



HIVOS ANNUAL REPORT 2002

HIVOS

Hivos is a Dutch, non-governmental organization which operates on the basis of humanist values. Hivos aims to contribute towards a free, just and sustainable world. The organization is committed to the poor and marginalised - and to the organizations which promote their interests - in countries in the South and in South-East Europe. Sustainable improvement of their situation is the ultimate benchmark test of Hivos' work and efforts. An important milestone towards that end is consolidating the position of women in society.

Hivos' most important activity consists of providing financial and political support to local private organizations. Besides offering finance and consultancy, Hivos is also active in networking, lobbying and in exchanging knowledge and expertise. Not only on an international scale, but also in the Netherlands. Civil society building, economic activities and sustainable production are the central policy domains in Hivos' operations.

In a European context, Hivos works closely with like-minded development organizations in Alliance2015. Hivos prefers to conduct its international lobbying activities on issues which have a public appeal in close cooperation with pre-eminent partner organizations which work either exclusively in the South or on an international basis, or -in the case of the EU- within the context of the Eurostep network.

Within the Netherlands, Hivos joins forces with civil society organizations which have expertise in one of its own spearhead policy domains. In addition, Hivos works closely with kindred organizations within the context of the GOM and in the South-North Federation. Worthy of mention are also 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 funds available for lending activities 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' network covers approx. 30 countries and more than 750 partner organizations. In the course of 2002 Hivos disbursed over 58 million euros as grants or loans. These funds were provided by the Dutch government, the EU, donors and savers, and private institutions. The workforce at Hivos totals approx. 120. 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 organizations, offering them services as advisor, supervisor and coach.

Hivos, the Humanist Institute for Development Cooperation (its official Dutch name is Humanistisch Instituut voor Ontwikkelingssamenwerking) was established by the Dutch Humanist League, the Vereniging Weezenkas (United Orphans' Fund) and Humanitas. Hivos has a Board of Directors with a Management Board, a Supervisory Board and an Advisory Council. Hivos has been awarded ISO certification and the CBF seal of approval.



Alliance 2015

towards the eradication of poverty

HIVOS ANNUAL REPORT 2002

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Preface

People in the Netherlands had a year of Major Confusion in 2002. The land of consensus and the polder model was temporarily polarized. The political assassination of Pim Fortuyn instigated unprecedented sentiments in society, and the Netherlands was seized by civil protest. The gap appeared to become overwhelming between the more vocal citizens and a government that vacillated increasingly between liberalization and direct control.

The elections held in early 2003 have restored political relations to their standard proportions. Getting back to business as usual would in Hivos' view, however, be a flagrant misjudgement of the underlying causes. Such a massive expression of civil discomfort requires careful articulation. Hivos witnesses these processes regularly in its countries of operation, and the context in the Netherlands as of 2002 was comparable in many respects. Good governance is the password in countries in the South. While the Netherlands does not have bad governance in the sense attributed to the term in the South, the image of our own governance, our own political climate, however, was compromised during the year under review.

Clearly, the time has come for changes in the relationship between the government, the administration and citizens. The question is when, and in what measure. Authoritative officials are urging decentralization and want to shift responsibility to those directly concerned. Such demands are still too infrequent for Hivos, though, and old habits die hard. In development cooperation, decentralization offers the best prospects for social self-confidence. The system balances government interference with civic responsibility. Perhaps a year of Major Confusion is necessary to reassess the significance of this concept accurately, even in Dutch society.

Louise Groenman
Chair of the Supervisory Board

HIVOS KEY FIGURES 2002

2001

2002

*Amounts x 1,000 euros***INCOME**

Cofinancing Programme

52.023

55.947

Additional funds

8.228

1.990

EU-funds

4.009

4.504

Private funds

3.043

2.143

Total income**67.303****64.584****EXPENDITURE***northern and southern partner organizations*

Economic activities & Credit

19.179

18.837

of which new loans

2.854

1.842

Culture & Development

3.724

3.463

Gender, women and development

9.579

9.022

Environment & sustainable development

12.090

12.942

Human rights & AIDS

14.499

15.841

of which AIDS

2.503

2.661

Other sectors

8.149

5.098

Total**67.220****65.203***of which integrated sectors*

-7.764

-7.041

Total expenditure**59.456****58.162****PORTFOLIO**

Donation commitments

50.513

53.674

Loans/guarantees/holdings

12.634

12.770

Number of partner organizations

735

776

OVERHEADS

Operating costs

4.849

5.232

Result

63

- 448

Equity capital

5.171

4.798

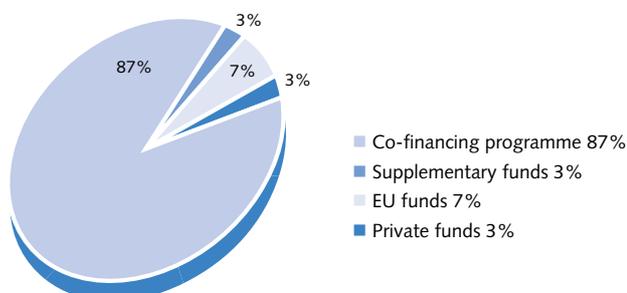
Number of staff

121

122

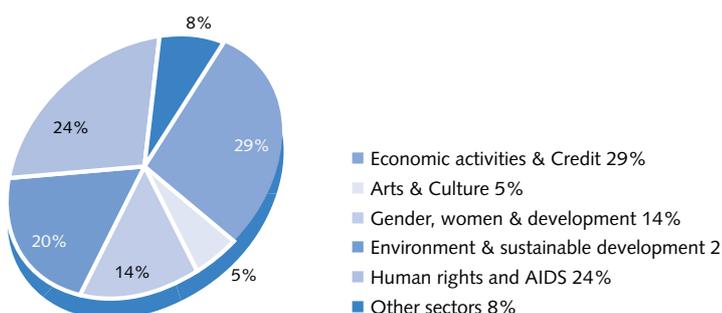
Brief description of Hivos

Revenues

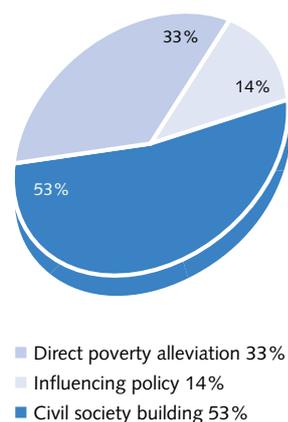


Expenditures

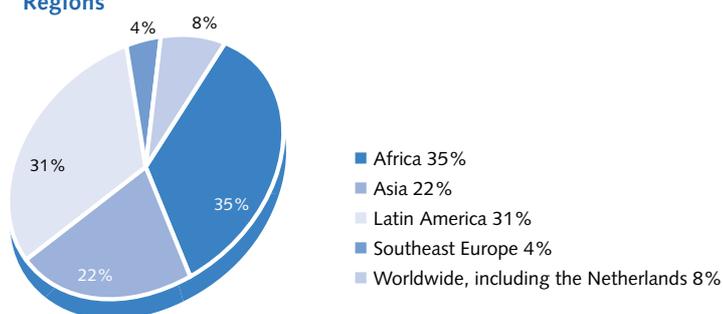
Themes



Causes



Regions



5/02

HIVOS NETWORK

| | Total 2001 | ended relations | new relations | Total 2002 |
|--------------------------------------|---------------|--------------------|------------------|---------------|
| Africa | 223 | 26 | 48 | 245 |
| Asia | 188 | 20 | 15 | 183 |
| Latin America | 275 | 32 | 32 | 275 |
| Southeast Europe | 11 | 0 | 1 | 12 |
| Worldwide, including the Netherlands | 38 | 0 | 13 | 51 |
| Total | 735 | 78 | 109 | 766 |



1 Management Report

Administrative innovation: striking a balance

As they shift back and forth between the polder model and the market forces, the Dutch authorities struggle to manage contemporary society. Change is accelerating, and familiar structures function with difficulty and are no longer compatible with new forms of social interaction and changing perceptions of the relationship between population and government. The debate about the recent balance within the government –due in part to the political turmoil of the past year– is therefore crucial.

Hivos understands the turmoil within the Dutch government. It also surfaces in development cooperation and the relationship between the government and private organizations. The political debate instigated by two reports about the Co-financing Programme (CFP) in 2002 illustrates the dilemmas. Hivos regards the criticism in these reports as extremely worthwhile and as a challenge that may lead to qualitative improvement. Unfortunately, the ensuing debate on the subject gave rise to the classical governmental reflexes: more guidance, more control and more bureaucracy. The current political climate proved insufficiently receptive to a fruitful discussion about how the government should run the CFP.

In his book *Prestatiemeting in de publieke sector* [Assessment of public performance], Professor H. de Bruijn warns of the perverse effects and pitfalls of the prevailing culture of accountability. 'Performance assessment quashes ambitions (...) and is harmful to a professional disposition,' he argues in *de Volkskrant* of 15 February 2003. Anyone interested in a sure payoff will set easy targets. In development cooperation, this means: no risks, no weak partners, no intangible social processes. Hivos does not believe that this is the right approach. Administrative guidance and control are necessary, but the scale and time need to be right.

CFP new style

Co-financing organizations (CFOs) spent most of the year under review adjusting to the new 'CFP broad' subsidy system. The new arrangement involves advance evaluation of CFO plans by an independent external commission. In the spring of 2002 the prospective CFOs requested funding for their operating plans for 2003-2006. The CFP-broad Advisory Commission chaired by Louk de la Rive Box performed the external evaluation and issued a cautious but generally positive opinion. All applicant organizations, including newcomer Terre des Hommes, qualified to participate in the CFP in the commission's view. The valuations of the different plans, however, diverged too much, according to Hivos. The effort to be objective led to an equalization method

that raised questions in some cases and led the complexity of organizations with a broad operational scope to be under-appreciated.

Hivos' plans met with great praise: the rating of 7.6 out of 10 was the highest score. Even after placing this outcome in perspective, Hivos is delighted with the Box Commission's assessment. The criticism about the objectives will be heeded and considered in assessing the results.

Co-financing considered

Following four years of research and 16 partial reports, the independent Co-financing Evaluation Steering Committee submitted its final report. The Steering Committee examined the effects of the work by the CFO partners in the South and the contribution of the CFO to this outcome. The Steering Committee based its evaluation on the context of the two main objectives of the contemporary CFP: society building and direct poverty alleviation.

The conclusions were favourable with some reservations, laced with criticism and suggestions for greater effectiveness. The Steering Committee concluded that the CFOs have achieved tangible results in direct poverty alleviation and society building. Unfortunately, this important observation was hardly considered in the fleeting political debate that ensued.

There were 'ifs and buts' as well. The Steering Committee considered the CFO operations dedicated to society building particularly effective with respect to organizational enhancement. This effectiveness is less pronounced in other dimensions, such as influencing policy and forming alliances. Hivos received a special favourable mention in the report; nonetheless, these conclusions remain immensely relevant, even for Hivos. Since all aspects of this subject are intrinsic to Hivos policy, additional efforts will be required in the future.

Hivos received several commendations from the Steering Committee, in part because of its areas of specialization and pursuit of innovation highlighted in the culture and ICT policy.

The Steering Committee urged the CFOs to make clearer policy decisions, to become more specialized and to take more risks in innovation and the political dimension of poverty alleviation and society building. Hivos regards these recommendations as encouragement to continue along its present course.

Revenues and expenditures

For the first time in years the funds that Hivos transferred to its partner organizations decreased from 59.5 to 58.2 million euros. This was not the case for the CFP funds, which despite the decline in GDP growth increased from 48.6 to 49.3 million. All other funds dropped from 10.9 to 8.9 million altogether. Donations were reduced by 1 percent and new loans to be issued by 13 percent. Dedicated expenditures according to the CBF standard obviously followed a similar pattern, dropping from 67.5 to 65.6 million euros.

In 2001 the additional funds had several windfalls. The non-recurrence of these windfalls in 2002 is part of the cause of the decrease in expenditures. The trend also augurs an economic decline, which will mean that less funding will become available (especially through private sources).

The number of partner organizations increased from 735 to 766 and thus became more laborious.

Revenue ratios between the regions hardly changed in 2002. Fund transfers for Latin America declined somewhat, from 32.4 to 31 percent. The funds for lobbying and education in the Netherlands increased from 0.3 to nearly 1 percent. Both changes were according to plan. Sector-based relations remained stable as well; the only significant changes were the growth of the share of 'Human rights and AIDS' (from 22 to 24 percent) and of the share of 'Environment and sustainable development' (from 18 to 20 percent).

Origin of the funds

Most funds – 85 percent – were received once again from the CFP. Like last year, recycled funds accounted for 5 percent of all financing. The remaining 15 percent came from other sources.

Private donations decreased from 2.6 to 1.9 million euros in 2002, especially because of the expiration of several ad hoc emergency-funding arrangements. Given this situation, it is most fortunate that the savings generated through the North-South Plan of Hivos and Triodos Bank rose from 1.9 million to 10.6 million euros.

Organization and network

Except for the European relations operations, the arrangement of Hivos' executive organization –head office and regional offices– remained the same. The growing importance of European cooperation and financing was cause to set up the International Relations Desk within the organization. A part-time portfolio for External Relations was added to the administration as well. Managing Director Jaap Dijkstra decided to scale down his involvement after 17 years and now manages this portfolio. Manuela Monteiro filled the vacancy he left. Director of Programmes and Projects Regien van der Sijp resigned after six years with Hivos in February 2003 and is now the director of the foundation Milieukeur.

Changes in membership occurred on the Supervisory Board as well. After 22 years with Hivos, Jaap Hekkelman transferred the Finance portfolio to Herman Schoenmaker. The structure and composition of Hivos' relations network stayed the same in 2002. The humanist and development cooperation networks remain important. Networks dedicated to policy themes are becoming more significant, as is Alliance2015, the network of like-minded, secular European development organizations. Overall, Hivos derives inspiration from ICT opportunities and opened the first part of its virtual office during the year under review.

Information

Hivos includes information –in the sense of education and raising awareness– among the operations performed in pursuit of its objectives. In 2002 Hivos spent about one percent of its financial means on this cause as planned (see 5.2). Hivos is a public organization and has an open and active information policy. The aim is to justify Hivos' operations and the stands adopted to the government and public alike. Although Hivos raises private funds, it is not a typical fundraising organization despite its CBF (Dutch Fundraising Watchdog) seal of approval. This means that Hivos bases its policy on the priorities and opportunities within its geographic and especially its topical fields of operation, rather than on opportunities for private fundraising. As a result, Hivos focuses mainly on financing through public funds, largely those made available through the CFP. In positioning itself as an organization in the public sector, Hivos is responsible for transparency and openness.

Operations and financial position

In 2002 the operations generated a considerable deficit of 448,000 euros. Decreased revenues are a major factor. The result has been offset somewhat by adding 119,000 euros to the AKV (administrative costs allowance) reserve. Total administrative costs rose during the year under review. Despite the awareness that 2002 would be a lean year, Hivos added staff with a view toward meeting the demands that lie ahead in the subsidy period 2003-2006. Administrative costs –compared with revenues– equalled 9 percent (compared with 8.2 percent the previous year). Hivos' contribution toward administrative costs remained roughly the same at 13.8 percent. Hivos is very cautious about investments. The organization's premises are the only risk-bearing investment. There are no venture capital investments. Hivos deposits temporary surplus funds to special interest-bearing accounts. The deficit in operating results decreased the capital –including provisions and excluding reserves appropriated for staff– to 1.6 million euros. This is only 30 percent of the annual expenditures, which is tight for a firm that incurs risks to meet its objectives. The operating plan for 2003-2006 provides for an increase in equity capital. The board hopes that Hivos will realize its plans despite the problems anticipated.

This annual report reveals how, where and on which organizations and operations Hivos spent its funds in 2002. It also describes who Hivos worked with to achieve these objectives. The efforts served to make the world more just and to provide a place and prospects for all people.

The Hague, 8 April 2003

Manuela Monteiro, Managing Director

Regien van der Sijp, Director of Programmes and Projects (until 1 February 2003)

Jaap Dijkstra, Director External Relations

2 Policy development

The new general policy memorandum *Civil Voices on a global stage* appeared in March 2002. In that year the memorandum was the cradle and source of inspiration for Hivos' ongoing policy development. The Hivos sector policy was updated, and decisions regarding sub-fields were elaborated. Two policy memoranda – Art and Culture and Human Rights– shifted in focus and were redesigned.

