

Examples of external events in the Netherlands in which we participated throughout the year include the **DGIS Africa Day** (Rotterdam, February 2008); the annual **World School event** (The Hague, April 2008) together with Hivos, the Institute of Social Studies and the Ministry; and the EEN Campaign event at **Wereld Armoededag** (Utrecht, October 2008).

A group of Dutch NGOs (including Cordaid, Hivos, the Inter-church Organisation for Development Co-operation, Oxfam Novib and SNV), in close cooperation with the Ministry, jointly organised the working seminar **The Missing Link** (June 2008) as part of their advocacy campaign in the run up the Accra High Level Forum (Accra, September 2008).

#### Our Website: [www.snvworld.org](http://www.snvworld.org)

The new SNV website was launched in February 2008 and has attracted an increasing number of visitors, especially people seeking information about SNV's work in the regions, as well as potential employees. The website is envisaged as a professional and up-to-date reflection of our work and is maintained by Head Office staff in close cooperation with regional communications officers. SNV's website will be further developed in 2009.





# Sustainable development of the biofuels value chain in Honduras

Latin America





## Honduras



Palm oil (which is derived from the fruit of two types of oil palm tree) has many uses, for example as an edible vegetable oil for cooking and in the manufacture of soaps. It is also an excellent raw material for biofuel production and, if sustainably managed, can lead to increased jobs and income among poor populations while promoting alternative sources of energy.

### Reducing the Environmental Impact of Palm Oil

In Honduras, a total of eleven palm oil processing plants are located in the Atlántida region on the Caribbean coast. The problem is that several large rivers flow through Atlántida, and on their way down from the Nombre de Dios mountain range, the rivers accumulate a large amount of agricultural fertilisers and agrochemicals, some of them from these same palm oil facilities. The fertilisers and chemicals affect in turn the health of the marine ecosystem, particularly the Mesoamerican Reef, the second largest reef system in the world. The challenge, then, has been to improve the efficiency and sustainability of agriculture in Honduras, and in particular the palm oil and biofuel sectors.

While biofuels offer an alternative source of energy, controversy surrounds the expansion of oil palm for the sole purpose of biofuels production. SNV is very conscious of food security and is careful not to exploit lands that could otherwise be used for food production.

SNV, working with its partner the World Wide Fund for Nature, has instead targeted established oil palm plantations, in order to improve their agricultural and management practices and reduce their impact on the environment.

The objective of this project has been to create jobs and income opportunities based on sustainable resources, efficient production and climate change mitigation. In this case, 'efficient production' amounts to cleaner and more environmentally-friendly palm oil extraction processes.

### Working In Established Oil Palm Plantations

Hondupalma, a social enterprise made up of 600 small producers spread across 33 cooperatives, has been working in the biofuels sector since the early 1980s, and was selected as a pilot project because of SNV's primary focus on employment and income generation. The enterprise's focus on older (that is, already established) oil palm plantations also provides a useful model for other sustainable projects.

SNV assisted Hondupalma in an on-site analysis of their oil extraction plant in order to establish recommendations for the implementation of a Cleaner Production (CP) process. Advice and technical assistance in developing a business model demonstrating the economic and social benefits of Clean Development Mechanisms (CDM) were also provided.

A number of benefits have already been achieved, and more are foreseen. For example, reduced chemical exposure leads to fewer health risks for

While biofuels offer an alternative source of energy, controversy surrounds the expansion of oil palm for the sole purpose of biofuels production. SNV is very conscious of food security and is careful not to exploit lands that could otherwise be used for food production.

workers in the plantations. The need for extra labour (0.5 jobs per hectare per year) on palm plantations has also led to the creation of 70 jobs for the conversion of organic and hazardous waste.

In addition, it is expected that the incomes of the 600 small producers will increase, when the savings from production and energy costs are taken into account.

### **Developing Sustainable Standards for Biofuels**

As a result of the project, Hondupalma is now more committed to implementing measures in the plant, has defined its relationship with the Secretaria de Recursos Naturales y Ambiente (Ministry of Natural Resources and Environment) and adopted a business model. It has now been identified as a Honduran company capable of signing a Cleaner Production Voluntary Agreement and the process followed in this case is being presented as a viable model for other companies. Despite the fact that SNV's partnership with WWF will not continue beyond 2009, we will continue to leverage our capacity and influence to mobilise

investors, policy makers, the corporate sector, communities, civil society organisations and consumers in support of more sustainable practices.

In particular, it is hoped that in the next phase of this project, the cleaner production processes and the better management practices demonstrated in the first phase will be fully implemented. SNV and others in the region are also working towards the adoption of Cleaner Production as the preferred standard by the Roundtable for Sustainable Palm Oil.

### **Similar cases**

#### **DR Congo**

#### **New agricultural law a major economic opportunity for the DR Congo**

More than two thirds of the Congolese population live in a rural area and depend on agriculture for their livelihood. The development of the agricultural sector is the principal instrument to combat hunger and is crucial for the revival of the Congolese economy. In order to encourage small agricultural producers and private actors, a stimulating institutional context is indispensable.

*The process followed in this case is being presented as a viable model for other companies*



Therefore, in 2007 the Ministry of Agriculture launched a working group to elaborate a proposition for a new agricultural law. SNV facilitated and coordinated the working group, with special attention to bio energy. In addition, SNV provided technical input and introduced “pro-poor”, “governance” and “inclusive business” concepts that have been integrated in the texts. The law is about to be adopted in parliament and introduction in the provinces will follow soon.

#### **Vietnam**

##### **Growing Jatropha for alternative energy on waste lands**

The Vietnamese government has recognised the need for development of alternative energy to substitute its dependency on fossil fuels and has developed a vision and strategy on alternative bio-fuels. Part of this vision is to recover so-called waste lands (degraded or low-fertile) through the production of Jatropha oil seeds. This has the potential to provide a stable income for tens of thousands of rural farmers, especially in the coastal areas of central and southern Vietnam. Green Energy Vietnam, in a joint venture with the Australian company Jatoil, has commenced cultivation of Jatropha on infertile lands in several provinces. SNV provides direct advisory to the company, reviewing and commenting their farmer contract systems and improving their farmer

extension materials. In collaboration with local capacity builders, SNV also provides training services on agricultural extension for company staff and group leaders.

#### **Zambia**

##### **Transforming seed to oil – the Mungwi story**

SNV Zambia’s Jatropha value chain approach is still in its infancy. In 2006, SNV Zambia linked small farmers across five districts in Northern Province to several biofuel companies. Misanfu Research Station, an affiliate of the Zambia Agricultural Research Institute, based in Kasama, then trained the farmers in nursery establishment, Jatropha growing, disease and pest control. In 2008, SNV facilitated the establishment of a rural based enterprise in Zambia called Chipalila Industries that processes Jatropha seed purchased from local farmers. Together with local capacity builder JL Mutale Enterprises, SNV trained this company in processing lantern oil and soap from the seed. The farmers sell the seed to the company that in turn processes and sells the finished products back to the communities at a profit. In the future, more Zambians will be empowered through improved access to rural energy and business opportunities based on Jatropha production.

# Internal Organisation

## Staffing Trends

Although the total number of SNV staff at year end remained virtually unchanged compared to 2007, 2008 showed a decrease in number of support staff members, particularly in West and Central Africa. There has been an increase in the number of advisors employed directly by SNV. Although the absolute number of advisors increased from 809 in December 2007 to 862 in December 2008, the average number of advisors expressed in full time equivalents (FTE) was lower in 2008 than in 2007.

There has been an even larger increase in the relative number of local capacity builders and external consultants. As gender equity is not yet fully optimal, we will continue to strive towards quality and gender equity in our recruitment and staff retention processes.

## SNV as Preferred Employer

SNV's Head Office remains responsible for the recruitment and mobility of all international staff. We have welcomed internet and various new media as useful tools for the attraction and recruitment of talented international staff. Additionally, we have performed benchmarks of our compensation and benefits system in almost every SNV country and for Head Office. The outcome of these benchmark exercises is used for our new salary model. Total Reward is a holistic package of remuneration, learning opportunities and a stimulating work environment. With this package we aim to become a more attractive employer for international as well as national staff.

Professional, management and leadership learning plans for both primary and support staff members boost our ability to achieve the targets set out in our strategy. In addition, new recruitment channels have been exploited to identify and attract people with specific knowledge and experience to match staffing requirements for particular sectors and value chains. This has resulted in a significant increase in the number of senior advisors who improve the quality of our coaching and mentoring practice.

