

SNV



SNV Annual Report and Annual Accounts 2018

We lift up incomes and access to basic services

We make a lasting difference in the lives of people living in poverty, helping them raise incomes and access basic services. Driven by the Sustainable Development Goals, we are dedicated to a society in which all people are free to pursue their own sustainable development and no one is left behind. This commitment to equity directs us to focus on gender and youth.

We apply our know-how to deliver results at scale

Local presence and know-how to realise effective solutions

We apply practical know-how to support people living in poverty. By connecting our global expertise with our extensive and longstanding in-country experiences, we help realise locally owned solutions. And we do so in more than 25 countries worldwide.

Expertise in three sectors

We are experts in agriculture, energy, and water, sanitation and hygiene (WASH). Our services include advice, brokering and stakeholder engagement, advocacy, fund management, results-based financing and delegated management.

Impact through direct results and systems change

Our projects directly benefit millions of people. At the same time, our projects also drive systems change – strengthening institutions and kick-starting markets to help many more people work their way out of poverty, well beyond the scope of projects.

We commit to operational excellence

We are proud to be a not-for-profit organisation, implementing our mission exclusively through project financing. This requires us to work efficiently and to invest in operational excellence every day.

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In 2018,
SNV improved the
quality of life of
4.4 million
people living
in poverty

Message from the Supervisory Board

In the past three years, SNV improved the quality of life of nearly 17 million people living in poverty. Projects in Africa, Asia, and Latin America contributed to this result.



SNV underwent a transition from core funding to project financing. As it enters a new strategy period, the organisation is experiencing high levels of trust from the communities, governments, firms, and partners it works with and the donors that finance SNV's projects. This is an excellent point of departure for scaled up impact by implementing projects that create direct results and bring about systems change.

The Supervisory Board appreciates the growth in revenues and the continued strong order intake. Knowing the low-margin environment in which SNV operates, we have encouraged the Managing Board to further streamline and tighten project execution.

SNV achieved the results presented in this Annual Report through its professional and committed staff members around the globe. Indeed, SNV's extensive on-the-ground presence is at the heart of the lasting solutions it creates. The Supervisory Board would like to express its gratitude to all who worked to create impact at scale.

KOOS RICHELLE, CHAIRMAN

ON BEHALF OF THE SUPERVISORY BOARD
JUNE 2019

Message from the CEO

Some of my most joyous moments in my first year with SNV have been meeting women and men who have directly benefited from our projects.

Some show me how they have improved their livelihood. A female farmer in Amhara in Ethiopia told me how she multiplied her income by shifting from cereal to vegetable production. A rice farmer in Kinzau Mvute in the Democratic Republic Congo showed me that the harvest is going well this year as we walked around the courtyard of the cooperative filled with bags and heaps of rice. She narrated how her group now sells rice in larger quantities and at better pre-set prices thanks to technical assistance on commercialisation.

Others tell me about new or improved services they now have access to, such as energy, water, sanitation and hygiene (WASH), and nutritious food. I met pig farmers in Vietnam who demonstrated how they use biogas for cooking their own meals and that of their animals. I was welcomed by village elders to an open defecation free village before getting a tour of latrines in rural Cambodia. Not far from there, island dwellers shared their enthusiasm of getting access to electricity for the first time.

Often lifting incomes and improving services are interlinked. The chair of a women's cooperative that I met in a fishing village in Ghana showed me how her improved oven helps her to process fresh fish into smoked fish, resulting in increased income. Women cultivating more nutritious crops in Mali explained to me how they are now able to serve healthier food to their children.

These are just some examples of the 4,400,000 people whose quality of life improved in 2018 as a direct result of our projects in Africa, Asia, and Latin America.

While meeting these women and men is a great inspiration, I am convinced that our most important impact is often less tangible. The changing of systems from within - so that many can work their way out of poverty - is a far-reaching result that goes well beyond the immediate scope of our projects.

"Our extensive local presence means we know how governments work, which written and unwritten rules exist, and how relationships are built."

So in Ghana, we do not only directly improve water and sanitation services. We also work with a private bank to leverage additional financing for WASH entrepreneurs. In Ethiopia, we apply our inclusive value chain approach to link input suppliers, cow farmers, dairy processors, and buyers. The market for dairy products we helped create will sustain itself and grow over time. In Cambodia, we not only helped homestead gardeners and commercial farmers to increase their household income, we also built the capacity of private firms, government, and civil society working on horticulture. The improved business models and professional networks will far outlive the project duration. In Rwanda, over fifty biogas entrepreneurs will serve additional schools, prisons, and homes for years to come. In Kenya, we have supported pastoralists in finding a voice on



The Managing Board during a strategy and planning meeting in Tanzania.

climate adaptation policies to hold governments accountable. Our rural sanitation programme has built capacity to modernise institutions and develop and implement policies in 15 countries in addition to extending services to millions of people. And so on.

My first year in SNV has convinced me that our 1,300 staff around the world are our unique strength. Our extensive local presence means we know how governments work, which written and unwritten rules exist, and how relationships are built. Our staff are regarded as honest brokers. We adjust our approaches when circumstances change on the ground. And we generate know-how that we share among ourselves and with our partners. We know that the main predictor for a successful solution in a given country or context is the enthusiasm with which our staff and partners embrace it. Only by listening can we adapt our global expertise to each specific setting.

SNV is an organisation that renews itself constantly. In 2018, we took stock of the lessons learned from the previous strategic period to position ourselves for the future. As a Managing Board, we welcome what the future will bring and look forward to working with colleagues across the globe, to consolidate progress, to step up on implementation, and to scale up our impact.

MEIKE VAN GINNEKEN, CHIEF EXECUTIVE OFFICER

ON BEHALF OF THE MANAGING BOARD



SNV provides
locally owned
agriculture, energy,
and WASH
solutions

SNV in 2018

2018 was a year of renewal. It was the last year of our three-year strategy period 2016-2018, during which we improved the lives of **16.9 million people** living in poverty. We developed the new Strategic Plan 2019-2022 as a basis to solidify our position as a global premium development organisation with a strong local presence.

In 2018, SNV helped to improve the lives of 4.4 million people living in poverty through increased incomes and access to basic services. In agriculture, energy and WASH (water, sanitation and hygiene) we developed locally-owned approaches, strengthened governance systems and improved markets for people living in poverty.

Over the past three years, we reached 94% of the target set out in our 2016-2018 Strategy Paper. While we are proud of the impacts we have made, we also realise that we fell short of the target we set ourselves. Results in agriculture were lower than expected due to challenges in the accurate data on income and climate resilience.

Our footprint

In 2018 we worked in 27 countries in Asia, Africa and Latin America. We have been in most of these countries for many years, have built long term partnerships and speak the language – literally and figuratively. Our portfolio in sub-Saharan Africa remains the largest, comprising of 76% of expenditure and 71% of 2018 order intake.

In 2018, the number of staff worldwide increased by 7% and at the end of 2018 we were 1,308 people strong. This team of specialists and generalists, nationals and internationals, males and females, young and more seasoned colleagues are the backbone of SNV. Our staff expanded fastest in East and Southern Africa.

Only 6% of our team is based in The Netherlands, the country where SNV was established 53 years ago. In addition, we have a small office in Washington DC, USA. Legally SNV USA is a separate non-profit organisation which facilitates strategic partnerships with the USA government.

Our approach

We apply practical know-how to support people living in poverty. We attained agriculture results in 19 countries, energy results in 14 countries and WASH results in 15 countries. We constantly renew our expertise with innovative global knowledge and lessons learned from practice. This adds to our value proposition and distinguishes us from local service providers. We use our extensive on-the-ground track record to apply and adapt our expertise to local contexts – which distinguishes us from global consultancy firms.

Our long-term in-country presence is the basis of our local credibility and our alliance building with and between stakeholders. We extensively collaborate with partners that complement and re-energise us, such as knowledge institutes, private consultancy firms, and non-governmental organisations. We invest in market-based approaches and work extensively with the private sector. We are a trusted partner to local and national governments.

Our sectors: agriculture, energy and WASH

Our continued focus on agriculture, energy, and



WASH allowed us to expand our approaches within the three sectors and improve the quality of our work. Many of our projects span across sectors and have an integrated approach to sustainable development. We increasingly focus on providing employment opportunities to youth through our projects. Notably, over 30,000 young people gained new employment through our cross-sectoral Opportunities for Youth Employment (OYE) product. We invested in rolling out our gender approaches in all projects. We also grew our work on energy for agriculture value chains.

Our agriculture programme helped to improve the lives of 1.3 million people in 2018. Over the past three years, we reached 82% of our agriculture target: we improved the lives of 4.9 million people against a target of 6 million lives. Reducing poverty through increased sustainable agriculture and resilient food production systems spans multiple Sustainable Development Goals (SDGs). The SNV agriculture programme contributes to the SDGs through a private sector, market-based and innovation driven approach. In 2018, 1.1 million people benefitted directly through increased income from our projects on

inclusive value chain development. SNV integrates its interventions across agriculture value chains, nutrition and climate adaptation. Our food and nutrition security programme matured in 2018 and improved food access and nutrition security for 85,000 people. We stepped up on our climate and business programme. The bulk of impacts will be created in years to come. In 2018, we helped make the livelihoods of 98,000 people more climate resilient. Alongside these direct results, SNV projects also built the capacity of private firms, governments, and civil society. The improved business models and networks of these actors will help sustain and expand the impact of these projects in years to come. Our new order intake in agriculture exceeded expectations which provides a good basis for future growth including in climate and business, youth employment, and food and nutrition.

Our energy programme helped to improve the lives of 628,000 people and reduced greenhouse gas emission by close to 600,000 tonnes. Over our three-year strategic planning period, SNV reached its revised target to provide energy access for 2 million people, contributing to the SDG 7 target to ensure access to affordable, reliable, sustainable and modern energy for all. We increasingly provide people with off-grid electricity while continuing to build on our track record in biogas. In addition to these direct benefits, our energy portfolio helped develop sustainable energy markets. Our new order intake in energy was below target which limits future growth.

Our WASH projects reached 2.5 million people in 2018. Our projects resulted in 1.9 million people gaining access to, and use of, sanitation, and 620,000 people gaining access to basic drinking water supply services. In addition, close to 750,000 people commenced handwashing

with soap. The aggregated results over the period 2016 to 2018 were in line with our three-year target of 10 million people. Our contribution to SDG 6 (ensuring availability and sustainable management of water and sanitation for all) goes well beyond the number of people who benefit directly from our programme. Our programme supported the development of public institutions and built markets that will ultimately provide many more people with WASH services. Our commitment to leaving no-one behind translates to a focus on universal access. Sustainability remained key to our work in 2018 as we implemented local solutions and deepened our experience of what it takes to pragmatically ensure lasting results in all settings. We explicitly focused on schools, health facilities and last mile provisions. We strengthened the exchange on rural sanitation between Asian and African experiences. Our focus on small towns and city-wide urban sanitation services intensified. New order intake in WASH was below target and needs more attention.

Increase in income and working towards a sustainable break-even

From 2016 to 2018, our operating environment evolved and we adjusted our modus operandi as we transitioned from core funding by the Dutch Government to project financing. 2018 was the third year that we generated our income entirely from business revenues acquired on a project basis. The majority of our projects are financed through grants from public development agencies, but we increasingly implement service contracts with governments, multilateral donors, and other entities. Our 2018 financial results show that we are still learning and we need to continue focusing on implementation.

2018 was a year of strong growth. Our income grew to €124 million,

a 15% year-on-year increase after two years of stagnation.

We signed €152 million of new contracts in 2018. While this is 10% below target, we are well on our way to our average €170 million annual target when taking into account unavoidable yearly variations. The agriculture sector accounted for 79% of the total 2018 order intake, WASH for 11%, and energy for 8% (with 2% of order intake being categorised as other).

We made a considerable loss of €2.7 million. This is of concern, especially in a year in which we grew our revenues. The 2018 loss is explained by write-offs to resolve legacy issues. We took an additional provision against receivables and future expenditures. The loss underlines the need for continued focus on uniformity and conformity in the execution of our projects.

Looking forward

In the coming four years, we will continue to blend our global agriculture, energy, and WASH expertise and local know-how to lift 20 million people's incomes and access to basic services. While creating these direct results, we will more explicitly focus on systems change. Our projects will kickstart markets, strengthen government service delivery, and improve government and market accountability that will help millions more to escape poverty over time.

We look forward to bringing SNV to the next level in our transition to a project-financed organisation. In order to do this, we will invest in know-how and people, and strengthen (the support to) the primary process of project implementation.





