

# SNV



## SNV Annual Report and Annual Accounts 2017

SNV is a not-for-profit international development organisation. Founded in the Netherlands in 1965, we have built a long-term, local presence in **over 26 countries** in Asia, Africa, and Latin America. Our **global team** of local and international advisors work with local partners to equip communities, businesses and organisations with the tools, knowledge and connections they need to increase their **incomes and gain access** to basic services – **empowering** them to **break** the cycle of **poverty** and guide their own development.

# SMART DEVELOPMENT WORKS

# Contents

Message from the Supervisory Board .....	5
Message from the CEO .....	6
SNV in 2017 .....	9
Agriculture .....	17
Energy .....	21
Water, Sanitation and Hygiene .....	25
Spotlight on Supporting the Local Private Sector .....	28
Spotlight on Results-Based Financing .....	31
Spotlight on Youth Employment .....	33
Organisational Developments .....	35
Risk Management in SNV .....	38
2017 Financial Performance Highlights .....	40
Governance .....	42
Annual Accounts 2017 .....	46
Independent auditor's report .....	74



In 2017,  
SNV improved the  
quality of life of  
**6,4 million**  
people living  
in poverty



# Message from the Supervisory Board

**In the second year of its 2016-2018 strategic plan, SNV Netherlands Development Organisation reached 6.4 million beneficiaries. This puts us on track to reach the target to improve the quality of life of 18 million people living in poverty within the three year strategy period.**

SNV maintained its focus on agriculture, energy and water, sanitation and hygiene (WASH). Advisory services are performing well, evidence based advocacy is getting more prominence, and implementation at scale is making progress at the level of increasing the size of the projects and at strengthening policy making. SNV maintained its global footprint through active programmes in 26 countries in Latin America, Africa, and Asia. This stable, comparatively dense global footprint allows for contextualised implementation of global strategies.



SNV's 2017 turnover was € 108 million, which is a slight decrease from 2016. In 2017, SNV attracted € 194 million in new contracts from a diverse donor base. We are delighted with their growing level of trust, because it allows us to increase our efforts towards eradicating poverty.

With much gratitude, we bid farewell to Allert van den Ham as chief executive officer (CEO) and chair of the Managing Board (MB). Under his leadership, SNV has successfully renewed itself and consolidated its position as a prime development organisation. As of January 2018 Meike van Ginneken has taken up this position. I am confident that she will lead SNV to further move the needle towards a society in which all people can pursue their own sustainable development.

The results presented in this Annual Report would not have been possible without SNV's professional and committed staff members around the globe. Their continued efforts, and the support of our donors and partners, enable SNV to create impact at scale.

**KOOS RICHELLE, CHAIR**  
ON BEHALF OF THE SUPERVISORY BOARD  
JUNE 2018



# Message from the CEO

**The findings included in this annual report reinforce my conviction that smart development works. I joined SNV in January 2018. From this fresh perspective, let me explain what I think is special about SNV, and how this is reflected in this report.**

SNV has a great impact – both directly and indirectly. In 2017, SNV impacted the lives of 6.4 million people. However, I believe that our long-lasting impact is the systemic change that we create. Our projects kick-start markets, strengthen institutions, and establish conducive legal and policy environments.

This combination of direct and indirect impact became very clear to me on a visit to Quang Binh province in Vietnam, in February 2018. Members of a rice cooperative told us how SNV helped them to increase their income through modern farming techniques. Also, both female and male farmers passionately told us how household and community dialogues had helped families to share household tasks, and control over income. That same afternoon, we visited the Vice-chair of Provincial People's Committee. He told us how the provincial authorities have scaled up a microfinance scheme for female entrepreneurs, originally set up by SNV in the early 2000s. By 2005, the project had benefitted 11,500 women entrepreneurs. Since project close, a multitude of that number have benefitted from the scheme.

What enables us to create these results?

Firstly, our local staying power. For decades, SNV has been present in some of the least developed countries in Asia, Africa, and Latin America. We speak the local language. We have partnerships with local governments, enterprises, and civil society.

We customise our approaches to what works in each of the countries where we work.

Our diverse staff of over 1,200 professional staff around the world also have deep subject knowledge. Our expertise in some areas has long been recognised. We work on agricultural value chains to increase market access to producers. We have kick-started biogas markets. We are recognised as a leader in rural sanitation. Our selective focus on agriculture, energy, and WASH has helped us to deepen our expertise in other areas within these sectors. To name a few, I am excited about our work in urban sanitation, climate smart agriculture, and off-grid electricity. This report presents our results in these fields and in many other product areas.



Meike van Ginneken  
SNV CEO

Smart development requires integrated approaches. While we are organised by sectors, I am confident that our total impact is much more than the sum of these parts. We have many examples how the real value of our work is where our teams come together in villages, districts, and countries. In this report we take the example of youth employment to tell the story of how we work on issues across sectors.

SNV is a learning organisation and our local teams customise and use approaches we have implemented in other locales. Probably the most important example of this is how we work with the local private sector. We have a deep appreciation of how value chains work both in agricultural production and in service delivery. We apply our knowhow on behaviour change and demand creation across our clean cooking, rural sanitation, and nutrition teams. We help local firms to develop business models and help poor people gain access to finances so they can pay for products and services. This boosts a sense of ownership and sustainability, and avoids subsidies. I am excited that this annual report reviews our experience on our private sector collaboration across sectors.



“The combination of direct and indirect impact became very clear to me on a visit to Quang Binh province in Vietnam, in February 2018.”

Also, we shine a spotlight on result based financing to help develop small and medium-sized enterprises to deliver sanitation and energy services to under-privileged regions and populations.

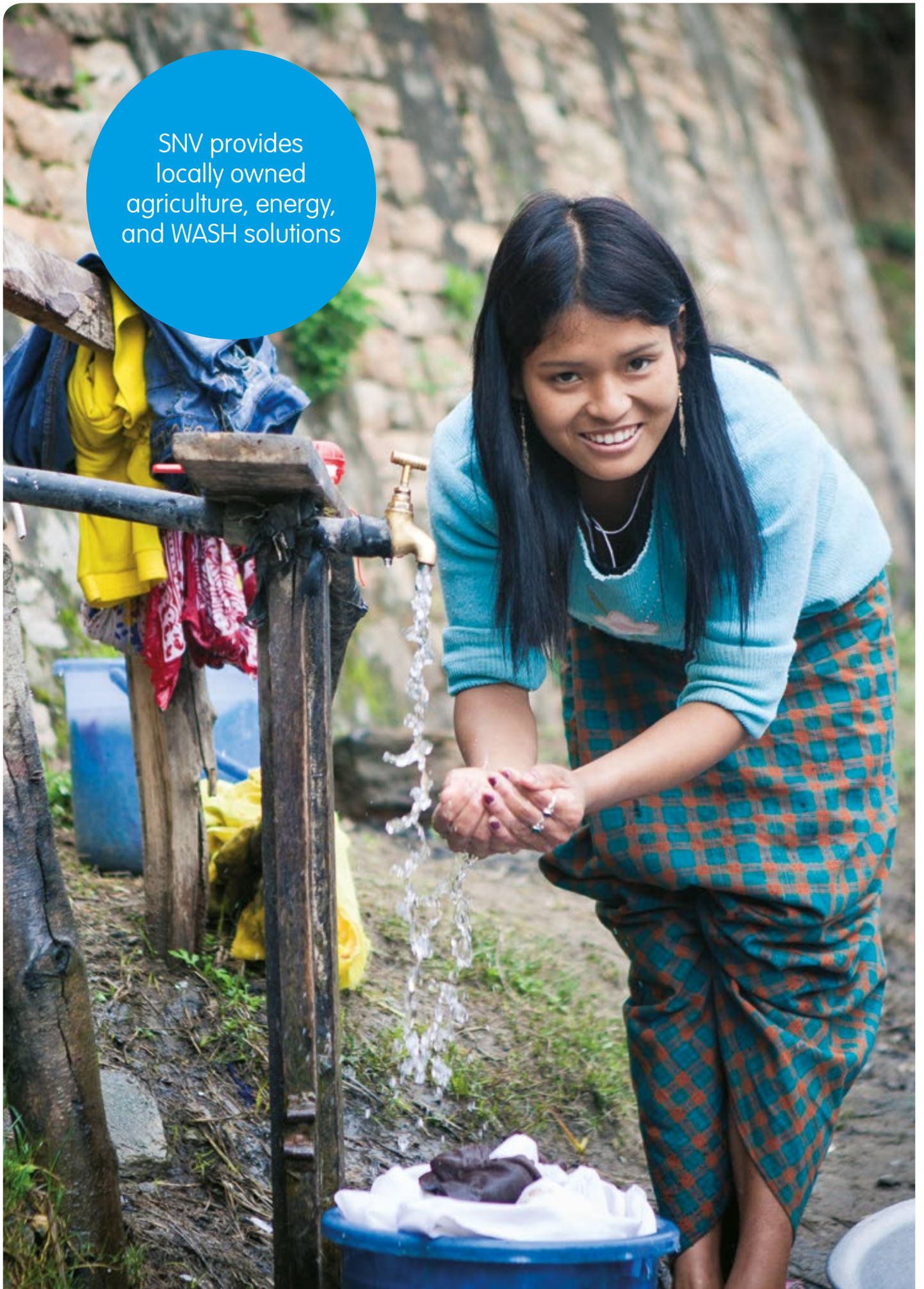
One of the reasons I joined SNV is our ability to adapt. Indeed SNV has reinvented itself several times in our 52 year history. I would like to warmly thank Allert van den Ham for his great leadership in our transition to an organisation that generates its income entirely from business revenues acquired on a project basis. The continuous growth in our order intake, which reached €194 million in 2017, shows that SNV has clearly positioned itself as a go to

development organisation. I am looking forward to working with the other members of the MB and colleagues across the globe, to consolidate this progress, to step up on implementation, and to continue to evolve in the future.

**MEIKE VAN GINNEKEN, CEO**  
ON BEHALF OF THE MANAGING BOARD



SNV provides  
locally owned  
agriculture, energy,  
and WASH solutions





# SNV in 2017

In 2017, SNV helped to improve the lives of 6.4 million people by developing and implementing locally-owned approaches. Our impact went well beyond these direct beneficiaries as we improved markets for the poor and strengthened governance systems in the 26 countries in Latin America, Africa and Asia where we work. Our projects will thus improve the lives of millions more in the years to come.

The number of direct beneficiaries is up by five percent compared to 6.1 million people reached in 2016. This positions us well to reach our target to improve the lives of 18 million people by the end of our 2016-2018 strategic plan.

Our financial turnover for 2017 was €108 million. This is a slight decrease from 2016. We realised a small positive result of € 79 thousand.

Our pace of implementation is not keeping up with the growth in our order intake, and will continue to require an extra push to build our implementation capacity to deliver results at scale in a quality manner. In 2017, the number of SNV staff increased from 1106 to 1220 at the end of December. We recruited a new crop of country directors with strong project management credentials and established the Project Support Office which is helping to improve our project management practices.

## Our evolving footprint

We sustained SNV's global footprint with an active programme in 26 countries. We continued to grow our business with a record order intake of € 194 million. We continued to steer towards scaling by increasing the size of individual SNV projects. The order intake for WASH and agriculture exceeded expectations. New orders in energy was slightly below the target we set ourselves.

## Our roles – advisory services, evidence-based advocacy, and implementation at scale

SNV continues to play three distinct but interconnected roles in the countries we work in. We deliver advisory services to build capacity to address systemic constraint and adapt market systems. We use our long-term, in-country presence and international knowledge network to implement at scale. We collaborate with knowledge institutes, governments, private sector, and civil society on evidence-based advocacy.

Advisory services is the most established of SNV's three roles. Virtually all SNV projects include a (major) advisory

component focused on solving systemic constraints and strengthening the public sector, the private sector and/or civil society.

Our evidence-based advocacy is mostly targeted at local and national governments in the countries where we work. Advocacy activities are embedded in most of our projects. In addition, the Voice For Change programme – supported by The Netherlands Ministry of Foreign Affairs (DGIS) and implemented in six countries - is dedicated to strengthening the capacities of civil society organisations to engage in contextualised policy dialogue with public authorities, and is inspired by hard evidence.

Considerable progress has been made with engaging research institutes in SNV programmes (Wageningen University, CGIAR institutes, Institute of Sustainable Futures (ISF), Emory University et cetera).

We implemented at scale through designing, rolling out, managing, and monitoring multi-country development initiatives. Implementing large programmes with

## How do we measure our impact?

SNV has defined a number of harmonised sector impact indicators, with standardised measuring and reporting. Wherever possible we use internationally recognised methodologies to measure progress.

Country teams in 26 countries submit their planned and actual data on an annual basis. Our central Planning and Monitoring and Evaluation Team, as well as respective sector teams, review these data for methodological and technical quality and ensure that data are aggregated while avoiding double counting. Our central teams also regularly train frontline staff in monitoring and evaluation techniques.

Our agriculture portfolio is large and diverse. The corporate indicators for measuring income, food and nutrition security and resilience do not cover all product areas. This means that we underreport on our impact. Our teams are refining the agriculture sector indicators so that we can provide a more complete picture in the next strategy period.

important grant management components is a relatively new role for SNV. The results of many of our larger projects in which we implement development solutions at scale are positive. We use our long-term, in-country presence and international knowledge network to develop new and adapt proven approaches, to local contexts. For instance, we noted strong results in 2017 from our Results-Based Financing (RBF) projects in WASH and energy. This is the fruit of several years of work: as a manager of RBF incentive schemes, as a service provider being paid based on the results we achieved ourselves, and as an independent verification agency.

### Our sectors: agriculture, energy and WASH

Our agriculture programme helped to improve the lives of 1.7 million people in 2017 in 24 countries. Reducing poverty through increased sustainable agriculture and resilient food production systems is at the core of the Sustainable Development Goals (SDGs). The SNV agriculture programmes contribute to the SDGs through a private sector and innovation driven approach. In 2017, 1.4 million people benefitted directly through increased income from our sustainable market development in over forty value chains around the globe. Besides the farmers that have benefitted directly, SNV projects also built the capacity of private firms, public organisations and civil society. The improved business models and networks of these actors will help sustain and expand the impact of the project in years to come. SNV integrates its interventions across agriculture, nutrition and climate change. In 2017, we continued to build our food and nutrition security programme. As a result, 175,000 people benefitted from improved food access and nutrition security. We also helped make the livelihoods of 162,000 people more climate resilient.

Our 2017 activities improved access to energy for over 800,000 people and reduced greenhouse gas emission by over 610,000 tonnes. In addition to these direct benefits, our energy portfolio helped develop sustainable energy markets in 17 countries. SNV continued its strong track record in biogas, providing 72,000 people access to a bio-digester. While most biogas projects focused on domestic uses, SNV increasingly supports productive use of biogas. Our off-grid electricity projects are a recent addition to our programme concentrated in East Africa. Results are above expectations with 532,000 people having gained access to electricity. We helped 198,000 people gain access to clean cooking. We increasingly look at combined energy and agriculture interventions. For instance, agribusiness' capacity to pay for a reliable electricity supply can bolster the financial viability of mini-grids.

Our water, sanitation and hygiene (WASH) activities reached 3.9 million beneficiaries in 17 countries in 2017. Our WASH programme is mostly focused on sanitation at local and district level. Our projects helped 2.9 million people gain access to sanitation while 1.9 million people commenced handwashing with soap. Our Sustainable Sanitation and Hygiene for All programme continued to make outstanding contributions to rural sanitation in 2017. Our work at scale in rural sanitation, coupled with targeted learning activities in 2017, confirmed and reinforced the importance of district-wide improved access to sanitation for health impacts and sustained behavioural change. In 2017, SNV stepped up its work on city-wide urban sanitation. We focus on a mix of on-site and off-site sanitation services in faecal sludge management. Our water supply projects helped 680,000 people gain access to basic drinking water supply services. Our clearly defined WASH intervention framework generates reliable data comparable across countries. We continue

to actively work with research institutions to document and analyse our programmes as part of our contribution to SDG 6: ensuring availability and sustainable management of water and sanitation for all.

### Leveraging the private sector

SNV's sustainable markets approach for low-income groups stimulates the demand for services and changes the behaviour of consumers. In parallel, we work with supply side actors to improve the quality and availability of products and services including maintenance and after-sales services. The third pillar we work on is to strengthen public governance and to develop an environment for sustainable business.

We have learned that many poor people want to and can pay for services, if provided with suitable payment options. We increasingly manage matching grant schemes that finance innovative approaches while leveraging private investments from entrepreneurs. Matching finance can help individual companies to innovate and grow more mature markets. We also work with governments and private actors to reduce risks for entrepreneurs and financiers in frontier markets. Business ecosystem strengthening typically includes the facilitation of stakeholder platforms and data sharing, strengthening business-to-business relationships, developing quality assurance and (self) regulation, strengthening business-development-service providers, and building training capacity. We also advocate for and support government to improve the enabling environment to attract private finance.

In recent years, SNV has built a track record in RBF to scale-up service provision, particularly for energy and sanitation & hygiene services. RBF can maximise value for money for international donors and governments by paying of



services only upon delivery of agreed results. This shifts the delivery risk from the financier to the service provider. RBF has proven to be a powerful means to attract private firms to expand service provision into underserved regions. Providing limited incentives that are phased out over time has proven to be successful in expanding the sale of off-grid solar products and cookstoves into new areas. It also has showed good results in supporting local masons to expand their bio-digester and latrine construction businesses.

