

HIVOS ANNUAL REPORT 2003

HIVOS *People unlimited*

Hivos is a Dutch non-governmental organisation which operates on the basis of humanist values. Hivos aims to contribute towards a free, just and sustainable world. The organisation is committed to the poor and marginalised - and to the organisations which promote their interests - in countries in the South, including Central Asia and Southeast Europe. Sustainable improvement of their situation is the ultimate benchmark for Hivos's work. An important cornerstone is strengthening of the position of women in society.

Hivos's most important activity consists in providing financial and political support for local NGO's. Besides offering finance and advice, Hivos is also active in networking, lobbying and in exchanging knowledge and expertise, not only at international level, but also in the Netherlands. Civil society building, economic activity and sustainable production are Hivos's central policy areas.

In a European context, Hivos works closely with like-minded development organisations in Alliance2015. Hivos prefers to lobby internationally on issues with public appeal in close cooperation with pre-eminent southern or international partner organisations, or - in the case of the EU - within the Eurostep framework.

Within the Netherlands, Hivos joins forces with civil society organisations which have expertise in one of its own major policy domains. In addition, Hivos works closely with kindred organisations within the framework of the MBN and the South-North Federation. Also worthy of mention are a number of special initiatives, such as the North-South Plan, the Hivos Culture Fund and the "Access for all" programme. The North-South Plan, operated jointly by Hivos and Triodos Bank, makes savings available for lending in the South. The Hivos Culture Fund supports activities in the field of culture and the arts. "Access for all" is a campaign which Hivos has developed to promote the use of information and communication technology.

Hivos's network embraces more than 30 countries and over 850 partner organisations. In the course of 2003 Hivos disbursed more than 67 million euro as grants or loans. These funds were provided by the Dutch government, the EU, donors and savers, and private institutions.

Hivos has a total staff of approx. 130. Some of the work is done in three regional offices located in Zimbabwe, India and Costa Rica. They are primarily responsible for contacts with partner organisations, offering them services as advisor, supervisor and coach.

Hivos, the Humanist Institute for Development Cooperation (in Dutch: Humanistisch Instituut voor Ontwikkelingssamenwerking) was set up in 1968 by the Dutch Humanist League, the Vereniging Weezenkas (United Orphans' Fund) and Humanitas. Hivos has a Management Board, a Supervisory Board and an Advisory Council. Hivos has received ISO certification and the CBF seal of approval.



Alliance 2015

towards the eradication of poverty

HIVOS ANNUAL REPORT 2003

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Preface

According to calculations published by the OECD, contributions from “rich” countries for development aid rose in 2003 for the first time in many years. On average, these countries now spend 0.23% of their GDP helping the poorest countries in the world. Good news? Certainly, but not really good enough. At this rate, the millennium development goals agreed by the UN in September 2000 will not be achieved.

Is it so unrealistic to hope that we can halve the number of people living in dire poverty and halt the spread of AIDS by 2015? Are the international promises made by the rich Western nations little more than an illusion? Or are we serious?

The fact remains that the commitment of the West to the global poverty issue during the past decade has diminished, while our own prosperity increased quite rapidly during that same period. A poignant paradox, and all the more reason for vigilance.

Fortunately, the tide seems to be turning for the standards and values that are at issue on the world stage. Young people, especially, are demonstrating a real desire to pursue idealistic and ethical values as the basis on which to act. The fact that - in doing so - these same young people utilize the latest gadgets and snazzy technology can only be viewed as encouraging, as it underlines the value of this development for the future. This movement is a source of inspiration for Hivos.

In the course of 2003, the importance of these new developments became ever clearer and that inspired us at Hivos to continue to adapt our organisation in order to be able to respond to such trends more effectively.

Francine Giskes
Chair, Supervisory Board

HIVOS KEY FIGURES 2003

2002

2003

*amounts x 1,000 euros***INCOME**

Cofinancing Programme

55,947

72,135

Additional funds

1,990

2,821

EU funds

4,504

2,152

Private funds

2,143

1,194

Total income**64,584****78,302****EXPENDITURE***northern and southern partner organisations*

Economic activities & credit facilities

18,837

22,619

of which new loans

1,842

3,290

Culture & development

3,463

4,577

Gender, women and development

9,022

11,235

Environment & sustainable development

12,942

15,011

Human rights & aids

15,841

15,942

of which aids

2,661

4,007

Other sectors

5,098

4,945

Total**65,203****74,329***of which integrated sectors*

-7,041

-6,949

Total expenditure**58,162****67,380****PORTFOLIO**

Donation commitments

53,674

56,857

Loans/guarantees/holdings

12,770

12,970

Number of partner organisations

766

864

OVERHEADS

Operating costs

5,232

5,927

Result

-448

-274

Equity capital

4,798

5,939

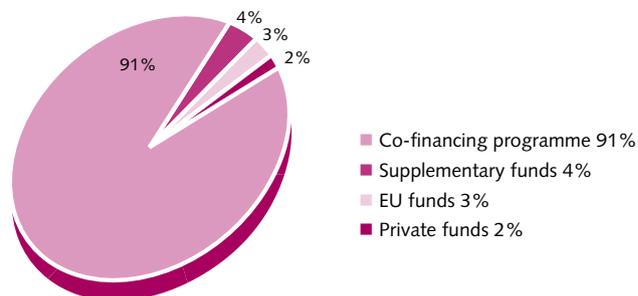
Number of staff

122

132

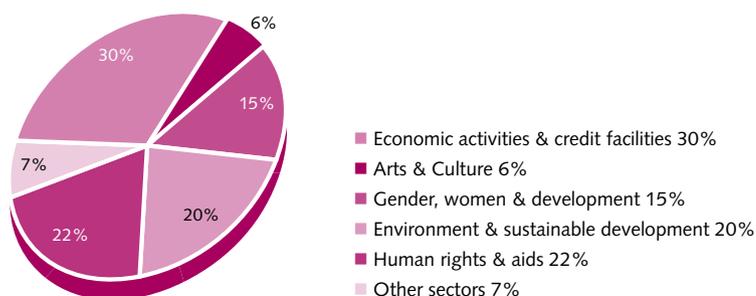
Brief description of Hivos

Revenues

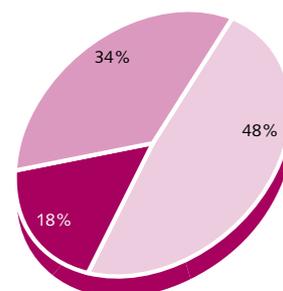


Expenditures

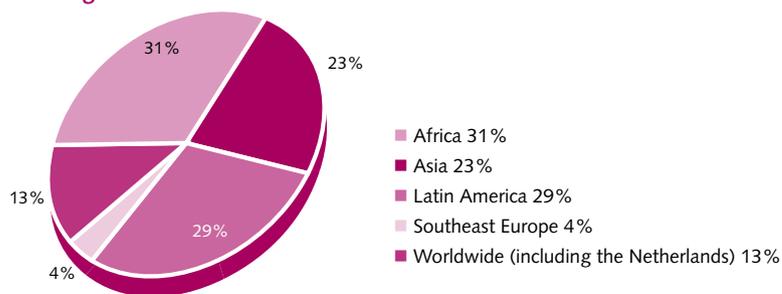
Themes



Causes



Regions



5/03

HIVOS NETWORK

	Total 2002	ended relations	new relations	Total 2003
Africa	245	15	63	293
Asia	183	13	38	208
Latin America	275	37	41	279
Southeast Europe	12	0	4	16
Worldwide (including the Netherlands)	51	6	23	68
Total	766	71	169	864



1 Management Report

A new balance is indeed necessary

Sociologists have devised a nice term for it: anomie. The term refers to situations of rapid change, in which old patterns and certainties have disappeared, while new constellations have not yet emerged.

The past year showed examples of this. It was a year characterized by a search for new relationships, a year in which new, often contradictory tendencies became apparent, both internationally as well as in the Netherlands.

The dominance of the industrialized nations determined, for a large part, global relationships. The West's inflexibility in international negotiations, such as the WTO summit in Cancun and US behaviour in Iraq were unmistakable signs of an increasing concentration of power in which economic and political interests operate hand in hand. Such a unipolar world order lacks legitimacy, goes directly counter to the need for global justice and democracy, and nourishes further instability in the world. It also calls forth opposing forces: the developments around the WTO summit in Cancun, with the emergence of a bloc of strong developing countries, led by India and Brazil, illustrate the opposition and foreshadow the development of a new global balance.

But a global reordering is not only a matter of nations. In this process, the voice and influence of the community, of citizens and their organizations are indispensable. It is this area, that is known as the global civil society and that consists of innumerable social organisations, NGOs and

networks, which consistently highlights the interests of man and the environment and, in so doing, ensures that globalisation maintains a human perspective. The inspiration and vitality of civil society pervaded the meetings and discussions in the World Social Forum that was held in early 2004 in India. It was an outstanding example of the expression of 'civil voices on a global stage'.

Change or improvement?

In the Netherlands, too, there has been an atmosphere of refashioning and revaluing, of seeking out new solutions to problems that are becoming ever more complex. This is true for public administration, for social security, and to no less an extent for development cooperation as well.

Searching for new alternatives is a good thing. All too often, however, the search results in simplistic choices that, while they may embody the charm of simplicity, do little justice to the complexity of the issue. This is a pattern that Hivos sees looming large in the world of development cooperation. That world has changed drastically in recent years. The number of players has increased exponentially and the position of the private sector in the development domain as a whole is changing. For a part this was reflected in the redesign of the Co-Financing Programme (CFP Broad) and in the introduction of the Theme-Based Co-Financing Programme last year. The new programmes reflect the fact that politicians have come to recognize the importance of professionalism and pluriformity in the private sector, and provide a fitting administrative and financial framework to realize those objectives.

This makes it all the more astonishing that within the first twelve months of implementation, the very foundations of these new grant schemes were being called into question once more when the Minister for Development Cooperation proposed a combination of the two schemes. 'Decomartmentalisation' was the motto, which is a praiseworthy principle as long as the distinctions in approach and the added value of such diversity do not coalesce into mundanity. It is therefore Hivos' hope that a new – decompartmentalised - grant scheme will do justice to the complementarity of the various approaches and will stimulate cooperation instead of competition. The problems of poverty alleviation are too complex for that. Hivos is convinced that there is far more to be gained from joining forces and learning from each other. It is therefore gratifying that Minister Van Ardenne has given the concept of partnership a central place in her policies. We at Hivos will be following developments with interest and will contribute actively whenever possible.

7/03

The year under review marked the beginning of the new grant scheme dubbed CFP Broad and with it a new phase in the collaboration between the various co-financing organisations (CFOs) and the Dutch government; collaboration which now more than ever before is based on externally audited quality criteria and on verifiable results. Encouraged by the conclusions drawn by the De la Rive Box Commission and the Steering Committee charged with evaluating co-financing, Hivos made substantial investments last year in the quality of its work and in improving its learning capacity. That meant building upon the proven strengths, learning from mistakes, working on gaps. It was against this background that Hivos launched the Action Plan for Knowledge Sharing, a plan which is designed to lead to an ever greater depth of knowledge in the coming years thanks to the sharing and exchanging of expertise and experience between Hivos, its partners in the South and researchers. The policy priorities were further refined and the development of the new result measurement system reached its final stages. You will read more about that in the coming chapters.

Finances

Keeping in line with the prognoses of the 2003-2006 operating plan, the amount transferred by Hivos for the funding of partners and their projects grew to over 67 million euros. This represents an increase of 15%, part of which was made possible thanks to an increase in co-financing funds received (from 50 to approx. 61 million euros). Other direct revenues fell short of expectations. The volume of loans and guarantees provided through the Hivos Triodos Fund (HTF) rose slightly to just over the 12 million euro mark. The number of partners rose from 766 to 864.

Spending rose in all regions, with a slight shift in the distribution pattern in favour of Asia and the supra-regional activities. By and large, the correlation between the regions was in line with the operating plan for 2003, although things moved somewhat slower than expected.

The major increase in expenditure (from 8% to 13%) on activities in the context of internationally active organisations and lobby and advocacy activities (the world-wide projects) reflects the

increased importance of international civil society and the greater attention which Hivos is giving to this dimension of its work, as described in the policy paper entitled "Civil voices on a global stage".

The same pattern can be seen in the correlation between sectors, where no more than marginal shifts have occurred. In accordance with plans, economic activities were allocated a slightly larger share (30%) of the budget. The amount expended on HIV and AIDS increased by more than half to nearly 6%, partly due to more intensive activities in Southern Africa. Approximately 0.6 million euros of the funding for the HIV/AIDS sector was provided by Stop Aids Now!

Over a quarter (26%) of spending on co-financing was routed via Dutch partner organisations, as foreseen in the plans. This illustrates the importance that Hivos attaches to collaboration with other organisations and companies, such as Triodos Bank, that can bring added value to the Hivos programme through their specific expertise.

The majority of expenditure was funded from co-financing resources (91% percent). Part of these funds (8%) were in fact recycled resources. The share of other expenditure, made possible by public funding, amounted to 7%. This is a decrease in both relative and absolute terms, and one that is connected to the reduction in additional funds as a result of new arrangements made in the context of CFP Broad. Private donations also fell, despite an increased contribution from Stop Aids Now!.

It was gratifying to see an increase in savings deposits in the North-South Plan, which is implemented in conjunction with Triodos Bank: these rose from 10.6 to 12.5 million euros.

Organisation and network

There were no changes to the organisational structure of Hivos - head office and regional offices - during 2003. Permanent staff increased by approx. 10%, mainly as the result of an increase in supporting functions (see 3). As a first and modest contribution towards raising the efficiency of operations, the "Hivos virtual office" has made it possible for partners to submit their applications to Hivos via the Internet.

After the change of Director in 2002, a second change took place in the composition of management. In the summer of 2003, Allert van den Ham took over from Regien van der Sijp as Director of Programmes and Projects.

There were also some important changes in the composition of the Supervisory Board: after ten years of dedication to Hivos, Louise Groenman stood down and passed on her chairman's gavel to Francine Giskes. The new Hivos chair, who has a day job as a member of the Lower House of the Dutch parliament on behalf of the social liberal party D66, took over in June 2003.

The structure and composition of Hivos' network of contacts remained unchanged in 2003. The overall importance of these networks for Hivos' work did become greater, and the amount of time and energy invested in them considerably increased. This certainly applies to the Humanist Alliance [Humanistische Alliantie] and the European network Alliance2015, which Hivos is currently chairing, and to the network of specialist organisations working in the development domain with which Hivos has strategic collaborative ties.

Information

Information - in the sense of education and awareness raising - is an integral part of Hivos' work and its mandate (see 5.2). In 2003, Hivos spent 1.7% of its funding resources on information activities; this was a slight increase compared to 2002 and was entirely in line with the objectives defined in the context of CFP Broad.

Hivos is a public sector organisation and it pursues an open information policy. This means that Hivos actively seeks to account for its activities and its standpoints vis-à-vis government and public alike. Although Hivos does raise some funding from private individuals, and it has been awarded the CBF seal of approval (CBF is the Dutch fundraising watchdog), it is by no means a typical fundraising organisation. In its policy decisions it is guided first and foremost by substantive considerations and by the priorities within its geographic and thematic working areas, and never by possibilities or opportunities that might present themselves for private fundraising. Consequently, most of Hivos' activities are funded from the public purse, primarily through resources made available through the CFP. As an organisation, Hivos stands squarely in the public domain.

Operating result and financial position

Although the operating result this year was positive with 250,000 euros - a big improvement on the previous year (-421,000 euros)-, a number of one-off reservations had a negative impact on the ultimate figures, leading to a loss of 274,000 euros. Taken as a percentage of turnover, total administrative costs accounted for 8.6% of funds, as opposed to 9% in 2002. In accordance with the Hivos operating plan, 8.2% of co-financing funds were earmarked for administrative costs. Hivos' own contribution to these costs declined slightly to 11.6%.

Hivos pursues a reticent policy with regard to investments. The office complex is the only risk-bearing investment. Any surplus funds are deposited into special interest-bearing accounts. Despite the overall negative result, the disposable capital rose by 1 million euros to 4.9 million euros at the end of the year. This increase was caused by a substantial appropriation to the reserves for administrative costs in view of a much larger project portfolio, part of which will be implemented in the years to come.

In the following chapters of this annual report you will be able to read how, where and for which organisations and activities Hivos used its funds in 2003, and with which organisations Hivos collaborated. All with the aim of creating a more just world, with better chances for everyone.

The Hague, 8 April 2004

Manuela Monteiro, Managing Director

Allert van den Ham, Director of Programmes and Projects

Jaap Dijkstra, Director External Contacts



2 Policy Development

In its overall policy paper entitled “Civil voices on a global stage”, Hivos selects two primary policy areas: civil society building and sustainable economic development. In order to organise its work in the latter area more effectively, Hivos combined the sectors Economic Activities & Credit Facilities and Environment & Sustainable Development to form a new broader sector. This will be the last annual report in which these policy sectors are dealt with separately. In addition, the result measuring system was further refined and Hivos formulated a policy and a plan of action for the new core activity entitled Knowledge Sharing.

Sustainable economic development

The policy paper on Sustainable Economic Development was approved during 2003. This brought about the integration of Hivos’ sectors Economic Activities & Credit Facilities and Environment & Sustainable Development to create the sector Sustainable economic development, as the final piece of a process that had been ongoing for the past few years. Economic initiatives receiving support from Hivos were increasingly subject to environmental criteria. On the other side of the coin, economic interests were coming to play an ever-greater role in the analysis of environmental projects. By merging these two sectors to form a new single sector, Hivos will be able to apply its funding and expertise more effectively and efficiently.

The Sustainable Economic Development sector focuses on the economic aspects of development from the perspective of social and ecological sustainability, with a view to improving the economic position of the poor and marginalised population groups in developing countries. Within this rather generalised objective, Hivos is working to increase and improve the access of such people to resources that will enable them to generate a sustainable income, and at the same time to improve the quality of production processes. Since the target group is largely integrated into the market, Hivos is using a market-oriented approach. The operational merger of the two sectors will be completed in 2004.

Result measurement

It is becoming increasingly common to find demands being made on the effectiveness of work and operations, and this applies within Hivos just as it does in a wider context. Having a proper result measurement system is of crucial importance for Hivos, in order to account for the quality and results of its own work and that of its partners. Moreover, insight into results - whatever they may be - is indispensable if lessons are to be learned from experience, and policy and practices improved. Hivos has therefore chosen to adopt a coherent approach to result measurement, internal quality control and knowledge sharing.

During 2003 Hivos further refined its objectives so that it will be possible in practice to correlate the objectives of partner organisations to its own. At the same time, Hivos enhanced its result measurement tools. One central aspect of this effort was the development of a system to record the counterparts' activities and results.

Designing the result measurement system in such a way that it was flexible enough to accommodate the activities of the various partner organisations - which are mainly dedicated to civil society building - and their widely divergent objectives and contexts, proved to be a major challenge for Hivos in 2003. On the basis of evaluations and internal reporting, together with reports received from partners, the system must allow Hivos, on the medium term, to formulate substantiated statements about the results achieved in relation to Hivos' objectives. This process cannot succeed without the cooperation of the partner organisations. At the same time, Hivos does not want to push its partner organisations in the direction of easily measurable but perhaps less relevant activities. And it is for that reason that Hivos will be organising consultation sessions with its partners in the various regions during 2004.