2018 in numbers

Our results

The quality of life improved of **4.4 million people**

Agriculture



1,177,000
people with
increased
income

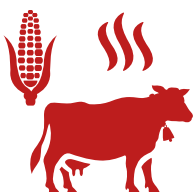


98,000
people with
increased
resilience to
climate change



85,000
people with
increased
food and
nutrition
security

Energy



63,000
people with
access to
biodigesters



351,000
people with
access to
improved
cookstoves



203,000
people with
access to
off-grid solar

WASH



1,892,000
people who
gained access to
(at least) basic
sanitation

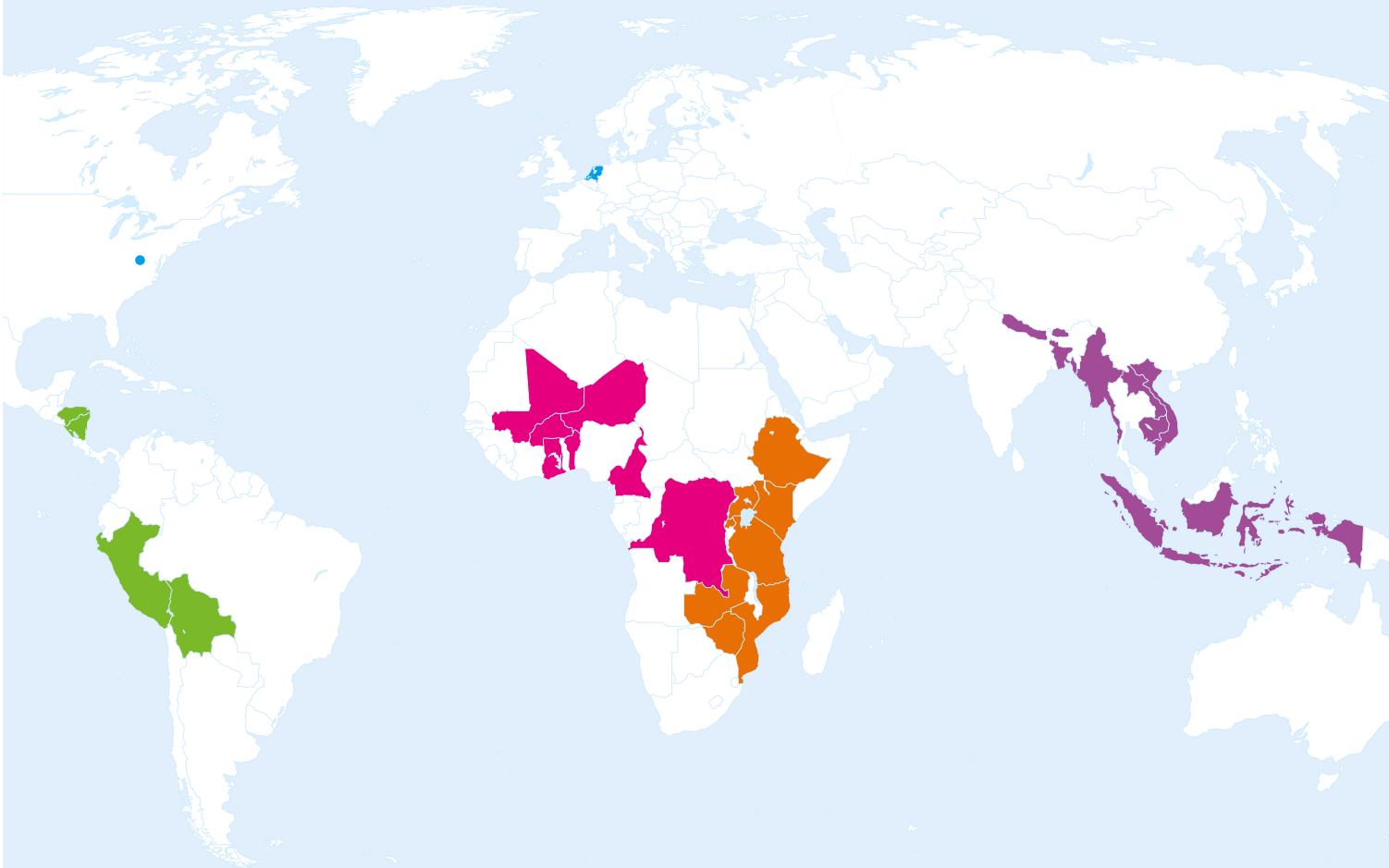


620,000
people who
gained access to
(at least) basic
drinking water

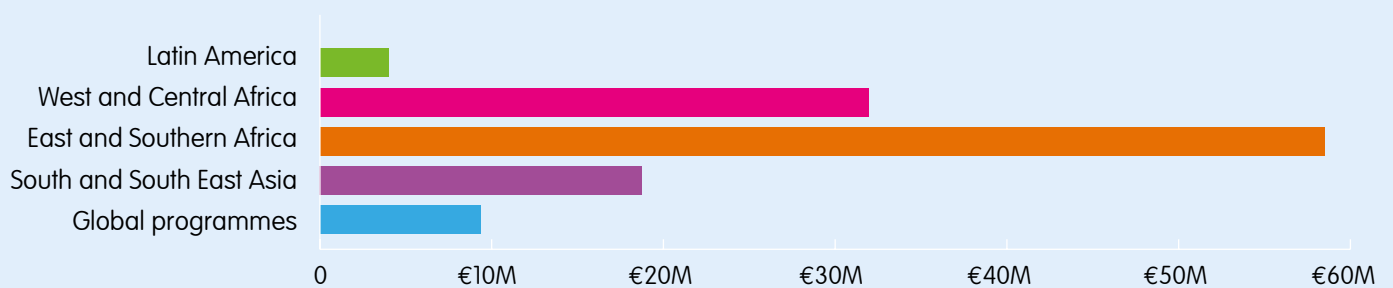


747,000
more people
practising
handwashing
with soap after
defecation

Our footprint



Expenditure by region



Latin America

Bolivia
Honduras
Nicaragua
Peru

West and Central Africa

Benin
Burkina Faso
Cameroon
DR Congo
Ghana
Mali
Niger

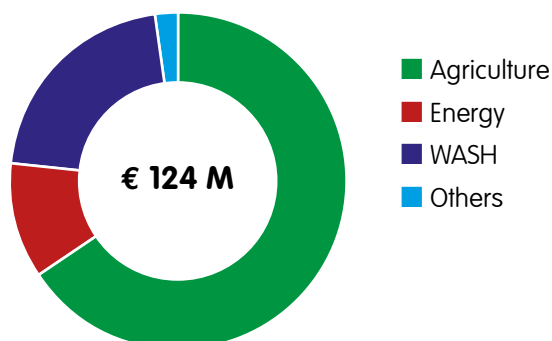
East and Southern Africa

Ethiopia
Kenya
Mozambique
Rwanda
Tanzania
Uganda
Zambia
Zimbabwe

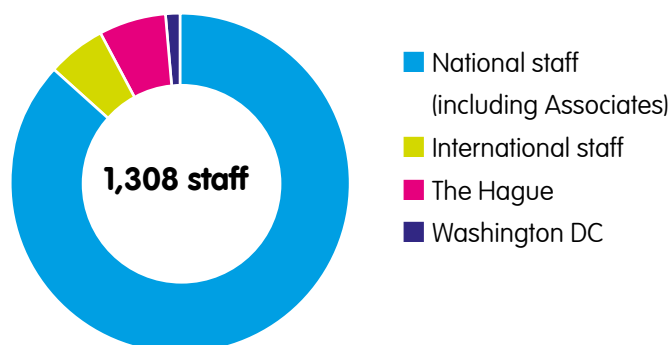
South and South East Asia

Bangladesh
Bhutan
Cambodia
Indonesia
Lao PDR
Myanmar
Nepal
Vietnam

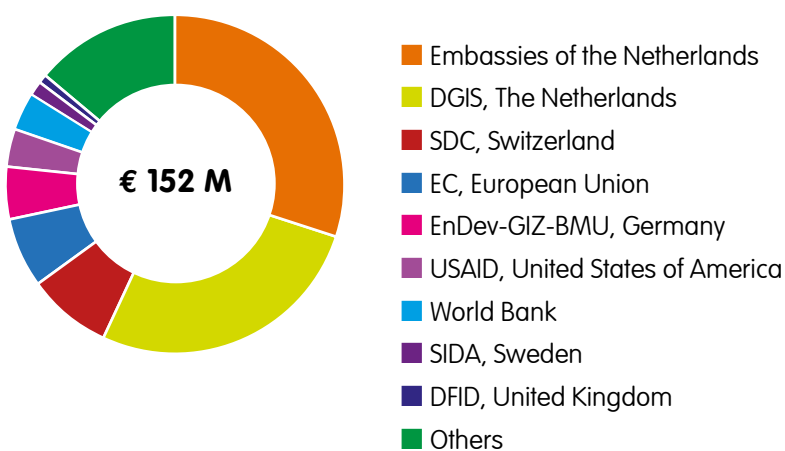
Expenditure by sector



Our team



Order intake by source of financing



A photograph of a group of men in a field, likely a vegetable garden. One man in the center is holding a small plant, and others are looking on. The field has tall, thin stakes and green plants.

**1.3
million**

peoples lives were
improved

Agriculture

SNV implements a large and diverse agriculture programme.

In 2018, we improved the lives of **1.3 million people** through increased income, food security, and climate solutions. The majority of those (1.2 million people) benefitted through increased income.

Projects from 19 countries reported on these direct results. In addition, we helped improve food access and nutrition security for 85,000 people, made the livelihood of 98,000 people more climate resilient and created sustainable jobs for over 20,000 young people. The total number of lives improved fell short of our target, largely due to challenges in the accurate measurements of the diverse impacts of our projects.

Our agriculture programme contributes to increasing sustainable agriculture and resilient food production systems. This is at the core of the Sustainable Development Goals. At SNV, we develop market-based services that increase productivity, link markets to farmers, and strengthen input supply services. We work closely with the private sector to drive innovation and realise impact at scale. We also work with governments to create an enabling environment and to accelerate investments in agriculture. Our projects focus on over 40 value chains of which dairy and horticulture are the largest. In 2018, we continued to successfully integrate food and nutrition security activities in our projects. Our agricultural programme includes several dedicated climate resilience projects which address adaptation and mitigation to climate change in food systems.

Our agriculture project spending was approximately €80 million which accounts for 65% of total project expenses.

Our agriculture order intake was €121 million (above the €100 million target). The order intake was dominated by DGIS/EKN and EU grants and was concentrated in sub-Saharan Africa.

Inclusive Value Chains

Our Inclusive Value Chain product supports local actors to work together to transform their sector and work towards reaching impact at scale. Our approach identifies systemic market issues and unlocks pathways for communities and households to use development opportunities within their reach. We pay special attention to empowering women and youth. Our product uses different building blocks: We strengthen the productive capacities of smallholder and medium-sized producers through the development of market systems for technologies and inputs combined with innovative methods of knowledge transfer and extension. We support business cases, either as inclusive business deals or public-private partnerships (PPPs) with joint investment between private sector partners. We improve the enabling environment through the facilitation of business-to-business relationships and evidence-based advocacy towards policy makers. We increase access to finance for producers and agri-businesses by enhancing their bankability and linking them to financial institutions.

We implement a number of multi-value chain projects such as the Sida funded

Investing in strengthening the value chain to achieve results at scale

"The HortIMPACT project and Meru Greens, an exporter of green bean, co-invested in a storage facility in their production area. With proper storage, supply from smallholder farmers improved in quantity and quality, with lower rejection rates. This led to higher incomes for both Meru Greens and smallholder farmers. We are using the figures on increased incomes and cost reductions, to advocate with county governments and export companies on the importance of public-private investments in storage facilities."

Sigrid Meijer,
project manager
HortImpact, Kenya





Integrating supply and demand-side approaches to improve nutrition

"The nutrition situation of families in the target areas improved significantly through the promotion of vegetables, fruits and livestock production at the household level and improving access to nutritious foods through income generating activities. Regular media campaigns, monthly cooking demonstrations together with targeted household counselling has been instrumental in changing behaviour in the ethnically diverse communities. To achieve lasting impact the project uses a social and behaviour change communication (SBCC) strategy that is scalable and creates long term sustainable change."

Ranjan Shrestha,
project manager
Enhancing Nutrition
of Upland Farming
Families, Laos



Innovations Against Poverty project, the IFAD funded Partnering for Value project, and the DGIS funded PPP-Lab project. These projects support over 50 business cases in which over 30,000 smallholders participate. In the PPP-Lab project, we developed a scaling-scan which is now applied across our projects to support enterprises in assessing their readiness for growth and scaling.

We are expanding our horticulture projects. The horticulture portfolio spreads across Cambodia, Ethiopia, Ghana, Kenya, Laos, Mali, and Rwanda. An example of what we do in horticulture is the HortiFresh project in Ghana funded by the Embassy of the Kingdom of the Netherlands (EKN) which started in 2018. The project upgrades the knowledge and skills of growers and other supply chain partners as a precondition for improved performance of the commercial vegetable sector. The project promotes the development of private sector-driven extension services. It also provides interested private sector service providers with co-funding support and technical assistance, training, and after-sales services. In 2018, the project supported the Government of Ghana to set up a taskforce to improve the phytosanitary situation for vegetables in order to move towards the lifting of an EU ban on the import of vegetables from Ghana.

We continue to build our dairy portfolio which includes projects in Bhutan, Ethiopia, Kenya, Tanzania, Uganda, and, Zambia. An evaluation of the EKN financed EDGET project, which closed in 2018, verified that the project made significant contributions to strengthening inclusive dairy value chains in Ethiopia. The project tested and demonstrated approaches along the dairy value chain, including forage production, input supply, extension services to smallholders, milk aggregation, processing and marketing. In total the project trained nearly 1,500 extension service providers and reached over 55,000 dairy farmers. Based on

these positive evaluation findings, the Government of Ethiopia and EKN approved a follow-up phase to further scale our dairy sector support, the BRIDGE project.

Climate and Business

Climate change is having far-reaching and ever greater consequences, particularly for the poorest and most vulnerable countries and people. As climate impacts become more evident, SNV is doubling its efforts and building its knowledge in response to this ever-growing challenge. We continue to support more resilient farming practices across our portfolio. We recognise the urgent need to catalyse the expertise and innovation capacity of the private sector to develop new technologies and tap into the financial leverage they provide.

We have been pioneering our efforts to work with the private sector on climate change resilience through the USAID financed Feed the Future East Africa Catalytic Sustainable Agribusiness Investment Project which promotes climate-smart agricultural development. The project identified and helped develop business models that are explicitly climate smart. By the end of the project in 2018, 32 enterprises in Ethiopia and Kenya received support to expand their business and attract investments. As part of this project SNV developed a number of climate screening tools to identify businesses and investors in climate smart agriculture.

In 2018 SNV started Climate Resilient Agribusiness for Tomorrow, a flagship five-year project financed by DGIS. The project aims to increase the adoption of climate-smart practices and technologies amongst farmers and agro-enterprises, increasing investments and business growth in climate-smart value chains. The project has a strong knowledge component and will help advance global understanding of how to engage agriculture and energy companies to drive the



transformation needed to respond to climate change while improving communities' food security.

The STAMP (Sustainable Technology Adaptation for Mali's Pastoralists) project improves resilience among pastoralists affected by extreme climate events through the use of geo-satellite data. The first phase of STAMP (2015-2018), funded by the Netherlands Space Agency (NSO), reached more than 55,000 users. The project was implemented through a public-private partnership. In 2018, we secured a three-year extension supported by EKN to include additional information content services and extend the geographical service coverage.

Sustainable Nutrition for All

The 2018 State of Food Security and Nutrition in World Report concluded that for the third year in a row the number of undernourished people is growing. One out of every nine people in the world is undernourished. 237 million people in sub-Saharan Africa are suffering from chronic undernutrition. There is still a long road ahead to achieve the SDG target for acute and chronic malnutrition.

SNV is expanding its Sustainable Nutrition for All product to improve the safe supply of affordable and nutritious diets. The product integrates supply and demand-side approaches. SNV recognises that diverse farms are important for household dietary diversity. Improved supply alone does not translate into improved consumption, hence SNV projects include behaviour change communication and use an intra-household lens to understand gender dynamics. Our projects address women's role along the agriculture-nutri-

tion pathway. We focus on women's intra-household decision making and resource allocation, women's child care and feeding and work load. Our work is aligned with national and local government targets. To encourage ownership, results, progress and data is shared with community members, who in turn are instrumental in demanding and shaping solutions to improve their own diets, health and nutrition

The SDC-financed Sustainable Nutrition for All project (phase I) improved diets of over 50,000 women of reproductive age and infants (6-23 months) in Zambia and Uganda between 2015 and 2017. The second phase which started in 2018 aims to scale to additional districts and to deepen the approach in existing districts,

looking at nutrition outcomes such as chronic malnutrition and stunting. We are expanding our food security and nutrition work in Burundi, Ethiopia, Mozambique, Rwanda and Uganda.