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

SNV staffing (positions at year end)	2008					2007			2006		
	Total advisors	Nationals %	Female %	Support staff	Total staff	Advisory staff	Support staff	Total staff	Advisory staff	Support staff	Total staff
Asia	133	59%	25%	72	<b>205</b>	132	77	<b>209</b>	156	87	<b>243</b>
Balkans	75	63%	40%	32	<b>107</b>	67	32	<b>99</b>	58	28	<b>86</b>
East and Southern Africa	248	73%	31%	123	<b>371</b>	219	133	<b>352</b>	232	128	<b>360</b>
Latin America	152	77%	37%	52	<b>204</b>	146	58	<b>204</b>	190	61	<b>251</b>
West and Central Africa	253	71%	33%	159	<b>412</b>	245	190	<b>435</b>	273	192	<b>465</b>
<b>Total</b>	<b>861</b>	<b>70%</b>	<b>33%</b>	<b>438</b>	<b>1299</b>	<b>809</b>	<b>490</b>	<b>1299</b>	<b>909</b>	<b>496</b>	<b>1405</b>
Headquarters SNV (NL)	1		100%	58	59		57	57		59	59
<b>Total Staff</b>	<b>862</b>	<b>70%</b>	<b>33%</b>	<b>496</b>	<b>1358</b>	<b>809</b>	<b>547</b>	<b>1356</b>	<b>909</b>	<b>555</b>	<b>1464</b>



*Security, Health & Safety*

As a development organisation we are continuously aware of the risks that our staff may be exposed to in the field. For this reason a new Security Framework was endorsed by the Works Council in 2008 and will be launched during the Extended Board Meeting in the spring of 2009.

All countries are now in the process of developing their security plans. A security pilot study conducted in Kenya in 2007 at the time of the elections led to improvements in the security planning processes there. This experience was helpful in 2008 during the post-election period in Kenya and in the lead-up to the elections in Zimbabwe.

*Human Resource Development and Learning*

In terms of performance management and accountability, we have focussed on alignment between individual and organisational performance cycles. A redesigned performance review system has now been rolled out.

A virtual orientation programme that introduces all staff to SNV history, culture and practice has been updated and is available on the staff intranet. This is suitable for use by all staff and serves as the entry point for induction processes for incoming staff.

New profiles for Primary Process staff have been introduced and incorporated in to the Performance Management system. Profiles for Support staff will be completed in 2009. Behavioural competencies for all staff have been developed, based on SNV's core characteristics (see boxed text).

Finally, several e-modules have been developed to support specific learning and improvement trajectories. These include one Triple AAA module, to introduce the Primary Process quality standards to new staff and to help further internalisation of the standards into daily practice, as well as a set of three modules to introduce managers to key processes in the Human Resources, Finance and Strategy support functions.


*Internal communication*

Much of the focus of internal communications in 2008 was on the further development of the SNV Intranet. The new platform is designed to give a serious boost to our knowledge sharing with a strong focus on online collaboration. Therefore, the system was fine-tuned, tested and developed in close collaboration with a broad selection of SNV staff, including knowledge managers, advisors, management, communication officers and support staff. Five regional workshops provided very useful input that helped to adapt the intranet to the specific collaboration needs of staff.

*Alumni*


In order to stay in touch with people who have left the organisation, SNV has set up an SNV group on LinkedIn. The group is rapidly growing with many new members. In 2009 efforts will be intensified to encourage all former and current staff to join this social network group.

**SNV's leadership characteristics**




**Leads from the centre**

We look for actions that intelligently connect the capacities, talents and creativity of different people to give of their best.




**Is a relationship builder**

We build and nurture strong, authentic and reciprocal relationships.




**Has an attitude of inquiry**

We demonstrate genuine curiosity and interest in people, things and issues relevant to SNV's vision.



**Is a straight talker**

We communicate directly and in a way that fosters trust and clarity of intent.



**Takes responsibility**

We take responsibility, we are accountable for impact and we persevere in working towards tangible results.

**Table 3: Income and expenditure summary**

(in EUR millions)	Realised 2007	Plan 2008	Realised 2008	Variation 2008 to 2007	Plan 2009
Core subsidy	82.9	93.7	90.8	10%	98.3
Resource Mobilisation	7.2	9.9	7.5	4%	13.4
<b>Income regular capacity development</b>	<b>90.1</b>	<b>103.6</b>	<b>98.3</b>	<b>9%</b>	<b>111.7</b>
Other income	10.5	3.8	11.6	10%	4.5
<b>Total income</b>	<b>100.6</b>	<b>107.4</b>	<b>109.9</b>	<b>9%</b>	<b>116.2</b>
Regions	74.5	84.8	85.2	14%	92.8
Head Office	11.7	15.2	13.2	13%	13.2
Partnerships	2.2	4.0	2.5	14%	3.3
LCDF	-	0.5	-	-	1.7
<b>Expenditure regular capacity development</b>	<b>88.4</b>	<b>104.5</b>	<b>100.9</b>	<b>14%</b>	<b>111.0</b>
Other expenditure	9.0	3.2	10.1	12%	4.5
<b>Total expenditure</b>	<b>97.4</b>	<b>107.7</b>	<b>111.0</b>	<b>14%</b>	<b>115.5</b>
Result	3.2	-0.3	-1.1	-	0.7
Primary Process Days (PPD)	168,027	185,574	192,261	14%	201,914
Average number of advisors (FTE)	873	922	827	-5%	967
Cost/PPD (EUR)	530	566	528	0%	558
Support Costs/Total Costs	41%	39%	42%	2%	37%
Indirect Costs/Total Costs	8.4%	10.0%	7.6%	-10%	10.0%

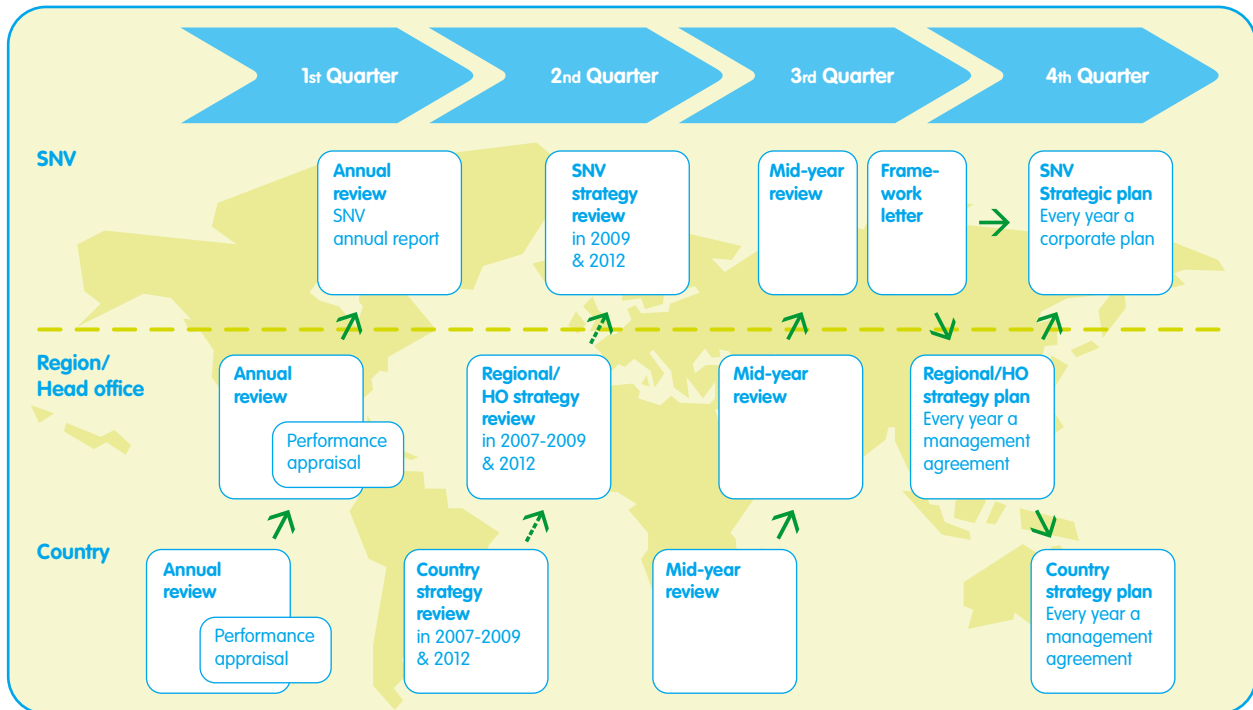
*Corporate Council*

In 2008 SNV established a new Corporate Council and a new workers' participation structure. Workers now have rights to endorse, to advise and to be informed at the corporate level. Regional Councils have been appointed with the purpose of enhancing communication between the Corporate Council and the Country Councils; and to provide feedback to Regional Directors - within the mandate of this workers' participation structure - on implementation issues. Country Councils have mandates to advise and be informed on country level issues such as human resources and remuneration. One of the general principles of this new structure is that issues for workers participation should be submitted and dealt with parallel to the management level of the organisation.

*Financial resources*

The total expenditure for SNV's regular programme in 2008 was EUR 100.9 million (in 2007: EUR 88.4 million). Expenditures in the regions and in Partnerships both increased by 14% compared to 2007. For the regions this is in line with the plan. Expenditure for partnerships is significantly lower than plan. Head Office expenditure increased by 13% compared to 2007 but not all plans for 2008 were achieved (for details see annual accounts).

In 2008 SNV leveraged its core subsidy with an additional EUR 7.5 million in non-DGIS resources (2007: EUR 7.2 million). The planned growth to EUR 9.9 million could not be realised. A number of activities were delayed until 2009, which implies that these revenues will be achieved in 2009. A 14% increase in primary process days (PPDs) compared to 2007 was realised with less primary process staff. The use of services of local capacity builders increased to 14% of total output which is almost on the set target of 15%. The use of external consultants increased from 10% of total output in 2007 to

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

18% in 2008. Since the total expenditure increased by the same percentage as the output, the total cost per primary process day remained at the same level as 2007, but was better than planned. The ratio of support costs to total costs increased by 2% in 2008 (42%) compared to 2007 (41%). Not all regions could achieve the planned targets, which is the reason why the actual support percentage (42%) is above the planned percentage (39%) for 2008.