Knowledge for development

Hivos is convinced that more lessons could and should be drawn from experience, and from the mistakes and successes in its own domain of practice and that of others. In 2003, that insight led Hivos to develop a policy and a strategy that will allow for better sharing of knowledge both within Hivos and with the partner organisations. The outcome of this process is the Hivos Action Plan for Knowledge Sharing.

The civil society building theme plays a central role in this plan. Hivos is eager to improve its own performance, and that of its partners, in this domain. An important component of the Action Plan for Knowledge Sharing is therefore the establishment of a knowledge centre on the subject of civil society building. There is already a great deal of knowledge available in the form of studies, programme evaluations and reports. But this knowledge is never or hardly ever shared and used. The knowledge centre must change that situation. Hivos has held a round of exploratory talks with a number of Dutch scientific institutions with a view to setting up a joint knowledge centre. Efforts are currently being made to identify partner organisations in the South and in Southeast Europe that are specialised in this subject and are interested in participating.



3 Internal Organisation Structure

12/03

Governance bodies

The present executive organisation of Hivos has been in place since 1997. The Management Board manages the affairs of the foundation in the legal sense. The Supervisory Board [Raad van Toezicht] supervises the Management Board and the professional operations of Hivos. In addition, an Advisory Council [College van Adviseurs], its members appointed in a personal capacity, performs a social advisory function on Hivos' overall policy priorities (see appendix 8.2).

Operational organisation

The organisational set-up on the operations front continued unchanged in 2003. Three continental desks cover Africa, Asia & Southeast Europe, and Latin America. These desks are the hub of the organisation and are responsible for the proper implementation of the Hivos programme in the South (see 4.2). They represent the core of the Programmes and Projects Department. In some countries and regions, the implementation of the programme and the contacts with partners have been delegated to regional offices. The regional office in Bangalore, for instance, maintains contact with partners in India, the regional office in Harare does that for Southern Africa, and the regional office in San Jose for Central America. The regional offices work on basically the same lines as the continental desks, but they have their own individual role to play in the local civil society. During 2003 Hivos started preparations for a new regional office in Indonesia, which is due to open in 2004. Through this office, Hivos hopes to be able to provide better customised services for its Indonesian partners. They have to operate in a complex political context and have to contend with an infrastructure that is far from perfect.

The senior policy officers develop and implement Hivos' policies for the various policy sectors. They coordinate their activities in sector working groups across all continental desks.

Other activities are organised on the following lines. The ICT desk, Hivos.com, works closely with the various continental desks. The International Relations Desk coordinates the submission of funding applications to the European Union (see 5.1). The Internal Affairs Desk deals with matters in the domain of finance, personnel, automation, administration and household logistics. The Communication Desk maintains internal and external contacts and is responsible for all Hivos' activities in the domain of fundraising, lobbying and education (see 5.2). The Monitoring,

Evaluation and Audit Desk is concerned with monitoring the proper utilisation of project funds and supervising the functioning and use of the project administration system. In addition to bearing responsibility for the entire administrative process, this desk also develops and oversees the monitoring and evaluation policy (see 6). The operational organisation has been set up to allow for work to be carried out on a project basis, enabling relatively large and innovative projects such as the Fund for Sustainable Biodiversity Management and Stop Aids Now! to be taken in hand (see 4.1.4 and 4.1.5).

ISO-9001

The entire Programmes and Projects Department of Hivos is certified in accordance with the international ISO-9001 standard. The head office in The Hague was awarded the original certification (ISO-9001:1994) in December 2000; the regional offices followed in 2001. Recertification under ISO-9001:2000 was obtained in the course of 2003. In comparison to its predecessor, this standard has been fundamentally altered in a number of respects. One new requirement, for example, is the active measurement of customer satisfaction - in Hivos' case this means satisfaction of Hivos' partner organisations - and then using the results to improve services. Hivos sent a forty-part questionnaire to all its partner organisations, asking for feedback about how they experienced the quality of Hivos' services. The replies showed that 95% of the partners considered Hivos to be a valued to very valued donor. Nonetheless, there were sufficient critical comments to restrain Hivos from resting on its laurels. These related particularly to timely replies to applications, queries, etc., and such matters will be given the necessary attention. In 2004, the ISO-9001 standard will also be applicable to other parts of the Hivos organisation.

New procedures and project administration system

The development of a system to facilitate result measurement was a central theme throughout 2003 (see 2). This ultimately resulted in a model for the final appraisal of a contract. In future, results achieved during the term of a contract will be regularly tested against the original objectives of the organisation, bearing in mind the changes in the surroundings. Subsequently, an assessment will be made of the extent to which the contract has contributed to the objective(s) of Hivos. During the year under review, the ground was also prepared for the implementation of a new project administration system that will simplify administrative processes while also offering additional possibilities for measuring results. Hivos will start using this new system in 2004. April saw the opening of Hivos' virtual office under the name: www.hivos.org. This English, Spanish and Dutch language website offers private individuals and organisations all over the world the opportunity to submit project proposals online. The site is an improvement to Hivos' services, which not only serves to make Hivos more accessible, but also contributes to greater transparency. Existing and potential partners can find information on the site about Hivos' objectives, criteria and procedures. Would-be applicants can also perform a self-assessment test to check whether they fulfil the basic criteria. In the first, experimental year of operations nearly 80 applications were submitted in this way: 17 from Africa, 12 from Asia, 10 from Latin America and 9 from Europe. The "office" for activities in the Netherlands received a further 30 applications.

13/03

Personnel

The number of permanent positions in the organisation rose by 6.5 FTE during the year under review. At the end of 2003, there were 73 FTEs at the head office and 38 FTEs at the regional offices, including 2 expatriates and 21 supporting posts. There were 132 people on the Hivos payroll at the end of 2003 (122 in 2002), 94 of whom worked at the head office (84 in 2002). The percentage of women on the payroll was 62.8 percent; women occupy 28 percent of the more senior posts.

Non-Dutch employees at head offices, measured in accordance with the SAMEN ruling (Act to Promote the Employment of Minorities), represented 7.4 percent of the workforce. The staff of the regional offices - with the exception of the expatriate directors - are employed on the basis of local contracts of employment, and come from the region in question. Overall, 31 percent of Hivos employees are non-Dutch nationals.

The Head Office in The Hague has a Works Council as required under Dutch law. Each of the regional offices has its own employee council. During 2003 the Works Council met on 18 occasions, which included 5 meetings with the Managing Board and one with the Supervisory Board. Works Council elections were held in October 2003. The Works Council publishes its own annual report.



4 Activities in the South

14/03

Measured in terms of activities, Hivos' most important task is to support local organisations and initiatives in developing countries. Hivos' partners are independent, non-governmental organisations (NGOs), based in countries in the South (which is here taken to include Southeast Europe and Central Asia) that meet the DAC standard. Together, these partners cover a wide spectrum of economic and social activities.

The following sections (4.1.1 to 4.1.6) of this report offer a review of developments per sector, with special attention for the Hivos Triodos Fund (HTF) and the Hivos Culture Fund (HCF).

Sections 4.2.1 to 4.2.4 provide a description of the developments taking place within the Hivos programme in each region.

In the margins of this chapter and chapter 5, you will find the Internet addresses of relevant Hivos partners.

4.1 Sectors

4.1.1 Economic Activities and Credit Facilities

The intention of the Economic Activities and Credit Facilities sector is to improve the income prospects of poor people by facilitating their access to markets and financial services. To that end, Hivos supports producer organisations, training, consulting and lobbying organisations and financial service providers. In 2003, Hivos made 22.6 million euros available to 222 partner organisations. Of this amount, 17.4 million euros came from new funds and 5.2 million from repaid and released loans. The credit programme was carried out in cooperation with the Hivos Triodos Fund (HTF) foundation.

Producer organisations

Producer organisations are firms and cooperatives that produce, process and market crops. In Asia, rice growing is the main source of income for 250 million farmers. In 2003, Hivos funded research

TABLE 2 SUMMARY CREDIT PORTFOLIO HIVOS AND HTF

amounts x 1,000 euros	End 2001		End 2002		End 2003	
	Number	Amount	Number	Amount	Number	Amount
Africa	13	2,591	16	2,824	13	3,313
Asia	6	3,147	6	2,805	7	2,473
Latin America	22	6,896	28	7,016	29	6,859
Southeast Europe	0	0	0	0	1	200
Worldwide	0	0	1	125	1	125
Total	41	12,634	51	12,770	51	12,970
Loans	31	8,543	42	9,714	37	8,042
of which trade financing	4	743	5	727	8	1,102
Holdings	9	3,966	8	2,931	11	4,664
Guarantees	1	125	1	125	2	225
Cumulative preference shares	-	-	-	-	1	39

Hivos has impact studies carried out on a regular basis in order to check that the institutions it is financing actually reach the poor, particularly women. In 2003 a study of this kind was carried out at Fedecaces, a network of savings and credit cooperatives in El Salvador. One of the findings of the study was that women who gain access to credit facilities through Fedecaces get more respect within their family circle. The research also showed that access to credit had a positive impact on the quality of life of the borrowers, and that they became less vulnerable to unexpected setbacks. Fedecaces is using the results of the study as a basis for the development of new products.

www.fedecaces.com

Hivos Triodos Fund (HTF)

HTF was established in 1994 as an investment fund. It is a public-private partnership, whereby the resources and expertise of Hivos are combined with the banking expertise of Triodos Bank NV. The fund itself is managed by Triodos International Fund Management BV, a private limited company incorporated under Dutch law.

During 2003, the value of the portfolio rose to 12.2 million euros. New loans and equity participations to the value of 5.7 million euros were approved during the year, and borrowers repaid 3.6 million euros into the fund. HTF was able to record a positive operating result for the second consecutive year in 2003. Thanks to the robust quality of the loans portfolio, a net release of provisions was recorded in 2003. HTF provides loans in local currencies, and accepts the attendant risks for its own account. Exchange rate losses in 2003 amounted to 766,000 euros. Hivos has decided to cover this entire loss as it was a consequence of the deliberate choice to provide loans in local currencies.

In the course of 2003, HTF provided funding to 46 institutions; together these institutions had more than a million loans outstanding, to a total value of over 680 million euros.

Triodos Fair Share Fund

At the end of 2002, Triodos Bank founded a new investment fund with a lower risk profile than HTF: the Triodos Fair Share Fund (TFSF). By virtue of its connection with the HTF, Hivos is also involved in the Triodos Fair Share Fund and is prepared to stand as guarantor for a maximum of 50% of the finance provided through this fund. At the end of 2003 Hivos was guaranteeing one loan provided by TFSF. Since the European Union had not yet formally approved the Dutch regulations for social-ethical investment by the end of 2003, active marketing of this fund was postponed. Approval was eventually granted in March 2004.

4.1.2 Hivos Culture Fund

Hivos introduced its Hivos Culture Fund (HCF) in 1995. This fund stimulates creative expressions in developing countries, that can have a critical and reflective role in society and contribute to civil society building, peace and reconciliation processes. In the course of 2003, HCF spent 4.6 million euros on activities implemented by 117 partner organisations. That figure represents over 6% of Hivos' overall expenditure (in 2002: 5%).



The HCF supports artistic productions and stimulates promotional, marketing and distribution activities for cultural productions. In addition, the fund stimulates South-South and South-North exchanges between artists and provides capacity building assistance in the cultural sector. In 2003 the emphasis within the programme lay on improving the quality and increasing the accessibility of cultural productions, and on fostering cultural diversity.

Production and distribution

The Film South Asia '03 festival demonstrated just how the distribution and public screening of top quality documentaries from South Asia could be stimulated. As part of the festival, which was organised by the Himal Association of Nepal, two theatres in Kathmandu screened 43 films from the region (from a total of 230 entries). The festival attracted more than 6,000 visitors and 28 filmmakers were on hand to present their films. Prizes were awarded to the best three films, the overall winner being the Indian filmmaker P. Balan, from Kerala, with his entry entitled *The 18th Elephant - three Monologues*.

www.himalassociation.org

During a special workshop, filmmakers were provided with suggestions for strategies for the distribution of documentary films, and plans to establish a clearinghouse for South Asian non-fiction films were discussed at length. A jury selected the best 15 films; a film package consisting of these films will be circulated around 60 theatres throughout the South Asia region during 2004 and 2005.

Cultural diversity

In conjunction with the Utrecht College of Fine Arts and Centre for Culture and Debate De Balie, Hivos organised a conference entitled "Reclaiming Cultural Diversity" in Amsterdam at the end of September. The conference was attended by experts from 20 countries, spanning all continents, including Hivos partners InCorpore from Costa Rica and Sarai from India. Subjects discussed included the hold that cultural conglomerates have over local culture industries, and strategies for the protection and regulation of the cultural sector. In addition there was a debate on the pros and cons of a Convention on Cultural Diversity, which UNESCO will submit to members of the UN for ratification in 2005. This convention, intended to enhance opportunities for local cultural expres-

www.sarai.net

TABLE 3 SUMMARY HIVOS CULTURE FUND PORTFOLIO

amounts x 1,000 euros	2001		2002		2003	
	Number	Amount	Number	Amount	Number	Amount
Africa	33	1,585	25	1,068	30	1,573
Asia	18	615	24	877	31	1,096
Latin America	55	1,198	44	1,179	45	1,161
Southeast Europe	1	44	2	57	2	106
Worldwide	5	282	4	282	9	641
Total	112	3,724	99	3,463	117	4,577
Literature	16	778	16	596	23	737
Film/photo	22	796	18	693	19	1,005
Plastic arts	19	655	26	812	30	773
Performing arts	26	896	26	963	26	1,107
Multidisciplinary	29	599	8	188	13	504
Other cultural activities			5	211	6	451

sion and productions, is of great significance for most Southern countries where there is no government policy, or only a negative one, in this field. As a follow-up to the conference, Hivos will be discussing a number of these issues with its culture partners in the course of 2004; this discussion will take place via the Internet.

South-North exchange

One special example of South-North exchange and intercultural communication was the initiative of DasArts (the Amsterdam School/Advanced Research in Theatre & Dance Studies), which runs a course for performing artists in Amsterdam, to hold the 2003 edition of its annual course for artists from various cultures and disciplines in Africa. Over 20 students from a wide range of countries were guests at the Senegal School for Modern Dance, l'École de Sable. The learning process of this international group of art students was recorded in a documentary that was funded by Hivos. Hivos also sponsored participation in the course for six African students. The students were extremely positive about their experiences, not only because of the professional support they received but also because of the unique opportunity they had to work closely with fellow artists from all parts of the world.

www.dasarts.org

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4.1.3 Gender, Women and Development

In its Gender, Women and Development policy, Hivos has chosen to support women's organisations that seek to promote women's rights and the participation of women in decision-making processes. Hivos also encourages gender equality in mixed organisations and their programmes. In addition, Hivos is aiming to include gender equality as a standard component of the policies of other Hivos sectors (mainstreaming).

In 2003, Hivos spent over 11 million euros on the activities of 171 partner organisations active in the field of gender, women and development. The central focus in the work of these organisations are women's rights, based on the UN's Convention on the Elimination of Discrimination against Women (CEDAW), the Cairo Action Programme and the Beijing Action Plan.

International lobby

A number of Hivos' partners have already decided on their standpoint with regard to the official UN Women's Conference scheduled for 2005. During the annual meeting of the UN Women's Committee, for example, partner DAWN rejected official negotiations about the Cairo Action Programme and the Beijing Action Plan. In the meantime, this has also become the official position of the UN.

At the WTO summit in Cancun, Hivos partners IGTN, WIDE, AWID, DAWN and TWN-GERA all lobbied for the improvement of income and employment opportunities and better access to land, seeds, water, healthcare and education for women - especially poor women - in developing

www.dawn.or.fj

www.eurosur.org/wide

www.awid.org

www.twnafrica.org/gera

www.apcafricawomen.org

www.womensnet.org.za

www.iiav.nl

TABLE 4 ACTIVITIES IN THE AREA OF GENDER, WOMEN AND DEVELOPMENT IN 2003

<i>amounts x 1,000 euros</i>	Africa	Asia	Latin America	Southeast Europe	Worldwide	Total
Number of projects	72	64	71	5	16	228
Number of organisations	56	49	53	2	11	171
Expenditure	4,323	3,372	2,452	165	924	11,235
of which integrated policy sectors	316	636	19	0	20	991
GW&D as a percentage of total regional expenditure	19%	18%	12%	6%	10%	15%
<i>Type of activity</i>						
Women's rights/reproductive rights	79%	63%	85%	52%	98%	77%
Sustainable economic development	11%	15%	1%	0%	1%	9%
Cultural emancipation	0%	8%	3%	0%	0%	3%
Influencing policy and awareness raising	1%	8%	6%	0%	1%	4%
Networking/institutional development	9%	6%	5%	48%	0%	7%
Total	100%	100%	100%	100%	100%	100%

countries. There was also an international women's lobby present at the UN World Summit on the Information Society (WSIS) held in Geneva in December 2003. Thanks to Hivos partners APC- Africa-Women, Women's Net, IIAV and the network of women in mixed partners such as APC and ALAI, the principles of gender equality, non-discrimination and the empowerment of women were central themes in the closing statement.

www.apcwomen.org

www.alainet.org

Progress achieved by mixed partner organisations

Hivos has been concluding agreements with individual partner organisations about improving gender quality since 1997. In a number of cases, external support is provided for several years. During 2003, Hivos organised evaluation meetings in Asia and Latin America to discuss the results of these support programmes. Conclusion: gender-aware organisational change is possible wherever management is convinced of its necessity. External support can have a catalyst effect, and it has fostered the gender dialogue between Hivos and its partners. Ultimately this has led to more realistic expectations and specific agreements about gender objectives and strategies. Improvement of gender quality was on the agenda of micro credit partners in Africa: audits were carried out in Mozambique and in Zambia, whereby organisations carried out a self-assessment of the contribution they had made towards improving the position of women. Partners Socremo and Pride recognised the necessity to bring their services more in line with the wishes and needs of existing and potential women clients. Hivos encouraged them to start cooperating with women's organisations. Agreements have been made about improving their information management system, so that they can store and retrieve gender-specific data.

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Mainstreaming

In 2003, the Economic Activities & Credit Facilities and Environment & Sustainable Development sectors were given priority in respect of gender mainstreaming. The Kenya Coffee Solidarity Network carried out research into the working conditions of women in the coffee production chain. The Coffee Coalition included the findings of this research in its campaign, during which coffee roasters such as Douwe Egberts were confronted with their share of responsibility for the poor working conditions that continue to apply throughout the coffee production chain. In the Fair Trade organisation's "Enterprising women" campaign, Hivos drew attention to the necessity for gender norms within Fair Trade standards and quality labels. In doing so, Hivos helped to make the problems which women face within the Fair Trade production chains both visible and debatable.

www.koffiecoalitie.nl

www.fairtrade.nl

4.1.4 Environment and Sustainable Development

Within the sector Environment & Sustainable Development, Hivos' aim is to improve the environmental quality of production processes. One important facet of this objective is the stimulation of organic and ecological agriculture. At the same time, Hivos is active in combating polluting

methods for extracting and processing raw materials, as well as other non-sustainable production methods. In 2003, Hivos spent 15 million euros in support of 162 partner organisations that work in this domain.

Sustainable economic development

In the course of 2003, Hivos drew up a new policy (as can be seen in chapter 2) with a dual focus: access to resources, technologies, markets and knowledge on the one hand, and social justice and responsible environmental policies in production processes on the other.

