



**CNVP Annual Report  
2013  
Including Financial Accounts for  
4 July 2012 – 31 December 2013**

**Connecting Natural Values & People Foundation - Netherlands**

a legacy organisation of **SNV** in the Balkans

**CNVP Annual Report 2013,  
Including Financial Accounts for  
4 July 2012 – 31 December 2013**

**Table of Contents**

<b>Abbreviations</b> .....	<b>1</b>
<b>Foreword of the Foundation Board</b> .....	<b>2</b>
<b>Part I: Annual Report</b> .....	<b>3</b>
<b>1 Introduction</b> .....	<b>3</b>
<b>2 Summary</b> .....	<b>3</b>
<b>3 Our CNVP direction and developments</b> .....	<b>4</b>
<b>4 Background and context</b> .....	<b>5</b>
<b>5 Project progress and results</b> .....	<b>6</b>
<b>6 Business Development</b> .....	<b>14</b>
<b>7 Human Resource Development and Internal Organisation</b> .....	<b>18</b>
<b>Part II: Annual Accounts</b> .....	<b>21</b>
<b>Introduction - CNVP First Annual Accounts</b> .....	<b>21</b>
<b>Balance Sheet</b> .....	<b>23</b>
<b>Accounting principles</b> .....	<b>26</b>
<b>Notes to the Balance Sheet at 31 December 2013</b> .....	<b>29</b>
<b>Notes to the Statement of Financial Performance</b> .....	<b>35</b>
<b>Constitution of the Board</b> .....	<b>42</b>
<b>Other Information</b> .....	<b>44</b>
<b>Auditor's Report</b> .....	<b>45</b>

## Abbreviations

BD:	Business Development
CBO:	Community Based Organisation
CNVP:	Connecting Natural Values & People
EC:	Employee Council
EU:	European Union
HR:	Human Resources
IPARD:	Instrument for Pre-accession Agriculture and Rural Development
LGt:	Local Government
NACFP:	National Association of Communal Forests and Pastures
NAPFO:	National Association of Private Forest Owners
NRM:	Natural Resource Management
PEFC:	Programme for Endorsement of Forest Certification
PES:	Payments for Environmental Services
RD:	Rural Development
RE:	Renewable Energy
REFORD:	Regional Centre for Forestry and Rural Development
Sida:	Swedish Development Cooperation
SFM:	Sustainable Forest Management
SNV:	SNV Netherlands Development Organisation
WB:	World Bank

# **CNVP Annual Report 2013, Including Financial Accounts for 4 July 2012 – 31 December 2013**

## **Foreword of the Foundation Board**

This is the first annual report of CNVP, a next milestone in the development of CNVP. After a successful demerger from SNV, CNVP has in the past one-and-a-half years become fully independent from SNV and grown in to a well-established organisation delivering capacity building services within forestry and related rural development aspects.

The major programmes that were coming from the SNV Balkan Forestry programme have been implemented properly by CNVP. These projects will be completed in the first part of 2014 and good progress is made on the development of the follow up projects. CNVP is well accepted by the partners as the recognised organisation continuing the programme. This showed that there is a high trust and confidence in the team and work of CNVP. The evaluations of the projects implemented indicated that the work done is relevant and has an impact on the livelihood of rural communities we are working with.

Through our capacity building programme we have worked with over 110 organisations in the region. This included 5 Ministries; especially the Ministries dealing with forestry in the countries as well it includes 18 different government agencies for forestry at national and local level. The majority of the work was with CBO (community based organisations) and their regional and national level associations. This involved a total of over 60 organisations with over 40.000 people involved. Through this cooperation and programme the sectors on family forestry and rural development are influenced with 392.000 households connected.

In 2013 we were able to gain a few smaller projects which allowed us to widen our work and build further our experience, on for example economic development with forest producer groups or environmental services.

In the coming period CNVP will continue its work in forestry especially in our cooperation with Sida. This cooperation is expected within the existing programme but enlarging as well further in the region. We will as well widen our programme on related areas such as renewable energy from wood biomass or environmental issues related to natural resource management. The current development of our strategy till 2016 will give guidance to this. We will invest in our quality of the work since the services we deliver are our selling point making a difference for the organisations and people we work with.

All this work has been made feasible by the team of CNVP and the partners we work with. The Board of CNVP thanks all that have supported in the past year and provide such dedication in striving to make this positive change.

**On behalf of the CNVP Foundation Board,**

**Michel Farkas, Chair person  
10 May 2014, The Hague**

# Part I: Annual Report

## 1 Introduction

The first annual report of CNVP is reflecting on the progress made in the 2013 against the annual plan 2013 of CNVP. The report is made with inputs from the different countries and overall input from CNVP regional. The annual accounts of CNVP include an extended first financial year including the period from inception (4 July 2012) till 31 December 2013.

The purpose of this report is to review the progress made, reflect and learn from the progress made and define the priorities that need to be addressed in the coming period. Specific attention is given to the progress on the projects implemented by CNVP and specific general areas that need to be addressed by CNVP within 2014. It also serves to provide our annual accounts and insight in the financial situation of CNVP.

## 2 Summary

The progress made during 2013 is in line with the annual plan. The project implementation achieved the expected results. This is reflected in the evaluations as well that many projects receive follow up phases. The programme is gradual growing, including a wider number of partners. The type of services provided by CNVP are acknowledged and requested by donors and partners. The organisation is functional and supportive to the advisory service delivery. Progress is made on internal organisational arrangements our finance system and business development practices are set up. Further development to improve the back office and review our internal process will continue in 2014 to assure an optimal support to our advisory practice and growing portfolio.

The main regional development focus is on economic development and EU integration. This is also reflected in the areas of CNVP; forestry, rural development and environmental services. The main issues are good governance and accountability of government institutions in forestry and rural development with a functional and responsive civil society. The forest associations in the region continue to grow and develop in their role.

At the beginning of the year 3 projects were under implementation. During the year 7 new projects were obtained. The new projects are in general smaller assignments, six of those are completed within the year. The Sida projects are well evaluated and close to the end of implementation. A cost neutral extension was agreed till March 2014, which is covering the intermediate period between the expected follow up projects with Sida. The three draft proposals are provided to Sida and expected to be finalised and contracted in April, May 2014. The WB PROFOR project is completed and follow up phase is obtained which will be implemented in 2014. The Prespa project first phase is completed, the second phase will be contracted in the coming period, the proposal is made. The NUFFIC programme is completed successfully and we started application for the next round. PEFC is almost completed and expected with follow up as well.

Business Development is progressing well. The support unit is set up and functioning and expanded with focal points in Kosovo and Albania. Advisory day management is up to level (overall day realisation 104%, with advisory days 103%). Very good results are made with billable days within the projects. An increased and deliberate focus on BD is feasible, while less on internal support is needed. CNVP Macedonia was able to gain additional two projects with paid work and be involved in a regional project. This has reduced the shortfall against the annual plan and gave a positive result of 6.400 €.

Training and personal development has increased especially in the second half of the year. An all staff meeting including team building was conducted. Still further effort is needed on planning and assessment for performance and personal development, which will be taken on in the next year.

The internal organisation is established with the EXACT finance system and time writing system. The website is functional and the Employee Council is established and functional.

Expenditure and income is in good balance and CNVP has increased its financial stability. The first annual accounts and financial statements of CNVP are referring to the extended financial period of 1 July 2012 till 31 December 2013. These are provided in the second part of the report.

### **3 Our CNVP direction and developments**

The progress made during 2013 is in line with the direction set out in the annual plan. The programme is implemented according to the plan and achieved the required results. This was especially visible by external evaluations and missions reviewing the projects implemented. The two large Sida projects are almost completed; these will be completed fully in the first months of 2014. Specific attention is given within especially the Sida project to learning and documentation of the results made within the projects. Since these projects will come to an end they require proper documentation for evaluation and closing of the projects as well to support the development of the follow up projects. We obtained a very good evaluation of results of the Sida projects and approval of all progress reports as required for all projects.

The good implementation of the programme strengthened our track record and increased our expertise recognized. CNVP is known for its expertise. This is confirmed by evaluations and partners continuing to work with us. During 2013 the existing projects of Sida and the WB PROFOR continued while we obtained six new projects of different sizes. Through this we achieved an increase of relationships with different donors and cooperating partners. There is a continued interest and demand for services related to a thematic expertise combined with capacity development and local knowledge. The Swedish Government has expressed the interest to continue the cooperation and the process of development of the new projects is well on its way. The WB PROFOR project was extended for the Albania case on watershed management and environmental services.

This development confirms that specialised forestry, natural resource management (NRM) and rural development services in a capacity building context are needed. We are known for our forestry expertise especially related to rural communities (communal, family and private forestry) and being able to link this to capacity development of local organisations. In the new projects implemented in 2013 we can see that cooperation is especially made with others because we are linking our knowledge with practice and field based approaches and have in-depth understanding of the local context.

The demand for specialised services offers a good opportunity to activities in respective areas that are necessary in the region or specific countries. This selling point of CNVP is used within our business development. We started orientation to widen our programme in the region. For the moment this is focused on Montenegro and Serbia and using the Sida new project proposal development as a base.

The annual plan of 2014 is completed at the end of the year and based on the general directions provided from the Board and overall discussion within CNVP a start is made with CNVPs future strategy. The strategy is for three years and will be completed in the beginning of 2014.

The overall priorities and specific actions were set for 2013 were:

*- Establish CNPV as a flexible, functional and market oriented organisation*

The back office and support systems for CNPV are established and in use (systems for finance, time writing and the final drafts for finance and administration manual and the personnel manual). The manuals will be completed in the beginning of 2014.

Business Development Unit is established with BD practices on tracking opportunities, profiling and updating organisational capacities. A functional website is made for CNPV.

*- Assure to keep our high performing and motivated team providing services with passion and quality*

The full team remained within CNPV. Learning and personnel development is undertaken, among which team building with the full team and some specific training. Specific budget is provided for learning. Increased effort is still needed. Personal development plans linked to performance and results will be prepared from 2014 onwards.

The planning process is completed within 2013 and a start is made with the new strategy for CNPV, which includes specific attention on quality assurance on advisory practice and learning.