### Cross cutting themes: gender, youth employment, climate resilience and nutrition

SNV has been quite successful in building up a considerable track record in cross sector initiatives. Notably, we now have considerable programmes on gender, youth employment, climate resilience, and nutrition. On the other hand, we have not increased our involvement in some other focus areas in our 2016-2018 strategic plan such as poverty in middle-income countries, smartphone technology, and water resources management. Our work on urbanisation concentrates on urban sanitation.

In 2017, we implemented five projects that were primarily focused on gender in four countries. We also applied our Balancing Benefits approach in many of our other projects across all sectors we work in. Balancing Benefits focuses on household dialogues, growing women's businesses, women in leadership, and gender-sensitive markets and governance. The strength of our gender programme is that it leverages our sector programmes. When gender empowerment is directly linked to increased income, women and men often see the immediate benefits of changing their behaviour.



Over the past years, SNV has developed a track record in implementing youth employment programmes across the agriculture, energy, and WASH sectors. In 2017, SNV implemented six dedicated youth employment projects in seven countries. Some of these projects started fairly recently. However, we are on track to our aggregate target of creating employment for 80,000 disadvantaged youths. SNV's Opportunity for Youth Employment (OYE) approach includes creating concrete employment opportunities (pull), basic skills training (push), and market placement and enterprise development (match). Integrating youth employment in our agriculture, energy and WASH projects creates the pull. This distinguishes our approach from many other youth employment programmes that focus mostly on push approaches such as training.

We increasingly integrate climate resilience in our agriculture and energy programmes. Our energy programme helps reduce greenhouse gas emissions while promoting access to energy. However,

the bulk of our climate resilience work falls within our agriculture programme. We have a number of dedicated climate resilience projects in addition to mainstreaming climate resilience across our agriculture programme. Focus areas include the promotion of evergreen farming practices to reduce climate stresses on crop and livestock, diversification of agriculture systems, and the introduction of water and energy efficiency along value chains.

Our growing food and nutrition security portfolio is showing encouraging results. We promote nutrition for all, not just children. Our building blocks to accelerate nutrition gains at scale include: making nutritious food more accessible, supporting community-driven and gender approaches, and a focus on the immediate causes of undernutrition. Our nutrition programme leverages our work on agriculture value chains. On behaviour change communication, we integrate WASH and nutrition, as both directly impact diet and disease factors.





# 2017 in numbers

## Our results

Total impact: The quality of life improved of **6.4 million people\***

### Agriculture



**1,468,000**  
people with  
increased  
income

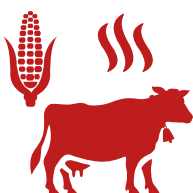


**162,000**  
people with  
increased  
resilience to  
climate change



**175,000**  
people with  
increased  
food and  
nutrition  
security

### Energy



**72,000**  
people with  
access to  
biodigesters



**198,000**  
people with  
access to  
improved  
cookstoves



**532,000**  
people with  
access to  
off-grid solar

### WASH



**2,940,000**  
people with  
(improved)  
access to  
sanitation



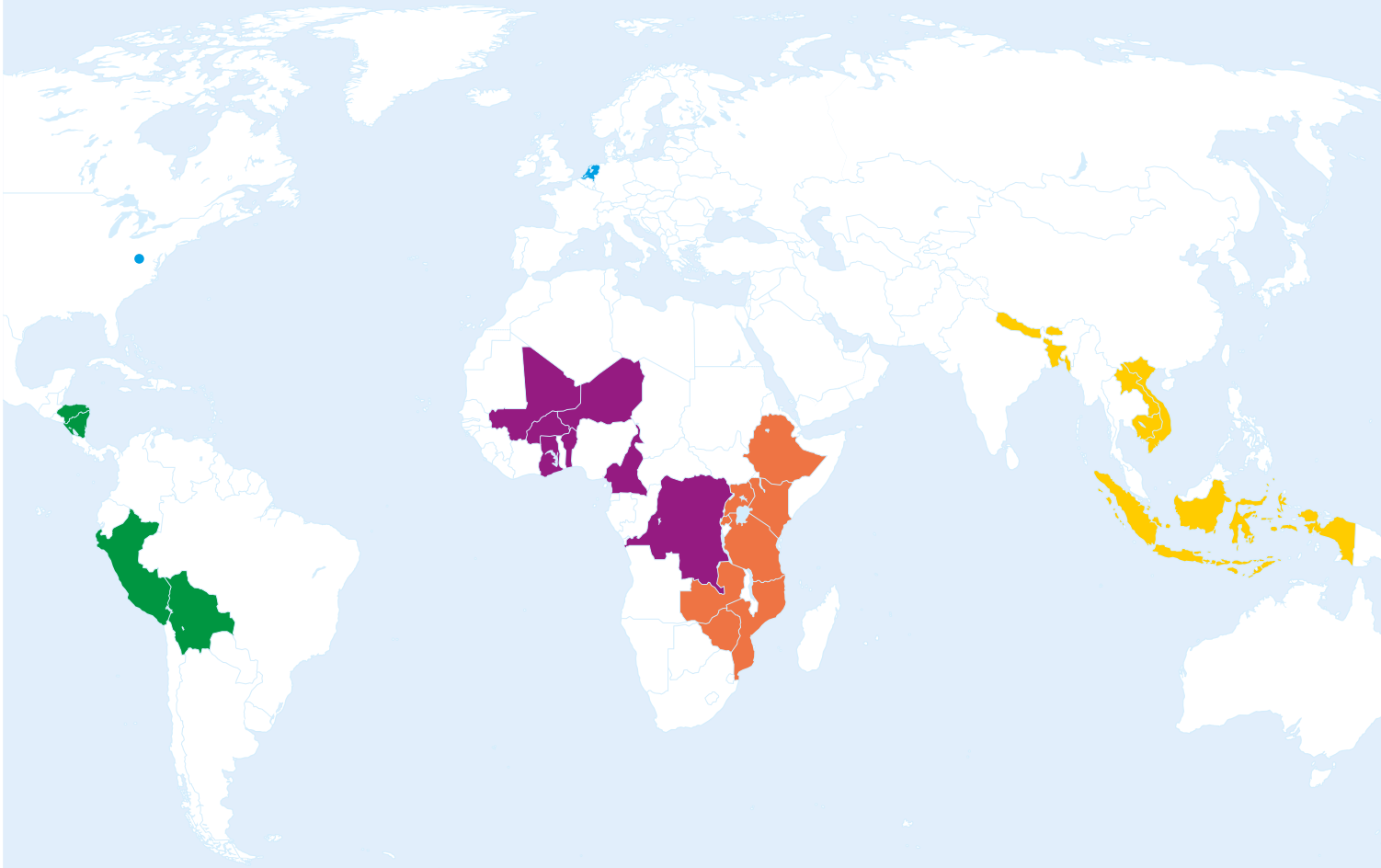
**677,000**  
people with  
access to  
drinking water



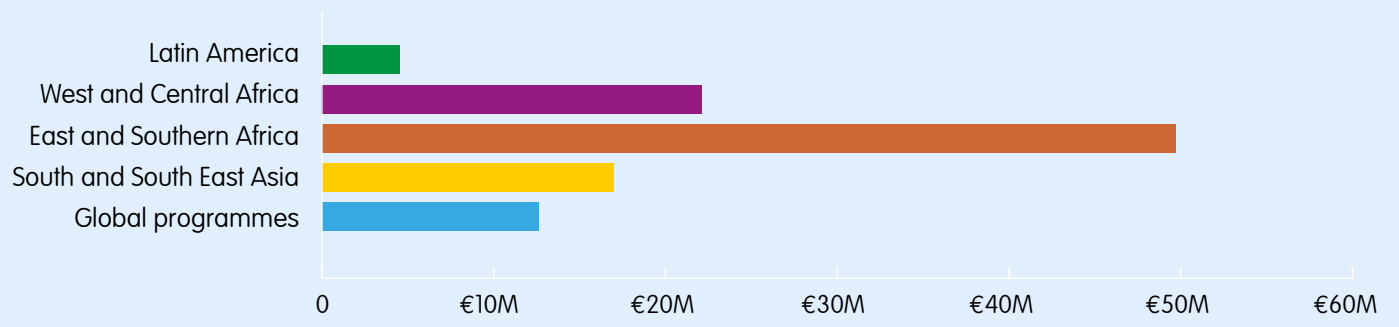
**1,900,000**  
people practising  
handwashing with  
soap

\* Total figure is adjusted for double counting

# Our footprint



## Expenditure by region





**Latin America**

- Bolivia
- Honduras
- Nicaragua
- Peru

**West and Central Africa**

- Benin
- Burkina Faso
- Cameroon
- DR Congo
- Ghana
- Mali
- Niger

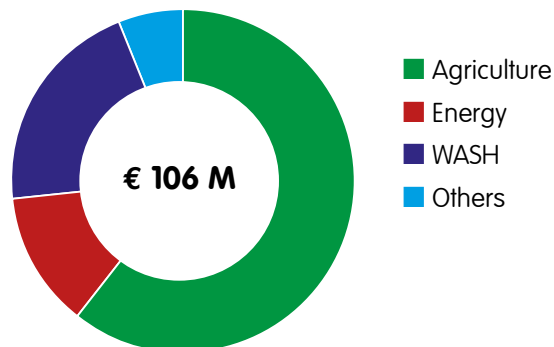
**East and Southern Africa**

- Ethiopia
- Kenya
- Mozambique
- Rwanda
- Tanzania
- Uganda
- Zambia
- Zimbabwe

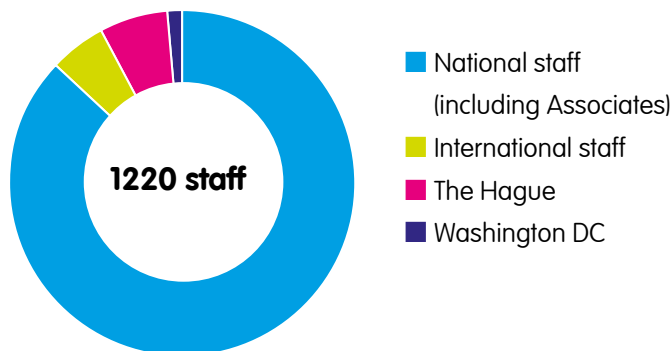
**South and South East Asia**

- Bangladesh
- Bhutan
- Cambodia
- Indonesia
- Laos
- Nepal
- Vietnam

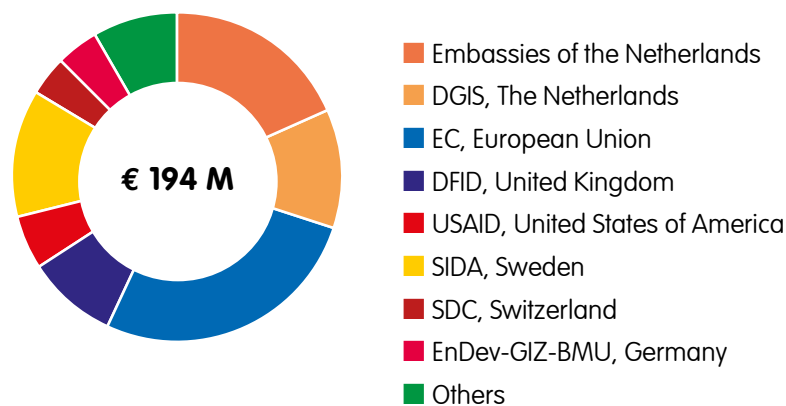
**Expenditure by sector**



**Our team**



**Order intake by source of financing**





**1.7 million**  
peoples lives were improved

# Agriculture

SNV has a large and diverse agriculture programme. Our agriculture project spending was **approximately €67 million** which accounts for 63% of our overall project expenses.

Through this programme, we improved the lives of 1.7 million people through increased income, food, and climate solutions. This result was slightly below that of 2016, when we reached 1.9 million people. Reaching our target of 6 million beneficiaries for 2016-2018 will require a special effort in the third and last year of our current strategic plan (2016-2018). Most of the 2017 beneficiaries (1.5 million people) benefitted through increased income. In addition, we helped improve food access and nutrition security for 175,000 people, and made the livelihood of 162,000 people more climate resilient.

Our agriculture programme contributes to increasing sustainable agriculture and resilient food production systems. This is at the core of the Sustainable Development Goals (SDGs). Agriculture contributes to food security and eliminating world hunger (SDG 2). Agriculture is an important source of income for women and men, and contributes to SDG 1 (no poverty) and SDG 5 (gender equality). With climate change affecting agriculture productivity, our climate smart agriculture programme also contributes towards climate action targets (SDG 13).

At SNV, we develop market-based services that increase productivity, link markets to farmers, and strengthen input supply services. Working on over forty value

chains around the globe, we focus on eight key commodities: dairy, livestock, horticulture, cassava, coffee, cacao, oil palm and rice. Of those, dairy and horticulture are the largest commodities. Working closely with the private sector drives innovation and scaling. We also work with governments to create an enabling environment and to accelerate investments in the sector. We integrate nutrition and climate resilience in our agriculture interventions. In 2017, we continued to successfully integrate food and nutrition security activities in our programmes. Our agricultural programme includes several dedicated climate resilience projects where we, jointly with the energy sector, address adaptation and mitigation to climate change in food systems.

## Sustainable markets

Supporting sustainable market development is at the heart of SNV's agriculture programme. Our value chain approach helps transform the agriculture sector and achieve impact at scale. Our approach unlocks new development pathways for communities by altering the interplay of institutional, cultural, technological, economic and ecological dimensions. Our sustainable market programme uses four building blocks: 1) market development for innovative practices and technologies which benefits small and medium-scale

## Vietnam

“ I've shared my learning from the project with my neighbours and my relatives who want to be rich. I've followed guided practices that I learned for my farm even if I've not received any direct support from the project this year. ”

**Mr. Nam Trieu,**  
a farmer in Nhung Mien,  
Ca Mau, Vietnam





## Cambodia

“The CHAIN project uses a holistic approach that reaches out to diverse target groups. We need a project which is smarter, more efficient and more resilient, and CHAIN is that project we need”

**His Excellency State Secretary  
Dr. Ty Sokhun from the  
Ministry of Agriculture Forestry  
and Fisheries, Cambodia**

## Uganda

“For the first time in my life, I was able to feed my cattle throughout the year, even during the extended drought. As a result, we did not experience a significant reduction in our milk production. Before the training, we used to get 100 litres of milk in the rainy season, and 50 litres in the dry period. Now our average is 250 litres in the rainy season, and 150 in the dry season from our 35 milking cows.”

**Bells Katongole farmer in Uganda  
participating in the SNV The Inclusive  
Dairy Enterprise (TIDE) project**

farmers and small and medium enterprises; 2) development of business cases and public-private partnerships with co-investment from the private sector; 3) enhancing the enabling environment; and 4) accelerating investment.

Our horticulture portfolio has grown to over € 65 million. We work on horticulture in Ethiopia, Kenya, Uganda, Ghana, Rwanda, Mali, Bangladesh and Cambodia. As an example, the Cambodia Horticulture Advancing Income and Nutrition (CHAIN) project, funded by the Swiss Agency for Development Cooperation (SDC), successfully reached 6,800 farmers in 2017. The CHAIN project supported the adoption of new production technologies and better market access.

As a result, household incomes increased US \$50 per year for homestead gardeners, US \$300 per year for semi-commercial farmers, and up to US \$500 per year for commercial farmers. All farmers used their increased income to improve their diets and 70% of the farmers reached were women. In addition to the farmers who have benefitted directly from the project, the CHAIN project has built the capacity of private firms, public organisations and civil society. The improved business models and networks of these actors will help sustain and expand the impact of the project beyond the current group of direct beneficiaries.

Our € 32 million dairy portfolio includes projects in 16 countries in Africa, Asia and Latin America. All projects are market-driven. This means they focus on inclusive business development through Public Private Partnerships, and strengthen support services and business platforms. In the period 2011-2018, the Kenya Market-led Dairy Programme (KMDP; Phase I and II), funded by the Embassy of the Kingdom of the Netherlands (EKN), engaged with 35 dairy cooperatives with a total membership of 65,000 smallholder

farmers, 150 medium and large scale dairy farmers, two milk processors investing in an inclusive business model, commercial fodder producers and other input and service providers. KMDP interventions have resulted in higher productivity, profitability and income at farm level; in addition to efficient milk collection; and enhanced availability and accessibility to credible and quality dairy sector support services. The project is also instrumental in supporting policy makers and dairy practitioners to make informed decisions through the collaboration of a variety of international dairy experts. The project documents lessons learned, good practice, and tools, so they can be applied across the dairy sector.

### Food and nutrition security

Our growing food and nutrition security portfolio is showing encouraging results. In 2017, 175,000 people obtained food and nutrition security with the support of SNV projects. Our positive results to date are a good basis for expansion.

Our building blocks to accelerating nutrition gains at scale are: i) make diverse, nutritious food more accessible to everyone; ii) support community-driven approaches; iii) integrate gender and women's empowerment; iv) integrate food and nutrition education across sectors, to support long-term behaviour change; v) promote Nutrition for All (not just children); vi) integrate coherent and co-ordinated action that addresses the immediate causes of undernutrition. SNV encourages systematic solutions for making food production, processing, trade, retail, distribution and consumption more sustainable, resilient and equitable. Our agriculture programme is our largest contributor to improved nutrition outcomes. Our nutrition teams also operate across sectors, for instance, SNVs behaviour change communications integrates WASH and nutrition, directly impacting diet and

disease factors. A typical example is the Sustainable Nutrition for All (Phase 1) project in Uganda and Zambia, funded by SDC. This project closed in 2017, and was successful in increasing dietary diversity for women of reproductive age in its four target districts. Women of reproductive age consuming an inadequate diet dropped on average from 75% to 30%, while the number of children consuming an inadequate diet dropped from 55% to 15%. Further achievements were observed in the two - to three-fold increase concerning the variety and access of crops from different food groups per household, resulting in increased dietary outcomes.