Organic farming and production chains

Two of the organisations in Nicaragua that Hivos supports are Prodecoop and Cecocafen. These two organisations are working together to develop a joint organic coffee brand destined for the Central American market. At present they are not able to sell their entire production as organic produce. By processing the coffee beans themselves, both organisations will be able to improve their income. In 2003 Hivos organised a regional meeting for its partners, certification agencies and traders in Latin America, to discuss the coffee production chain. This initiative led to agreements about knowledge sharing, improvements in management capacity and an increase of support during the marketing phase of the product.

In Indonesia, Hivos had an exploratory study carried out into investment possibilities for poor farmers in the domain of organic farming and non-timber forestry products. Rotan was highlighted as a very promising product in this respect. A similar study is now being carried out in East Africa. Hivos also had studies carried out into rice production in Asia (see 4.1.1). As a follow-up, several partner organisations, Fair Trade organisations and Hivos discussed the results and drew up plans for further action early in 2004.

www.ifoam.org Hivos' partner IFOAM actively promotes organic farming among influential organisations worldwide. UN's agencies FAO and WHO have both included organic farming in their Codex Alimentarius programme, which incorporates standards for food safety and production and trading regulations. Hivos is working with IFOAM to develop internal control systems and group certification within the organic farming sector. The EU adopted recommendations made by IFOAM's EU working group to facilitate group certification; this less expensive variant of certification became available during the year under review.

Socially committed entrepreneurship

www.groundwork.org.za Hivos' partner in South Africa, Groundwork, made a comparative study of the Shell refineries in Denmark and South Africa. Major differences came to light in the social and environmental quality aspects of the production process. Shell and Groundwork are now discussing ways of bringing the situation in the two countries into line. With the support of Hivos and the aid of local organisations, Friends of the Earth Netherlands [Milieudefensie] investigated Nutreco's salmon farm in Chile. Here, too, further discussions about environmental improvements in farming methods are ongoing.

TABLE 5 ACTIVITIES IN THE AREA OF ENVIRONMENT AND SUSTAINABLE DEVELOPMENT IN 2003

<i>amounts x 1,000 euros</i>	Africa	Asia	Latin America	Southeast Europe	Worldwide	Total
Number of projects	49	56	79	3	33	220
Number of organisations	41	45	58	2	16	162
Expenditure	2,780	3,155	4,830	853	3,393	15,011
of which integrated policy sectors	589	895	293	0	354	2,131
E&SD as a percentage of total regional expenditure	12%	17%	23%	31%	35%	20%
Type of activity						
Sustainable use of natural resources	57%	47%	49%	0%	69%	52%
Influencing policy and awareness raising	21%	33%	40%	0%	14%	27%
Networking/institutional development	22%	20%	11%	100%	17%	21%
Total	100%	100%	100%	100%	100%	100%

Biosafety

The efforts made by Hivos partners in this domain have led to the formulation of legislation, as a result of which the Biosafety Protocol can now be implemented in Zambia, Zimbabwe and Uganda. This legislation is designed to curb the uncontrolled spread of genetically modified organisms (GMOs). Partly as a result of pressure exerted by Friends of the Earth International and Hivos, food aid organisations affiliated to Euronaid have issued a statement setting out the principle that countries receiving food aid are entitled to refuse produce containing GMOs. Shortly after this statement was made, the EU adopted the same standpoint. On this same theme, Hivos organised a working visit for a Zambian delegation of government officials, business people, scientists and NGO officers to various ministries, civil society organisations and scientific institutions in Europe. Following that visit, Dutch Minister Van Ardenne brought pressure to bear on the World Food Program in an effort to persuade them to take a similar decision.

www.foei.org

Biodiversity Fund

Hivos and Novib together operate the Biodiversity Fund, which is financed under the environmental programme of DGIS/DML. The fund currently supports twelve organisations, which are all active on a worldwide basis. In 2003, these organisations had an influential impact on decisions taken by the World Bank in connection with agriculture, the use of pesticides and indigenous peoples policies.

The Forest Stewardship Council (FSC) received financial support from the Biodiversity Fund and Hivos in order to formulate modified criteria so that the certification of wood products for forest dwellers and small forest owners could be made less expensive.

During 2003, the Biodiversity Fund provided financial support to the value of 1.2 million euros.

4.1.5 Human Rights and AIDS

The objectives of Hivos' policies in this respect are as follows:

- to create the basic conditions for democracy, with an emphasis on essential political rights;
- to secure and guarantee the rights of specific poor or marginalised groups;
- to combat corruption and impunity.

Hivos works at national and international level for the achievement of these objectives. After all, international conventions and agreements about human rights are of crucial importance. In the course of 2003 Hivos spent nearly 16 million euros supporting 235 human rights organisations, most of them based in the South.

Together with its new partner Organisation Mondiale Contre la Torture (OMCT), Hivos ensured that human rights activists from Zimbabwe could be present in Geneva for the annual meeting of the UN's Human Rights Commission. Although no new UN resolution against Zimbabwe was adopted, the meeting was able to bring the serious violation of human rights in Zimbabwe to the attention of the many government representatives present. A proposed resolution in favour of the rights of homosexual men and lesbian women also failed in its bid for adoption. This passiveness illustrates the repeated ineffectiveness of the UN in defending and promoting human rights. The calls for a reform of the system became louder again in 2003, and Hivos was prominent among those calling for change.

Freedom of expression

Hivos' partner organisation International Freedom of Expression eXchange (IFEX) is a worldwide network consisting of 57 organisations whose aim is to fight for freedom of expression. An external evaluation carried out in 2003 demonstrated that members in developing countries appreciated the work done by IFEX because of its ability to generate an international response to human rights violations in their own countries. Other positive aspects of the work of IFEX that were mentioned by respondents were the opportunity to exchange information with other groups, and the access to ICT. The most important opportunities for improvement that were highlighted by the evaluation lay in the field of impact measurement and training. On the basis of the findings, IFEX is modifying its programme so as to increase the effectiveness of the network.

www.IFEX.org

Human rights activists

Hivos supported and took part in the Second Dublin Platform for Human Rights Defenders, which was organised by Frontline, an Irish organisation. More than 120 human rights activists, represent-

www.frontlinedefenders.org

TABLE 6 ACTIVITIES IN THE AREA OF HUMAN RIGHTS & AIDS 2003

<i>amounts x 1,000 euros</i>	Africa	Asia	Latin America	Southeast Europe	Worldwide	Total
Number of projects	94	89	72	10	59	324
Number of organisations	91	61	58	5	20	235
Expenditure	4,945	4,105	4,004	1,356	1,530	15,942
of which integrated policy sectors	114	417	0	2	109	641
HR & aids as a percentage of total regional expenditure	22%	22%	20%	49%	16%	21%
Type of activity						
Protection of human rights and legal assistance	1%	8%	9%	1%	0%	5%
Influencing policy and awareness raising	90%	87%	91%	77%	96%	89%
Networking/institutional development	9%	5%	0%	22%	4%	6%
Total	100%	100%	100%	100%	100%	100%

ing 60 countries, took advantage of this conference to update and exchange information on issues such as combating impunity, economic, social and cultural rights, safety and protection. The conference prompted the Irish government to adopt support for human rights defenders as one of its priorities during its chairmanship of the EU in the first six months of 2004.

www.amnesty.org In 2003, Hivos campaigned together with Amnesty International Netherlands to secure better protection for human rights activists. The two organisations carried out a joint investigation into the possibilities for improving the safety of this group. A document summarising the findings in 25 recommendations was presented to the Dutch government. After studying the document, the government admitted that there was room for improvement in its policies in relation to human rights activists. The government also undertook to distribute the document to its Embassies abroad. When the Netherlands takes over chairmanship of the EU from Ireland for the second half of 2004, support for human rights activists will remain high on the agenda.

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AIDS

Hivos supports organisations and processes that enable people in development countries to stop the spread of HIV and AIDS, and to deal with the consequences of AIDS in a more adequate manner. The AIDS epidemic has had a devastating effect; an effect which has been felt in all sectors of society. Therefore, in 2003, Hivos gave an extra impetus to mainstreaming of the AIDS issue among its partner organisations that are active in other sectors. This policy will remain in place for the coming years.

The focal point of the AIDS epidemic lies in Southern Africa. Organisations in that region will have to deal with HIV and AIDS, both in their internal organisation and in their programmes. It was in that context that Hivos supported an international meeting of AIDS activists held in Cape Town. The meeting, which lasted four days and attracted 125 activists from 67 countries, gave participants the opportunity to exchange knowledge and experience in lobbying for treatment and educating local communities.

Hivos also had an in-depth study carried out among its partner organisations in Southern Africa to discover the extent to which they were giving attention to the HIV/AIDS problem. The findings showed that there were still many ways in which the fight against AIDS could be intensified. Hivos made good its declared intention to substantially increase expenditure on AIDS-related activities in 2003: 60 organisations were supported to the value of 4 million euros. That is 50% more than in 2002. Of this amount, nearly 0.6 million came from funds raised by Stop Aids Now!.

www.stopaidsnow.nl

4.1.6 ICT

Since the year 2000, Hivos has been helping its partners make the best possible use of ICT facilities. Access to information and knowledge is a precondition for improving the position of poor people and for a properly functioning democracy. Hivos' programme has 6 components: access to ICT, Internet content from the South, capacity building, network and lobby opportunities via the

During the year under review, Hivos worked together with OneWorld Netherlands and IICD on a project entitled "Building Inclusive Information Societies". Discussions were held with more than 100 experts, who were active participants in the project. Immediately before the final and crucial preparatory conference for the WSIS, the recommendations that were put forward in this project were presented to Dutch MP Lousewies van der Laan and the Ministry of Economic Affairs. One of the most important recommendations was that "human beings are central and we must work from the principle that human rights are equally applicable in the digital world". A public event entitled "Fill the Gap!" was held in November. Nearly 250 participants, representing policy-makers, market parties, NGOs and other interested parties, discussed the phenomenon of the information society. Their conclusion was unequivocal: knowledge and information are of key importance to development.

The WSIS, the first UN Summit about the information society, took place in December 2003 in Geneva. Participants at the meeting discussed the game and the ground rules of the information society, and how every world citizen could take part in it. The result was a political statement and an plan of action.

Hivos was a member of the official delegation from the Netherlands during the preparatory conferences and during the Summit. As a result, it was possible to continually draw the attention of the WSIS delegation to the above-mentioned recommendations and to point out the specific interests of developing countries. During the Summit, Hivos arranged two meetings between the Netherlands delegation and partner organisations that are active in the domain of ICT and development (MSSRF, OneWorld and APC). Attendees at the meetings included Minister Brinkhorst of Economic Affairs, and MPs Van Dam (Social Democrats), and Koekkoek and Hessels (Christian Democrats).

The costs of the WSIS-related activities in 2003 amounted to approx. 35,000 euros.

Following on from research into the possibilities of open source in Africa, Hivos and De Waag joined forces to organise a seminar for participants from the Netherlands, India, Tanzania and Costa Rica. One of the most important results of the seminar was a manifesto with recommendations for the Dutch government on the importance of open source for developing countries. The manifesto was presented to members of parliament representing the Social Democrats (PvdA) and the Green Party (Groen Links). The seminar also resulted in support for FOSSFA (Free and Open Source Software Foundation Africa).

National and international

www.wsis.nl ICT was a central theme at the UN World Summit on the Information Society in Geneva. Hivos devoted quite some effort to the preparations for this conference and was a member of the official Dutch delegation (see the WSIS box).

In 2003, the Dutch Ministry of Foreign Affairs organised a meeting with other interested parties in the field to discuss their ideas about the standpoint that the Dutch government should take on the subject of ICT and Development. Together with IICD, Hivos will represent civil society in a working party that has been asked to submit appropriate recommendations.

4.2 Regions

4.2.1 Africa

On the African continent, Hivos supports projects that can contribute to civil society building and to sustainable economic development. Its work is concentrated in Eastern and Southern Africa. In 2003, expenditure in Africa amounted to almost 21 million euros. These funds were provided to a total of 293 organisations, 63 of which were new partners.

Economic Activities & Credit Facilities

The liberalisation of the banking system has prompted many banks to close their offices in rural areas of Africa, while the micro credit institutions' coverage in rural areas is still reduced. As a result, the only option open to the farming population are small, informal savings and credit groups. The strengthening and professionalising of such groups is essential if they are to continue to provide good and sustainable financial services to poor producers. Five partner organisations, based in Tanzania, Uganda, Kenya and Mozambique, are working on this. In June, Hivos held a meeting for these and other organisations so that they could exchange experiences. Three-quarters of the participants indicated that they would be able to put their new insights to good use in their own organisations immediately.

The African AIDS epidemic is also affecting micro credit institutions. Affected households are no longer able to repay their loans due to their reduced income. The institutions are responding to this problem by insuring a number of basic risks. At the same time, they recognize the importance of AIDS prevention programmes. Together with partner organisation SAMCAF, Hivos organised a regional workshop for micro credit partners so that they could exchange ideas about insurance policies, education and information for their clients, and about labour condition policies within their own organisations. This last aspect has proven to be a major bottleneck. It is not an easy task to create openness about HIV and AIDS in the formal financial sector. The workshop made it possible to discuss HIV and AIDS frankly within financial institutions and prompted them to consider offering new products such as insurances.

Environment and sustainable development

Organic farming is an interesting and sustainable economic opportunity for African farmers, both male and female. Success in this domain demands a combination of agricultural insight and an economic approach. Hivos encourages pioneering entrepreneurs in the organic farming sector, such as KIOF in Kenya, to respond to the demands of the market and provides them with advice in the domain of market research and certification. One organisation that recently joined the ranks of Hivos partners and is pro-active in this area is OPPAZ from Zambia. OPPAZ helps organic producers to obtain certification for their produce and to increase exports.

At the same time, Hivos is stimulating knowledge and awareness of the threat to agriculture - and organic agriculture in particular - posed by genetically modified crops. The focus of these activities is Eastern Africa. Together with its partners KIOF (Kenya) and ACODE (Uganda), Hivos organised two workshops on the subject of genetically modified organisms for farmers' associations, government officials, members of parliament, lawyers and researchers. One of the results of the workshops was a publication about the potential of organic farming and the threat to this potential posed by GMOs in Uganda. The workshop also led to a call for a moratorium on the introduction of GMOs in Uganda.

www.acode-u.org

KEY FIGURES AFRICA			Hivos expenditure by region	Hivos partner organisations by region
amounts x 1,000 euros	2002	2003		
Expenditure	20,104	20,801		
to be charged to the CFP	16,302	19,744		
Number of partner organisations	245	293		
Number of projects	337	402		

Hivos supports organisations in:	Expenditure in Africa by policy spearhead:
<p><i>Eastern Africa</i> Kenya Tanzania Uganda</p> <p><i>Southern Africa</i> Botswana Malawi Mozambique</p> <p>Namibia South Africa Zambia Zimbabwe</p>	<ul style="list-style-type: none"> Economic activities & credit facilities 32% Arts & culture 7% Gender, women and development 19% Environment & sustainable development 12% Human rights & aids 22% Other sectors 8%

“Access to treatment returns hope to the people who are afflicted by AIDS. When hope has been re-established, ignorance, fear and hate will decline and with them the stigma which is attached to this disease.”

Judge Edwin Cameron, South Africa

www.tac.org.za

More than four million people in South Africa are infected with the HIV virus. Most of them are too poor to buy medication. The South African organisation TAC feels it is unacceptable that people are dying while medicines are available that could save their lives. Ever since its founding in 1998, TAC has been fighting a continuous battle against international pharmaceutical companies and a government which is often unwilling to intercede. This organisation, which started with just fifteen volunteers, has grown into a national movement with thousands of volunteers. TAC has branches all over the country and enjoys wide support from trade unions, churches, NGOs, political parties and the medical sector.

TAC's persistent campaigning has persuaded pharmaceutical companies such as Merck, Pfizer, Boehringer and GlaxoSmithKline to significantly reduce the price of their medicines. TAC has also been conducting a campaign against patents on life-saving medicines, on both a national and an international scale. These patents are an obstacle to cheap production of medicines, and this is particularly detrimental in countries where the AIDS epidemic is having such serious consequences. Thanks primarily to TAC's campaigns, cheaper medicines can now be produced in South Africa. Besides lobbying for price reductions, TAC has also been working in other ways to improve access to medication. During the past year TAC coordinated a number of civil disobedience protests. The idea behind them was to coerce the South African government into actually implementing the national programme for the free provision of AIDS inhibitors and painkillers that had already been drawn up on paper. Tens of thousands of people took part in the protests: they demonstrated in the streets, marched on parliament or called on local government offices. Picket lines in front of South African embassies drew international interest and support for the protesters' demands, and Hivos was closely involved in a protest march that was held in the Netherlands. The South African government eventually approved the plans. The work of TAC will mean that thousands of lives can be saved. TAC founder and chairman Zackie Achmat has received many international awards, and he has been put forward as a candidate for the 2004 Nobel Peace Prize.

Human rights and AIDS

www.amnesty.nl

In the context of the human rights activists campaign conducted by Hivos and Amnesty International Netherlands, a regional meeting was held in South Africa in June. This meeting contributed to a strengthening of regional networks of human rights activists in Central and Southern Africa and to improved contacts with the special UN representative for human rights defenders. In Southern Africa, the dominant theme in 2003 was that of the battle against HIV/AIDS. Compared to 2002, Hivos doubled its expenditure in this part of the world and the partner portfolio was enlarged from 19 to 31 organisations. Hivos' Harare regional office organised a workshop on the subject of AIDS mainstreaming for partner organisations in Zimbabwe. The 22 participating organisations each formulated a plan to integrate attention for the HIV/AIDS issue in their work programmes and in their personnel policies. The results of these plans will be discussed in 2004. A regional meeting on themes such as sexuality, gender, young people and stigmatisation was organised in collaboration with SAT. A lack of openness about sexuality and the stigmatisation of people with HIV/AIDS continue to represent enormous barriers in the battle to halt the spread of the disease. One significant result of the meeting was the acknowledgement by participating HIV/AIDS organisations that they need to integrate these issues more closely into their own working practices. At the invitation of Hivos, AIDS activist Zackie Achmat of TAC gave a talk in Harare about the successful "access to medication" campaign conducted in South Africa. TAC's success can be an inspiration to AIDS activists throughout Africa. Together with partners from Alliance2015, Hivos formulated plans for the fight against AIDS in Namibia and Mozambique.

www.alliance2015.org

Gender, women and development

Three issues were central to the fourth international Conference on Sexuality and Culture, which was held in Africa for the first time (in Johannesburg): HIV/AIDS, violence against women and

homosexuality. Hivos sponsored the participation of a number of African women. Hivos also supported a training programme for lesbians from Eastern and Southern Africa to collect and record the life stories of African lesbians so that these stories could be presented during the conference. One important result of this event was the founding of an African network for lesbians. Women are the hardest hit by the HIV/AIDS epidemic in Southern Africa. HIV/AIDS has therefore become an important issue for the women's movement. WLSA is carrying out research in various provinces of Mozambique into sexuality, male and female roles and HIV/AIDS. The findings will allow more effective information programmes to be developed, programmes which are more adapted to reality and that deal with taboos and the causes of infection. During 2003 a programme evaluation was carried out on the role of women's organisations in strengthening civil society in Africa. In collaboration with Cordaid and ICCO, field research was carried out in Kenya, Zimbabwe and South Africa. From the findings it transpired that women's organisations make a clear contribution to improving the position of women in the countries where they are active, but that there is little mutual contact and too little cooperation between such organisations. Alliances with other types of organisations in the civil society are weak, and accordingly responsibility for gender issues remains the domain of the women's organisations. Hivos sees this as an important challenge for the future: to stimulate cooperation and the forging of coalitions.