*- Consolidation of the existing programme assuring excellent implementation of our current contracts*

CNPV is implementing the full programme according to plan and achieving the results as needed. No major challenges or deviations occurred. The external project evaluations confirm this and value the quality of the advisory service and approaches.

Minor project implementation issues were addressed adequately. The WB PROFOR project that suffered delay in the beginning of the year was completed successfully and in time. The positive results led to a follow up project signed with the WB at the end of the year. Within the Sida Kosovo project the implementation with ERA NGO regarding the biomass heating system was changed and implemented with a primary school. The heating system is installed, while ERA completed all other activities.

*- Expansion of our programme securing new projects within the programme and enlarging in the direct region*

Our business development shows good progress, 7 new projects/assignments were gained and the process for follow up on the Sida project is going well. The draft proposals are submitted to Sida at the end of the year. All is in line for assuring the project within 2014. The cost neutral extensions of the existing Sida projects cover the intermediate period.

A start is made with investigation for the programme of CNPV in Montenegro and Serbia. Use is made of our existing network with (private) forestry organisations. Within the Sida regional project, on Sida's request, the expansion to the wider region is included in the proposal. The CNPV Board is informed and will engage for the actual contracting with Sida and expansion in within 2014.

## **4 Background and context**

Economic development and the process of EU integration remain the main priority areas for the region. Corruption and high influence of politics, with relatively weak law enforcement remain general areas of concern. This is also reflected on forestry, rural areas and environmental issues. For example out migration of rural areas, illegal logging in forestry, corruption, limited harmonisation between forestry, rural development and environment and weak service provision in forestry.

Reforms are ongoing to address the problems. The requirements of EU are in general supportive and often used by gradually strengthened civil society groups such as the forestry associations in their effort for forestry and rural development reforms. Although, ongoing legislative reforms are progressing very slowly. Both the forest law reforms in Albania and Kosovo are problematic and with limited stakeholder involvement. The forest law development process is delayed again in Kosovo and is only expected to be finalised after the elections in 2014. In Macedonia the forest law is constantly under revision, partly due to pressure from the private forest owners. From July 2013, competences for delivering services to private forest owners were transferred from the State Forest Company to licensed forestry engineers. The national elections in Albania in the summer of 2013 slowed down reforms. The ongoing process on institutional reform in the forestry sector and the forest law revision is unclear. Many changes are expected in 2014 on the State structure in forestry. Also people in the Ministry changed which effected contacts which are now gradually build up again. Local elections in Macedonia had limited influence in the reforms, except for some local contacts at municipal level, which for example is slowing down the focus on biomass and renewable energy opportunities with municipalities. National elections are expected in both Kosovo and Macedonia during 2014.

Decentralisation is continuing gradual and local government is held more and more accountable but remain weak still in governance and with limited resources and capacities. However the role of local government in forest management in Albania and Kosovo is supportive to the process and brings the management closer to the rural communities and enables their involvement. The sustainability of associations remains a concern. Currently these organisations are still depending on major external financial support for their activities. Focus on (economic) service provision is gradually increasing. Macedonia's forest association is a positive example on service provision. The general focus of governments on rural economic development and supporting producer groups is supportive to this. However the inclusion of forestry in such programmes, like IPARD is very limited. The EU policy has an increased focus on forestry and renewable energy from wood biomass in its policy. The Rural Development Sector in Macedonia has included three forest measures for private forestry in the National programme for RD 2014. Implementation of this will only be seen in 2014 since details for applying for the measures are still in development. In Albania and Kosovo also development of the RD 2014 programmes are made but until now not forestry measures included. REFORD and the associations continue the pressure and lobby using the EU policy and developments.

Regional cooperation and networking is limited in forestry and rural development. It mainly remains on project opportunities such as EU CBC programme (e.g. the requested involvement of NAPFO Macedonia by a Greek partner). REFORD is a positive example in regional cooperation. REFORD has enlarged its membership including Croatia and Bosnia and is becoming increasingly a regional network organisation representing private forestry in the Balkan.

## 5 Project progress and results

The programme of CNVP has a few larger projects and several smaller projects or assignments. The implementation of the projects during 2013 is completed as planned and good progress is made on the projects. The two Sida projects are almost completed; these will be completed in March 2014. Care has been taken to complete all activities within the time frames. The reporting in this chapter is based on the projects, some are cross country and have input from different countries.

The following projects were under implementation during 2013:

- Sida AL II: Strengthening Communal Forestry in Albania
- Sida Kosovo & Regional Private and Decentralised Forestry Development Project
- WB-PROFOR SFM for Payment for Environmental Services (Regional)



- KfW-MEFW Prespa park; Improved Organisation of Producer Groups (Albania)
- NUFFIC Rural Development and EU Integration in Forestry Training to Private Forest Owners Association in Macedonia
- PEFC Forest Certification and Chain of Custody in Macedonia
- NIRAS Forestry Institutional Development, WB-MEFWA in Albania
- DAAD, Cooperative Trans boundary Learning for Ecosystem Management in Albania
- Agrotec, Protected Areas Project on Environmental Legislation in Albania

### **Sida AL II: Strengthening Communal Forestry in Albania**

Duration: 2010 June – 2013 December, extended till 2014 March  
 Area: Albania  
 Donor: Sida  
 Total budget: 4.021.600 € (Sida: 3.201.600 €, SNV contribution 820.000 €)  
 Budget planned 2013: 1.304.444 €, budget realised: 1.224.580 €  
 Total advisor days: 4.750 advisor days  
 Advisor days planned 2013: 1.575 advisory days, advisory days realised: 1.575

The implementation was in accordance with the Sida approved work plan for 2013. The project is almost completed. An extension is agreed with Sida till the end of March 2014. This was feasible due to positive exchange rate. The project has four main result areas:

#### Result 1: Improved decentralisation, management, secured property rights for forest users

A multi-stakeholder strategic planning was finalized in all pilot communes, including a village level consultation process to increase awareness and understanding of local forest and pasture development priorities (it covered 128 villages).

Local Government Units were supported with their new responsibilities for forestry:

- 13 Pilot communes prepared annual operational forestry plans;
- Due to series of regional and national events organized on the issues of property registration, 9 pilot communes have registered their property with IPRO (cadastre), 12 other non-pilot communes have registered, with 15 others in process (baseline 2011 was zero);
- The mechanism for collection of fees and tariffs in pilot communes started functioning and communes are collecting fees and tariffs. Through Commune Council agreement three communes have established reinvestment funds to support local development projects based on 70% of revenue collected. This will lead to financial sustainability independent from external financing;
- The participatory mapping process clarifying local traditional resource use arrangements into secure property rights continued in 13 pilot communes. Four of the pilot communes have formally agreed through their Commune Council to enter in agreements with users and commence issuing certificates/contracts in pilot villages. 37 agreements have been signed and 529 other waiting to be signed with families and communes. Malzi commune in Kukes is the first in the country that started this process. This is the outcome of over 14 years of lobbying and work in the sector and the first legal contracts covering family use.

#### Result 2: Improved user-orientated management strategies & income generation

- 59 farmer forest demonstration/sample plots were re-measured and 48 new plots established, monitoring productivity in various forest types and locations;
- A series of trainings are conducted in Gjirokaster region for pastures management;
- Organisational strengthening of 13 producer groups to create formal business relationships in market events and trade fairs (Diber, Shkoder, Elbasan, Korça);
- Women's economic empowerment with 12 women's producer groups through support on presentation of products for market, sharing experiences in exchange visits;
- The private forest owners association in Korça received training on management plans, strengthening the association and annual operational plans & forest fire protection, cross border learning in Macedonia and Rumania.

### Result 3: Improved and enabling policy and legal regulatory framework

- Supporting the NACFP with informal consultation process for revision of Forest Law through their working group and 6 regional consultation workshops. As a result final draft of the law is submitted to the Ministry of Environment;
- Gender awareness training provided at all levels, representation of women in decision making bodies has increased where new association elections have been conducted (3 local associations). An increase in the role of women in non-forest institutions such as village commissions and commune councils has been observed;
- Support NACFP with IUFRO international symposium on forest legal aspects held in Tirana, May 2013;
- National seminar on project communication strategy and work plan conducted in March;
- National reflection seminar in December on project finalization and issues to be address for the future;
- Event in Shkodra region in March to mark International Women's day and fair in December to mark Terra Madre Day with participation of Balkan Countries as members of Reford, including workshops, radio interviews, case studies prepared on best practice and key learning;
- A study tour in Sweden with all actors in the project was conducted in September;
- Project monitoring website designed reflecting project results, [www.cnvp-albania.org](http://www.cnvp-albania.org).

### Result 4: Improved management of National Communal Forest & Pasture areas

- Regional and district level events supported with multiple stakeholders to share the learning from project initiatives in pilot communes. Focus on property registration, users mapping, implementation of management plans, collection and use of fees and tariffs involving project and non-project communes;
- The lack of registration of land transferred to local communes was raised with Government and donors as obstacle to decentralization and securing property rights for rural families.

As agreed with Sida, the non-cost extended period January-March 2014 will focus on the finalisation of all project activities and documenting and sharing this with other stakeholders (result 4). The draft proposal for the follow up project is made and already submitted to Sida for their review.

### **Sida Kosovo & Regional Private and Decentralised Forestry Development Project**

Duration: 2009 January – 2013 December, extended till 2014 March
Area: Kosovo, Albania, Macedonia
Donor: Sida
Total budget: 4.183.141 € (Sida: 3.581.141€, SNV contribution 602.000 €)
Budget planned 2013: 943.907 €, budget realised: 1.015.762 €
Total advisor days: 4.750 advisor days
Advisor days planned 2013: 1.472 advisory days, advisory days realised: 1.569

The project is in its last year of implementation (till March 31, 2014) based on the second cost neutral extension agreed with Sida last year. The project is on track and in time with its implementation. The over-expenditure is deliberate since extra reserves are available due to positive exchange rates. The main focus of 2013 was capturing and concluding areas from the first years on impact in private forestry, decentralized forestry, development and regional cooperation.

Important was the external Sida organized project evaluation mission in April, May 2013. The evaluation was very positive and concluded that the project is achieving its results and already making impact in some areas. The main recommendation is: continue the same work with a focus on forestry but expand in wider areas.