The indirect costs (Head Office costs that only indirectly support the primary process) are down to 7.6% of the total costs, which is partly due to more efficient use of Head Office resources, but also to delays in Head Office priorities.

#### Governance structure

SNV's integrated planning and control cycle captures the budgeting, planning, monitoring and control activities within all layers of the organisation (see figure 1). At the end of 2008 it was slightly updated based on the experiences with its execution in 2007 and 2008. One of the major changes compared to former years is the changes in the status of the Mid Year Review. In former years this was the reference for the comparison in the annual review. As of 2008 the original plans are the reference point for monitoring and reporting. To improve SNV's forecasting capabilities quarterly forecasting has been introduced.

An information project has been executed in 2008 to align management reporting as far as possible with the monitoring protocol as agreed upon with the Ministry of Foreign Affairs.

SNV's 2007-2015 strategic plan is cascaded towards individual plans for results and development, via the corporate strategic plan 2008-2009 and regional and national management agreements. Consequently, individual performance appraisals are linked to annual reporting at national, regional and corporate levels. In 2009 the corporate strategic plan 2010-2012, 2nd strategic period in the subsidy agreement, will be elaborated.

#### Internal programme management

In line with SNV's corporate strategic plan, policy changes and improvements of SNV

## SNV US LLC

SNV US LLC, established in 2008 with approval from the SNV Supervisory Board, is a subsidiary of the SNV Netherlands Development Organisation.

Located in Washington DC, SNV 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.



Neil Ghosh, Director, SNV US, addresses the participants at SNV's Global Forum "Inclusive and Sustainable Business Partnerships" in September 2008, at the Royal Netherlands Embassy in Washington, DC.

primary and support processes are periodically carried out. In order to stay in control of the individual changes and improvements, internal projects are defined and controlled according to the SNV project management process. Within this process an important step is to determine the impact of the project on other projects and processes. In 2008 SNV started to develop the Internal Programme Management process which enables the SNV organisation to successfully manage multiple interdependent internal projects. The Internal Programme Management process will be implemented in 2009.

### *Compliance and internal control*

The SNV Board of Directors strives to realise the highest level of financial accountability resulting in a positive compliance opinion and an unqualified opinion of the external auditors. One of the fully embedded, recurring activities within SNV is the compliance self assessments (from Portfolio level to Head Office level). These are carried out twice a year and comprise a total assessment plus a reassessment of all unsatisfactory scores from the first assessment. Follow-up of action plans is monitored on a bi-annual basis; unsatisfactory scores are monitored continuously. Independent validation checks are carried out. The current compliance system is not yet expanded to include the primary process – using the Triple AAA procedures as a basis, this is foreseen in 2009.

SNV has gone through several reorganisational processes on both an organisational level (decentralisation) as well as on a work process level. Internal Control Measures have been established, but considering the changes resulting from the reorganisational processes these Internal Control Measures needed to be thoroughly reviewed on completeness, efficiency and effectiveness.

In this light, in 2008 the Internal Control Framework phase 1 project was finalised. The purpose of this project in phase 1 was to analyse the gaps between the desired minimum controls in place ("soll" position) and the current situation ("ist" position) and resulted in a gap analysis for the five processes in scope:

1. Integrated Planning and Control cycle;
2. Financial accounting;
3. Payroll accounting;
4. PRM and Externally Funded Programme management; and
5. Procurement.

The Internal Control Framework phase 2 project, to be started in 2009, is the next step in the improvement of operational management within SNV.

Internal control is based on the integrated framework of the Committee of Sponsoring Organisations of the Treadway Commission.

### *Audits*

The Internal Audit Unit performs audits throughout SNV. Every country programme/ regional office is audited at least once every 4 years. In 2008 eight countries (Ethiopia, Tanzania, Burkina Faso, Bolivia, Laos, Nepal, Bosnia Herzegovina and Macedonia) were audited. Apart from these country/regional office audits, audits at Head Office were also carried out. In 2009 SNV has plans to audit 8 country programmes, 2 regional offices, and several audits at Head Office. SNV is in the process of developing a more risk based audit approach to increase the added value of internal audits when focussing on (business) risks. In this light, the frequency of regional office audits will increase to at least once every two years.

The corporate external auditor is responsible for the financial audit of SNV resulting in audit opinions for all countries and for the consolidated annual accounts.



*Risk management*

In 2008 the risk management process was further developed resulting in an insight into the high risks SNV is facing (or may face in the future) from a corporate point of view, the existing mitigating controls and the remaining risks that need to be covered with the required actions to be taken. Owners of these actions were appointed, action plans defined and the implementation and follow-up of the action plans is in progress. Also in 2008, the annually recurring risk management identification interviews were held as an annual update of the risks identified. In 2009, the focus will be on strongly embedding risk management at corporate management level with a further roll-out to the regions in the second half of 2009.

*Common practice in case of supposed irregularities*

A procedure has been designed outlining how to deal with supposed irregularities within SNV. Within this procedure the communication and information responsibilities are described, as well as how to deal with the investigation process and the results.

*Supervisory structure*

The Board of Directors manages the SNV organisation under the guidance 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 supervision of SNV policy making and implementation of these policies.

Specific items for discussion in 2008 were several external evaluations, the start up of activities in new countries (Kosovo, Pakistan) and the establishment of a legal entity in Washington DC.

In July 2008, three members of the Supervisory Board resigned because their terms had ended. A recruitment procedure for new Supervisory Board members was started in March 2008 and the responses were overwhelming. In April and May 2008, four new members were selected, with different and complementary backgrounds including the development sector, private sector, international law and organisational development. The current Supervisory Board consists of seven members. Three new members visited SNV Ghana, in order to become acquainted with SNV's work on the ground.

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

- Two members of the Supervisory Board (the chairman and one other member) take a seat on the remuneration committee, responsible for the evaluation and remuneration of the SNV Board of Directors.
- Three members of the Supervisory Board take a seat on the Audit Committee. The Audit Committee monitors finance, risks and compliance and advises the Supervisory Board regarding 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.
- An external auditor reports annually to the full Supervisory Board.

**Dirk Elsen**

Chairman of the Board of Directors

**Annemiek Jenniskens**

Member of the Board of Directors

April 28 2009



# The Baka people as equal business partners in forestry

West and Central Africa





Cameroon



The dense, tropical forests of southern Cameroon, like much of central Africa, contain a stunning variety of plant and animal life. They also constitute a survival base for around 7 million men and women, including 3,500 Baka people (a hunter-gatherer group with its own language and beliefs) living in the southern province of Djoum.

Large portions of forest have practically become off limits to the Baka people because of closely guarded logging concessions, some of which have lasted for more than a quarter of a century. Increased population pressure, diminishing access to resources and diminishing bio-diversity due to forest exploitation are compounding the problems of daily survival.

### The Value of Non-Timber Forest Products

Non-timber forest products such as bush mangoes, nuts, mushrooms, medicinal plants and barks, edible leaves and honey constitute a lifeline for small communities in Cameroon's forested areas. Their contribution to annual household income in Cameroon is estimated to range from 30% to 100%.

This is especially true for the Baka, a people who were once disparagingly referred to as 'pygmies' and whose total economic, cultural, and spiritual dependence on the forest make them especially vulnerable.

Coupled with historic discrimination, the Baka score even lower than their poor Bantu neighbours on issues such as life expectancy (around 40 years), education (no one has ever reached university), employment and income. There are no exact figures but very few Baka have a stable

job or practice agriculture and products sold by the Baka generally sell far below the market price. SNV was the first organisation to realise that the Baka were by far the largest producers of non timber forest products in the South (accounting for over 70% of production), and that Nigeria was by far the biggest market (with roughly 80% of the market share) and desperately demanding more. SNV conducted an initial mapping of the entire non-timber forest product value chain and its various players, ranging from the producers in the forest to the buyers, transporters, wholesalers and exporters, but also the government officials involved in taxation and control.

### Investigating the Bush Mango Value Chain

SNV decided to focus on restructuring the value chain to include the Baka as producers and Nigeria as the biggest market for their most sought after product: the bush mango. Both the flesh and the nut of this fruit are edible, with many nutritional benefits.

SNV teamed up with the Belgian Technical Cooperation, who provided revolving funds permitting the economies of scale necessary for grouped sales alongside the large quantities of products needed by wholesalers. Practical, on the job training was conducted on value chain



development, internal organisational management and organising a sales campaign.

In addition, a design competition was held in order to find new ways of processing the bush mango. A machete is traditionally used to separate the fruit from the mango seed but this can be a dangerous and time-consuming task. The selection of the winning invention (a wooden cutting machine which has now been prototyped) suggests another new market may well have been created, this time for the cutting machines themselves.

SNV also initiated the start-up of a market information system based on a network of community radios for exchanging supply and demand information on the quantity, quality and price of bush mangoes and other non-timber forest products.