Knowledge internalisation and learning

In 2018 we further developed our product definition and tools and internalised these in our projects through a series of internal workshops and webinars amongst project staff. We organised learning events on our Balancing Benefits approach and on joint energy and agriculture approaches. SNV presented results and approaches in seven international agriculture events.

SNV is investing in improving monitoring and evaluation of agriculture projects. In doing this, we pay special attention to data quality and consistency for impact on farm household incomes and climate resilience. This will help to strengthen our corporate harmonised indicators to allow for better and easier capture of the various impact pathways in our projects.

Opportunities for Youth Employment

In 2018, we continued to implement our Opportunities for Youth Employment (OYE) approach. This approach has been recognised internationally for 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 initiatives that focus mostly on push approaches such as training.

We wrapped up the Mastercard Foundation funded OYE project in Tanzania (with co-funding from SDC), Mozambique and Rwanda in which we successfully connected close to 17,000 youth with (self-) employment in agriculture and energy value chains. Horticulture, poultry and out-grower arrangements in commercial produce such as sesame have offered particularly large-scale market-led opportunities for young farmers. Installation and retail of solar products, production/marketing of biogas digesters, and manufacturing of improved cookstoves were all attractive and profitable propositions to rural out-of-school youth. In 2018, we increased our youth employment activities in West Africa including large youth employment projects in Mali financed by the EU and EKN and a new EU financed project in Niger. We also completed the inception phase of the Sida funded Livelihoods Improvement for Women and Youth in Addis Ababa project in Ethiopia, that aims to improve the lives of at least 200,000 young people and women, by increasing their income and economic opportunities.



**600,000
people**

gained improved
access to energy

Energy

SNV projects improved access to energy for over **600,000 people** in 16 countries, reaching 88% of our annual target. In 2018 SNV contributed to the reduction of almost 600,000 tons of greenhouse gas emissions by using more efficient energy technologies.

Over 10,000 youth gained new employment through SNV energy projects. Over our three-year strategic planning period, SNV reached its revised 2 million people energy access target.

We promoted private sector-driven market development in clean cooking and heating, biodigesters, and off-grid electricity. We worked with governments on developing and rolling out inclusive energy policies. Energy features increasingly in cross-sector projects with agriculture. These projects aim to energise agriculture value chains. Off-grid systems not only improve incomes of farmers, agriculture and energy entrepreneurs. They also improve food supplies. Renewable technologies can do this in a way that reduces the impact of climate change.

SNV contributes to 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. One billion people continue to live without electricity. The International Energy Agency projects that nearly 700 million people will remain without access to electricity in 2030, and 2.3 billion people will stay without access to clean cooking. Most of those left behind will be in rural areas of sub-Saharan Africa. Off-grid and mini-grid solutions are booming, almost half of new access between now and 2030 is

expected to come through these affordable technologies.

Our energy portfolio remains relatively small. In 2018, we spent €14 million on energy projects, which amounts to 11% of our total project spending. Energy order intake in 2018 was €12.8 million (37% of our target). While prospects are better for 2019, this remains a point of concern.

Leadership on off-grid solar

Our projects in Kenya provided access to off-grid solar for 116,000 people in 2018. SNV signed a contract with the Government of Kenya for the implementation of the World Bank financed Kenya Off-grid Solar Access Project. With our partner SunFunder, we are managing a €43 million Results Based Financing and debt facility to accelerate access to stand-alone solar and clean cooking technologies in underserved counties. We extended our work in refugee camps and their host communities, applying our experience in Kukuma (Kenya) to a new project in Kigoma (Tanzania).

Biogas

SNV biogas projects supported by DGIS, EU, EnDev, Sida, IDB, and WB provided access to energy for more than 50,000 people in 13 countries in 2018. At the second West-African Biodigester Conference in Burkina Faso, eight West and Central African governments

We connect young people with real private sector employment opportunities

"To be effective, the employability of young people requires sustained support, well beyond the training that can be given to them. To give participants better access to meaningful employment, we build on our existing partnerships with local companies to connect them with real opportunities that support them with their development through win-win partnerships, individually or in groups."

Sadda Laouali,
project manager L'emploi des Jeunes Crée des Opportunités, ici au Mali, Mali





Kick-starting sustainable markets

"The Nicaragua national biogas programme developed a sustainable biogas market. The project raised awareness and promoted biodigester technology, built local capacity with the public sector, cooperated with private sector suppliers and local NGOs. Access to financial products was also improved, for example by encouraging banks, cooperatives and livestock associations to offer credit facilities for the purchase of a biodigester. Biogas systems were bought by more than 1,500 families in Nicaragua, which translates into more than 8,000 Nicaraguans replacing the use of wood as fuel."

Carlos Bueso Varela, project manager National Biogas programme, Nicaragua



launched a regional biogas alliance to enhance regional collaboration. Two SNV staff were awarded the National Order of Burkina Faso by the President of Burkina Faso in recognition of our pioneering work on biogas. Our EnDev supported Tanzania projects provided improved cookstoves to 154,000 people.

Rolling out innovative financial solutions

Lack of finance for consumers as well as service providers is a barrier to universal access to energy. We work with partners to establish clear and consistent policies and to encourage cost-effective investment from various financiers, including local communities. We note an increase in investments in solar home systems. However, investments in biogas, cooking,

and mini-grids is trailing behind. Commercial investors are hesitant to engage due to lack of investment readiness of companies, often still struggling to achieve proof of concept, profitability and scale. Early stage grants, results based financing and technical advice will continue to be needed to leverage investments and achieve further market growth.

Investing in know-how

Know-how development focused on energy in agriculture, energy in informal settlements, Results Based Financing, and gender in energy using SNV's balancing benefits approach. An integrated energy planning pilot project in collaboration with KTH Royal Institute of Technology kicked off in Benin. SNV energy teams exchanged



know-how through frequent electronic exchanges, a global energy sector meeting, as well as staff increasingly working across countries.

SNV continued to share its practical energy experience and know-how through global alliances and events, including COP24 and the SEforALL Forum. Four SNV project featured in an EnDev publication on Results Based Financing. Our work also was featured in a number of articles in newsletters and online media, including a New York Times article on the Rwandan biogas programme.

Gender and social inclusion

We help people to improve their livelihoods. In 2018, we continued to implement our Balancing Benefits approach in many of our projects aimed at better livelihoods. Balancing Benefits aims to change gender norms and relations in order to promote more equitable relationships between men and women, and a more socially enabling environment. Approaches include household dialogues, growing women's businesses, women in leadership, and gender-sensitive markets and governance.

In our youth employment interventions, we pay special attention to balancing benefits. For example, the Comic Relief funded Gender and Youth Empowerment in Horticulture Markets reached 15,000 smallholders (8,000 women and 7,000 men) in Ethiopia.

Our access to service projects, such as energy, water, sanitation and hygiene, and nutrition projects, take a universal access approach. For instance, an independent evaluation of rural sanitation projects in 11 countries showed that SNV helped close the sanitation gap between vulnerable and non-vulnerable groups. Approaches include inclusive and pro-poor sanitation business models, supporting community members on making an informed choice, and training masons on inclusive toilet designs, supporting local leadership for collective community action, and tailoring social mobilisation and behaviour change communications.



**2.5
million**

people gained access
to water, sanitation
and hygiene
services

Water, Sanitation and Hygiene

Our water, sanitation and hygiene (WASH) activities reached **2.5 million people** in 16 countries in 2018. Our projects resulted in 1.9 million people gaining access to, and use of, sanitation, and 620,000 people gaining access to basic drinking water supply services.

In 2018, our expenditure on WASH projects was approximately €26 million, which accounted for 21% of SNV's total project expenditure. The WASH order intake in 2018 was €16.7 million. This represents 11% of total order intake and was 48% of our annual target for the sector. While the lower than expected order intake does not have an immediate impact on our WASH business outlook, it is a point of attention in the coming years.

Our contribution to Sustainable Development Goal 6 (ensuring availability and sustainable management of water and sanitation for all) goes well beyond the number of people who benefit directly from our programme. Our projects 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 2.3 billion people who still lack access to basic sanitation, and more than 800 million people who still do not have access to an improved drinking water source.

Sustainability remained at the heart of our work in 2018 as we implemented local solutions and deepened our experience of what it takes to pragmatically ensure lasting results 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 continued to be the basis of our work. In rural sanitation, we progressed at integrating sanitation in sub-district and district levels. We strengthened the

Impact through direct results and systems change

"By end 2018, our externally verified results showed that 3.7 million people gained access to sanitation, 50% more than our programme target. It is as a result of the intensive work we have been able to do with our government and local partners in strengthening systems to be responsive to local community needs. Our focus on context specific interventions e.g. improving monitoring systems or improving sanitation budget tracking has helped put sanitation and hygiene on the agenda of the local leaders."

Anne Mutta, project manager Sustainable Sanitation & Hygiene for All Results Programme, multi-country





Local presence and know-how to realise effective solutions

"Five years ago, rolling out a programme focused on 'shit' elicited laughter and discomfort. With support from the Gates Foundation, we implemented data-based awareness raising activities and contributed to the Institutional and Regulatory Framework (IRF) for Faecal Sludge management. Urban sanitation became a growing priority as a result. Now, the government is introducing numerous innovative faecal sludge services, small and large in scale. It's also starting to think bigger: collaborating with stakeholders to introduce citywide inclusive sanitation services that are safe for both consumers and workers."

Rajeev Munankami,
project manager
Pro-Poor Market-Based
Solutions for Faecal
Sludge Management,
Bangladesh



exchange between Asian and African experiences. Our focus on city-wide urban sanitation services intensified.

Rural sanitation at scale

The year 2018 marked ten years of SNV in rural sanitation. We deepened our efforts to sustain and embed approaches within government systems through our Sustainable Sanitation and Hygiene for All (SSH4A) projects. Our multi-country projects were linked through shared performance monitoring; resulting in one of the largest multi-country rural sanitation databases globally. This information was then used to improve practice. Knowledge and learning remained key to our success. The multi-country SSH4A Results project and the multi-country SSH4A Civil Society WASH project provided the greatest impact in terms of people reached. Both of these projects were subsequently extended into new phases, focusing on increased coverage, greater attention to gender, and reaching the last mile.

The first phase of the DFID funded SSH4A Results project concluded in early 2018. Over the project period, SNV reached 2.7 million people with access to sanitation across eight countries; Ethiopia, Ghana, Kenya, Mozambique, Nepal, Tanzania, Uganda, and Zambia. This was well above the 2.1 million people for which SNV was paid in this Results Based Financing project. We kicked off the implementation of a second project phase targeting an additional 1.2 million people in seven countries by 2020.

Similarly, the DFAT funded SSH4A Civil Society WASH project concluded in mid-2018, exceeding set targets in Bhutan and Nepal. The strong track record resulted in a third and expanded phase of DFAT support as part of the Water for Women Fund 'Beyond the Finish Line' project (2018-2022). The project

commenced in Bhutan, Laos and Nepal in 13 districts, expanding to new districts and continuing in some districts to consolidate progress.

SSH4A projects in countries such as Burkina Faso, Cambodia, Indonesia, and Rwanda also contributed significantly to the 2018 result.

Our work at scale in rural sanitation confirmed and reinforced the importance of area-wide improved access to sanitation and hygiene for all. Our targeted learning activities focused on approaches across full districts and province areas rather than pockets of population. In line with the global SDG agenda, we heightened our focus on safely managed sanitation, gender, social inclusion and leaving no one behind. These foci will continue in 2019, with explicit attention on professionalising sanitation and hygiene service providers.

Stepping up on urban WASH

Our work in urban sanitation expanded considerably in 2018. We worked on city-wide sanitation services in 20 cities across five countries; Bangladesh, Indonesia, Nepal, Tanzania, and Zambia. This work was undertaken with funding from BMGF and DGIS. Performance monitoring guidance for households, schools and health facilities was rolled out across all cities and formed the basis for subsequent action planning. Climate vulnerability and resilience assessments were undertaken. In addition, we worked on urban WASH components in projects in Ethiopia, Ghana, Kenya, and Mozambique.

We continued to reap valuable experience from our longest running urban WASH intervention in Bangladesh where we expanded our intervention area from three to six cities. In addition, we commenced working with the Bangladesh



National Urban Poverty Reduction Programme on slum sanitation, and with the Association of Mayors of Bangladesh on advocacy around urban sanitation. We incorporated lessons learned to date in our work, including the need for a mix of on-site and off-site sanitation services in faecal sludge management, safe slum sanitation, integration of information between housing, taxes and sanitation, occupational health and safety, and articulating sewer and sludge services in cities.

We increased our focus on informed choice for urban sanitation infrastructure investments, bringing together experiences from the Bangladesh BMGF funded project, the EU funded Nakuru County Sanitation project in Kenya, and the DGIS funded Voice for Change and WASH SDG project. This global learning helped to further develop our thinking on services as well as treatment and re-use.

Climate resilience for water supply

Climate resilience is a key factor in ensuring the sustainability of drinking water systems. In the DFAT funded rural water

supply project in Nepal we focused on district-wide rural water supply governance. District support structures are proving critical in reducing the vulnerability of individual water schemes and water points to extreme events. Under Nepal's new federal structure we worked with local and national authorities to position area-wide rural water supply governance into the new mandates and structures.

In Kenya, under the DFID funded Climate Resilient Water Services (CREWS) project we designed a strategy to improve climate resilience of arid and semi-arid land areas and urban water services. The project introduced public-private partnership models, performance based contracting and greater private sector involvement. Implementation involved using a market systems approach to water services delivery and addressed key barriers to systemic issues such as policy, pricing mechanisms, governance, accountability, and capacity. Five private operator models and three professional management models were operationalised. This resulted in an average reduction of 11% in non-revenue water. In addition to the development of several

types of service delivery models, there was strong emphasis on policy, advocacy, and knowledge dissemination to better facilitate systemic change in the Kenyan water sector.

A focus on evidence and learning

Our investments in knowledge and learning helped define and roll out our intervention frameworks. This included three global learning events in 2018: on rural sanitation in Ethiopia, on rural water supply in Kenya, and on urban infrastructure investments in Zambia. Each event combined practical field-based assignments with workshop sharing sessions for partners, government representatives, and SNV staff from 14 countries. More than 160 written contributions were also made during the three preparatory discussions.

Our rigorous monitoring resulted in valuable data regarding what works best, and where. For all SSH4A projects we updated our performance monitoring indicators to fully incorporate schools and health care facilities, as well as faecal sludge management (maintenance of containment).