The following specific activities were realized in the 2013:



### Kosovo forestry component

-*Improved forest planning, involving needs of communities and small forest plans.* As a result of the support of the project about 390 ha of pre-commercial thinning in beech forest and 1.244 ha coppice forest are included in Kosovo Forest Agency operation plan for 2013. This is a change since this was untreated previously. The Ministry of Labour and Social Welfare hired 723 workers for a two months period on pre-commercial thinning activities resulting in 1.160m<sup>3</sup>, firewood, supplying 500 families with firewood. A study visit was made to Bulgaria with different stakeholders of Kosovo to review the forestry institutional set up and functioning.

-*Lobbying and advocacy on the legal reform processes and integration.* The working group for the preparation of the new Law in forestry was re-established. The chairman of NAPFO is member, support is provided to address priorities of the forest owners (especially in private forest planning, harvesting and wood material transport); free licensee foresters are proposed to assist the management activities in private forest.

-*Extending of the membership on forest owners association.* NAPFO and local associations supported to establish at municipal and national level member database. Effort is made to increase women membership.

-*Gender and women empowerment.* Women sectors are established in the local forest owners associations in Istog, Novo Brde and Gjakova. First joint forest management activities are realized in Novo Brde municipality with producer groups led by women in afforestation and thinning forest operations. Regional visit made in Albania on function of women producer groups.

-*Service provision of by the associations to forest owners and users.* Preparation of concept projects for joint forest management from the associations of forest owners in Istog, Suhareke and Novo Brde.

-*Economic development (wood biomass, agroforestry, value chain for biomass).* Value chain practice on wood chips production for heating. A gridding woodchips machine is provided to NAPFO for woodchips production.

-*Innovative heating system using woodchips.* A change was made in agreement with Sida. The heating system will not be established at the ERA centre (lack of cooperation) but at elementary school in Rugova Region, Drelaj Village. With the school good progress is made; evaluation and design for the new heating system prepared, offers are being collected. Installation was realized in the end of year, and system of using wood chips from NAPFO is functional (first ever heating type in Kosovo).

-*ERA sustainable development.* The part of project implemented by ERA is finalized in end of September and final report of the project was submitted by ERA in November 2013.

### Regional Forestry component (region, Kosovo, Macedonia and Albania):

-Review on Private Forestry Cooperatives functioning in Bulgaria, Chepelare was made with associations from Albania, Macedonia and Kosovo.

-International symposium on legal framework and forest policy held in Tirana in May in joint effort with IUFRO and linking with Sida AL II and Kosovo Sida project and cooperation of NACFP Albania. The focus was on rural development and legal framework in forestry. People from over 36 countries participated especially from West and East Europe.

-Cooperation with REFORD continued to support in their networking and representation. Specific follow up is given on rural development. In line with the EU IPARD programme

forestry measures are included now more upfront in the EU RD programme. The lobby to local authorities for inclusion of forestry in the national programmes continues.

-In Albania the National Communal Forest Federation is functioning and playing an important role in the service provision towards its members. A big assignment for the period was the preparation of a database with all the basic info of the members, this to support the Federations in better relationships with member FUAs.

-SFM is promoted through establishment of specific forest models. Small scale coppice models are established in communal forests. Models of farmer forestry and good practices are provided to the associations and forest technicians. Series of trainings are delivered on fire prevention, safety in forestry, techniques of forest management etc.

-National Federation in Albania is conducting an analysis on preparation & implementation of management plans in Albania. It includes the FUA involvement in the process, how the process of consultation is done with the community and decision making regarding forests management is done. This analysis is to promote transparency, involvement, sharing of information, roles and responsibilities. It will be completed in 2014.

-Sustainable Forest Management improved to NAPFO Macedonia. Support to service provision by NAPFO for private forest owners on forestry subsidy programmes submission continued.

-NAPFO Macedonia functioning and networking. Information on webpage and newsletter to farmers continued. Annual Assembly meeting was held in June of NAPFO MK. Presentation and comparison of the 2008 Sub Sector Analysis for private forestry was done at the workshop event in Skopje.

-Wood biomass production services through NAPFO Macedonia. NAPFO has contributed to implementation of wood market study. At total 36 wood storages were visited and interviews were done in order to check their interest for buying wood from private forests in cooperation with NAPFO.

-Initial contacts are established with private forest organisations in Serbia to exchange experiences in private forest management in the region and establish regional cooperation.

-Promotion of private and family forest on fair in Berovo is done. Many different forest and family products were presented on fair exposition in front of visitors from Berovo and the region. Tools and forest machinery were presented, as well as skills in forest operation with motor chain saw. This was the first time such an event took place.

-Development of business services in the field through mediation of NAPFO. A group of forest owners received service in timber marking and transport documents on organized way. NAPFO received income from the service provider for the mediation and organization of forest owners on the field.

-In December 2013, in Shkodra the Terra Madre day was organised jointly with Sida AL project. This was an important event to get all the members of REFORD together, discuss on the importance of forestry products and develop it. During the event forestry products from the region were promoted, contacts established between members and marketing connections made. The event was broadcasted on national and international TV stations.

Follow up project as recommended in evaluation report is prepared and the draft proposal is submitted to the Sida, Swedish Embassy in Kosovo.

## **WB-PROFOR SFM for Payment for Environmental Services in Albania and Kosovo**

Duration: 2011 September – 2013 December  
Area: Albania, Kosovo  
Donor: World Bank  
Total budget: 223.175 € (WB)  
Budget planned 2013: 207.926 €, budget realised: 207.355 €  
Total advisor days: 150 advisor days  
Advisor days planned 2013: 140 advisory days, advisory days realised 187

New phase contract signed in December to be implemented during 2014 for Albania watershed management case

This project is completed with support from advisors from the whole CNVP team including Macedonia supporting in both study cases. It is a lump sum project and the realised days are a bit higher since only the main expert days were calculated in the planning, but wider involvement from others was needed as well. All study inputs were completed in time for the closure events in September despite the earlier delay. The project is completed by the end of September and final reporting was made in October and approved by the WB. The overall outcome of the study, the effect of SFM in environmental services and options for payment schemes in the two cases was perceived very positive. The WB requested a continuation of the study case in Albania on watershed management. A new contract is made and signed at the end of 2013, this study will continue till September 2014.

### Kosovo wood biomass case:

Closure workshop held in September in which all study aspects were presented to all stakeholders:

- The wood biomass utilisation household survey.
- Three building surveys on energy efficiency and potential for wood biomass use as renewable energy source.
- Value chain assessment on wood biomass production in Kosovo.
- Wood biomass potential analysis and SFM practices for wood biomass production.

### Albania watershed management case:

Close workshop held in September in which all study aspects were presented to all stakeholders:

- The erosion monitoring using and the effect of land use on erosion and runoff.
- The Ulza bathymetry measurement, Ulza watershed description and mapping and flooding and landslide study.
- SFM practices and their potential in the watershed.
- The down and up-stream stakeholder analysis and their perception on environmental services.
- General overview of PES schemes.

All product documents are completed and provided on the project website: [www.cnvp-wbprofor.org](http://www.cnvp-wbprofor.org). The results are quite promising for both cases and give good options for governments, donors and other stakeholders to use when supporting environmental services. The WB, jointly with the government of Albania likes to include the Ulza Watershed as a concrete case on payment of environmental services in the next WB project. This is why also the study is continuing as interim till the larger WB forestry project will start.

### **KfW-MEFW Prespa Park; Improved Organisation of Producer Groups (Albania)**

Duration: 2012 December – 2013 July, extended till November  
Area: Albania  
Donor: KfW  
Total budget: 19.260 € KfW - MEFW  
Budget planned 2013: 19.260 €, budget realised: 19.260€  
Total advisor days: 60 advisor days  
Advisor days planned 2013: 60 advisory days, advisory days realised 58

The implementation of this project started in the beginning of 2013 and relates to an initiative to support the formation and capacity building of a Marketing Organisation and develop a "Prespa" brand as a means to promote development in the Prespa National Park, Albania. The brand will be composed by different representatives of different producer groups and service providers operating from within the park area to reinforce the direct benefits of the Park and support local economic development.

The main activities of the project have been focused on:

- Identification of products in the territory of Small Prespa as part of Prespa National Park
- Support to establish the basket of products in Prespa National Park
- Conduct preliminary market analysis
- Training on marketing organization as opportunity for the producers groups
- Awareness meetings with the producers to get organize in a marketing organization
- Capacity development plan for producers groups and MO
- Conduct joint meetings to agree on cooperation
- Support the process for business plan
- Monitoring of functioning of Prespa Lake fishermen management group
- Involvement of Prespa fishermen organization in Marketing Organization
- Start discussions with donors/investors on: identify markets, manage facilities and organizing the use of the facilities (schedule bases).

The fishermen producer group was added on request of the KfW project management team. The project proposal includes two phases. The first phase is completed and the final report is submitted to the donor in December. At the same time negotiations started for preparation and implementation of the second phase of the project that still are on-going.

### **NUFFIC Rural Development and EU Integration in Forestry Training to Private Forest Owners Association in Macedonia Nuffic**

Duration: 2013 May – 2013 December  
Area: Macedonia  
Donor: Nuffic  
Total budget: 49.198 € Nuffic  
Budget planned 2013: 49.198 €, budget realised: 42.362€  
Total advisor days: 40 advisor days  
Advisor days planned 2013: 40 advisory days, advisory days realised 42 days implementation and 51 days preparation

In the framework of the TMT (Tailor Made Training) programme from NUFFIC a specific training for private forestry in Macedonia is delivered. This was a new project obtained in 2013. The training was directed to train representatives of NAPFO Macedonia in forestry and service provision especially on EU rural development and forestry issues. The project is implemented by CNVP advisors and involvement of CDI Wageningen trainers.

The project implementation started in May and ended in December 2013. The activities envisaged in the project were completed according the plan:

- Final selection and TNA (training needs assessment) was made with all 13 participants.

- In June first training phase was provided jointly by CDI and CNVP. This training included the ID/OS training and EU policies on Rural Development and forestry part.
- In July mid-term knowledge review was conducted with all 13 participants.
- In September study visit was organised in Bulgaria, visiting Agency of Forestry and Ministry of Agriculture and Forestry on private forest management related to rural development and EU integration processes.
- In October the training on sustainable forest management was conducted.
- Final training was in November on Project cycle management.
- In the frame of this project also on job coaching visits were conducted in all regions of NAPFO.