Thanks to the radio system, the Baka were able – for the first time ever – to sell 600 kilos of bush mango for around EUR 1,000. After the bush mango season ended, the Baka were able to sell another product that they had never sold (or even used) before: a big, round, flat nut called Ebaye. A wholesaler – who came from another province – paid the going market price of EUR 280 for 1,000 kilograms of the nut. According to a Baka member of the Abagueni association, however, “this product (Ebaye) just falls from the trees and rots or is eaten by snakes. We never imagined we could sell it.”

While the reasons for the interest in this obscure nut in Nigeria are not well known, what is known is that the demand for Ebaye, like the demand for

the bush mango, is high. In fact, approximately 85% of all bush products sold by the Baka end up in Nigeria, suggesting future potential regional markets.

### New Market Opportunities for the Baka

While this may not seem like a lot of money, the point is that the Baka are now gaining commercial experience and – more importantly – confidence and equal stature with other Cameroonians. “The Baka sell the best quality; I am thinking of setting up a warehouse in their village so they will sell only to me,” says Mr. Abdou Ndi, the wholesaler. These initial successes need to become well-spaced throughout the year, in order to ensure more stable income and employment. The challenges ahead include what to do with the profits as well as how to diversify products to ensure income throughout the year. There is a continuing tendency to divide up the money from the sales, instead of replenishing the revolving fund.

SNV is now coaching an experienced local capacity builder (Fondation Fritz Jakob, or FONJAK) to look into the issue of investing profits from grouped sales in community projects as well as better management of the revolving fund. FONJAK will take the lead in exploiting other products available at other times of the year, enabling product diversification and the introduction of the cutting machine. SNV hopes to fully hand over its activities to FONJAK at the end of 2009.



*The Baka are now gaining commercial experience and – more importantly - confidence and equal stature with other Cameroonians*



## Similar cases

### Bolivia

#### **Alliances with forestry communities and forestry certification**

Public policies in Bolivia promote a more active and important role for indigenous communities in forestry, with one million hectares in Indigenous Territories already under formal management. In this context SNV, together with a Dutch parquetry company and two indigenous communities, has recently developed an Inclusive Business model approach to obtaining certification by the Forest Stewardship Council (FSC). This initiative aims to reduce poverty in the Santa Mónica and Palestina communities; help cultivate an entrepreneurial environment through certification and the sustainable management of forests; and secure a supply of better-quality raw material for international markets.

### Albania

#### **Women as powerful partners in sustainable forest management**

In Albania, the majority of forest user associations have traditionally been dominated by men, with only a handful of women involved, usually playing the role of secretary. In this project (undertaken in the districts of Korce and Elbasan), SNV's main goal was to deliver training on the lack of gender equality in the sustainable management of the communal forests, in order to enhance the knowledge of the forest user associations on the need to include women in the management of forests and pastures. Further, the training emphasised the key role that women play in activities connected to forests and pastures.

### Bhutan

#### **Promoting Sustainable Management and Marketing of Cane & Bamboo**

Bjoka geog is situated in a remote part of Central Bhutan. For many generations people from this area have made traditional bamboo baskets which account for about 66% of their monetary income. However, the marketing of these bamboo products was carried out in an ad-hoc manner, resulting in poor bargaining power for local people.

Furthermore because of the growing demand for cane and bamboo products within Bhutan, the resources required for production were becoming scarce and traditional resource management practices were no longer being applied. As part of the project, SNV supported the clients and people of Bjoka geog to form a Community Forest Management Group. We further supported the group to undertake a resource inventory and make it part of a wider Cane and Bamboo Management plan.

**“The Baka sell the best quality; I am thinking of setting up a warehouse in their village so they will sell only to me.”**

Mr. Abdou Ndi, the wholesaler.



# SNV Annual Accounts 2008

## Introduction

### *SNV's annual accounts*

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

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

The externally financed programmes are funded by the Ministry of Foreign Affairs (Nepal programmes), Embassies of the Kingdom of the Netherlands (Directorate-General of International Cooperation, or DGIS programmes) and other donors (third-party programmes). SNV is responsible for financial administration, reporting and advice on content, while donors are ultimately responsible for the programmes. In the Statement of Financial Performance, income and expenditure related to externally financed programmes are equal. In the balance sheet, the short-term and the long-term receivables programmes, the short-term and the long-term commitments programmes, and part of the cash and cash equivalents reflect these programmes.

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

The annual accounts consist of the following:

- Balance sheet after appropriation balance income and expenditure
- Statement of Financial Performance
- Cash flow statement
- Accounting principles
- Notes to the Balance Sheet
- Notes to the Statement of Financial Performance



# Balance Sheet after appropriation balance income and expenditure

Assets (in EUR)	Notes	2008	2007
Buildings, renovation and terrain		728,578	789,427
Vehicles		2,602,654	2,534,180
Equipment		1,596,814	2,170,683
Other inventory		401,358	498,601
Assets in transition		301,979	90,055
<b>Tangible fixed assets</b>	<b>1</b>	<b>5,631,383</b>	<b>6,082,946</b>
Bonds	2	1,731,050	1,598,790
Deposits	3	226,367	177,280
<b>Long-term receivables</b>		<b>1,957,417</b>	<b>1,776,070</b>
DGIS programmes		11,084,752	7,639,544
Third-party programmes		0	711,808
Nepal programmes		483,301	3,057,891
<b>Long-term receivables programmes</b>	<b>4</b>	<b>11,568,053</b>	<b>11,409,243</b>
DGIS programmes		4,020,917	11,696,451
Third-party programmes		922,709	2,040,343
Nepal programmes		2,197,576	3,166,589
<b>Short-term receivables programmes</b>	<b>4</b>	<b>7,141,202</b>	<b>16,903,383</b>
Ministry of Foreign Affairs	14	1,669,098	0
Debtors		2,579,544	2,097,243
Prepayments and accrued income	5	3,192,175	3,870,147
Pre-financed DGIS programmes	4	223,871	43,133
Pre-financed third-party programmes	4	27,716	241,498
<b>Short-term receivables</b>		<b>7,692,404</b>	<b>6,252,021</b>
SNV programme		42,404,527	48,308,385
DGIS programmes		694,074	1,598,594
Third-party programmes		639,980	1,130,362
Nepal programmes		1,004,139	379,411
<b>Cash and cash equivalents</b>	<b>6</b>	<b>44,742,720</b>	<b>51,416,751</b>
<b>Total</b>		<b>78,733,179</b>	<b>93,840,414</b>



Liabilities (in EUR)	Notes	2008	2007
Equity	7	8,579,039	7,474,885
Special purpose reserve foreign exchange	8	970,495	970,495
Special purpose fund tax claims	9	13,023,269	14,787,400
Invested capital in fixed assets	10	5,631,383	6,082,946
<b>Capital base</b>		<b>28,204,186</b>	<b>29,315,726</b>
<b>Provisions</b>	11	<b>2,430,288</b>	<b>0</b>
Pre-received earmarked contributions		8,415,939	8,841,862
<b>Long-term debts</b>	12	<b>8,415,939</b>	<b>8,841,862</b>
DGIS programmes		11,084,752	7,639,544
Third-party programmes		0	711,810
Nepal programmes		483,301	3,057,891
<b>Long-term commitments programmes</b>	13	<b>11,568,053</b>	<b>11,409,245</b>
DGIS programmes		4,491,119	13,251,912
Third-party programmes		1,534,973	2,929,205
Nepal programmes		3,201,715	3,546,000
<b>Short-term commitments programmes</b>	13	<b>9,227,807</b>	<b>19,727,117</b>
Pre-received earmarked contributions	12	500,000	600,000
Pre-received waiver assignments		0	83,964
Programme activities not yet accounted for		310,553	828,422
Ministry of Foreign Affairs	14	0	8,157,586
Creditors		3,976,002	4,072,373
Accrued expenses	15	11,262,141	9,096,057
Taxes and social security premiums		718,742	261,483
Pensions		2,119,468	1,446,579
<b>Short-term debts</b>		<b>18,886,906</b>	<b>24,546,464</b>
<b>Total</b>		<b>78,733,179</b>	<b>93,840,414</b>