Civil Voices on a global stage

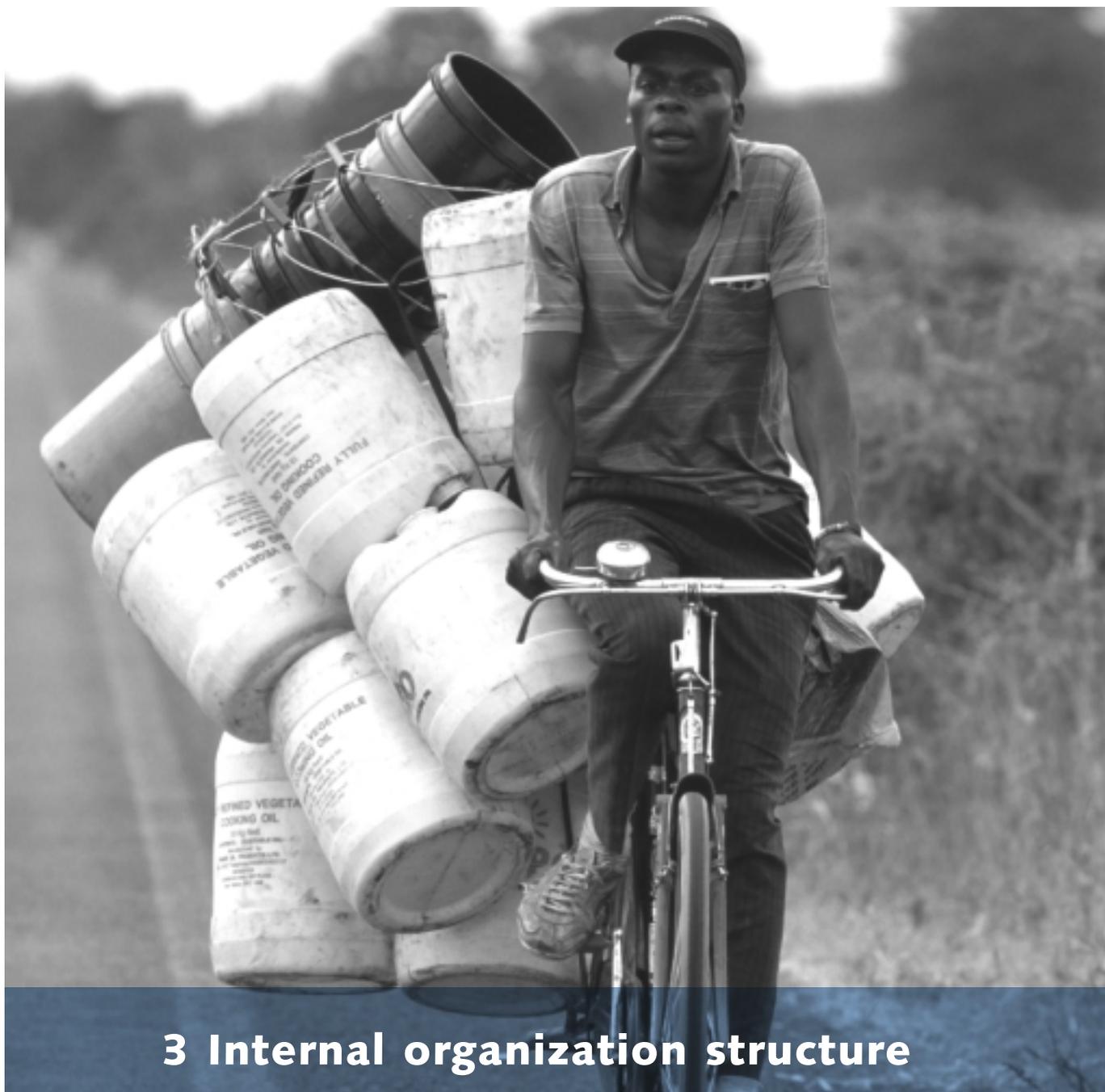
The formulation of *Civil Voices on a global stage* followed intensive internal discussion and external consultation. In late 2001 the memorandum materialized, and in early 2002 the Supervisory Board approved the new policy memorandum. In *Civil Voices on a global stage*, Hivos relates its policy to ongoing globalization. Hivos is searching for permanent solutions to the poverty problem and needs to develop an approach that will accommodate the international dimensions of poverty and inequality. In the years ahead Hivos therefore intends to improve cohesion between its operations in the South and its international ones. Investments in influencing policy will increase, both in the Netherlands and where international decision-making helps determine the basic conditions for affluence or poverty. Society building is one of the two coordinating policy fields that define the contours of Hivos policy. The other is economics and sustainable development. These fields are a cohesive convergence of the objectives for the five sectors where Hivos has specialized in recent years: economy and credit, art and culture, gender / women and development, environment, human rights and AIDS. In the years ahead Hivos will focus more on networks and knowledge exchange. Very early on, Hivos recognized the prospects that ICT offers for development. ICT has enabled uncensored global contacts between groups and individuals previously deprived of such resources. They exchange information and seek allies in their efforts for social changes. ICT is the basic instrument for Hivos' new approach to knowledge sharing.

Art and Culture: not just the basics

In 1995 the Hivos Culture Fund formed a new, immaterial dimension in the Hivos development efforts. Seven years and many experiences later, the Art and Culture policy memorandum was ready for revision. The new memorandum places art and culture in the changing global context with consideration for the recommendations given by the Co-financing Programme Evaluation Steering Committee. Hivos will continue to support independent and innovative initiatives in various fields of art and will finance cultural expressions in developing countries that encourage critical reflection about our own society. Such expressions will be conducive to society building, peace and reconciliation. In the new memorandum, Hivos explicitly allocates support toward productions by local artists, as well as promotion and marketing. Exchanges (South-South and South-North) between artists and cultural organizations figure prominently in Hivos' culture policy as well.

Human rights in a global context

Following an incubation period of nearly a year and a half, Hivos submitted its revised Human Rights policy memorandum in late 2002. Drafting the memorandum was very time-consuming and illustrated the difficulty of striking a balance. Hivos aims to refine its policy decisions but also needs to consider the complex human rights practice and the broad approach it requires. How will this new memorandum affect Hivos' human rights practice? The priorities from the previous memorandum (1996) remain fully applicable: freedom of expression, consideration for constitutional reform, civic education and concern with the rights of specific, marginalized groups. In the new memorandum Hivos places greater emphasis – in keeping with *Civil Voices* – on the right to information and political participation. Specific groups such as human rights activists and gays and lesbians are identified more explicitly as target groups. Hivos also deals more systematically with underlying social and political factors such as corruption and culture. International and regional dimensions of human rights situations have become more important as well.



3 Internal organization structure

Executive organization

The present executive organization of Hivos has been in place since 1997. Within this structure, the Board manages the affairs of the foundation in the legal sense. A Supervisory Board supervises the Management Board and the professional operations of Hivos. In addition, an Advisory Council, its members appointed in a personal capacity, performs a social advisory function in line with the spear-head priorities of Hivos' overall policies (see appendix 8.2).

Operational organization

The organizational set-up on the operations front remained basically unchanged in 2002. Three *continental desks* cover the regions Africa, Latin America, Asia, South-East Europe, and the supra-regional partners. These desks are the hub of the organization and are responsible for the proper implementation of the Hivos programme in the South (see 4.2). Together, they form the heart of the Programmes and Projects Department.

For a number of regions and countries, responsibility for the implementation and relations with partners have been delegated to regional offices. The *regional office* in Bangalore takes care of the 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 in practice they have their own part to play in the local civil society as well. Hivos' *senior sector officers* are responsible for the development and implementation of policy within the five operational key issues. The activities planned by each in accordance with overall policy are coordinated in sector working groups whose members represent all of the continental desks.

The other activities are organized as follows. The ICT desk, *Hivos.com*, works closely with the various continental desks (see 4.1). The *International Affairs Desk* arranges the submission and processing of funding projects to the European Union. This desk also coordinates the activities carried out within Alliance2015 and represents Hivos in the various collaborative alliances at European level (see 5.1). The *Internal Affairs Desk* deals with matters in the sphere of finance, personnel and automation. The *Communication Desk* maintains internal and external contacts and is responsible for all Hivos activities in the domain of fund raising, lobbying and education (see 5.2). The *Monitoring, Evaluation & Audit Desk* is concerned with monitoring the proper utilization of project funds and supervising the functioning and use of the project registration system; this desk bears responsibility for the entire administrative process. This Desk is also responsible for drafting and supervising monitoring and evaluation policies (see 6).

The organization 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 4.1.3 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 in December 2000, and the regional offices received it in 2001.

The external auditor issued favourable evaluations following his visits to the head office and the regional offices in Costa Rica and Zimbabwe in 2002, although some improvements will be necessary to renew the certification in November 2003. For example, Hivos will need to gain more insight into its partners' views about Hivos' achievements. In 2003 Hivos will introduce an instrument for a 'client satisfaction assessment.' The other Hivos desks will be prepared for certification as well.

11/02

New procedures and project management system

In 2002 Hivos took steps to realize a good system for assessing results within the foreseeable future. But, as far as tool development is concerned, Hivos has put this effort on hold for the moment to focus on proper application of the tools currently available, which had largely been innovated in 2001. The favourable evaluation from the Box Commission regarding the quality of internal operations showed that this decision was justified.

In the previous annual report, Hivos looked forward to a new, customized project-management system expected in the course of 2002. Unfortunately, this forecast proved overly optimistic: completion in the course of 2003 appears more likely. Hivos still expects this system to yield the same improvement in efficiency. Hivos also remains confident that the new package will greatly enhance the system for assessing results.

Personnel

During the year under review the number of FTEs rose by 4. At the end of 2002 there were 66.5 posts at the head office, 38 at the regional offices, including 2 expatriates, and 21 supporting posts. At that time 122 people worked for Hivos (121 in 2001), 84 of whom worked at head office (80 in 2001). Of these, some 61.9 percent were women. Of the more senior positions, women filled 25 percent.

Immigrant employees at the Head Office, measured in accordance with the SAMEN ruling (Act to Promote the Employment of Minorities), represented 5.95 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, 34 percent of the Hivos workforce consists of non-Dutch nationals.

The Head Office has a Works Council as required under Dutch law. Each of the regional offices has its own employee council. During 2002 the Works Council met on 29 occasions, which included 7 meetings with the Management Board and one with the Supervisory Board. The Works Council publishes its own annual report.



4 Activities in the South

12/02

Based on operational volume, Hivos' main task is to support local organizations and initiatives in developing countries. These are independent, non-governmental organizations in countries that meet the DAC standard in both the South and the East (including Southeast Europe). Together, these partner organizations address a broad spectrum of economic and social activities.

The following paragraphs (4.1.1 through 4.1.6) convey the developments in each sector, with special consideration for the Hivos Triodos Fund (HTF) and the Hivos Culture Fund (HCF). The subsequent paragraphs (4.2.1 through 4.2.4) briefly review developments in the Hivos programme by region.

In this chapter and in Chapter 5 website addresses of relevant Hivos partners appear in the margins.

4.1 Sectors

4.1.1 Economic activities and credit

The objective of the policy on economic activities and credit is to add value and improve working conditions for specific groups. Hivos tries to accomplish this through improved access to information, markets and financial services.

In 2002 Hivos provided 18.8 million euros to its 206 partner organizations. New funds were the source of 15.9 million euros, while 2.9 million came from repaid and expired loans. The credit programme is run in conjunction with the foundation Hivos Triodos Fund (HTF).

Hivos supports three categories of partner organizations in this sector: producer organizations, financial institutions and organizations specialized in training, consulting and lobbying.

Seed capital: credit for women in Uganda

Since 1998 SOMED has issued loans to Masindi District women, who receive loans averaging 150 euros to open shops, dining rooms or market stands.

In 2000 SOMED became the first financial institution to benefit from the new seed capital instrument. Hivos provides seed capital to help financial organizations that are small or new become strong and cover their own costs. As these organizations are risky investments due to their inexperience, they do not qualify for loans from agencies such as the Hivos Triodos Fund (HTF). The seed capital package allocates money in portions. Each transfer is contingent upon achievement of several targets. Organizations that turn out to be too weak do not receive a subsequent payment.

The results of SOMED and its clients are encouraging:

- In two years the number of clients has grown from 820 to 3,100: 1,000 more than originally planned. Among these clients, 98 percent are female.
- In late 2002 SOMED's interest revenues covered all its expenses.
- SOMED has introduced new products, such as life insurance and agricultural loans, to attract new clients.
- Considering the results achieved, Hivos will consider in 2003 whether SOMED qualifies for an HTF loan.

In 2002 Hivos provided SOMED with 93,000 euros.

www.ifoam.org Federation of Organic Agricultural Movements (IFOAM). The Fair Trade Labelling Organization
www.fairtrade.net (FLO), which observes market standards, is Hivos' inspection and certification partner. Max
www.maxhavelaar.nl Havelaar is the Dutch division of this international organization.

14/02

Hivos Triodos Fund

www.triodos.nl HTF was established by Hivos and Triodos Bank in 1994. The eighth full financial year was 2002. At the end of 2002 HTF had outstanding loans and guarantees totalling 9.8 million euros. The corresponding risk was hedged by 8.7 million in co-financing and 1.1 million provided by private guarantors. The table below lists all outstanding HTF loans and two Hivos joint ventures in Asia. Hivos also enabled HTF to invest 2 million euros in the equity of 6 micro-financing institutions in Africa, Asia and Latin America.

During the year under review the HTF credit commission approved 5.2 million in new loans. The guarantees were funded in part through 2.9 million euros that expired, which was the same amount as in 2001. The balance of 2.3 million in new cash in hand was reserved to hedge new

TABLE 2 SUMMARY CREDIT PORTFOLIO (HIVOS AND HTF)

| Amounts x 1,000 euros | End 2000 | | End 2001 | | Einde 2002 | |
|-----------------------|-----------|---------------|-----------|---------------|------------|---------------|
| | number | amount | number | amount | Aantal | Bedrag |
| Africa | 12 | 1.872 | 13 | 2.591 | 16 | 2.824 |
| Asia | 6 | 2.468 | 6 | 3.147 | 6 | 2.805 |
| Latin America | 21 | 6.091 | 22 | 6.896 | 28 | 7.016 |
| Southeast Europe | 0 | 0 | 0 | 0 | 0 | 0 |
| World-wide | 1 | 16 | 0 | 0 | 1 | 125 |
| Total | 40 | 10.446 | 41 | 12.634 | 51 | 12.770 |
| Loans | 31 | 7.607 | 31 | 8.543 | 42 | 9.714 |
| Holdings | 7 | 2.699 | 9 | 3.966 | 8 | 2.931 |
| Guarantees | 2 | 141 | 1 | 125 | 1 | 125 |

risks. Institutions that receive financing from HTF are often unable to cover the risk of foreign currency loans. HTF therefore issues loans in local currencies and covers the risk of fluctuations in exchange rates. In recent years HTF has limited the portfolio loss entered to an annual average of 7.6 percent. In 2002 this loss reached 14.5 percent, however, largely (ca. 83 percent) due to currency translation losses. The decline of the US dollar (and other related currencies in Latin America) with respect to the euro was a major factor.

Triodos Fair Share Fund

At the end of 2002 Triodos Bank established a new investment fund: the Triodos Fair Share Fund. This fund is more conservative than HTF and will be used primarily to finance established institutions with a proven track record. HTF will get the Fair Share Fund off the ground. It prepares institutions for the commercial market, where the Triodos Fair Share Fund and others operate. Hivos is involved in the new investment fund through its association with Hivos and is willing to guarantee up to fifty percent of the financing issued by this fund, provided the institutions meet the Hivos policy criteria.

4.1.2 Hivos Culture Fund

In 1995 Hivos launched the Hivos Culture Fund (HCF). In developing countries this fund encourages cultural manifestations that may inspire critical reflection within society. Artists often help catalyze society building, peace and reconciliation. In 2002 Hivos spent 3.46 million euros on the operations of 99 partners. This figure accounts for over 5 percent of Hivos' expenditures.

New policy memorandum

In 2002 the Hivos board approved the new Art and Culture policy memorandum, which elaborates the current policy (see 2). The art and culture policy remains focused on four fields of operation:

- artistic productions, such as cinema, literature and performing and visual arts
- promotion, marketing and distribution of those productions
- South-South and South-North exchanges between artists
- capacity building of partners and the cultural sector.

Hivos also intends to become more vocal in the intercultural debate in the Netherlands and to provide a more resounding platform for the views of its Southern partners. The aim is to work as much as possible with Dutch partners on this effort.

The HCF criteria for selecting partners and operations are the same in the new document. These criteria are social commitment, artistic quality, accessibility and innovation.