Knowledge partnerships, including those with the Institute of Sustainable Futures - University of Technology Sydney, and Emory University continued to strengthen our evidence base. Our comparative study across 5 countries and cross-sectional household research across 11 countries over 4 years was published and well received by donors and partners globally. We conducted climate vulnerability and resilience assessments in our urban work, and produced follow-up learning papers on the same topic.

Looking back at the 2016-2018 Strategy Period

Our 2016-2018 Strategy Paper was written in 2015, the last year in which SNV received a core subsidy from the Netherlands government. It included an impact target to improve the quality of life for over 20 million of the world's poor. Our business target was to reach annual revenues of €150 million by the end of 2018.

Our footprint and impact

We maintained focus on our three priority sectors. Agriculture and WASH have seen healthy growth. Energy faced challenges to grow. Agriculture represented around 62% of total revenue between 2016 and 2018 compared to 37% in 2015.

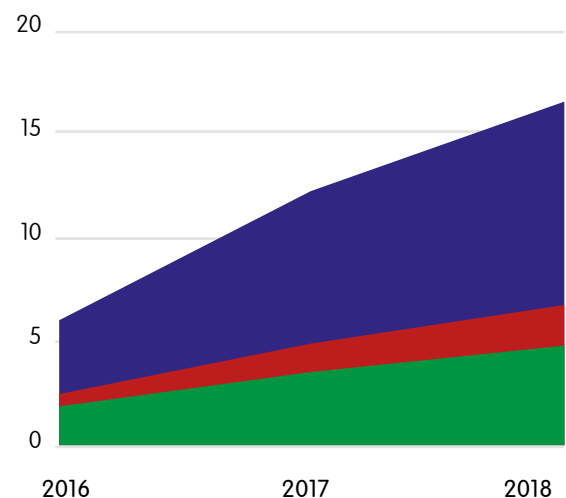
SNV's geographical footprint was stable over the period 2016 to 2018. We closed our operations in South Sudan in 2017 due to security reasons. We opened operations in Myanmar in 2018. Our portfolio became more concentrated in sub-Saharan Africa, representing over two thirds of total revenues in the Strategy period, compared to 48% in 2015 when SNV still had considerable unrestricted core financing.

The Strategy Paper put emphasis on several new areas of engagement. We built up a healthy portfolio of youth employment projects. Gender equality is increasingly built into projects but our gender performance leaves room for improvement. We made mixed progress on other planned new areas. We increased our scale of implementation. We successfully positioned ourselves on urban sanitation, but less so on other aspects of urbanisation. We made limited inroads in engagement with smartphone technologies and in addressing poverty issues in middle-income countries.

We revised our impact target to 18 million during the mid-term review of the Strategy Paper due to a downward revision of the energy target. Over the strategy period, SNV improved 16.9 million lives, which corresponds to 94% of the target. We reached the (revised) energy and WASH targets and achieved 82% of the agriculture target.

SNV is proud of the impact we achieved, however, we also realise that we fell short of the target set for this period. This is at least partly due to the complexity of getting reliable data. We prefer to take a conservative approach and only count those impacts we accurately measured.

Cumulative number of people whose quality of life was improved as a result of SNV projects (millions)



■ Agriculture ■ Energy ■ WASH

Our transition to project financing

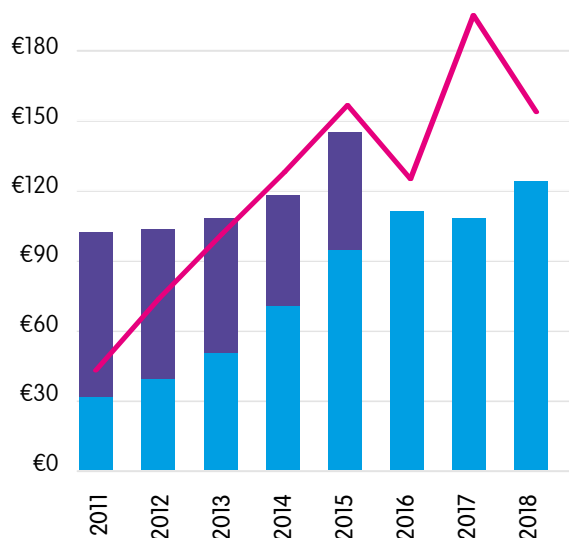
Over the past three years, we have shown that it is possible albeit challenging to function as an organisation relying solely on project financing. In aggregate, we reported a small positive net result (before FX) over the three year strategy period. However, the loss in 2018 made us aware that we need to further improve on project implementation.

SNV did not reach the projected annual revenues of €150 million at the end of the strategy period. Order intake met expectations and shows a positive trend, although it has quite some year-on-year variation. However, the strategic period was characterised by a considerable gap

between order intake and revenues as the pace of implementation of projects trailed behind the growth in order intake. The 15% increase in revenues in 2018, the last year of the strategy period, signals that we are successfully closing that gap.

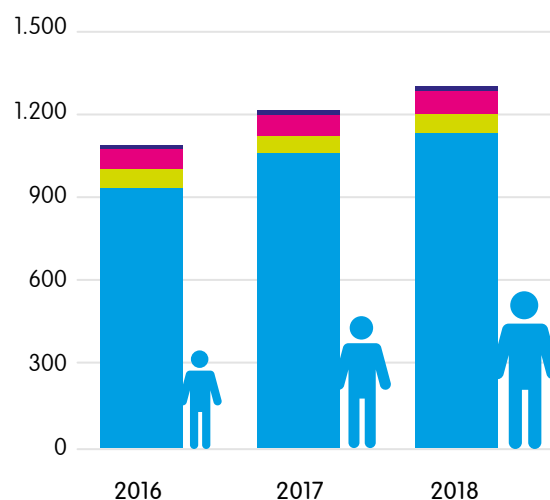
SNV continued to use technical knowledge, 50 plus years of experience, passionate staff, extensive local presence and global footprint, to make a lasting difference in people's lives. In the 2016-2018 period staff numbers increased by 20%. This puts us in an excellent position to focus on enhanced implementation.

Revenues and order intake (millions)



■ Revenue (from core finance)
■ Revenue (from project finance) ■ Order intake

Staff numbers



■ National ■ International ■ NL ■ DC



SNV Strategic Plan 2019-2022

In the new strategic period, our aim in all we do is to scale up our impact by implementing projects that create direct results and bring about systems change. Our extensive local presence remains our distinctive feature. We constantly learn about what works and what does not work. This enables us to adapt our approaches to local circumstances. It enables us to adapt interventions during implementation as circumstances change.

Lifting incomes and access to basic services

Ensuring all our interventions are high quality is an intrinsic part of our mission. We are deliberate in what we do, where we do it, and how we do it. During the Strategic Plan period, we will further deepen our expertise in eight products within and across agriculture, energy and WASH. Increasingly, our projects span products and take an integrated approach to sustainable development.

Direct results and systems change

We will change-by-doing, emphasising systems change while at the same time continuing to create direct results. We aim to improve the quality of life of 20 million people in 2019 to 2022. We will design and implement projects so that we change systems from within by strengthening institutions and kick-starting markets that help many, also beyond the scope of our projects, to work their way out of impoverishment. SNV will significantly contribute to systems change in agriculture, energy and WASH markets in 21 countries. We will report on this in a qualitative manner.

Global premium organisation with a local presence

We work in selected countries where we have long-term partnerships and speak the language – literally and figuratively. We will only work in low-income and lower-middle-income countries where our expertise has added value and can make an impact, we can safeguard the security of our staff, and we have a solid financial outlook. We expect a mostly stable footprint in 2019–2022 given the importance of local rooting of our activities.

Practical know-how

We focus on providing practical know-how. We use our extensive on-the-ground track record to apply and adapt our global expertise to local contexts. Our services include technical advice, brokering and stakeholder engagement, advocacy, fund management, results-based financing and delegated management. Investing in monitoring will strengthen our evidence of what does and does not work. The quality assurance systems we are putting in place will support full accountability to those whose lives the projects are intended to benefit, and those entrusting us with their funds.



Organisational developments

SNV is proud of its transition from core funding to a **project-financed organisation** that generates its income entirely from business revenues acquired on a project basis. This means that we partner with a variety of donors, each with their own specific requirements. The transition is ongoing and included several initiatives in 2018 that took us to a next level.

The Managing Board (MB) manages SNV under the supervision of the independent Supervisory Board (SB). The Managing Board consists of five statutory Directors and is chaired by the CEO. Managing Directors (MD) have specific responsibilities for sectors, countries, and functional areas. Meike van Ginneken started as CEO on January 1, 2018. Hans Heijdra became MD Operations on November 1, 2018. He also serves as our CFO. Hans Heijdra replaced Michel Farkas, who stepped down as MD Global Support Services in November 2018.

The roles and the responsibilities within the Managing Board were redistributed. We strengthened the oversight function for programme execution in a cluster of countries of the three Managing Directors who also steer a sector. We updated the mandate and title of the MD operations with an emphasis on being the process owner of the project implementation process.

We also clarified roles and responsibilities beyond the MB. We updated the corporate competency table and reviewed the structure of various Country Management Teams to reduce the variances in how they are organised. We established an Extended Management Team including Country Directors, heads of units in the

Global Support Unit, Global Sector Coordinators and the Executive Director of SNV USA. This provides a platform to involve managers more directly in corporate and strategic priority setting and to rollout various initiatives in the organisation.

The ongoing transition is as much a culture shift as it is a policy shift. We invested in better internal communications and paid attention to optimisation of business processes and staff development. As SNV transitioned from core financing to project financing, our emphasis has been on contractual gross margins at time of signing new contracts and controlling overhead expenditures. This emphasis has served us well.

A focus on quality implementation, the realisation of gross margins of our contracts, and limiting project-related expenditures that are not paid by donors are logical next steps. This requires a portfolio and project life-cycle lens.

In 2018, we invested resources in a boost for business development in the energy sector. During 2018 we aligned unrestricted funds for global sector teams to sector volume. This meant a shift towards agriculture, by far our largest sector. The global agriculture team was reorganised and staff capacity increased



including the appointment of a number of global technical advisors that work on specific value chains or technical issues.

In 2018, the Supervisory Board met five times in plenary sessions, whereas sub-committees such as the Audit & Risk Committee, and the Selection & Remuneration Committee met between full SB meetings.

Growing our business

Our income was €124 million. This is a 15% increase from 2017 (€108 million) and in line with our target of €125 million. Our portfolio of projects continues to grow as the inflow volume of new contracts is larger than the volume of exits. Our efforts to bridge the divergence between secured revenue and implementation are starting to pay off.

SNV realised a consolidated net deficit of €2.7 million in 2018. This loss is explained by the resolution of legacy issues, which came to the surface after the transition to a new ERP system in 2016/2017. This led to an exceptional amount of write-offs. At the same time, as we increased our understanding of our portfolio through better data, we took an additional provision for receivables and future expenditures that are unlikely to be retrieved in the coming years.

Country teams, with the support of our Business Development team in the Global Support Unit submitted €300 million of proposals to donors in 2018. We signed €152 million in new contracts which was approximately 10% below our 2018 target of €170 million. The agriculture sector accounted for 79% of the total 2018 order intake, WASH for 11%, and

energy for 8% (with 2% of order intake being categorised as other).

The average size of new contracts we signed remained approximately €2 million. We have been consciously moving towards larger contracts. In 2018, 91% of our order intake revenue comes from contracts above €1 million. Our three largest new contracts in 2018 are above €20 million and represent more than half of the annual order intake.

SNV worked in 27 countries at the end of 2018. We started operations in Myanmar in 2018 and prepared to start operations in Burundi and Nigeria in 2019. We are winding down our operations in Bolivia and Peru and will exit these countries in 2019. Most of our country programmes are business units headed by a resident Country Director. Some countries report



to a Country Director in a neighbouring country (Benin reporting to Burkina Faso, Bhutan reporting to Nepal, Bolivia reporting to Peru, Cameroon reporting to Mali, DR Congo reporting to Ghana, Honduras reporting to Nicaragua, Myanmar reporting to Laos). We recruited a resident Country Director in Niger as the country programme was expanding. During 2018, SNV restructured its operations in Zimbabwe to adapt to its limited country programme, combining the management of Mozambique and Zimbabwe.

Each year, we will review our country portfolios to ensure they continue to be relevant and add value. However, we expect a mostly stable footprint in 2019-2022 given the importance of local rooting of our programmes. We are increasingly working in fragile environments and are expanding our know-how on how to work there.

Our people – the core of our success

The number of staff increased to 1,308. At the end of 2018, 87% of our staff consisted of national staff members. The share of our staff based in our Global Support Unit in The Netherlands and staff in Washington DC remained stable. Staffing trends by sector and by cluster of countries are generally in line with revenue trends. The share of senior staff

and the share of international staff both increased slightly in 2018 after a period of decline. Annual staff turnover was 20%. Turnover of Netherlands staff and international staff was well below that average – as planned.

SNV remains a highly diverse organisation with 50 different nationalities. On average, we became slightly younger. We need to pay attention to the aging of expat and NL staff cohorts. 33% of all SNV staff are female. The share of female senior staff grew from 28% to 30%. Slow progress on gender diversity remains a point of attention.

At the country level, each SNV country (or combination of countries) is managed by a Country Management Team consisting of a Country Director, Sector Leaders, Country Finance Manager and (if the size of the country allows it) a HR or Operations Manager. Four new Country Directors came on board in 2018. Through new managerial appointments, SNV increased its business development and project management capacity.

In transforming into a project-financed organisation, SNV is paying much attention to staff development. In 2018, we conducted our SNV Way skills training programme eight times around the globe. We strengthened our M&E and financial management communities of practice, including various face-to-face and web-based trainings. We strengthened the people management focus of our extended management team, including through a 360 degree leadership assessment.

Strategic Planning process

The planning process for our new Strategic Plan to guide us for 2019-2022 provided an opportunity for staff engagement and community building. Hundreds

of SNV staff contributed to the plan through face-to-face country consultations and through global electronic consultations. The consultative nature of the strategic planning process formed the basis for the rollout of the plan across the organisation. This is a plan of all of SNV.

We also carried out substantial background analytics on our portfolio and organisational developments for the Strategic Plan. The analytics not only form an evidence-based foundation to decide on who we want to be as an organisation. They also are an important step in improving how we monitor progress on our projects, collect evidence of what works and what does not work, evaluate the data and learn from the results. The focus on data and analytics contributed towards a change in culture as we build a more business focused and professional organisation.