# Statement of Financial Performance

EUR	Notes	Realised 2008	Budget 2008	Realised 2007
<i>Income</i>				
Subsidy income	16	90,867,982	93,747,828	82,911,116
Earmarked contributions	12	525,923	500,000	615,475
Nepal programmes	17	2,918,875	2,700,000	2,711,821
<b>Ministry of Foreign Affairs</b>		<b>94,312,780</b>	<b>96,947,828</b>	<b>86,238,412</b>
Resource mobilisation	18	7,487,342	9,866,800	7,208,924
Interest SNV programme	19	1,500,500	551,063	1,556,480
<b>Income SNV programme</b>		<b>103,300,622</b>	<b>107,365,691</b>	<b>95,003,816</b>
Programmes DGIS	13	5,144,058	n.a.	3,275,813
Third-party programmes	13	1,449,056	n.a.	2,361,842
<b>Income other activities</b>		<b>6,593,114</b>	<b>n.a.</b>	<b>5,637,655</b>
<b>Total income</b>		<b>109,893,736</b>	<b>107,365,691</b>	<b>100,641,471</b>
<i>Expenditure</i>				
Regions	20	85,288,920	84,806,247	74,495,577
Nepal programmes	17	2,918,875	2,700,000	2,711,821
<b>Total regions</b>		<b>88,207,795</b>	<b>87,506,247</b>	<b>77,207,398</b>
Head Office	20	13,187,213	15,185,547	11,705,712
Earmarked contributions	12	525,923	500,000	615,475
<b>Total non-regional</b>		<b>13,713,136</b>	<b>15,685,547</b>	<b>12,321,187</b>
Partnerships	20	2,491,231	4,000,000	2,232,927
Local Capacity Development Funds		0	500,000	0
<b>Expenditure SNV programme</b>		<b>104,412,162</b>	<b>107,691,794</b>	<b>91,761,512</b>
Programmes DGIS	13	5,144,058	n.a.	3,275,813
Third-party programmes	13	1,449,056	n.a.	2,361,842
<b>Expenditure other activities</b>		<b>6,593,114</b>	<b>n.a.</b>	<b>5,637,655</b>
<b>Total expenditure</b>		<b>111,005,276</b>	<b>107,691,794</b>	<b>97,399,167</b>
<b>Balance income and expenditure</b>		<b>-1,111,540</b>	<b>-326,103</b>	<b>3,242,304</b>
Attributable to:				
Equity		1,104,153	-326,103	1,077,785
Special purpose fund tax claims		-1,764,130		3,592,153
Invested capital in fixed assets		-451,563		-1,427,634
		-1,111,540	-326,103	3,242,304
<b>Balance income and expenditure after appropriation</b>		<b>0</b>	<b>0</b>	<b>0</b>

# Cash Flow Statement

After the appropriation of the result for the financial year 2008 the cash flow statement, based on the Indirect Method, can be presented as follows:

EUR	2008	2007
Total Ministry of Foreign Affairs	94,312,780	86,238,412
Expenditure SNV programme	-104,412,162	-91,761,512
Resource mobilisation	7,487,342	7,208,924
Received Interest	396,347	478,695
<b>Cash flow from operating activities</b>	<b>-2,215,693</b>	<b>2,164,519</b>
Depreciation	3,178,913	3,529,980
Amortisation	0	0
Increase/(Decrease) in provision for doubtful debts	-54,608	93,929
Increase/(Decrease) in payables	-16,425,983	20,363,802
Increase in borrowings	0	0
Increase in provisions relating to employee costs	2,430,288	0
(Gains)/losses on sale of property, plant and equipment	-313,972	-519,339
(Gains)/losses on sale of investments	0	0
Increase in other current assets	0	0
Increase in investments due to revaluation	0	0
(Increase)/Decrease in receivables	8,036,249	-8,047,620
<b>Non-cash movements</b>	<b>-3,149,113</b>	<b>15,420,752</b>
<b>Net cash flows from operating activities</b>	<b>-5,364,806</b>	<b>17,585,271</b>
Purchase of plant and equipment	-2,788,414	-2,265,811
Proceeds from sale of plant and equipment	375,036	682,804
Proceeds from sale of investments	0	0
Purchase of foreign currency securities	0	0
<b>Cash flows from investing activities</b>	<b>-2,413,378</b>	<b>-1,583,007</b>
Proceeds from borrowings	0	0
Repayment of borrowings	0	0
Repayment Government	0	-4,303,386
Received Interest	1,104,153	1,077,785
<b>Cash flows from financing activities</b>	<b>1,104,153</b>	<b>-3,225,601</b>
<b>Total cash flow</b>	<b>-6,674,031</b>	<b>12,776,663</b>
Beginning Cash	51,416,751	38,640,088
Ending Cash	44,742,720	51,416,751
<b>Total cash flow</b>	<b>-6,674,031</b>	<b>12,776,663</b>

The liquidity level of SNV has decreased from EUR 51.4 million to EUR 44.7 million. The decrease is primarily due to a decrease in short-term debts, especially to the Ministry of Foreign Affairs.

# Accounting Principles

## Objective of the foundation and nature of activities

SNV is a Netherlands-based international development organisation that provides advisory services to local organisations in 32 developing countries to support their fight against poverty.

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

### General

The annual accounts are prepared in accordance with RJ 640 accounting standards. As of 2007, interest earned on subsidy money for the period 2007 and beyond is no longer added to equity. As a result of change in subsidy conditions, this interest is allocated to subsidy income. For better insight, some items of the annual accounts are reclassified; the comparative figures are adjusted accordingly.

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

### Comparative figures

Due to a reclassification of a number of balance sheet items the figures of 2007 have been adjusted accordingly.

## Accounting principles for the valuation of assets and liabilities

### Assets

#### *Tangible fixed assets*

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

#### *Long-term receivables*

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



*Long-term and short-term receivables programmes*

These figures include the amounts yet to be received from DGIS (including Nepal programmes) and third-party donors relating to programme activities that are to be carried out under the auspices of SNV. SNV has entered into commitments for these programmes, usually expressed in EUR; otherwise the prevailing exchange rate on balance date is used. The amounts related to the year 2009 are presented as short-term, the remainder as long-term receivables.

**Liabilities***Capital base*

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

*Long-term and short-term debts*

The earmarked contributions received in advance from the Ministry of Foreign Affairs for earmarked purposes and that have not yet been spent are included here. Amounts related to the year 2009 are presented as short-term, the remainder as long-term debt. The current account with the Ministry of Foreign Affairs has in 2008 been included under short-term receivables.

*Long-term and short-term commitments programmes*

Short-term commitments, based on programme agreements, include the budget allocation for the year 2009 for programmes funded by DGIS (including Nepal programmes) and third-party donors; the remainder is presented as long-term commitments.

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

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

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

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

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

The balance 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 Balance Sheet

## 1 Tangible fixed assets

The following comprises the tangible fixed assets item:

EUR	Buildings, renovation and terrain	Vehicles	Equipment	Other inventory	Assets in transition	Total
Purchasing value	1,667,573	7,686,502	9,057,759	1,568,191	90,055	20,070,080
Cumulative depreciation	-878,146	-5,152,322	-6,887,076	-1,069,590	0	-13,987,134
<b>Book value 1 January 2008</b>	<b>789,427</b>	<b>2,534,180</b>	<b>2,170,683</b>	<b>498,601</b>	<b>90,055</b>	<b>6,082,946</b>
Investments	44,687	1,404,834	988,751	138,218	211,924	2,788,414
Disposals	0	-42,508	-17,594	-962	0	-61,064
Depreciation	-105,536	-1,293,852	-1,545,026	-234,499	0	-3,178,913
<b>Book value 31 December 2008</b>	<b>728,578</b>	<b>2,602,654</b>	<b>1,596,814</b>	<b>401,358</b>	<b>301,979</b>	<b>5,631,383</b>
Purchasing value	1,712,260	8,241,939	9,589,420	1,664,962	301,979	21,510,559
Cumulative depreciation	-983,682	-5,639,285	-7,992,606	-1,263,604	0	-15,879,176
<b>Book value 31 December 2008</b>	<b>728,578</b>	<b>2,602,654</b>	<b>1,596,814</b>	<b>401,358</b>	<b>301,979</b>	<b>5,631,383</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 2008 is fully subsidised via the core budget.

## Long-term receivables

### 2 Bonds

During 2004 bonds were purchased for the amount of EUR 2.0 million. It concerns 'Rabobank ladder obligatie III' until 2011. The bonds have a flexible interest rate (previous coupon rate plus a growing raise minus six months Euribor rate). Because of the high Euribor interest rate, the effective interest rate on the bonds at the end of 2008 was 0%. In 2005 an amount of EUR 0.06 million was redeemed. As at 31 December 2008 the nominal value amounted to EUR 1.9 million, whereas the market value of these bonds was EUR 1.7 million (rate of 89).

### 3 Deposits

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

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

The long-term balance relates to the money to be received after 2009 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:

## Specification long-term and short-term receivables programmes

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

EUR	2007			Total
	DGIS	Third parties	Nepal	
Budget after 2008	7,639,544	711,808	3,057,891	11,409,243
<b>Long-term receivables</b>	<b>7,639,544</b>	<b>711,808</b>	<b>3,057,891</b>	<b>11,409,243</b>
Budget 2008	13,251,912	2,929,207	3,546,000	19,727,119
Pre-received money	-1,598,594	-1,130,362	-379,411	-3,108,367
Pre-financed programmes	43,133	241,498	0	284,631
<b>Short-term receivables</b>	<b>11,696,451</b>	<b>2,040,343</b>	<b>3,166,589</b>	<b>16,903,383</b>
<b>Total receivables</b>	<b>19,335,995</b>	<b>2,752,151</b>	<b>6,224,480</b>	<b>28,312,626</b>

**Short-term receivables**

## 5 Prepayments and accrued income

Prepayments and accrued income concern prepayments made by the field offices relating to such things as rent and school fees. Prepayments on partnership activities scheduled for 2009 are also included, amounting to a total of EUR 1.3 million (UNDP EUR 0.8 million, UNWTO EUR 0.1 million, WWF EUR 0.1 million, other EUR 0.3 million). A further amount of EUR 1.3 million is for accrued interest stated under this item.