Noorderlicht

In 2002 Hivos supported a great many artistic and cultural activities (see the continent paragraphs in this report for examples). Several artistic productions dedicated to intercultural and international exchange are particularly noteworthy, such as the Noorderlicht Festival in Leeuwarden, which featured the *Mundos Creados* exhibition about Latin American photography thanks to support from Hivos. Hivos co-financed the participation of Latin American photographers in this event and used its local network in Central and Latin America to establish contacts.

www.noorderlicht.com

Del Tiempo y el Trópico

The publication *Van de Tijd en de Tropen/Del Tiempo y el Trópico* is another case in point. This beautifully designed book with a CD was the outcome of close cooperation between Dutch and Honduran artists. The Hivos regional office in Costa Rica, the OLAA organization in Amsterdam and KIT-Press in the Netherlands produced the publication together. In the Netherlands *Van de Tijd...* was featured at the KIT Tropentheater and the Noorderlicht Festival. The book was presented at several places in Honduras as well. This illustrates North-South cooperation for Hivos: clustering creative forces, forming networks and engaging in exchanges and encouraging an intercultural dialogue about identity.

www.olaa.nl

www.kit.nl

TABLE 3 SUMMARY HIVOS CULTURE FUND (HCF) PORTFOLIO

| Amounts x 1,000 euros | 2000 | | 2001 | | 2002 | |
|-----------------------|------------|--------------|------------|--------------|-----------|--------------|
| | number | amount | number | amount | number | amount |
| Africa | 28 | 1.271 | 33 | 1.585 | 25 | 1.068 |
| Asia | 22 | 609 | 18 | 615 | 24 | 877 |
| Latin America | 51 | 1.051 | 55 | 1.198 | 44 | 1.179 |
| Southeast Europe | 1 | 79 | 1 | 44 | 2 | 57 |
| World-wide | 5 | 265 | 5 | 282 | 4 | 282 |
| Total | 107 | 3.274 | 112 | 3.724 | 99 | 3.463 |
| Literature | 20 | 553 | 16 | 778 | 16 | 596 |
| Film/photo | 16 | 653 | 22 | 796 | 18 | 693 |
| Plastic arts | 20 | 557 | 19 | 655 | 26 | 812 |
| Performing arts | 33 | 949 | 26 | 896 | 26 | 963 |
| Multidisciplinary | 18 | 562 | 29 | 599 | 9 | 399 |

Poetry on the Web

Poetry on the Web is another innovative example of international and intercultural cooperation.

www.poetry.nl

Initiated by Poetry International, the poetry website went online in November 2002. The site is set up as a virtual international magazine for current poetry. Hivos supports the participation of three of the fourteen countries. Poetry on the Web illustrates the ingenious use of Internet and digital techniques for cultural communication and exchange. The Winternachten Festival in The Hague was a stage for authors, musicians and performers from the Netherlands, Belgium, South Africa, Indonesia, Suriname and the Antilles. Hivos supported this important meeting platform for authors from different cultures and intends to continue cooperation in the years ahead.

www.winternachten.nl

16/02

4.1.3 Environment and sustainable development

Hivos' environment and sustainable development policy is two-pronged. Hivos aims to promote sustainable development in production: organic and ecological farming figure prominently in this line of policy. Hivos also opposes non-sustainable production and polluting extraction and processing of raw materials. In 2002 Hivos contributed 12.9 million euros to support 144 partner organizations active in these fields.

Organic farming

In 2002 Hivos commissioned an investigation of organic farming in countries including Ecuador and Peru to determine which chains in the industry are most in need of support: production or marketing. The research results will enable Hivos to direct its search for partners that will serve the industry as a whole.

Campaign against a new oil pipeline

Hivos has partner organizations in many countries that campaign against widespread pollution. Thanks in part to consumer efforts, firms in the North have become more sensitive to environmental concerns. Wherever possible Hivos supports joint campaigns by organizations from the South and the North. Hivos partner Oilwatch opposed the construction of an oil pipeline in Ecuador. In Europe Hivos and other organizations pressured the Landesbank of the German state North Rhine-Westphalia to withdraw from the financing for this project.

www.oilwatch.org.ec

The OECD has issued guidelines for socially responsible entrepreneurship. Hivos encourages its partners to use these guidelines. Friends of the Earth International (FoEI) and Third World Network (TWN) advocate UN agreements regarding socially responsible entrepreneurship at the World Summit on Sustainable Development (WSSD) in Johannesburg.

www.foei.org

www.twnafrica.org

Genetic engineering

In 2002 Hivos continued to lobby against the introduction of genetically modified crops. FoEI organized side events and a public conference about the UN summit on Biodiversity (see 5.2.1) with support from Hivos in April. Partners from Brazil, Bolivia, Kenya and Zimbabwe reiterated the risks of genetic engineering for small farmers and biodiversity. The discovery of genetically modified products in food aid led Hivos to crank up the debate among Dutch aid organizations. It sponsored the arrival of Zambian scientists, who –following visits to the United States, South Africa and Brussels– came to the Netherlands to consider whether such food aid was desirable.

Biodiversity fund

The Biodiversity fund managed by Hivos and Novib grew steadily during the year under review. Twelve partners operating all over the world now participate and have stretched the fund to its limits. Most partners are involved in sustainable agriculture, diversity of sowing seeds and the struggle to discontinue pesticide use and genetically modified crops. The Biodiversity fund recently started to support the Forest Peoples Programme, which serves indigenous peoples and sustainable forestry. Other initiatives to promote sustainable forestry are under development. Another important project involved the convention of social and environmental standards, such as those of the IFOAM (organic farming), the FSC (sustainable forestry) and the FLO (fair trade). The objective was to learn about each other's standards and certification practices.

www.forestpeoples.gn.apc.org

www.fscoax.org

The Biodiversity fund was evaluated in 2002. The overwhelmingly positive findings pave the way toward additional expansion. In 2002 spending by this fund totalled over 1.8 million euros.



IFOAM: standards for organic farming

www.ifoam.org

Organic farming is one of the most dynamic sectors at the moment: worldwide turnover is estimated at between 17 and 25 billion dollars. This turnover continues to rise by 10 to 20 percent annually. Millions of farmers in virtually all countries in the world now practise organic farming.

IFOAM is a federation of organizations involved in organic farming. IFOAM offers farmers technical support, promotes exports and creates national markets for organic products. Certifying organic products is one of the IFOAM's main activities.

IFOAM has formulated standards for organic farming. These standards include prescriptions for pesticide use, as well as treatment of animals and preservation of biodiversity and landscape. Certifying bodies – accredited through IFOAM – enforce these standards. They determine whether organic farmers meet the standards that apply. Among the dozens of certifying agents, some are from developing countries. This is very important to keep certification affordable. Farmers from developing countries cannot afford the fees of Western certifying agents. Small farmers can also share the expenses by applying for group certification.

IFOAM is receiving increasing acknowledgement. In many countries IFOAM standards have been adopted in part or in their entirety in national legislation. Even the FAO now agrees that organic farming has good prospects. Leading environmental organizations such as Greenpeace, Friends of the Earth International, IUCN and the World Wide Fund for Nature – with a combined total membership of millions – regard organic farming as an alternative to large-scale chemical farming.

Hivos and the Novib-Hivos Biodiversity Fund provided IFOAM with 500,000 euros in 2002.

TABLE 4 ACTIVITIES IN THE AREA OF ENVIRONMENT AND SUSTAINABLE DEVELOPMENT IN 2002

| <i>Amounts x 1,000 euros</i> | Africa | Asia | Latin America | Southeast Europe | World-wide | Total |
|---|-------------|-------------|---------------|------------------|-------------|-------------|
| Number of projects | 43 | 43 | 80 | 4 | 23 | 193 |
| Number of organizations | 32 | 38 | 60 | 2 | 12 | 144 |
| Expenditure | 2.278 | 2.942 | 4.843 | 734 | 2.145 | 12.942 |
| of which integrated policy sectors | 407 | 971 | 348 | 0 | 426 | 2.152 |
| Env. & Sust. Dev. as a percentage of total regional expenditure | 11% | 18% | 26% | 32% | 35% | 20% |
| <i>Type of activity</i> | | | | | | |
| Sustainable use of natural resources | 53% | 47% | 52% | 66% | 79% | 57% |
| Influencing policy and awareness raising | 45% | 49% | 40% | 0% | 20% | 37% |
| Networking/institutional development | 2% | 4% | 8% | 34% | 1% | 6% |
| Total | 100% | 100% | 100% | 100% | 100% | 100% |

4.1.4 Gender, women and development

Hivos' GW&D policy supports women's organizations dedicated to women's rights and to increased participation by women in decision-making processes. Hivos also promotes gender equality in the 'mixed' partner organizations and their programmes. And Hivos hopes to mainstream gender equality in its other sectors.

In 2002 Hivos spent over 9 million euros on the operations of 160 partner organizations concerning gender, women and development. These partners are at the vanguard of the women's movement. Their work revolves around women's rights, based on the UN Convention on the Elimination of All Forms of Discrimination Against Women and the Beijing Platform for Action.

A UN Women's Conference?

This year the women's movement considered whether a lobby would be worthwhile for the next official UN Women's Conference in 2005. Scepticism was the prevailing sentiment: current policy is sufficient and adequate, but governments are unwilling to implement it. Hivos partners DAWN and WIDE figured prominently in this debate, which started at the AWID Forum in Mexico in

www.dawn.org.fj

www.eurosur.org/wide

TABLE 5 ACTIVITIES IN THE AREA OF GENDER, WOMEN AND DEVELOPMENT IN 2002

| <i>Amounts x 1,000 euros</i> | Africa | Asia | Latin America | Southeast Europe | World-wide | Total |
|---|-------------|-------------|---------------|------------------|-------------|-------------|
| Number of projects | 52 | 62 | 58 | 8 | 9 | 189 |
| Number of organizations | 48 | 49 | 49 | 4 | 10 | 160 |
| Expenditure | 3.068 | 3.016 | 2.268 | 168 | 502 | 9.022 |
| of which integrated policy sectors | 236 | 712 | 97 | 0 | 22 | 1.067 |
| GWD as a percentage of total regional expenditure | 14% | 18% | 12% | 7% | 8% | 14% |
| <i>Type of activity</i> | | | | | | |
| Women's rights/reproductive rights | 82% | 48% | 83% | 79% | 82% | 71% |
| Sustainable economic development | 10% | 19% | 3% | 0% | 0% | 10% |
| Cultural emancipation | 0% | 11% | 2% | 0% | 0% | 4% |
| Influencing policy and awareness raising | 1% | 12% | 5% | 0% | 18% | 7% |
| Networking/institutional development | 7% | 10% | 7% | 21% | 0% | 8% |
| Total | 100% | 100% | 100% | 100% | 100% | 100% |

October and continued online on the WIDE website. Hivos partners in Africa, Asia and Latin America are now considering their strategy for 2005.

www.awid.org

In July Isis-WICCE organized the International Know How conference in Kampala, Uganda with support from Hivos. Hivos presented best practices there and its partners' results in the women and ICT fields. The 180 participants work in women's documentation centres, media and the ICT sector. They drafted the Kampala Know How Declaration comprising recommendations for gender-sensitive policy and strategies for broad information dissemination.

www.isis.or.ug/knowhow

'Mixed' partner organizations

The second track of the GW&D policy – greater gender equality for the partner organizations and their programmes – will require organizational changes for all partner organizations. Results will materialize in the long run. The CFP Evaluation Steering Committee commended Hivos' consistent consideration for gender in evaluating partner organizations, as well as the critical dialogue that Hivos conducts with its partners on the subject. In 2002 Hivos formulated organizational and operational gender quality standards, which will be applied in 2003 in evaluating and monitoring the gender achievements of all partner organizations. Hivos consults its partners to establish the quality improvements and results desired. Nonetheless, the friction between donor expectations and the individual responsibility of partners is an ongoing dilemma.

Mainstreaming

The GW&D policy has now integrated gender equality in the objectives and strategies of the other Hivos sectors. This mainstreaming of gender equality is the result of the gender evaluation that Hivos performed in 2001. The economic and environmental sectors received priority in 2002. Hivos staff members attended a training course on gender, labels and socially responsible entrepreneurship (SRE). Next, FLO and IFOAM labelling experts taught about niche marketing and product chains. Gender received comprehensive coverage. In 2002 a coalition of Dutch social organizations developed a SRE framework, which, thanks in part to Hivos, includes gender standards as well.

www.fairtrade.net

www.ifoam.org

19/02

4.1.5 Human rights and AIDS

Hivos revised its human rights policy in 2002 (see 2). The objectives are:

- establish basic conditions for democracy, focusing on essential political rights
- negotiate rights for specific, poor or marginalized groups
- oppose corruption and impunity.

Hivos pursues these objectives both domestically and internationally. International treaties and human rights agreements are enormously important. In 2002 Hivos provided 169 –mostly southern– human rights organizations with nearly 13.2 million euros.

Human rights after September 11

The security measures taken following the attacks on September 11 compromised human rights worldwide in 2002. New, anti-terrorist legislation was adopted everywhere. In many countries these laws severely restricted civil liberties, freedom of expression and the right to information. Southern and northern human rights organizations discussed the deteriorated circumstances and responses to them extensively. The annual general meeting of Hivos partner International Freedom of Expression eXchange (IFEX) in Senegal was an important forum for this debate. IFEX is an international network of human rights organizations with 57 members involved in domestic and international research. They lobby against restrictive legislation and other measures that curtail human rights.

www.ifex.org

Effect of policy

In recent years coherent policy was an important topic in development cooperation for Dutch policy and European and international policy alike. The Humanist Consultation on Human Rights (HOM) received funds from Hivos to develop a method for assessing the impact of policy on human rights. After three years the HOM completed the first stage in designing this human rights impact assessment. The foundations for this method are already available. The next step is to implement case studies to make implementation opportunities more concrete.

www.hom.nl

www.mssrf.org

Eleven digital 'village kiosks' supply villagers in South India with local and relevant information in their native language. Fishermen listen to daily broadcasts from loudspeakers on the beach about the height of the waves and the weather report straight from the U.S. Marine website.

Untouchables obtain government grants and loans by computer. The kiosk network proves that ICT is a driving force of development in the countryside as well.

MSSRF, an institute of scientists and development workers in Chennai, launched the digital centres in 1998. The project expanded in India and abroad and became the organization's award-winning showpiece. The combination of state-of-the-art technology, customized information and close involvement with the target group is intelligent and 'demand-driven'. Volunteers with local organizations –trained by MSSRF– run the centres.

MSSRF is becoming increasingly known for research in fields such as biotechnology and sustainable agriculture. The organization has been a pioneer in ICT since 1992. 'Modern technology can benefit poor villagers as well,' observes Subbiah Arunachalam of MSSRF, 'provided you apply ICT creatively and integrate it.'

Hivos' contribution to MSSRF equalled 40,000 euros in 2002.

Human rights activists

In 2002 the special UN ambassador for human rights activists noted the continuous obstacles that human rights advocates face in her report to the UN General Assembly. That year Hivos identified the rights of human rights activists as a key issue in its human rights policy. Together with Amnesty International, Hivos designed a campaign to improve protection of human rights activists. The campaign will start in 2003 (see 5.2.1).

AIDS

Hivos supports organizations that defend the rights of people with HIV/AIDS and promote their full participation in society. Such organizations focus on influencing domestic and international policy to achieve optimal information dissemination, prevention and care facilities in the South. In 2002 Hivos added ten new –mainly African– relations to its AIDS programme. Hivos aims to intensify its struggle against HIV/AIDS, especially in Africa. In 2002 Hivos provided over 2.6 million euros to the AIDS programmes of 52 organizations (up 24 percent from 2001). Four hundred thousand euros came from the revenues of Stop Aids Now! (SAN!).

TABLE 6 ACTIVITIES IN THE AREA OF HUMAN RIGHTS AND AIDS 2002

| <i>Amounts x 1,000 euros</i> | Africa | Asia | Latin America | Southeast Europe | World-wide | Total |
|--|-------------|-------------|---------------|------------------|-------------|-------------|
| Number of projects | 77 | 73 | 67 | 9 | 30 | 256 |
| Number of organizations | 77 | 55 | 68 | 3 | 18 | 221 |
| Expenditure | 6.732 | 4.031 | 3.255 | 1.016 | 807 | 15.841 |
| of which integrated policy sectors | 132 | 472 | 57 | 4 | 126 | 791 |
| HR en AIDS as a percentage of total regional expenditure | 31% | 25% | 17% | 44% | 14% | 24% |
| <i>Type of activity</i> | | | | | | |
| Protection of human rights and legal assistance | 0% | 5% | 4% | 0% | 0% | 2% |
| Influencing policy and awareness raising | 98% | 86% | 91% | 77% | 84% | 91% |
| Networking/institutional development | 2% | 9% | 5% | 23% | 16% | 7% |
| Total | 100% | 100% | 100% | 100% | 100% | 100% |



Ten partner organizations received support from Hivos for the HIV/AIDS section in their programme. Most are gay and lesbian organizations in Latin America. Twenty percent of the HIV/AIDS partners offer training and capacity development to other organizations. Hivos has made reinforcing local HIV/AIDS organizations a priority and hopes to invest more energy in this cause in the years ahead.

4.1.6 ICT

Hivos applies ICT strategically toward achieving its objectives in developing countries. In a society of universal equal opportunities, people are presumed to have access to information and to be able to handle it. This is the core of the ICT policy and action programme that Hivos launched in early 2000. The six areas addressed by *Access for all: equal opportunities in cyberspace* are Internet access, local content on the web, capacity development, Internet network opportunities, fair e-trade and an Internet rights lobby. In 2002 Hivos spent 7.6 percent of its funds on ICT. About 4.4 million euros went to 79 ICT partners. Internet access among partners rose from 81 percent (2001) to 84 percent. The share of partners with a website grew from 33 percent to 37 percent in this period. ICT partners are not necessarily specialized in ICT but apply ICT strategically in their core activities.