The main output of our strategic planning process was our internal Strategic Plan, which outlines our objectives and results, our business model, positioning, financiers, our geographical footprint, as well as our sectors and products. The main focus areas are investing in know-how and people and strengthen (the support to) the primary process of project implementation. An external version of the Strategic Plan has been published and is summarised in this Annual Report.

Supporting our country programmes

A Global Support Unit in The Hague (The Netherlands) supports the implementation of SNV's programmes. In 2018, its focus was on improving data reliability and timeliness of reporting, strengthening SNV's implementation capacity, and safeguarding the (financial) integrity of the organisation.

We focused increasingly on portfolio management in addition to our annual budgeting and reporting cycle. We introduced a new project- and country-level reporting cycle. We singled out financial data reliability and timeliness as this is pivotal to steering the organisation at various levels. We followed up on the system migration to a new cloud-based ERP system through training and embedding of the revised (financial) processes and a focus on the correct usage of the system.

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.

We reinforced the treasury function in the Global Support Unit, introduced a foreign

exchange policy, signed a first forward payment (hedge) contract and initiated a bank rationalisation process.

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 in implementing innovative solutions at scale. Our knowledge agenda is a two-way street where we also invite other development and research agencies to contribute to our programmes and knowledge products.

We continued to communicate the results of our programmes, including through our website (www.snv.org) which saw more and longer visits. Our reach on social media increased by approximately 20%.



SNV USA

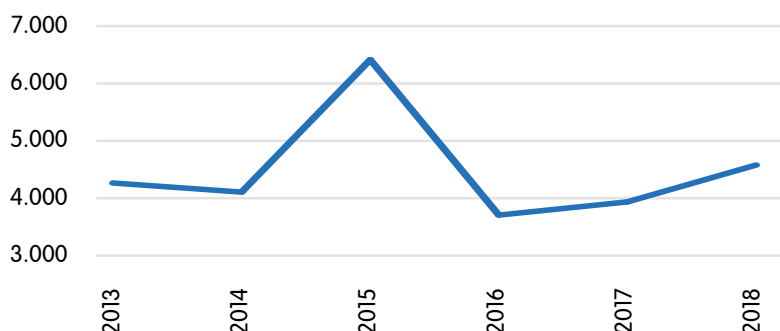
SNV USA is a separate non-profit organisation with a small office in Washington DC that facilitates strategic partnerships with the USA government. As an independent 501 (c) 3 organisation, it has its own governing structures. SNV USA is bound by all SNV Netherlands Development Organisation Foundation (SNV Foundation) policies and procedures except when there is a strong (legal or donor-imposed) reason to diverge (*"Act the same if possible, act differently if needed"*).

Revenues of SNV USA amounted to €10.9 million in 2018, stable from 2017. All revenues were from US government grants and contracts. SNV USA revenues represent approximately 10% of the consolidated SNV revenues. Projects won and supported by SNV USA contribute to the growth of our portfolio and the diversification of our funding base. This contributes to the stability of our programme as US government priority countries and themes complement – and sometimes are counter-cyclical to – priorities of European donors.

In 2018, SNV USA realised an order intake of €11.5 million. It has maintained its win rate on proposals submitted, but the number and value of proposals submitted was constrained by the pace at which solicitations are being released by USAID missions.

In 2018, SNV USA focused on consolidation of internal processes and procedures, including the ongoing integration in the SNV cloud-based ERP system. The step up in project implementation of US government contracts through SNV USA in 2017 and 2018 resulted in a number of lessons learned which will be used to tweak how we work together in the future.

Emissions from SNV staff flights (in tons of CO₂)



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 personally commits with a signature. We realise that in spite of this, the risk persists that something may go wrong in practice. SNV regularly commissions internal and external audits. We also find it important to discuss these types of risks within our organisation.

In 2018 SNV rolled out an updated Workplace Discrimination and Harassment policy with a strong emphasis on internal awareness raising and encouraging staff to come forward in case they experience or have witnessed incidents of discrimination or harassment. Trust persons are now appointed and trained in all SNV offices. The updated policy is aligned with various donor procedure on prevention and awareness on (sexual) harassment. In 2018, we received six reports of alleged incidents. Allegations included two suspected cases of bullying, three harassment cases, and one case of abuse of power. Investigations were concluded for all six allegations. In one case, a staff member's contract was terminated because of a credible and serious harassment allegation. In the other cases, no serious workplace discrimination or

harassment was found but some staff received warnings. Donors were informed in a timely fashion where relevant.

In 2018, 20 cases of suspected fraud and corruption were reported. Based on an initial risk assessment, 13 cases were investigated in detail. Irregularities include breach of procurement procedures, conflict of interest, theft and embezzlement. All cases represented limited material value. All pending 2017 investigations and 11 of the 13 investigations were closed in 2018. Disciplinary measurements (including dismissals) have been taken against involved staff. Relevant donors were informed in a timely manner.

CO₂ footprint

We are committed to reducing greenhouse gas emissions. In 2018, SNV's projects contributed to a reduction of over 600,000 tons of greenhouse gas emissions. Our organisational CO₂ footprint was approximately 4,500 tons, for which we bought Gold Standard Biogas credits for projects in Cambodia, Kenya, and Tanzania. Our CO₂ footprint increased by 17% from 2017 (4,000 tons), which is in line with the growth of our revenues. The number of tickets booked increased by 23%. This is due to more one-way and shorter flights. Wherever feasible we continue to use electronic communications to reduce travel.

Risk management in SNV

SNV's risk profile

The identification, evaluation, management, and monitoring of the most significant risks SNV faces is the responsibility of the MB. The MB has a deliberative approach to risk. Integrity and accountability are at the heart of our work and all staff in SNV are accountable for our actions, for spending the funds entrusted to us wisely and for adhering to moral and ethical principles.

The table below summarises the principal risks to reaching our impact and financial targets and ongoing risk-mitigating measures. The levels of the reserves are sufficient to absorb the financial consequences related to the remedial risks after mitigation.

	Risk Description	Mitigating measures*	Impact **
Low contractual gross margins	Shift in policy priorities of donor governments can reduce new order intake. Donors can further reduce (management) fees in highly competitive markets with competitors which can co-finance from core subsidies or incomes from public fund raising. Risk is hard to mitigate as donor priorities are not under SNV's control.	<ul style="list-style-type: none"> Diversification of donor base. Respond and adapt to changes and make use of newly offered opportunities. Selectivity in order intake. Update of SNV USA partnering modalities (2019). 	Medium
Poor project management, slow pace of implementation and low end-project contract implementation rate	Shortcomings in definition and uniform implementation of internal operating procedures and low project management capacity can result in performance below expected levels in terms of quality, cost and pace. Slow project implementation and low implementation rates at the end of contract periods affect the realised gross margin on contract and thus the overhead cost recovery required for SNV's medium-term financial sustainability. This risk is largely within SNV's control.	<ul style="list-style-type: none"> Accountability for project implementation strengthened with a focus on contract management (to continue in 2019). Selecting the right implementation partners. Global Support Unit providing administrative support and backup. Better monitoring and management of end-project contract implementation rates (2019). Roll out of project procedures and training of staff (to continue in 2019) Enterprise Resource Planning (ERP) system in place. 	Medium
Insufficient attention to financial management	Our decentralised business model while working with a variety of donors, each with their own specific requirements, can affect financial results in a low margin market. This risk is largely within SNV's control.	<ul style="list-style-type: none"> More reliable and timely data availability at project and aggregate level to better manage costs and gross contribution (to continue in 2019). Stronger functional accountability of country finance managers to global head of finance. Training, backstopping, and building a community of practice of finance staff (to continue in 2019). 	Medium
Overspent on overhead	Lack of control on country and global overhead costs can negatively affect the financial results and thus SNV's medium-term financial sustainability. This risk is largely within SNV's control.	<ul style="list-style-type: none"> Management control on (unbilled) overhead costs. 	Low

* Listed mitigation measures were implemented in 2018. Planned mitigation measured for 2019 are marked. So are mitigation measures that are only partially implemented in 2018 and will remain a focus for 2019.

** Impact refers to impact (combining assessment of probability and severity) after risk mitigating measures.

Unexpected cost in opening/closing country operations	Start-up and close-out of country operations involve costs that are not recoverable on individual projects. While reducing this risk is within SNV's control, the risk cannot be reduced to zero as it is an intrinsic part of our mission driven approach requiring a sustained local presence.	<ul style="list-style-type: none"> Improved and more timely decision making based on better data. Annual review of country footprint (2019). 	Low/ Medium
Foreign Exchange	Fluctuations in foreign currencies can expose SNV to financial losses. Over time this would normally largely cancel itself out (some years positive effect other years negative effect). Some of this risk can be mitigated by SNV but a residual risk will remain and is outside SNV's control.	<ul style="list-style-type: none"> Treasury roadmap implemented including new foreign exchange policy. Bank rationalisation and improved cash flow management. Signature of first forward payment (hedge) contract. 	Low
Political and economic unrest	SNV increasingly operates in fragile environments. Political and social unrest can cause lower pace of project implementation and can put our staff at risk. This risk can be partly mitigated by SNV but a residual risk will remain given our mission and related operating environment.	<ul style="list-style-type: none"> Annual review of country footprint (2019). Continuous monitoring of security situations. Annual update and application of country security plans. 	Low/ Medium
Corruption and Fraud	The risk of corruption or fraud by staff or contractors can expose SNV to financial losses, fines and sanctions, loss of customers and clients, and reputational damage. This risk is under SNV's control.	<ul style="list-style-type: none"> Zero tolerance approach to fraud and corruption, including messaging, early detection, and follow through. Internal Control Framework. Regular reporting of irregularities to the Audit & Risk Committee. 	Low



Risk appetite

SNV is cautious when it comes to taking risks. We operate in a low-margin finance environment which provides us with limited space to take risks. In the coming years, reaching break-even will remain a challenge. We realise that we still have some way to go to manage our risk better before taking on additional risks. In the past few years, we have mainly focused on contractual gross margins at time of signing a new contract, cost controls at country and global level, and FX risks. We will expand our risk mitigation to better contract management to ensure we realise the gross margins of our contracts and limit project-related expenditures that are not paid by donors.

The Strategic Plan 2019-2022 includes a number of cautious measures towards taking more risks, including exploring using SNV reserves to take limited financial risk in projects through loan/guarantee components and shift to tender market.

Risk Category	Risk appetite	Description
Strategic	Moderate	SNV Strategy Plan 2019-2022 focuses on the continuation of our approach to poverty reduction within the three sectors agriculture, energy and WASH while focusing on direct impact and systems change. Reducing poverty directly and through creating systemic change is complex - especially in the fluid and unpredictable situations SNV works in. Ensuring that all our interventions are high quality is an intrinsic part of our mission. We are deliberate in what we do, where we do it, and how we do it. The quality assurance systems we are putting in place and investments in making knowledge flow to and from the frontline, together with upgrades to our primary project process, will help us strive to continuously improve.
Operational	Moderate	Working in the development context is sometimes affected by circumstances that often cannot be (directly) influenced. Taking an adaptive approach can reduce the operational risk. The Strategic Plan outlines an approach to invest in the tender market. The tender market (with fee-based contracts) poses considerably more operational risk than (cost-based) grants which still account for a large part of our portfolio. This risk is potentially offset by higher margins although these also have to cover for considerable additional business development costs.
Financial	Low	Financial risk management focuses on minimising liquidity risk, foreign exchange risk, interest rate risk and credit risks. The Strategic Plan outlines a cautious approach to explore using SNV reserves to take limited financial risk in projects through loan/guarantee components. The approach includes building financial analysis and management experience, developing a decision making model and establishing maximum exposure by end 2019, and pilot maximum two projects in 2020-2022.
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	Low	SNV has zero-tolerance policy related to integrity breaches including 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 personally commits with a signature. In addition, we have policies and procedures on workplace discrimination and harassment, fraud response, whistleblower, procurement, Local Capacity Builders and external consultants engagement, HIV/AIDS Workplace, and child protection. SNV has a due diligence framework in place and the MB closely supervises the strict implementation of all policies. SNV regularly commissions internal and external audits. We also find it important to discuss these types of risks within our organisation, including trust persons in all offices and confidential counsellors where whistleblowers can report allegations. We realise that in spite of this, the risk persists that something may go wrong in practice.
Safety and Security	Low	We choose to also operate in high-risk, conflict-sensitive and fragile areas as this is where the poor communities we want to support live. The duty to care for the safety and security of our employees is paramount. Within those environments we take precautions to secure the safety and security of SNV staff. Each country has a safety and security policy in place. If a security situation does not allow our staff to work in a safe way, our projects continue to be closely monitored from another location.

2018 Financial Performance Highlights

Income from project funding

In 2018 our consolidated income was €124 million. This is 15% higher than the 2017 income which was €108 million. Our annual project revenues depend on (i) the size of our portfolio, (ii) the average project duration, and (iii) the speed of implementation. The increase in revenues reflects the positive trend in order intake in the last few years. It also reflects an increase in our implementation capacity as we increased our staffing levels and invested in project implementation in the past three years.

Financial results

SNV realised a consolidated net deficit of €2.7 million in 2018: €0.4 million for SNV USA and a €2.3 million loss for the SNV Foundation. The deficit was not unexpected as we projected a loss of €1.5 million in our 2018 budget. However, it is a significant deterioration compared to the surplus of €79 thousand reported over 2017.

The 2018 loss is to a large extent explained by write-offs as well as an upward adjustment of our provisions. We resolved a number of legacy issues, which came to the surface during 2018 as we exited a period of transition to a new ERP system in 2016/2017. These include intercompany discrepancies between accounts receivable from SNV USA in the accounts of SNV Country Offices and accounts payables in the SNV USA books. At the same time, we are increasing our understanding of our portfolio through better data and we took a provision of €2.7 million for receivables and future expenditures that are unlikely to be retrieved in the coming years. This is in addition to a loss provision of €0.9 million per 31 December 2018 based on a risk assessment of all projects in the portfolio. Compared to 2017, €0.3 million was released from the loss provision.

Balance sheet and SNV's equity position

SNV's balance sheet remains strong with an equity position of €38.7 million of which €0.9 million earmarked reserves set up at the end of the core subsidy. At the beginning of 2018, the earmarked reserves were €2.7 million. In 2018, €1 million of the total loss was appropriated to the earmarked reserves and €0.8 million was identified as non-utilised and transferred to free reserves. At the end of 2018, free reserves amount to €5.1 million. This is €0.7 million below the free reserves at the end of 2017. The continuity reserves amount to €32.7 million and are deemed sufficient in the light of SNV's risk profile.

The liquidity positions and working capital improved with €6.7 million. The total cash and bank position at year-end was €79.4 million and our working capital remained negative with €48.71 million project funding payables (2017: negative €52 million), and pre-receipts at €10.1 million project funding receivables/work in progress. This is within the financial steering indicators determined by the Managing Board (MB).