Project ended with final knowledge evaluation of participants and reporting to NUFFIC. From 13 participants which participated in this project 11 successfully finished the training session.

### **PEFC Forest Certification and Chain of Custody in Macedonia**

Duration: 2013 June – 2014 March Area: Macedonia, Kosovo and Albania Donor: PEFC Total budget: 10.850 € (PEFC: 6.950 €, SNV contribution 3.900 €) Budget planned 2013: 5.000 €, budget realised: 5.000 € Total advisor days: 26 advisor days Advisor days planned 2013: 19 advisory days, advisory days realised 21
---

A new cooperation is established with PEFC (Programme for Endorsement of Forest Certification). A MoU is signed for cooperation with PEFC Geneva and a work plan for a small awareness programme on certification and chain of custody in relation to EU Timber Regulation and Due Diligence System.

The implementation is almost completed in 2013. All PEFC promotional leaflet and recently published Standard Chain of Custody were provided in Macedonian and Albanian language. A training was held on PEFC certification scheme. A number of stakeholder meetings were organized in Macedonia to raise awareness on forest certification. Stakeholders were informed about the steps required for preparing National Standards for Sustainable Forest Management and their recognition at the Council of PEFC. In addition promotion of new PEFC Chain of Custody Standards was introduced as related to the requirements of EU Timber Regulation.

### **NIRAS Forestry Institutional Development, WB-MEFWA in Albania**

Duration: 2013 March – 2013 December Area: Albania Donor: NIRAS Total budget: 29.453 € NIRAS via WB/MEFW Budget planned 2013: 29.453 €, budget realised: 30.927€ (the last instalment is due) Total advisor days: 60 advisor days Advisor days planned 2013: 60 advisory days, advisory days realised 58
--

This project is implemented by NIRAS with expert (Haki and Peter) involvement from CNVP (full fee based). The proposal was already submitted in 2011 but only obtained in April 2013. The input provided by CNVP was completed in October 2013. The assignment was on the design for government institutional reform for the State forestry sector. The five planned missions and project steps are completed. NIRAS has delivered the final report to the Ministry. Due to elections and changes in the Ministry the final report is not yet approved. This is dealt with by NIRAS.

### **Expertise based short time inputs**

In the past year also two very small inputs are obtained for CNVP in two wider programmes. CNVP's expertise is requested in this cooperation and is provided in limited number of days on full fee basis.

### **DAAD project Cooperative Trans boundary Learning for Ecosystem Management**

Duration: 2013 January - December  
Area: Albania  
Donor: DAAD Programme  
Total budget: 2.499 €  
Budget planned 2013: 2.499 €, budget realised: 2.080 €  
Total advisor days: 7 advisor days  
Advisor days planned 2013: 7 advisory days, advisory days realised 7

The aim of the project is establishment of a biodiversity conservation network for academic teaching and for the support of junior researchers. Mark Rupa is providing the CNVP input on making the connection to the Shkodra lake ecosystem, which has been completed in 2013. The project has three key targets.

1. To build on existing academic lectures and learning experience across the partner universities in the field of biodiversity conservation.
2. To extend research into trans-boundary adaptive conservation management and ecosystem-based adaptation to climate change in designated biodiversity conservation regions in South-Eastern Europe.
3. To develop knowledge exchange network on cooperative trans-boundary ecosystem management with institutes, universities and sector-related organizations.

### **Agrotec, Protected Areas Project on Environmental Legislation in Albania**

Duration: 2013 March – 2013 December  
Area: Albania  
Donor: Agrotec  
Total budget: 3.000 € Agrotec via MEFW  
Budget planned 2013: 3.000 €, budget realised: 1.200€  
Total advisor days: 10 advisor days  
Advisor days planned 2013: 10 advisory days, advisory days realised 4

The Environmental Legislation project is implemented by Agrotec. Expert input from CNVP (Haki Kola) is provided on protected areas in Albania in support to the process of preparation of management plans in Dangelli (Bredhi I Hotove) National Park and Koritnik Korab PA, Thethi National Park, Valbona Valley National Park and Gashi River Strict nature Reserve. This input is partly realized. Limited days for field identification and reporting on management plans preparation of Dangellia NP and Koritnik Korab PA are realized. The remaining of the field work for Thethi National Park, Valbona Valley National Park and Gashi River Strict nature Reserve is not organized by Agrotec. No further input from CNVP will be needed on this assignment.

## **6 Business Development**

Ongoing business development and widening the funding streams was the main priority in 2013. The transferred projects gave a good base, but continuation and widening with new business is needed to have a sustainable programme.

During 2013 CNVP was awarded six other contracts, increasing the number of projects involved to nine. The six new projects were financed by various donors and ranged in different sizes. The two Sida projects were extended till March 2014 and an additional



follow up phase was awarded on the WB PROFOR SFM PES project with implementation in 2014.

Most of the new contracts are of smaller nature. They are important for widening the resource base and building the experience and profile of CNVP. For a long term sustainable full fledge programme some larger projects are needed as well. Hence for a long term sustainable programme the acquisition of the new SIDA projects (AL, KO & Regional) in 2014 are most important. Three draft project proposals, Kosovo, Albania and a regional one, were prepared and submitted to Sida in December 2013. This was done in a joint project proposal development process to assure successful completion of the proposals and harmonisation of the three proposals, including expansion of the work in the region as requested by Sida. The proposals are under review with Sida and will be adopted based on comments. The expectation is to complete the process and start implementation of the Kosovo and Albania project in the beginning of May. The regional Sida project will delay slightly due to Sida's internal process; implementation is expected for the regional project after the summer in 2014. The process is done in close cooperation with Sida.

The following project proposals were submitted to Sida for the period 2014-2018.

- **Strengthening Sustainable Private and Decentralised Forestry (SSPDF)**, in Kosovo, 4 years, 3,6 million € (cost share 15%) with 5.400 advisory days
- **Forests for Local Economic Development (FLED), in Albania**, 4 years, 5,75 million € (cost share 20%) with 7.700 advisory days
- **Connecting Family Forests (CFF)**, in the Balkan region (AL, KO, MK, MNE, SRB), 4 years, 1,83 million € (cost share 16%) with 2.850 advisory days

The current Sida projects were extended with a cost neutral extension, which was possible due to the positive exchange rate from SEK. These extensions allow us to continue activities in the first three months of 2014 and to cover the period till the new projects will start.

We engaged with few new donors and partners widening the resource base and continued to focus more on the wood biomass and PES (payment for environmental services) and rural development work.

During 2013 we pursued on 13 project initiatives. The pipeline has grown gradually during 2013 and is constantly developing. During 2013 we gained 7 new projects/assignments of which the last one, the follow up phase on the WB PROFOR Study on PES is just signed in December and actual activity implementation starts in January 2014. The other six assignments granted are: KfW Prespa park project on producer groups; PEFC awareness on forest certification; Forestry Institutional Development within WB forestry project with NIRAS; NUFFIC for private forestry training programme with CDI Wageningen and the small expert inputs: DAAD regional programme on ecosystems in Shkodra, Albania and Protected Areas in Albania with Agrotec.

The total budget of the gained projects is about 176.500 € of which about 93.000 € is for CNVP advisory fees. This amount is not very significant but important regarding the confidence of donors granting assignments to CNVP and widening our profile. On the other hand the amount for CNVP Macedonia is significant and provided a positive result for 2013 (refer further below in the section on Macedonia).

Country	Pipeline January 2013	Gained projects	Pipeline January 2014
Albania	8	4 (NIRAS, KfW Prespa, DAAD, Agrotec)	6
Macedonia	1	2 (PEFC, NUFFIC)	2
Kosovo	2		2
Regionally	2	1 (WB PROFOR II)	2
<b>Total</b>	<b>13</b>	<b>7</b>	<b>12</b>

Country	Project under implementation January 2013	Projects under implementation December 2014	Finished projects during period
Albania	1 (Sida AL)	1 (Sida AL)	4 (NIRAS, KfW Prespa, DAAD, Agrotec)
Macedonia		1 (PEFC)	1 (NUFFIC)
Kosovo	1 (Sida KO + reg)	1 (Sida KO + reg)	
Regionally	1 (WB PROFOR)	1 (WB PROFOR II)	1 (WB PROFOR)
<b>Total</b>	<b>3</b>	<b>4</b>	<b>6</b>

We started with three projects coming from the demerger. During 2013 we completed 6 projects and have 4 projects under implementation at the end of 2013. The pipeline includes 11 project opportunities of which the three new Sida proposals are the most important. Next to these it includes the new upcoming ESP (Environmental Services Project) WB forestry project, Nuffic Tailor Made training and EU Cross border proposal.

Regarding the advisory service results the table below provides the total overview of time allocated.

Country	Total working days plan	Total working days actual	%	Adv. days plan	Adv. days actual	%	Strat & Pos	Strat. & Pos actual	%
Albania	2420	2510	104%	2024	2013	99%	79	12	16%
Kosovo	1320	1384	105%	1050	1076	103%	75	63	84%
Macedonia	570	578	101%	260	361	139%	45	45	100%
Netherlands <sup>1</sup>	220	246	112%	125	120	96%	25	52	209%
<b>Total</b>	<b>4530</b>	<b>4718</b>	<b>104%</b>	<b>3459</b>	<b>3571</b>	<b>103%</b>	<b>224</b>	<b>173</b>	<b>77%</b>

<sup>1</sup>: This is only Peter, Executive Director working on behalf of whole CNVP

Overall working days realisation for 2013 is 104% and according to annual plan (see table). The overall advisory days are 103% and this was expected due to many activities in all three countries during the months September-December. The overall advisory days are 3% higher expected due to new gained projects and additional days made for the Sida Kosovo & regional project.

