



CNVP

Building a Greener Economic Environment

**Abbreviated Annual Report
1 January – 31 December, 2020**

CNVP

Abbreviated Annual Report

1 January – 31 December, 2020

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This is the abbreviated version of CNVP's Annual Report for 2020. CNVP obtained an unqualified review opinion for its financial accounts for 2020. A full version including the review opinion is available on request (info@cnvp-eu.org).

Abbreviations

APFO:	Association of Private Forest Owners
BD:	Business Development
CSOs:	Civil Society Organisations
CBWEVMPPP:	Capacity building of women entrepreneurs in vegetable and medical plants production & processing
GIS:	Geographic Information System
EB:	Executive Board
EC:	Employee Council
EU:	European Union
FAO:	Food and Agricultural Organisation from the UN
FLED:	Forest for Local Economic Development
HR:	Human Resources
IPA :	EU Instrument for Pre-Accession
IPARD:	Instrument for Pre-Accession for Rural Development
ISO:	International Organisation for Standardisation
JFM:	Joint Forest Management
KfW:	Kreditanstalt für Wiederaufbau, German Development Bank
LCB:	Local Capacity Builder
LED:	Local Economic Development
MAFRD:	Ministry of Agriculture, Forestry and Rural Development
MT:	Management Team
NAPFO:	National Association of Private Forest Owners
NMFA:	Norwegian Ministry of Foreign Affairs
NTFPs	Non-timber forest products
PEFC	Programme for Endorsement of Forest Certification
PONT:	Prespa Ohrid Nature Trust
RD:	Rural Development
SB:	Supervisory Board
SFC:	State Forest Company
SFM:	Sustainable Forest Management
SIDA:	Swedish International Development Cooperation Agency
SSPDF:	Strengthening Sustainable Private and Decentralised Forest Development

Part A: 2020 Annual Report

Executive Summary

2020 was a remarkable difficult year for all, facing with pandemic Covid 19. It was no ordinary year. People all over the world were forced to contend with a new normal: lockdowns, mask rules and travel bans.

Yet at the same time CNVP has shown its resilience, even during this pandemic. Online meetings were quickly integrated into the standard repertoire of the organization, but more important CNVP also adjusted its support to the farmers and other stakeholders in its projects. They were provided with masks, instructions how to work with the least risks and also arranged to supply them with the necessary equipment. Later during the year CNVP found ways to pick up its work in Covid-proof ways, e.g. with outdoor meetings in smaller groups.

1 Introduction

CNVP is active in the six Balkan countries that are seeking to join the EU. Serbia, Montenegro, North Macedonia and Albania are classified as EU candidate countries (along with Turkey), whilst Kosovo and Bosnia-Herzegovina remain as potential candidate countries for EU membership.

All six governments in the Balkans have objectives that include EU accession, economic development, job creation and better opportunities to young people including in rural areas, as well as dealing with the ongoing process of climate change and environmental damage.

To achieve this, CNVP's direction and priorities for 2017-20 are focused on the **Green Economy/Circular Bioeconomy/Green Growth** axis¹, at the same time as helping the six Balkan countries to comply with regulatory requirements under the EU acquis communautaire.

It was another year that CNVP continued to fulfil its mission to provide quality services in forestry, rural development, local economic development through strengthening MAPs sector, environment, renewable energy, climate change and governance with the aim to improve the livelihoods of rural people and communities, as well as to increase their capacity to achieve sustainable development.

Based on the decision of CNVP Supervisory Board, the management structure of CNVP, starting from 01 July 2019 has been managed by an Executive Board consisting of the three Country Directors from North Macedonia, Albania and Kosovo. The change in CNVP management had a smooth transition and ensured continuity of day-to-day management of

¹ The **Green Economy** focuses on agri-rural, NRM, forestry, renewable energy and governance activities that will reduce environmental risks and ecological scarcities, as well as achieve sustainable development without degrading the environment. The **Circular Bioeconomy** is where the value of products, materials and resources is maintained for as long as possible, and the generation of waste is minimised, in order to promote sustainable, low carbon, resource efficient and competitive **Green Growth**.

CNVP activities. This important transition process was also facilitated by the CNVP's Supervisory Board which ensured that the new leadership within the organization fulfils its responsibilities.

2 Business development

During 2020, CNVP has applied in total for eleven projects, (eight project applications at country level and three additional projects at regional level). From these applications, CNVP won 4 projects altogether. In 2020, CNVP in Albania managed to start with implementation of the new project of Local Economic Development (LED) (€ 2,5million), with 2.5 year, while CNVP in Kosovo signed a new project with CBWEVMPPP (€ 25,000) On the other hand, CNVP in North Macedonia signed a new project MOVING Horizon 2020 (€90,000), as well as the Biomass Study in Drin River Basin (€ 10,000).