Outlook financial performance

The Strategic Plan 2019-2022 projects a growth of revenues to €150 million by 2022. A turnover of €150M requires an average annual order intake of €170M, a 90% end-project contract implementation rate, and adherence to current benchmarks on gross margins. Additional project risks (Forex, performance, and financial risks) will have to be offset by increased margins.



The MB is of the view that this four-year projection is realistic given the increase in number and quality of professional staff and investments in processes and tools which will result in improved quality of project implementation and execution. However, it will require a continued focus on uniformity and conformity in the execution of our projects. To address some of the identified areas of improvement, the SB has approved €2 million investment in six cross-unit priority projects in the period 2019 to 2021 to kick-start the implementation of the Strategic Plan.

The 2019 Corporate Annual Plan and the 2019 SNV USA annual plan present an income of €137 million (a 10% increase from 2018). For 2019, the investment in the priority projects is estimated at €0.9 million. We project a negative net result of €0.7 million in 2019 after taking into account this investment.

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 in 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. In 2018, SNV improved the management of these foreign currency risks through the strengthening of our treasury function. We also introduced a foreign exchange policy to limit the exposure to risks of foreign currency fluctuations. We signed a first forward payment (hedge) contract and initiated a bank rationalisation process.

Governance

The Managing Board (MB) manages SNV under the supervision of an independent Supervisory Board (SB). The SB consists of a chair, a vice-chair and four regular members. The members have 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 Selection and Remuneration Committee (SRC), which is responsible for recommendations to the entire SB regarding the appointment, evaluation and remuneration of the Chief Executive Officer (CEO) and other MB members.
- Two members of the SB hold seats on the Audit and Risk Committee (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 2018 the SB convened five times, the ARC convened five times, and the SRC convened twice.

During 2018, the SB focused on the further consolidation of SNV to implement programmes in a quality and timely manner. This SB requested the new CEO for her observations and priorities after 100 days in SNV. This memo became a roadmap for further professionalising SNV in 2018. Its first central tenet was the introduction of a portfolio management function – including regular standard reporting and steering at the country, sector, and company level. This is still a work in progress. A second central tenet of the priorities was to increase accountability of the Managing Board and how it relates to other parts of the organisation – including the Supervisory Board and the rest of the organisation. The SB approved updated MB

and SRC regulations and implemented a revamped performance evaluation cycle for Managing Directors.

The SB approved the 2018 MB remuneration proposal in line with the Corporate Labour Agreement (CLA). The SB supervised the strategic planning process to prepare SNV for the future. In September 2018, it approved the 2019-2022 Strategic Plan.

Formal approvals were given to the Annual Report and Annual Accounts for 2017 (in June 2018) the Corporate Annual Plan and Budget for 2019 (in December 2018). In the SB meetings, the MB provided regular updates on the implementation of SNV's operational plan for 2018, including quarterly progress reports on streamlined key performance indicators.

During its meetings, the ARC and the MB reviewed the results of the external and internal audits, including management responses. Specific and frequent attention was given to data reliability and timeliness. Furthermore, improvements in the finance and control function as well as the set-up of a treasury function and the new foreign exchange policy were discussed. The MB reported all fraud cases to the ARC.

The audit for 2018 was evaluated with the audit firm BDO. The mid-year review results were discussed including the balance sheet review as per 1 November 2018. The ARC was informed on, treasury, the internal audit plan, the risk register, and common audit issues.

The Selection and Remuneration Committee (SRC) met twice to discuss MB 2017 end-year performance appraisals and 2018 MB remuneration. It advised the SB on the updated MB and SRC regulations as well as the new performance cycle of Managing Directors. The SRC also advised the SB on the appointment of the new Managing Director Operations and the discharge of the outgoing MD Global Support Services.

Members of Managing Board



Meike van Ginneken
Chief Executive Officer
 (January 2018 - present)

Other Affiliations*
 Chair of the Board, SNV USA
 (as per April 2019)



Hans Heijdra
Managing Director Operations/CFO
 (November 2018 - present)

Other Affiliations*
 Vice-Chair and Secretary of the Board of Stichting AgriProfocus

Michel Farkas
Managing Director Global Support Services/CFO

(May 2011 - November 2018)

- Other Affiliations***
- Chair of the Audit Committee of the Operational Center Amsterdam, Medecins sans Frontières (MSF OCA)
 - Member of the Supervisory Board 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/ East and Southern Africa
 (April 2013 - present)

Other Affiliations*
 Board member, Stepping Stone Liberia



Tom Derksen
Managing Director Energy/Asia and Latin America
 (April 2017 - present)

(September 2013 - March 2017: Managing Director Agriculture)



Andre de Jager
Managing Director Agriculture/West and Central Africa
 (April 2017 - present)

* All other activities are unpaid

The Supervisory Board (SB)



Koos Richelle

Chair of the Supervisory Board

(SB term:
October 2015 -
October 2019)

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 supervisory board member of ECDPM, IHE-Unesco and Centre for International Legal Cooperation. He is also chairman 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 the Supervisory Board

Member of the Audit and Risk Committee

(SB term: July 2012 - July 2020)

Background

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



Ronald de Jong

Member of the Selection and Remuneration Committee

(SB term: July 2012 - July 2020)

Background

Executive Vice President, Royal Philips and Member of the Philips Executive Committee, Chairman of the Philips Foundation.



Mirjam van Reisen

Member of the Selection and Remuneration Committee

(SB term: April 2012 - April 2020)

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

(SB term:
December 2011 -
December 2019)

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

(SB term:
October 2015 -
October 2019)

Background

Managing Director of Mourik Infra, Chairman of Dutch Hydrogen and Fuel Cell Association NWBA.

Members of SNV USA Board of Directors



Meike van Ginneken
Chair SNV USA
(May 2018 – May 2021)

Chief Executive Officer, SNV

Allert van den Ham
Chair SNV USA
(until May 2018)
Country Director Laos & Myanmar, SNV.



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.



Nancy Bradley
SNV USA Board Member
(November 2018 – November 2021)

Retired; served as financial consultant for SNV USA and, prior to that, as Chief Financial and Administrative Officer ACIDI/VOCA.

Michael Barth
SNV USA Board Member
(until October, 2018)
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 (Chairman). Member of the International Council of the Bretton Woods Committee.



Kenneth Lanza
SNV USA Board Member
(November 2014 – November 2020)

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



Emmy Simmons
SNV USA Board Member
(November 2014 – November 2020)

Independent Consultant; served as Assistant Administrator for Economic Growth, Agriculture, and Trade of 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 Program 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
(May 2013 – November 2019)

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 2018

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 access to basic services in agriculture, energy, water, sanitation and hygiene.

We make a lasting difference in the lives of people living in poverty, helping them raise incomes and access basic services. Driven by the Sustainable Development Goals, we are dedicated to a society in which all people are free to pursue their own sustainable development and no one is left behind. This commitment to equity directs us to focus on gender and youth.

We apply our know-how to deliver results at scale. We apply practical know-how to support people living in poverty. By connecting our global expertise with our extensive and longstanding in-country experiences, we help realise locally owned solutions. We are experts in agriculture, energy, and water, sanitation and hygiene (WASH). Our services include advice, brokering and stakeholder engagement, advocacy, fund management, results-based financing and delegated management. Our projects directly benefit millions of people. At the same time, our projects also drive systems change – strengthening institutions and kick-starting markets to help many more people work their way out of poverty, well beyond the scope of projects.

In 2018, SNV's activities were financed through project funds reported as Project Revenue in the Consolidated Statement of Financial Performance. Expenditures comprise of country project costs, Global Support Unit and global corporate costs and US activities costs. The net loss of the year was financed through the available free reserves and earmarked reserve. 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 2018 represented the third financial year that SNV's activities were not financed by the Ministry of Foreign Affairs through a programme subsidy. The organisation continued to focus on building its project funding activities reaching an order intake of €152.2 million at the end of the year (2017: €194 million). Revenue stood at €123.9 million in 2018, a significant increase compared to €107.8 million in 2017.

Group Structure

The Consolidated Financial Statements of SNV for the year ended 31 December 2018 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 2018

SNV worked in 27 countries at the end of 2018. We started operations in Myanmar in 2018 and prepared to start operations in Burundi and Nigeria in 2019. We are winding down our operations in Peru and Bolivia and will exit these countries in 2019. Most of our country programmes are business units headed by a resident Country Director. We recruited a resident Country Director in Niger as the country programme was expanding. During 2018, SNV restructured its operations in Zimbabwe to adapt to its limited country programme, combining the management of Mozambique and Zimbabwe.

The Annual Accounts consist of the following:

- Consolidated Balance Sheet after appropriation of balance income and expenditure
- Consolidated Statement of Financial Performance
- Consolidated Statement of Cash Flows
- 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 for SNV Foundation
- Notes to the Annual Accounts SNV Foundation
- Independent auditor's report

Consolidated Balance Sheet after appropriation of balance of income and expenditure

(all amounts in Euro)

ASSETS	Note	2018	2017
Intangible Fixed Assets			
Global System Upgrade		847,343	1,132,738
	1	847,343	1,132,738
Tangible Fixed Assets			
Terrains and Buildings		560,540	637,194
Vehicles		499,356	533,444
Equipment		144,951	321,550
Furniture and Fixtures		196,411	418,480
	2	1,401,258	1,910,668
Financial Fixed Assets			
Financial Fixed Assets	3	554,456	1,036,899
		554,456	1,036,899
Current Assets			
Project Funding Receivables	4	10,063,663	24,030,258
Other Receivables	5	674,973	862,181
Prepayments	6	7,814,903	6,216,787
		18,553,539	31,109,226
Cash & Bank	7	79,414,713	72,743,599
		79,414,713	72,743,599
Total Assets		100,771,309	107,933,130

LIABILITIES	Note	2018	2017
Reserves			
Continuity Reserve		32,715,308	32,715,308
Free Reserves		5,049,938	5,847,408
Earmarked Reserve		863,659	2,681,845
	8	38,628,905	41,244,561
Provisions	9	1,999,828	1,892,881
		1,999,828	1,892,881
Current Liabilities			
Project Funding Payables	10	48,651,686	51,973,282
Creditors	12	4,573,663	5,404,132
Accrued Expenses	13	5,075,275	5,330,397
Taxes & Social Security	14	1,249,824	1,371,702
Pensions	15	592,128	716,175
		60,142,576	64,795,688
Total Liabilities		100,771,309	107,933,130

Consolidated Statement of Financial Performance

(all amounts in Euro)

	Note	Realised 2018	Budget 2018	Realised 2017
Income				
Project Revenue	16	123,068,996	125,000,000	107,094,941
Other non-project Revenue	17	836,164	-	741,978
Interest received	18	15,967	-	284,675
Total income		123,921,127	125,000,000	108,121,594
Expenditures	19			
Activity costs		(47,684,002)	(50,306,000)	(38,919,514)
Consultants & LSPs		(17,031,166)	(16,501,000)	(14,760,829)
SNV Staff costs		(41,159,190)	(42,285,000)	(37,410,875)
Facility costs		(8,405,223)	(8,251,000)	(7,441,773)
Vehicle costs		(3,522,836)	(3,500,000)	(3,027,111)
Other general costs		(9,096,295)	(5,157,000)	(4,829,104)
Total Project Implementation costs		(126,898,712)	(126,000,000)	(106,389,206)
Financing Income/(Costs) including FX		295,768	(500,000)	(1,653,791)
Total Financing Income/(Costs)		295,768	(500,000)	(1,653,791)
Total Expenditures		(126,602,944)	(126,500,000)	(108,042,997)
Balance Income and Spend		(2,681,817)	(1,500,000)	78,597
Withdrawal from Free Reserves		(1,695,623)	(1,000,000)	766,501
Withdrawal from Earmarked Reserves		(986,194)	(500,000)	(687,904)
		(2,681,817)	(1,500,000)	78,597

Consolidated Statement of Cash Flows

(all amounts in Euro)

	2018	2017
Cash flows from operating activities		
Net Result	(2,681,817)	78,597
Adjustment for non cash items		
Amortisation charges of intangibles	285,395	266,060
Depreciation charges of fixed assets	976,263	1,161,784
Provisions	3,330,003	136,718
Interest received	(15,967)	(284,675)
Financing Costs including FX	(295,768)	1,653,791
Decrease (increase) in working capital		
Change in Project Funding Receivables	11,582,049	1,949,794
Change in Financial Fixed Assets	482,443	84,186
Change in Provisions	(85,803)	(1,069,936)
Change in Other Receivables	60,596	1,011,958
Change in Prepayments	(1,598,116)	(4,452,467)
Change in Project Funding Payables	(3,321,595)	7,059,643
Change in Other Current Liabilities	(1,980,406)	(4,496,943)
Interest received	15,967	284,675
Net Cash flows generated from operating activities	6,753,244	3,383,185
Cash flows from investing activities		
Capex Acquisitions (net of disposals)	(466,854)	(570,944)
Proceed from Sale of fixed assets	126,612	521,355
Net cash used in investing activities	(340,242)	(49,589)
Effect of exchange rate changes	258,112	(2,338,202)
Net increase in cash and cash equivalents	6,671,114	995,394
Cash and cash equivalents beginning of financial year	72,743,599	71,748,205
Cash and cash equivalents end of financial year	79,414,713	72,743,599

Notes to the Consolidated Balance Sheet and Consolidated 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 specialists provides practical know-how to make a lasting difference in the lives of people living in poverty by helping them raise incomes and access basic services. We use our extensive on the ground track record to apply and adapt our expertise to local contexts. We constantly renew our expertise with innovative global knowledge and lessons learned from practice.

In 2018 SNV carried out its mission in 27 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 2018 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 27 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 US is dormant.

SNV USA facilitates strategic partnerships with bilateral donors, 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.

Consolidated Statement of Cash flows

The Consolidated Statement of Cash Flows has been prepared on the indirect basis. The cash items disclosed in the Consolidated Statement of Cash Flows comprise of cash at the banks, physical cash on hand, and cash flows denominated in foreign currencies and translated at average exchange rates. The method of presentation has changed compared to the 2017 Annual Report.

Accounting estimates

In applying the principles and policies for drawing up the Consolidated Financial Statements in conformity with Book 2, Article 362, paragraph 1, the directors of SNV make different estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. These estimates inherently contain a degree of uncertainty. Actual results may differ from these estimates under different assumptions or conditions. 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 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 Financial Statements. 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 Consolidated Balance Sheet, Consolidated Statement of Financial Performance and the Consolidated Statement of Cash Flows references are made to the notes.

Comparison with previous year

The valuation principles and method of determining the result are the same as those used in the previous year.