Country	BD plan	BD actual	%	% Total days vs BD actual	Lear ning	Lear ning days actual	%	Sup- port	Sup- port days actual	%
Albania	152	68	45%	3%	110	87	79%	55	330	600%
Kosovo	100	47	47%	3%	60	35.5	59%	35	163	464%
Macedonia	223	137	61%	24%	27	8	29%	15	27	179%
Netherlands <sup>1</sup>	45	51	113%	21%	10	1	10%	15	21	142%
<b>Total</b>	<b>520</b>	<b>302</b>	<b>58%</b>	<b>6%</b>	<b>207</b>	<b>131</b>	<b>63%</b>	<b>120</b>	<b>541</b>	<b>451%</b>

<sup>1</sup>: This is only Peter, Executive Director working on behalf of whole CNVP

BD days are with 58% realisation from the planning. Most of the days were designated for SIDA projects planning. Also the focus on strategy and positioning is under the plan. On the other side the time allocated on support is much higher than planned. This is mainly due for the teams in Albania and Kosovo. Partly this is due to writing time and grouping issues in support that should be allocated to BD and strategy & positioning. It is however also a focus issue. This is one of the reasons why specific BD focal points are appointed at

the end of 2013 for Albania and Kosovo. Further attention will be given by management on BD in 2014.

The learning is lower as expected since we are not up to date with making the personal training plans. As mentioned there is a high percentage on other support processes and low realisation on days for strategy and positioning; better time registration is needed; to avoid filling in too easy support activities.

### **Business Development Unit**

Business Development (BD) is part of the whole organization but specific attention and structure is set up by the management. BD is under the leadership of the management with final responsibility of the Executive Director. Specific support is provided to a small BD unit in which especially the Regional Finance Administrator and two advisors for the Macedonia team contribute. Initially the Advisors Anela Stavrevska and Voislav Todorov will continue supporting the BD with 10-20% of their advisory time. At the end of 2013 it was decided to further strengthen the BD unit with focal points for Albania and Kosovo. Albana Cule will do this for Albania and Sebiha Ramaxhiku and Ardita Dinaj for Kosovo.

The following main achievement has been accomplished:

- BD unit set up with Executive Director leading, 2 Advisors (20%) for Regional and MK, focal points BD for Albania and Kosovo (10%), finance support from Regional Administrator,
- CNVP's PADOR registration was completed and with CNVP formal existence from 4 July 2012 we are now eligible to apply on EU project calls,
- Regional Finance Administrator calculated the daily rates of each advisor, based on the planned budget for 2013,
- Pipeline is maintained and regular updated and project opportunities are regularly reviewed and given follow up and shared with MT,
- CNVP Macedonia team made initial contacts with PFO association and other stakeholders from Serbia exploring the possibilities for geographical expansion of CNVP work,
- CNVP website is active and systematically filled with information,
- Project references compiled and CV's have been updated, regular updating will be made,
- Prepared business development forecast for the period of 2014-2018,
- Three new project proposals (Kosovo, Albania and Regional) have been submitted to Sida.

For the coming period to support our BD the following priorities have been identified:

- Further increase clarity on the different roles, steps and process regarding BD
- Widen the resource base, through active screening and application to different donors and funds with priority to EU opportunities
- To monitor functioning of the BDU and control if is done what is agreed
- Widen our focus on forestry related areas regarding environment and nature conservation, wood biomass and renewable energy and climate change issues
- Improve CNVP visibility by participation on events, prepare promotion materials and expand our network.

### **Macedonia and regional programme development**

Specific attention was put in the 2013 plan regarding the Macedonia programme since it was lacking on implementation and revenues foreseen. During 2013 we managed to gain sufficient additional work for CNVP Macedonia which provided the positive result of about 6.400 € compared to 2013 plan with had a predicted loss of about 42.300 €. The opportunities in Macedonia are smaller but including regional work gives sufficient base to a sustainable programme. Two new projects were gained in 2013, NUFFIC and PEFC

adding to the business for CNVP Macedonia. The follow up on the WB PROFOR project also includes advisory work from the CNVP Macedonia team.

In the 2013 annual plan a total of 35 unallocated days for new projects were reserved. These were fully used with NUFFIC engagement and the PEFC awareness project. In total is provided for 43 additional billable days to CNVP Macedonia in 2013. Within the Sida Kosovo & regional project additional work was allocated at the end of 2013. The total additional work covered the budget gap for 2013.

For the longer term sustainability of the CNVP programme a continued combination of smaller country level projects and engagement in regional projects is foreseen. Several project opportunities are in the pipeline. There are country specific opportunities for PEFC forest certification and a new training programme with Nuffic. In the regional opportunities there are specific Macedonia activities included in a regional project (e.g. the Sida regional Connect Family Forest project already submitted) or in which CNVP advisory work is included in a regional project such as the already gained WB PROFOR follow up project or the Sida regional activities for Montenegro or Serbia.

The envisaged regional expansion from CNVP for Serbia and Montenegro will be guided from CNVP Macedonia. During 2013 initial steps were made to assess the situation in private forestry in Serbia. Existing contacts in Montenegro were renewed and the REFORD network was used to have a workshop and field visit in Northern Montenegro. These initial steps for expanding the programme in the wider region are made for the planned expansion of the CNVP programme in Serbia and Montenegro, needed for the expected Sida project.

## **7 Human Resource Development and Internal Organisation**

The staff engagement is according to the original plan. There are 24 full time employed people in three countries (Albania 12, Kosovo 7, and Macedonia 5). The team of Macedonia includes the Executive Director and the Regional Administrator. The Executive Director has signed formally the labour contract with CNVP Board and the final settlement with SNV was done.

All positions are fulfilled. Two advisors from the Macedonia team are supporting BD on part time basis next to their advisory work, while advisors from Albania and Kosovo are appointed as focal points to contribute to BD from their country perspective. The secretariat is fulfilled via CNVP's Chair Person by the SNV Management Secretariat.

### **Learning and professional development**

During 2013 the budget spent on training was about 10.000 €. This was about 42% of the training budget. The cost allocated in the training costs are lower since quite some costs were allocated at travel and lodging or including in EXACT programme costs. For some specific opportunities training was obtained free at charge, offered by other programmes. The total training days planned for were therefore still realised for 63% (refer table chapter 6).

Learning and training was less than planned since the main focus has been on implementation of the projects, project evaluations and other internal CNVP issues. While the process of preparing personnel development plans were not yet set, limiting proper planning of learning. The remaining budget will be allocated to 2014.

The main training and learning in 2013 was related:

- EXACT training for the finance administrators

- Ohrid all staff meeting with team building
- Specific personal training support on selected items: Environment and Conservation Coaching, Economic Development, Forest Certification PEFC.

## Internal Organisation

The internal organisation of CNVP is further development and strengthened during 2013. A good progress is made:

- functional finance system (Exact is installed and operational, including training for three administrators organised)
- functional time writing system (based on the first experience the programmer is improving the system according to our need)
- functional web site & e-mails;
- Competence tables for overall CNVP and per countries
- Finance and admin manual final draft (specific review and updates to be made in 2014)
- Personnel Manual final draft (specific review and updates to be made in 2014)
- Employee Council regulations and Council installed; Stavri Pllaha is Chairperson, Anila Aliaj and Ardita Dinaj, with Voislav Todorov as additional support
- Finalisation and verification of job descriptions (this is in progress and will be completed in 2014).

A few small investments were made during 2013 on laptops, colour printer/scanner/fax. One of the three vehicles from Macedonia (Ford Focus) is sold due to maintenance cost was higher than the usage of the vehicle. Two vehicles are remaining in Macedonia which is sufficient. CNVP Albania received and registered the SNV vehicle from Montenegro.

During 2013 the following official meetings were held:

- CNVP Board 3 meetings: Elbasan, Albania, March; Prishtina, Kosovo, August; and Tirana, Albania, December
- CNVP MT 4 meetings: February, June, October and December, all in Kukes, Albania
- Employee Council 1 meeting in Kukes, Albania, December
- All staff meeting in Ohrid in October.

The meetings minutes were taken and distributed.

The annual plan of 2014 is completed at the end of the year providing the programme development, priorities and the annual budget. The abbreviated budget for 2014 is presented below in the table.

CNVP 2014	
CNVP Budget 2014	Total
Personnel costs	890,887
Operational costs	461,654
Project cost	769,603
Project Revenue	-769,603
Project Advisory Revenue	-1,414,879
Project Advisory - CNVP Contribution	-493,935
Other Revenue	-3,500
<b>Total</b>	<b>-559,772</b>
<b>Investments</b>	
Vehicles	85,000
Equipment	37,000
<b>Total investments</b>	<b>122,000</b>

CNVP has at the moment no specific policy on size and function of capital/general reserve. Being a new organisation the main policy with respect to the function of the general reserve is to build up a sufficient reserve to ensure continuity of operations for CNVP. The

continuity reserve will be build up within the standards of the sector. In the coming year the Board will develop further policies with respect to the size and function of the reserves.

## Part II: Annual Accounts

### Introduction - CNVP First Annual Accounts

These are the first annual accounts of 'Stichting' Connecting Natural Values and People Foundation abbreviated CNVP, with registered seat in The Hague, The Netherlands.

The first financial year is extended to include period from inception till 31 December 2013. Foundation was created by the means of a demerger, spin-off (afsplitsing) from 'Stichting SNV Nederlandse Ontwikkelingsorganisatie', Balkans Forestry Programme. It was registered in the Chamber of Commerce in The Hague on 4 July 2012.

CNVP's main objective is to improve livelihoods of rural people by providing quality services in forestry, rural development, environment and biomass for renewable energy; and to increase the capacity of local actors to achieve their sustainable development.

CNVP achieves its objectives by helping to develop the capacity of local actors through provision of advisory services and technical assistance, based on the expertise and experience of its team and partners.

#### **CNVP's Structure**

Foundation does not aim to make a profit. It functions as a not for profit Netherlands based international organisation, which designs, implements and manages projects financed by international donors, with its work currently focused in the Balkans.

CNVP's annual accounts constitute solely financial statements of one legal entity, CNVP, the Netherlands based not for profit organisation, with three Balkan branches active in Macedonia, Albania and Kosovo.

CNVP's annual accounts reflect the main activities of the Foundation, management of the externally financed projects and provision of advisory services.

CNVP main activities are financed both by international donors as well as through its own contribution. CNVP's initial capital contribution was donated by SNV, it consisted in cash and tangible fixed assets.