**6 Cash and cash equivalents**

## Specification Cash and cash equivalents

EUR	2008		Total
	Cash	Bank	
SNV programme	95,189	42,309,338	42,404,527
DGIS programmes	80	693,993	694,073
Third-party programmes	0	639,980	639,980
Nepal programmes	0	1,004,139	1,004,139
<b>Total</b>	<b>95,269</b>	<b>44,647,450</b>	<b>44,742,719</b>

EUR	2007		Total
	Cash	Bank	
SNV programme	79,256	48,229,128	48,308,384
DGIS programmes	0	1,598,594	1,598,594
Third-party programmes	137	1,130,225	1,130,362
Nepal programmes	0	379,411	379,411
<b>Total</b>	<b>79,393</b>	<b>51,337,358</b>	<b>51,416,751</b>

The cash and cash equivalents are unrestricted.

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

EUR	2008	2007
Equity as at 1st January	7,474,885	6,397,100
Financial income	1,104,153	1,077,785
<b>Total as at 31st December</b>	<b>8,579,038</b>	<b>7,474,885</b>

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

*8 Special purpose reserve foreign exchange*

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

*9 Special purpose fund tax claims*

As a result of the disentanglement, SNV may face tax and social premium claims in programme countries. Formerly the tax status was laid down in bilateral country agreements under the DGIS umbrella. The change in legal status may imply that SNV needs to pay taxes on expatriate salaries to the governments in the host countries. To this effect, as from 2003 a net amount of EUR 13.0 million has been created through the result appropriation. The disbursed amounts concern payments of specific tax and social security premiums for international staff. The fund will be reviewed annually. In the opinion of management, the allocation in 2004–2008 to the special-purpose fund foreign taxes is sufficient to cover possible tax claims over 2004–2008.

*Specification special purpose reserve tax claims*

EUR	2008	2007
Balance as at 1st January	14,787,400	11,195,247
Mutation hypotax	-1,836,551	4,067,679
Disbursed	72,420	-475,526
Mutation for the year	-1,764,131	3,592,153
<b>Total as at 31st December</b>	<b>13,023,269</b>	<b>14,787,400</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').

*Specification capital in fixed assets*

EUR	2008	2007
Balance as at 1st January	6,082,946	7,510,580
Mutation	-451,563	-1,427,634
<b>Total as at 31st December</b>	<b>5,631,383</b>	<b>6,082,946</b>



## Provisions

### 11 Provisions

The provision is created because of obligations in the future of which the size on balance date is uncertain. It concerns a provision for Total Reward, the new remuneration system.

If the new remuneration system is agreed upon, international staff will need to be paid retroactively.

This concerns a short-term debt, payable in 2009. Provision is based on fair value.

## Long-term debts

### 12 Pre-received earmarked contributions

The disbursements regarding earmarked contributions in 2008 can be specified as follows:

#### Developments pre-received earmarked contributions

EUR	Orientation leave	Unemployment benefit	Total
Balance as at 1 January	239,514	9,202,348	9,441,862
Disbursed in 2008	-98,101	-427,822	-525,923
<b>Total as at 31 December</b>	<b>141,413</b>	<b>8,774,526</b>	<b>8,915,939</b>
Represented by:			
Long-term debts	41,413	8,374,526	8,415,939
Short-term debts	100,000	400,000	500,000
<b>Total</b>	<b>141,413</b>	<b>8,774,526</b>	<b>8,915,939</b>

It has been agreed with the Ministry of Foreign Affairs that if the orientation leave contributions become fully depleted, the contributions for unemployment benefit may be used for orientation leave payments as well. However, prior approval is required. As of 31 December 2008, the maximum estimated commitments for orientation leave amounted to EUR 1.5 million and for unemployment benefit EUR 1.8 million. The pre-received earmarked contribution should be refunded if not used for its intended purpose.

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

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

The short-term commitments represent activities in 2009.

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

EUR	DGIS	Third parties	Nepal	Total
Total commitments as per 31 December 2007	20,891,456	3,641,015	6,603,891	31,136,362
New commitments	0	365,536	0	365,536
Decommitments	-608	-1,035,218	0	-1,035,826
Expenditure	-5,144,058	-1,449,056	-2,918,875	-9,511,989
Interest and revaluation	-170,919	12,696		-158,224
Mutation 2008	-5,315,585	-2,106,042	-2,918,875	-10,340,502
<b>Total commitments as per 31 December 2008</b>	<b>15,575,871</b>	<b>1,534,973</b>	<b>3,685,016</b>	<b>20,795,860</b>
Represented by:				
Long-term commitments as per 31 December 2008	11,084,752	0	483,301	11,568,053
Short-term commitments as per 31 December 2008	4,491,119	1,534,973	3,201,715	9,227,807
	<b>15,575,871</b>	<b>1,534,973</b>	<b>3,685,016</b>	<b>20,795,860</b>

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

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

EUR	2008	2007
Receivable programme finance	-5,816,821	-5,816,821
Subsequent payment core subsidy 2005	1,513,435	1,513,435
Pre-received core subsidy 2006	2,368,702	2,368,702
Special purpose fund programme finance	4,303,386	4,303,386
<b>Core subsidy 2002-2006</b>	<b>2,368,702</b>	<b>2,368,702</b>
Settlement Core subsidy 2002-2006	-2,368,702	0
Pre-received core subsidy 2007	5,788,884	5,788,884
Pre-received core subsidy 2008	-7,457,982	0
<b>Core subsidy 2007-2015</b>	<b>-4,037,800</b>	<b>5,788,884</b>
<b>Total as at 31st December</b>	<b>-1,669,098</b>	<b>8,157,586</b>

**15 Accrued expenses***Specification accrued expenses*

EUR	2008	2007
Leave days	4,941,929	4,156,243
Holiday allowance	702,864	749,052
Various costs to be paid	5,617,348	4,190,762
<b>Total as at 31 December</b>	<b>11,262,141</b>	<b>9,096,057</b>

The increase in 'various costs to be paid' is the result of an increase in invoices regarding 2008 received in 2009 and withholding taxes for payments made to consultancies abroad.

**Commitments and contingent assets & liabilities***Subsidy agreement*

SNV planned to use EUR 4.5 million in 2008 related to the subsidy agreement of 2002-2006. In June 2008 it was decided by the Board of Directors and agreed with the Ministry of Foreign Affairs that the EUR 4.5 million will not be claimed anymore. In 2007 SNV did not use EUR 7.1 million related to the subsidy agreement 2007-2009. SNV forecast in the Mid Year Review 2008 an additional under spending of EUR 1.2 million in 2008. The funds not used in 2007 and 2008 for a total estimated amount of EUR 8.3 million have been planned to be used in 2009 as indicated in the Corporate Plan 2009. Actually, in 2008, SNV used EUR 0.4 million more than the EUR 90 million subsidy. As a result of the over spending in 2008 only an amount of EUR 6.7 million related to the subsidy agreement 2007-2009 is available for 2009. The subsidies up to and including 2007 are agreed upon by the Ministry.

*Suppliers' contracts*

SNV has signed several contracts with suppliers of goods and services for a total amount of EUR 5.9 million. The annual rent for the office in The Hague amounts to EUR 0.3 million (price level 2008). The rental agreement terminates on 31 July 2015.

*Legal cases in progress*

Six legal cases, instituted by former employees in 3 countries, are pending against SNV. The total amount involved is EUR 0.1 million. Furthermore there are 2 claims by SNV against 4 former employees for a total amount of EUR 0.07 million. Besides that there is also one claim by SNV against an external company for a total amount of EUR 0.02 million.

*Contingent liability*

In one country there is a contingent liability of EUR 0.44 million for potential incorrect income tax and social security costs calculations.

## Partnerships

SNV has entered into several partnerships with a financial component covering the year 2009 and beyond. The total amount involved is EUR 3.2 million.

### *United Nations Development Programme (UNDP)*

SNV has collaborated with UNDP since October 2004; since that time, three activity agreements have been completed. The remaining activity agreement (AA4) will continue until June 2010. AA4 aims at supporting countries in accelerating progress towards attaining the Millennium Development Goals (the Millennium Development Goals) through the design and implementation of MDG-based national and local development strategies including support to the scale up of responses for achievement of the Millennium Development Goals at country level. The remaining obligation at the end of 2008 amounts to EUR 2 million.

### *United Nations World Tourism Organisation (UNWTO)*

UNWTO and SNV have worked in partnership since November 2004. SNV agreed with UNWTO to contribute EUR 2.0 million towards the financing of advisory services and technical assistance in the field of sustainable tourism development for the years 2005-2007. At the end of 2007 SNV signed a letter of intent to contribute additional funds up to EUR 0.9 million during the period 2008-2010. In 2008, a Memorandum of Understanding and Action Plan 2008-2010 has been signed with UNWTO and ST-EP foundation in line with the original letter of intent, where all parties contribute to finance and sponsor sustainable tourism projects in Asia, the Balkans, Latin America and Africa. The remaining commitment at the end of 2008 is EUR 0.7 million.