### Climate resilience

SNV is increasingly applying its experience in working with the private sector to improve climate resilience through supporting businesses in climate smart technologies and investments. Our ClimateRisk Assessment Tool helps us to analyse and address climate risks along specific commodity value chains. This enables us to provide targeted guidance to smallholders and Small Medium Enterprises (SMEs) in selecting climate smart farming options. Through our knowledge partners, such as CGIAR research programme on Climate Change, Agriculture and Food Security (CCFAS) and Wageningen University and Research (WUR), we have access to the highest quality research on climate smart practices.

SNV supports the scale up of climate smart farming. Much has been learned about climate smart techniques at pilot scale. We focus on diversifying agriculture systems as a whole and making them more resilient. In Vietnam, we help improve resilience to climate change through the sales of integrated mangrove shrimp to international markets.



In Indonesia, funded by the Millennium Challenge Account, we work with firms along the supply chain to ensure that smallholder farmers have the knowledge, resources, and bargaining power to meet certified sustainable standards so that they can sell their palm oil to international agribusinesses. In Mali and Burkina Faso, funded by the Netherlands Space Office (NSO), SNV helps pastoralists to adapt to climate change by providing mobile phone access to data on biomass, water, herd concentrations, weather information and market prices. In Ghana and Nicaragua, funded by the German Ministry for Environment, Nature Conservation and Nuclear Safety (BMUB) and the Netherlands Enterprise Agency (RVO), we have applied business approaches to introduce diversified integrated forest and cocoa systems. Many of our projects focus on water and energy efficiency along value chains. For instance, the Smart Water for Agriculture programme in Kenya, funded by the EKN, helps

promote farmer-led and market-based smart water products and services.

In these projects, we concurrently engage with companies along targeted supply chains. We work with national and regional governments, local extension services, financial institutions and meteorological information services to support an environment that stimulates the uptake of climate smart techniques at scale. This in turn helps to de-risk private investments in agri-business.





**800,000  
people**

gained improved  
access to energy





# Energy

Our 2017 activities improved access to energy for over **800,000 people**. This is a 29% year-on-year increase from the 620,000 beneficiaries we served in 2016. The 2017 total beneficiaries figure includes 532,000 people having gained access to electricity, 198,000 to clean cooking solutions, 72,000 to a bio-digester, and 16,000 employed through our energy initiatives.

Our projects also reduced greenhouse gas emissions by over 610,000 tonnes. In addition to these direct benefits, our energy portfolio helped develop sustainable energy markets in 17 countries.

These direct and indirect results contribute towards Sustainable Development Goal 7 which aims to ensure access to affordable, reliable, sustainable and modern energy for all. SDG 7 still requires an extra push. The good news is that the number of people without access to electricity fell from 1.6 billion in 2000 to 1.1 billion in 2016. At the same time, 2.8 billion people still rely on low quality biomass, coal and kerosene for cooking. This is roughly the same number as in 2000.

Our energy portfolio is still relatively small. In 2017, we spent € 14 million on energy projects, which amounts to 13% of our total project spending. In 2016, we revised our target population for 2018 from 4.5 million to 2 million beneficiaries. We are on track to reach this revised target.

In 2017, SNV continued to focus on developing sustainable biogas, cookstoves, and off-grid electricity markets. SNV's sustainable markets approach for

low-income groups stimulates the demand for clean energy and changes the behaviour of consumers.

Our approach improves the supply of quality devices as well as maintenance and after-sales services. It also strengthens public governance and develops an environment for sustainable business. We also advocate for increased funding and better policies for decentralised energy services. We invested extra in focused marketing and business development to grow our portfolio. And this year, we started to apply our expertise in energy market development into our agriculture projects and new projects in informal refugee settlements.

## Developing sustainable markets for bio-digesters

SNV's built on its track record in biogas through flagship projects in Vietnam (financed by Energising Development or EnDev) and in Ethiopia (with European Union financing). Each programme is creating a commercially viable, domestic biogas sector. This means that profitable bio-digester construction businesses are flourishing, and will be able to continue to grow even beyond the close of the projects.

## Ethiopia

“ Nowadays I can cook in the main house on the gas stove and I don't have to inhale the thick, damaging smoke as often. Also, I can cook breakfast quickly for my school going child, saving time in the morning. ”

**Amman Family,  
Ethiopia**



## Rachel Kyte SE4All

“This Call to Action is a good example of market creation and transformation at scale. It will bring attention to countries that are often flown over by the solar market.”

Rachel Kyte, CEO of Sustainable Energy for All



For instance, Getachew Lemecha now has a formally registered business which has constructed more than 225 bio-digesters in the Oromia region in Ethiopia. The company has been able to expand business following the programme's National Framework on Private Sector Development, which prescribes a complete private sector supply chain. Besides promotion and construction, the company supplies construction materials like cement and rods as well as other accessories.

While most biogas projects focus on domestic uses, SNV has started to support the productive use of biogas. For instance, in 2017, SNV used its expertise to help farmers in Nicaragua to use biogas productively for agricultural production processes (with financing from the Inter-American Development Bank). Examples of biogas use include mechanical milking, irrigation, electricity generation, water pumping, and cooling.

### Using our expertise to develop off-grid electricity markets

Our off-grid electricity projects use some of the market development approaches

we developed in our biogas projects. They also build on our experience in agricultural and WASH market development. We have customised this approach, taking into account that the distribution model for quality solar products differs from the construction of bio-digesters or latrines, which mostly uses local labour and materials. Our off-grid electricity portfolio is concentrated in East Africa, with transformative projects in Kenya and Tanzania. The EnDev funded Solar PV project in Kenya provided access to electricity to over 240,000 people in 2017. Project results were above the initial target due to growth in the distribution network, and an improvement in the skills of the entrepreneurs being supported under the programme. Similarly, the Rural Pico-Solar Market Development project in Tanzania (also EndeDev funded) helped provided first-time electricity access to almost 90,000 rural Tanzanians. This project has also created almost 800 jobs and leveraged over € 10 million in commercial financing. Together with partners, we launched a Solar Call to Action to stimulate initiatives to reach 5 million people with off-grid lighting within five years.

## Bringing our expertise to refugee settlements

Health, education, and water services to refugees have been at the heart of humanitarian responses to refugee crises. Energy services have often lagged behind. This is why SNV has started to apply its expertise in market-based energy solutions to serve informal refugee settlements. While some refugees have settled in camps, many have settled in host communities - from slums to remote rural areas.

Our new Market Based Energy Access project (financed by Endev) in Kakuma, Kenya is an example of this approach. The project started in 2017, and aims to deliver clean, safe and affordable cooking solutions to 16,000 people, and access to electricity for lighting and phone charging to 21,000 people. Similar projects are under preparation in Tanzania.

## Energy for agriculture as a viable business

Energy is a critical enabler to make agribusiness economically viable. In turn,

agribusiness is a reliable off-taker that can pay for electricity. At SNV, we ensure that energy and agriculture work hand in hand, and believe that integrated approaches across these sectors create the critical mass needed for viable business models. A combined agriculture-energy approach builds on the competitive advantage of SNV since we have in-house expertise in both sectors.

The Mashaba Solar Mini-grid project (with financing from the European Union and the OPEC Fund for International Development) in Zimbabwe is an example of our cross sectorial approach bridging the gap between household energy and agricultural use. This project has financed a mini-grid powered by 160 kW solar energy that serves three irrigation schemes, five business centres, a clinic, a school, a study centre, as well as 10,000 villagers. The mini-grid is financially viable due to its commercial off-takers. It also provides electricity to health-care and education facilities as well as households which require limited electricity, and have a lower capacity to pay for it.

## Kenya

“ Before I bought this solar home system my family had to make do with a kerosene lantern which we all shared. It was difficult for my children to study at home... I now have light in all of my three rooms, and my wife and children have light in the kitchen. In addition, I can now charge my phone from home, I can follow the news on my radio, and I still have a torch if I need to move around the camp at night. ”

**Mr. Kasanga Alexandre,**  
Kakuma refugee camp, Kenya

## Nicaragua

“ During the days I operate the milking machine, I obtain an average of 17 litres of milk per cow, from 67 cows per day, which means that my animals produce 720 litres of milk daily - a significant increase from manual milking. The introduction of biogas has greatly improved productivity. ”

**Cattle raiser Adolfo Matus,**  
Village Los Mollejones,  
Santo Tomas Municipality, Nicaragua







**3.9  
million**

people reached with  
water, sanitation and  
hygiene services



# Water, Sanitation and Hygiene

Our Water, Sanitation and Hygiene (WASH) activities reached **3.9 million beneficiaries** in 17 countries in 2017. This is an increase of 10% vis-à-vis 2016, and above our target of 3.5 million.

Our projects resulted in 2.9 million people gaining access to, and use of, sanitation, and a further 680,000 people gaining access to basic drinking water supply services. In addition, 1.9 million people commenced handwashing with soap (1.6 million of these gained access to sanitation and handwashing together).

In 2017, our expenditure on WASH projects was €21 million, which accounted for 20% of our total project expenditure.

Our contribution to SDG 6 (ensuring the availability and sustainable management of water and sanitation for all) goes beyond these direct results, as our programmes support the development of public institutions, and build markets that will ultimately serve many more people with WASH services. SNV embraces the increased recognition that service delivery must be both environmentally and financially sustainable. Our commitment to leaving no-one behind translates to a focus on universal access for everyone, in recognition of the 2.4 billion people who still lack access to basic sanitation, and more than 600 million people who still do not have access to an improved drinking water source.

We implemented local solutions and deepened our experience of what it takes to pragmatically reach sustainability in all settings. We explicitly focused on the safe management of services, including in schools, health facilities and last mile provisions. The role of governments as duty bearers for the human right to water and sanitation continues to be the basis of our work. In rural sanitation, we progressed at sub-district and district levels. We strengthened the exchange between Asian and African experiences. Our focus on urbanisation intensified, with a wider recognition that city-wide urban sanitation services requires both on-site and off-site services, especially in small towns.

## Rural sanitation at scale

The SSH4A (Sustainable Sanitation and Hygiene for All) programme continued to make outstanding progress in 2017. Multi-country projects are at the centre of this success. The United Kingdom Department for International Development (DFID) funded SSH4A Results Based project and the Australia Government Department of Foreign Affairs and Trade (DFAT) funded SSH4A Civil Society WASH work provided the greatest impact. The DFID funded project commenced in 2014, and will conclude its first phase in early 2018. In this RBF project, SNV was paid

## Uganda

“ Since we started implementing the SSH4A programme in the district with SNV, we have not had any sanitation related disease outbreak in the last four years ”

**Enid Kajumba, Deputy Chief Administrative Officer, Kyenjojo District, Uganda**





## Bhutan

“Sanitation is not as glamorous as other sectors, like roads and education. But here’s the thing. Sanitation is actually VERY important. In 2008 we engaged SNV to help us develop a new approach to sanitation and hygiene. After seven years, there is wide-spread recognition that this programme is really working well (through reduced diarrhoeal incidences and reduced stunting). This programme has been fully endorsed by the Ministry of Health, and we have made significant gains in improving sanitation. There remains more to be done. Beyond expanding coverage (of toilets) we have broadened our focus to include menstrual hygiene management, handwashing, and faecal sludge management. Achieving the goals Bhutan has set in WASH requires strong leadership and investment from the government. This means prioritising sanitation and hygiene in budgets, in plans and in the minds of our local leaders. We can achieve universal access in improved sanitation and hygiene in Bhutan.”

**Rinchen Wangdi, Chief Engineer,  
Public Health Engineering Division,  
Ministry of Health, Bhutan**



for reaching 7.7 million beneficiaries across eight countries; Zambia, Mozambique, Ethiopia, Ghana, Tanzania, Kenya, Uganda, and Nepal. A second phase of the project will target an additional 1.2 million beneficiaries in seven countries. Similarly, the DFAT funded SSH4A Civil Society WASH programme will conclude in early 2018, and will be followed by an additional DFAT funded project from 2018 onwards in Laos, Bhutan and Nepal. SSH4A programmes in countries such as Cambodia, Indonesia, Burkina Faso, Mali, and Rwanda also contributed significantly to the 2017 result.

Our work at scale in rural sanitation, coupled with targeted learning activities in 2017, confirmed and reinforced the importance of area-wide (district, province etc.) improved access to sanitation for health impacts and sustained behavioural change. The reaching of open defecation free (ODF) status is not the finish line. In essence, it is only the first of several hurdles to be cleared towards achieving sustained sanitation impacts. In countries like Nepal, Indonesia and

Bhutan, our early results underscore the immense change in mind-set and work processes that post-ODF programming requires. Shifting local government focus from latrine coverage alone, to wider sanitation services systems requires new approaches and efforts.

### Stepping up on urban WASH

In 2017, implementation of the Bill & Melinda Gates Foundation funded urban sanitation programme in Bangladesh continued across the cities of Khulna, Jhenaidah, and Kushtia. Results to date have been promising. Our experience in Bangladesh is informing SNV’s new DGIS-supported Urban WASH programme in Tanzania, Zambia, Indonesia and Nepal.

Our work in Bangladesh on city-wide urban sanitation services has demonstrated the need for a mix of on-site and off-site sanitation services in faecal sludge management, and that progress is possible when such a mix is utilised (instead of a singular reliance on sewers). This same work has demonstrated innovations in many areas, including safe



slum sanitation; the integration of information between housing, taxes and sanitation; occupational health and safety; and how to articulate sewer and sludge services in a city. With this experience, we will be supporting the *Bangladesh National Urban Poverty Reduction Programme* in its work with slum sanitation.

### Leveraging the private sector

Our work in Mali in the *Uduma Water Supply Programme*, confirms that the private sector can be interested in rural water supply under the right conditions. That is, when both full cost recovery and an acceptable profit margin are part of the water supply business model. The innovative FDW (RVO Sustainable Water Fund) funded Uduma programme in Mali implements an alternative operation and maintenance model at scale. A private operator (Uduma Mali) together with SNV, Aqua for All and Akvo, has committed to replace, repair, operate and maintain 1,400 manual water pumps in the Sikasso region of Southern Mali. The 15 years performance contract requires Uduma to repair a pump within 72 hours, instead of the current 250 days. To date, community support for the new model is high. Additionally, there has been an increase in demand for this service, especially from communities just outside the project area.

### A focus on evidence and learning

SNV's rural sanitation programme across 15 countries uses a clearly defined intervention framework including rigorous monitoring. This provides an unprecedented opportunity to use reliable data to fill the large information gap regarding what works in rural sanitation. In 2017, we worked with Emory University to carry out a rigorous analysis of success rates, equity and sustainability of rural sanitation results across 11 country data sets. Early findings show the success rates of SNV programmes compare favourably to other interventions.

Additional external research undertaken in 2017 by the University of Technology Sydney – Institute for Sustainable Futures, together with Emory University, features an in-depth study of qualitative and quantitative data that compares progress in reaching 'last mile' in five countries: Nepal, Bhutan, Cambodia, Zambia and Tanzania. Results of both studies will be published in early 2018.

SNV organised three successful global learning events in 2017 that combined practical field-based assignments with workshop sharing sessions. Over 60 partners, government representatives, and staff from 13 countries participated in events in Uganda and Indonesia focussing on rural sanitation, hygiene behavioural change communication, and reaching the last mile. More than 150 written contributions were also made. A learning event in Bangladesh focused on lessons learnt and on catalysts for change in urban sanitation.

## Bangladesh

“When SNV briefed me about their Urban Sanitation approach and the objective of the Faecal Sludge Management (FSM) programme, I immediately told my Council that we should accept this challenging task! In my municipality, emptying was primarily done by manual emptiers during the night. In the last four years, we have generated evidence that is helping us to take decisions for developing sanitation plans. People are now aware of, and openly discussing FSM, and have already started paying taxes for our FSM services. We now have a functional treatment plant which is being managed by a private sector party. People can now access emptying services with a single phone call.”

**Saidul Karim Mintu, Mayor,  
Jhenaidah Municipality, Bangladesh**



# Spotlight on Supporting the Local Private Sector

Market-based approaches are a key pillar in everything we do. We believe that the private sector, and especially local private entrepreneurs, have a key role in bringing about sustainable change. SNV's sustainable markets approach for low-income groups stimulates the demand for services and changes in the behaviour of consumers.

## Ethiopia

“ In addition to the after-sales service I provide to users, I have understood that properly establishing my company will help me to promote my bio-digester construction business as well as the supply of appliances and accessories for new and old bio-digesters ”

Tamirar Zerifu, Boset Woerda, Ethiopia

In parallel, support supply side actors to improve the quality and availability of products and services including maintenance and after-sales services. The third pillar of our work is to provide technical assistance to strengthen public governance, and to develop an environment for sustainable business.

We have learned many lessons from supporting small and medium-sized enterprises to grow their businesses and deliver effective services to underprivileged populations and regions. We avoid subsidised services whenever possible as they are hard to target and to sustain over time. We prefer to facilitate access to finance so users can pay for products and services. This not only boosts a sense of ownership, but it also creates healthy accountability between users and service providers – firms serve paying customers better than those depending on handouts. We believe that many poor users can afford services if provided with payment schemes that spread payments over time. An example of this is the recent success of our projects in refugee camps in Kenya to establish energy markets.