4.2 Regions

4.2.1 Africa

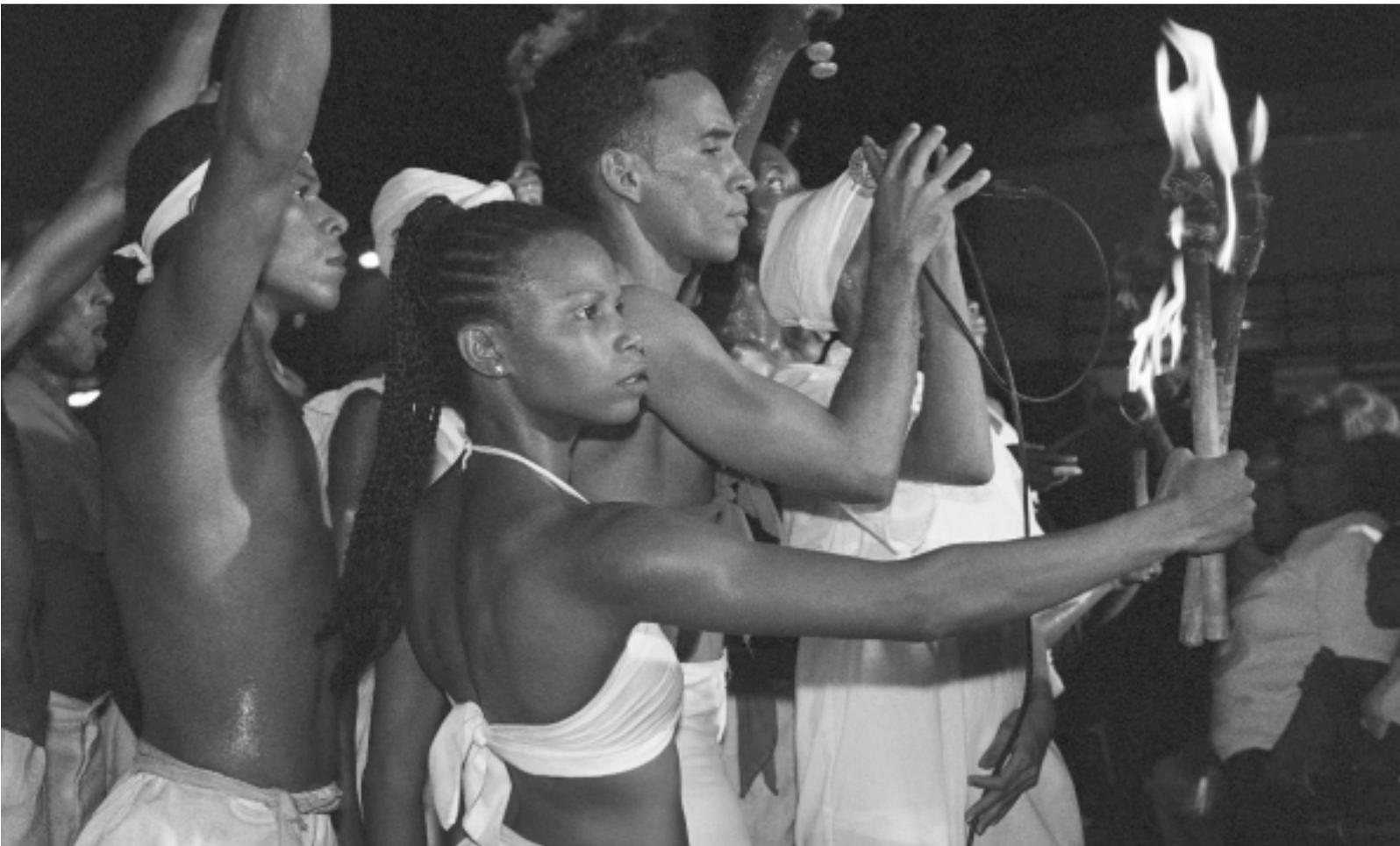
In Africa Hivos supports operations conducive to society building and sustainable economic development. The organization focuses on East and Southern Africa. In 2002 expenditures totalled 20.1 million euros. This amount was distributed among 245 organizations, including 48 new partners.

Hivos enhanced its relationship with the Alliance2015 partners in 2002. They reached concrete agreements about working together on HIV/AIDS in East and Southern Africa.

Economic activities and credit

Hivos supports the establishment of financial institutions in Africa and aims to make credit more accessible to the poor. Micro-financing institutions (MFIs) can play a major role in this process. In many countries, however, legislation and regulations impede the operation of these institutions. National associations of MFIs therefore advocate legislation and regulations supporting the savings and loan industry. Hivos supports five such associations in Uganda, Zambia, Malawi, South Africa and Zimbabwe. In Uganda the AMFIU association made good progress in 2002 and had a major say in the new legislation promulgated by the government. In Zimbabwe Hivos and partner SAMCAF organized a workshop about this subject for MFIs in the region of Southern Africa.

SAMFAC is one of the four regional African micro-financing networks receiving support from Hivos. They enhance the capacities of their members in areas such as rural financing, determination of cost price and cash management, thanks in part to exchanges between the MFIs.



Art and culture

In 2002 the cultural highlight was the selection of *Africa's 100 Best Books of the 20th Century*, a project of the Zimbabwe International Book Fair. Africa's hundred best books were presented with pride at a gala occasion in South Africa, which Nelson Mandela attended. This was one of the literature projects that Hivos supported that year. Hivos furthers the promotion and distribution of African literature. Visual art is another important pillar of Hivos' culture policy in Africa. Hivos contributed support via the Stichting Africaserver for the Virtual museum for contemporary African art, which is an online platform where African artists display their work to a worldwide public.

www.zibf.org

www.africaserver.nl

www.vmcaa.nl

Gender, women and development

What have we accomplished since Beijing 1995? Hivos discussed this subject with African women's organizations at two large international conferences: the Women's World Congress in Kampala and the AWID Forum in Mexico. The women reached two conclusions. They have accomplished a lot, but financial support for women's organizations is stagnating – even in the context of gender mainstreaming propagated by the Beijing Action Plan. Moreover, past achievements are being undermined by the strained relations between the women's movement and African governments, the increase in violence against women and the devastating consequences of HIV/AIDS. The African women's movement is therefore considering new strategies and alternatives for a major UN follow-up conference to the one in Beijing.

www.awid.org

Environment and sustainable development

Biodiversity and genetic engineering figured high on the agendas of several African partner organizations in 2002. In Kenya Hivos partner ELCI was deeply involved in formulating the official East-African position concerning the Biodiversity Convention. Biowatch and KIOF contributed at various public gatherings in the Netherlands about genetic engineering and biodiversity. The WSSD in Johannesburg was an important event in 2002. Hivos supported the input from African farmers at this UN summit and financed the attendance of a few African journalists and two workshops of Biowatch and Friends of the Earth Netherlands.

www.elci.org

www.biowatch.org.za

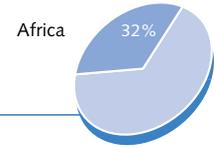
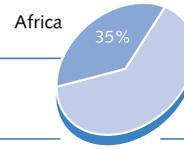
www.milieudefensie.nl

KEY FIGURES AFRICA

| Amounts x 1,000 euros | 2001 | 2002 |
|---------------------------------|--------|--------|
| Expenditure | 20.213 | 20.104 |
| to be charged to the CFP | 16.593 | 16.302 |
| Number of partner organizations | 223 | 245 |
| Number of projects | 328 | 337 |

Hivos expenditure by region:

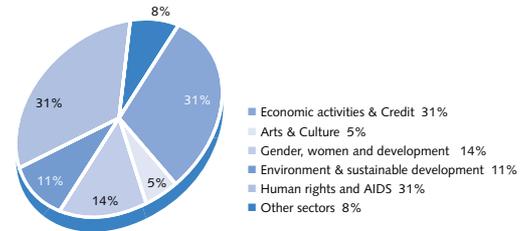
Hivos partner organizations by region:



Hivos supports organizations in:

Eastern Africa Kenya Tanzania Uganda
Southern Africa Botswana Malaw Mozambique
 Namibia Zambia Zimbabwe *South Africa*

Expenditure in Africa by policy spearhead



Human rights and AIDS

In December Kenya voters ended four decades of KANU rule. In what were largely free and fair elections, opposition candidate Kibaki was elected president. The elections were the crowning glory of the efforts of Hivos partners such as Citizens Coalition for Constitutional Change (CCCC) and the National Convention Executive Council (NCEC). In recent years they invested enormous efforts in human rights, good governance and fair political processes. In Zimbabwe the course of events in March was entirely different and was a far cry from free and fair elections. The outcome further reduced the likelihood of greater freedom and democracy in Zimbabwe. Social organizations that have supported democracy in recent years are feeling the pressure. They will continue to receive support from Hivos. Proclaiming 'don't give up', Hivos partner Rooftop Promotions organized a peace festival for a large audience after the elections.

25/02

In 2002 Hivos stepped up its efforts in the struggle against HIV/AIDS, especially in Southern Africa. The scope of the problem requires this additional input. Moreover, activities are often isolated efforts and need to be coordinated more effectively. Alliance2015 is well-suited to this cause. Hivos and Alliance partner Ibis are coordinating support for HIV/AIDS activities in the north of Namibia. In Uganda, Hivos supports an HIV/AIDS programme of Concern, and at Cabo Delgado in Mozambique, Hivos works with Deutsche Welthungerhilfe.

In South Africa Treatment Action Campaign negotiated the availability of inexpensive drugs against AIDS in 2001. This inspired organizations in places such as Kenya to pursue this cause in their own country.

www.tac.org.za

4.2.2 Latin America

In Latin America Hivos supports economic and sustainable growth, democratization and the rights of marginalized groups such as ethnic minorities. In 2002 Hivos spent around 18 million euros on the work of 275 partner organizations, including 32 newcomers. Over half these funds—more than 57 percent—was spent on economic and environmental causes.

Economic activities and credit

In 2002 the coffee trade remained at the mercy of the low prices on the world market. The crisis revealed once again the importance of credit lines for restoring the production chain. HTF and Hivos supported various cooperative organizations of small coffee farmers. Hivos partners PRODECOOP in Nicaragua and COCLA in Peru received several trade loans enabling them to market their coffee under favourable Max Havelaar conditions. In Costa Rica small coffee farmers now process and package their products locally, thanks to the efforts of partner CEDECO funded by Hivos. The coffee produced by these farmers circulates within the Fair Trade network as well.

www.coclaperu.com



Art and culture

In 2002 Hivos supported ten new culture partners, especially in Central America. A few of the music projects were remarkable. Orquesta de la Papaya is an initiative of musicians from the seven countries in Central America. In a series of concerts and a cd, the group highlights the unity and diversity of the Indian and Afro-Caribbean cultures from the region. Stone Tree Records, another music project in Belize, recorded primarily female musical talent from the Garifuna culture in the region. These recordings were played at events such as the Womex international music fair in Berlin.

www.stonetreerecords.com

Gender, women and development

'Gender equality starts with you' is Hivos' appeal to its partners regarding their involvement in this field, in both their regular and mixed programmes as well as their own organization. In 2002 Hivos commissioned evaluations of the intensive gender plan at five mixed partners in Central and South America. This plan devised by Hivos teaches partners to apply concern for gender within their organizations. The provisional conclusions indicate that the plan is fruitful. In 2003 other partners will implement the gender plan as well.

Hivos financed a gender consultancy for its Cuban partner ANAP, which is a vast organization of farmers. Both ANAP and the consultant found the advice innovative and very beneficial. Several environmental organizations will receive visits from a gender consultant as well in 2003. In Honduras various new partners are defending the rights of women at assembly factories.

Environment and sustainable development

In June Hivos partner FoEI reported that food aid from the United States to Bolivia contained genetically modified corn that had been declared unfit for human consumption. This instigated debate about such crops in Bolivia. Hivos supported a seminar about genetic engineering that drew a broad coalition of organizations. The coordinating organization AOPEB, a Hivos partner

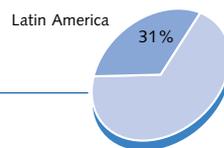
www.foei.org

www.megalink.com/aopeb

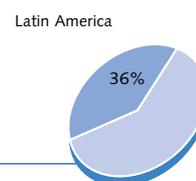
KEY FIGURES LATIN AMERICA

| Amounts x 1,000 euros | 2001 | 2002 |
|---------------------------------|--------|--------|
| Expenditure | 19.278 | 18.047 |
| to be charged to the CFP | 15.850 | 15.620 |
| Number of partner organizations | 275 | 275 |
| Number of projects | 376 | 387 |

Hivos expenditure by region:



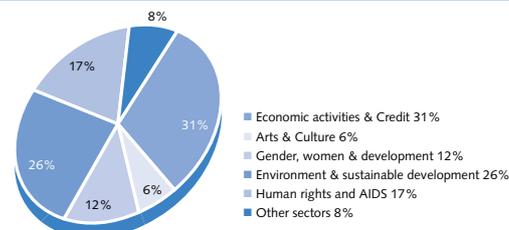
Hivos partner organizations by region:



Hivos supports organizations in:

Central America Belize Costa Rica El Salvador
 Guatemala Honduras Nicaragua
South America Bolivia Chile Ecuador
 Peru Surinam
Caribbean area Cuba Dominican Republic
 Grenada St. Vincent

Expenditure in Latin America by policy spearhead



that represents 625 groups of organic farmers, was an important operator in this effort. After the seminar, participants urged a moratorium on genetically modified crops in Bolivia. In Honduras Hivos partner RDS (network for sustainable development) used ICT to involve civil society in the debate about sustainable development. RDS aims to influence policy in this field as well. In 2002 the organization opened a special portal on sustainable development. It also aims to use ICT to promote fair trade in dairy products produced at a small scale.

www.rds.org.hn



Agua Buena: affordable anti-AIDS medication

www.aguabuena.org

In late 1997 Ricardo Stern and Guillermo Murillo won a major lawsuit at the Constitutional Court in Costa Rica. They forced the government to cover medication for people with HIV/AIDS in the national health insurance plan. The two had been active in Costa Rica's gay movement for years, when they established Agua Buena in 1997. They work with volunteers to promote the struggle to help people with HIV/AIDS.

In Costa Rica, which is relatively affluent, over eleven hundred people with HIV/AIDS now receive medication. The costly anti-AIDS medication, however, remains unaffordable to those in the poorer neighbouring countries. Agua Buena has therefore extended its field of operation to organizations of people with HIV/AIDS in the region. At the same time, the movement won a campaign against UNAIDS and the major pharmaceutical companies to reduce the price of anti-AIDS medicines. In addition, Agua Buena notified governments about alternative channels for cheaper medication.

Hivos enabled Agua Buena to expand this campaign to Latin America. Several lawsuits have now been filed with the Inter-American Commission on Human Rights. This prestigious institute ordered the governments of Honduras, Ecuador, Guatemala, Nicaragua, Peru, Bolivia and the Dominican Republic to provide the hundreds of applicants with medical care. Thanks in part to the publicity concerning these verdicts, the authorities are now accelerating national AIDS policy plans.

In 2002 Hivos provided Agua Buena with 28,000 euros from the funds of Stop Aids Now!

Human rights and AIDS

In Peru Hivos and SNV arranged training sessions for the National Ombudsman (Defensoría del Pueblo) staff. The ombudsman had opened an office in the Peruvian lowlands to assist the indigenous population with countless legal problems. But the cultural gap between the lawyers from the capital and the illiterate Indians from the Amazon was jeopardizing the experiment. The training sessions have enabled indigenous organizations, local NGOs and the ombudsman lawyers to work together closely. This rapprochement is expected to continue.

www.ciprodeh.org.hn

In Honduras citizens have virtually no political input. The human rights organization CIPRODEH managed to improve transparency and disclosure by the parliament. A commission for popular participation of MPs and civil society representatives serves an important advisory function in the adoption of all social legislation.

4.2.3 Asia

The Hivos programme for Asia varies widely by region. In India the focus is on the rights of specific groups, such as Dalits and tribal groups. Economic growth and sustainable development are the main areas of interest in Sri Lanka and Indonesia. Finally, in Central Asia, Hivos is dedicated to the strengthening of social organizations and democratization. The total turnover of the Hivos programme in Asia equalled 12.8 million euros in 2002. This financing was distributed among 183 organizations, including 15 new partners.

In 2002 the consequences of September 11 for Asia became apparent. One manifestation was the imminent war between Pakistan and India over Kashmir. Another was the eruption of religious violence among radical Hindus directed against Muslims in Gujarat. Hivos responded immediately by allocating funds to help the victims.

Hoping to strengthen the lobby for improving EU policy in Asia, the South-Asian NGO network SAAPE (see 5.1.2) opened a small secretariat in Kathmandu with support from Hivos. In addition, Hivos and Eurostep were involved in drafting the lobbying agenda for SAAPE, targeting EU funds for South Asia.