### *World Business Council for Sustainable Development (WBCSD)*

In 2006, SNV signed an agreement with the WBCSD aimed at the development of Inclusive Business models with the private sector, contributing to creating jobs and fulfilling basic needs in low-income communities. The remaining commitment at the end of 2007 was EUR 0.4 million and the activity agreement, which formally ended at the end of 2007, was extended until 31 December 2008. There are no remaining commitments at the end of 2008. SNV and WBCSD are currently exploring a renewal of the partnership. Most likely, the focus will be on in-kind contributions.

### *World Wide Fund for Nature (WWF)*

In 2006, SNV signed an initial agreement with WWF to work together to identify options and approaches for forest-based communities to produce and market sustainably produced timber and non-timber forest products. The original activity agreement ended at the end of 2007. An extension to the initial agreement has been signed to contribute additional EUR 0.2 million to continue activities until the end of 2008. At the end of 2007, SNV signed a second activity agreement with WWF to contribute funds to an amount of EUR 0.3 million for the exploration of strategies for sustainable bio-energy production as a tool to reduce poverty in rural communities. The activity agreement ended at the end of 2008. In early 2009 both parties intend to sign an agreement on a phasing-out plan for the WWF-SNV partnership. The partnership will continue in 2009 with the remaining budget from 2008 and will be formally closed in 2009.

### *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. The signed agreement ended on 16 January 2009. No remaining commitments exist at the end of 2008.

In 2009, after a joint review of partnership activities during the period 2006-2008, both parties agreed to extend the partnership until 2011. In early 2009 a Memorandum of Understanding and an Activity Agreement will be 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 will commit an amount of EUR 0.9 million over the following three year period.

### *Millennium Promise*

In November 2008, SNV and Millennium Promise entered into a partnership to improve food and income security in and around five Millennium Villages. This joint effort aims to improve the livelihoods of about 240,000 people living in five Millennium Village clusters in five countries in Sub-Saharan Africa: Tanzania, Rwanda, Uganda, Ghana and Ethiopia. The initiative is part of a new three-year Business Development Programme. The remaining commitment at the end of 2008 is EUR 0.5 million.

# Notes to the Statement of Financial Performance

## Income

### 16 Programme funding Ministry of Foreign Affairs

The total income for the SNV programme amounted to EUR 91.0 million in 2008 of which EUR 90.9 million was for regular capacity development activities. These activities increased by EUR 8 million (9.5%) compared to 2007 and arrived at EUR 2.9 million (3.1%) compared to budget.

The pre-received earmarked contributions of the prior subsidy agreement may be used for future earmarked expenditures.

### Specification programme funding Ministry of Foreign Affairs

EUR	Realised 2008	Budget 2008	Realised 2007
Subsidy agreement 2007-2015	90,000,000	90,000,000	90,000,000
<b>Total subsidy agreement</b>	<b>90,000,000</b>	<b>90,000,000</b>	<b>90,000,000</b>
Transfer 2007-2009	2,632,113	-752,172	-7,088,884
Release from unutilised subsidy income in the past	0	4,500,000	0
Release Hypotax	-1,764,131	0	0
<b>Total subsidy income</b>	<b>90,867,982</b>	<b>93,747,828</b>	<b>82,911,116</b>
Earmarked contributions	525,923	500,000	615,475
<b>Total programme funding</b>	<b>91,393,905</b>	<b>94,247,828</b>	<b>83,526,591</b>

### 17 Nepal programmes

In 2005, SNV took over two Nepal activities, funded by the Embassy of the Kingdom of the Netherlands, that form part of the core subsidy as from 2005. The duration of these programmes has been extended to December 2010. The expenditures budget for 2008 amounted to EUR 2.7 million of which EUR 2.7 million of cash was also actually received. The income is considered equivalent to the expenditure. Movements in 2008 in the two Nepal activities may be presented as follows:

EUR	Programme funds	Biodiversity	Renewable Energy Sector Support	Total
	Net commitment as per 31 December 2007	4,339,732	2,264,159	6,603,891
	Net receivable as per 31 December 2007	-4,012,660	-2,211,820	-6,224,480
	<b>Net programme fund balance as per 31 December 2007</b>	<b>327,072</b>	<b>52,339</b>	<b>379,411</b>
	Funds received in 2008	2,238,394	1,305,210	3,543,604
	Expenditure 2008	-2,035,283	-883,592	-2,918,875
	Interest and revaluation	0	0	0
	<b>Net programme fund balance as per 31 December 2008</b>	<b>530,183</b>	<b>473,957</b>	<b>1,004,140</b>
	Represented by:			
	Net commitment as per 31 December 2008	2,304,449	1,380,567	3,685,016
	Net receivable as per 31 December 2008	-1,774,266	-906,610	-2,680,876
		<b>530,183</b>	<b>473,957</b>	<b>1,004,140</b>



### 18 Resource mobilisation

The amount for resource mobilisation relates to income from third parties to finance SNV's primary and support process costs, and to realise the impact it strives for. In 2008 the income slightly increased compared to 2007, but still lags behind the original budget due to the delay of Partnerships and Resource Mobilisation (PRM) Strategy roll out and delays in some resource mobilisation contracts.

### 19 Interest SNV programme

During the subsidy agreement 2002–2006, SNV was allowed by the Ministry to add the interest earned to equity. As from the new subsidy agreement, SNV is only allowed to add the interest earned on cash and cash equivalents from the subsidy period 2002–2006 and SNV's own capital (equity and special purpose reserve foreign exchange) to equity. The other interest earned is used for the Capacity Development Programme. Of the received EUR 1.5 million interest an amount of EUR 1.1 million was added to equity. The main reason why the realised interest is higher than budgeted is that the interest rate on the savings account increased by more than 1% during 2008.

### 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.

## Expenditure

### 20 Expenditure SNV regular Capacity Development Programme

The total costs for the regular Capacity Development Programme amount to EUR 101.0 million. This means an increase of EUR 12.5 million (+ 14.2%) compared to 2007. Compared to budget 2008, actual expenditures are EUR 3.5 million (- 3.4%) lower.

EUR	Realised 2008	Budget 2008	Realised 2007
Regions:			
Gross salaries	28,868,170	38,365,305	29,188,928
Social securities	2,466,682	1,813,248	2,061,618
Pension premiums	3,129,178	1,363,560	2,450,172
Other	20,958,264	22,220,954	22,862,310
<b>Personnel costs</b>	<b>55,422,294</b>	<b>63,763,067</b>	<b>56,563,028</b>
Depreciation	1,018,085	1,024,508	2,554,300
Other	28,848,541	20,018,672	15,378,249
<b>Other costs</b>	<b>29,866,626</b>	<b>21,043,180</b>	<b>17,932,549</b>
<b>Regions</b>	<b>85,288,919</b>	<b>84,806,247</b>	<b>74,495,577</b>
Head Office:			
Gross salaries	2,415,281	5,711,697	3,329,177
Social securities	292,744	n.a.	400,965
Pension premiums	330,280	n.a.	454,820
Other	3,849,214	1,685,600	1,280,916
<b>Personnel costs</b>	<b>6,887,519</b>	<b>7,397,297</b>	<b>5,465,878</b>
Depreciation	789,020	999,000	975,680
Other	5,510,674	6,789,250	5,264,154
<b>Other costs</b>	<b>6,299,694</b>	<b>7,788,250</b>	<b>6,239,834</b>
<b>Head Office</b>	<b>13,187,213</b>	<b>15,185,547</b>	<b>11,705,712</b>
Partnerships	2,491,231	4,000,000	2,232,927
LCDF	0	500,000	0
<b>Total costs</b>	<b>100,967,364</b>	<b>104,491,794</b>	<b>88,434,216</b>
<b>Full-time Equivalents</b>	<b>1,343</b>	<b>1,456</b>	<b>1,428</b>

*Regions*

Regional costs are all costs accounted for by the portfolio, country and regional offices. Total costs increased in 2008 compared to 2007 and are in line with budget.

Per region deviations are to be seen between actual costs and budget in 2008. Some regions are below budget (Asia and West and Central Africa), others (East and Southern Africa, Latin America and the Balkans) are above.

The main deviations versus budget 2008 are explained below:

The Total Reward project's implications on the salaries of international staff and the increase of primary process days are important factors for over-spending. On the other hand there were some delays in recruitment of new staff, which for some regions resulted in a decrease in personnel costs.

Included in personnel costs are pension premiums (2008: EUR 3.1 million and 2007: EUR 2.5 million). As national pensions are based on national legal systems, they vary from country to country.

*Head Office*

Head Office costs are all costs accounted for by the Head Office units. The costs in 2008 increased by EUR 1.5 million compared to 2007. The deviation can be explained by the exceptional expenditures caused by the Total Reward project, which includes a new salary scale system and other Collective Labour Agreement related implications. The total Head Office costs in 2008 are EUR 2.0 million lower than planned, mainly due to delays in executing corporate projects.

Included in personnel costs are pension premiums (2008: EUR 0.3 million; 2007: EUR 0.5 million). The pension system at Head Office is accounted for as defined contribution system.