During 2020, CNVP in Albania managed to finalise the LED inception phase and start with implementation of the new project on Local Economic Development (LED), for the next 2.5 years funded by the Embassy of Sweden in Albania. While CNVP in North Macedonia started a four-year project "MOVING" funded by Horizon 2020 funds. CNVP Kosovo has signed a new project, Capacity Building of Women Entrepreneurs, funded by the Netherlands Enterprise Agency. Nevertheless, despite these achievements, short to mid-term financial situation of CNVP in general is at risk unless certain measures will be undertaken during 2021. While target for 2020 was to reach break-even by end of this year due to financial obligations and low overheads CNVP had a loss of 97,014 euro which was covered by outstanding reserves. Certainly, during 2020 the organisation faced with the global pandemic situation (Covid 19), and it was a challenge year, few activities related to projects and stakeholders were limited.

CNVP's main business development activities in 2020 focused on:

1. identifying additional project opportunities by:
 - a. maximising contacts with key international and national public/private/donor/CSO stakeholders and partners, joining major networks linked to CNVP's core activities, and attending in-country and international networking events, (where possible); country directors and CNVP staff are encouraged to attend as many events as possible, in order to build contacts and identify potential project partners;

- b. developing a series of project concept notes for discussion with potential donors;
2. including in each country's work plan the opportunity for CNVP staff to contribute to business development in-country, regionally and on a cross-border basis;
3. improving CNVP's web, social media, PR and promotional activities to raise the organisation's profile in the market place, by incorporating CNVP news items automatically into Facebook, Instagram and LinkedIn accounts;
4. contacting networks of key international and national public/private/donor/CSO stakeholders;
5. contacting potential partner organisations in each Balkan country, as well as in other countries where relevant for CNVP; and
6. providing continuous monthly support to help empower local staff to identify/develop new project opportunities and increase staff productivity e.g. through learning why project proposals have been rejected, and seeking to re-cycle earlier project documentation.

3 Implemented projects through 2020

Projects implemented during 2020 are summarised in the following table:

Projects implemented in 2020	Status	Link to CNVP's strategic direction and priorities
Local Economic Development (LED), Donor: Sida	<ul style="list-style-type: none"> • Started 01 October 2020 • Scheduled completion: 31 March 2023 	<ul style="list-style-type: none"> • Forestry, agro-forestry and sustainable forest management, including development of non-timber forest product value chains <ul style="list-style-type: none"> • Agri-rural development, including eco-tourism • Renewable energy, primarily from wood and crop biomass • Community mobilisation, governance and civil society
Afforestation, training and education for sustainable community forest in Albania Donor: Lenzing Company and ADA	<ul style="list-style-type: none"> • Started: 1 May 2019 • Expected completion: 30 April 2022 	<ul style="list-style-type: none"> • Forestry, agro-forestry and sustainable forest management, including development of non-timber forest product value chains • Educational and vocational training • Climate change, environment and natural resource management • Community mobilisation, governance and civil society
Strengthening Sustainable Private and Decentralised Forestry (SSPDF), Kosovo Donor: Sida	<ul style="list-style-type: none"> • Started: August 2014 • Expected completion: 31 December 2021 • No implementation problems 	<ul style="list-style-type: none"> • Forestry, agro-forestry and sustainable forest management, including development of non-timber forest product value chains • Climate change, environment and natural resource management • Agri-rural development, including eco-tourism

		<ul style="list-style-type: none"> • Renewable energy, primarily from wood and crop biomass • Community mobilisation, governance and civil society • European accession and policy questions related particularly to Chapter 11 (Agriculture and Rural Development) and Chapter 27 (Environment) of the acquis Communautaire
Capacity building of women entrepreneurs in vegetable and medical plants production & processing, Kosovo". Donor: Netherlands Enterprise Agency	February 2020 to August 2021.	<ul style="list-style-type: none"> • Forestry, agro-forestry and sustainable forest management, including development of non-timber forest product value chains • Agri-rural development, including eco-tourism •
Communities Communicating Climate Change, Macedonia Donor: EU	<ul style="list-style-type: none"> • Started: 1 January 2018 • Expected completion: 31 December 2020/ extended date 30 April 2021 • No implementation problems 	<ul style="list-style-type: none"> • Climate change, environment • Community mobilisation, governance and civil society
Rural development driven by rural CSOs, Montenegro Donor: EU	<ul style="list-style-type: none"> • Started: 1 October 2017 • Expected completion: 31 March 2020 • Due to the force majeure of the corona virus pandemic, we were not able to realize the last activity of the rural parliament, with which EUD from MNE did not agree to relize the activity afterwards. The final report was accepted and the last instalment paid by EUD No other implementation problems • No implementation problems 	<ul style="list-style-type: none"> • Agri-rural development, including eco-tourism • Community mobilisation, governance and civil society
PEFC Balkans 2 Donor: PEFC	<ul style="list-style-type: none"> • Started: 1 January 2019 • Completion: 31 December 2020 	<ul style="list-style-type: none"> • Forestry, agro-forestry and sustainable forest management, including development of non-timber forest product value chains • European accession and policy questions related particularly to Chapter 11 (Agriculture and Rural Development) and