In the statement of financial performance, income generated from CNVP activities is reported under income from grants, which indicates funds made available to CNVP by other parties, donors, to be managed for the benefit of third parties. Third party beneficiaries are located in the Balkan countries, where CNVP presently operates in. Beneficiaries do not pay for services provided by CNVP. Funds are transferrable from donors to CNVP upon fulfilment and compliance with certain stipulations, as foreseen in various legal contracts that CNVP enters in with donors.

Expenditure entails expenses incurred during and for the implementation of the projects, as well as expenses for the day to day operations of the Foundation. The balance of income and expenditure, or the result for the period is transferred to the capital base of the organisation and it is reflected in the balance sheet. In the balance sheet are also reflected tangible fixed assets; current assets which are mainly project related receivables; grants receivable, prepayments and cash; while current liabilities consist of payables, accruals and pre-received grants.

CNVP's first annual accounts consist of the following:

- Balance Sheet after appropriation of balance of income and expenditure at 31 December 2013
- Statement of Financial Performance for the period from inception to 31 December 2013
- Accounting principles
- Notes to the Balance Sheet
- Notes to the Statement of Financial Performance
- Constitution of the Board
- Signing of the Financial Statements
- The other information
- Independent Auditor's Report



## Balance Sheet

### Balance Sheet at 31 December 2013

After appropriation of result from inception to 31 December 2013

<b>Assets</b>		<b>2013</b>
<b>Tangible Fixed Assets</b>	Note	<b>EUR -</b>
Vehicles		7,423
Office equipment		2,474
<b>Subtotal</b>	1	<b><u>9,897</u></b>
<b>Current Assets</b>		
Receivables	2	35,784
Grants receivable	3	11,051
Prepayments	4	25,267
Cash	5	1,395,442
<b>Subtotal</b>		<b><u>1,467,544</u></b>
<b>Total Assets</b>		<b><u>1,477,441</u></b>

## Balance Sheet at 31 December 2013

After appropriation of result from inception to 31 December 2013

<b>Liabilities</b>		<b>2013</b>
<b>Foundation's Capital</b>	Note	<b>EUR -</b>
General reserve	6	1,186,774
<b>Subtotal</b>		<b><u>1,186,774</u></b>
<b>Current Liabilities</b>		
Payables	7	39,478
Taxes, social security and pension	8	14,309
Grants provided	9	214,599
Accruals	10	22,281
<b>Subtotal</b>		<b><u>290,667</u></b>
<b>Total Liabilities</b>		<b><u>1,477,441</u></b>

**Statement of Financial Performance**  
For the period from inception to 31 December 2013

		<b>Actuals</b> Inception to 31 December 2013	<b>Budget</b> Inception to 31 December 2013
<b>Income</b>	Note	<b>EUR -</b>	<b>EUR -</b>
Income from grants	11	3,203,949	3,260,582
Other income	12	4,647	-
<b>Total Income</b>		<b><u>3,208,596</u></b>	<b><u>3,260,582</u></b>
<b>Expenditure</b>			
Personnel	13	1,092,393	1,173,810
Depreciation fixed assets	14	54,437	187,200
Other expenses	15	1,635,732	1,901,820
<b>Total Expenditure</b>		<b><u>2,782,562</u></b>	<b><u>3,262,830</u></b>
<b>Balance Income and Expenditure</b>	16	<b><u>426,034</u></b>	<b><u>( 2,248)</u></b>
Appropriation Balance Income Expenditure to:			
General reserve		<u>426,034</u>	<u>(2,248)</u>
<b>Balance Income and Expenditure after Appropriation</b>		<b><u>-</u></b>	<b><u>-</u></b>

# Accounting principles

## General information and structure

Connecting Natural Values and People Foundation, with its registered seat at Dr. Kuypersstraat 5, The Hague, is a not for profit Netherlands based international organisation, currently with three registered and active branches in the Balkan countries of Macedonia, Albania and Kosovo.

CNVP was created as a result of a process of demerger from SNV Netherlands Development Organisation and it was registered in the Chamber of Commerce in The Hague on 4 July 2012.

The first annual accounts of CNVP cover period from inception to 31 December 2013. They reflect the financial information of the Netherlands based foundation with the financial information of the three local branches incorporated. For the purposes of these financial statements intercompany transactions and relations were eliminated.

## General accounting principles for the preparation of the annual accounts

The annual accounts are prepared in accordance with the Dutch Accounting Standard RJ 640 for not for profit organisations.

Valuation of assets and liabilities and determination of the result takes place under the historical cost convention, unless presented otherwise. If assets and liabilities are stated in foreign currencies, the calculations are based on the exchange rates prevailing on the balance sheet date at 31 December 2013. Exchange rate differences are included in other operational costs, in the statement of financial performance. Income and expenses are accounted for on accrual basis. Profit is only included when realised on balance sheet date. Liabilities and any losses originating before the end of the financial year are taken into account if they have become known before preparation of the annual accounts.

## Financial instruments

Financial instruments include both primary financial instruments, such as receivables and liabilities, and financial derivatives. Reference is made to the recognition per balance sheet item for the principles of primary financial instruments. CNVP does not have financial derivatives.

## Accounting principles for the valuation of assets and liabilities

### Assets

#### Tangible fixed assets

Tangible fixed assets are presented at cost less accumulated depreciation and, if applicable, less impairments in value. Depreciation is based on the estimated useful life and calculated as a fixed percentage of cost, taking into account any residual value. Depreciation is provided from the date an asset comes into use. Land is not depreciated.

As a result of the process of demerger, CNVP fixed assets were donated by SNV on 1 July 2012, the date the factual demerger and cost separation between two organisations started. Fixed assets were recorded in CNVP accounts with the remaining net book value

of that date (acquisition value after deduction of accumulated depreciation while under possession of SNV).

Under CNVP possession, the beginning book value of fixed assets was done based on asset groups, namely vehicles and office equipment.

The rest of donated fixed assets and low value assets, with zero book value on 1 July 2012, were not recorded on CNVP accounts. However, they are listed in the register of fixed assets under possession and use of CNVP with zero book value.

From 1 July 2012 to 31 December 2013 assets are depreciated by asset group over their expected economic lives, using the linear method. Residual value is not taken into account. Any new assets purchased from CNVP are included at historical costs and are converted using the exchange rates prevailing at the date of the purchase. Any tangible fixed assets purchased by or for the externally financed programmes are not taken into consideration, as they are purchased for the third party beneficiaries of the programmes.

Annual rates of depreciation used are:

- Vehicles 25%
- Office equipment 33%

Any costs of repairs or maintenance are reported in the statement of financial performance for the period.

## **Current Assets**

### **Receivables**

Upon initial recognition the receivables are valued at fair value and then valued at amortised cost. The fair value and amortised cost equal the face value. Provisions deemed necessary for possible bad debt losses are deducted. These provisions are determined by individual assessment of the receivables.

Receivables consist mainly of project related receivables for work carried out by CNVP on projects, for which the funding has not been received as of the date of the balance sheet.

**Prepayments** consist of short term rent deposits and prepaid expenses for year 2014.

## **Capital and Liabilities**

**Foundation's Capital** consists only of a general reserve. The account includes the initial donation of SNV to CNVP both in cash and fixed assets. At the end of the period the balance of income and expenditure for the period also gets appropriated to this account. The general reserve is for unrestricted use of CNVP and it is maintained to ensure the continuity of the organisation.

**Current liabilities** include mostly project related items, interest earned on prepaid donor funds, and project funds received in advance to be utilized within the coming year. A lesser amount is made up of payables and accruals related to payroll and other employee benefits.

**Transactions in foreign currency** are recorded based on exchange rates updated monthly. At the end of the year the foreign currency denominated receivables, payables, cash and bank balances are revaluated. Results are posted in the statement of financial performance.

**Social security and pension;** CNVP continued to share into the pension premiums offered by SNV as employer, for expatriate and international staff located out of their home base country, until the cost separation between the two organization fully completed.

CNVP contributes the employer share of social security schemes in compliance with local legislations of its branches and it also reimburses employer share of contributions for pension, in case the employee cannot be covered by the state owned social security.

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

### **Principles for the determination of the result**

Income and expenses are accounted for on accrual basis. Income is recognized only when realized at the balance sheet date. Income generated by CNVP is categorized under income from grants, since CNVP manages donor funds for the benefit of third parties. On their part, beneficiaries do not pay for services received from CNVP work. Revenues from services are recognised in proportion to the services rendered, based on the cost incurred in respect of the services performed up to balance sheet date, in proportion to the estimated costs of the aggregate services to be performed. All expenses related to activities carried out prior to the balance sheet date are taken into account within year's expenses.

The balance of income and expenditure, or the result for the period is determined as the difference between income generated by CNVP activities and expenditure related to implementation of these activities.

## Notes to the Balance Sheet at 31 December 2013

### 1. Tangible fixed assets

On 1 July 2012, all fixed assets under use of SNV Balkans Forestry Programme were donated to CNVP. They were recorded in CNVP's balance sheet accounts of fixed assets based on the remaining net book value reflected in SNV SAP system (acquisition value less cost of accumulated depreciation) for each category, on donation date.

Fixed assets, donated by SNV with zero book value are also recorded in the fixed assets register of CNVP, with zero book value. Total fixed assets value donated to CNVP from SNV on 1 July 2012 amounted to € 60,740.

New assets purchased from CNVP are recorded in the books as of the date the assets were put in use. Depreciation expense starts from that date. Depreciation is based on the estimated useful life of each asset group and it is calculated as a fixed percentage, not taking into account any residual value for the asset. Asset life extends to 4 years for vehicles and 3 years for office equipment. Depreciation expense is accounted for in the statement of financial performance. Costs for periodical major maintenance are also charged to the statement.

The following table reflects movements in the fixed assets by category from inception of organisation until 31 December 2013.

	Book value at 31-12-2013	Depreciation for period	Net movements for period	Book value at Inception
	EUR -	EUR -	EUR -	EUR -
Vehicles	7,423	47,772	-	55,195
Office equipment	2,474	6,665	3,594	5,545
<b>Total</b>	<b>9,897</b>	<b>54,437</b>	<b>3,594</b>	<b>60,740</b>

## Current Assets

### 2. Receivables

The balance of receivables consists primarily in receivables for project work done for which the funds were not received as of the balance sheet date. These are receivables for projects that have completed within year 2013. The rest is claimable VAT balance for a project related receivable in Albania. Below is the breakdown of the receivables as of 31 December 2013.