An essential element in our approach to attain sustainable scaling is leveraging private investments. We have started to

gain experience in a number of projects. An example is the Swedish International Development Cooperation Agency (SIDA)-funded Innovation Against Poverty (IAP) project, which started in 2017 in Cambodia, Ethiopia, Zambia and Uganda. The IAP project provides matching grants to agriculture, ICT, energy, and WASH entrepreneurs. In 2017, we supported 36 promising 'inclusive business' cases to introduce innovative service and finance models. Special attention is given to the inclusion of low-income people as producers, micro-entrepreneurs, and consumers. In 2017, IAP grants totalling € 4.5 million leveraged € 22 million in private investment.

These kinds of challenge funds support the implementation and scale up of a large variety of business cases across agriculture, energy, and WASH. Among others, we have supported innovative technology for dried fruits and vegetables; distribution models for nutrient-rich ready-to-eat cereal products; franchise models for water treatment, irrigation, and sludge removal; processing technologies to turn milk into nutritious yoghurt and distribution channels in low income markets; scaling digital payment apps on basic smart mobile phones; private sector driven solution to formalise land rights





**Local  
entrepreneurs**  
have a key role in  
sustainable change





Matching finance can help individual companies to innovate and grow in more mature markets.

for rural people; off grid solar kiosks providing affordable energy services and products; introduction of tractor-share schemes for smallholder farmers; distribution of locally produced residential water filters by credit sales scheme run by utilities; and digital platform for job matching of low skilled labourers.

### Beyond supporting individual entrepreneurs

Matching finance can help individual companies to innovate and grow in more mature markets. We recognise that frontier markets do not open easily. Dedicated efforts are required to create a more conducive environment, and to reduce risks for entrepreneurs and financiers. This is why we complement our targeted support to individual entrepreneurs with our broader technical assistance to government and business associations on value chain development, improved business regulations, and sector development. Technical assistance typically

includes the facilitation of sub-sector platforms, strengthening Business to Business (B2B) relationships and business culture, developing quality assurance and (self-) regulation, strengthening of providers of various business development services, build-up of training and educational capacity, and building sub-sector knowledge & data. We also advocate for and support government to improve the enabling environment to attract private finance.

We have traditionally included this kind of training and technical advice in agriculture projects, such as our horticulture and dairy programmes. We apply what we have learned in our work to create sustainable decentralised energy markets as well as market solutions for the construction and operation & maintenance of WASH facilities.

Recently, results-based financing has proven to be a powerful means to attract private firms to expand energy and WASH service provision into underserved regions. Providing limited incentives that are phased out over time has shown good results, both in the enlarge distribution zones for off-grid solar products and cookstoves, as well as to local masons for the expansion of their bio-digester and latrine construction businesses into new areas.

In most cases, traditional donor agencies continue to finance technical assistance. In some cases, the private sector pays for the support SNV provides to communities. For instance, Sundial Brands finances support to women cooperatives in Northern Ghana through SNV's Shea Butter Community Commerce project. The project has helped 1800 women to increase their income by growing production by 35% while cutting costs by 43%.

# Spotlight on Results-Based Financing

In recent years, SNV has built a track-record in Results-Based Financing (RBF) to scale up service provision, particularly for energy, sanitation and hygiene services. RBF can maximise value for money for international donors and governments by paying for services only upon delivery of agreed results. This shifts the delivery risk from the financier to the service provider.

Our role in RBF projects varies from being the service provider ourselves – and being paid incentives – to managing RBF projects – and thus paying incentives to others after verification of results.

The Sustainable Sanitation and Hygiene for All (SSH4A) Results programme in nine countries in Africa and Asia commenced in 2014, and has recently been extended till 2020 to seven countries. SNV is paid by DFID for results at outcome and impact level. To date, our results have exceeded targets. Three million people have gained access to sanitation, 2.7 million people have received hygiene promotion, and 400,000 people now practice handwashing with soap. In addition, incentives are linked to improvement in capacities and the enabling environment. Results are verified by a third party before payment is released.

In the energy sector, SNV is managing several RBF projects in Africa and Asia in which we disburse incentives to companies upon verification of new off-grid electricity, biodigestors, and cookstoves. In this case, SNV does not carry the delivery risk, as this task lies with the service providers. Instead, SNV designs

the programme, and verifies the results of service providers before paying incentives. These projects have been successful in kick-starting markets by providing a temporary financial incentive to companies to deliver products and services to areas where they are not yet present. As RBF does not predefine how results should be achieved, within this scheme the private sector can bring value added innovation such as mobile payment modalities and Pay-Go in East Africa.

Another example is the solar RBF facility in Tanzania, which since its kick-off in 2014 has achieved energy access for more than 320,000 people through incentivising sales of solar lanterns, phone chargers, and solar home systems. While incentives were paid for units of sales, the facility has also indirectly established a market for solar products in a hard to reach part of Tanzania. To date, 14 solar companies participated in the facility, and 780 new jobs have been created along the supply chain, with distributors and retailers dealing in 27 high-quality, affordable solar products (previously unknown in these last-mile markets).

## Tanzania

“The RBF project of SNV allowed Global Cycle Solution (GCS) to set up operations in the Lake Zone of Tanzania. Previously the company was only selling pico-solar products from Arusha and Morogoro and would not have had the means to move to new regions anytime soon”

**Jodie Wu, CEO GCS,  
a solar company participating  
in the Tanzania solar RBF.**

One of the challenges of RBF is to determine the level of incentive to be paid against each 'unit' of result or product. If the incentive is too high, the RBF scheme could distort the market. If it is too low, it might not persuade service providers to enter new markets. Markets change constantly, and often require dynamic incentive setting mechanisms. In the Tanzania solar RBF facility incentives were reduced by 25% each year due to the maturing market. The Mekong cookstoves project in Cambodia, Laos, and Vietnam applies an innovative reverse auctioning scheme for RBF incentives. The firm that bids the lowest incentive for each cookstove sold, wins the auction and eventually gets paid for each cookstove, once sales are verified.

Our experience shows that RBF can be a powerful instrument to accelerate market development for basic services. It can be an efficient use of scarce public resources, however RBF works best in relatively stable environments where the technical solutions being employed are well developed and tested. It is not suitable in instances where solutions or unit costs are unknown, or where there are too many factors affecting delivery beyond the control of the service provider. In addition, those participating in RBF programming need to have working capital to pre-finance certain investments.

Especially in less mature markets, RBF needs to be part of comprehensive market-stimulation packages. This can either include additional technical assistance, or the broadening of incentives for improved capacity or institutional support.

To be successful, incentives (in terms of time, place and value) have to be defined and agreed upon up-front. Effective



design eases verification processes, and minimises room for disagreement on results to be achieved, and the level of incentives to be paid. Often, verification is done at various levels. For instance, the sales of off-grid electric products can be verified at the importer level (have products been imported and distributed), the retailer level (looking at sales records), and a sample test at consumer level to cross-check.

Over the past years, SNV gained insights in the design of RBF incentive schemes, including verification modalities. Our track record on RBF also builds on our deep knowhow of the country context and delivery realities, our extensive experience in market-based approaches, as well as our sectoral expertise.

Processes for defining incentives and verification protocols, and carrying out verifications require considerable resources. However we often get good value for money by using these protocols, especially in additional phases that scale

up projects in new geographies. Firms participating in incentive schemes also need a certain capacity to administer their sales. If verification is overdesigned, there is a risk of creating an oligopoly (or worse a monopoly), as new entrants are scared off by the requirements to join a scheme. Many of our schemes include a maximum amount of incentives that one participating firm can receive.

Going forward, SNV plans to extend its use of RBF to other sub-sectors (e.g. last mile connections in urban areas, agricultural service delivery), and to new countries and markets. In doing so, we could continue to play various roles, including programme management, service provider, and verification agent.



# Spotlight on Youth Employment

Over the past four years, SNV has developed a track record on youth employment programmes across agriculture, energy, and WASH.

In 2017, SNV implemented six dedicated youth employment projects in seven countries for a total value of € 55 million.

Some of these projects started fairly recently. However, we are on track to meet our aggregate target of contributing to the employment of 80,000 disadvantaged youths. This in turn will create an indirect spin-off benefitting 400,000 members of their households. In addition, many of our other projects increasingly mainstream youth employment as an important development impact. Our target group consists of underprivileged youth in rural and urban settings, who normally do not have access to vocational skills, finance, or opportunities to integrate into the labour market.

## Push-match-pull

SNV's Opportunity for Youth Employment (OYE) approach is guided by concrete employment opportunities (pull), skills training (push), plus market matching, access to finance, and mentoring of youth in self-employment and enterprise development (match). Our OYE approach builds upon our strong network of local firms working in the agriculture, energy, and WASH sectors.

Our most advanced multi-country programme thus far is implemented in partnership with Mastercard Foundation (MCF) and targets 27,000 rural out of school youth in Tanzania (with co-funding

from the SDC), Rwanda and Mozambique. In 2017, the programme reached over 29,000 youth, of whom 19,000 have already entered self-employment, putting it on track to reach its end target by its mid-2018 closing date. In Tanzania and Rwanda, we have connected hundreds of rural out of school youth with solar companies, providing them with self-employment in retail and installation of household systems. In Mozambique, large scale agribusiness companies observed the improved skills among OYE youth and engaged an increasing number of them as contract farmers and out-growers. In Rwanda, the promotion of biogas and other renewable energy products such as briquettes by national and local government is a key driver of rural youth enterprise and cooperative development.

In Mali, a new OYE project was launched in 2017 to support 10,000 youth in areas affected by conflict and instability. This OYE project complements our ongoing local governance youth leadership initiative Accountable Local Governance Programme (PGLR) which encourages youth to take up leadership roles in conflict resilience and in promoting social services. The OYE project is financed by the European Union Trust Fund and EKN. The project is offering economic

## Tanzania

“ I have plans to invest in growing my business and accessing higher level markets. ”

Francisca Cypria,  
Moshi, Tanzania



This helps young people to build a positive future against a backdrop of increased insecurity, and influence of radicalised armed groups.

opportunities in agriculture and waste management. The project encourages selected youth to develop self-confidence and entrepreneurship towards improving their livelihoods. This helps young people to build a positive future against a backdrop of increased insecurity, and influence of radicalised armed groups. During its inception phase in late 2017, 28,000 rural youth submitted applications through local government authorities to take part in the project.

### Applying lessons as we expand our programme

The OYE approach has been recognised internationally for using a market systems approach. Integrating youth employment in the development of sustainable agriculture, energy and WASH markets creates a market “pull” which triggers youth entrepreneurship and economic empowerment. This distinguishes our OYE approach from many other youth employment pro-

grammes that focus mostly on “push” approaches such as training.

One of the inspiring results of the OYE approach is that disadvantaged youths become motivated, entrepreneurial and resilient. We observe that many OYE participants engage in multiple economic initiatives that go well beyond the opportunities offered through SNV projects. Take Francisca Cyprian who joined OYE Tanzania in 2014. She is now operating a spices and food processing enterprise. In 2017, Francisca won a national youth business competition TV show, Ruka Juu. Francisca has also started as a part-time youth trainer engaged in the local branch of the Small Industry Development Organisation, a governmental institute for enterprise development.

In 2017, we shared the results of our OYE approach in a number of high level knowledge events, including the MCF Young Africa Works Summit, DGIS Youth Employment Conference, MCF Cross Learning to Advance Youth Employment, and the European Union Vocational Skills Seminar. The OYE approach has caught the attention of various donor agencies, and we are expanding the programme with additional support of SDC, SIDA, and Irish Aid.

# Organisational Developments

## A focus on implementation

Our financial turnover was € 108 million, including project and non-project revenue. This is a slight decrease from our 2016 turnover (€ 111 million) and below our target of € 120 million. Our portfolio of signed contracts continues to grow because of a growing order intake. However we need to intensify our efforts to bridge the divergence between secured revenues and implementation, if we want to reach the target we set in our 2016-2018 strategic plan to reach a financial turnover of € 150 million.

We continued to build the capacity to deliver results at scale in a quality manner and to increase our turnover. SNV staff increased by ten percent in 2017. We recruited a new crop of country directors with strong project management credentials. Country teams used a new process to set-up project in SNV systems to speed up project inception.

During 2017, SNV country teams improved their timeliness of monthly closures, after earlier delays during the implementation of a new cloud-based Enterprise Resource Planning system in the first half of the year. The accuracy of financial reporting still needs further improvement during 2018. A restructuring of our Finance Department helped us to strengthen our focus on accounting support, business planning and control, and treasury. An updated business planning and control cycle resulted in a more efficient and improved quality of the financial planning process.



SNV management continued to carefully monitor and manage risks. Our financial risk management requires continued attention as SNV does not benefit from any untied funding, and depends fully on project financing.

In April 2017, we established a new Project Support Office (PSO) to strengthen the quality of project management. In its first nine months, the PSO focused on standardising SNV's project performance oversight and reporting, providing quality assurance for project administration, and providing support to the set-up of new projects. It also provided support and advice to country teams on monitoring and evaluation during project design and implementation.

## Growing our business

Country teams, with the support of our Business Development team in the Global Support Unit (GSU) submitted proposals to donors worth € 300 million in 2017. This resulted in a record order intake of € 194 million. This was well above our target of € 170 million. The agriculture sector accounted for 57% of the total 2017 order intake, WASH for 28%, and energy for 15%. The order intake for WASH and agriculture exceeded expectations. It has been challenging to grow our energy portfolio, and new orders in this sector were slightly below the target we set for ourselves.

We continued to steer towards scaling by increasing the size of our individual SNV projects. Increasing project size means





more efficiency, and will result in bigger impacts, both in terms of direct beneficiaries and indirect results. In the period 2014-2015 average contract size amounted to € 0.9 million. The average contract size of our new order intake in 2017 was € 2.2 million.

### Our global footprint

At the end of 2017, SNV had active programmes in 26 countries in Asia, Africa and Latin America. Our order intake is increasingly concentrated. Five countries represent two thirds of our new contracts by value while a growing number of countries have an order intake below € 1 million. The share of our programme in Sub-Saharan Africa is growing. Indeed, 85% of our order intake was in Sub-Saharan Africa compared to 72% of our expenditure. We noted a decrease in international development assistance in middle-income countries and in Zimbabwe.

The closure of SNV's operations in South Sudan was completed in 2017. SNV restructured its operations in the Democratic Republic of Congo (DRC) to adapt to its limited country programme, combining the management of DRC and Ghana. SNV has also combined management in eight other countries: Mali/Niger, Rwanda/Cameroon, Benin/Burkina Faso and Nepal/Bhutan. We began transforming the current country offices in Latin America into two regional hubs: SNV

South America (combining SNV Peru and Bolivia) and SNV Central America (further aligning the operations of SNV Nicaragua and SNV Honduras).

### Supporting our country programmes

A Global Support Unit in The Hague (The Netherlands) supports the implementation of SNV's programmes. In 2017, its focus was on increasing future business opportunities, strengthening SNV's implementation capacity, and safeguarding the (financial) integrity of the organisation. A new agreement with DGIS on budgeting guidelines for new projects represented a step forward in the utilisation of resources and the efficiency of preparing proposals.

SNV actively contributed to the global body of knowledge on sustainable development through publications and presentations in various knowledge events on agriculture, energy, WASH, and international development. SNV is appreciated for its field perspective and its hands-on experience on implementing innovative solutions at scale. Our knowledge agenda is a two way street, where we also invite other prime development and research agencies to contribute to our programmes and knowledge products. We invested in strengthening our own knowhow in food and nutrition security, energy services, urban sanitation, and innovative finance solutions for local firms.

We continued to communicate the results of our programmes, including through our website ([www.snv.org](http://www.snv.org)) which saw more and longer visits. Our reach on social media increased by 35%.

SNV USA is a separate United States-based non-profit organisation with its own governing structure which facilitates strategic partnerships with bilateral and multilateral foundations, corporations and other entities, to expand the scale and impact of SNV's work through additional resource mobilisation.

### Our people – the core of our success

The number of staff increased to 1220, and 87% of our staff consists of national staff members. In total, 33% of all SNV staff are female, and women also fill one third of senior leadership positions. The MB manages SNV under the supervision of an independent Supervisory Board (SB). In 2017, the SB met four times in plenary sessions, whereas sub-committees such as the Audit and Risk Committee (ARC), and the Selection & Remuneration Committee (SRC) met more frequently.

The MB consists of five statutory managing directors, and is chaired by the CEO. Managing directors have specific responsibilities for sectors, countries, and functional areas. Allert van den Ham stepped down as CEO on December 31, 2017 to become SNV Country Director in Laos. Meike van Ginneken was appointed as CEO in 2017, and started on January 1, 2018. Tom Derksen became managing director of energy in April 2017 after Andy Wehkamp left SNV. Andre de Jager was appointed as the new managing director of agriculture.

At the country level, each SNV country (or combination of countries) is managed by a country management team consist-

ing of a country director, sector leaders, country finance manager and (if the size of the country allows it) a human resources or operations manager. Seven country directors completed their first full year in service at SNV. Through new managerial appointments, SNV increased its business development and project management capacity. In April 2017, a country director conference was organised where the full senior leadership team of SNV participated, and shared practises.