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www.saape.org

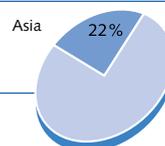
Economic activities and credit

NGOs, banks and government officials in India discussed the role of micro-financing in poverty alleviation at a workshop organized by Hivos in November 2002. In 2003 Hivos and HTF will follow up on this effort with several new micro-financing institutions. In Indonesia the HTF programme acquired a new partner, the development bank Dagang Bali. Hivos issued start-up capital to two new rural bank institutions in Kazakhstan and East Timor. Both institutions focus their efforts on small women entrepreneurs.

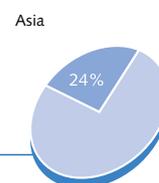
KEY FIGURES ASIA

| Amounts x 1,000 euros | 2001 | 2002 |
|---------------------------------|--------|--------|
| Expenditure | 13.079 | 12.716 |
| to be charged to the CFP | 11.213 | 11.969 |
| Number of partner organizations | 188 | 183 |
| Number of projects | 280 | 284 |

Hivos expenditure by region:



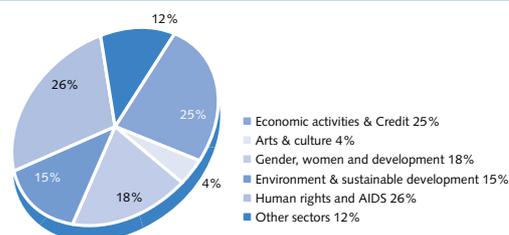
Hivos partner organizations by region:



Hivos supports organizations in:

India Indonesia Kazakhstan Kyrgyzstan
Timor Loro Sae (East Timor) Sri Lanka

Expenditure in Asia by policy spearhead



www.jffest.com

In late 2002 Hivos partner YMFFI organized the 4th Jakarta International Film Festival. For ten days the public viewed 120 inspiring motion pictures from 29 countries. Nearly 19,000 people attended the festival. In 2001 the festival drew nearly twice that number of visitors, but following the bomb explosion on Bali –the day before the festival– many people feared that the festival might become a target as well.

Festival themes that year included multi-culturalism, anti-corruption and modern Islam. These subjects are of immense relevance in Indonesia today. This year YMFFI once again locked horns with the censorship body, which wanted to ban one quarter of the motion pictures. The festival organizers filed a petition of objection and in the end were allowed to screen all films, although some scenes were deliberately blurred. The censorship efforts instigated lively debates in the media about freedom of expression.

The film festival was an important driver of social debates in the Indonesian cultural community again this year, especially among local filmmakers. Mini-film festivals are being organized at several universities in response.

In East Timor, the first East Timor Human Rights Documentary Film Festival took place. The festival was the cultural highlight of the Independence Day celebration on 20 May 2002. The event lasted nine days and featured fifty motion pictures about East Timor. The productions came from all over the world. Eight motion pictures were dubbed in the local language. In Dili over 50,000 people attended the festival. In the countryside the screenings of motion pictures drew about 85,000 people.

Hivos provided the two film festivals with 32,500 euros in 2002.

Art and culture

During the year under review Hivos commissioned studies on the state of art and culture in Sri Lanka and Indonesia. This resulted in new partners that support artists through exchange, training and publications about art.

Gender, women and development

In East Timor the partner organization Fokupers and the lobby group La'o Hamutuk placed violence against women –especially domestic violence– on the agenda. This is the first time that this new, independent nation is holding people from the community accountable, rather than an external enemy. In India Hivos organized two meetings with partners about the integration of gender in their regular programmes.

Environment and sustainable development

In Kyrgyzstan Hivos initiated a study about opportunities for increasing sustainable agricultural production. The outcome of the research was that although little is happening at the moment, prospects are good. Representatives of farmers' organizations, environmental organizations and the authorities discussed the subject at a workshop. In the course of 2003 Hivos will support new initiatives in this field. In early 2002 a similar type of study in East Timor led a platform for sustainable land use to be established. This platform, HASATIL, will be dedicated to information dissemination and influencing policy.

In 2002 Hivos also figured prominently in the Dutch debate about genetic engineering. Hivos works closely with organizations in India and the Philippines that monitor the introduction of crops raised through genetic engineering and distribute information about the results.

Within Alliance2015, Hivos reached agreements regarding joint financing of the agriculture and forestry programme of its partner CWS/SVA in Jharkand, India. In East Timor Alliance2015 is exploring opportunities for working together in sustainable agriculture.

www.alliance2015.org

Human rights and AIDS

Social tensions in Indonesia heightened in 2002. Certain Muslim groups became more radical, the influence of Islam on daily life increased and the stand against adherents of other religions became more entrenched. Hivos partners such as KPI, SPP QT and ELSAM try to counteract this polarization by encouraging cooperation between farmers, women and other groups with different religious and ethnic backgrounds.

The good news for 2002 included the peace negotiations between the Tamil Tigers and the authorities in Sri Lanka. After nearly two decades of war and over 60,000 dead, the war violence appears to have ceased definitively. This has provided opportunities for reconstruction and development in the previously unsafe areas in the north and east. Hivos was able to establish new relations with organizations that hope to contribute to the peace process by promoting economic growth.

The political situation continued to deteriorate in Kazakhstan and Kyrgyzstan. In 2002 Kazakh President Nazarbaev came to the Netherlands. During his visit, Hivos invited the leader of human rights organization KIBHR, who informed the media, MPs and the authorities about human rights violations in this Central Asian country (see 5.2.1).

www.bureau.kz

www.welcome.to/gaya

Gaya Nusantara, an organization dedicated to gay emancipation in Indonesia, is a new Hivos partner. In the fight against AIDS, Hivos helped build capacity among self-help organizations of sex workers.

4.2.4 Southeast Europe

Reinforcing social ties and promoting reconciliation between the different population groups are Hivos' objectives in Southeast Europe. In 2002 Hivos spent 2.2 million euros on the operations of 12 organizations (including one new one) dedicated to this cause. The strategic partners IKV, Avalon and Milieukontakt Oost-Europa were important channels for the support provided by Hivos.

www.ikv.nl

www.avalon.nl

www.milieukontakt.nl

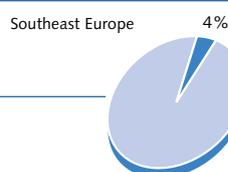
During the year under review the Southeast Europe programme received a favourable evaluation. Hivos has extended its current level of support for this recent programme to 2006. The evaluation reflected praise for the society-building operations. A few projects on direct poverty alleviation raised doubts. Hivos followed the recommendations in the report and cut spending on economic activities considerably.

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KEY FIGURES SOUTHEAST EUROPE

| Amounts x 1,000 euros | 2001 | 2002 |
|---------------------------------|-------|-------|
| Expenditure | 2.181 | 2.296 |
| to be charged to the CFP | 2.142 | 2.251 |
| Number of partner organizations | 11 | 12 |
| Number of projects | 21 | 26 |

Hivos expenditure by region:



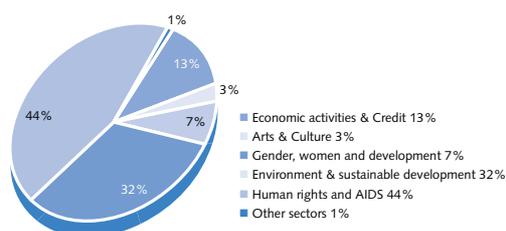
Hivos partner organizations by region:



Hivos supports organizations in:

Albania Bosnia-Herzegovina Kosovo Macedonia
Moldavia Montenegro Serbia

Expenditure in Southeast Europe by policy spearhead



Regional developments continue to leave a variegated impression. Clearly, democratization remains a laborious process. The elections in Macedonia led to a government coalition of moderate, primarily ethnically-based parties. In Kosovo the government now includes representatives of the Serb minority. But the election results in Bosnia-Herzegovina in late 2002, on the other hand, revealed a rise in the influence of nationalist parties. In Serbia the divisions between the democratic forces in the post-Milosevic era became apparent.

Environment and sustainable development

In late 2002 Hivos commissioned an evaluation of Avalon's programme to strengthen organic farming. The report offers interesting suggestions for enhancing this programme. Milieukontakt Oost-Europa continued to strengthen environmental groups in Albania, Macedonia and Moldavia, focusing on environmental education to raise environmental awareness among the population. The effort gave rise to cautious campaigns holding authorities responsible for their environmental policy and its implementation.

Human rights and AIDS

Hivos finances operations intended to reconcile the different population groups and bring them closer together. The Interethnic Project in Gostivar was so successful that Hivos and partner IKV prepared similar initiatives in other ethnically divided cities in Macedonia. The joint efforts between IKV and Hivos in conflict areas in Southeast Europe are proceeding auspiciously. Based on this fruitful cooperation, Hivos and IKV have signed a multi-year programme agreement starting in 2003 to work together in this region. In the Netherlands this collaborative work give rise to a Srebrenica report published prior to the NIOD study. Thanks to this IKV report, the voices of the victims from Srebrenica resounded in Dutch public debate.

Hivos worked with partner COC to conduct an inventory of the many new gay and lesbian organizations in the region. This should lead to a multi-annual plan for support and capacity building for these organizations.

www.coc.nl



Women from Kosovo

Albanian women in Kosovo were systematically raped during the fighting between Albanian Kosovars and Serbs. The Centre for the Protection of Women and Children notified the international community of this situation making extensive use of Centre Director Sevdie Ahmeti's war diary. Ahmeti's work and book led Human Rights Watch to designate her as human rights monitor for 1999.

The Centre has been dealing with rapes in the course of the warfare since mid 1999. Relief workers helped thousands of affected women and their families come to terms with their traumatic experiences. The organization also lobbied for the Yugoslavia Tribunal to grant special consideration to the perpetration of rape as a weapon in the war. The Centre wanted the tribunal to classify the act as genocide. This lobby was successful. Staff members at the Centre then arranged for Albanian women to testify in The Hague. Five women agreed to take this difficult step. After testifying, they were unable to return for security reasons and were given shelter elsewhere in Europe.

The Centre also arranges shelter for women who are victims of domestic violence and opposes forced prostitution and traffic in women. Hivos provided the Centre's project 'rape as a war weapon' with 60,000 euros. The HOM was involved as an intermediary.



5 Activities in the North

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In the Netherlands and in Europe, Hivos works closely with a number of other development organizations and also with other social and civil organizations. In Hivos' view, international cooperation is more than development cooperation alone. Hivos selects its (social) partners on the basis of their expertise in the specific policy domains most important to Hivos itself. Another aspect considered is the position of the partner within that domain. Cooperation effected in this way increases the level of public support in the organization's own country 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 most important objective is to halve the number of people living in absolute poverty by 2015. Alliance2015 was founded in November 2000. The member organizations are Concern (Ireland), Deutsche Welthungerhilfe (Germany), Ibis (Denmark) and Hivos (Netherlands). In June 2002 the Italian organization Cesvi joined Alliance2015 as well.

www.concern.ie

www.welthungerhilfe.de

www.ibis.dk

www.cesvi.it The Alliance2015 organization consists almost entirely of the input from member organizations. It has only a small secretariat and a rotating chairmanship, which Concern held in 2002.

The power of diversity

Alliance2015 is Hivos' most important strategic collaborative alliance with peer organizations in Europe. This collaboration relates both to coordinating activities in Europe and to cooperation in the South. Alliance2015 partners provide both structural and humanitarian aid. Members of Alliance2015 share the same (secular) principles and values but differ in terms of their strengths

and areas of experience. This diversity is also the strength of Alliance2015: members complement each other, and the collaborative alliance derives optimal benefit from this arrangement. Staff members from the organizations meet two or three times a year to share their experiences and explore the opportunities for working together. The format consists of three working groups: Communications and Private Fundraising, Programmes and Projects and Public Fundraising.

Regional gatherings

The regional gatherings in East Africa, Central America, Southern Africa and Southeast Asia greatly promoted cooperation in the South. Staff members of the Alliance organizations shared their experiences in these regions and considered possibilities for joining forces. In India, Hivos, Deutsche Welthungerhilfe (DWHH) and Concern have had an institutional collaborative arrangement since the start of Alliance2015. Cesvi will join in this arrangement at the beginning of 2003. In Southern Africa the Alliance2015 partners started working together on HIV/AIDS policy. Ibis and Hivos are leading this effort. In Mozambique –the only country where all Alliance partners operate– ongoing cooperation is gradually taking shape.

Consortia

The donor organizations work together in concrete consortia as well to coordinate their financial support for southern partners. Another ground for establishing consortia is to stand a better chance at being awarded external funds, such as from the European Commission. In 2002 the European Commission approved the three consortium projects submitted by the Alliance2015 partners under Hivos' aegis. Altogether, the EU contributes 4.7 million euros to these projects. Two years since Alliance2015 was established, the collaborative alliance is clearly yielding (financial) benefits.

Information projects

The consortium projects include an Alliance2015 campaign to be conducted in the Netherlands, Germany and Ireland: 'School is the best place to work.' The objective of the three-year campaign is to demonstrate that poverty never justifies failing to provide children with an education. Prohibiting the hazardous forms of child labour alone is unacceptable: all children are entitled to schooling.

In September Dutch schoolteachers visited the Indian partner organization MVFoundation. They were accompanied by representatives of the national India working group [*Landelijke India Werkgroep*], the general teachers' union [*Algemene Onderwijsbond*], the federation of national trade unions [*FNV*], the humanist broadcasting association [*Humanistische Omroep*] and Alliance2015. MVF demonstrates that child labour can be stopped through joining forces at the village level. The organization uses volunteers to trace all working and non-working children and arranges for them to attend school.

www.schooldebestewerkplaats.org

The documentary *Blood Diamonds Forever?* is a smaller information project of Alliance2015. The motion picture shows how the trade embargo on diamonds from Angola is circumvented. This Ibis initiative was broadcast successfully on Danish television and at the international documentary festival in Cannes.

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Logo Alliance2015

www.alliance2015.org

Alliance 2015

towards the eradication of poverty

- Alliance 2015 is a pragmatic alliance between Concern (Ireland), Ibis (Denmark), Deutsche Welthunger Hilfe (Germany), Cesvi (Italy) and Hivos.
- Joint allocations in 2001: 242 million euros
- For structural poverty alleviation (54%), emergency aid (37%) and lobbying, education and information (9%),
- In Africa (42%), Asia (32%), Latin America (20%) and Eastern Europe & Maghreb (6%).
- Revenues: 61% of the funds come from public sources and 39% from private sources.

5.1.2 Eurostep

www.eurostep.org Eurostep is a collaborative partnership of 19 European development organizations which all have a secular background. Novib and Hivos are the two Dutch member organizations. Eurostep is aimed at influencing political policies, particularly EU policies and the role development cooperation plays in them.

European Convention

In 2002 the EU decided to integrate EU development cooperation in general and foreign policy. The EU disbanded the Development Council (the consulting body for European political leaders) and had the European Commissioner for Development Cooperation report to his counterpart for external relations.

Hivos and Eurostep believe that these are changes for the worse. They are dedicated to increasing the importance of development cooperation in the European Convention. In this document the EU establishes its future policy principles. The EU is the world's most important donor in financial respects. According to Eurostep, EU political policy and its more ideological principles should reflect this role.

EU and South Asia

www.saape.org Together with networks of social organizations in the South, Eurostep monitors the quality and effectiveness of EU aid. Eurostep member organizations are the initiators. Hivos takes the initiative in the lobby for relations between the EU and South Asia in conjunction with SAAPE (South Asian Alliance for Poverty Eradication). SAAPE, which was established in 2000, aims to influence both its own governments and international policy. The network requests European development organizations for support in this effort.

In September SAAPE organized a gathering in Nepal with national representatives from South Asia. Eurostep and Eurodad representatives participated as well. They agreed they would start a lobby in connection with the policy framework for the EU relations with Asia and Latin America. This so-called ALA Regulation will be adopted in 2003. In early November a SAAPE delegation travelled to Brussels for talks with European MPs. SAAPE asked them about the traditional blind spot of the EU with respect to Asia and poverty in that region. The result was an official hearing about the ALA Regulation in the European Parliament in early 2003.

5.1.2 Other networks

NGO-EU Liaison Committee

The NGO-EU Liaison Committee (LiCo) is the umbrella network of European development organizations. Each of the fifteen member states has a National Platform comprising a total of nine hundred organizations. Hivos serves on the board of the Dutch Platform. In 2002 LiCo nearly completed the internal deliberations about innovation. On 30 January 2003 a new European coordinating organ was established: Concord. The National Platforms will continue to exist, but fourteen European networks –such as Eurostep and Eurodad– may join the new structure. The current working groups for funding and development education will be complemented by specific task forces, usually run by one of the networks. Hivos expects this system to provide a foundation for the required innovation, which should improve cooperation between the networks in Brussels and enhance the political role with respect to the European Commission (EC). In 2002 Hivos once again chaired the working group on Funding, which deals mainly with European co-financing. It regularly consults the appropriate EC department. Processing grant proposals remained seriously behind schedule: on average, only twenty percent of the requests were approved. A new reorganization is planned for early 2003 and will involve the transfer of much of the Brussels EU staff to the EU delegations (embassies). The resulting consequences for European co-financing are impossible to predict. In an effort to gain insight into the situation, the working group on Funding will organize a broad seminar about the future of EU co-financing in the course of 2003.