Arts and culture

Thanks to support from Hivos, the first Biennial of Visual Arts could be held in Eastern Africa in 2003. This festival was an important stimulus for visual artists living and working in the region. Artists from Tanzania, Kenya and Uganda presented their work in Dar-es-Salaam, alongside work by artists from other parts of the world. Hivos also supported a number of exchange projects between Africa and the Netherlands, both in the domain of visual art and in the domain of innovative theatre. In Zimbabwe, the Rooftops theatre group could be seen every month in one of Harare's parks, where they staged new, socially critical performances. One of these performances, "Super patriots and morons", tells the story of a despotic president. After the play had been performed in various towns in Zimbabwe, a video recording was made of the performance and the film is now being shown in video cafes in the townships. In an environment where there is still some risk attached to criticising the government at a public gathering, theatre shows have proved to be an excellent way of drawing attention to the abuse of power and other restrictions of freedom.

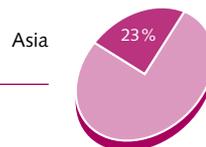
4.2.2 Asia

There are some pronounced regional differences in Hivos' programme in Asia. In India, for instance, the programme focuses on the rights of specific groups such as the Dalits. In the poorer areas Indonesia and Sri Lanka, the focus is on economic and sustainable development. In Central Asia,

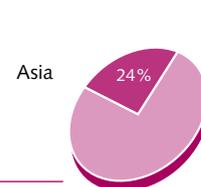
KEY FIGURES ASIA

amounts x 1,000 euros	2002	2003
Expenditure	12,716	15,452
to be charged to the CFP	11,969	14,038
Number of partner organisations	183	208
Number of projects	284	340

Hivos expenditure by region



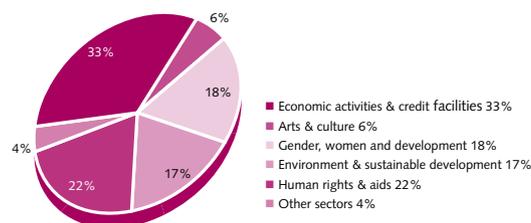
Hivos partner organisations by region



Hivos supports organisations in:

India Indonesia Kazakhstan Kirghizistan
East Timor Sri Lanka

Expenditure in Asia by policy spearhead



Hivos is mainly working to strengthen social groups and stimulate democratic processes. The programme in Asia increased from 12.7 million euros in 2002 to 15.5 million in the year under review. In accordance with plans, expenditure in the sector of economic activities increased substantially (from 28% to 33% of overall funds), while expenditure on human rights activities fell. Hivos renewed its programme with 38 organisations and terminated its association with 13 partners.

The renewal of the Asia programme will be ongoing in the year to come. During 2003, Hivos looked into the possibilities of supporting the burgeoning progressive and socially critical civil society in Iran. After some preparatory research, Hivos has decided that the focus of its activities in this new area of operations will be twofold: the position of women and human rights.

In the year under review, Hivos commissioned an evaluation of its entire programme in Kazakhstan and Kyrgyzstan. The positive conclusions about the results achieved in civil society building are an incentive for Hivos to continue on its chosen course in this region. However, a critical review of the contribution made towards direct poverty alleviation has prompted Hivos to modify its programme in this domain and to seek out more effective partners.

Early in 2003, Hivos took part in the Asia Social Forum held in Hyderabad. Subsequently, Hivos' regional office in Bangalore became actively involved in the preparations for the 2004 World Social Forum to be held in Mumbai.

www.wsfindia.org

Economic Activities & Credit Facilities

After a break of a number of years, HTF once again returned to Central Asia when, in collaboration with Hivos, it provided a loan to KCLF in Kazakhstan. In preparation for this loan, Hivos provided this microfinance institution with seed capital for two years. In Indonesia, Hivos investigated the possibilities for investment in small rural banks that can provide financial services to farmers and small businesses.

www.kclf.kz

www.bureau.kz

As a result of a workshop held in India at the end of 2002 on the role of financial and microfinance services in poverty alleviation, and an ensuing publication on the subject, discussions took place



Alga: a grass-roots movement in Kyrgyzstan

Alga, which literally means "forwards", is one of the few grass-roots movements in Kyrgyzstan. The organisation works in villages along the Chui valley, in the north of the country. In 1995 it started off its activities in five villages. Now, more than eight years later, the organisation's working area covers 30 villages with a population of over 5,000 living in 1,500 family groups. Alga's aim is to improve the position and living conditions of rural women, and to this end it undertakes activities in the field of poverty alleviation, economic development and human rights. Other activities are aimed at eradicating sexual violence and domestic violence, and participating in political decision-making. The mobilisation of communities, particularly with a view to poverty alleviation, is central to Alga's work. The organisation pursues its objective by setting up self-help groups that enable villagers to find collective solutions for their problems and to work together to find ways to escape the poverty trap. In 2003 Alga was supporting a total of 34 self-help groups, five more than the year before. Through its two main centres, the organisation makes women aware of their rights in the widest sense of the word, offers courses in leadership, and helps set up small-scale businesses and combat violence against women. Alga also operates a number of micro credit funds. With the aid of Alga, two milestones were reached in 2003. Ten women were helped to prepare themselves for candidacy in the local elections to be held in 2004. In addition, 400 ethnic Kirghiz refugees who had escaped from Tajikistan became Kyrgyzstan citizens. In the context of the strategy for poverty alleviation, Alga also played an active part in the Poverty Reduction Strategy Paper (PRSP) consultations by organising discussions about the poverty issue at village level. Alga was then able to express the wishes of the villagers during the rounds of consultations with the World Bank, the Kyrgyzstan government and NGOs. The positive result of this input was that, thanks to a revised version of the PRSP, poor people will in future be seen as real actors in the development process. Alga will continue to follow the development of the PRSP closely.

In 2003, Hivos supported Alga with funds to the value of 145,000 euros.

in 2003 between Hivos, HTF and two large banks (ABN AMRO and ICICI), with a view to getting these banks involved in credit services to relatively small-scale microfinance institutions. These discussions are all the more important now that India has revised its financial legislation, making it more difficult for HTF to lend funds directly to small banks.

Arts and Culture

In the course of 2002, Hivos commissioned studies into the situation in the arts and culture sector in Sri Lanka and Indonesia. Those studies led, a year later, to support for dance and theatre groups outside Colombo and to the establishment of a fund for small-scale cultural activities in Indonesia. In the meantime, Hivos has commissioned similar studies to be carried out in the Indian states of Rajasthan, Gujarat, Orissa and Jharkhand. In India, Hivos also organised a meeting of art connoisseurs. This meeting enabled Hivos to gather information about recent developments and provided some pointers as to possible ways to build bridges between traditional and modern theatre arts. Another important activity in 2003 was the external evaluation of the film sector in Asia and Southeast Europe. Although the final report was not received before the end of the year, it has already become clear that Hivos needs to make more critical choices in this domain.

Gender, Women and Development

Partly thanks to support from Hivos, and together with Amnesty International and International Women's Rights Action Watch, partner APWLD - a network of women's organisations in Asia - was able to organise a consultative meeting about protection for women human rights activists. The thirty participants from all parts of the world drew up a joint plan of action on this issue. At the end of the meeting the special representative of the UN on human rights defenders, Hina Jilani, announced that she would be incorporating the findings of the meeting in her own report. Hivos organised an exchange visit to the Netherlands for a delegation from Podrugi, a women's organisation from Kazakhstan; the group had meetings with representatives of the Dutch police force, women's shelters, municipal health authorities and the Ministry of Justice. During the week-long visit, the delegation from Podrugi was able to form an impression of the services available for victims of domestic violence. Following on from that visit, Hivos will organise a reciprocal visit to Kazakhstan and Kyrgyzstan in 2004 for a senior police officer from The Hague. This officer will speak to fellow officers there about the methods used and the results achieved in the Netherlands in counteracting household violence, and offer them training in those methods.

www.apwld.org
www.iwraw-ap.org

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Environment and Sustainable Development

As a follow-up to a study and workshop on sustainable farming practices, held in 2002, Hivos started collaborating in a pilot project for the cultivation of organic cotton in Kyrgyzstan. The initial results have been encouraging: 80 farmers have already started to convert to organic methods. Hivos is actively stimulating sustainable land use in East Timor. A study carried out at the end of 2001 led, in 2002, to the creation of a platform for sustainable land use. A lack of implementation capacity in the participating organisations has unfortunately meant that no real results were achieved in 2003. Various Hivos partners in Sri Lanka are active in the PRSP process. They have bombarded parliament, various ministries and the World Bank with information about the possible negative effects that PRSP projects could have on the environment and for small-scale fishermen.

Human Rights and AIDS

Negotiations continue between the Sri Lankan government and the Tamil Tigers in an effort to reach a comprehensive agreement that will open the way for the development of neglected areas in the north and east of the country. A number of Hivos partners have taken advantage of the new possibilities and have started agricultural projects in areas which until recently were war-torn. In 2003, Hivos continued its work towards the improvement of the human rights situation in Kazakhstan. The visit paid to the Netherlands at the end of 2002 by the leader of human rights organisation KIBHR, was followed by a joint KIBHR/Hivos lobby to the OSCE during Dutch chairmanship of this organisation. The lobby played a major role in the opportunity for Sergei Duvanov, an independent journalist who has been critical of the government, to appeal once more against his 2003 conviction.

www.bureau.kz

The problems surrounding AIDS in Asia are still being played down by both politicians and the media. Even NGO's are largely failing to recognize the danger of an approaching large-scale AIDS epidemic. In the course of 2003, Hivos carried out an inventory of the efforts being made in Indonesia and Sri Lanka on the subject of HIV/AIDS information, education and prevention. This

brought Hivos together with a new Sri Lankan partner, the Aids Coalition. As far as Indonesia is concerned, the exercise resulted in a proposal to hold a meeting in 2004 with important players in the field of HIV and AIDS so that a new plan of action can be drawn up for NGOs.

4.2.3 Latin America

In Latin America, Hivos supports activities in the domains of economic and sustainable development, democratisation and the rights of marginalised groups such as the indigenous population. In 2003 Hivos provided support to the value of approx. 20 million euros to 279 partner organisations. This included 41 new partners. 58% of the funds were earmarked for the sectors Economic Activities & Credit Facilities and Environment & Sustainable Development.

Hivos is one of the very few co-financing organisations working in Cuba. Through its activities there it hopes to contribute to the development of civil society, although the scope is very limited. Hivos terminated its relationship with two partners in 2003. The first involved the cessation of financial support for the Culture Biennial in Havana because of the restrictions placed on the artistic freedom of artists. The relationship with writers and artists union UNEAC was terminated after the chairman was co-signatory to a statement supporting the Cuban government, while that same government had imposed severe sentences on members of the opposition. Hivos expects artists in particular to take a critical and independent position in this type of political matters. The relationship with 13 Cuban partners will be continued.

Economic Activities and Credit Facilities

www.mibanco.com.pe

Mibanco is a medium-sized bank in Peru with 22 offices in Lima and 3 outside the city. Mibanco mainly provides small loans - with an average value of 900 dollars - to small production companies and traders. Hivos provided a guarantee that enabled HTF to become a shareholder in Mibanco.

www.fedecaces.com

Through its shareholding, HTF can now actively support the Mibanco Board. Hivos commissioned a study at Fedecaces, a federation of 15 savings and credit cooperatives in El Salvador, into the impact micro credit was having, particularly in the agricultural sector. The study showed that the effect of micro credit on income is greater as the poverty level of the beneficiary improves. Micro credit, particularly when combined with saving, was found to substantially improve the economic resilience of groups of poor people. Prompted by these findings, Fedecaces is now increasing its range of products so that it will also be able to serve even the poorest sectors of the community. Hivos will encourage other micro credit institutions as well to increase their range of products.

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Arts and Culture

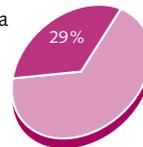
In the period from 2000 to 2002, Hivos carried out country analyses in five Central American countries. On the basis of the findings, Hivos held consultative meetings in 2003 with parties

KEY FIGURES LATIN AMERICA

amounts x 1,000 euros	2002	2003
Expenditure	18,047	19,753
to be charged to the CFP	15,620	18,314
Number of partner organisations	275	279
Number of projects	387	387

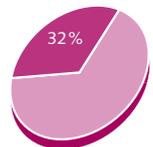
Hivos expenditure by region

Latin America



Hivos partner organisations by region

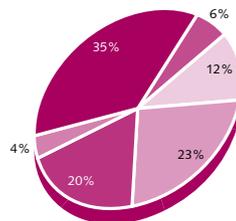
Latin America



Hivos supports organisations in:

- Caribbean area Cuba
- Central America Belize Costa Rica El Salvador Guatemala Honduras Nicaragua
- South America Bolivia Chile Ecuador Peru Surinam

Expenditure in Latin America by policy spearhead



- Economic activities & credit facilities 35%
- Arts & culture 6%
- Gender, women & development 12%
- Environment & sustainable development 23%
- Human rights & aids 20%
- Other sectors 4%

“Poetry gives one strength in the head-on battle against all forms of death.”

Arjen Duinker, participant in the festival in 2002

Poetry is certainly not the first thing that springs to mind as the answer to an escalation of violence in society. Nor does the combination of poetry and massive public attention seem obvious. Nevertheless, in Colombia these are natural facts.

In 1991, a group of idealistic poets organised a small festival in Medellín. It was a token protest against the extreme violence used by paramilitary groups and the Colombian army. The festival was a success, and the public immediately began to see this poetry festival as an alternative vehicle for expressing their desire for peace.

Twelve years on, the festival has become an annual event that attracts large crowds to parks, stadiums, prisons and hospitals in 20 towns and cities across the country. Over the years, 600 poets from 105 different countries around the world have taken part.

In 2003, 64 poets from 42 countries performed in 18 different towns in front of an audience that is estimated at 100,000, mainly young people. Another event that took place was the Cumbre de la Poesía. This alternative Poetry Summit called on politicians to open a dialogue for peace and to reject the violent approach used by the militant groups, the military approach set out in the Plan Colombia and the government's “Democratic Security Policy”.

Hivos has been supporting Prometeo, the organisation behind the festival, since 1999.

This support is prompted primarily because the festival offers a unique international platform for poets from various cultures to meet and share ideas. In addition, Prometeo has a special role as a network organisation and itself supports new poetry initiatives throughout Latin America.

Hivos' support for Prometeo in 2003 amounted to 32,000 euros.

involved from the cultural sector. The meetings provided insight into the bottlenecks confronting the sector and suggested some points of departure for the reformulation of Hivos' priorities in this domain. The main bottlenecks proved to be the lack of any state facilities, the lack of cooperation between partner organisations and the deficient management capacity in many cultural organisations. As a result, Hivos offered additional support in the form of management training and in the form of stimulating partners to find additional sources with which to supplement their income. In Guatemala, Caja Lúdica organized a successful street circus on the World Peace Day. Over 3,000 school children and students took part, and 40 youngsters from disadvantaged neighbourhoods actively contributed to the event. Caja Lúdica was able to turn this very appealing activity into a showcase for solidarity, which fostered mutual respect among the young people involved. They were also made aware of the fact that conflicts cannot be resolved through violence, which is extremely relevant in Guatemalan society.

Gender, Women and Development

Together with Novib, another Dutch co-financing agency, Hivos organised an expert meeting in Quito, Ecuador, at the end of 2003, on the issue of gender integration in organisations for the indigenous population. The meeting underlined the importance of a clear and open dialogue with these partner organisations about gender criteria, preferably right from the start of any collaborative relationship. Support for initiatives of indigenous women themselves is also important. As far as Hivos policies are concerned, on the one hand this means a modification of the selection procedure for gender and human rights partners, and on the other hand the fostering of an intercultural perspective on the part of the partners.

AC RAIF organised a week-long training course in Costa Rica for Hivos' gender partners. The week was aimed at stimulating the use of modern information and communication technologies as an aid to achieving the partners' own objectives. Communication officers learned to create websites and to work with open source technology. This type of technology is not subject to licensing and renders organisations less dependent on expensive software programmes.

In Nicaragua, Red de Mujeres contra la Violencia was able to mobilise NGOs, the feminist movement and public opinion in favour of the regulation of abortion, in direct opposition to the

www.fire.or.cr

www.redfeminista.org



Catholic Church, Opus Dei and anti-abortion organisations. Their action was prompted by the battle being fought by Rosita, an eleven year old who became pregnant after she was raped, for a therapeutic abortion.

Environment and Sustainable Development

www.cafecampesino.com/producers/nicaragua.html A large proportion of Hivos' partners in Latin America are involved in sustainable production through organic farming. In Cuba, the organisation of agricultural engineers, ACTAF, is carrying out various horticultural projects in an effort to alleviate the severe shortage of vegetables.

www.cafecampesino.com/producers/guatemala.html Thanks to small-scale urban horticulture, around half the daily vegetable requirement can now be provided. Partner organisation Ecológica produced a documentary about the market for organic produce in Lima, Peru. This documentary will be distributed worldwide in order to stimulate the promotion of similar markets elsewhere.

www.sweetmarias.com/NicaTrip2003Prodecoop.html Prodecoop, Cecocafen, Manos Campesinas, RAOS, COCLA and RAINFOREST from Central America and Peru all export organic coffee that is grown by small producers working together in cooperatives. The price of their coffee is twice that of regular coffee.

www.coclaperu.com Partner organisation Mayacert organised a training course for coffee cooperatives in Guatemala to enable them to gain access to various markets and quality labels in affluent countries.

www.rainforestrading.com

www.mayacert.com

Human Rights and AIDS

Activities in Guatemala during the year under review were marked by the presidential elections. Hivos supported the national campaign against the candidacy of former dictator Rios Montt, who, to the great relief of many citizens, failed to get through to the second round. The issue of security and safety for human rights activists also received extra attention this year. Hivos took an active part in the public campaigns and lobby activities carried out by the Dutch Guatemala Platform in support of human rights defenders. The platform stimulated collaboration between Guatemalan human rights organisations, a collaboration that contributed to the commissioning of an investigation into illegal and violent groups that are undermining the peace process.

www.caldh.org

At the insistence of a number of partner organisations, Hivos took the platform at two sessions of the Latin American Aids Forum in Cuba. Together with a number of partners, Hivos emphasized the important role of self-organisations for people with HIV/AIDS, the battle being waged for rapid and inexpensive provision of AIDS inhibitors and AIDS care specifically designed for homosexuals. One immediate result of the forum was a new partnership between Hivos and ASICAL, a coalition of AIDS organisations. ASICAL is pursuing a lobby campaign to gain more respect and resources from national governments and multilateral institutions such as UNAIDS and Global Fund for sex workers and sexual minorities.

www.asical.org

4.2.4 Southeast Europe

Expenditure in Southeast Europe rose from 2.3 million euros in 2002 to 2.8 million in 2003. The funds were allocated to a total of 16 organisations. The most important channels were the Dutch strategic partners Intereclesiatic Peace Council (IKV), Avalon and Milieukontakt Oost-Europa.

www.avalon.nl

www.milieukontakt.nl

In 2003 Hivos implemented a number of new programme components that cover the entire region and will continue for several years.