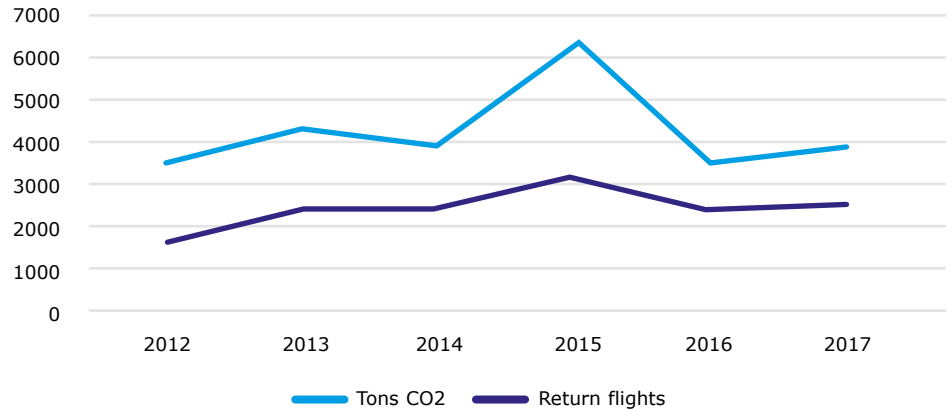
**Code of conduct**

SNV has a zero tolerance policy with regard to irresponsible behaviour - whether it is sexual abuse, fraud and corruption, child labour, or discrimination on the basis of gender, ethnicity, or sexual orientation. This starts with clear rules, including a code of conduct, to which each employee commits upon contract signature. We realise that in spite of this, the risk persists that something may go wrong in practice. SNV regularly carries out internal and external audits. We also find it important to discuss these types of risks within our organisation. In 2017, 15 fraud and corruption allegations were reported (2016: 17). Of these 15 cases, ten cases were closed during the year, and the remaining five were thereafter closed in the first months of 2018. Alleged improprieties include breach of procurement procedures, fraud, conflict of interest and complaints on preferential treatment of staff. In all confirmed cases, disciplinary measurements (including dismissals) have been taken against involved staff. In 2017, SNV did not receive any reports regarding alleged sexual misconduct.

**New information system**

In 2016-2017, SNV introduced a new cloud-based Enterprise Resource Planning system. In 2018, the SNV USA Office will be the last to migrate to this new system. We also phased out our regional adminis-

**CO2 emissions and number of return flights by SNV staff**



trative hubs. The introduction of the new system will enable us to improve our project implementation, to reconfirm standardised and robust business processes across the globe, and to report in real time to steer our business.

The design and implementation phase of the system migration faced some challenges. Improvements in the processes and in refining the system have been initiated during the second half of 2017. However, at year-end close, it became apparent that further embedding of the revised (financial) processes and a focus on the correct usage of the system is still necessary. In 2018, an improvement plan will be implemented focusing on correct data input and improved reporting.

**Environmental footprint**

**SNV Environmental and Social Safeguards Policy (ESSP)**

Environmental and social safeguards are intrinsic components of SNV's project design. Since 2016, an organisation-wide ESSP ensures that any adverse environmental and social impacts of projects are identified, avoided, or mitigated and that the positive impacts are optimised.

**CO2 footprint**

We are committed to reducing greenhouse gas emissions. In 2017, SNV's projects contributed to a reduction of over 610,000 tons (2016: 550.000 tons)

of greenhouse gas emissions. This does not include our organisational CO2 footprint which was approximately 4,000 tons, for which we bought gold standard credits from two biogas projects in Tanzania and in Cambodia as an offset. Our CO2 footprint increased by six percent from 2016, as staff reported a seven percent increase in the number of return flights. Wherever feasible we continue to use electronic communications to reduce travel.

**United Nations Global Compact (UNGC)**

As per 7 November 2017, SNV is an official signatory to the United Nations Global Compact (UNGC), a principle based initiative that aims to influence the creation of a more sustainable and inclusive global economy. The UNGC is a voluntary framework for businesses to align their operations and strategies with ten principles covering human rights, labour, the environment and anti-corruption. In a statement the CEO of SNV confirmed SNV's support for the ten UNGC principles. SNV supports public accountability and transparency, and therefore commits to annually communicate on progress, the first time within one year of joining.

# Risk Management in SNV

## SNV's risk profile

The identification, evaluation, management and monitoring of the most significant risks that face SNV is the responsibility of the MB. SNV has designed and implemented risk-mitigating measures to address these risks. The principal risks and uncertainties facing SNV's strategic objectives are as follows:

	Risk Description	Mitigating measures*	Financial Impact **
<b>Project management and implementation</b>	Shortcomings in definition or implementation of internal operating practices, project management capacity, system migration, and/or external relationships result in performance below best-in-class levels in terms of quality, cost and/or cycle time.	Training staff Hiring the right people Clear accountability and professional backup in place (2018) Selecting the right partners (due diligence) Start-up of the Project Support Office and roll out of monthly project reporting New Enterprise Resource Planning system	High
<b>Overhead levels</b>	Unwillingness of donors to finance overhead costs at internationally recognised levels combined with slow project implementation negatively affects overhead cost recovery required for SNV's medium-term financial sustainability.	Cost awareness Management control on (unbilled) overhead costs Increased project implementation rate Selectivity in donor engagement	Medium
<b>Foreign Exchange</b>	Fluctuations in foreign currencies can expose SNV to financial losses.	Hedging. (2018) Implementation of a Separate Treasury team (2018) Roll out of the Treasury policy/Treasury Roadmap (2018) Internal Control procedures	Medium-High
<b>Political and economic unrest</b>	Shift in policy priorities of donor governments away from Overseas Development Assistance at large or SNV focus countries and thematic priorities in particular can reduce new order intake. Political and social unrest (e.g. elections in Kenya, DR Congo, and Nicaragua) can cause lower pace of project implementation.	Respond and adapt to changes and make use of newly offered opportunities  Regular update and application of security framework (2018).	Low-Medium
<b>Corruption and Fraud</b>	The risk of corruption or fraud by staff or contractors can expose SNV to financial losses, the risks of fines and sanctions, loss of customers and clients, and reputational damage.	Zero tolerance approach to fraud and corruption, including messaging, early detection, and follow through. Internal Control Framework Set of policies: Fraud response policy Whistleblower policy and Code of Conduct Regular reporting of irregularities to the ARC	Low
<b>Capacity of Finance teams</b>	Risk that decentralised finance teams cannot keep up with evolving and increasing requirement for financial administration resulting in delays or errors.	Assessment of all existing Financial Management Staff in countries (fit for increased competency levels) Roll out global Finance Improvement Programme (2018) Continued support from Global Accounting Support Team	Low-medium

\* Mitigating measures to be implemented in 2018 are indicated accordingly.

\*\* Financial impact refers to impact without considering risk mitigating measure.



SNV is cautious when it comes to taking financial risks. Our commitments are backed up by donor funding to a significant degree and we maintain a negative working capital. The MB pays careful attention to financial risk management policies and processes. Risk-based internal audits are an important tool to have timely objective information on the degree of control of SNV's primary and supporting processes.

### Risk appetite

Overall our risk appetite is aligned with our strategy and differs per risk category.

Risk Category	Risk appetite	Description
Strategic	Moderate	SNV Strategy Paper 2016-2018 focuses on the continuation of our approach to poverty reduction within the three sectors agriculture, energy and WASH while exploring new roles and engagement in new thematic areas.
Operational	Moderate	The MB is aware that working in the development context is sometimes influenced by circumstances that often cannot be (directly) influenced.
Financial	Low	Financial risk management focuses on minimising liquidity risk, foreign exchange risk, interest rate risk and credit risks.
Reporting	Low	The MB will continue focusing on data-integrity and minimal errors in reporting.
Compliance	Low	SNV strives to comply with all applicable laws and regulations and with specific donor requirements if and when applicable
Integrity	Zero	SNV has zero-tolerance policies related to integrity breaches. This can relate to (sexual) harassment, corruption, fraud and other irregularities. Code of conduct, harassment policy, fraud response policy and whistle blower policy have been implemented.
Safety and Security	Zero	SNV has a zero-risk policy when it comes to safety and security of SNV's staff. A safety and security policy is in place.

# 2017 Financial Performance Highlights

## Revenues

In 2017 our total revenues were slightly lower compared to the revenues in the financial year of 2016 even though the order intake increased. Our annual revenue depends on (i) the size of our portfolio, (ii) the average project duration, and (iii) the speed of implementation. The lower income in 2017 reflects a slower than expected increase in the build-up of implementation capacity. Delays in recruitment of project teams have resulted in lower than expected implementation rates in the relatively high number of young projects in our portfolio. Implementation rates vary considerably by country donor but are quite constant across sectors. This points to the fact that country team capacity, including lack of sufficient financial management capacity, sometimes impeded project implementation.

## Financial results

SNV realised a surplus of € 79 thousand in 2017. Compared to a net deficit of € 1.7 million in 2016, this is a significant improvement. For certain contracts the costs to complete are expected to exceed the contractual revenues during the remaining lifetime of these projects. A provision of € 1.2 million was included per 31 December 2017 taking into consideration the active portfolio. This compares to a € 1.6 million provision at the end of 2016. The release of € 0.4 million is included in the realised surplus.

The 2016 decision to close our South Sudan operations was completed in 2017. The fixed assets present at the moment of closure were handed over to the government of South Sudan in line with the country agreement. The closure implied an additional cost of € 270 thousand in 2017.

## Balance sheet and SNV's equity position

SNV's balance sheet remains strong with an equity position of € 41.2 million of which € 2.7 million earmarked reserves set up at the expiration of the core subsidy cycle. The MB has recommended adding the net result to the free reserves. The continuity reserves amounts to € 32.7 million and is deemed sufficient given our SNV risk profile.

The liquidity positions and working capital remained stable. The total cash and bank position at year-end was € 72.7 million and our working capital remained negative with € 52.0 million project funding payables, and pre-receipts against € 24.0 million project funding receivables / work in progress. This is within the financial steering indicators determined by the MB.

## Outlook financial performance

As mentioned above, the annual revenue is a function of the size of our portfolio and the pace of implementation. SNV's order intake has grown quite rapidly since 2014, although with considerable year-to-year variations. The order intake in 2017 was unusually high. We expect a continued upward trend in the three year-average of the order intake. The increased size of the portfolio due to the high 2017 order intake combined with a corporate focus on the pace and quality of implementation is expected to result in an increase in annual revenue. The MB acknowledges that this requires additional management attention to project implementation during 2018 onwards.



Planned revenues must grow by 8% to reduce the risk of equity erosion in the medium term. The MB is of the view that this is a realistic growth projection given the development of the order intake, the increase in number and quality of professional staff, and the additional focus on project implementation.

The 2018 Corporate Annual Plan presents a project revenue of € 122.5 million including indirect costs. The expected negative net result is € 1.5 million of which €1.1 million is covered by earmarked reserves. The remaining shortfall to be covered from the free reserves is € 0.4 million which is equivalent to the cost of investment in new business lines. During 2018, the MB will identify other potential revenues to cover future investments in new business lines.

### Financial risks

As banking policies towards corporate savings remain restrictive, interest income stayed low in the short term. Based on SNV's conservative risk management policy, short term surplus liquidity is held on a Euro savings accounts. Improved income on interest, without exposing SNV to increased credit risks or foreign currency risks is not expected in the short term.

SNV operates internationally and works with multiple currencies. Income is mainly generated in hard currencies such as the Euro, US dollar, Swedish Kroner, Pound Sterling and Swiss Francs; whereas a significant part of our expenditures takes place in thinly traded currencies in the countries where we work. Conversion of hard currencies to these currencies can be expensive and their volatility makes it complex to manage our foreign currency exposure. The MB aims to improve the management of these foreign currency risks through strengthening of our treasury function. Currently SNV's foreign currency exposures are not hedged using financial instruments.



# Governance

The MB manages SNV under the supervision of an independent SB. The SB consists of a chair, a vice-chair and four regular members. The members have different but complementary professional backgrounds in the public and private sector. Combined they have extensive experience and expertise covering international development, human resources, project management, sustainability, governance, finance, auditing, and marketing.

- SNV's supervisory structure complies with Dutch and international standards of good governance.
- Currently three members of the SB hold seats in the SRC, which is responsible for recommendations to the entire SB regarding the appointment, evaluation and remuneration of the Chief Executive Officer (CEO) and MB members.
- Two members of the SB hold seats on the ARC. This committee monitors finance, IT, risk and compliance and advises the SB on finance, control and risk management issues.
- The SB informally meets with the Corporate Council yearly.
- The chair of the SB is not a formal member of any of the SB's committees but has a standing invitation to attend any of the Committee's meetings.
- The external auditor is appointed by and reports annually to the SB.

In 2017 the SB convened four times, the ARC convened six times (including two brainstorm sessions), and the SRC formally convened once in addition to being represented in several meetings on the recruitment of a new CEO.

In the SB meetings, the MB provided regular updates on the implementation of SNV's operational plan for 2017, including quarterly progress reports on the agreed upon corporate priorities.

During 2017, the SB focused on topics directly linked to the strengthening of SNV's position in the international development arena. The topics include SNV's performance in project management and a mid-way reflection on SNV's 2016-2018 Strategic Plan.

The SB also discussed with the MB the necessary improvements in project implementation, including the roll out of a new Enterprise Resource Planning system and new project management tools.

Formal approvals were given to the Corporate Annual Report for 2016 (in June 2017) and to the Corporate Annual Plan and Budget for 2018 (in January 2018). The SB approved the alignment of MB remuneration with the Corporate Labour Agreement (CLA).

During its meetings, the ARC and the MB reviewed the results of the external and internal audits, including the MB's response to the recommendations. Specific and frequent attention was given to the roll out of the new Enterprise Resource Planning (ERP) system and necessary improvements in project implementation and periodic financial reporting. Furthermore regular liquidity forecasts, ICT security and improvements of the finance and control function as well as the need for a set-up of a treasury function were discussed.

The audit for 2016 was evaluated with the prior audit firm PricewaterhouseCoopers (PwC) and the audit approach for 2017 was discussed with the new audit firm BDO. The mid-year review results were discussed including the balance sheet review as per 30 September 2017. The ARC was informed on tax compliance, treasury, the internal audit plan, common audit issues, the risk register, and the results of the Control Self-Assessment. The MB reported all fraud cases to the ARC.

William van Niekerk took over the role of chair of the SRC from Koos Richelle in April 2017. In 2017, the SRC met once to discuss the recruitment of a new CEO, the performance cycle of MB members, and the SRC regulations. The SRC was temporarily extended with other SB members in separate meetings during the search for the new SNV CEO. The SRC also advised the SB on the appointment of the new managing director (MD) for energy, the new MD for agriculture, and on the discharge of the former MD for energy. Further, the SRC advised on the discharge of the departing CEO and the appointment of the newly selected CEO.

## Members of the Managing Board



**Allert van den Ham**

**Chief executive officer / chair of the Board, SNV USA**

(March 2011 – December 2017)

**Other Affiliations\***

Member of the Board of Directors of Partos (till September 2017)

**Meike van Ginneken\*\***

**Chief executive officer** (as per January 2018)



**Michel Farkas**

**Managing director global support services / chief financial officer**

(May 2011 - present)

**Other Affiliations\***

Chair of the Audit Committee of the Operational Center Amsterdam, Medecins sans Frontieres (MSF OCA)

Board member of RNW Media (as per 29 June 2017)

Treasurer Artsen zonder Grenzen Netherlands (as per 1 January 2018)



**Megan Ritchie**

**Managing director water, sanitation and hygiene**

(April 2013 - present)

**Other Affiliations\***

Board member, Stepping Stone Liberia



**Tom Derksen**

**Managing director energy**

(April 2017 - present)

(September 2013 - March 2017: managing director agriculture)

**Andy Wehkamp\*\*\***

**Managing director energy**

from April 2013 - March 2017



**Andre de Jager**

**Managing director agriculture**

(April 2017 - present)

\* All activities are unpaid

## Members of the Supervisory Board



**Koos Richelle**

**Chair of the Supervisory Board**

**Background**

Ex-Director General for departments for International Cooperation in the Dutch Ministry of Foreign Affairs, as well as in the European Commission. He presently serves in a number of Non-Executive Boards of non-profit organisations, being a Supervisory Board member of ECDPM, IHE-UNESCO, Friends of Europe, and Centre for International Legal Cooperation. He is also the chair of the Advisory Committee on Migration Affairs and member of the Commission Development Cooperation of the Advisory Council for International Affairs.



**Bernard ter Haar**

**Vice-chair of Supervisory Board**

**Member of the audit and risk committee**

**Background**

Director General for Social Security and Integration, Dutch Ministry of Social Affairs and Employment



**Ronald de Jong**

**Member of the selection and remuneration committee**

**Background**

Chief Market Leader, Royal Philips and a member of the Philips Executive Committee. Per 1 April 2017, Chief Human Resource Officer and member of the Philips Executive Committee.



**Mirjam van Reisen**

**Member of the selection and remuneration committee**

**Background**

Professor International Relations, Innovation and Care at Tilburg University, Professor Computing for Society at Leiden University. Director of Europe External Policy Advisors in Brussels. Member of the Dutch Government Council on Foreign Affairs and chair of its Committee on development Cooperation.



**Evelyn Vinke-Smits**

**Chair of the audit and risk committee**

**Background**

Audit Partner of KPMG, Risk Management Partner of KPMG Audit Financial Services and Member of the Cooperative Board of KPMG U.A



**William van Niekerk**

**Chair of the selection and remuneration committee**

**Background**

Managing Director at Liandon, Alliander (until December 2017), Chairman of Bewuste Bouwers Foundation, Managing Director at Mourik Infrastructure (as per April 2018).