	At 31-12-2013	At Inception
	EUR -	EUR -
Project receivables	31,932	-
Claimable VAT	3,852	-
Total	35,784	-

### 3. Grants receivable

Grants receivable consist of the balance due from donor for project SIDA Kosovo for the work realized by CNVP until December 31, 2013, but not yet paid for.

Work for SIDA Kosovo has been extended to 31 March 2014. Amount receivable for SIDA Kosovo is expected to be disbursed at the end of the project, after final reporting.

	At 31-12-2013	At Inception
	EUR -	EUR -
Project SIDA Kosovo	11,051	-
Total	11,051	-

### 4. Prepayments

Prepayments include prepaid expenses related to items such as rent deposits and school fees pre-paid for 2014.

	At 31-12-2013	At Inception
	EUR -	EUR -
Rent deposits	3,184	-
Prepaid school fees	22,083	-
Total	25,267	-



## 5. Cash and bank

Cash and bank balance represents liquidity at the disposal of CNVP as of the date of the balance sheet. Total balance consists in balances of bank accounts owned by CNVP, two dedicated project bank accounts for SIDA Albania and SIDA Kosovo, and cash on hand on 31 December 2013.

Total of both project bank balances on 31 December 2013, was € 597,535, out of which € 25,305 is interest payable on donor funds, and € 214,599 pre-received donor funds for project SIDA Albania. Remaining amount of € 357,631 reflects balance of cash due to CNVP as of balance sheet date.

	At 31-12-2013	At Inception
	EUR -	EUR -
<b>CNVP bank balances</b>		
Rabobank Netherlands	633,704	-
ProCredit Bank Albania	38,787	-
Raiffeisen Bank Albania	2,342	-
Procredit Bank Kosovo	79,769	-
Uni Bank Macedonia	40,496	-
Subtotal	795,098	-
<b>Project bank accounts</b>		
Rabobank Netherlands, Project SIDA Albania	359,185	-
Rabobank Netherlands, Project SIDA Kosovo	238,350	-
Subtotal	597,535	-
<b>CNVP cash on hand</b>		
CNVP Albania	1,124	-
CNVP Kosovo	174	-
CNVP Macedonia	1,511	-
Subtotal	2,809	-
<b>Total</b>	1,395,442	-

## Liabilities

### Foundation's Capital

#### 6. General reserve

Foundation's Capital is made up only of a general reserve, which is for unrestricted use of CNVP and it serves to ensure the continuity of the organisation.

The initial cash donation from SNV amount € 700,000, as well as the total net book value of fixed assets donated by SNV on 1 July 2012 amount € 60,740 constitute the beginning balance of the general reserve.

Result for the period from inception to 31 December 2013, deriving from the balance of income and expenditure, it is also appropriated to this account on the date of the balance sheet.

Below is a summary of movements in the general reserve account.

	Balance at 31-12-2013	Add result for period	At Inception
	EUR -	EUR -	EUR -
General reserve	1,186,774	426,034	760,740
<b>Total</b>	<b>1,186,774</b>	<b>426,034</b>	<b>760,740</b>

### Current Liabilities

#### 7. Payables

This item is broken down in amounts to be paid and interest payable on donor funds.

Amounts to be paid consist in both company and project related expenses incurred in 2013 to be paid in 2014.

Interest payable on donor funds consists in interest earned in donor funds for the two main projects SIDA Albania and SIDA Kosovo; interest earned has been accounted for from inception of each project, from the first disbursements received from projects' donor, since projects were under management of SNV. Interest payable on donor funds amount € 25,297 was transferred from SNV to CNVP upon the legal demerger and cost separation of two organizations. At 31 December 2013 interest payable on donor funds is € 25,305.

	At 31-12-2013	At Inception
	EUR -	EUR -
Amounts to be paid	14,173	-
Interest payable on donor funds	25,305	25,297
<b>Total</b>	<b>39,478</b>	<b>25,297</b>

## 8. Payroll taxes, social security and pension payable

This payable consists in payroll tax withheld from CNVP staff salaries; social security and pension premium, both employee and employer share. Amounts payable for this item are withheld from employees, as well incurred as expenses from CNVP from December 2013 staff salaries to be paid in January 2014.

	At 31-12-2013	At Inception
	EUR -	EUR -
Payroll tax, social security & pension	14,309	-
Total	14,309	-

## 9. Grants provided

These are pre-received funds from the grant contracts that continue to implement beyond 31 December 2013.

With the demerger in force, CNVP took over the legal liability to successfully complete on-going projects of SNV Balkans Forestry Sector. The demerger agreement recognized that all outstanding financial and legal obligations of SNV would now be passed on to CNVP. Same would apply for the pre-received donor funds by SNV, which were to be used for the continuous implementation of these projects.

At the time of demerger, on 1 July 2012, pre-received grant amount provided by donor for project SIDA Albania was € 1,153,020, while pre-received grant for SIDA Kosovo was € 684,102. On 31 December 2013, at a time when both projects have been extended to run for three more months in 2014, amount of grants provided are for SIDA Albania € 214,599, while SIDA Kosovo has a debit balance, therefore it shows under the assets side of the balance sheet.

The following table shows the balance of grants provided by donor to be used after 31 December 2013 compared to funds provided as of the date of inception.

	At 31-12-2013	At Inception
	EUR -	EUR -
Project SIDA Albania	214,599	1,153,020
Project SIDA Kosovo	-	684,102
Total	214,599	1,837,122

## 10. Accruals

Accruals are made up of amounts of project related accruals and outstanding leave days accrued for 2013. Below is the breakdown of this item.

	At 31-12-2013	At Inception
	<b>EUR -</b>	<b>EUR -</b>
Project related accruals	15,220	-
Outstanding leave days	7,061	-
Total	22,281	-

# Notes to the Statement of Financial Performance

## Income

### 11. Income from grants

Income generated from CNVP activities is all classified as income from grants. Funds are made available to CNVP by donors and are used for the benefit of third parties. Beneficiaries do not pay for services provided by CNVP. Funds are transferrable to CNVP upon fulfilment and compliance with certain stipulations, as foreseen in various legal contracts that CNVP enters with different donors. Income is recorded on accrual basis, meaning it is recognized when earned, not received.

With the demerger, the legal and financial obligation to implement and complete three projects for which SNV had entered in contractual agreements with donors, was transferred to CNVP. These projects were SIDA Albania, SIDA Kosovo and World Bank PROFOR.

SIDA Albania and SIDA Kosovo were financed by donor and SNV contribution. With the legal demerger CNVP took over not only the management and implementation of the projects, but also the outstanding financial contribution of SNV.

At the time of inception July 2012, remaining contractual commitment for project SIDA Albania was € 1,699,845 – donor contribution, and € 361,953 – CNVP contribution. While contractual commitment for SIDA Kosovo was € 1,211,219 – donor contribution, and € 184,906 – CNVP. Both commitments were expected to be fulfilled by 31 December 2013.

In 2013, it was agreed with SIDA that the timeframe for projects' implementation would be extended to 31 March 2014. For the extension phase financing would consist from using unspent funds, as well as additional funds. The additional commitment for SIDA Albania project will be € 134,541 – donor contribution, and € 53,600 – CNVP. The extended commitment for SIDA Kosovo is estimated to be approximately € 273,664 – donor financing, and € 39,000 – CNVP.

At the time of transfer to CNVP, project liability for the World Bank PROFOR was € 207,926, fully financed by donor. Project was successfully completed by 30 September 2013. For this project, a follow-up phase is in the works, with the expected completion date of 31 October 2014.

Income from grants is divided in advisory services that CNVP team of advisors offers to third party beneficiaries, and project expenses which are covered by donor contribution. In projects with cost sharing such as two SIDA projects, CNVP fulfils its financial contribution by sharing in the costs of advisory services.

From three inherited SNV projects, CNVP income for the period amounts to € 3,103,117. € 1,875,792 comes from advisory work and € 1,227,325 from recoverable project expenses.

During the course of business from inception till 31 December 2013, CNVP was awarded seven other project contracts. The World Bank PROFOR follow up contract was signed at the end of December 2013, with implementation under way in 2014. The other six projects ranged in different sizes and were financed by various donors. All of them have been successfully completed as of the balance sheet date. Income from the six projects totalled € 100,832, with € 59,306 coming from advisory work and € 41,526 from project expenses.

CNVP is working with SIDA on developing three new projects with focus on capacity building in forestry in the Balkans. New projects will be designed for Albania; Kosovo, and a third regional project will include Macedonia, Montenegro and Serbia. These projects are expected to start sometime in late spring of 2014. Several other smaller project opportunities are followed up with donors such as EU, Nuffic and PEFC.

In the following table the breakdown of income from grants for the period from inception to 31 December 2013 is presented.

	<b>Actuals</b>	<b>Budget</b>
	Inception to	Inception to
	31 December	31 December
	2013	2013
<hr/>		
<b>Income</b>		
<b><u>Income from grants</u></b>	<b>EUR -</b>	<b>EUR -</b>
Project SIDA Albania - Advisory services	901,761	938,252
Project SIDA Albania - Reimbursable project expenses	<u>718,057</u>	<u>822,354</u>
Subtotal	<u>1,619,818</u>	<u>1,760,606</u>
Project SIDA Kosovo - Advisory services	890,563	908,000
Project SIDA Kosovo - Reimbursable project expenses	<u>385,381</u>	<u>364,790</u>
Subtotal	<u>1,275,944</u>	<u>1,272,790</u>
Project World Bank PROFOR - Advisory services	83,468	64,260
Project World Bank PROFOR - Reimbursable project expenses	<u>123,887</u>	<u>143,666</u>
Subtotal	<u>207,355</u>	<u>207,926</u>
Other projects - Advisory services	59,306	15,000
Other projects - Reimbursable expenses	<u>41,526</u>	<u>4,260</u>
Subtotal	<u>100,832</u>	<u>19,260</u>
Total Income from grants	<u>3,203,949</u>	<u>3,260,582</u>

## 12. Other income

Other income consists in net proceeds generated by sale and or removal of assets, interest earned on CNVP funds, and miscellaneous income. Details are below.