Eurodad

Hivos is an active member of and serves on the board of Eurodad, the European network on debt and development. Ten of the 45 member development organizations are based in the Netherlands. Hivos and the other Dutch co-financing organizations are mainly involved in the EPEP project, which supports southern social organizations in discussions about national Poverty Reduction Strategy Papers (PRSPs). These PRSPs have been criticized extensively, and southern organizations are developing their own alternatives for poverty alleviation. The SAAPE network, for example (see 5.1.2), will organize a conference about poverty alleviation strategies in South Asia next year in conjunction with EPEP/Eurodad.

www.eurodad.org

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IHEU

Hivos is a longstanding member of the international humanist network IHEU (International Humanist and Ethical Union). Hivos supports the IHEU Networking Fund for humanistic social organizations in the South that combat religious intolerance and cultural discrimination. In July 2002 IHEU celebrated its fiftieth anniversary with the congress *All different, all equal* in Noordwijkerhout (see 5.2.2). Hivos contributed to the event.

www.iheu.org

5.2 Cooperation in the Netherlands

5.2.1 Information, education and lobbying

In the Netherlands, Hivos works very closely with other social organizations in the domain of lobbying, education and information. This includes not only other development organizations but also organizations in other specialist fields. Organizations which have expertise in the domain of economics and credit, environmental issues and sustainable development, culture and the arts, women's issues, human rights, AIDS or ICT.

Lobby campaigns

The new policy framework for the Co-financing Programme (CFP) stresses the importance of lobbying and education in the North. Given its profile, network and specific experience, Hivos decided to focus on four themes in its lobby campaigns from 2002 onward:

- www.koffiecoalitie.nl - Coffee. The coffee coalition aims to improve working conditions on coffee plantations and to achieve more equitable distribution of the money earned in the coffee chain. Hivos' partners in this lobby include Novib, Max Havelaar, the FNV and the "World Shops" (fair trade shops).
- www.novib.nl
- www.maxhavelaar.nl
- www.wereldwinkels.nl SNF runs the coalition secretariat (see 5.2.5). Hivos funded two documentaries about coffee.
- Biodiversity. In 2002 Hivos forged ahead with its lobby campaigns against the introduction of genetically modified crops (see 4.1.3).
- www.amnesty.nl - Human rights activists. Hivos worked with the Dutch section of Amnesty International on a campaign for protection of human rights activists (see 4.1.6).
- Freedom of expression. At the end of the year under review Hivos prepared a lobby dedicated to freedom of expression. The lobby deals with the policy areas culture, ICT and human rights.

Wereldburgers.nl

- www.wereldburgers.nl Hivos eagerly signed on with the coalition Wereldburgers.nl on two occasions: before the elections of May 2002 and before the elections of 22 January 2003. Nearly seventy national and regional organizations joined forces in this platform. They advocated a coalition agreement reflecting consideration for interests that extend beyond the Dutch borders. Wereldburgers.nl has urged politicians to be more coherent and to adopt a policy that accommodates the needs of world citizens. On 17 June the platform organized a debate about the government formation. Before the May elections, Hivos also participated in the campaign *Gaat het in Mei om de Wereld van Jou?* (Are the May elections about your world?) and sent speakers and information kits to the demonstration on 20 April.

Africa Conference

- www.evertvermeerstichting.nl At the annual Africa conference of the Evert Vermeer Stichting, Hivos organized five workshops: 'Zimbabwe and the (im)potence of the international community', 'Micro-credit in Uganda', 'Democratization in Zambia', 'The impact of gene technology in Southern and East Africa' and 'E-discussion with Africa, backgrounds and practice'. Hivos also arranged a culture programme about the Zanzibar International Film Festival.
- www.ziff.org.tz

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Film, photography and poetry

- www.iffrotterdam.nl At the Rotterdam International Film Festival, Hivos relations attended the world premiere of the Indonesian film *Whispering Sands* of Nan T. Achnas.
- www.kit.nl Together with the Royal Tropical Institute and the Organization for Latin America activities, Hivos organized an original and well-attended presentation of the special photo album and cd *About Time and the Tropics / Del Tiempo y el Trópico – Honduras*. Author Julio Escoto and musician Guillermo Anderson from Honduras and Dutch photographer Hannes Wallrafen addressed those present that evening about the inspiring achievement of this project. The photographs of Hannes Wallrafen were also featured at the Noorderlicht photo manifestation in Leeuwarden, which received support from Hivos as well.
- www.noorderlicht.nl
- www.poetry.nl Hivos also continued its tradition of supporting *Poetry International* and the World Music Theatre Festival this year. Students at the college for the arts in Utrecht worked with students from India, Zimbabwe, Costa Rica and Southeast Europe to design *The Digital Divide* computer game, which teaches players –mostly young adults– about the consequences of the digital divide. Hivos will introduce the game in 2003.

www.stopaidsnow.nl >>>>

StopAidsNow!



- StopAidsNow!: 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: 2.9 million euros
- SAN! allocations by Hivos in 2002: 0.41 million euros for 10 organizations,
- Of which: 43% in Africa, 23% in Latin America and 34% in Asia.



Gentech crops

At the International Day of Farmers' Struggle (17 April), Hivos and FoEI organized the conference *GMOs, liability, TRIPS and the struggle for Farmers' rights*. The conference was a success, and the country studies presented by the southern speakers yielded a wealth of new information. In August 2002 the studies were published in the leaflet *The World as a Testing Ground*, which made its way throughout the Netherlands and Europe. The publication was also distributed at the WSSD in Johannesburg and among Hivos partner organizations. Friends of the Earth Netherlands initiated *Platform 31 August*, a collaborative alliance of thirty organizations including Hivos calling attention to the WSSD through a demonstration and the symbolic construction of the "Johannes-bridge" on the Dam. Hivos distributed information about gene technology and the coffee crisis. Hivos also supported the production of a documentary about biopiracy for *Earth Report* on BBC World, based on the Zimbabwean documentary *Biopiracy*.

www.foei.org

www.milieudefensie.nl

Concern for human rights

Hivos has continued to highlight countries and regions where its partners are active, and where respect for fundamental human rights is lacking. In Zimbabwe, Kazakhstan, Kyrgyzstan and Guatemala, there are serious violations of freedom of expression, freedom of organization, the right to self-determination and sexual rights. In late January, the Platform against Impunity, to which Hivos belongs, organized a debate and an exhibition about human rights violations in Guatemala. In March Hivos, the NIZA and the Dutch Labour Party organized a well-attended debate at the Balie in Amsterdam about the situation in Zimbabwe. Presidential elections in that country were dominated by threats and intimidations. On the occasion of the official visit to the Netherlands of Kazakh President Nazarbayev, Hivos and its partner organization the Kazakhstan International Bureau for Human Rights called attention to the human rights situation in this Central Asian country.

www.niza.nl

www.bureau.kz

www.coc.nl The first year of collaboration with the Dutch gay rights organization COC, a new strategic partner, was fruitful for communications. Thanks to financial support from Hivos, the COC produced *Behind every colour*, a pioneering video about residents of foreign extraction and homosexuality. www.coc.nl

Gender and globalization

www.fen-netherlands.nl In November the Feminist Economics Network in the Netherlands organized the seminar *Gender Tools for Development, A Feminist Economics Perspective on Globalization* in The Hague. Hivos was represented on a panel that dismissed five myths about the relationship between gender and globalization.

Hivos Online

www.hivos.nl Hivos uses new media extensively. Once again, Hivos Online featured a wide variety of reports about Hivos, its partner organizations and international cooperation. The database with information about all Hivos partners is universally accessible. As a result, the site already attracts over 10,000 visitors a month.

www.hivos.org In late 2002 Hivos opened its digital desk for grant proposals. This desk welcomes potential and current southern partners, as well as Dutch individuals and organizations. They will find a *self-assessment* there, linked with the opportunity to submit a proposal online.

5.2.2 Joining forces with humanist organizations

Hivos belongs to the humanist movement and aims to be actively involved. In late 2001 the Humanist Alliance was established. The members include Hivos, Humanistisch Verbond (Humanist League), Humanitas, Human, HOM, the University for Humanist Studies and the foundation Humanistisch Vormings Onderwijs. Hivos' role in this platform is to cultivate interest in the international dimension of humanism.

Hivos committees, Humanist League (HV) communities, local Humanitas groups and ABAL world shops continued to introduce the public to Hivos' work in their respective regions.

All different, all equal

www.iheu.org From 3 through 6 July the humanist organizations in the Netherlands organized the anniversary congress of the International Humanist and Ethical Union (IHEU). Prime Minister Wim Kok added a festive touch by attending the opening ceremony. Former Minister of Development Cooperation Jan Pronk and the philosopher of Islamic law Abdullah Annaïm were among the prominent introductory speakers. The 'All different, all equal' slogan covered the discussion between humanists from many countries about the challenges of the 21st century. The substantial contribution from Hivos comprised workshops about gender, women and development, about homosexuality and about art and culture. In addition, Hivos invited prominent southern speakers and funded the travel expenses of young humanist activists from the South.

Humanism and Islam

www.uvh.nl On 1 September the University for Humanist Studies established the Ibn Ruschd chair for Humanism and Islam, arranged by the Socrates Foundation with support from Hivos. The chair is dedicated to the relationship between human rights, citizenship and society. Its special focus is the position of Islam in a multiform, secular society, which is more current than ever since the events of 11 September.

Humanitas

www.humanitas.nl Many problems that Humanitas encounters in the Netherlands originate from social problems in the South. This led Hivos and Humanitas to reinforce their ties. In late August Humanitas Director Marius Ernsting travelled to South Africa and Zimbabwe. He visited Hivos partners involved in the fight against AIDS and the struggle for union rights and equal rights for women. Hivos, in turn, will learn more about the experiences of Humanitas in the year ahead.

Kuleana teaching kit

The foundation Humanistisch Vormings Onderwijs has designed a teaching kit about Hivos' Tanzanian partner organization Kuleana. Dedicated to children's rights, Kuleana provides shelter and education to street children. The teaching kit is intended for use at primary schools in the Netherlands and includes a videotape about Kuleana. The material was recorded in 2002. The video and the teaching kit will be ready by mid-2003.

www.hvo.nl

5.2.3 Fundraising

Hivos is not a typical organization dedicated to private fundraising. Neither its operations nor its specific policy accents reflect such an interest. Nonetheless, Hivos values the CBF seal of approval it was awarded in 2001 for the sake of transparency.

www.cbf-keur.nl

Institutional fundraising

A substantial portion of the private funds that Hivos raises comes in the form of gifts from other private organizations. In 2002 this *institutional fund raising* added nearly 1.4 million euros to the coffers for the funding of specific activities to be undertaken by Hivos partners. Major contributions were received from Simavi, SAN! and the Alliance2015 partners DWHH and Concern. The campaign *Stop Aids Now!* (SAN!) is a special component of Hivos' institutional fund raising. This is a collaborative alliance of the Aids Fund, Hivos and four development organizations. In its second year, SAN! generated nearly 3 million euros for its partners. Hivos received one sixth of this amount.

www.stopaidsnow.nl

North-South Plan

The North-South Plan of Hivos and Triodos Bank is a unique selling point. By opening a North-South Savings Account, individuals become involved in credit and lending operations for economic activities in the South. In 2002 the holders of North-South savings accounts provided 10.5 million euros, which is 22 percent more than in 2001. The total amount of North-South Guarantees remained unchanged at 1.1 million euros. The primary guarantor is the clothing collector KICI, which allocated 4.5 percent of its profits (over 52,000 euros this year) to the North-South Plan.

www.triodos.nl

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www.kici.nl

Fair Share Fund

At the end of the year Triodos Bank joined forces with Hivos to introduce the new Triodos Fair Share Fund. The fund invests part of its capital in microfinance institutions in the South, including Hivos partners. Investors provide venture capital. In time the fund hopes to use the tax incentives available under the new provision for social-ethical investments.

TABLE 8 HIVOS FUND RAISING IN 2001 AND 2002

| Amounts x 1,000 euros | 2001 | 2002 |
|--------------------------------|--------------|---------------|
| Donatable funds | | |
| Gifts | 321 | 337 |
| Bequests | 29 | 88 |
| Total private funds | 350 | 425 |
| Institutional Funds | 2.693 | 1.718 |
| Total | 3.043 | 2.143 |
| Lending Funds | | |
| (previously) General Loan Fund | 87 | 87 |
| North-South Savings Plan | 8.601 | 10.506 |
| Total | 8.688 | 10.593 |

Private donations

Hivos received a total of 425,000 euros in donations from individuals and groups of its (humanist) supporters during 2002. Targeted Gifts [*Gericht Geven*] accounted for 124,000 euros, of which about 9,000 euros were destined for the Hivos Culture Fund.

www.bohfoitoch.nl

The Boh Foi Toch band from the East of the Netherlands and the Haaksbergen Lions Club provide substantial contributions each year. In 2002 they collected 24,000 euros for Kuleana, a children's rights organization from Tanzania. The Stichting Fonds de Trut was another remarkable donor this year. This enterprise of the homonymous GLBT discotheque in Amsterdam donates part of its profits to a good cause each year. Hivos allocated the contribution from Trut to an information project of the gay movement in former Yugoslavia.

5.2.4 Small-scale social activities

In the Netherlands, Hivos funds small-scale social activities that will broaden the debate about and social involvement in international cooperation. Hivos values innovation and provision of access to groups that have not yet succeeded in raising development cooperation funds. Hivos is therefore delighted that the restructuring of subsidized private development cooperation efforts has created additional leeway for such private initiatives that are easily launched. A common development cooperation information centre supports a multiform series of front offices. In 2002 Hivos funded 31 activities (out of 128 requests) totalling nearly 105,000 euros.

Young and Positiv

Hivos prioritizes projects compatible with its specific theme profile, such as Young and Positiv in Amsterdam. This manifestation lasted several days and was a platform for young adults from all over the world, who shared experiences about living with AIDS. African Colours (Real Time – Inner Time), which offers African artists exhibition sites on the Internet, received support as well. The activities of migrants and refugees are a separate category. During the year under review Hivos made a cautious start in this area, such as with Afrik'fest. This African festival celebrates 'initiation to art' and gives special consideration to young refugees and solitary underage asylum seekers.

www.rt-it.com

Nabuur

Nabuur [neighbours] is an activity with many special features. Hivos supports this experimental programme, which aims to use state-of-the-art communication devices to form global neighbourliness between (groups of) people and / or places, everywhere in the world. *Nabuur* derives its cohesion from common experiences with practical themes and problems.

www.nabuur.nl

5.2.5 GOM and SNF

Joint Consultative Body for Co-financing Organizations (GOM)

The Joint Consultative Body for Co-Financing Organizations (GOM) provides a forum for the CFOs to discuss any matters relating to the Co-financing Programme (CFP). The aim of the GOM is to coordinate the activities of the co-financing agencies and to facilitate the exchange of information. Through the GOM there are also regular meetings with the Ministry of Foreign Affairs' Directorate for Social and Institutional Development (DSI). GOM and the DSI are the joint commissioners of the Steering Committee for the Evaluation of the Co-financing Programme (see 6). Finally, the co-financing agencies affiliated through the GOM coordinate campaigns to promote development cooperation, whether privately or publicly funded, aimed at both government and public.

The GOM has a small professional secretariat. Chairmanship of the GOM rotates annually; during the year under review Jack van Ham, executive director of ICCO, held the post.

GOM Quality System

In 2002 the GOM prepared for the changes that the new CFP policy framework would require in 2003. The GOM is expected to strike a new, manageable balance between the CFOs. After all, the Co-financing Organizations (CFOs) will need to compete harder than ever in qualitative areas and will have to coordinate and cooperate more as well.

The GOM worked hard to complete the four-year task of the Steering Committee for the Evaluation of the Co-financing Programme and developed the GOM Quality Standard, a cohesive system of minimum quality requirements based on the INK model. These requirements concern operations as well as their results. ISO certification is included, and the assessment procedure is established.

New evaluation system

The Steering Committee for the Evaluation of the Co-financing Programme completed the final evaluation studies and submitted its final report in 2002. This report was consulted extensively in the discussion about the CFP and the new subsidy period 2003-2006. The steering committee's recommendations will be included in the follow-up agenda that the GOM and the individual CFOs compile in consultation with the DSI. Since the steering committee's mandate expired, the GOM had to consider the structure of the new evaluation system. CFOs bear this responsibility in the CFP policy framework; the Inspectorate for Development Cooperation and Policy Evaluation (IOB) assess the quality of the system. The GOM adopted a combination of joint and individual programme evaluations conducted by external researchers. The CFOs assembled a research agenda comprising seven main themes for the joint programme evaluations.