## Members of SNV USA Board of Directors



**Allert van den Ham**  
**Chair SNV USA, chief executive officer, SNV**

Member of the Board of Directors of Partos (till September 2017)



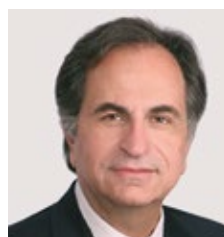
**Demetria Arvanitis**  
**SNV USA Board member, executive director, SNV USA.**

Member of the Board of Directors of the Society for International Development, Washington, D.C. Chapter.



**Michael Barth**  
**SNV USA Board member**

Managing Partner, Barth & Associates, LLC. Member of the Board of Directors of FINCA Microfinance Holding, the TriLinc Global Impact Fund, and SME Finance Company for Africa (chair). Member of the International Council of the Bretton Woods Committee.



**Kenneth Lanza**  
**SNV USA Board member**

Director, Grant Thornton LLP. Member of the Board of Advisors of the Competitiveness Institute.



**Emmy Simmons**  
**SNV USA Board member**

Independent Consultant; served as Assistant Administrator for Economic Growth, Agriculture, and Trade of United States Agency for International Development (USAID), from 2002-2005. Member of the Board of Directors for the Partnership to Cut Hunger and Poverty in Africa, the World Vegetable Centre, the CGIAR Research Programme on Agriculture for Nutrition and Health, and the Cornell-Tata Initiative in India. Co-chair of AGree, and member of the Global Panel on Agriculture and Food Systems for Nutrition.



**Frank Tugwell**  
**SNV USA Board member**

Independent Consultant; served as President and Chief Executive Officer of Winrock International from 1999 to 2013. Member of the Board of Directors of the Regulatory Assistance Project and the Environmental Integrity Project.

# Annual Accounts 2017

## **SNV Netherlands Development Organisation Annual Accounts**

The annual accounts of SNV Netherlands Development Organisation (SNV), legally seated in The Hague reflect its main activities: Our work focuses on increasing people's incomes and employment opportunities in productive sectors like agriculture as well as on improving access to basic services such as energy, water, sanitation and hygiene. SNV supports people to access and develop the capabilities, services and opportunities needed to live a healthy, productive and fulfilling life, while sustainably using the natural resources they depend on.

We believe that eradicating poverty is possible when local and national governments, the private sector, civil society and communities work together. Each has a role to play to bring about change, and SNV works to bring these, often conflicting, parties together. SNV bridges the gap between theory and practice, between policy decisions and effective solutions at scale. We implement approaches tailored to local needs and we believe that countries and communities themselves should be the owners of change. With the proper knowledge and guidance, we know that they can implement and maintain their own sustainable solutions to end poverty.

In 2017, SNV's activities were financed through project funds reported as Project Revenue in the Consolidated Statement of Financial Performance. Expenditures comprise of country costs of project funded activities, corporate level expenses, costs of the Global Support Unit and United States of America (USA) activities. The balance of income and expenditure is transferred to reserves. In the consolidated balance sheet, assets and liabilities are reported under Intangible Fixed Assets, Tangible Fixed Assets, Financial Fixed Assets, Current Assets, Cash & Bank, Reserves, Provisions and Current Liabilities.

The year 2017 represented the second financial year that SNV's activities were not financed by DGIS through a programme subsidy. The organisation continued to focus on building its project funding activities reaching an order intake of € 194 million at the end of the year. Project funded revenue stood at € 107 million in 2017, comparable to € 110 million in 2016.

## **Group structure**

The Consolidated Financial Statement of SNV for the year ended 31 December 2017 comprises of three entities - SNV Netherlands Foundation, SNV USA and SNV LLC (dormant). Further information on the legal form and inter-relationship of entities is set out under Accounting Principles.

## **Closure and changes of status of country operations in 2017**

During 2017, SNV had active programmes in 26 countries in Asia, Africa and Latin America. In July 2017, the closure of SNV's operations in South Sudan was been completed. The fixed assets present at the moment of closure have mainly been handed over to the government of South Sudan in line with the country agreement. In Democratic Republic of Congo, SNV restructured its operations, and reduced its overhead, to adapt to a limited project portfolio in the country. The management of SNV Democratic Republic of Congo is under the Country Director of Ghana. In Q4, the MB decided to start a restructuring of its operations in Latin America, transforming the current country offices into two regional hubs: SNV South America (combining SNV Peru and Bolivia) and SNV Central America (further aligning the operations of SNV Nicaragua and SNV Honduras).

### Conclusion of subsidy cycle

The nine year cycle of generic subsidy for capacity development from the Netherlands Ministry of Foreign Affairs (DGIS) ended in 2015. The final settlement of the subsidy amounts payable to (DGIS) was confirmed and paid back in May 2017.

### The annual accounts consist of the following:

- Consolidated balance sheet after appropriation of balance income and expenditure
- Consolidated statement of financial performance
- Consolidated cash flow statement
- Notes to the consolidated balance sheet and statement of financial performance
- Accounting principles for the valuation of assets and liabilities
- Accounting principles for determining the statement of financial performance
- Balance sheet for SNV Foundation
- Statement of financial performance SNV Foundation
- Notes to the annual accounts SNV Foundation
- Independent auditor's report



## Consolidated balance sheet statement - with SNV USA (all amounts in Euros)

ASSETS	Note	2017	2016
<b>Intangible Fixed Assets</b>			
Global System Upgrade		1,132,738	873,416
	1	1,132,738	873,416
<b>Tangible Fixed Assets</b>			
Terrains and Buildings		637,194	843,061
Vehicles		533,444	872,662
Equipment		321,550	673,350
Furniture and Fixtures		418,480	637,816
	2	1,910,668	3,026,889
<b>Financial Fixed Assets</b>			
Financial Fixed Assets	3	1,036,899	1,121,085
		1,036,899	1,121,085
<b>Current Assets</b>			
Project Funding Receivables	4	24,030,258	25,045,746
Other Receivables	5	862,181	2,395,494
Prepayments	6	6,216,787	1,764,320
		31,109,226	29,205,560
Cash & Bank	7	72,743,599	71,748,205
		72,743,599	71,748,205
<b>Total Assets</b>		<b>107,933,130</b>	<b>105,975,155</b>

LIABILITIES	Note	2017	2016
<b>Reserves</b>			
Continuity Reserve		32,715,308	32,715,308
Free Reserves		5,847,408	5,283,545
Earmarked Reserve		2,681,845	3,369,749
	8	41,244,561	41,368,602
Provisions	9	1,892,881	2,839,372
		1,892,881	2,839,372
<b>Current Liabilities</b>			
Project Funding Payables	10	51,973,282	44,913,639
Ministry of Foreign Affairs Subsidy	11	-	5,965,876
Creditors	12	5,404,132	2,184,612
Accrued Expenses	13	5,330,397	6,973,740
Taxes & Social Security	14	1,371,702	932,298
Pensions	15	716,175	797,016
		64,795,688	61,767,181
<b>Total Liabilities</b>		<b>107,933,130</b>	<b>105,975,155</b>

## Consolidated statement of financial performance (all amounts in Euro)

	Note	Realised 2017	Budget 2017	Realised 2016
<b>Income</b>				
Project Revenue	17	107,094,941	119,000,000	110,461,469
Other non-project Revenue	18	741,978	700,000	301,761
Interest received	19	284,675	300,000	198,884
<b>Total income</b>		<b>108,121,594</b>	<b>120,000,000</b>	<b>110,962,114</b>
<b>Expenditures</b>				
Activity costs	20	38,919,514	53,600,000	40,431,713
Consultants & LCBs		14,760,829	12,500,000	14,408,499
SNV Staff costs		37,410,875	38,300,000	39,786,920
Facility costs		7,441,773	7,700,000	10,147,404
Vehicle costs		3,027,111	3,200,000	3,252,575
Other general costs		4,829,104	4,700,000	3,500,159
<b>Total Project Implementation costs</b>		<b>106,389,206</b>	<b>120,000,000</b>	<b>111,527,270</b>
Financing Costs including FX	21	1,653,791	500,000	1,087,365
Total Financing Costs		1,653,791	500,000	1,087,365
<b>Total Expenditures</b>		<b>108,042,997</b>	<b>120,500,000</b>	<b>112,614,635</b>
<b>Balance Income and Spend</b>		<b>78,597</b>	<b>(500,000)</b>	<b>(1,652,521)</b>
<b>Attributable to Free Reserves</b>		<b>766,501</b>		<b>1,574,731</b>
<b>Attributable to Earmarked Reserves</b>		<b>(687,904)</b>		<b>(3,227,251)</b>
		<b>78,597</b>		<b>(1,652,520)</b>



## Consolidated cashflow statement - with SNV USA (all amounts in Euros)

	2017	2016
Project Revenue	107,094,941	110,461,469
Other non-project Revenue	741,978	301,761
Total Expenditure	(108,042,997)	(112,614,635)
Interest received Donor funds		21,564
<b>Cash flow from operating activities</b>	<b>(206,078)</b>	<b>(1,829,841)</b>
Depreciation fixed assets	1,431,157	1,424,535
Change financial fixed assets	84,186	(536,327)
Change project funding receivables	1,015,488	(2,455,480)
Change other current assets	(3,090,552)	2,066,936
Change provisions	(946,491)	(431,390)
Change project funding payables	7,059,643	(361,603)
Change current liabilities	(4,031,136)	(3,935,894)
SNV USA FX adjustment	(202,639)	(11,928)
Gains / (losses) on sale of fixed assets	(145,828)	(301,761)
<b>Total adjustment</b>	<b>1,173,828</b>	<b>(4,542,912)</b>
<b>Net cash flow from operating activities</b>	<b>967,751</b>	<b>(6,372,753)</b>
Purchase of fixed assets	(778,387)	(1,796,502)
Proceeds from sale of fixed assets	521,355	992,458
	<b>(257,032)</b>	<b>(804,044)</b>
Interest received	284,675	177,320
<b>Cash flow from financing activities</b>	<b>284,675</b>	<b>177,320</b>
<b>Net cash flow</b>	<b>995,394</b>	<b>(6,999,477)</b>
Cash and bank beginning of financial year	71,748,205	78,747,682
Cash and bank end of financial year	72,743,599	71,748,205
<b>Net cash flow</b>	<b>995,394</b>	<b>(6,999,477)</b>

## Notes to the consolidated balance sheet and statement of financial performance

### General notes

#### Objective of the organisation and nature of activities

Founded in the Netherlands in 1965, SNV is a Netherlands-based international development organisation that has built a long-term, local presence in countries in Asia, Africa and Latin America. The SNV team of local and international advisors work with local partners to equip communities, businesses and organisations with the tools, knowledge and connections they need to increase their incomes and gain access to basic services – empowering them to break the cycle of poverty and to guide their own development.

The organisation focuses on enabling the four factors that SNV has identified as essential for successful development: inclusive development, systemic change, local ownership, and contextualised solutions. In 2017, SNV carried out its mission in 26 countries and had management and business development operations in the Netherlands and Washington DC, USA.

#### Group structure

The consolidated financial statements of SNV for the year ended 31 December 2017 comprise of three entities - SNV Netherlands foundation, SNV USA and SNV LLC US (dormant). SNV Netherlands (Stichting SNV Nederlandse Ontwikkelingsorganisatie, Chamber of Commerce 41152786), is an independent not-for-profit foundation set up in 1965, and has its registered office at Parkstraat 83, The Hague, The Netherlands. The operations in the 26 countries are part of this foundation.

Both SNV USA and SNV LLC US are located at 7514 Wisconsin Avenue, Suite 400, Bethesda MD 20814, United States of America. SNV Netherlands Foundation holds 100% of the shares in the issued capital of SNV LLC US. During 2012, the activities of SNV LLC US were transferred to a newly established US 501(c)3 public charity foundation called SNV USA, and as of the end of 2012 SNV LLC USA is dormant.

SNV USA facilitates strategic partnerships with bilaterals and multilaterals, foundations, corporations and other entities to expand the scale and impact of SNV's work through additional project funding, with a focus on USAID grants and contracts. SNV USA is a fully independent entity for US purposes, but under Dutch GAAP requirements has been consolidated based on organisational and economical interrelations resulting in effective control by SNV Netherlands Foundation.

#### Consolidation principles

Financial information relating to group entities controlled by SNV has been included in the consolidated financial statements of SNV after elimination of intercompany relationships and transactions.

**Related parties**

All legal entities that can be controlled, jointly controlled or significantly influenced are considered a related party in addition to statutory directors and other key management of SNV. Transactions with related parties are disclosed in the Notes insofar as they are not transacted under normal market conditions. The nature, extent and other information is disclosed if this is necessary in order to provide the required insight.

**Cash flow statement**

The cash flow statement has been prepared on the indirect basis. The cash items disclosed in the cash flow statement comprise of cash at the banks, physical cash on hand, and cash flows denominated in foreign currencies and translated at average exchange rates.

**Accounting estimates**

In applying the principles and policies for drawing up the financial statements, the directors of SNV make different estimates and judgments that may be essential to the amounts disclosed in the financial statements. If it is necessary, to provide the true and fair view required under Book 2, Article 362, paragraph 1, the nature of these estimates and adjustments, including related assumptions, is disclosed in the notes to the relevant financial statement items.

**General policies****General**

The consolidated annual accounts are prepared in accordance with Dutch Accounting Standards, as published by the Dutch Accounting Standards Board paragraph 640 (RJ 640). The accounting policies set out below relate to the consolidated annual accounts as a whole. Assets and liabilities are valued at historical cost, production cost or at fair value at the time of acquisition. If no specific valuation principle has been stated, valuation is at historical cost. In the balance sheet, income statement and the cash flow statement references are made to the notes.

**Comparison with previous year**

The valuation principles and method of determining the results are the same as those used in the previous year, except the changes in presentation of the items below:

- Assets in transition: these have been presented under Prepayments, a change from the previous year when they were reported under Fixed Assets.
- Expenditure Note: the detailed expenditure note has been presented differently from the previous year, with the new format providing more details for each of comparison.
- Project loss provision: these are presented under provisions, a change from the previous year when they were reported as part of the resource mobilisation receivables.



**Foreign currency**

Items included in the financial statements of group companies are measured using the currency of the primary economic environment in which the respective entity operates (the functional currency). The consolidated financial statements are presented in euros, which is the functional and presentation currency of SNV.

Transactions in foreign currencies are stated in the financial statements at the exchange rate of the functional currency on the transaction date. Monetary assets and liabilities in foreign currencies are converted to the closing rate of the functional currency on the balance sheet date. The translation differences resulting from settlement and conversion are credited or charged to the income statement.

Non-monetary assets valued at fair value in a foreign currency are converted at the exchange rate on the date on which the fair value was determined. Assets and liabilities of consolidated entities with a functional currency different from the presentation currency are translated at the rate of exchange prevailing at the balance sheet date; and income and expenses are translated at average exchange rates during the financial year. Any resulting exchange differences are taken directly to reserves for translation differences within the free reserve.

**Operational leasing**

The group may have lease contracts whereby a large part of the risks and rewards associated with ownership are not for the benefit of or not incurred by the group. Such lease contracts are recognised as operational leasing, and lease payments are recorded on the income statement on a straight-line basis, taking into account reimbursements received from the lessor and the duration of the contract.

## Accounting principles for the valuation of assets and liabilities

### Intangible fixed assets

The expenditure on the Global System upgrade was completed and capitalised in 2017. These intangible fixed assets are stated at historical cost less amortisation. The amortisation of this Global System upgrade commenced at the time when the system went live. The Global System's upgrade annual rate of amortisation is 20%.

### Tangible fixed assets

Assets are depreciated by asset group over their expected economic lives using the linear method. Residual value is not taken into account.

Terrains and buildings are valued at historical cost plus additional costs or production cost less straight-line depreciation based on the expected useful life. Terrains are not depreciated. Other tangible fixed assets are valued at historical cost including directly attributable costs, less straight-line depreciation based on the expected useful life. All tangible fixed assets are converted using the exchange rates prevailing at the date of purchase. The tangible fixed assets purchased by or for specific projects are not taken into consideration as they will be handed over to partners, project beneficiaries or the government at the end of the project period, and therefore do not meet the criteria for capitalisation.

Assets in transition relate to prepayments on assets that have not been received at balance sheet date and as a consequence have not yet depreciated.

The annual rates of depreciation are:

Terrains	0%
Buildings	6.67%
Vehicles	25%
Equipment	33%
Furniture and Fixtures	25%

Renovation and related repair costs regarding the buildings are capitalised. Renovation of buildings are depreciated in line with the remaining duration of the lease contract. Other costs for repair and maintenance are reported in the Statement of Financial Performance, in the fiscal year when these activities were carried out.

### Financial fixed assets

Bank deposits presented under Financial Fixed Assets are recognised at nominal value.

### Current assets

Current Assets include project funding receivables which are amounts relating to projects carried out by SNV on behalf of donors. The amounts are stated at the invoiceable value and represent the receivables for work already carried out in accordance with the contract terms for which the funding

has not been received from the donor by the balance sheet date. The majority of the amounts are due within one year. The collectability of the amounts is reviewed and where necessary provision is made against the invoiceable value. Where there is clear evidence that the total costs to complete a project will exceed the contractual revenues over the remaining project life a provision is made. Other receivables, prepayments and accrued income are also included in Current Assets.

#### **Cash and bank**

Cash and bank accounts are stated in Euros and are carried at nominal value. The foreign currency denominated accounts are revalued based on exchange rates on the balance sheet date.

#### **Reserves**

These are reserves at the disposal of SNV, and are maintained to ensure that SNV can continue to carry out its mission. The reserves comprise of a continuity reserve set aside to enable SNV to carry on operations in the event of unforeseen adverse circumstances, free reserves and earmarked reserves.