Together with local organisations and regional networks, IKV works to build bridges between the various population groups and to strengthen local organisations, especially those in areas of conflict. In addition, IKV also supports the regional activities of NGOs and municipalities. IKV is making steady progress with its programmes in multi-ethnic Macedonian towns and with its exchange programme for youngsters from Serbia and Kosovo. These projects have been brought together in a new five-year regional programme for civil society building in Southeast Europe.

www.ikv.nl

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Economic Activities and Credit Facilities

In 2003, Southeast Europe partner Mi-Bospo received the first loan granted to the region by HTF. This micro credit institution serves 6,300 women in Bosnia-Herzegovina; the total value of the loan portfolio is 6 million euros.

www.mi-bospo.org

KEY FIGURES SOUTHEAST EUROPE

amounts x 1,000 euros	2002	2003
Expenditure	2,296	2,751
to be charged to the CFP	2,251	2,651
Number of partner organisations	12	16
Number of projects	26	24

Hivos expenditure by region



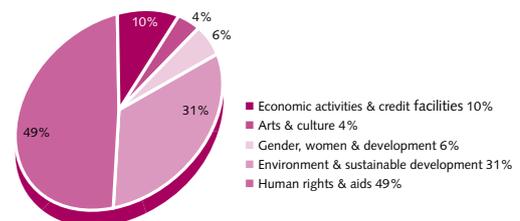
Hivos partner organisations by region



Hivos supports organisations in:

Albania Bosnia-Herzegovina Kosovo
Macedonia Moldavia Montenegro Serbia

Expenditure in Southeast Europe by policy spearhead



Art and Culture

www.eurocult.org In 2003, Hivos concluded an agreement with the European Cultural Foundation (ECF) for the period 2003-2006. The main focuses of this agreement are an intercultural dialogue within the European Union and with the countries which lie just beyond the newly drawn borders, participation through art, where professionals collaborate with amateurs, and the strengthening of the cultural sector through support for institutions and attention for policy development. Thanks to the contacts with ECF, the significance of the Art and Culture section of the programme in Southeast Europe will gradually increase.

Gender, Women and Development

www.hom.nl At the beginning of 2003, the Netherlands Humanist Committee on Human Rights (HOM) carried out a study for Hivos into the position of women and the women's movements in Southeast Europe. In their struggle for emancipation and equality, these groups seem to be giving priority to combating the discrimination of women. In addition, they closely monitor the compliance with legislation and regulations about equal rights and lobby for improved legislation. Against this background, and with the support of Hivos, HOM has introduced a three-year capacity building project for women's and human rights groups in the region in order to consolidate and improve women's rights.

Environment and Sustainable Development

www.milieukontakt.nl
www.avalon.nl The EU and intended EU membership have had a major impact on politics in all the countries in the region. Slovenia will join the EU in 2004; Croatia hopes to do so in 2007. Other countries will need to have more patience. They will first have to make substantial improvements to their legislation before they reach a level that is acceptable to Brussels. In view of this situation, two Hivos partners in particular, Milieukontakt Oost-Europa and Avalon – together with their own local partners – have started lobbying for improvements to environmental management and better opportunities for organic farming.



Organic farming in Southeast Europe

www.avalon.nl

In 2001 Avalon started a collaborative programme with NGOs in Albania, Bosnia, Herzegovina, Kosovo, Croatia, Macedonia and Serbia to promote organic farming. Drawing together people and organisations in the various countries is seen as an important side effect of the programme. Avalon's programme is already making a clear contribution to the development of the organic farming sector in the region. During the year under review, training sessions and convincing field demonstrations enabled farmers and agricultural extension service officials to become better acquainted with organic farming against the background of the formulation of new legislation for this sector in Albania, Bosnia and Croatia. Avalon and its partners have successfully forged a link between organic farming, nature protection and the conservation of biodiversity. Thanks partly to the programme's excellent public relations, a large proportion of the population has come to know about organic farming. The programme has established good contacts with newspapers, radio and television. The Albanian, Croatian and Serbian partners even publish a very respectable magazine. The partners are noticing increasing interest for the exhibitions and tastings that are organised every year.

The number of market stalls in Croatia was increased in 2003. Traders in Albania and Serbia have also started to sell fresh organic produce in markets. In Serbia, partners introduced a subscription system for vegetable parcels, and a survey was carried out to determine the demand for organic produce. Although the demand for regional products is increasing, it is proving difficult to attract more farmers to grow organic produce.

In an area where the agricultural sector must now produce sufficient food crops following years of war and political upheaval, where jobs must be created and where, at the same time, debates are being held about the degradation of the environment, nature protection and the conservation of the exceptional biological diversity, Avalon and its partners see plenty of opportunities for organic farming.

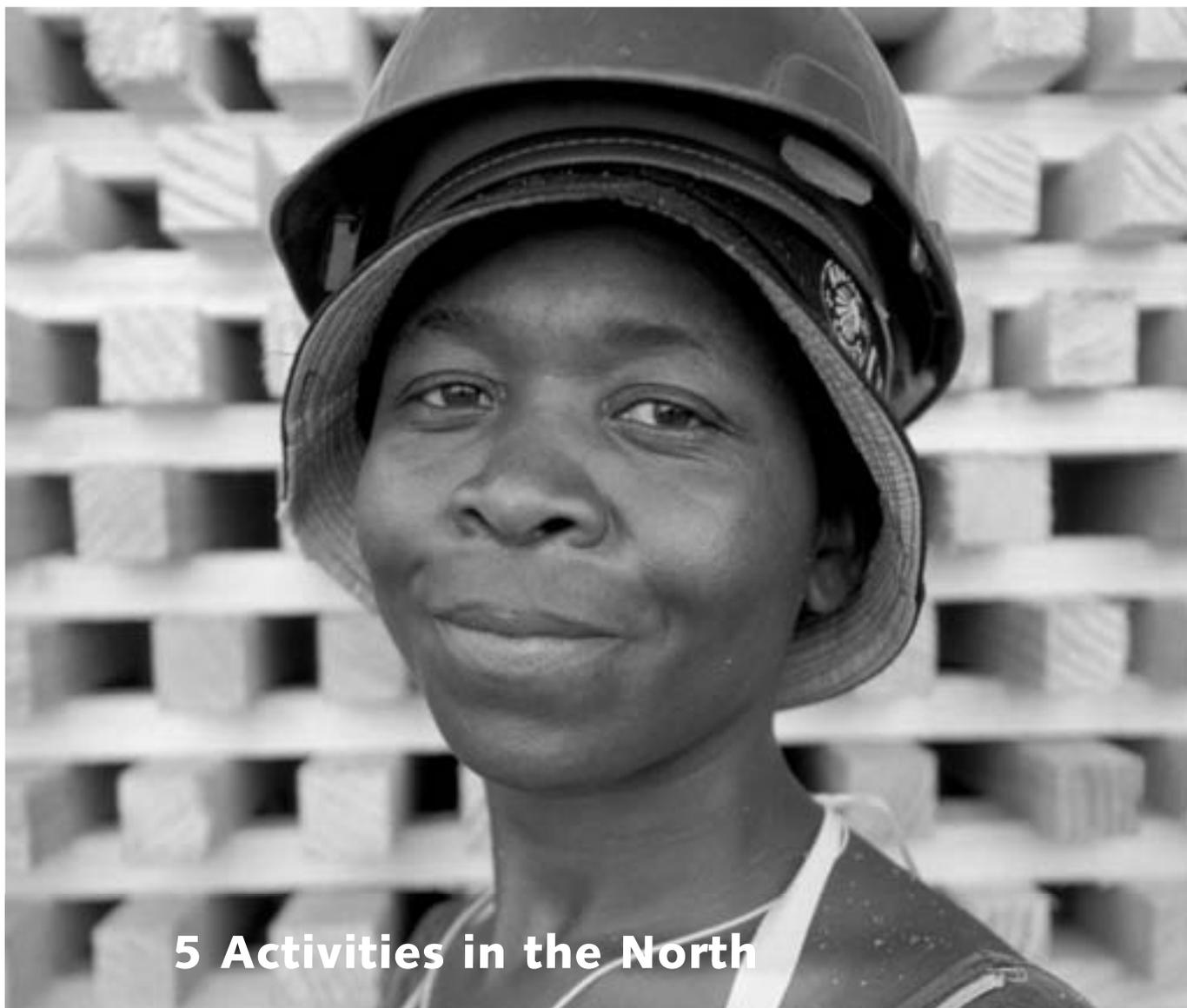
In 2003 Hivos provided Avalon with 430,000 euros.



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Human Rights and AIDS

In a follow-up to an investigation into the social position of homosexuals in Southeast Europe, Hivos and its partner COC worked together at the end of 2003 to develop a four-year programme www.coc.nl in support of capacity building for the many new gay and lesbian movements in the region. The programme is jointly funded by PSO and Hivos. www.pso.nl



5 Activities in the North

In the Netherlands and in Europe, Hivos works closely with a number of other development organisations and also with other civil society organisations. In Hivos' view, international cooperation is more than development cooperation alone. Hivos selects its (civil society) partners in the North on the basis of their expertise and position in the specific policy domains that are most important to Hivos itself. Cooperation effected in this way increases the level of public support in the Netherlands and renders lobbying and education more effective. Cooperation in a pan-European context is becoming increasingly important to Hivos.

5.1 Cooperation in Europe

5.1.1 Alliance2015

www.alliance2015.org Alliance2015 is named after the UN Millennium development objectives. The central objective is to halve the number of people living in absolute poverty by the year 2015, taking 1990 as reference year. From the date of its founding, Concern (Ireland), Deutsche Welthungerhilfe (DWHH, Germany), Ibis (Denmark) and Hivos (the Netherlands) have been members of Alliance2015.

www.concern.ie

www.welthungerhilfe.de

www.ibis.dk

www.cesvi.it Membership was enlarged in June 2002 when Cesvi (Italy) joined, and again in December 2003

www.pinf.cz when People in Need (Czech Republic) joined.

Alliance2015 is Hivos' most important strategic collaborative alliance with peer organisations in Europe. This collaboration relates both to coordinating activities in Europe and to cooperation in

- Alliance2015 is a pragmatic collaborative venture between Concern (Ireland), Ibis (Denmark), Deutsche Welthungerhilfe (Germany), Cesvi (Italy), People in Need (Czech Rep.) and Hivos (the Netherlands).
- Joint allocations in 2002: 250 million euros.
- Expenditure breakdown: structural poverty alleviation 60%, emergency aid 31% and lobbying, education and information 9%.
- Expenditure by region: Africa 43%, Asia 31%, Latin America 16%, Europe 2%, other areas 8%.
- Income: 66% of the funds come from public sources and 34% from private sources.

the South. As far as the South is concerned, Alliance2015 members are active both in the domain of structural and humanitarian aid. Although the member organizations share the same secular principles and values, they do differ widely in their special strengths and strategies. The explicit aim of Alliance2015's members is therefore to complement each other and so create strength out of diversity.

Strengthening organisation and communication

The organisational structure of Alliance2015 was modified in 2003. There are now two working groups, the North Group and the South Group, in which officers of the various organisations meet two or three times a year to exchange experiences and discuss possible collaborative ventures. Alliance2015 is chaired on a revolving basis, and Concern handed the gavel to Hivos in 2003. Communication between the members - vital for an international alliance - was further improved with the stationing of a full-time communications officer at DWHH.

Alliance2015 Strategic plan 2004-2006

Alliance2015 has drawn up a Strategic Plan 2004-2006 to guide the collaborative activities of the members through the next few years. This plan incorporates specific collaborative objectives, formulated for activities in the domains of humanitarian aid, rehabilitation, and structural development in the South, and the domains of fundraising, developmental awareness-raising, and lobby in the North. It will be essential for the cooperation to be defined in a practical way, on the basis of the needs and possibilities of the various implemental levels within the organisations that make up Alliance2015.

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Cooperation in the South

One component of the practical cooperation is focused on humanitarian aid. Alliance2015 members held workshops on the subjects of safety and humanitarian aid. In addition, they harmonised the way that they respond to emergency situations in different countries. In the domain of structural aid, information was shared and exchanged in regional meetings in Nicaragua, Peru, Mozambique and India. Hivos participated in four joint consortia projects that were approved or selected for EU funding. Two of those projects were carried out under the leadership of Hivos and the other two under that of DWHH. Several projects are being prepared. In the Andes region, Hivos worked with Ibis in the support of projects with and for indigenous population groups.

Cooperation on HIV/AIDS

Theme-based cooperation applies only to a limited number of priority themes. HIV/AIDS is one of the themes on which Alliance2015 members concentrate their collaboration. A regional HIV/AIDS project in Mozambique has been formulated as the first activity in this domain, in the form of a consortium project under the leadership of Ibis. A second initiative in this domain is the development of a communal education and lobbying project on the subject of HIV/AIDS, which will be based in Europe and will be carried out under the leadership of Hivos. The project builds on the experiences of partners in Southern Africa, and will be implemented in the summer of 2004.

Stop Child Labour

After over a year of preparation, the Alliance2015 campaign entitled "Stop Child Labour, School is the best place to work" was kicked off in May 2003 in Brussels, Amsterdam, Bonn and Dublin.



Hivos is coordinating this three-year campaign (in collaboration with Concern and DWHH); a grant for the campaign has been received from the European Union. In the Netherlands, Hivos is also working closely with Landelijke India Werkgroep, Algemene Onderwijsbond, and FNV Mondiaal. A signature drive was held around three central demands:

- Policy aimed at the complete abolition of child labour and access to full-time formal education for all children under 14 years of age.
- Doubling of expenditure on primary education in the EU's development budget and in the budgets of the member states (from 4% to 8%).
- Specific policies aimed at the integration of girls into the education system.

In addition, a policy paper on child labour was presented to Dutch members of parliament and to the Minister for Development Cooperation. By continuing to focus on combating the "worst cases of child labour", Dutch policies remain half-hearted and fail to call for the complete abolition of child labour. On the international scene, however, some progress has been made, as EU Commissioner Nielson acknowledged that the millennium objective of "education for all" will not be achieved unless policy is aimed at the abolition of child labour.

5.1.2 Eurostep

www.eurostep.org Eurostep is a network of European development organisations which all have a secular background. Hivos and Novib form the Dutch contingent in the network. Eurostep is primarily aimed at political lobbying in the EU on the subject of development cooperation.

An external evaluation of the Eurostep secretariat, carried out in 2003, found that Eurostep was a professional centre of expertise, which was carrying out high quality lobbying in the context of European development policies. Eurostep effectively tackles major lobby issues and plays an important and specific role in respect of the activities of other networks such as Concord, the European

www.concordeurope.org

NGO Confederation for Relief and Development. Eurostep has drawn up a core programme for general lobby activities. The new EU constitution, coherence in EU policies (trade relations and development policies), and the new long-term budget for 2007-2013 are the main focus of the programme. Eurostep advocates a clearly defined development budget, with a sharp focus on poverty in line with the millennium objectives. In addition, Eurostep carries out specific projects on the basis of project grants received from member organisations, for instance: monitoring EU relations with specific areas such as Asia.

Relations between the EU and Asia

Within the Eurostep context, Hivos is the initiator of the EU-Asia lobby project. This lobby is being conducted in cooperation with the South Asian Alliance for Poverty Eradication (SAAPE). The SAAPE network is aimed at monitoring the poverty situation in the region and seeks ways to influence the policies of both governments and international institutions. The network has asked European development organisations for support in this effort.

www.saape.org

In the month of February, in response to an earlier request from representatives of SAAPE, a hearing was held in the European Parliament about the European Commission's proposed ALA policy framework, which regulates the relations between the European Union, Asia and Latin America. A joint Eurostep reaction pressed for a clearer focus on poverty in EU policies, in line with international millennium objectives. Civil society organizations should be involved in the design and implementation of the EU's strategic plans to alleviate poverty in the various countries concerned. A general point of concern is the rather low priority that Europe gives to poverty in Asia. Only a small fraction of the EU development budget is available for this purpose, while more than 60% of those classed as the poorest people in the world live in that continent.

As a follow-up to the discussion in the European parliament, Hivos joined forces with Marieke Sanders, the EU Parliament's reporter for the EU-ALA policy framework, to hold a similar discussion with a large number of interested organisations, politicians and private individuals in The Hague.

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5.1.3 Other Networks

The NGO-EU Network

Hivos has a seat on the board of the NGO-EU Network, a platform of forty or so Dutch development organisations. This platform in turn forms part of the pan-European platform known as Concord, to which 900 development organisations from all over Europe are affiliated. Concord was founded at the beginning of 2003 as the successor of what was then known as the NGO-EU Liaison Committee. The main difference in the new body is that it includes, alongside the national platforms, fourteen European networks such as Eurostep and Eurodad. Working groups play an important part in the new structure. The Financing and Development Education working groups, which were already in existence, are core working groups. Besides these, there are also a number of theme-based groups, which are generally chaired by one of the major networks.

As representative of the Dutch platform, Hivos has a seat in the Finance, Development and Relief Working Group. An important seminar to discuss the future of European co-financing was held in Palermo in October. Besides representatives of various NGOs, participants also included representatives of EU member states and of the European Commission. Those present achieved a reasonable level of consensus on the most important principles for an updated system of European NGO co-financing. New proposals were developed to improve the quality and added value of European NGO co-financing and partnerships between European and Southern NGOs. All in all, the seminar created a solid foundation for updating the co-financing system. Nonetheless, a great deal will depend on the follow-up, as a number of other developments are taking place at the same time, which represent a threat to the desired independence of NGO funding for poverty alleviation. The EU's co-financing budget, for example, has not been increased for many years, in spite of the positive results achieved in projects in the South. In fact, the budget for 2004 has again been reduced.

www.wsis.nl The Solar Development Foundation (SDF) was founded early in 2000. Its aim is to support small and medium-sized businesses in development countries in introducing small-scale sustainable energy production. By means of loans, guarantees and modest donations, sustainable electricity supplies will be made accessible to those sections of the population in poor countries that - as yet - have no access to power sources. It is expected that this support will stimulate efforts in the domain of education, community development and economic activities and will contribute to improving the standard of living of the people concerned. Since its foundation, SDF has funded approximately 60 projects with sums varying from USD 5,000 to 175,000 per project. In addition, local investment officers in Kenya, South Africa, India and other areas are working intensively with entrepreneurs to develop business plans and marketing strategies, and to improve management capabilities. The Foundation stimulates, but does not take the entrepreneur's place. Access to consumer credit is an important precondition if power is to become accessible to even the lowest income groups. SDF therefore encourages close cooperation between distributors of solar panels, for example, and micro credit institutions.

The Triodos PV Partners foundation is responsible for the management of SDF. Hivos has supported SDF by means of a 1.5 million euro guarantee since 2003. This guarantee will serve to ensure the growth of the portfolio during the coming years. In addition, Hivos has donated 0.5 million euros to the organisation to enable it to provide advisory services to future customers.

Eurodad

www.eurodad.org Hivos is an active member and board member of Eurodad, a European network of 45 development organisations that works on the issue of debt and development. Hivos' partners in Central America, Eastern Africa and South Asia are involved in the poverty reduction strategy plans of their respective national governments. Eurodad has a special programme that is designed to support partners from the South to formulate input for their lobby on these plans. This project will come to an end early in 2004. Lobby in the North will continue in a new programme, which has been drawn up in close collaboration with partners from the South. A grant for this programme was received through the theme-based co-financing scheme in 2003. This grant was of great importance to Eurodad, since the EU grant it had been receiving for the past nine years came to an end with the passing of 2002. Increased competition and more strictly defined criteria, in which the focus lies on reaching a wide public, were the reasons why Eurodad's network programme, which focuses more on lobby and research, was turned down for further EU support. The founder and coordinator of Eurodad, Ted van Hees, left the organisation in 2003, after twelve years. Jacqueline Woodman has taken over as interim coordinator.

IHEU

www.iheu.org As a specialised humanist organisation, Hivos is part of the International Humanist and Ethical Union network, IHEU. Hivos provides support for the IHEU Networking Fund for the benefit of humanist-oriented organisations in the South that fight religious intolerance and cultural discrimination.