Foreign currency

Items included in the Consolidated 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 Euro, which is the functional and presentation currency of SNV.

Transactions in foreign currencies are stated in the Consolidated 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 Statement of Financial Performance.

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.

Financial Risks

SNV enters into business transactions in other currencies than Euro and is therefore exposed to foreign exchange fluctuations. SNV's core activity is project implementation in developing countries funded by a variety of donors. SNV at all times aims to handle these donor funding with the highest care. In line with this principle SNV's MB has agreed upon a low risk appetite towards the impact that foreign exchange currencies might have on SNV or on SNV's operations.

SNV minimises any (negative) impact that fluctuations in foreign exchange rates may have on values reported in the Statement of Financial Performance and Balance Sheet of SNV. SNV thereby will only cover those exposures for which the assumed currency risk will exceed the cost of hedging and which is to be based on a cost benefit analysis.

Foreign exchange exposures are created by transactions reported in SNV's balance sheet or cash flows that are denominated in other currencies than Euro, which is SNV's functional currency.

SNV aims to minimise cash balances held by SNV country organisations at their local bank accounts. Surplus cash balances are held centrally at bank accounts in the Netherlands as much as possible. All countries have EUR accounts in the Netherlands and most countries also have central USD accounts.

Net foreign currency balance sheet positions (which includes cash balances, receivables and payables) will be economically hedged to the functional currency insofar the costs of hedging will not exceed the assumed currency risks.

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 future 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 government at the end of the project period, and therefore do not meet the criteria for capitalisation.

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 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 carrying value and represent the receivables for work already carried out in accordance with the contract terms for which the funding had 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 carrying value. Other receivables and prepayments are also included in Current Assets.

Cash and Bank

Cash and bank accounts are stated in EUR 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.

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.

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.

Hedge Accounting

Hedge accounting is applied based on the RJ cost price hedge accounting model. Without hedge accounting SNV's Consolidated Statement of Financial Performance would be impacted by fluctuations of the fair values (market to market) of the derivatives per each reporting period.

SNV uses cost price hedge accounting for its forward exchange contract intended for future amounts received in pounds sterling and settlement in Euro. Where appropriate, the gain or loss relating to the ineffective portion of the change in value of forward exchange contracts is recognised in the Statement of Financial Performance within financing cost including FX.

SNV shall discontinue prospectively the cost price hedge accounting if:

- the hedging instrument expires or is sold, terminated or exercised;
- the hedge no longer meets the criteria for hedge accounting.

As the hedges relation per the reporting date is 100% effective (the critical conditions of the hedged item and hedge instrument fully match), the fair value changes of the derivative is not accounted for and kept off balance.

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, 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.

Financing costs including FX

Financing costs includes realised and unrealised exchange rate differences.

Notes to the Consolidated Balance Sheet

Fixed Assets

1. Intangible Fixed Assets

EUR	Global System Upgrade
Purchasing Value	1,447,742
Accumulated Depreciation	(315,004)
Net Book Value 31 December 2017	1,132,738
Acquisitions	-
Total Depreciation 2018	(285,395)
Movement in year	(285,395)
Net Book Value 31 December 2018	847,343
Purchasing Value	1,447,742
Accumulated Depreciation	(600,399)
Net Book Value 31 December 2018	847,343

The intangible fixed assets relate in full to capitalised implementation costs of our cloud based ERP solution.

2. Tangible Fixed Assets

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

EUR	Terrains and Buildings	Vehicles	Equipment	Furniture & Fixtures	Total
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)
Net Book Value 31 December 2017	637,194	533,444	321,550	418,480	1,910,668
Investments	-	339,378	119,141	11,444	469,963
Disposals (purchase value)	(49,744)	(401,715)	(279,505)	(29,747)	(760,711)
Disposal (cum. Depreciation)	48,814	401,590	278,689	28,508	757,601
Depreciation	(75,724)	(373,341)	(294,924)	(232,274)	(976,263)
Movement in year	(76,654)	(34,088)	(176,599)	(222,069)	(509,410)
Net Book Value 31 December 2018	560,540	499,356	144,951	196,411	1,401,258
Purchasing value	2,008,317	4,384,653	3,571,630	1,644,132	11,608,732
Cumulative depreciation	(1,447,778)	(3,885,297)	(3,426,679)	(1,447,721)	(10,207,475)
Net Book Value 31 December 2018	560,540	499,356	144,951	196,411	1,401,258

3. Financial Fixed Assets

EUR	2018	2017
ABC Bank Guarantee - Benin	202,404	703,237
Ecobank Gurantee - DR Congo	-	125,618
SNV Tanzania - IS Social security deposit	65,092	-
Other Deposits	286,960	208,044
Financial Fixed Assets	554,456	1,036,899

Financial Fixed Assets include guarantee funds (deposits) relating to the ABC project in Benin, which started in 2015 and in 2018 a significant part of this guarantee was released. The deposit is given to Orabank in XOF (total amount of XOF 500 million for project related clients) and SNV will be reimbursed at the end of the project. In Tanzania the organisation is obliged to deposit the total social security liability following the employment of expatriates.

The other deposits balance includes deposits for rent, maintenance and utility contracts for properties in countries where SNV operates. The amounts are stated at the net expected recoverable value.

Current Assets**4. Project Funding Receivables**

EUR	2018	2017
Project Receivables	12,796,772	24,030,258
Provision for unrecoverable costs	(2,733,109)	-
Project Receivables	10,063,663	24,030,258

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. The Balance is net of provision for receivables which collection is not sure due to liquidity problems, disputes, disallowable and other non-refundable costs. At December 31, 2017 no provision was made for unrecoverable costs. However, a provision of €1.2 million for loss making contracts was recorded under provisions.

5. Other receivables

EUR	2018	2017
Staff work advances	241,675	545,419
VAT Receivable	226,212	119,138
Other Debtors	207,086	197,624
Other Receivables	674,973	862,181

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

EUR	2018	2017
School costs	278,091	178,735
Stocks	7,764	14,148
Other prepaid amounts	7,529,048	6,006,254
Assets in transition	-	17,650
Prepayments	7,814,903	6,216,787

Prepayments relate to items such as office rent and school fees. The other prepaid amounts relate to prepayments to Creditors which are upfront payments for services from local partners and other service providers.

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 €14,879,665 held on specific bank accounts restricted to usage for specific projects (2017: €17,750,420). The remaining cash is unrestricted.

Bank Account Currency	Restricted	Unrestricted	Total
Euro	7,692,658	47,857,061	55,549,719
United States Dollar	1,358,689	3,378,595	4,737,284
British Pound	-	793,878	793,878
Swedish Krona	-	6,466,334	6,466,334
Other local currencies used in SNV countries	5,828,318	6,039,180	11,867,498
Total Cash & Bank Balance	14,879,665	64,535,048	79,414,713

Liabilities

8. Reserves

EUR	Continuity reserve	Free Reserves	Earmarked Reserve	Total
Reserves as at 1st January 2018	32,715,308	5,847,408	2,681,845	41,244,561
2018 SNV Foundation Deficit	-	(2,260,766)	-	(2,260,766)
2018 SNV USA Deficit	-	-	(421,050)	(421,050)
Fixed Assets earmarked reserves	-	565,144	(565,144)	-
Portion identified as non-utilized	-	831,992	(831,992)	-
Foreign Exchange adjustment	-	66,160	-	66,160
Total as at 31 December 2018	32,715,308	5,049,938	863,659	38,628,905

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 2018, there was no change to the balance of €32,715,308 brought forward. The balance of Income and Spend was withdrawn from reserves which are used for absorbing losses in operations and to cover possible future project deficits and investment.

As at December 31, 2018 the total reserve of the SNV Foundation only is €37,506,851 (see notes to the Annual Accounts of SNV Foundation), the difference to the above consolidated reserve of €38,651,947 relates to the retained earnings of SNV USA which is the net of the accumulated results offset against the grant given in 2015 of €1,690,000.

Earmarked reserves

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. At the end of 2018 two remaining earmarked reserves are in place: USA Business development and Fixed Assets depreciation Reserve. In 2018, €831,992 was identified as non-utilised depreciation of fixed assets which meanwhile have been sold/and or scrapped and therefore this portion was transferred to free reserves.

EUR	USA Business Development	Fixed Assets Depreciation Reserve	Total
Reserves as at 1st January 2018	1,094,494	1,587,351	2,681,845
Loss year 2018 SNV USA	(421,050)	-	(421,050)
Fixed Assets earmarked reserves	-	(565,144)	(565,144)
Portion identified as non-utilized	-	(831,992)	(831,992)
Total as at 31 December 2018	673,444	190,215	863,659

9. Provisions

EUR	2018	2017
Reservation severance	933,949	630,308
Provision orientation leave	117,879	94,355
Provision projects losses	948,000	1,168,218
Provisions	1,999,828	1,892,881

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. For determining the provision per 31 December 2018 we have considered the full remaining lifetime of all projects in portfolio at year end. The majority of the provision relates to activities in 2019 (€605,000) with a limited provision for other years (€343,000).

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. Creditors

EUR	2018	2017
Trade Creditors	4,486,637	4,391,153
Pre-received amounts	-	587,203
Employee creditors	87,026	425,776
Creditors	4,573,663	5,404,132

These creditors fall due in less than one year. The fair value of these creditors approximates their book value due to their short-term character. Pre-received amounts in 2017 related to prepayments from SNV USA (intragroup) were eliminated on consolidation of the accounts in 2017.

12. Accrued expenses

EUR	2018	2017
Reservation leave days	1,434,121	1,338,958
Gratifications to be paid	39,611	101,610
Leave allowance to be paid	449,262	453,261
Other accruals	2,663,792	2,977,217
Accruals for international transport & relocation costs	488,489	459,351
Accrued expenses	5,075,275	5,330,397

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

13. Taxes & social securities

EUR	2018	2017
Withdrawal P.A.Y.E.	330,359	399,176
Withdrawal social security premiums	237,585	111,367
VAT Payable	36,097	88,570
Withholding tax	393,606	211,537
Reservation contribution ABP	-	96,907
Reservation taxation to be paid	150,125	439,394
Other Tax Reconciliation amounts	102,050	24,751
Taxes and social security	1,249,824	1,371,702

The above table shows that the positions for the different statutory liabilities in the countries. These are always payable within 15 days after the month-end.

14. Pensions

EUR	2018	2017
Pension premiums payable	592,128	716,175
Pensions	592,128	716,175

SNV pays premiums based on (legal) requirements, a contractual or voluntary basis to pension funds and insurance companies. Premiums and contributions are 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 employees having a Dutch contract and residing in the Netherlands, 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.

15. Commitment and contingent liabilities

Type	Sum of Expected cost EUR less than 1 year (2019)	Sum of Expected cost EUR between 1 - 5 years (2020-2024)	Sum of Expected cost EUR > 5 years (2025 onwards)	Sum of Total Expected cost based on contract (EUR)
Supplier Contracts - Countries	117,007	3,580	-	120,587
Supplier Contracts - Head Office	1,022,514	219,204	-	1,241,718
Rent - Countries	843,828	800,645	340,136	1,984,609
Rent - Head Office	177,160	82,782	-	259,942
Total	2,160,509	1,106,211	340,136	3,606,856

The amounts prepaid by SNV as at end of the year for rent and contract suppliers are recognised as part of the Prepayments in the balance sheet.

EUR GBP Hedges

SNV has concluded a contract with fixed cash flows denominated in GBP. To protect the EUR value of these future highly probable transactions from EUR GBP variability (currency risk), SNV entered into three EUR/GBP Forward Contracts with Ebury bank in December 2018.

The period for which the hedges have been concluded equals the period of the expected GBP cash flows. The maturity date of the hedges is respectively 30 September 2019, 31 December 2019 and 31 March 2020. The underlying contractual values are £2,353,888 (€2,615,722), £647,320 (€725,695) and £1,176,944 (€1,291,486) respectively.

The market value of these hedges per Reporting date is respectively €21,031.01, €14,872.98 and €4,262.23.

Legal cases in progress

At the end of 2018 there were 18 legal cases outstanding against SNV of which 14 were brought to court by former employees and 4 by other parties. Management considers the risk of substantial liabilities arising on these cases to be low. For those cases where there is an expected cash outflow, an accrual has been taken.

Bank guarantees

As at end of 2018, 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

16. Project Revenue

Income from project funding realised in 2018 was €123.9 million (2017: €107.8 million).

The realised revenue for the year is 15% higher than the previous year which was in line with the planned amounts (99% of the planned revenue was realised). The growth reflects the increase of order intake over the past years and is also a result of an increased emphasis on the pace of project implementation.

Revenue segmentation

Following tables segments the revenue by sector and by region.

Revenue per sector

EUR	2018	2017
Agriculture	80,818,183	70,361,612
Renewable Energy	14,086,225	13,165,540
WASH	26,419,092	21,772,309
Others	2,581,660	2,535,442
Total	123,905,160	107,834,903

Revenue per region

EUR	2018	2017
Asia	19,756,071	19,755,447
East and Southern Africa	60,098,343	54,270,751
Global programs	8,732,254	6,262,608
Latin America	3,179,748	4,361,714
West Central Africa	32,138,745	23,186,400
Total	123,905,160	107,836,920

17. Non-Project Revenue

A non-project revenue of €0.84 million in 2018 compared to €0.74 million in 2017. This revenue was mainly from VAT refunds from countries where SNV is VAT exempted and receipts from disposal of fixed assets.

18. Interest Received

This is interest received on funds kept in the bank. This amounted to €0.016 million in 2018, compared to the €0.28 million in 2017. The reduction is mainly due to the negative interest on funds kept in the bank in Europe yet most funds are now centrally kept so as to manage the FX exposure.