#### **Provisions**

Provisions are recognised for legally enforceable or constructive obligations that exist at the balance sheet date and for which it is probable that an outflow of resources will be required and a reliable estimate can be made. They are measured at the best estimate of the amount necessary to settle the obligation at the balance sheet date, and are carried at the nominal value of the expected settlement value, except in the case for pension provisions - which are valued on the basis of actuarial principles.

### **Current liabilities**

#### **Project funding payables**

Current liabilities include Project Funding Payables which relate to projects being carried out by SNV on behalf of donors. The amounts stated represent funding received in advance from donors for which the relevant work had not been carried out by the balance sheet date, but will be completed within one year. Donor contracts commissioned by third parties comprises of the balance of project costs realised, profit attributed, and if applicable, recognised losses and instalments already invoiced. Donor contracts are separately presented in the balance sheet under current assets. If it shows a credit balance, this will be presented under current liabilities.

#### **Creditors, accrued expenses, taxes and social security**

Creditors, Accrued expenses, Taxes and Social Security are also included under Current Liabilities. On initial recognition, current liabilities are recognised at fair value. After initial recognition current liabilities are recognised at the amortised cost price, being the amount received, taking into account premiums or discounts, less transaction costs. This usually is the nominal value.

## Accounting principles for determining the statement of financial performance

### **General**

To the extent the reporting format deviates from the standard model, it is considered to give better insight in the activities of SNV. The result for the year is the difference between the realisable value of SNV's services provided, and the costs and other charges for the year. The results on transactions are recognised in the year in which they are realised, and taken to free reserves.

### **Revenue recognition**

Income comprises of the realised income from donor contracts after deduction of discounts and other charges like taxes levied on the turnover. Revenues from the services rendered are recognised on an accrual basis in proportion to the services delivered, and are based on the costs realised up to the balance sheet date in proportion to the total of services to be rendered.

### **Costs**

All project expenses relating to activities carried out prior to the balance sheet date are taken into account in the year's expenditure, including employee costs, direct project costs and attributable indirect costs. Overhead costs not directly attributable to the project costs are also taken into account in the year.



## Notes to the consolidated balance sheet

### Fixed assets

#### 1. Intangible fixed assets

EUR	Global System Upgrade
Purchasing Value	922,360
Accumulated Depreciation	(48,944)
<b>Net Book Value 31 December 2016</b>	<b>873,416</b>
Acquisitions	525,382
Total Depreciation 2017	(266,060)
Movement in year	259,322
<b>Net Book Value 31 December 2017</b>	<b>1,132,738</b>
Purchasing Value	1,447,742
Accumulated Depreciation	(315,004)
<b>Net Book Value 31 December 2017</b>	<b>1,132,738</b>

The intangible fixed assets regard to the capitalised implementation costs of our cloud based Enterprise Resource Planning solution.

## 2. Tangible fixed assets

The following table sets out the tangible fixed assets by category:

Euro	Terrains and Buildings	Vehicles	Equipment	Furniture & Fixtures	Total
Purchasing value	2,436,597	4,991,639	4,839,910	1,922,764	14,190,910
Cumulative depreciation	(1,593,536)	(4,118,977)	(4,166,560)	(1,284,948)	(11,164,021)
<b>Book value 31 December 2016</b>	<b>843,061</b>	<b>872,662</b>	<b>673,350</b>	<b>637,816</b>	<b>3,026,889</b>
Investments	-	148,392	77,021	28,259	253,672
Disposals (purchase value)	(378,535)	(693,041)	(1,184,937)	(288,587)	(2,545,100)
Disposal (cum. depreciation)	260,590	656,272	1,141,588	278,541	2,336,991
Depreciation	(87,922)	(450,841)	(385,472)	(237,549)	(1,161,784)
<b>Movement in year</b>	<b>(205,867)</b>	<b>(339,218)</b>	<b>(351,800)</b>	<b>(219,336)</b>	<b>(1,116,221)</b>
<b>Book value 31 December 2017</b>	<b>637,194</b>	<b>533,444</b>	<b>321,550</b>	<b>418,480</b>	<b>1,910,668</b>
Purchasing value	2,058,062	4,446,990	3,731,994	1,662,435	11,899,481
Cumulative depreciation	(1,420,868)	(3,913,546)	(3,410,444)	(1,243,955)	(9,988,813)
<b>Book value 31 December 2017</b>	<b>637,194</b>	<b>533,444</b>	<b>321,550</b>	<b>418,480</b>	<b>1,910,668</b>

**3. Financial fixed assets**

	2017	2016
ABC Bank Guarantee -Benin	703,237	766,245
Ecobank Gurantee -Congo	125,618	109,075
Other Deposits	208,045	245,765
<b>Financial Fixed Assets</b>	<b>1,036,899</b>	<b>1,121,085</b>

These are guarantee funds (deposits) relating mainly to two projects. One is for the ABC project in Benin, which started in 2015. The deposit is given to Orabank in XOF (two instalments in the total amount of 500 million XOF) for the project clients, and SNV will be reimbursed at the end of the project. The other deposit relates to a partnership with the Ecobank in Democratic Republic of Congo for a micro-finance project where beneficiaries can borrow money, if they meet specific SNV criteria and can repay the loan before the end of 2018. The amounts are stated at the net expected recoverable value.

The other deposits balance includes deposits for rent, maintenance and utility contracts for properties in countries where SNV operates.

**Current receivables****4. Project funding receivables**

These are amounts due from donors for work carried out on contracts, and are receivable within a year. The settlement terms vary by donor and contract conditions and can extend to a number of months with some large organisations. An amount of € 1.2 million in project loss provision is reported under provisions.

**5. Other receivables**

	2017	2016
Staff work advances	545,419	609,160
VAT Receivable	119,138	19,286
Other Debtors	197,624	1,767,047
<b>Other Receivables</b>	<b>862,181</b>	<b>2,395,494</b>

The fair value of the receivables approximates their carrying amount and due to their short-term character, they are all considered receivable within the next 12 months.

**6. Prepayments**

	2017	2016
School costs	178,735	142,144
Stocks	14,148	9,741
Other prepaid amounts	6,006,254	1,441,037
Assets in transition	17,650	171,398
<b>Prepayments</b>	<b>6,216,787</b>	<b>1,764,320</b>

The other prepaid amounts relate to prepayments to Creditors which are upfront payments for services from local partners and other service providers. Previous year these were partly reported under Creditors and Other Debtors.

**7. Cash & Bank**

The table below shows the breakdown of the cash and bank balance kept in the organisation's most commonly used currencies and other local currencies used in the various countries. The balance includes € 17,750,420 held on specific bank accounts restricted to usage for specific projects (2016: € 21,075,092). The remaining cash is unrestricted.

Bank Account Currency	Restricted	Unrestricted	Total
Euros	7,919,486	37,026,521	44,946,007
United States Dollar	3,224,677	5,786,358	9,011,036
British Pound	-	2,129,397	2,129,397
Swedish Krona	-	6,601,119	6,601,119
Other local currencies used in SNV countries	6,606,257	3,449,784	10,056,040
<b>Total Cash &amp; Bank Balance</b>	<b>17,750,420</b>	<b>54,993,179</b>	<b>72,743,599</b>



**8. Reserves**

EUR	Continuity reserve	Free Reserves	Earmarked Reserve	Total
Reserves as at 1st January	32,715,308	5,283,545	3,369,749	41,368,602
SNV surplus including SNV USA, €6.431	-	78,597	-	78,597
Earmarked reserves	-	-	-	-
Appropriation of income and spend to Earmarked Reserve	-	687,904	-687,904	-
SNV USA surplus	-	-	-	-
Foreign Exchange adjustment	-	-202,638	-	-202,638
<b>Total as at 31 December</b>	<b>32,715,308</b>	<b>5,847,408</b>	<b>2,681,845</b>	<b>41,244,561</b>

Per 2013 SNV resolved to set aside an amount within total reserves as a continuity reserve to enable SNV to carry on operations in the event of unforeseen adverse circumstances. During the year 2017, there was no change to the balance of € 32,715,308 brought forward. The balance of Income and Spend was taken to free reserves which are used for absorbing losses in operations and to cover possible future project deficits and investment.

At the end of 2015, certain additional earmarked reserves were set up at the expiration of the subsidy cycle relating to liabilities and commitments arising during the subsidy period which had not been fully discharged before the end of the year. To this extent these earmarked reserves have been released.

**9. Provisions**

	2017	2016
Reservation severance	630,308	1,071,441
Provision orientation leave	94,355	135,931
Provision projects	1,168,218	1,632,000
<b>Provisions</b>	<b>1,892,881</b>	<b>2,839,372</b>

In several countries where SNV operates it is mandatory to provide for payables to staff on severance, regardless of the terms of contract termination. The amounts are recognised at nominal value and considered to be long term.

A project loss provision is deemed necessary as for respective contracts not all planned costs to complete the projects – including indirect costs – will be fully covered by the current donor contracts. Previous years we have determined the provision on expected results for the next financial year. For determining the provision per 31 December 2017 we have considered the full remaining lifetime of all projects in portfolio at year end. The majority of the provision relates to activities in 2018 and 2019 (€ 711,000, respectively € 380,000).

## Current liabilities

### 10. Project funding payables

These amounts are pre-received from donors for contracts. They are classified as short term as they are used to fund contract activities to be carried out within the next year.

### 11. The Netherlands Ministry of Foreign Affairs subsidy

This balance in 2016 represented the current account with the Ministry of Foreign Affairs relating to the nine-year subsidy agreement that ended in 2015. In 2016, the final settlement for the under-usage of certain budget lines of € 5,965,876 was confirmed by DGIS. This balance was paid in May 2017.

### 12. Creditors

	2017	2016
Trade Creditors	4,391,153	2,026,485
Pre-received amounts	587,203	1,025
Employee creditors	425,776	157,102
<b>Creditors</b>	<b>5,404,132</b>	<b>2,184,612</b>

These creditors fall due in less than one year. The fair value of these creditors approximates the book value due to their short-term character. The increase in Trade Creditors relates to the fact that in previous years prepayments to Creditors were not reclassified to Prepayments but partly reported under Trade Creditors.

### 13. Accrued expenses

	2017	2016
Reservation leave days	1,338,958	1,099,061
Gratifications to be paid	101,610	63,900
Leave allowance to be paid	453,261	435,565
Other accruals	2,977,218	4,987,323
Transportation company accruals	-	-
Provision transport & installation costs	-	-
Accruals for international relocation costs	459,351	387,891
<b>Accrued expenses</b>	<b>5,330,398</b>	<b>6,973,740</b>

The amounts mainly relate to costs incurred in the countries during the year but payments not yet made. The increase in leave days provision is due to employees not taking their holidays or pay-out of (compensation) leave days.

**14. Taxes & social securities**

	2017	2016
Hypotax CLA 2014	0	-
Withdrawal P.A.Y.E.	399,176	209,959
Withdrawal social security premiums	111,367	227,949
VAT Payable	88,570	35,735
Withholding tax	211,537	77,861
Reservation contribution ABP	96,907	597
Reservation taxation to be paid	439,394	324,390
Other Tax Reconciliation amounts	24,751	55,807
<b>Taxes and social security</b>	<b>1,371,702</b>	<b>932,298</b>

The above table shows that the positions for the different statutory liabilities in the countries.

**15. Pensions**

	2017	2016
Pension premiums payable	716,175	797,016
<b>Pensions</b>	<b>716,175</b>	<b>797,016</b>

SNV pays premiums based on (legal) requirements, a contractual or voluntary basis to pension funds and insurance companies. Premiums and contributions based on national legal systems and vary from country to country. Premiums are recognised as employee costs when they are due. Prepaid contributions are recognised as deferred assets if these lead to a refund or reduction of future payments. Contributions that are due but have not yet been paid are presented as liabilities. For Dutch employees SNV has a pension scheme with ABP to which the provision of the Dutch Pension Act is applicable.

For foreign pension plans similar to the way in which the Dutch pension system is designed and operates, recognition and measurement of liabilities arising from these pension schemes are carried out in accordance with the valuation of the Dutch pension schemes.

**16. Commitment and contingent liabilities**

Type	Sum of Expected cost EUR less than 1 year (2018)	Sum of Expected cost EUR between 1 - 5 years (2019-2022)	Sum of Expected cost EUR > 5 years (2023 onwards)	Sum of Total Expected cost based on contract (EUR)
Contract Suppliers -Countries	479,470	21,309	-	500,778
Contract Suppliers -HO	447,171	177,471	-	624,642
Rent -Countries	630,906	274,390	-	905,296
Rent -HO	171,075	258,519	-	429,594
<b>Grand Total</b>	<b>1,728,622</b>	<b>731,689</b>	<b>-</b>	<b>2,460,311</b>

Out of the total of € 2.4 million, SNV has recognised a total pre-paid amount of € 1.8 million for rent and contract suppliers in the balance sheet.

**Legal cases in progress**

At the end of 2017 there were 12 legal cases outstanding against SNV of which 10 were brought to court by former employees and 2 by other parties. Management considers the risk of substantial liabilities arising on these cases to be low in general and if necessary accruals have been taken.

**Bank guarantees**

As at end of 2017, SNV had one bank guarantee of € 68,727.43 in favour of Warvurg-H1H Invest Real Estate GmbH. The bank guarantees relates to the rental of the office building on Plot 83, Parkstraat, the Hague.

## Notes to the consolidated statement of financial performance

### Income and contribution

**17. Project revenue**

Income from project funding realised in 2017 was € 107 million (2016: € 110 million). The realised revenue for the year is comparable to the previous year. However, only 90% of the 2017 planned amount (€ 119 million) was realised mainly because of slow implementation in some projects.

Overall a net operating surplus of € 79 thousand was generated from the operations during the year, compared to the net deficit of € 1.7 million in 2016.

**18. Non-project revenue**

In total € 0.74 million was realised as non-project revenue in 2017 compared to € 0.3 million in 2016. This revenue was mainly from Treasury bills in Zimbabwe, and hosting and rental fees from SNV properties in the countries and gains from the sale of fixed assets.

**19. Interest received**

This was mainly interest received on funds in the Netherlands, Burkina Faso, Mali and Mozambique. This amounted to € 0.28 million in 2017, compared to the € 0.2 million in 2016.



## 20. Expenditures

SNV expenditures are classified into the various expense categories. The consolidated expenses include the cost for Global Support Unit (GSU) and SNV USA.

	Realized 2017				Budget 2017	Realized 2016
	Countries	SNV USA	GSU	Total		
Donations / Sub-grants / Subsidies	5,603,747	-	-	5,603,747	7,720,000	9,971,721
Workshops / Training	15,563,056	277	33,257	15,596,590	21,480,000	17,404,831
Subcontracted Activities	10,525,035	-	-	10,525,035	14,500,000	8,678,223
Travel/lodging/per diem expenses -Incountry	3,201,611	-	25,574	3,227,185	4,440,000	3,227,441
Travel/lodging/per diem expenses -Out of Country	864,600	139,299	312,923	1,316,822	1,810,000	1,119,035
Consortium partners	2,650,135	-	-	2,650,135	3,650,000	30,462
<b>Activity Costs</b>	<b>38,408,184</b>	<b>139,576</b>	<b>371,754</b>	<b>38,919,514</b>	<b>53,600,000</b>	<b>40,431,713</b>
Consultants fee costs	8,593,317	1,101,459	22,020	9,716,796	8,230,000	7,259,644
Travel/lodging/per diem expenses Consultants	212,923	-	858	213,781	180,000	22,943
LCB's fee costs	4,420,948	-	-	4,420,948	3,740,000	5,498,671
Travel/lodging per diem expenses LCBs	409,303	-	-	409,303	350,000	1,627,241
<b>Consultants and LCB Costs</b>	<b>13,636,492</b>	<b>1,101,459</b>	<b>22,878</b>	<b>14,760,829</b>	<b>12,500,000</b>	<b>14,408,499</b>
Gross Salaries	19,241,477	167,901	3,244,504	22,653,882	23,192,000	24,498,247
Social Securities	1,054,512	56,294	688,039	1,798,845	1,842,000	1,675,799
Pension Premiums	1,751,357	145,637	650,856	2,547,850	2,608,000	1,938,518
Staff costs and allowances	7,313,701	354,457	1,126,163	8,794,321	9,003,000	8,821,769
Associate Advisor Costs	1,350,172	91,381	174,424	1,615,977	1,654,000	2,852,587
<b>Staff Costs</b>	<b>30,711,219</b>	<b>815,670</b>	<b>5,883,986</b>	<b>37,410,875</b>	<b>38,300,000</b>	<b>39,786,920</b>
Office material costs	539,105	14,268	11,442	564,815	584,000	657,706
Communication costs	985,733	13,903	67,035	1,066,671	1,104,000	1,259,531
Equipment costs	1,163,249	29,917	648,815	1,841,981	1,906,000	3,009,612
Inventory costs	59,968	-	688	60,656	63,000	60,498
Office space costs	1,210,209	117,686	315,966	1,643,861	1,701,000	1,950,484
Other building costs	1,244,926	8,038	33,823	1,286,787	1,331,000	2,319,524
Depreciation Costs	524,165	6,496	446,341	977,002	1,011,000	890,049
<b>Facility Costs</b>	<b>5,727,355</b>	<b>190,308</b>	<b>1,524,110</b>	<b>7,441,773</b>	<b>7,700,000</b>	<b>10,147,404</b>
Depreciation vehicles	450,841	-	-	450,841	480,000	570,953
Purchase project vehicle	641,516	-	-	641,516	680,000	586,343
Maintenance vehicles	580,344	-	-	580,344	610,000	540,207
Insurance Vehicles & Other Vehicle Costs	283,244	-	1,459	284,703	300,000	228,819
Fuel SNV Vehicles	714,531	-	48	714,579	760,000	689,391
Rent Vehicles + Fuel + Other Costs	355,045	-	83	355,128	380,000	636,863
<b>Vehicle Costs</b>	<b>3,025,521</b>	<b>-</b>	<b>1,590</b>	<b>3,027,111</b>	<b>3,200,000</b>	<b>3,252,575</b>
Professional training (incl travel and lodging)	177,726	-	35,063	212,789	207,000	296,837
Expenses Meetings (travel and lodging expenses exclud	666,899	32,669	139,012	838,580	816,000	611,214
Subscriptions, contributions and literature	33,941	21,276	98,188	153,405	149,000	145,665
Audit costs	569,246	50,690	392,665	1,012,601	986,000	1,050,819
Support staff Consultants (NOT personnel cost)	725,275	-	608,477	1,333,752	1,298,000	2,251,059
Legal support	114,144	18,451	41,045	173,640	169,000	181,198
Bank costs	177,382	6,906	17,871	202,159	197,000	264,315
Bad debtor expenses	13,273	-	-	13,273	13,000	77,510
Publications and information costs not assignment rel	237,261	-	50,197	287,458	280,000	32,430
Publicity costs other than publications	107,146	-	8,467	115,613	113,000	21,595
Other General costs	368,444	21,728	95,664	485,836	470,000	- 1,432,484
<b>Other General Costs</b>	<b>3,190,737</b>	<b>151,721</b>	<b>1,486,648</b>	<b>4,829,104</b>	<b>4,700,000</b>	<b>3,500,159</b>
<b>Total Project Costs</b>	<b>94,699,508</b>	<b>2,398,734</b>	<b>9,290,966</b>	<b>106,389,206</b>	<b>120,000,000</b>	<b>111,527,270</b>

The depreciation reported under facility costs include € 266,060 amortisation of intangible fixed assets.