5.2 Cooperation in the Netherlands**5.2.1 Information, Lobbying and Education**

In the Netherlands, Hivos works very closely with other civil society organizations in the domain of lobbying, education and information. This includes not only other development organisations but also organisations in other specialist fields. Organisations, for instance, which have expertise in the domain of economic activities and credit facilities, environmental issues and sustainable development, culture and the arts, gender, women & development, human rights, AIDS or ICT.

There are five main themes on which Hivos' lobby activities concentrate: coffee, biodiversity, human rights defenders, freedom of expression, and - linking up with Alliance2015 - child labour.

Coffee Coalition

In 2003, the Coffee Coalition - a lobby organisation whose members include Hivos, Novib, FNV Bondgenoten and the 'Wereldwinkels' (fair trade shops) - continued its campaign vis-à-vis commerce and industry for a better distribution of the money which is earned in the coffee production chain. In the course of the year, the Dutch coffee roaster Douwe Egberts agreed to introduce a new code of conduct as soon as a practical quality control system was available. As one of its own activities in the context of the Coffee Coalition, Hivos organised the Coffee Poetry Offensive 2003. This competition attracted the attention of 400,000 people and resulted in 400 new works of poetry. The winning poem was sent to Douwe Egberts, and was published in three national newspapers.

www.koffiecoalitie.nl
www.novib.nl
www.wereldwinkels.nl

Stop Child Labour

Hivos coordinates the Dutch and European activities of the campaign entitled "Stop Child Labour, School, the best place to work", which is also being conducted in Germany and Ireland (see 5.1.1). Other participants in the Netherlands include Algemene Onderwijsbond, Landelijke India Werkgroep and FNV Mondiaal. The aim of the campaign is to eradicate child labour by offering good and full-time daytime education. The campaign was brought to public attention in December via a website designed especially for the purpose by Hivos and via posters displayed at stations. The result for the month of December alone was 5,900 online visitors and 2,655 signed petitions. At the end of the year under review, 250 schools had registered to take part in the schools campaign that was kicked off in January 2004 with a musical about child labour.

www.stopkinderarbeid.nl
www.aob.nl
www.indianet.nl
www.fnv.nl/mondiaal

Biodiversity

The film about biopiracy, produced by Hivos partner Zimmedia, was broadcast on BBC World (thanks to the efforts made by Hivos) and seen by no less than 3 million people in 200 different countries. Together with Friends of the Earth Netherlands and the Stichting Natuur & Milieu, Hivos organised a debate on the motion: "Will America determine what we eat?" The members of the Dutch and European parliaments who were present proved well-disposed to the standpoint that the USA, Canada and Argentina should not be allowed to coerce the EU through WTO into allowing GMOs into the European market. In collaboration with the GenTech Coalition and OneWorld, Hivos is setting up a Dutch knowledge centre on GMOs, which will be launched early in 2004.

www.zimmedia.com

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Human rights defenders

Based on the experiences of their partners, Hivos and Amnesty International Netherlands compiled a list of 25 recommendations to improve the safety of human rights activists abroad, and presented them to the Dutch ambassador for human rights (see 4.1.5). This was followed, in the autumn, by a series of debates at five Dutch universities, at which four human rights activists from various Hivos partner organisations participated. The debating tour was very successful, and attracted the attention of the national press. The campaign was followed up beautifully in January 2004, with posters in 15 Dutch branches of The Body Shop.

www.amnesty.nl
www.wereldburgers.nl

Freedom of expression

In conjunction with Centre for Culture and Debate De Balie and the Utrecht College of Fine Arts, Hivos organised a conference entitled "Reclaiming Cultural Diversity" (see 4.1.2) at the end of



Stop Aids Now!



- Stop Aids Now! is an initiative of the AIDS Fund, in collaboration with ICCO, Memisa, Novib and Hivos, aimed at providing preventive and curative AIDS treatment in developing countries.
- Net income available for partners: 3.5 million euros.
- SAN! Hivos expenditure 2003: 0.58 million euros for 10 organisations,
- 46% of which was destined for Africa, 10% for Asia, 25% for Latin America, 18% for Southeast Europe and 1% for worldwide activities.

September in Amsterdam. Twenty-five experts from 23 different countries, all active in media and the arts and culture sector, discussed the necessity for and the possibilities of guaranteeing freedom of cultural expression and the protection of local cultural markets against the influence of omnipresent international media conglomerates. This was followed in the evening by a public debate. The conference represented the start of a long-term campaign by Hivos.

Debates on Iran

Hivos also expressly seeks out opportunities for collaboration with other organisations in its activities in the domain of information and public education. Besides humanist organisations (see 5.2.2), associations of young people and migrants are also important target groups for these activities. An example: the collaboration with the Iranian community in the Netherlands which was established in 2002 was further deepened in the year under review with a follow-up in the form of a series of debates under the title "Where is Iran?" in which the position of young people, ICT and media, and the place of Iran in the region were discussed. The debates were chaired by Sandra Rottenberg and were organised in cooperation with Alternative View and Aida. The series attracted 350 visitors and reached a further audience of 100,000 via the media.

www.aidainternational.nl

Funki: a game about the digital divide

<http://funkihivos.nl> In collaboration with the Utrecht College of Further Education, Hivos has developed a computer game about the digital divide separating the North and the South. Over 500,000 young people heard about Funki, thanks to items broadcast on popular radio and TV stations. The launch of the game at the Off Corso disco attracted over 700 youngsters, and the game is now being played by about 10,000 people.

Africa Day

www.evertvermeerstichting.nl Hivos organised two workshops during the annual Africa Day, presented by the Evert Vermeer Foundation. The workshops were entitled "Gender and economic reform in Africa" and "Virtual villages: is the global village becoming a virtual reality?". Together with the Coffee Coalition, Hivos was also responsible for organising a workshop about the wrongs being perpetrated in the coffee production sector in Kenya. The 2003 edition of Africa Day attracted nearly a thousand visitors, a hundred of whom attended the Hivos workshops.

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Video, film, photography and poetry

www.wvfv.nl Hivos made a fund available for the World Wide Video Festival specifically for media productions from Peru. At the Amsterdam Passengers Terminal, artists exhibited their latest work in the form of 3D creations, net art, videotapes and CDroms, and also entered into discussions with the public. www.filmfestival-rotterdam.com During the International Film Festival Rotterdam, Hivos relations were invited to attend a showing of the film "Abouna" by Mahamat Saleh Haroun (from Chad).

www.poetry.nl Faithful to tradition, Hivos continued its support for Poetry International, the Winternachten literature festival and the Noorderlicht photo exhibition. Over the years, Noorderlicht has become a premier event, attracting tens of thousands of visitors each year. The theme for 2003 was Global Detail, a provocative reflection on all the changes which globalisation is bringing about. Thanks to the enormous success, Global Detail was extended for a week. www.winternachten.nl www.noorderlicht.com

Hivos Online and the virtual office

www.hivos.nl Hivos is an active and extensive user of new media. Once again, the Hivos Online webpage featured a wide variety of reports about Hivos, its partner organisations and international cooperation. The database with information about all Hivos partners is universally accessible. The number of visitors to the site each month rose from 10,000 at the end of 2002 to 14,000 at the end of 2003.

www.hivos.org April 2003 saw the opening of Hivos' "Virtual Office". Through this website, which can be viewed in the Dutch, English and Spanish languages, private individuals and organisations can submit their project proposals online (see chapter 3). Hivos aims to improve its service to applicants by means of this facility. The site serves not only to make Hivos more accessible, but also contributes to greater transparency. Existing and potential partners can find information on the site about Hivos' objectives, criteria and procedures.



5.2.2 Collaboration with Humanist Organisations

Hivos is part of the humanist movement and plays an active role within the Humanist Alliance. In the course of 2003, this Alliance grew into a federation of 15 members and 23 partners, which include Humanistisch Verbond (Dutch Humanist League - HV), Humanitas, the University of Humanistics, Human, Humanistisch Vormingsonderwijs (organisation for ethical education) and HAK.DER, the federation of liberal Alevitic Muslims. Hivos' role within this Alliance is to cultivate interest in the international dimension of humanism.

Hivos committees, HV communities, local Humanitas groups and ABAL fair trade shops continued to bring Hivos' work to the attention of the public in their respective regions.

www.human.nl
www.humanistischverbond.nl
www.humanitas.nl
www.uvh.nl
www.hvo.nl
www.hakder.nl

Rally

To reinforce links between staff and volunteers of the various humanist organisations, the Humanist Alliance organised a rally ('Toogdag') at the beginning of January 2003. Hivos played an active role in this event. Besides holding a workshop on "Women and ICT in developing countries", Hivos was also active in a panel discussion on empowerment and social exclusion. The event attracted over 250 staff members and volunteers.

World Humanist Day

To mark World Humanist Day, Hivos joined forces with the Humanist Peace Council to organise a conference about world citizenship in times of war. Hivos led a workshop about human rights and the UN, assisted by Wouter Plomp (from the Ministry of Foreign Affairs), Rob Buitenweg (University of Humanistics), and Babu Gogeneni, director of IHEU. Thanks to the wonders of

www.humanistischvredes-beraad.nl
www.iheu.org

modern communication technologies, Frank LaRue of the Guatemalan partner organisation CALDH could join them. The programme also included workshops led by Lodewijk de Waal (chair of the socialist trades unions) and Roger van Boxtel (former Minister and MP). Over 250 participants attended.

Humanism and Islam

The Ibn Rushd chair at the University of Humanistics (UvH) was endowed by the Socrates Foundation, with the support of Hivos, at the end of 2002. Thirteen students attended the first series of lectures on Humanism and Islam. The chair was established to stimulate debate on the place of Islam in a pluriform, secular society. This theme has become more important than ever since the events of 11 September 2001. Hivos sees this chair as the first fruits of its collaboration with UvH in the domain of human rights and development.

Humanitas

Many problems that Humanitas encounters in the Netherlands can be traced back to social problems in the South. This insight led Hivos and Humanitas to reinforce their ties. One of the ways this was put into effect was to hold a series of orientational discussions about possible new areas of collaboration. In addition, the two organisations worked constructively together during the two-day visit to the Netherlands of the South African AIDS activist Zackie Achmat (see also the box on TAC, 4.1.2). During his visit, which followed the presentation to him of the Silver Rose Award by Solidar in Brussels, Achmat spoke with a delegation from the Dutch Ministry of Foreign Affairs and figured prominently in Nova, the main current affairs programme on Dutch TV.

5.2.3 Fundraising

Hivos is not typical of organisations dedicated to private fundraising. Neither its operations nor its specific policy accents reflect such dedication. Nonetheless, with a view to transparency it is important that Hivos' private fundraising activities should be worthy of the quality label awarded by the Dutch Fundraising Watchdog, CBF.

Hivos' unique cooperation with Triodos Bank falls outside the scope of this quality label, even though it could in some sense be described as a fundraising activity. The North-South Savings deposited with Triodos Bank are utilised, via the Hivos Triodos Fund (see 4.1.1), to fund the credit programmes operated by Hivos' partners.

Institutional fundraising

A substantial portion of the private funds that Hivos raises comes in the form of gifts from other private organisations. In 2003 this institutional fundraising added nearly 743,000 euros to the coffers for the funding of specific activities to be undertaken by Hivos partners. Major contributions were received from Simavi, and from Alliance2015 partners DWHH and Concern. A special

TABLE 8 HIVOS FUNDRAISING IN 2002 AND 2003

<i>amounts x 1,000 euros</i>	2002	2003
Donatable funds		
Gifts	337	288
Bequests	88	75
Total private funds	425	363
Institutional Funds	1,718	831
Total	2,143	1,194
Lending Funds		
(previously) General Loan Fund	87	87
North-South Savings Plan	10,506	13,331
Total	10,593	13,418

component of Hivos' institutional fundraising is the campaign Stop Aids Now! (SAN!). This is a collaborative alliance of the Aids Fund, Hivos and three other development organisations. In the third year of its existence, SAN! generated nearly 3.5 million euros for the participating organisations. Hivos received one sixth of this amount. www.stopaidsnow.nl

North-South Plan

The collaboration with Triodos Bank represents a unique selling point for Hivos. By opening a North-South Savings Account, individuals can become involved in credit and lending operations for economic activities in the South. In 2003, the North-South savers made a total amount of 12.5 million euros available, which is 40% more than in 2002. The total value of North-South guarantees is 1 million euros. The primary guarantor is the clothing collector KICI, which allocated 19,000 euros to the North-South Plan in 2003. www.triodos.nl www.kici.nl

At the end of 2002, Triodos Bank launched the Triodos Fair Share Fund. This fund, which will operate alongside the Hivos Triodos Fund, invests in small existing banks in developing countries, some of which are Hivos partner organisations. Investors provide venture capital. The total assets of the new fund amount to 2.9 million euros. Over 118,000 participating interests have been issued, with an intrinsic value of 24.50 euros each. Now that (after a one year delay) the EU has approved the tax exemption for ethical investments, under which regime this fund falls, Triodos Bank expects to see the fund increase substantially in the coming year.

Private donations

Hivos received a total of 363,000 euros in donations from individuals and groups of its (humanist) supporters during 2003. "Targeted Gifts" accounted for nearly 83,000 euros of this amount, 4,800 euros of which were earmarked for the Hivos Culture Fund. As they have done in previous years, the Boh Foi Toch band from the East of the Netherlands and the Haaksbergen Lions Club again made a substantial joint contribution. In 2003 they collected 33,000 euros for Kuleana, a children's rights organization from Tanzania. A further 21,500 euros of private donations was earmarked for the MV Foundation of India, an organisation which is playing a pivotal role in the "Stop Child Labour - School, the best place to work" campaign. www.bohfoitoch.nl

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5.2.4 Small-scale Social Activities

On home ground, in the Netherlands, Hivos funds small-scale social activities that will stimulate and broaden the debate about international cooperation and the involvement of society in such cooperation. Renewal and innovation are important, and Hivos offers access to development cooperation funds for groups that previously did not have that facility. Hivos is therefore pleased that the scope to support this type of low-threshold private initiatives has been broadened. A case in point is Linkis.nl, a joint initiative of co-financing agencies and NCDO, that has been set up to provide the interested and active citizen with insight into the broad spectrum of small-scale development cooperation grants. The site will probably become operational in the course of 2004. www.linkis.nl

The number of applications in this domain increased from 128 to 211 in the year under review. All in all, Hivos funded 48 activities (31 in 2002), to the value of 352,744 euros. These were all relatively small applications, to an average amount of 7,620 euros. The successful applications were disbursed from four different funds:

- World Citizen Fund (67%)
- Diversity Fund (27%)
- Fund for Ideology and International Cooperation (4%)
- Experiment Fund (2%)

Three examples of 2003 projects will illustrate the type of small-scale social activities that are eligible for funding.

Neighbours [Nabuur]

Nabuur.com is an online platform through which local communities ("virtual villages") in various parts of the world who need assistance can come into contact with people living elsewhere who might be able to help them. Through the medium of the Nabuur website, virtual neighbours can help each other practically, without the need to travel. This makes Nabuur itself a virtual small-scale social activity. www.nabuur.com

GearInside

Hivos supported the project entitled GearInside (the Urban Intervention as Multicultural Interchange), in which seven Brazilian artists highlighted social and political issues using all the tools of their trade: lights, texts, banners, posters, sound effects and performances. These activities were aimed at a broad section of the public in the city of Rotterdam.

Hole in the Earth

www.cell.nl Diergaardesingel in Rotterdam was the scene for the opening of the "Hole in the Earth" project in December. This project was initiated by CELL and involves a virtual tunnel cutting straight through the earth; as a result, people at both ends of the tunnel can see each other and communicate with each other, enabling them to step across the boundaries of culture and language with ease. Hole in the Earth is intended as a window for communication between different cultures and societies. One end of the Hole is being created in the centre of Rotterdam; the other end is in Bandung in Indonesia.

5.2.5 MBN and SNF

Co-financing Broad Network (previously known as GOM)

www.mfp-breed.nl Previously, the Joint Consultative Body for Co-financing Organizations (GOM) was the platform through which CFOs discussed the various matters relating to the Co-Financing Programme. The changes effected in the co-financing channel in 2003 gave rise to the need to review both the mandate and the position of this consultative body. The result was a limited package of activities, concentrating primarily on ensuring compliance with the agreements made in the context of the new CFP Broad policy. The consultations were also given a new name which would be more in line with the new focus: as from 2004, the GOM will be abolished and replaced by the Co-financing Broad Network (Medefinanciering Breed Netwerk) or MBN. With a view to increasing recognisability, the new name is already being used in this Annual Report.

The aim of the platform is to facilitate the harmonisation of the activities of the co-financing agencies and to exchange information. Through the MBN regular meetings take place with the Ministry of Foreign Affairs' Directorate for Social and Institutional Development (DSI). MBN has a small but professional secretariat. Chairmanship rotates; the managing director of Hivos will chair the platform in 2004. The last person to chair the GOM in 2003 was Meindert Witvliet, managing director of Plan Nederland.

Evaluation system

The policy framework Co-Financing Broad came into effect from 2003, and this has altered the tasks of the MBN somewhat. One important new task for the MBN is to coordinate the implementation of the joint agenda for the evaluation of the co-financing programme. In 2002 an agenda with seven main themes was drawn up for the period 2003-2006. An integrative report will be produced on each of these themes. All the co-financing agencies, with the exception of Terre des Hommes, will take part in at least four of the evaluation studies in the series. One of the agencies will bear ultimate responsibility for each evaluation report. The MBN then has the task of fine-tuning the evaluation process and organising the follow-up. This follow-up will mainly consist of workshops for both the co-financing agencies themselves and for interested parties from academia and from the field of development cooperation in the Netherlands. In addition, follow-up meetings with partner organisations in the South will also regularly be organised within the framework of MBN.

Now that MBN is itself organising the evaluation of its own programmes - whereas in the past the CFP Evaluation Steering Committee carried out this evaluation - it has become essential that an external body should guarantee the quality of the evaluation. In the course of 2003, the MBN instituted a Reference Group CFP Programme Evaluations for this specific purpose. The Group consists of six members, all drawn from the academic world and expert in one or more of the themes which will be evaluated and/or with expertise in the field of evaluating development cooperation projects. The Reference Group will make substantial and methodological recommendations at various stages of the evaluation process and will finally make an impartial judgement of the integrative studies and their findings, which will be published together with the reports themselves.

Quality system

In the Co-financing Programme policy framework, the co-financing agencies have been asked to develop a joint quality control system. This system, for which the co-financing agencies have decided to focus on "learning", consists of three components. Firstly, a number of minimum quality requirements have been agreed, which each co-financing institution must fulfil. Independent ISO Inspectors will determine whether or not that is actually the case. Secondly, joint programme evaluation exercises will be organised to measure the effectiveness of the agencies. Thirdly, an Investigative Commission [visitatiecommissie] has been instituted, which will investigate how the learning processes have been organised within the agencies and determine the areas in which the agencies could draw more lessons from each others' practices. In 2003 the focus was on donorship, in 2004 it will be on measuring results.

South-North Federation

In the year under review, the South-North Federation (SNF) decided to adopt a new course: from being a platform for progressive organisations in the domain of development and sustainability to being an organisation with expertise in the domain of socio-economic issues. That expertise finds expression in three main ways: the development of quality systems, research into production chains, and knowledge of international agreements and regulations.