19. Expenditures

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

	Countries	Realized 2018			Budget 2018	Realized 2017
		SNV USA	GSU	Total		
Donations/Sub-grants/Subsidies	8,147,384	-	-	8,147,384	8,595,000	5,603,747
Workshops/Training	13,002,161	25,018	22,115	13,049,294	13,767,000	15,596,590
Subcontracted Activities	11,724,161	243,897	-	11,968,058	12,626,000	10,525,035
Travel/lodging/per diem expenses - Incountry	3,415,992	-	20,808	3,436,800	3,626,000	3,227,185
Travel/lodging/per diem expenses - Out of Country	1,029,987	177,880	339,854	1,547,721	1,633,000	1,316,822
Consortium partners	9,534,745	-	-	9,534,745	10,059,000	2,650,135
Activity Costs	46,854,430	446,795	382,777	47,684,002	50,306,000	38,919,514
Consultants fee costs	11,851,714	474,113	11,022	12,336,849	11,953,000	9,716,796
Travel/lodging/per diem expenses Consultants	348,977	-	-	348,977	338,000	213,781
Local Service Providers costs	4,241,557	-	-	4,241,557	4,110,000	4,420,948
Travel/lodging per diem expenses LSPs	103,783	-	-	103,783	100,000	409,303
Consultants and LCB Costs	16,546,031	474,113	11,022	17,031,166	16,501,000	14,760,829
Gross Salaries	22,093,331	1,167,884	3,383,466	26,644,681	27,373,000	22,653,882
Social Securities	576,889	85,233	1,230,326	1,892,448	1,944,000	1,798,845
Pension Premiums	1,866,670	89,568	840,793	2,797,031	2,874,000	2,547,850
Staff costs and allowances	8,281,007	310,738	202,412	8,794,157	9,035,000	8,794,321
Associate Advisor Costs	892,554	837	137,482	1,030,873	1,059,000	1,615,977
Staff Costs	33,710,451	1,654,260	5,794,479	41,159,190	42,285,000	37,410,875
Office material costs	940,047	12,332	(197,976)	754,403	741,000	564,815
Communication costs	905,005	61,004	71,593	1,037,602	1,019,000	1,066,671
Equipment costs	1,556,482	5,297	846,392	2,408,171	2,364,000	1,841,981
Inventory costs	94,027	-	292	94,319	93,000	60,656
Office space costs	1,333,015	136,590	250,656	1,720,261	1,689,000	1,643,861
Other building costs	1,455,651	14,667	31,832	1,502,150	1,475,000	1,286,787
Depreciation Costs	435,357	5,465	447,495	888,317	870,000	977,002
Facility Costs	6,719,584	235,355	1,450,284	8,405,223	8,251,000	7,441,773
Depreciation vehicles	373,341	-	-	373,341	370,000	450,841
Purchase project vehicle	1,007,154	-	-	1,007,154	1,000,000	641,516
Maintenance vehicles	575,739	-	120	575,859	570,000	580,344
Insurance Vehicles & Other Vehicle Costs	293,399	-	106	293,505	290,000	284,703
Fuel SNV Vehicles	772,374	-	-	772,374	770,000	714,579
Rent Vehicles + Fuel + Other Costs	500,603	-	-	500,603	500,000	355,128
Vehicle Costs	3,522,610	-	226	3,522,836	3,500,000	3,027,111
Professional training (incl travel and lodging)	65,024	-	151,379	216,403	240,000	212,789
Expenses Meetings	419,875	30,489	109,197	559,561	850,000	838,580
(travel and lodging expenses excluded)						
Subscriptions, contributions and literature	103,927	23,130	87,842	214,899	240,000	153,405
Audit costs	827,442	27,092	657,060	1,511,594	1,500,000	1,012,601
Support staff Consultants (NOT personnel cost)	93,526	-	387,013	480,539	540,000	1,333,750
Legal support	117,643	17,857	26,864	162,364	180,000	173,640
Bank costs	223,245	7,938	12,029	243,212	270,000	202,159
Bad debtor expenses	2,798,193	189,820	149,240	3,137,253	20,000	13,273
Publications and information costs not assignment rel	254,460	-	12,291	266,751	300,000	287,458
Publicity costs other than publications	177,984	-	24,708	202,692	230,000	115,613
Other General costs	1,922,263	204,224	(25,460)	2,101,027	787,000	485,836
Other General Costs	7,003,582	500,550	1,592,163	9,096,295	5,157,000	4,829,104
Total Project Costs	114,356,689	3,311,073	9,230,950	126,898,712	126,000,000	106,389,206

The depreciation reported under facility costs include €285,395 amortisation of intangible fixed assets.

Budget versus Actual Figures

The realised 2018 project expenditures were 101% of the total projected expenditures. This includes a four percent underspend in the Activity costs and a large overspend in the other general costs. This is due to one-time unrecoverable project receivable write-offs and provision for unrecoverable costs. Of the total 2018 expenditure, Activity costs and Staff costs were 38 % and 32% respectively. Together these cost categories represent 70% of the total cost. Consultants and Local Service Provider costs represented 13% of the total expenditure, Facility and other general costs represented 7% each. Vehicle costs accounted for 3% of the total 2018 expenditure.

GSU spend

GSU expenditure in 2018 was €9.2 million. This is on budget. It is a slight decrease from 2017 (€9.3 million). Staff costs represented 63% of the GSU expenditures in addition to facility costs (16%) and other general costs (21%).

SNV USA

SNV USA revenues were €10.9 million, compared to €10.8 million in 2017. The direct and indirect SNV USA office expenses amounted to €3.2 million (up from €2.4 million in 2017). SNV USA had a net deficit of €0.42 million mainly due to one-time bad debts provision on several project receivables.

Provisions

In 2018 a net provision of €1.9 million was recognised in 2018 and related to the liquidation of partners/ subcontractors; termination of contract by convenience; closing of South America based operations structure; exposure to withholding taxes and exposure on disallowable and other non-refundable costs for legacy projects.

Write offs

A write off of €2.8 million was recognised in 2018. This is a result of the resolution of legacy issues. Though a part of these issues date from before 2018, most of these became only apparent during the balance sheet clearing exercise at the end of 2018, after the migration to the new ERP system SAP by Design, a cloud based solution, was completed.

Other Disclosures

Average number of employees

During 2018, 1,267 (2017: 1220) employees (Including 18 US (2017: 13 employees) were employed on a full-time basis. Of these employees, 1,190 were employed outside the Netherlands (2017: 1,143).

Audit fees

Audit and other fees invoiced and expensed in the year 2018 amounted to €1,511,594 (2017: €1,012,601).

BDO Audit fees (including VAT)

	Fee for audit of the financial statements	Fee for other audit services	Fee for fiscal advisory	Fee for non-audit services	Total
2017	76,395	85,008	-	-	161,403
2018	497,721	106,480	-	11,398	615,599

The method of presentation changed compared to the 2017 Annual Accounts. The table shows the actual cost based on the date of invoices received while in the 2017 Annual Accounts it shows the total cost for the audit of that year.

Remuneration of CEO and Managing Board Members and Supervisory Board of SNV Foundation

Remuneration of CEO and Managing Board

All managing board salaries for 2018 were based on a contractual workweek of 40 hours and were within the WNT norm.

Details of 2018

MB member	M. van Ginneken	M. Farkas	H. Heijdra	M. Ritchie	T. Derksen	A. de Jager	A. van den Ham
Function	CEO	MD	MD	MD	MD	MD	Ex CEO
<i>Employment contract:</i>							
Duration	Permanent	Permanent	Permanent	Permanent	Permanent	Permanent	Permanent
Period of service	Jan 1-Dec 31	Jan 1-Dec 31	Nov 1-Dec 31	Jan 1-Dec 31	Jan 1-Dec 31	Jan 1-Dec 31	
Full time percentage	100	100	100	100	100	100	
<i>Remuneration:</i>							
Gross salary, incl holiday allowance & year end	127,197	127,312	19,019	122,373	122,373	117,639	
	127,197	127,312	19,019	122,373	122,373	117,639	
Settlement of outstanding leave and others	0	0	0	0	0	0	19,500
	127,197	127,312	19,019	122,373	122,373	117,639	19,500
Pension (employer)	18,513	18,217	2,564	19,624	24,760	11,461	
Total remuneration 2018	145,710	145,529	21,583	141,997	147,133	129,099	19,500
<i>Individual WNT-maximum</i>	<i>174,000</i>	<i>174,000</i>	<i>29,000</i>	<i>174,000</i>	<i>174,000</i>	<i>174,000</i>	<i>75,000</i>

Details of 2017

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

In 2017 there was an 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. Allert van den Ham voluntarily stepped down as CEO of SNV as per 1st of January 2018. He remained in service of SNV as Country Director SNV Laos. During 2018 Mr van den Ham received a one-time payment of €19,500.

Remuneration of Supervisory Board

Details of 2018

SB Member	J. Richelle	B. ter Haar	W. van Niekirk	E. Vinke-Smits	R. de Jong	M. van Reisen
Function	Chairman	Vice Chairman	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	-	-	-	-	-	-
Total remuneration 2018	5,400	4,800	4,200	4,200	0	4,200
<i>Applicable WNT maximum</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 2017

SB Member	J. Richelle	B. ter Haar	W. van Niekirk	E. Vinke-Smits	R. de Jong	M. van Reisen
Function	Chairman	Vice Chairman	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	-	-	-	-	-	-
Total remuneration 2017	5,400	4,800	4,200	4,200	0	4,200
<i>Applicable WNT maximum</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 2018. Nor were remunerations paid that were or had to be disclosed based on the WNT in previous years. In 2018 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 SNV USA).

ASSETS	2018	2017
Intangible Fixed Assets		
Global Systems Upgrade	847,343	1,132,738
	<u>847,343</u>	<u>1,132,738</u>
Tangible Fixed Assets		
Terrains and Buildings	560,540	637,194
Vehicles	499,356	533,444
Equipment	144,416	320,020
Furniture and Fixtures	183,906	402,108
	<u>1,388,218</u>	<u>1,892,766</u>
Financial Fixed Assets	<u>522,690</u>	<u>1,006,476</u>
	522,690	1,006,476
Current Assets		
Project Funding Receivables	10,740,909	24,076,363
Other receivables	671,812	862,181
Prepayments & Accrued income	<u>7,760,234</u>	<u>6,378,961</u>
	19,172,955	31,317,505
Cash & Bank	<u>78,783,148</u>	<u>71,207,904</u>
	78,783,148	71,207,904
Total Assets	<u>100,714,354</u>	<u>106,557,389</u>

LIABILITIES	2018	2017
Reserves		
Continuity Reserve	32,715,308	32,715,308
Free Reserve	4,579,999	5,443,629
Earmarked Reserve	190,215	1,587,351
	<u>37,485,522</u>	<u>39,746,288</u>
Provisions	<u>1,999,828</u>	<u>1,892,881</u>
	1,999,828	1,892,881
Current Liabilities		
Project Funding Payables	48,651,684	54,904,453
Creditors	5,866,108	2,717,897
Accrued Expenses	4,869,258	5,210,212
Taxes & Social Securities	1,249,826	1,369,483
Pensions	<u>592,128</u>	<u>716,175</u>
	61,229,004	64,918,220
Total Liabilities	<u>100,714,354</u>	<u>106,557,389</u>

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 countries, excluding SNV USA).

	Realised 2018	Budget 2018	Realised 2017
Income			
Project Revenue	120,178,974	122,500,000	104,346,245
Other non-project Revenue	836,164	-	741,978
Interest received	15,967	-	284,675
Total income	121,031,105	122,500,000	105,372,898
Spend implementation projects			
Activity Costs	(46,854,431)	(49,600,000)	(38,436,406)
Consultants & LSPs	(16,546,031)	(15,990,000)	(13,659,370)
SNV Staff Costs	(33,710,451)	(35,210,000)	(30,708,843)
Facility Costs	(6,719,584)	(6,500,000)	(7,251,465)
Vehicle Costs	(3,522,610)	(3,500,000)	(3,027,111)
Other General Costs	(7,003,582)	(3,500,000)	(1,272,640)
Total projects implementation costs	(114,356,689)	(114,300,000)	(94,355,835)
Country result excl GSU	6,674,416	8,200,000	11,017,063
Workforce Costs	(5,794,479)	(5,800,000)	(5,886,362)
Other GSU Costs	(3,436,471)	(3,400,000)	(3,404,744)
Total GSU expenditures	(9,230,950)	(9,200,000)	(9,291,106)
Operating result including GSU costs	(2,556,534)	(1,000,000)	1,725,957
Financing costs incl FX	295,768	(500,000)	(1,653,791)
Net result	(2,260,766)	(1,500,000)	72,166
Withdrawal from Free Reserves	(1,695,622)	(1,000,000)	760,070
Withdrawal from Earmarked Reserves	(565,144)	(500,000)	(687,904)
	(2,260,766)	(1,500,000)	72,166

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

EUR	Terrains	Buildings	Renovation Buildings	Vehicles	Equipment	Furniture & Fixtures	Total Tangible Fixed Assets
<i>Purchasing value</i>	162,483	1,292,808	598,087	4,446,990	3,724,022	1,628,930	11,853,319
<i>Cumulative depreciation</i>	-	(1,030,228)	(385,956)	(3,913,546)	(3,404,002)	(1,226,822)	(9,960,554)
Book value	162,483	262,580	212,131	533,444	320,020	402,108	1,892,765
31 December 2017							
Investments	-	-	-	339,378	119,141	11,444	469,963
Disposals (purchase value)	-	(10,005)	(39,362)	(401,715)	(280,358)	(34,700)	(766,140)
Disposals (cum. Depreciation)	-	9,075	39,362	401,590	277,701	34,700	762,428
Depreciation	-	(22,446)	(53,278)	(373,341)	(292,087)	(229,646)	(970,798)
Movement in year	-	(23,376)	(53,278)	(34,088)	(175,603)	(218,202)	(504,547)
Net Book Value	162,483	239,204	158,853	499,356	144,416	183,906	1,388,218
31 December 2018							
Purchasing Value	162,483	1,282,803	558,725	4,384,653	3,562,805	1,605,674	11,557,143
Cummulative depreciation	-	(1,043,599)	(399,872)	(3,885,297)	(3,418,389)	(1,421,768)	(10,168,925)
Net Book Value	162,483	239,204	158,853	499,356	144,416	183,906	1,388,218
31 December 2018							

Reserves

EUR	Continuity reserve	Free Reserves	Earmarked Reserve	Total
Reserves as at 1st January 2018	32,715,308	5,443,629	1,587,351	39,746,288
SNV Foundation result	-	(2,260,766)	-	(2,260,766)
Fixed Assets earmarked reserves	-	565,144	(565,144)	-
Portion identified as non-utilized	-	831,992	(831,992)	-
Total as at 31 December 2018	32,715,308	4,579,999	190,215	37,485,522

Commitments and Contingent Liabilities

Please refer to Note 15 of the Consolidated Balance Sheet.

Average number of employees

During 2018, 1249 employees were employed on a full-time basis at SNV Foundation (2017: 1204).
Of these employees, 1172 were employed outside the Netherlands (2017: 1120).

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 2018

Our opinion

We have audited the financial statements 2018 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 2018 and of its result for 2018 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:

1. the consolidated and company balance sheet as at 31 December 2018;
2. the consolidated and company profit and loss account for 2018; and
3. 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, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

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 contains other information that consists of:

- the managing board report
- the other information on page 71

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 misstatements;
- 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. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements

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 managing 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 fraud or error.

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, 4 June 2019

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

DRS. T.H. DE REK RA

Colophon

Concept and design

Haagsblauw

Text

SNV Netherlands Development Organisation

Print

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