Linkis.nl

The GOM helped prepare a knowledge and information centre for international cooperation. This initiative of GOM, TMF (theme-based co-financing), COS Netherlands and NCDO aims to enhance public awareness of development cooperation in general. The organizations hope that Linkis.nl (provisional title) will promote new initiatives that are easy to start. The launch of Linkis.nl is scheduled for the first half of 2003.

www.cossen.nl
www.ncdo.nl

South-North Federation

The South-North Federation (SNF) comprises fourteen private Dutch organizations that coordinate their campaigns and programmes. The themes include sustainable development, international trade and investments, human rights, health and fair trade.

The focus within the SNF is progressively shifting toward research, campaigns and lobbies on international trade and investments. Trade and investments should help improve living and working conditions among employees and small producers in the South.

In 2002 the SNF joined the new, theme-based CFP with a four-year programme. The programme involves assessment of the consequences of the WTO trade conventions based on international human rights treaties and proposals for improvements. The SNF works closely with partner organizations, especially in Southern Africa, in this programme.

In December 2002 the SNF, the Indian consumer organization CUTS and the national association of world shops [*wereldwinkels*] convened a debate about the role of labour and environmental standards in international trade conventions. Representatives from Uganda, Botswana, India and Europe emphasized the importance of proper consultation and voluntary agreements between concerned consumers in North and South as a condition for more binding government agreements and sanctions.

www.cuts.org
www.wereldwinkels.nl

Coffee Coalition

SNF houses the Coffee Coalition (see 5.2.1), a collaborative alliance of the Dutch trade unions, Novib, Hivos, Fair Trade organizations and ecclesiastical development organizations. Research on coffee plantations in Kenya, Guatemala and Brazil revealed that union rights are curtailed, pesticides jeopardize human health, and women plantation workers often suffer sexual harassment there. The Coffee Coalition aims to improve working conditions on coffee plantations and to raise revenues for coffee farmers. In 2002 the coalition prepared a broad public campaign to remind Dutch coffee roasters of their responsibilities under the ILO conventions.

www.koffiecoalitie.nl
www.ilo.org

6 Evaluation and Inspection

Programme evaluations

Programme evaluations have been crucial in assessing the Co-financing Programme (CFP) for many years. The evaluations serve to assess operations within a specific policy field. In the period 1999-2002 programme evaluations were conducted under the aegis of an independent body, the Co-financing Programme Evaluation Steering Committee.

The evaluations revolved around two chief objectives of the CFP: society building and direct poverty alleviation. In several major comparative studies of the results of the CFO programmes, the Steering Committee explored sub-fields, such as rural poverty alleviation, micro financing and society building.

The Steering Committee's mandate expired in 2002. That year the evaluations had to be completed and conclusions reached. In the fourth quarter the final report appeared, together with the coordinating studies on society building and financial services. The Steering Committee also issued reports on two field studies about financial services conducted by partner organizations in Kenya and Sri Lanka. Hivos' main conclusion was that these partner organizations were clearly helping alleviate poverty. These organizations have established a reputation for reaching out to the most indigent.

Favourable final report

However valuable the individual evaluations may have been, the final report was the most important in political respects. In this report, the Steering Committee shares a final evaluation that is favourable but not entirely devoid of criticism regarding the effectiveness of the CFP and the CFOs. Hivos is delighted at being mentioned as a positive exception in several instances. The Steering Committee recommended greater specialization and consideration for membership organizations and social movements, in addition to intermediary NGOs. These features have figured in the Hivos programme for years, and Hivos views these recommendations as encouragement to continue along its present course.

The conclusions about society building are immensely relevant. The Steering Committee lists the positive effects of the CFO programmes but adds that these benefits are too prevalent in the field of organizational reinforcement and too rare at macro level. Influencing policy and forming networks can affect society as a whole and has done so in some cases. In the practice investigated, however, lobbies from partner organizations did not achieve enough permanent change. While the Steering Committee has not concluded that such operations should be discontinued, lobbying and network forming need to be planned more carefully. Hivos hopes to participate in this effort.

Evaluations of partner organizations

Programme evaluations are an entirely different field of policy. Mid-term evaluations are limited to individual organizations and their operations. Each year, Hivos has 5 to 10 percent of its partners evaluated by teams comprised largely of local experts. In 2002, 6 percent of them were evaluated in 48 mid-term evaluations.

Audits

Financial reporting by the partner organizations are at least as important in Hivos' monitoring system as the reporting and evaluations about activities and progress. Hivos aims to assess the financial management of its partners and asks all organizations with which relations span several years for an integral annual report. Each annual report is reviewed by an external auditor. Hivos requires this in part because such an annual account helps the partner organization practise sound financial management.

Sometimes Hivos waives this requirement. Organizations that receive modest or one-off contributions may submit a simple financial report to avoid the excessive costs of an audit. Nor does Hivos insist on Annual Accounts in countries where the quality of the external auditors is not considered to be high enough. Altogether, over 75 percent of the funds Hivos contributes are covered by an external auditor's report. This provides Hivos –and other interested parties– with additional security regarding the quality of the financial records and the legitimacy of the expenditures. The auditor is not expected to verify whether the expenditures reflect the organization's agreements with Hivos, since Hivos performs that evaluation.

TABLE 9 PROJECT EVALUATIONS IN 2002 BY SECTOR AND REGION

| | Africa | Asia | Latin America | Southeast Europe | World-wide | Total | Total in % |
|---------------------------------------|-----------|-----------|---------------|------------------|------------|-----------|-------------|
| Economic activities & Credit | 3 | 1 | 1 | 1 | 1 | 7 | 14% |
| Arts & Culture | 1 | 2 | 3 | 0 | 0 | 6 | 12% |
| Gender, women and development | 3 | 1 | 2 | 0 | 0 | 6 | 12% |
| Environment & sustainable development | 0 | 2 | 4 | 1 | 1 | 8 | 16% |
| Human rights & AIDS | 5 | 8 | 6 | 1 | 1 | 21 | 42% |
| Total in policy spearhead domains | 12 | 14 | 16 | 3 | 3 | 48 | 96% |
| Other sectors | 1 | 0 | 0 | 1 | 0 | 2 | 4% |
| Total | 13 | 14 | 16 | 4 | 3 | 50 | 100% |

Financial inspections

The financial inspections that Hivos conducts each year at several organizations are indispensable to the monitoring system. The financial inspector evaluates the quality of the partner organization, as well as that of their external auditors. This enables Hivos to determine whether the data listed in the annual accounts and the auditor's report reflect actual practice.

In 2002 inspections took place at eight organizations in Ecuador, Colombia, Indonesia, East Timor and South Africa. The financial inspector made several critical remarks about the four partners visited in Indonesia: mediocre budget-monitoring systems, delayed implementation, inadequate internal audits and insufficient information supplied to Hivos. This led Hivos to send a letter to all Indonesian partner organizations reiterating the financial management requirements and urging the four organizations inspected to take corrective measures. Their response is not yet known, as the inspections concluded in December. Depending on the measures adopted, Hivos will consider whether it will be taking additional steps itself.

The findings of the inspector in Ecuador and Colombia were more favourable, although financial planning and budget monitoring need to improve at the Colombian organization. The inspector will revisit this partner in 2003.

In South Africa Interfund did not meet Hivos' administrative requirements for local donor organizations. This conclusion tied in with the critical evaluation report about the relationship between Interfund and Hivos. Interfund's policy was unsatisfactory as well. Hivos has dramatically revised its relationship with this partner and has scaled it down considerably.

The financial inspector also evaluated the regional offices in Costa Rica and Zimbabwe and issued a favourable report for both offices.

Fraud is inevitable – even when audits are performed – as Hivos is well aware. Unfortunately, in 2002 Hivos detected cases of fraud committed in 2001 or earlier by two African partner organizations. Hivos commissioned an additional audit to reveal the truth. Next, the organizations – as the primary disadvantaged parties – initiated steps to claim compensation for damages and avoid recurrences.

7 Annual Accounts

The annual accounts and management report of Hivos Foundation for the year 2002 were approved and adopted by the Supervisory Board in its meeting held on 8 April 2003. Prior to adoption, the annual accounts were checked by PricewaterhouseCoopers in accordance with the requirements of the Financial Regulations and accompanied by an approving audit

opinion. These annual accounts have been drawn up in accordance with the Reporting Directive for Fund-raising Institutions.

The Revenue and Expenditure Account 2002 and the Balance Sheet as of 31 December 2002 are shown on this page and on the next pages, followed by the general notes.

7.1 Balance sheet as per 31 December 2002

| ASSETS | 31 DEC. 2002 | 31 DEC. 2001 |
|--|-------------------|-------------------|
| Tangible fixed assets | | |
| Business capital / premises, The Hague | 592.318 | 547.798 |
| Ditto, Harare | 64.046 | 65.570 |
| Business capital / inventory | 239.425 | 220.831 |
| | 895.789 | 834.199 |
| Financial fixed assets | | |
| Cash reserves HTF | 10.108.192 | 8.990.796 |
| Participations / holdings | 1 | 1 |
| | 10.108.193 | 8.990.797 |
| Receivables from government sources, long-term | | |
| 44/02 government, co-financing funds | 16.122.906 | 15.427.716 |
| additional government funds | 590.600 | 1.280.875 |
| EU funds | 5.093.663 | 2.046.558 |
| | 21.807.169 | 18.755.149 |
| Receivables from government sources, short-term | | |
| government, co-financing | 28.714.549 | 26.530.082 |
| additional government funds | 2.812.499 | 5.727.587 |
| EU funds | 2.473.073 | 1.799.418 |
| | 34.000.121 | 34.057.087 |
| Receivables | | |
| Hivos project fund | 559.795 | 498.253 |
| prepayments and accrued income | 1.573.504 | 667.264 |
| | 2.133.299 | 1.165.517 |
| Liquid assets | | |
| on deposit | 35.190 | 33.935 |
| bank and giro accounts | 1.163.419 | 1.903.835 |
| reserved funds on current account | 1.575.190 | 76.545 |
| reusable co-financing funds on current account | 750.075 | 982.074 |
| co-financing funds on current account | -809.303 | -117.807 |
| additional funds on current account | 855.607 | -46.013 |
| European Union funds on current account | -1.090.352 | -298.938 |
| foreign accounts | 3.121 | 53.296 |
| | 2.482.947 | 2.586.927 |
| | 71.427.518 | 66.389.676 |

These pages and the following pages show the balance sheet as per 31 December 2002 and the Revenue and Expenditure Account for 2002, followed by the usual explanatory notes.

| LIABILITIES AND EQUITY CAPITAL | 31 DEC. 2002 | 31 DEC. 2001 |
|--|-------------------|-------------------|
| Equity capital | | |
| <i>Discretionary equity</i> | | |
| general reserve | -61.163 | 448.548 |
| appropriation reserves, operations | 254.341 | 298.486 |
| appropriation reserves, overhead costs | 3.708.858 | 3.590.068 |
| | 3.963.199 | 3.888.554 |
| <i>Non-discretionary equity</i> | | |
| fund assets, objectives | 64.046 | 65.570 |
| fund assets, operations | 831.743 | 768.629 |
| | 895.789 | 834.199 |
| Provisions | 260.859 | 214.764 |
| Mid-term debts | | |
| general loan fund payable | 86.944 | 87.398 |
| participation North-South Plan | 796.037 | 755.811 |
| guarantees (issued) | 9.312.155 | 8.234.986 |
| | 10.195.136 | 9.078.195 |
| Short-term debts | | |
| current account for regional offices | 61.070 | -64.606 |
| accruals and deferred income | 2.438.936 | 1.476.044 |
| | 2.500.006 | 1.411.438 |
| Project commitments, long term | | |
| Co-financing programme | 16.122.906 | 15.427.716 |
| additional projects | 590.600 | 1.280.875 |
| EU projects | 5.093.663 | 2.046.558 |
| Hivos project fund | 249.815 | 186.036 |
| | 22.056.984 | 18.941.185 |
| Project commitments, short-term | | |
| Co-financing programme | 26.296.841 | 24.028.698 |
| ditto, available from released funds | 2.385.846 | 1.581.226 |
| additional projects | 1.495.210 | 4.602.529 |
| EU projects | 1.088.679 | 1.113.126 |
| Hivos project fund | 350.132 | 247.215 |
| | 31.616.708 | 31.572.794 |
| | 71.427.518 | 66.389.676 |

7.2 Revenue and expenditure account 2002 (amounts x 1,000 euros)

| | Budget 2002 | Realised 2002 | Realised 2001 |
|---|----------------------|----------------------|----------------------|
| Revenue from own fund raising | | | |
| - gifts and donations | 273 | 337 | 321 |
| - bequests | 29 | 88 | 29 |
| | <u>302</u> | <u>425</u> | <u>350</u> |
| Costs of own fund raising | | | |
| - direct and indirect acquisition expenses | 34 | 30 | 19 |
| - operational costs own organization | 35 | 30 | 29 |
| | <u>69</u> | <u>60</u> | <u>48</u> |
| As a % of the revenue from own fund raising | (23%) | (14%) | (14%) |
| Available from own fund raising | 233 | 365 | 302 |
| Subsidies from government and other sources | | | |
| Contribution from government agencies <i>of which financed by EU</i> | 63.161 5.314 | 62.441 3.556 | 64.260 4.009 |
| Contribution from institutional funds | 1.316 | 1.718 | 2.693 |
| | <u>64.478</u> | <u>64.159</u> | <u>66.953</u> |
| Results on interest | 102 | 139 | 140 |
| Other revenues | 395 | 486 | 495 |
| Total available for objective | <u>65.208</u> | <u>65.149</u> | <u>67.890</u> |
| USED FOR OBJECTIVE | | | |
| Information & PR | | | |
| 46/02 - (in)direct costs | 191 | 178 | 249 |
| - operational costs own organization | 656 | 599 | 595 |
| | <u>848</u> | <u>777</u> | <u>844</u> |
| Africa | | | |
| - programme spending <i>of which financed by EU</i> | 24.325 2.240 | 25.256 1.916 | 20.374 1.236 |
| - operational costs own organization | 1.362 | 1.401 | 1.303 |
| | <u>25.687</u> | <u>26.657</u> | <u>21.677</u> |
| Asia and Southeast Europe | | | |
| - programme spending <i>of which financed by EU</i> | 12.663 649 | 11.407 0 | 17.561 0 |
| - operational costs own organization | 1.230 | 1.313 | 1.122 |
| | <u>13.893</u> | <u>12.720</u> | <u>18.683</u> |
| Latin America and the Caribbean | | | |
| - programme spending <i>of which financed by EU</i> | 20.741 2.239 | 19.034 2.333 | 19.074 2.546 |
| - operational costs own organization | 1.274 | 1.418 | 1.352 |
| | <u>22.014</u> | <u>20.451</u> | <u>20.426</u> |
| Worldwide (and other costs) | | | |
| - programme spending <i>of which financed by EU</i> | 2.559 134 | 4.653 0 | 5.662 0 |
| - operational costs own organization | 400 | 263 | 180 |
| | <u>2.959</u> | <u>4.917</u> | <u>5.842</u> |
| Total spent on the objective | <u>65.401</u> | <u>65.522</u> | <u>67.472</u> |
| Results before reserve formation | -193 | -373 | 418 |
| Additions to / withdrawals from | | | |
| - Appropriation reserves, operations | -31 | 44 | 23 |
| - Appropriation reserves, overhead costs | -119 | -119 | -378 |
| Operating result | <u>-343</u> | <u>-448</u> | <u>63</u> |

7.3 Notes

1. Objective of the business activities

Hivos Foundation's Articles of Association cite the institution's objective as the provision of aid in the widest sense to developing countries 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 grants and subsidies, including the overhead costs, are accounted for as revenues linked to approved project amounts. The overhead costs which have 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 which serve as collateral for financial commitments in the context of the Hivos Triodos Fund. 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 amounts include a component for the overhead costs.

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 valued according to the official exchange rate applicable on the balance sheet date. 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 according to the official exchange rate applicable on the balance sheet date. Differences in exchange rate are incorporated in the Revenue and Expenditure Account.

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Project commitments relate to financial commitments undertaken by the Foundation in the context of 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 ascertained.

Subsidy revenues, including the overhead costs, 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 definitive 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 commercial criteria as follows:

- The *direct costs* of fund raising and of information & PR, education and lobbying (both Communication Desk), are allocated in full.
- The *operational costs of information & PR, education and lobbying (Communication Desk) and of each continental desk* are allocated directly to the desk and increased with an overhead component in proportion to personnel costs.
- To *operational costs fund raising* has been added a proportionate amount of the costs for central staff services (Management and Internal Affairs Desk) based on 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 fund-raising purposes.