**Budget versus actual figures**

Overall the realised 2017 project expenditures were 89% of the total budget 2017 with major underspending in the Activity costs (Realised 73% of the planned amount). Of the total 2017 spent, Activity costs and Staff costs were 37% and 35% together contributing to 72% of the total costs for the year.

**GSU expenditure**

The total GSU expenditure in 2017 was € 9.3 million which is in range with the approved budget. The slight overspending is mainly due to expenditures relating to data collection and monitoring tools not covered by the current projects, and unbudgeted depreciation relating to GSU facilities.

**SNV USA**

SNV USA operations continued to show growth generating external revenues of € 11.4 million for projects carried out by SNV country organisations (€ 10.4 million in 2016). The total direct and indirect SNV USA office expenses (after elimination of the intragroup costs) amounted to € 2.4 million (€ 2.8 million in 2016) and there was a small net surplus of € 6,000.

**Other Disclosures****Average number of employees**

During 2017, 1220 employees were employed on a full-time basis (2016: 1106, SNV Foundation 1093 and SNV USA 13). Of these employees, 1143 were employed outside the Netherlands (2016: 1020).

**Audit fees**

	2017	2016
Corporate audit, BDO	392,757	-
Corporate audit, PwC	-	431,878
Project and other local audit engagements	619,845	331,134
	<b>1,012,602</b>	<b>763,012</b>

## Remuneration of the CEO, the Managing Board Members and the Supervisory Board of the SNV Foundation

### Remuneration of CEO and MB

All MB salaries for 2017 were based on a contractual workweek of 40 hours and were within the WNT norm.

MB member	A. van den Ham	M. Farkas	A. Wehkamp	M. Ritchie	T. Derksen	A. de Jager
Function	CEO	MD	MD	MD	MD	MD
<i>Employment contract:</i>						
Duration	Permanent	Permanent	Permanent	Permanent	Permanent	Permanent
Period of service	Jan 1-Dec 31	Jan 1-Dec 31	Jan 1-Jun 22	Jan 1-Dec 31	Jan 1-Dec 31	Apr 1-Dec 31
Full time percentage	100	100	100	100	100	100
<i>Remuneration:</i>						
Gross salary, incl holiday allowance & year end	134,267	120,565	61,918	120,565	120,565	85,163
	<b>134,267</b>	<b>120,565</b>	<b>61,918</b>	<b>120,565</b>	<b>120,565</b>	<b>85,163</b>
Settlement of outstanding leave	0	0	36,379	0	0	0
	<b>134,267</b>	<b>120,565</b>	<b>98,297</b>	<b>120,565</b>	<b>120,565</b>	<b>85,163</b>
Pension (employer)	17,247	16,962	7,740	18,493	23,542	8,121
<b>Total remuneration 2017</b>	<b>151,514</b>	<b>137,527</b>	<b>106,037</b>	<b>139,058</b>	<b>144,107</b>	<b>93,284</b>
<i>Individual WNT-maximum</i>	<i>168,000</i>	<i>168,000</i>	<i>80,769</i>	<i>168,000</i>	<i>168,000</i>	<i>126,000</i>

### Details of 2016

MB member	A. van den Ham	M. Farkas	A. Wehkamp	M. Ritchie	T. Derksen
Function	CEO	MD	MD	MD	MD
<i>Employment contract:</i>					
Duration	Permanent	Permanent	Permanent	Permanent	Permanent
Period of service	Jan 1-Dec 31	Jan 1-Dec 31	Jan 1-Dec 31	Jan 1-Dec 31	Jan 1-Dec 31
Full time percentage	100	100	100	100	100
<i>Remuneration:</i>					
Gross salary, incl holiday allowance and settlement of outstanding leave	128,589	118,793	153,277	118,793	118,793
Pension (employer)	14,684	14,451	14,451	17,766	22,723
<b>Total remuneration 2016</b>	<b>143,273</b>	<b>133,244</b>	<b>167,728</b>	<b>136,559</b>	<b>141,516</b>
<i>Individual WNT-maximum</i>	<i>168,000</i>	<i>168,000</i>	<i>168,000</i>	<i>168,000</i>	<i>168,000</i>

There was an optical exceedance of the individual salary maximum for Mrs. A. Wehkamp. This was related to the pay-out in 2017 of the compensation for orientation-leave, an entitlement accumulated in the period February 1996 to July 1999. SNV does not take this payment into account for the WNT as it is regarded as any payable in relation these years (refer to section 1.6 paragraph 1 WNT). Allert van den Ham voluntarily stepped down as CEO of SNV as per 1st of January 2018. He remains in service of SNV as Country Director SNV Laos.

**Remuneration of SB****Details of 2017**

SB Member	J. Richelle	B. ter Haar	W. van Niekerk	E. Vinke-Smits	R. de Jong	M. van Reisen
Function	Chair	Vice chair	Member	Member	Member	Member
Period of service	Jan 1-Dec 31	Jan 1-Dec 31	Jan 1-Dec 31	Jan 1-Dec 31	Jan 1-Dec 31	Jan 1-Dec 31
Remuneration	5.400	4.800	4.200	4.200	0	4.200
Taxable Allowances	-	-	-	-	-	-
Provisions for future payments	-	-	-	-	-	-
<b>Total remuneration 2017</b>	<b>5.400</b>	<b>4.800</b>	<b>4.200</b>	<b>4.200</b>	<b>0</b>	<b>4.200</b>
<i>Applicable WNT maximum 2017</i>	<i>25.200</i>	<i>16.800</i>	<i>16.800</i>	<i>16.800</i>	<i>16.800</i>	<i>16.800</i>

**Details of 2016**

SB Member	J. Richelle	B. ter Haar	W. van Niekerk	E. Vinke-Smits	R. de Jong	M. van Reisen
Function	Chair	Vice chair	Member	Member	Member	Member
Period of service	Jan 1-Dec 31	Jan 1-Dec 31	Jan 1-Dec 31	Jan 1-Dec 31	Jan 1-Dec 31	Jan 1-Dec 31
Remuneration	5.400	4.800	4.200	4.200	0	4.200
Taxable Allowances	-	-	-	-	-	-
Provisions for future payments	-	-	-	-	-	-
<b>Total remuneration 2016</b>	<b>5.400</b>	<b>4.800</b>	<b>4.200</b>	<b>4.200</b>	<b>0</b>	<b>4.200</b>
<i>Applicable WNT maximum 2016</i>	<i>25.200</i>	<i>16.800</i>	<i>16.800</i>	<i>16.800</i>	<i>16.800</i>	<i>16.800</i>

**Other employees or temporary staff**

No other employees or temporary staff of SNV received remuneration above the WNT-maximum in 2017. Nor were remunerations paid that were or had to be disclosed based on the WNT in previous years. In 2017 SNV did not pay termination of employment payments to former employees that should be reported in these annual accounts based on the WNT.



## SNV Netherlands Foundation

### SNV Foundation, balance sheet after appropriation of balance of income and expenditure (all amounts in Euro)

The Balance Sheet SNV Foundation represents the position of the Netherlands foundation SNV (these numbers are the aggregate of all countries, excluding LLC US and SNV USA).

ASSETS	31 December 2017	31 December 2016
<b>Intangible Fixed Assets</b>		
Global Systems Upgrade	1,132,738	873,416
<b>Tangible Fixed Assets</b>		
Terrains and Buildings	637,194	843,061
Vehicles	533,444	872,662
Equipment	320,020	670,228
Furniture and Fixtures	402,108	613,226
Assets in Transition	-	171,398
	<u>1,892,766</u>	<u>3,170,575</u>
<b>Financial Fixed Assets</b>	1,006,476	1,079,595
<b>Current Assets</b>		
Resource Mobilisation Receivables	24,076,363	25,991,271
Other receivables	862,181	2,383,436
Prepayments & Accrued income	<u>6,378,961</u>	<u>2,119,472</u>
	31,317,505	30,494,179
<b>Cash &amp; Bank</b>	71,207,904	69,522,117
<b>Total Assets</b>	<u><b>106,557,389</b></u>	<u><b>105,139,882</b></u>

LIABILITIES	31 December 2017	31 December 2016
<b>Reserves</b>		
Continuity Reserve	32,715,308	32,715,308
Free Reserve	5,443,629	4,683,559
Earmarked Reserve	<u>1,587,351</u>	<u>2,275,255</u>
	39,746,288	39,674,122
<b>Provisions</b>	1,892,881	2,839,372
<b>Current Liabilities</b>		
Resource Mobilisation Payables	54,904,453	46,071,472
Ministry of Foreign Affairs	-	5,965,876
Creditors	2,717,897	2,025,924
Accrued Expenses	5,210,212	6,836,374
Taxes & Social Securities	1,369,483	929,726
Pensions	<u>716,175</u>	<u>797,016</u>
	64,918,220	62,626,388
<b>Total Liabilities</b>	<b><u>106,557,389</u></b>	<b><u>105,139,882</u></b>

**SNV foundation, statement of financial performance (all amounts in Euro)**

The Statement of Financial Performance SNV represents the position of the Netherlands foundation SNV (these numbers are the aggregate of all counties, excluding LLC US and SNV USA).

	2017	2016
<b>Income</b>		
Project Funding Revenue	105,088,224	108,217,877
Interest received donor funds	284,675	198,883
	105,372,898	108,416,760
<b>Spend implementation projects</b>		
Activity Costs	(38,436,406)	
Consultants & LCBs	(13,659,370)	
SNV Staff Costs	(30,708,843)	
Facility Costs	(7,251,465)	
Vehicle Costs	(3,027,111)	
Other General Costs	(1,272,639)	
	(94,355,835)	(102,179,823)
<b>Country result excl GSU</b>	<b>11,017,063</b>	<b>6,236,937</b>
Workforce Costs	(5,886,362)	
Other GSU Costs	(3,404,744)	
<b>Total GSU expenditures</b>	<b>(9,291,106)</b>	<b>(7,925,951)</b>
Operating result including GSU costs	1,725,957	(1,689,014)
Financing costs incl FX	(1,653,791)	(1,058,000)
<b>Net result</b>	<b>72,166</b>	<b>(2,747,014)</b>
<b>Attributable to Free Reserves</b>	<b>760,070</b>	<b>1,574,731</b>
<b>Attributable to Earmarked Reserves</b>	<b>(687,904)</b>	<b>(4,321,745)</b>
	<b>72,166</b>	<b>(2,747,014)</b>

## Notes to the annual accounts of SNV Foundation

### Reporting entity

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

### General accounting principles for the preparation of the financial statements

The foundation annual accounts have been prepared in accordance with the firm pronouncements in the Dutch Accounting Standards, as published by the Dutch Accounting Standards Board paragraph 640 ('Raad voor de Jaarverslaggeving'). For the general principles for the preparation of the annual accounts, the principles used for the valuation of assets and liabilities, and determination of the result, and for the notes to the specific assets and liabilities and results, reference is made to the accounting principles set out in the consolidated annual accounts and the notes thereafter.

### Fixed assets

Please refer to Notes 1 and 2 to the Consolidated Balance Sheet. The total fixed asset amount of € 1,910,668 includes € 17,902 relating to equipment and furniture of SNV USA.

### Reserves

EUR	Continuity reserve	Free Reserves	Earmarked Reserve	Total
Reserves as at 1st January	32,715,308	4,683,559	2,275,255	39,674,122
SNV Foundation result	-	72,166	-	72,166
Appropriation of income and spend to Earmarked Reserve	-	687,904	-687,904	-
<b>Total as at 31 December</b>	<b>32,715,308</b>	<b>5,443,629</b>	<b>1,587,351</b>	<b>39,746,288</b>

### Commitments and contingent liabilities

Please refer to Note 16 of the Consolidated Balance Sheet.

### Average number of employees

During 2017, 1204 employees were employed on a full-time basis at SNV Foundation (2016: 1093). Of these employees, 1120 were employed outside the Netherlands (2016: 1020).



# Independent auditor's report

**To: the managing board and supervisory board of Stichting SNV Nederlandse Ontwikkelingsorganisatie**

## A. Report on the audit of the financial statements 2017

### **Our opinion**

We have audited the financial statements 2017 of Stichting SNV Nederlandse Ontwikkelingsorganisatie based in Den Haag. The financial statements include the consolidated financial statements and the company financial statements.

In our opinion, the enclosed financial statements give a true and fair view of the financial position of Stichting SNV Nederlandse Ontwikkelingsorganisatie as at 31 December 2017 and of its result for 2017 in accordance with the Guideline for annual reporting 640 'Not-for-profit organisations' of the Dutch Accounting Standards Board and the provisions of and pursuant to the Wet normering bezoldiging topfunctionarissen publieke en semipublieke sector (WNT).

The financial statements comprise:

- the consolidated and company balance sheet as at 31 December 2017;
- the consolidated and company profit and loss account for 2017; and
- the notes comprising a summary of the applicable accounting policies and other explanatory information.

### **Basis for our opinion**

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing and the audit protocol WNT. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of Stichting SNV Nederlandse Ontwikkelingsorganisatie in accordance with the Wet toezicht accountantsorganisaties (Wta), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA).

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

## B. Report on other information included in the annual report

Next to the financial statements and our opinion thereon, the annual report consists of other information, including:

- the management board report
- the other information on page 67

Based on the procedures as mentioned below, we are of the opinion that the other information: is consistent with the financial statements and contains no material deficiencies; includes all information as required by the Guideline for annual reporting 640 'Not-for-profit organisations' of the Dutch Accounting Standards Board.

We have read the other information and based on our knowledge and understanding obtained from the audit of the financial statements or otherwise, we have considered if the other information contains material deficiencies.

With these procedures, we have complied with the requirements of the Guideline for annual reporting 640 'Not-for-profit organisations' of the Dutch Accounting Standards Board and the Dutch Auditing Standard 720. These procedures do not have the same scope as our audit procedures on the financial statements.

Management is responsible for the preparation of the management board report and the other information in accordance with the Guideline for annual reporting 640 'Not-for-profit organisations' of the Dutch Accounting Standards Board.

## C. Description of responsibilities for the financial statements

### **Responsibilities of Managing Board and the Supervisory Board for the financial statements**

The Managing Board is responsible for the preparation and fair presentation of the financial statements in accordance with the Guideline for annual reporting 640 'Not-for-profit organisations' of the Dutch Accounting Standards Board and the provisions of and pursuant to the WNT. Furthermore, the Managing Board is responsible for such internal control as the Managing Board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to errors or fraud.

As part of the preparation of the financial statements, the Managing Board is responsible for assessing the foundations ability to continue as a going concern. Based on the financial reporting framework mentioned, the Managing Board should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the foundation or to cease operations, or has no realistic alternative but to do so. The Managing Board should disclose events and circumstances that may cast significant doubt on the foundations ability to continue as a going concern in the financial statements.

The Supervisory Board is responsible for overseeing the foundations financial reporting process.

### **Our responsibilities for the audit of the financial statements**

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all material errors and fraud.

Misstatements can arise from errors or fraud and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to errors or fraud, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from errors, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the foundations internal control;
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the foundations ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the foundation ceasing to continue as a going concern;
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

**The Hague, 29 June 2018.**

For and on behalf of BDO Audit & Assurance B.V.,

**DRS. T.H. DE REK RA**









**SNV Netherlands**  
**Development Organisation**  
Parkstraat 83  
2514 JG The Hague  
The Netherlands  
Tel: +31 (0)70 3440 244  
Email: [info@snv.org](mailto:info@snv.org)