	<b>Actuals</b>	<b>Budget</b>
	Inception to 31 December 2013	Inception to 31 December 2013
	<hr/>	<hr/>
<b><u>Other Income</u></b>	<b>EUR -</b>	<b>EUR -</b>
Net gain from sale of assets	3,963	-
Interest income from CNVP funds	73	-
Miscellaneous income	611	-
Subtotal	<hr/> 4,647	<hr/> -
	<hr/>	<hr/>
<b>Total Income</b>	<b><hr/>3,208,596</b>	<b><hr/>3,260,582</b>

### Note on the difference between actual and budget figures of income

Implementation of projects has been in line with work plans. There are only limited differences, even when reviewed at project level.

## Expenditure

### 13. Personnel

The following can be stated about the remuneration of the Executive Director, Foundation Board, Staff salaries and benefits, as well as other personnel related expenses.

Remuneration for Executive Director consists in salary earned, school fees paid as benefit, as well as other benefits which vary from the period when the employment contract was under SNV terms with the new contract drawn by CNVP. Total remuneration for the period of 1.5 years is € 189,016.

Board members receive no remuneration for their activities. They get compensated for reasonable travel and business expenses they incur for the board meetings. Total expense incurred for board meetings was € 3,790.

	<b>Actuals</b>	<b>Budget</b>
	Inception to 31 December 2013	Inception to 31 December 2013
<b><u>Personnel</u></b>	<b>EUR -</b>	<b>EUR -</b>
Executive Director - salary	92,906	106,000
Executive Director - benefits (school fees)	68,056	95,000
Executive Director - other benefits	28,054	4,500
Subtotal	<u>189,016</u>	<u>205,500</u>
Board members - remuneration	-	-
Board meetings	3,790	-
Subtotal	<u>3,790</u>	<u>-</u>
Staff salaries	754,361	804,569
Social security contribution	51,964	15,712
Pension premiums	8,173	34,822
Medical benefits	21,479	33,725
Other benefits & expenses	19,506	59,325
Outstanding leave days	6,117	-
Subtotal	<u>861,600</u>	<u>948,153</u>
External & Temporary Support	<u>37,987</u>	<u>20,157</u>
Total personnel expenses	<u>1,092,393</u>	<u>1,173,810</u>



#### 14. Depreciation of tangible fixed assets

The following shows the details of the depreciation expense incurred for the period.

	<b>Actuals</b>	<b>Budget</b>
	Inception to 31 December 2013	Inception to 31 December 2013
	<u>EUR -</u>	<u>EUR -</u>
<b><u>Depreciation fixed assets</u></b>		
Depreciation vehicles	47,772	151,200
Depreciation office equipment	<u>6,665</u>	<u>36,000</u>
Total depreciation expense	<u>54,437</u>	<u>187,200</u>

## 15. Other expenses

Other expenses are comprised of operating business expenses and project expenses.

	<b>Actuals</b>	<b>Budget</b>
	Inception to 31 December 2013	Inception to 31 December 2013
	<b>EUR -</b>	<b>EUR -</b>
<b><u>Other expenses</u></b>		
<u>Operating expenses</u>		
Fuel and vehicle expense	93,755	128,300
Travel and lodging	65,552	61,600
Office rent	95,538	100,100
Utilities and office maintenance	20,943	40,400
Communication and mailing	21,309	28,150
Office expense	50,754	115,100
Accounting and audit fees	11,813	46,100
Bank costs and x-rate	9,355	10,500
Other expenses	<u>2,817</u>	<u>36,500</u>
Subtotal	<u>371,836</u>	<u>566,750</u>
<u>Project expenses</u>		
Programme support	771,910	826,885
Local capacity building	340,851	285,505
Consultancy	<u>151,135</u>	<u>222,680</u>
Subtotal	<u>1,263,896</u>	<u>1,335,070</u>
Total operating expenses	<u>1,635,732</u>	<u>1,901,820</u>
<b>Total expenditure</b>	<b><u>2,782,562</u></b>	<b><u>3,262,830</u></b>

### Note on the difference between actual and budget figures of expenditure

When 2012 budget was conceptualized, CNVP was still undergoing the process of demerger and legal registrations. The budget was prepared based on experience from SNV

but having many unknowns for the costs of several areas, for the time when CNVP would be separate from SNV.

The budget was also used for justifying the business case; therefore deliberately some costs were placed at the higher end of the options, to avoid making the case too positive.

The differences of the original plan with the actuals are coming mainly from the budget lines for expenses such as obtaining accounting and time writing software, audit fees, branding of CNVP, personnel training etc.

As a result the actual expenditure was lower than the original planned budget figure.

## 16. Result for the period

Result for the period consists in the balance of income and expenditure. This balance will get appropriated in the Capital account as a general reserve for unrestricted use by the Foundation.

	<b>Actuals</b>	<b>Budget</b>
	Inception to	Inception to
	31 December	31 December
	2013	2013
	<hr/>	<hr/>
	<b>EUR -</b>	<b>EUR -</b>
<b>Result for the period</b>	<b><u>426,034</u></b>	<b><u>(2,248)</u></b>

### Note on the difference between actual and budget figures of result

The general reserve is higher than planned due to differences in higher budgeted expenses than realisation. Considerable differences resulted from depreciation and operational cost. While the difference in actual versus planned income was limited, difference between actual and planned expenditure was more significant.

The higher than planned result for the period will add to the financial stability of the organisation and it will increase CNVP's capacity to participate in future projects by sharing in the financial contribution.

## Constitution of the Board

### **Chairperson, CNVP Foundation Board**

Mr Michel Farkas, appointed on 1 July 2012

Other functions:

Managing Director Global Support Services / CFO at SNV Netherlands Development Organisation;

Board Member of Aertze ohne Grenzen (Doctors without Borders), Germany;

### **Member, CNVP Foundation Board**

Mr Arno Willems, appointed on 1 July 2012

Other functions:

Steward (Head Forester) at Het Loo, Royal Estate in The Netherlands

### **Member, CNVP Foundation Board**

Mr Aurel Jupe, appointed on 1 July 2012

Other functions:

HR Manager at Simons Edeco Ltd

### **Member, CNVP Foundation Board**

Mr Maarten Bremer, appointed on 15 December 2013

Other functions:

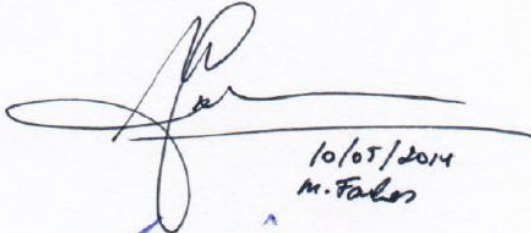
Managing Director KIT Intercultural Professionals BV

**Financial Statements are signed in:**

Skopje, Macedonia, May 10, 2014

**By Foundation Board:**

**Michel Farkas**, Chairperson

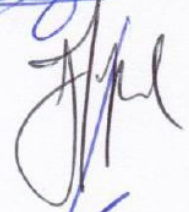


10/05/2014  
M. Farkas

**Arno Willems**, Member



**Aurel Jupe**, Member



**Maarten Bremer**, Member



## Other Information

### **Independent auditor's report**

Reference is made to the auditor's report as included hereinafter.

### **Appropriation of result according to articles of association**

The CNVP Foundation articles of association do not indicate specific requirements for appropriation of the result. Appropriation of the results will be made by the Foundation Board within the limits of the goals of CNVP as set in the articles of association.

### **Proposed appropriation of result for the financial year 2013**

The Executive Director proposes, with the approval of the Foundation Board, that the result for the financial year 2013 amounting to EUR 426,034 should be transferred to the general reserves.

# Auditor's Report



Deloitte Accountants B.V.  
Orlyplein 10  
1043 DP Amsterdam  
P.O. Box 58110  
1040 HC Amsterdam  
Netherlands

Tel: +31 (0)88 288 2888  
Fax: +31 (0)88 288 9733  
www.deloitte.nl

## Independent auditor's report

To: The Board of Stichting Connecting Natural Values and People Foundation

We have audited the accompanying annual accounts for the extended financial year July 4, 2012 – December 31, 2013 of Stichting Connecting Natural Values and People Foundation, the Hague, which comprise the balance sheet as at December 31, 2013, the statement of financial performance for the extended financial year July 4, 2012 – December 31, 2013 and the notes comprising a summary of the accounting policies and other explanatory information.

### Foundation board's responsibility

The foundation board is responsible for the preparation and fair presentation of the annual accounts, in accordance with the Guideline for annual reporting 640 "Not-for-profit organisations" of the Dutch Accounting Standards Board. Furthermore, the foundation board is responsible for such internal control as it determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

### Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the annual accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the foundation board, as well as evaluating the overall presentation of the annual accounts.

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



### **Opinion**

In our opinion, the annual accounts give a true and fair view of the financial position of Stichting Connecting Natural Values and People Foundation as at December 31, 2013 and of its result for the extended financial year July 4, 2012 – December 31, 2013 in accordance with the Guideline for annual reporting 640 “Not-for-profit organisations” of the Dutch Accounting Standards Board.

Amsterdam, May 10, 2014

Deloitte Accountants B.V.

Signed on the original: M.G.W. Quaedvlieg

18352.1/jj





*Working together to grow a canopy of trees providing home, shelter, food, a livelihood as well as a place to wander*

CNVP, a The Netherlands based foundation, is a legacy organisation of SNV in the Balkans. Established through a legal demerger, CNVP will continue the SNV forestry and rural development programme in the Balkans and beyond.

CNVP envisions:

- Local communities achieving their own development goals;
- Maximising the production and service potential of forests through Sustainable Forest Management and locally controlled Natural Resource Management;
- Forests contributing to equitable local economic development supporting rural livelihoods;
- Forests contributing to wider societal interests and values including biodiversity conservation and wellbeing;
- Connecting natural values and people!

**Connecting Natural Values & People**

Dr Kuiperstraat 5, 2514 BA  
The Hague, The Netherlands  
T/F +31(0) 70 3440 145  
[www.cnvp-eu.org](http://www.cnvp-eu.org)