7.4 Notes to the balance sheet

ASSETS

Tangible fixed assets

| | purchase value | | depreciation | | book value | |
|----|------------------|------------------|------------------|------------------|----------------|----------------|
| | 2002 | 2001 | 2002 | 2001 | 2002 | 2001 |
| 1) | 846.076 | 767.772 | 253.758 | 219.974 | 592.318 | 547.798 |
| 2) | 76.245 | 76.245 | 12.199 | 10.674 | 64.046 | 65.570 |
| 3) | <u>1.395.264</u> | <u>1.225.165</u> | <u>1.155.839</u> | <u>1.004.335</u> | <u>239.425</u> | <u>220.831</u> |
| | 2.317.585 | 2.069.182 | 1.421.796 | 1.234.982 | <u>895.789</u> | <u>834.199</u> |

| | 2002 | 2001 |
|-----------------------------|------------------|------------------|
| Book value as per 1 January | 834.199 | 714.250 |
| Investments: | | |
| - rebuilding/refurbishment | 78.304 | |
| - Inventory | <u>170.099</u> | |
| | 248.403 | 303.784 |
| | <u>1.082.602</u> | <u>1.018.034</u> |
| depreciation | -186.813 | -183.835 |
| Book value as per 1 January | 895.789 | 834.199 |

1) Office accommodation (building and surrounding property) at Raamweg no. 15 and 16, The Hague, registered in the land register of The Hague as Section X, number 472, measuring 5 are and 55 centiare, and number 522, measuring 5 are and 55 centiare; bought in 1987 for € 635,292.

2) Office accommodation at Stand 2956 Salisbury Township, Harare, measuring 2855 centiare; 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.

3) Business capital and inventory

Financial fixed assets:

| Cash reserves HTF | 2002 | 2001 |
|---------------------------------|-------------------|------------------|
| North-South Plan accounts Hivos | 735.457 | 695.231 |
| Cash reserve Co-financing 1) | <u>10.947.925</u> | <u>8.372.110</u> |
| Total reserved cash in hand | 11.683.382 | 9.067.341 |
| To settle as per 31 december | <u>-1.575.190</u> | <u>-76.545</u> |
| | <u>10.108.192</u> | <u>8.990.796</u> |

These funds represent collateral for the loan portfolio of the Hivos Triodos Fund.

1) In accordance with the wishes of the Ministry, this portfolio is secured by a sum in cash. Interest earned (€ 287,800 in 2002) is used to cover the costs of the loan and guarantee programme.

| | | |
|----------------|----------|----------|
| Participations | <u>1</u> | <u>1</u> |
|----------------|----------|----------|

This item represents participations in local credit institutions in the South in the value of € 3,184,527 (€ 2,243,598 of which is through a subordinated loan to the Hivos Triodos Participation Fund).

The participations are valued at € 1 to show Hivos' financial commitment to its partner organisations.

LIABILITIES AND EQUITY CAPITAL

Discretionary equity (x € 1,000)

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

| | General Reserve Operational Management | Appr. Reserve overhead costs | Appr. Reserve | Total |
|---------------------------------|---|---------------------------------|---------------------|--------------|
| Situation as per 1 January 2002 | <u>449</u> | <u>298</u> | <u>3.590</u> | <u>4.337</u> |
| Additions | 0 | 16 | ²⁾ 4.316 | 4.332 |
| Withdrawals | ¹⁾ 510 | 60 | ³⁾ 4.197 | 4.767 |
| Total mutations: | <u>-510</u> | <u>-44</u> | <u>119</u> | <u>-435</u> |
| Balance as per 31 December 2002 | <u>-61</u> | <u>254</u> | <u>3.709</u> | <u>3.902</u> |

¹⁾ Results plus mutation in non-discretionary equity

²⁾ Approved overhead costs

³⁾ Realised overhead costs (in relation to cash expenditures)

| (Appropriation) reserves operations | 2002 | Addition against results | Withdrawal credited to results | 2001 |
|-------------------------------------|----------------|-----------------------------|--------------------------------------|----------------|
| Automation | 10.000 | | 10.000 | 20.000 |
| Sabbatical leave | 0 | | 22.689 | 22.689 |
| External mobility | 100.000 | | 25.000 | 125.000 |
| Reorganisation | 50.505 | | | 50.505 |
| Education | 0 | | 2.580 | 2.580 |
| Continental desks | <u>93.845</u> | <u>106.062</u> | <u>89.929</u> | <u>77.712</u> |
| Balance as per 31 December | <u>254.350</u> | 106.062 | 150.198 | <u>298.486</u> |

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| Non-discretionary equity | 2002 | Added | Withdrawn | 2001 |
|--------------------------|----------------|----------------|----------------|----------------|
| Fund assets, objectives | 64.046 | | 1.525 | 65.571 |
| Fund assets, operations | <u>831.743</u> | <u>248.403</u> | <u>185.288</u> | <u>768.628</u> |
| | <u>895.789</u> | 248.403 | 186.813 | <u>834.199</u> |

| Provisions | 2002 | Additions against Oper. costs | Withdrawal credited to Oper. costs | 2001 |
|---------------------------|----------------|-------------------------------------|--|----------------|
| Maintenance of premises | 0 | 1.513 | 52.191 | 50.678 |
| Commitments, leave credit | <u>260.859</u> | <u>96.773</u> | <u>0</u> | <u>164.086</u> |
| | <u>260.859</u> | 98.286 | 52.191 | <u>214.764</u> |

7.5 Notes to the revenue and expenditure account

Operational costs own organization (x 1000)

| Objective | General costs | ¹⁾ Centr. services/ Management | Direct Travel/accomm. pers. costs programmes | Regional offices | Total |
|--------------------------------|---------------|--|---|---------------------|--------------|
| Fund raising | 4 | 6 | 21 | 0 | 30 |
| Information & PR | 65 | 211 | 324 | 0 | 599 |
| Africa | 111 | 549 | 559 | 31 | 1.401 |
| Asia en Southeast Europe | 108 | 514 | 542 | 30 | 1.313 |
| Latin America an the Carabbean | 108 | 555 | 540 | 45 | 1.418 |
| Other areas / worldwide | 25 | 103 | 127 | 8 | 263 |
| Total 2002 | 421 | 1.938 | 2.112 | 113 | 5.024 |
| Total 2001 | 418 | 1.712 | 1.781 | 93 | 4.581 |

1) Including administrative costs (Supervisory Board) of € 6,000

Actual figures versus budgeted figures

There is no substantial difference between budgeted and actual figures, neither for total revenues available for the objective, nor for total expenditures spent on the objective. In the event that actual revenues and expenditures as presented in the Revenue & Expenditure Account deviate substantially (i.e. more than 15%) from the budgeted figures, this is briefly explained below per item.

50/02

Revenues

1. Own fund raising (+41%)

Unbudgeted income from bequests plus a few unexpectedly large gifts account for the difference.

2. Contributions from institutional funds (+31%)

The unexpected increase can largely be attributed to the accelerated availability of funds for two ongoing projects in Zimbabwe.

3. Interest (+36%)

In retrospect, the expected interest level was budgeted too cautiously.

4. Other revenues (+23%)

A better than anticipated interest yield from the North-South Plan and a late tranche of StopAidsNow! account for the largest part of the difference.

Expenditures

1. Programme expenditures worldwide/miscellaneous (+48%)

Spending on lobbying / education (not to be confused with Hivos' own information and PR) expanded more than was originally anticipated. The fact that the budget was too cautious had a lot to do with the start-up phase of a few programmes.

2. Operational costs worldwide/miscellaneous (-34%)

Most of the difference is attributable to lower staffing.

Errata 2001

In the 2001 annual accounts, the item for overhead costs returned funds in the amount of € 168,972 was charged directly to own equity.

In the 2002 annual accounts, the returned funds for 2002 have been entered directly on the Revenue and Expenditure Account, at the request of the CBF (Dutch Fundraising Watchdog). The comparative figures for 2001 have not been adjusted.

Independent auditor's report

Commission

We have audited the annual accounts for the year 2002 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 observation and information. 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 are of the opinion 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 2002 and of the operating results over the year 2002, 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, 2:9*] and the guidelines of the Reporting Directive for Fund-raising Institutions.

Also included in our checks in the context of the annual accounts for 2001 were the Co-financing Programme and other activities financed by the Dutch government. These checks were also 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 30 November 2000). It is our opinion that the expenditure shown in the accounts is fully in accordance with the demands of legitimacy and equitability formulated in the Financial Regulations.

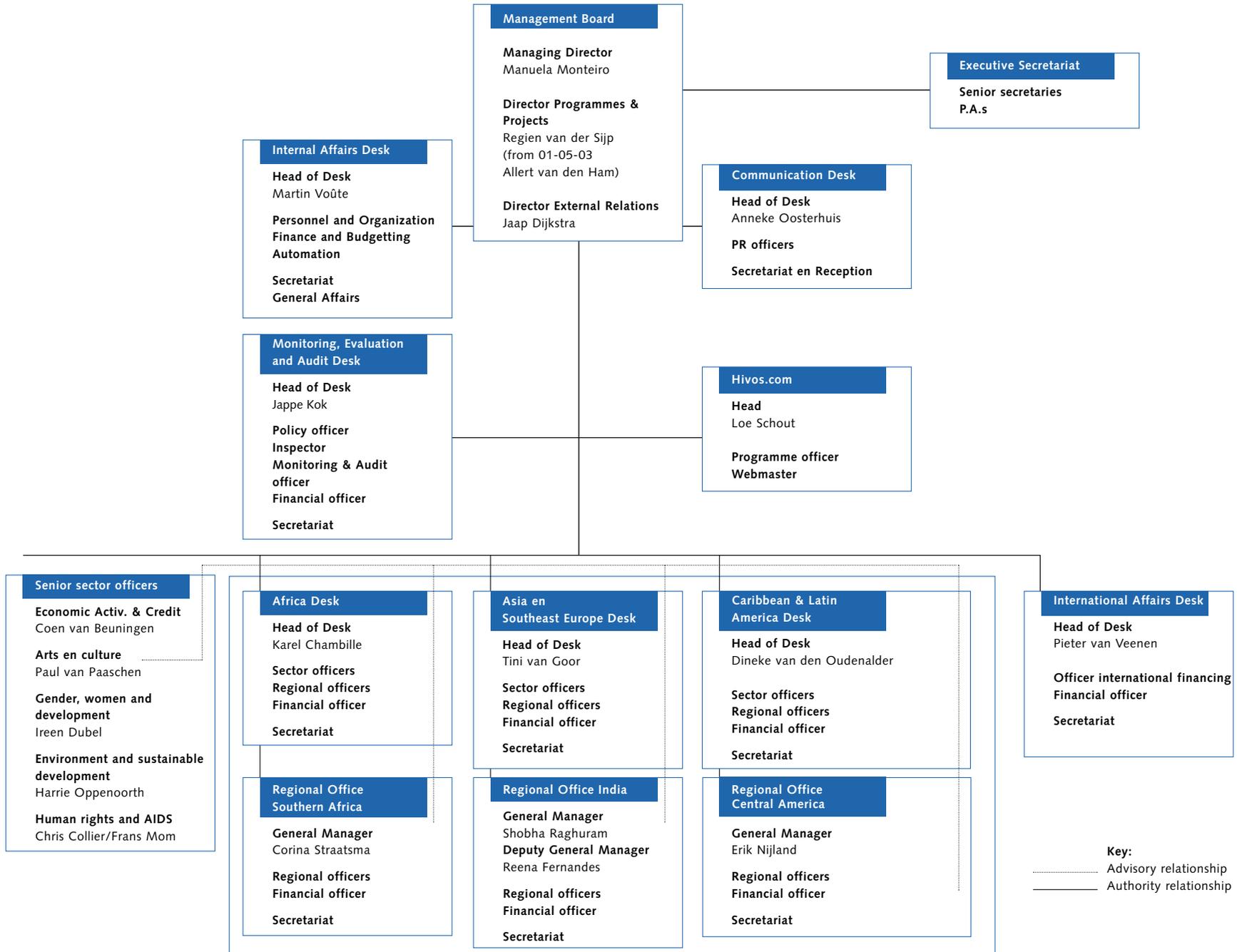
The Hague, 8 April 2003

PricewaterhouseCoopers Accountants N.V.

8 Appendices

- 8.1 Hivos organization chart
- 8.2 Hivos executive organization - composition as per 31 December 2001
- 8.3 List of abbreviations

8.1 Hivos organization chart



8.2 Executive organization of Hivos (composition as per 31 December 2002)

Supervisory Board

Ms. L.S. Groenman
chairman
H.F. Hoekzema
vice-chairman
H.J. Schoenmaker
portfolio manager, finance (from 18/12/02)
J. Hekkelman
portfolio manager, finance (until 18/12/02)
Ms. H.M. Brouwers
Ms. M.-J. Geenen (from 12/03/02)
J.P. de Jong
Mw. A.M. Jongerius
Ms. M.M. Slot (until 24/09/02)
C. Vogel (from 24/09/02)
Ms. M. Winter (from 24/09/02)
Ms. M.H.A. Hoogstra-Kortekaas
secretary to the Board

Advisory Council

H. Thomas
chairman
Ms. C. Boerefijn (until 01/07/02)
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. Nypel
Ms. M.F. Poppema
Ms. E.T. Tabbers
J.H. Veenker
W.P. Wiertsema

Management Board

Ms. M.M. Monteiro (from 01/11/02)
chairman
J.J. Dijkstra
chairman until 31/10/02, subsequently member
Ms. R.N.M. van der Sijp (until 01/02/03)
A.P. van den Ham (from 01/05/03)

Works Council

H. de Graaf
chairman
Ms. I.E. Dubel
M. Eendhuizen
H.P. de Groot
Ms. M.J.A. van der Pol
T.H.F.J. van der Schoot
Ms. A.D. van Koesveld (until 31/12/02)
secretary to the Works Council
Ms. P.M. Donker (from 01/03/03)
secretary to the Works Council

Supervisory Board, Hivos Triodos Fund

H.J. Schoenmaker
chairman
J.J. Dijkstra
M. Eendhuizen (until 26/03/02)
D. Elsen
Ph.R. de Haan
W.E. Hueting (until 26/03/02)
P.G.A. van den Kerkhoff
J. Koopman (until 06/11/02)

8.3 List of frequently used abbreviations

| | | | |
|----------|--|--------|---|
| AKV | Administrative costs allowance | NCDO | Dutch National Commission for International Cooperation and Sustainable Development |
| ALA | Asia and Latin America | NGO | Non-Governmental Organization |
| CBF | Dutch Fundraising Watchdog | NIOD | Netherlands Institute for War Documentation |
| CF | Co-financing | OECD | Organization for Economic Cooperation and Development |
| CFO | Co-financing Organization | PRSP | Poverty Reduction Strategy Paper |
| CFP | Co-financing Programme | SAAPE | South Asia Alliance for Poverty Eradication |
| DAC | Development Assistance Committee | SAN! | Stop AIDS Now! |
| DC | Development Cooperation | SNF | South-North Federation |
| DWHH | Deutsche Welthungerhilfe | SRE | Socially Responsible Entrepreneurship |
| EC | European Commission | TCF | Theme-based Co-financing |
| EPEP | Economic Policy Empowerment Programme | TEC | Verification of Evaluation and Inspection |
| EU | European Union | TRIPS | Trade Related Aspects of Intellectual Property Rights |
| Eurodad | European Network on Debt and Development | UN | United Nations |
| Eurostep | European Solidarity Towards Equal Participation of People | UNAIDS | Joint United Nations Programme on HIV/AIDS |
| FAO | Food and Agriculture Organization of the United Nations | WC | Works Council |
| FLO | Fair Trade Labelling Organization | WSSD | World Summit on Sustainable Development |
| FSC | Forest Stewardship Council | WTO | World Trade Organization |
| FTA | Fair Fair Trade Assistance | | |
| Fte | Full-time equivalent | | |
| GLBT | Gay, Lesbian, Bisexual and Transsexual | | |
| GMO | Genetic Modified Organism | | |
| GNP | Gross National Product | | |
| GOM | Joint Consultative Body for Co-financing Organizations | | |
| GW&D | Gender, Women & Development | | |
| HCF | Hivos Culture Fund | | |
| HOM | Humanist Consultation on Human Rights | | |
| HTF | Hivos Triodos Fund | | |
| HV | Humanist League | | |
| ICCO | Interchurch Organization for Development Cooperation | | |
| ICT | Information and Communication Technology | | |
| IFOAM | International Federation of Organic Agricultural Movements | | |
| IHEU | International Humanist and Ethical Union | | |
| IKV | Interchurch Peace Council Netherlands | | |
| ILO | International Labour Organization | | |
| INK | Institute for Dutch Quality | | |
| IOB | Inspectorate for Development Cooperation and Policy Evaluation | | |
| ISO | International Organization for Standardization | | |
| KICI | Clothing Collection Charitable Institutions | | |
| LiCo | NGO Liaison Committee at the European Union | | |
| Mf | Micro Finance Institution | | |

Abbreviations of Hivos partner organizations appear in the review study *Partnerorganisaties 2002*, published simultaneously with this annual report.

Credits

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page 37 Adriaan Backer / Stop Aids Now!

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