**Remuneration, Supervisory Board**

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

**Remuneration, Board of Directors**

In 2008 the members of the Board of Directors received a total remuneration of gross salary including holiday allowance:

Chairperson	EUR 151,634 (in 2007 EUR 144,680)
Member	EUR 131,758 (in 2007 EUR 118,898)

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

Chairperson	EUR 179,573 (in 2007 EUR 166,122)
Member	EUR 155,739 (in 2007 EUR 139,139)

*Partnerships*

The amount relates to justifications received for the partnerships activities from UNDP, UNWTO, FLO, WBCSD and WWF. The original budget 2008 included some unallocated amounts that were not assigned to any new partnership (as was originally intended). The total expenditures in 2008 are much lower than the budget mainly due to delays in implementation of the planned project activities.

## Segmentation

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

Description	Asia	Balkan	ESA	LA	WCA	Total regions	HO	Total
<b>Balance sheet items:</b>								
Tangible fixed assets	304,281	414,698	2,089,072	569,944	1,842,753	5,220,748	410,635	5,631,383
Long-term receivables	2,598	24,280	42,147	52,022	92,252	213,299	1,744,118	1,957,417
Long-term and short-term receivables programmes	10,848,631	0	5,164,245	2,696,378	0	18,709,254	0	18,709,254
Short-term receivables	457,597	324,712	794,121	388,331	1,046,169	3,010,930	4,429,888	7,440,817
Cash and bank	2,330,772	405,678	1,291,171	756,528	3,705,072	8,489,220	36,505,085	44,994,305
<b>Total assets</b>	<b>13,943,879</b>	<b>1,169,367</b>	<b>9,380,755</b>	<b>4,463,203</b>	<b>6,686,246</b>	<b>35,643,451</b>	<b>43,089,726</b>	<b>78,733,177</b>
Capital base	51,775	662,245	1,816,671	-268,400	2,245,329	4,949,343	23,696,566	28,204,186
Long-term and short-term commitments programmes	12,685,811	0	5,367,025	2,743,023	0	20,795,859	0	20,795,859
Long-term and short-term debts	1,206,294	507,122	2,197,059	1,988,580	4,440,917	9,898,250	19,393,160	29,733,132
<b>Total liabilities</b>	<b>13,943,879</b>	<b>1,169,367</b>	<b>9,380,755</b>	<b>4,463,203</b>	<b>6,686,246</b>	<b>35,643,451</b>	<b>43,089,726</b>	<b>78,733,177</b>
<b>Statement of income and expenditure items:</b>								
Income SNV programme	13,677,111	7,007,099	25,744,283	16,025,353	22,961,685	85,415,532	17,885,091	103,300,622
Income other activities	3,012,682	0	2,424,350	1,156,082		6,593,114	0	6,593,114
<b>Total income</b>	<b>16,689,793</b>	<b>7,007,099</b>	<b>28,168,633</b>	<b>17,181,435</b>	<b>22,961,685</b>	<b>92,008,645</b>	<b>17,885,091</b>	<b>109,893,736</b>
Expenditure regions and non-regional	14,289,236	7,149,178	26,263,160	17,341,778	23,164,442	87,766,072	13,713,136	101,920,930
Partnerships	0	0	0	0	0	0	2,491,231	2,491,231
<b>Expenditure SNV programme</b>	<b>14,289,236</b>	<b>7,149,178</b>	<b>26,263,160</b>	<b>17,341,778</b>	<b>23,164,442</b>	<b>87,766,072</b>	<b>16,204,367</b>	<b>104,412,162</b>
Expenditure other activities	3,012,682	0	2,424,350	1,156,082	0	6,593,114	0	6,593,114
<b>Total expenditure</b>	<b>17,301,918</b>	<b>7,149,178</b>	<b>28,687,510</b>	<b>18,497,860</b>	<b>23,164,442</b>	<b>94,359,185</b>	<b>16,204,367</b>	<b>111,005,276</b>
<b>Balance income and expenditure</b>	<b>-612,125</b>	<b>-142,079</b>	<b>-518,877</b>	<b>-1,316,426</b>	<b>-202,756</b>	<b>-2,350,540</b>	<b>1,680,723</b>	<b>-1,111,540</b>

The Hague, 28 April 2009

### Supervisory Board

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

### Board of Directors

Mr D. Elsen  
 Mrs A. Jenniskens

# Other Information

## Auditor's Report

To the Supervisory Board of SNV,

We have audited the accompanying annual accounts 2008 of SNV Netherlands Development Organisation, The Hague, as set out on pages 63 up to and including 79 which comprise the balance sheet as at 31 December 2008, the Statement of Financial Performance for the year then ended and the notes.

### Board of Directors' responsibility

The Board of Directors is responsible for the preparation and fair presentation of the annual accounts and for the preparation of the Board of Directors' report, both in accordance with the Guideline for annual reporting 640 "Not-for-profit organisations" of the Dutch Accounting Standards Board.

This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the annual accounts that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### Auditor's responsibility

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

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

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

### Opinion

In our opinion, the annual accounts give a true and fair view of the financial position of SNV Netherlands Development Organisation as at 31 December 2008, and of its result for the year then ended in accordance with the Guideline for annual reporting 640 "Not-for-profit organisations" of the Dutch Accounting Standards Board.

Furthermore, in our opinion the expenditure accounted for in the Statement of Financial Performance meet the requirements of legitimacy.

The Hague, 28 April 2009  
Deloitte Accountants B.V.  
J.P.M. Hopmans



## Constitution of the Supervisory Board

### Chairman and member of the Remuneration Committee

Mr L. de Waal

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

From 25 November 2005

Date of birth 04 November 1950

Nationality Dutch

Assigned until 1 July 2011 (re-elected in 2008)

### Treasurer and chairman of the Audit Committee

Mr W. Veldman RA

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

From 01 July 2003

Date of birth 30 December 1948

Nationality Dutch

Assigned until 01 July 2009

### Other members:

Mrs F. Leeftang – Member Audit Committee

*Partner, Boekel De Nerée N.V.*

From 1 July 2008

Date of birth 2 May 1969

Nationality Dutch

Assigned until 1 July 2011

Mr B. Hartman – Member Audit Committee

*Founder and Chair, Nots Foundation*

From 1 July 2008

Date of birth 7 January 1962

Nationality Dutch

Assigned until 1 July 2011

Mrs T. Hilhorst

*Professor Humanitarian Aid and Reconstruction, Wageningen University*

From 1 July 2008

Date of birth 28 September 1961

Nationality Dutch

Assigned until 1 July 2011

Mrs P. Hoogerwerf

*Director School of Economics, 'Hogeschool in Holland'*

From 1 July 2008

Date of birth 6 June 1969

Nationality Dutch

Assigned until 1 July 2011

## Constitution of the Board of Directors

Chairman of the Board of Directors

Mr D. Elsen

*Non-executive Board Member of Stichting de Alliantie, Supervisory Board Member of Netherlands Organisation for International Cooperation in Higher Education (NUFFIC), Trustee of the Heineken Africa Foundation*

Member of the Board of Directors

Mrs A. Jenniskens

## Appropriation balance income and expenditure

The 2008 balance income and expenditure has been processed in the annual accounts as follows:

EUR	2008	2007
Transfer to equity	1,104,153	1,077,785
Special purpose fund tax claims	-1,764,130	3,592,153
Transfer to reserve invested capital in fixed assets	-451,563	-1,427,634
<b>Total</b>	<b>-1,111,540</b>	<b>3,242,304</b>

# Terms and Abbreviations

## Actor

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

## Actor constellation

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

## Actor constellation map

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

## Basic Services

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

## Capacity development

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

## Governance

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

## Governance for Empowerment

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

## Inclusive Business

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

## Local Capacity Builder (LCB)

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

- As clients
- As subcontractors
- As partners

## Macro level

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

### Meso level

The meso level refers to the actors, processes and institutions that shape the layer between the micro and the macro level. It is the social space where district and provincial governments operate, where economic chains between local producers and their national and international markets are organised, where civil society organisations strive for service delivery and social change. It is the place in society where national policies, institutions and programmes get connected to local realities and could become effective. The meso level is the focus of SNV's work.

### Micro level

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

### Micro-macro gap

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

### National development strategy

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

### Primary process

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

### Triple AAA model

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

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

### Value chain

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

### Abbreviations

BASE	Basic Services
DGIS	Directorate-General of Development Cooperation
EKN	Embassy of the Kingdom of the Netherlands
ESA	East and Southern Africa
EU	European Union
FLO	Fairtrade Labelling Organisation
GfE	Government for Empowerment
IPC	Integrated Planning & Control cycle
LCB	Local Capacity Builder
LCDF	Local Capacity Development Fund
MDG	Millennium Development Goal
NTFP	Non-Timber Forest Products
NGO	Non Governmental Organisation
ODA	Official Development Assistance
PIE	Production, Income & Employment
PPD	Primary Process Days
PPP	Public Private Partnership
UNDP	United Nations Development Programme
UNICEF	United Nations Children's Fund
UNWTO	United Nations World Tourism Organisation
WaSH	Water & Sanitation and Hygiene
WBCSD	World Business Council for Sustainable Development
WCA	West and Central Africa
WWF	World Wide Fund for Nature (formerly World Wildlife Fund)



### **SNV Netherlands Development Organisation**

Dr. Kuiperstraat 5  
2514 BA The Hague  
The Netherlands  
T +31 70 344 02 44  
F +31 70 385 55 31  
[www.snvworld.org](http://www.snvworld.org)

### **Colophon**

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**SNV**

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