In 2003, SNF housed two collaborative programmes in the field of international trade. First of these was the Coffee Coalition, a collaborative alliance of ten organisations from the trade union sector, fair trade and development. Hivos is a member of the Coalition. In spring, the Coalition started a lobby for labour rights and more equitable trade relations in the coffee production chain (see also 5.2.1).

In addition, SNF also accommodated the WTO project entitled Globalising Trade Justice, a project funded through the theme-based co-financing programme in which five member organisations took part. The project investigates and tests the developments in the WTO against internationally agreed human rights standards and makes recommendations for improving regulations. SNF also provided the secretariat for the Trade and Sustainable Development Working Group, and it had a seat on the executive committee of the Fair Wear Foundation.

Finally, making good use of the experience gained in the Coffee Coalition, SNF is setting up a collaborative alliance with the MVO Platform, a network of Dutch NGOs that are active in socially responsible entrepreneurship. The alliance will focus on the demands and requirements to be incorporated into the sectoral codes of conduct and best practice protocols being developed for the world of international trade.

www.koffiecoalitie.nl

www.fairware.nl

www.mvo-platform.nl



6 Evaluation and Inspection

Programme evaluations

The activities in which Hivos is involved continued to be evaluated in 2003 by means of programme evaluations. The difference with previous years was that, on the basis of the current Co-financing Programme policy framework, the responsibility for those activities now lies with the co-financing agencies themselves. In the period between 1999 and 2002, the CFP Evaluation Steering Committee was responsible for carrying out the programme evaluations. The joint CFP Evaluation Agenda will build on this series of evaluations.

Besides the joint programme evaluations, Hivos organises its own evaluations and it also collaborates in evaluations carried out by the IOB, the independent evaluation department of the Dutch Ministry of Foreign Affairs.

At the CFO level, Hivos worked with ICCO and Cordaid to evaluate the strategic role of women's associations in civil society building in Kenya, Zimbabwe and South Africa. Together with Cordaid, Novib and Plan Nederland, preparations have been made for a programme evaluation on the participation of civil society organisations in political decision-making processes. This evaluation will be carried out over a two-year period (2004-2005), and Hivos will act as coordinator. In the framework of its own evaluation agenda, Hivos carried out three programme evaluations in 2003: an evaluation of the country programmes in Kazakhstan and Kyrgyzstan (see 4.2.2), an impact assessment of the micro credit organisation Fedecaces in El Salvador (see 4.1.1 and 4.2.3), and evaluations of the film sector in India, Indonesia, Sri Lanka and Southeast Europe (see 4.2.2). In 2003, the IOB embarked on an evaluation of the monitoring and evaluation systems used by co-financing agencies and partner organisations in India, Peru and Tanzania.

Development of result measurement

In January 2003, Hivos finalised a plan of action for the period 2003-2004, for the revision of its result measurement systems. On the one hand, the plan includes a wide range of activities within Hivos itself and, on the other, those to be carried out in collaboration with partner organisations. During 2003, an automated system was developed which will facilitate the collation and provision of information on the degree to which partners are managing to achieve their objectives. The system will be put into operation at the beginning of 2004. In preparation, a number of Hivos staff have been trained to use the new system and Hivos has improved the instruments it already had to select and assess partner organisations.

An internal review of the quality of evaluations was carried out in 2003. The findings of that investigation will be set out in a paper on Evaluation Policies, to be presented in 2004. The exercise is designed to lead to greater quality and diversification of the instruments available.

The increased attention for results will have consequences for the cooperation with partner organisations. More than ever before, Hivos will have to come to agreement with partner organisations about the expected results and the points on which Hivos will judge results and reports in the future. To this end, Hivos will be conducting intensive discussions with partner organisations; some of these discussions will be held in the first half of 2004 to coincide with the regular partner consultations on all the continents.

Inspections

Hivos requires its partners to render account of their activities through progress and financial reports. Since the end of the nineteen eighties, Hivos has considered annual accounts approved by an external auditor to constitute good financial reporting. Such annual accounts should not be restricted to the contribution made by Hivos, but should reflect the overall financial situation of the organisation. Organisations that receive an incidental grant, or one under 15,000 euros, do not need to have their financial records audited by an external accountant. Other exceptions are those organisations located in countries where there are no independent external auditors, as in Cuba for example. Over 80% of Hivos' financial support is, in fact, covered by an auditor's report. This means that Hivos is as certain as it can be that the partner organisations have used the Hivos funds in the proper manner. At the same time, and equally important, the partner organisation will also benefit from the audit process, as it will give them a better insight into the overall financial situation of their organisation.

The audit does not concern itself with the question of whether the funds were used in accordance with the agreement made with Hivos, nor with the effectiveness of the expenditures. Those aspects are assessed by Hivos itself.

The financial inspections that Hivos carries out at a number of partner organisations each year are an important component of Hivos' overall audit system. During his visits, the financial inspector forms an opinion of the quality of the partner organisations' financial management and also of the quality of the external auditors. In this way, Hivos is able to ascertain whether the auditor's report and the annual accounts are an accurate reflection of the actual situation.

During 2003, Hivos visited a number of partner organisations in Cuba to carry out such inspections. The inspectors' findings were critical of the lack of impartiality of the auditors and the rather obscure relationships within a number of semi-NGOs that had some affiliation to the Cuban government. These findings prompted Hivos to take a fresh look at the portfolio and to refrain from providing these organisations with further support. The findings found confirmation in a number of other critical reports, which made it clear that the extremely cautious attempts made a few years ago to create a more open society had now largely been reversed. That does not mean, however, that there is no longer a basis for further support to Cuban organisations, but it does mean that a degree of caution would be expedient (see 4.2.3).

In Colombia, Hivos visited one organisation again to determine whether the recommendations from the 2002 inspection had in fact been implemented, and whether any improvement could be seen. That proved to be the case.

The regional offices in India and Costa Rica were also inspected. Both received a positive report. The requirement that partner organisations should have their finances checked by an external auditor does not preclude fraud altogether. In 2003, two cases came to light in which there was a strong suspicion that the Hivos grant had been used spuriously. Extra audit checks did not entirely confirm these suspicions. But the lack of internal audit, non-transparent cash flows and no, or little, collaboration at the time of the external audit gave Hivos sufficient reasons to decide to terminate the support relationship with an organisation in Kyrgyzstan. An external audit of an African film producer also failed to provide incontrovertible evidence of fraud, but the report induced Hivos to reconsider its support to the African film sector in general.

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TABLE 9 PROJECT EVALUATIONS IN 2003 BY SECTOR AND REGION

	Africa	Asia	Latin America	Southeast Europe	Worldwide	Total 2003	Total in %
Economic activities & credit facilities	8	1	6	0	0	15	24%
Arts & culture	2	0	0	0	0	2	3%
Gender, women and development	3	4	4	0	0	11	18%
Environment & sustainable development	3	6	7	0	0	16	26%
Human rights & aids	6	2	6	0	1	15	24%
Total in policy spearhead domains	22	13	23	0	1	59	95%
Other sectors	0	2	0	0	1	3	5%
Total	22	15	23	0	2	62	100%

7 Annual accounts

The annual accounts and management report of Hivos Foundation for the year 2003 were approved and adopted by the Supervisory Board in its meeting held on 20 April 2004. In accordance with the requirements of the Ministry of Foreign Affairs/Development Cooperation's Financial Regulations for the Co-financing Programme, the annual accounts were first audited by PricewaterhouseCoopers Accountants, which issued an unqualified audit report.

7.1 Balance sheet as per 31 December (in euros)

ASSETS	2003	2002
Tangible fixed assets		
Business capital / premises	558,534	592,318
Ditto, in direct use for objective	62,521	64,046
Business capital / inventory	399,044	239,425
	1,020,099	895,789
Financial fixed assets		
Cash reserves	13,382,381	10,108,192
Participations / holdings	1	1
	13,382,382	10,108,193
Receivables from government sources, long-term		
50/03 Government, co-financing funds	17,651,107	16,122,906
Additional government funds	1,047,823	590,600
EU funds	2,389,014	5,093,663
	21,087,944	21,807,169
Receivables from government sources, short-term		
Government, co-financing funds	34,017,840	28,714,549
Additional government funds	1,620,910	2,812,499
EU funds	4,881,002	2,473,073
	40,519,752	34,000,121
Receivables		
Hivos project fund	712,918	559,795
Reserved funds on current account	2,326,114	1,575,190
Prepayments and accrued income	747,774	1,573,504
	3,786,806	3,708,489
Liquid assets		
On deposit	36,366	35,190
Bank and giro accounts	1,744,998	1,163,419
Bank - Reusable co-financing funds	1,200,782	750,075
Bank - Co-financing funds	-4,501,030	-809,303
Bank - Additional government funds	1,583,048	855,607
Bank - EU funds	-1,191,090	-1,090,352
Foreign accounts	0	3,121
	-1,126,924	907,757
	78,670,059	71,427,518

These annual accounts have been drawn up in accordance with the Reporting Directive for Fundraising Institutions [Richtlijn Verslaggeving Fondsenwervende Instellingen].
The Revenue and Expenditure Account 2003 and the Balance Sheet as of 31 December 2003 are shown on this page and on the next pages; this is followed by the explanatory notes.

LIABILITIES AND EQUITY CAPITAL	2003	2002
Equity capital		
<i>Discretionary equity</i>		
General reserves	-459,023	-61,163
Appropriation reserve, operations	284,350	254,341
Appropriation reserves, overhead costs	5,093,848	3,708,858
	4,919,175	3,902,036
<i>Non-discretionary equity</i>		
Fund assets, objective	62,521	64,046
Fund assets, operations	957,577	831,743
	1,020,098	895,789
Provisions	50,000	0
Mid-term debts		
General loan fund (received funds)	86,712	86,944
Participation North-South Plan	724,461	796,037
Guarantees (issued)	12,606,552	9,312,155
	13,417,724	10,195,136
Project commitments, long-term		
Co-financing programme	17,651,107	16,122,906
EU projects	2,389,014	5,093,663
Hivos project fund	50,000	249,815
Additional projects	1,047,823	590,600
	21,137,944	22,056,984
Project commitments, short-term		
Co-financing programme	28,738,508	26,296,841
Ditto, available from released funds	1,135,633	2,385,846
EU projects	3,017,576	1,088,679
Hivos project fund	760,666	350,132
Other projects	1,966,485	1,495,210
	35,618,868	31,616,708
Short-term debts		
Current account for regional offices	58,696	61,070
Accruals and deferred income	2,447,555	2,699,795
	2,506,250	2,760,865
	78,670,059	71,427,518

7.2 Revenue and expenditure account (amounts x 1,000 euros)

	2003	2002	Budget 2003	Budget 2004
Revenue from own fundraising				
- gifts and donations	288	337	410	450
- bequests	75	88	85	50
	<u>363</u>	<u>425</u>	<u>495</u>	<u>500</u>
Costs of own fundraising				
- direct and indirect acquisition expenses	28	30	76	85
- operational costs own organization	49	30	33	40
	<u>77</u>	<u>60</u>	<u>109</u>	<u>125</u>
As a % of the revenue from own fundraising	21.2%	14.1%	22.0%	25.0%
Available from own fundraising	286	365	386	375
Subsidies from government agencies and other sources				
Contributions from government agencies	77,108	62,441	68,722	70,126
Contributions from institutional funds	831	1,718	1,800	1,000
	<u>77,939</u>	<u>64,159</u>	<u>70,522</u>	<u>71,126</u>
Results on investments / interest	214	139	153	100
Other revenues	383	486	510	416
Total available for objective	<u>78,822</u>	<u>65,149</u>	<u>71,571</u>	<u>72,017</u>
USED FOR OBJECTIVE				
52/03 Overhead, central	1,329	-	1,422	1,418
Information & PR				
- direct and indirect costs	270	178	248	206
- operational costs own organization	469	599	338	337
	<u>739</u>	<u>777</u>	<u>586</u>	<u>543</u>
Organizational renewal	137	-	215	163
Programme evaluations	208	-	200	200
Programme renewal	2,322	-	2,270	940
Programme spending	69,086	60,350	61,766	63,908
Programme support	715	-	772	770
Programme management	4,081	4,395	4,231	3,975
Total used for objective	<u>78,617</u>	<u>65,522</u>	<u>71,463</u>	<u>71,917</u>
Operating result	205	-374	108	100
Additions to / withdrawals from:				
- Appropriation reserves, overhead costs	-451	-119	pm	pm
- Appropriation reserves, operations	-30	44	pm	pm
	<u>-481</u>	<u>-75</u>	<u>pm</u>	<u>pm</u>
Result	<u>-274</u>	<u>-448</u>	<u>108</u>	<u>100</u>

7.3 Explanatory Notes

1. Objective of the business activities

Hivos Foundation's Articles of Association cite the institution's objective as the rendering of aid to developing countries, in the widest sense of the word and on a humanist basis.

2. Principles for the valuation and presentation of assets and liabilities

Commitments to projects approved during the year under review have been accounted for as liabilities. The related subsidies, including the overhead costs allowance (AKV), are accounted for as revenues based on approved project amounts. The AKV that has not yet been realised are included in the Appropriation Reserves for Overhead Costs.

Tangible fixed assets are valued at purchase price less linear depreciation, based on expected economic life.

Financial fixed assets Cash reserves are those liquid assets that serve as collateral for obligations, in accordance with the guidelines issued by the Ministry of Foreign Affairs/Development Cooperation as regards loans and guarantees.

Participation holdings have been valued at 1 euro.

Receivables from government sources represent claims on various government departments arising from financial commitments undertaken by the Foundation in accordance with the relevant agreements and pursuant to its aid programme. These figures include the relevant AKV.

Other receivables and liquid assets are included, insofar as the accounts do not indicate otherwise, at their nominal value in euros. Assets in foreign currencies are converted at the official exchange rate applicable on the balance sheet date. Any differences in exchange rate are incorporated in the Revenue and Expenditure Account.

Provisions are formed for the commitments and risks connected with the Foundation's operations. They do not relate to specific assets.

Debts are included, insofar as the accounts do not indicate otherwise, at their nominal value in euros. Debts in foreign currencies are converted at the official exchange rate applicable on the balance sheet date. Any differences in exchange rate are incorporated in the Revenue and Expenditure Account.

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Project commitments relate to all financial commitments undertaken by the Foundation in the context of the funding agreements concluded with partner organisations.

3. Principles for the determination and presentation of operating results

Revenues and expenditure are accounted for in the year to which they relate.

Bequests are accounted for in the year in which the definite value can be determined.

Subsidy revenues, including the AKV, are accounted for in the year in which the claim becomes definitive.

Lapsed subsidy amounts are deducted from the subsidy revenues in the year in which the right to subsidy expires.

Project expenditures are accounted for in the year in which the commitment becomes definite, and are allocated to the appropriate continental desk.

All expenses, with the exception of extraordinary expenses, are allocated to the appropriate activity in accordance with sound commercial economic criteria, in the following manner:

- The direct costs of fundraising and of information, lobbying and education (both Communication Desk), are allocated in full.
- The operational costs of information, lobbying and education (Communication Desk) of each continental desk are allocated directly to that desk and increased with an overhead component in proportion to personnel costs.
- To the operational costs of fundraising has been added an amount for the costs for central staff services (overheads Management Desk and Internal Affairs Desk) in proportion to the overall ratio between private funds raised and turnover. This item also includes part of the costs of the Communication Desk, in proportion to the deployment of staff from this Desk for fundraising purposes.

7.4 Notes to the balance sheet

ASSETS

Tangible fixed assets

The accumulated purchase values and depreciation on the fixed assets as per 31 December are as follows:

	Purchase value		Depreciation		Book value	
	2003	2002	2003	2002	2003	2002
1)	846,076	846,076	287,542	253,758	558,534	592,318
2)	1,763,552	1,395,264	1,364,508	1,155,839	399,044	239,425
3)	76,245	76,245	13,724	12,199	62,521	64,046
	<u>2,685,873</u>	<u>2,317,585</u>	<u>1,665,774</u>	<u>1,421,796</u>	<u>1,020,099</u>	<u>895,789</u>
Operations:		1) premises (10 - 50 years)				
		2) inventory (3 - 10 years)				
Objective:		3) premises, Harare (50 years)				
		Total mutations:			2003	2002
		Book value as per 1 January			895,789	834,199
		Investments:				
		- rebuilding/refurbishment		0		
		- inventory		<u>368,288</u>		
					<u>368,288</u>	<u>248,403</u>
					1,264,077	1,082,602
		Depreciation			-243,978	-186,813
					<u>1,020,099</u>	<u>895,789</u>
		Book value as per 31 December			<u>1,020,099</u>	<u>895,789</u>

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1) The office accommodations (building and surrounding property) at Raamweg no. 15 and 16, recorded in the land register of The Hague, section X, number 472, measuring 5 are and 55 centiare and number 522, measuring 5 are and 55 centiare, were bought in 1987 for € 635,292.

2) Business capital and inventory.

3) The office accommodation at Stand 2956 Salisbury Township, Harare, measuring 2855 centiare was bought at the end of 1994 for € 76,245. If these premises are sold, any capital gain this entails will go to the programme in southern Africa; any loss will be charged to the Foundation.

Financial fixed assets

	2003	2002
Cash reserves		
North-South Plan accounts Hivos	720,656	735,457
Cash reserve co-financing ¹⁾	<u>14,987,839</u>	<u>10,947,925</u>
Total reserved cash in hand	15,708,495	11,683,382
To settle as per 31 December	-2,326,114	-1,575,190
	<u>13,382,381</u>	<u>10,108,192</u>

These funds represent collateral for the loan portfolio of the Hivos-Triodos Fund, the Fair Share Fund and the Solar Investment Fund.

¹⁾ In accordance with the wishes of the Ministry of Foreign Affairs/Development Cooperation, this portfolio is secured by a sum in cash. Interest earned (€ 208,692 in 2003) is used to cover the costs of the programme for loans and guarantees.

Participations	<u>1</u>	<u>1</u>
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This item represents participations in local credit institutions in the South in the value of € 5,104,744 (€ 4,300,125 of which is through a subordinated loan to the Hivos-Triodos Fund, € 448,604 in FTCCS and € 356,015 in CDF). The participations are valued at € 1 to show Hivos' financial commitment to these partner organizations.

Movements in project commitments can be specified as follows (amounts x 1,000 euros)

	31-12-2003			2003			1-1-2003		
	Current account subsidy	Commitments	Overhead reserves	Approved	Received Subsidy	Overhead	Remitted	Current Account subsidy	Commitments
Co-financing	-1,758	46,390	4,365	60,699	55,214	5,691	56,729	-243	42,420
Additional government funds	691	3,015	185	2,652	2,886	181	1,723	-472	2,086
EU funds	-1,277	5,406	447	1,987	2,484	173	2,763	-998	6,182
Stop Aids Now	-239	307	34	634	586	64	577	-248	250
Hivos project fund	-	503	64	505	558	106	352	-	350
	<u>-2,583</u>	<u>55,621</u>	<u>5,094</u>	<u>66,477</u>	<u>61,728</u>	<u>6,215</u>	<u>62,144</u>	<u>-1,043</u>	<u>51,287</u>
Available from released funds	-	1,136	-	3,986	-	-	5,236	-	2,386
	<u>-2,583</u>	<u>56,757</u>	<u>5,094</u>	<u>70,463</u>	<u>61,728</u>	<u>6,215</u>	<u>67,380</u>	<u>-1,043</u>	<u>53,673</u>
Contract obligations, long-term		21,138							22,057
Contract obligations, short-term		35,619							31,616
		<u>56,757</u>							<u>53,673</u>

Liquid assets

The year 2003 was closed with a temporary negative bank balance in the amount of more than 1.1 million euros, primarily on account of liquid assets in respect of co-financing. At the beginning of 2003, a subsidy of 9.5 million euros was received from the government.

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Because the current account cash reserves are not really liquid assets, starting in 2003 these cash reserves will be reported under the heading of Receivables.

LIABILITIES

EQUITY CAPITAL

The Hivos foundation saw its equity capital (discretionary and non-discretionary equity) rise by 1.1 million euros. This increase is specified below.

Discretionary equity (amounts x 1,000 euros)

This equity guarantees continuity of operational management in the short and medium term.

	General Reserve	Appropriation reserves operational management	Appropriation reserves overhead costs	Total
Situation as per 1 January 2003	-61	254	3,709	3,902
Additions	0	30	²⁾ 6,766	6,796
Revaluations	0	0	³⁾ 934	934
Withdrawals	¹⁾ 398	0	⁴⁾ 6,315	6,713
Total mutations:	-398	30	1,385	1,017
Balance as per 31 December 2003	-459	284	5,094	4,919

¹⁾ Result (-274) less mutation in non-discretionary equity (124)

²⁾ Approved overhead costs (in relation to commitments)

³⁾ Revaluation of the overhead costs yet to be realized against the percentage for 2004

⁴⁾ Realized overhead costs (in relation to cash expenditures)

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New commitments were entered into for an amount of over 70 million euros in 2003. In relation to this, approximately 6.8 million euros in overhead costs was added to the appropriation reserves for overhead. Some 67 million euros was remitted to partner organizations in 2003; in relation to this approximately 6.3 million euros in overhead costs was withdrawn from the reserves and reported as revenue in the revenue and expenditure account.

On the basis of the outstanding commitments (approximately 56.7 million euros as per end of 2003), the reserved overhead per fund was re-valued against the overhead percentage for 2004, yielding an amount of 0.9 million euros on balance.

Appropriation reserves operational management	2003	Additions	Withdrawals	2002
Automation	40,000	30,000	0	10,000
External mobility	100,000	0	0	100,000
Reorganization	50,505	0	0	50,505
Continental desks	93,845	0	0	93,845
Balance as per 31 December	284,350	30,000	0	254,350

Non-discretionary equity	2003	Added	Withdrawn	2002
Fund assets, objective	62,521	0	1,525	64,046
Fund assets, operations	957,578	368,288	242,454	831,744
	1,020,099	368,288	243,978	895,789

PROVISIONS	2003	Additions charged to operational costs	Withdrawals credited to operational costs	2002 ¹⁾
Maintenance of premises	50,000	50,000	0	0
	50,000	50,000	0	0

¹⁾ 1) In accordance with the guidelines for the annual report, the provision for obligations in respect of leave credit which existed as per end of 2002 has been reported under Short-term debts (accruals and deferred income).

7.5 Explanatory notes to the Revenue and Expenditure Account (amounts x 1,000 euros)

Specification of operational costs own organisation/programme management

Objective	General costs	Centralized services/management	Personnel costs management	Travel/accommodation programmes	Regional Desks	Total	Budgeted
Central overhead	258	1,070	0	0	0	1,328	1,422
Fundraising	9	6	34	0	0	49	33
Information & PR	91	57	321	0	0	469	338
Africa	155	149	644	36	240	1,224	1,381
Asia	137	136	562	31	223	1,089	1,010
Latin America	191	163	623	35	249	1,261	1,318
Southeast Europe	29	29	115	6	0	179	161
Other areas/worldwide	36	5	181	9	0	231	291
The Netherlands	18	12	67	0	0	97	70
Total 2003	924	1,627	2,547	117	712	5,927	6,024
Total 2002	421	1,938	2,112	113	440	5,024	

Specification of the expenditures per region

	2003	2002	Budget 2003	Budget 2002
Africa				
-programme expenditures	18,895	25,256	20,156	22,715
-programme support	233	-	285	284
-programme management	1,224	1,401	1,381	1,297
	<u>20,352</u>	<u>26,657</u>	<u>21,822</u>	<u>24,296</u>
Asia				
-programme expenditures	16,166	9,432	14,747	15,223
-programme support	217	-	209	208
-programme management	1,089	1,182	1,010	949
	<u>17,472</u>	<u>10,614</u>	<u>15,966</u>	<u>16,380</u>
Latin America				
-programme expenditures	18,730	19,034	19,245	17,390
-programme support	235	-	272	272
-programme management	1,261	1,418	1,318	1,239
	<u>20,226</u>	<u>20,452</u>	<u>20,835</u>	<u>18,900</u>
Southeast Europe				
-programme expenditures	6,992	1,975	2,343	2,616
-programme support	9	-	6	6
-programme management	179	131	161	151
	<u>7,180</u>	<u>2,106</u>	<u>2,509</u>	<u>2,773</u>
Other areas / worldwide				
-programme expenditures	6,077	3,859	4,247	4,509
-programme support	21	-	0	0
-programme management	231	200	291	273
	<u>6,329</u>	<u>4,059</u>	<u>4,538</u>	<u>4,782</u>
The Netherlands				
-programme expenditures	2,226	795	1,028	1,455
-programme management	97	63	70	66
	<u>2,323</u>	<u>858</u>	<u>1,098</u>	<u>1,521</u>
Totals				
-programme expenditures	69,086	60,350	61,766	63,908
-programme support	715	-	772	770
-programme management	4,081	4,395	4,231	3,975

Specification of results

The operating result is the result of the realized overhead costs (remittances) plus other revenues and the operating costs. The following summary shows the composition of the operating result and relates these figures to the Revenue and Expenditure Account.

	2003	2002	Budget 2003	Budget 2004
Revenues				
Realized overhead	5,601	4,477	5,716	5,687
Other revenues	598	625	662	641
	<u>6,199</u>	<u>5,102</u>	<u>6,378</u>	<u>6,328</u>
Operating costs				
Personnel costs ¹⁾	3,385	3,420	3,637	3,664
Overhead	1,609	1,183	1,587	1,538
Regional offices ¹⁾	711	733	845	801
Depreciation	243	187	241	225
	<u>5,948</u>	<u>5,523</u>	<u>6,310</u>	<u>6,228</u>
Operating result	251	-421	68	100
Special components of the result				
Major maintenance (provision)	50	-50	pm	pm
Automation (reserve)	30	-10	pm	pm
Leave credit	364	97	pm	pm
Other additions / withdrawals		-10		
Correction to overhead IF/PF ²⁾	81	pm	pm	
	<u>525</u>	<u>27</u>	<u>0</u>	<u>0</u>
Result	-274	-448	68	100
¹⁾ Excluding programme support and direct costs of lobbying and education	755	489	725	766

²⁾ Institutional Funds/Project Funds

Reconciliation of operational costs with implementation costs of the own organization

Operational costs	5,948
Fund raising and information and PR, direct	-298
Organizational renewal	-137
Addition to provisions / leave credit	414
Total administrative costs of own organization	<u>5,927</u>

Costs of management

The remuneration of the three directors, who are also members of the management board (2.5 FTE), composed of their gross salaries, including employer's social security contributions and the pension costs, totalled € 234,534. The costs of the Supervisory Board were € 12,103 (2002: € 6,000).

Actual figures versus budgeted figures

Both for total revenues available for the objective and for total expenditures spent on the objective, the difference between budgeted and actual figures is not substantial.

In the event that actual revenues and expenditures deviate substantially (more than 15%) from the budgeted figures, this is briefly explained below per item.

Revenue

1. Available from own fund raising (-26%)

Income previously received from a major donor did not recur this year and was not compensated by new donors.

2. Contributions from institutional funds (-54%)

The budgeted level proved to be too ambitious.

3. Result on investments / interest (+40%)

Deposits showed higher average balances than was anticipated. This, in combination with an improved treasury and despite the general pressure on interest rates, led to this result.

4. Other revenues (-25%)

The interest on cash reserves (particularly for the Hivos Triodos Fund) is a major item here. The rate used in the budget proved to be too optimistic.

Expenditures

1. Information and PR (+26%)

The administrative costs were underestimated in the budget.

2. Organizational renewal (-36%)

The start-up of the Knowledge Sharing and Virtual Office projects was delayed, so that the anticipated expenditures had to be postponed.

3. Programme expenditures

Programme expenditures for Southeast Europe (+198%) and the Netherlands (+116%) were higher due to a few major long-term project approvals.

Independent auditor's report

Commission

We have audited the annual accounts for the year 2003 of Hivos Foundation, The Hague, the Netherlands, as incorporated into this report. The annual accounts have been drawn up under the responsibility of the Board of the Foundation. It is our responsibility to provide an audit opinion on the annual accounts.

Work carried out

Our checks were made in accordance with the generally accepted accounting principles prevailing in the Netherlands with regard to audit commissions. According to these principles, our control should be planned and carried out in such a way that it can be ascertained with reasonable certainty that the accounts do not include any substantive inaccuracies. Such checks include an investigation of the figures and the notes included in the annual accounts by means of the observation and verification. Audit checks also include an appraisal of the principles on which the financial reporting in the annual accounts is based and of the primary accounting estimates made by the board of the Foundation in that respect, together with an evaluation of the general tenor of the annual accounts. We feel that these checks form a sound basis for our opinion.

Opinion

We are of the opinion that the annual accounts provide a faithful representation of the size and the composition of the equity as per 31 December 2003 and of the operating results over the year 2003, in accordance with the generally accepted principles for financial accounting prevailing in the Netherlands, the statutory requirements relating to annual accounts as set out in Book 2 Section 9 of the Dutch Civil Code [Burgerlijk Wetboek - BW] and the guidelines of the Reporting Directive for Fundraising Institutions [Richtlijn Verslaggeving Fondsenwervende Instellingen].

Also included in our checks in the context of the annual accounts for 2003 were the Co-financing Programme and other activities financed by the Dutch government. These checks were carried out in accordance with generally accepted audit principles. For the benefit of the Ministry of Foreign Affairs, we declare that on the basis of our investigations we are of the opinion that the annual accounts provide the required insight into and offer a faithful impression of the implementation of the Co-financing Programme and of other activities financed by the Dutch government.

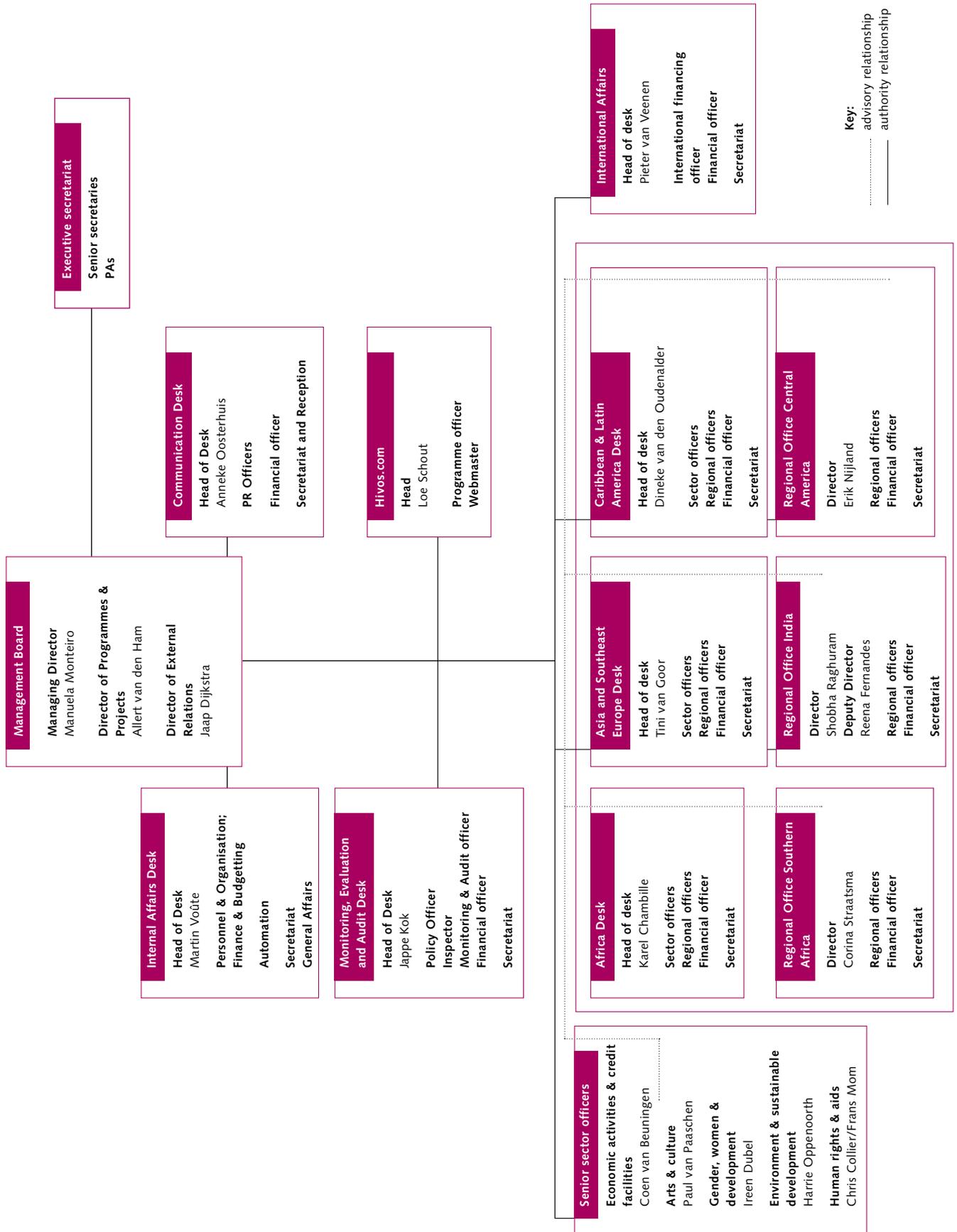
The audit checks carried out were based on the points specified in the Financial Regulations of the Co-financing Programme (dated 31 October 2002). It is our opinion that the expenditure shown in the accounts is fully in accordance with the demands of legitimacy and equitability as formulated in the Financial Regulations of the Co-financing Programme.

The Hague, 8 April 2004

PricewaterhouseCoopers Accountants N.V.

8 Appendices

8.1 Hivos organization chart



Key:
 advisory relationship
 _____ authority relationship

8.2 Administrative Management - Composition as per 31 December 2003

Supervisory Board

Ms. F.Ch. Giskes (from 01-07-03)
chairman
Ms. L.S. Groenman (until 01-07-03)
chairman
H.F. Hoekzema
vice-chairman
H.J. Schoenmaker
portfolio manager, finance
Ms. H.M. Brouwers
G.W. Eveleens (from 08-04-03)
Ms. M.-J. Geenen (until 08-04-03)
J.P. de Jong
Ms. A.M. Jongerius
C. Vogel
Ms. M.R. Winter
Ms. M.H.A. Kortekaas
administrative secretary

Advisory Council*

H. Thomas
chairman
P. Cornelisse
I.E.M. Dankelman
P. Faber
Ms. G. Hesseling
Ms. J.H.M. van Hussen
Ms. A. Laan
P. van Lier
H.C. Morel
M.J.A. Nypels
Ms. M.F. Poppema
Ms. E.T. Tabbers
J.H. Veenker
W.P. Wiertsema

Management Board

Ms. M.M. Monteiro
chairman
Ms. R.N.M. van der Sijp (until 01-02-03)
A.P. van den Ham (from 01-05-03)
J.J. Dijkstra

Works Council

H. de Graaf (until 02-10-03)
chairman
Ms. C.M.L. van der Wees (from 02-10-03)
chairman
Ms. I.E. Dubel
M. Eendhuizen (until 02-10-03)
H.P. de Groot
Ms. A. de Jongh (from 02-10-03)
Ms. M.C. Lempers (from 02-10-03)
Ms. M.J.A. van der Pol (until 02-10-03)
T.H.F.J. van der Schoot
Ms. P.M. Donker (from 01-03-03)
administrative secretary

Supervisory Board, Hivos Triodos Fund

H.J. Schoenmaker (until 11-03-03)
chairman
P.G.A. van den Kerkhoff (from 11-03-03)
chairman
J.J. Dijkstra (until 08-04-03)
D. Elsen (until 28-03-03)
P.R. de Haan
M.M. Monteiro (from 08-04-03)
M.J. Woltering (from 11-03-03)

* The Advisory Council ceases to exist in its present form on 31 December 2003. The new composition of the Council will be determined in the meeting of the Supervisory Board to be held on 20 April 2004.

8.3 List of frequently used abbreviations

AKV	Allowance for overhead costs	TMF	Theme-based Co-financing Programme
ALA	Asia and Latin America	UN	United Nations
BBC	British Broadcasting Corporation	UNAIDS	Joint United Nations Programme on HIV/AIDS
CBF	Central Bureau for Fundraising	UNESCO	United Nations Educational, Scientific and Cultural Organisation
CFO	Co-financing Organisation	UvH	University of Humanistics
CFP	Co-financing Programme	US, USA	United States of America
DAC	Development Assistance Committee	WHO	World Health Organisation
DGIS/DML	Directorate-General for International Cooperation/ Directorate Environment & Sustainable development	WSIS	World Summit on the Information Society
DWHH	Deutsche Welthunger Hilfe	WTO	World Trade Organisation
EA&CF	Economic activities and credit facilities		
ECF	European Cultural Foundation		
E&SD	Environment and sustainable development		
EU	European Union		
Eurodad	European Network on Debt and Development		
Eurostep	European Solidarity Towards Equal Participation of People		
FAO	Food and Agriculture Organisation of the United Nations		
FNV	Federation of Dutch Trades Unions		
FTE	Full-Time Equivalent		
GDP	Gross Domestic Product		
GGD	Municipal Health Authority		
GMO	Genetically Modified Organism		
GOM	Joint Consultative Body for Co-financing Organisations		
GW&D	Gender, Women & Development		
HCF	Hivos Culture Fund		
Hivos	Humanist Institute for Development Co-operation		
HOM	Netherlands Humanist Committee on Human Rights		
HR	Human Rights		
HTF	Hivos Triodos Fund		
HV	Humanist League		
ICCO	Intereclesiastic Organisation for Development Cooperation		
ICT	Information and Communication Technology		
IHEU	International Humanist and Ethical Union		
IKV	Intereclesiastic Peace Council		
ILO	International Labour Organisation		
IOB	Inspectorate Development Cooperation and Policy Evaluation		
ISO	International Organisation for Standardization		
KICI	Clothing Collection Charitable Institutions		
Kma	Small-scale social activities		
MBN	Co-financing Broad Network		
MFI	Microfinance Institution		
NCDO	Dutch National Committee for International Cooperation and Sustainable Development		
NGO	Non-Governmental Organisation		
OECD	Organisation for Economic Cooperation and Development		
OSCE	Organisation for Security and Cooperation in Europe		
PRSP	Poverty Reduction Strategy Paper		
SAN!	Stop Aids Now!		
SDF	Solar Development Foundation		
SNF	South-North Federation		
TFSF	Triodos Fair Share Fund		

For explanations of the abbreviations and acronyms used by Hivos' various partner organisations, you are referred to the review entitled "Partnerorganisaties 2003" which was published simultaneously with this annual report.

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<i>Editor</i>	Van der Brugge Communicatie Advies, Leiden
<i>Design</i>	YZDESIGN.NL
<i>Printer</i>	Artoos drukkerijen, Rijswijk
<i>Translation</i>	Servicio, Amsterdam

Hivos August 2004

This annual report is accompanied by the publication "Hivos partnerorganisaties 2003"

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HIVOS ANNUAL REPORT 2003



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