	<ul style="list-style-type: none"> No implementation problems 	Chapter 27 (Environment) of the acquis Communautaire
Regional Action for Combating Forest Crime and Corruption, Macedonia, Serbia, Bosnia-Herzegovina and Montenegro Donor: NORAD	<ul style="list-style-type: none"> Started: 1 December 2018 Expected completion: 30 November 2021 No implementation problems 	<ul style="list-style-type: none"> Forestry, agro-forestry and sustainable forest management, including development of non-timber forest product value chains Community mobilisation, governance and civil society
"Generating momentum on water and forests in the Balkans- GeM Balkans project Donor: Deutsche Bundesstiftung Umwelt (DBU)	<ul style="list-style-type: none"> Started on 01 April 2019 Due to Covid-19, extended to 30 November Completed and final report submitted 	<ul style="list-style-type: none"> Climate change, environment and natural resource management Water aspects in forest management Harmonization of forest and water strategies with EU standards
NTPF for Prespa Economic Development Donor: PONT	<ul style="list-style-type: none"> Started on October 2019 Extended to be completed by the end of April 2021 No implementation problems 	<ul style="list-style-type: none"> Forestry, agro-forestry and sustainable forest management, including development of non-timber forest product value chains Climate change, environment and natural resource management
MOVING - Mountain Valorisation through Interconnectedness and Green Growth Donor: EU Horizon 2020	<ul style="list-style-type: none"> Started on 01 September 2020 Expected completion end of August 2024 	<ul style="list-style-type: none"> Climate change, environment and natural resource management Forestry, agro-forestry and sustainable forest management, including development of non-timber forest product value chains Community mobilisation, governance and civil society Agri-rural development, including eco-tourism.

Progress in implementing CNVP's activities in 2020 was reported to, and monitored by, the Supervisory Board at meetings held in May, June August and December 2020.

4 Human resources

Concerning human resources, CNVP by the end of 2020 had the following staff:

- Albania: 9 full time employees
- Kosovo: 6 full time employees
- N. Macedonia: 3 full time employees
- Netherlands: 1 full time operating from N. Macedonia;
- Montenegro Serbia, Bosnia: 3 consultants that are engaged for NORAD project with defined number of days;

5 Conclusions

Overall, the steady progress achieved in 2020 through increasing the portfolio of projects, developing new project ideas, and diversifying donor support (all in line with CNVP's strategy 2017-2021) has helped to build a platform for CNVP's further development in 2020 and beyond.

The pipeline of 11 project proposals submitted throughout 2020 led to five projects being won with three pending; while three other projects were rejected. From this moment on, each CNVP country will have to allocate sufficient resources to submit a pipeline of qualitative project proposals.

A close cooperation among all structures of the CNVP foundation has ensured a smooth transition period of regionalization of management of international Executive Director by the three CD of the CNVP Kosovo, N. Macedonia and Albania resulting with decreasing overhead management cost and extending responsibilities to CD to take further competencies in the organization's management.

Part B: 2020 Abbreviated Annual Accounts

Part B of the 2020 Abbreviated Annual Report contains the annual accounts of Connecting Natural Values & People Foundation (CNVP) registered in The Hague, The Netherlands.

CNVP's mission is to use evidence-based analysis to improve the sustainable livelihoods of rural communities within the ongoing process of environmental and climate change.

CNVP achieves its objectives by helping to develop the capacity of local actors on a participatory basis through the provision of advisory services and technical assistance, using the expertise and experience of Team CNVP and its partners.

CNVP's Structure

The Foundation is a not-for-profit organisation. It designs, implements and manages projects financed by international donors and other sources of finance. Its work is currently focused in the Balkans with registered branches active in North Macedonia, Albania, Kosovo, Serbia, Montenegro and Bosnia-Herzegovina.

The Abbreviated annual accounts constitute solely the aggregated financial statements of one legal entity, CNVP Netherlands. They reflect the main activities of the Foundation, including management of the externally financed projects and provision of advisory services.

CNVP's main activities are financed by international donors and own contributions. CNVP's initial capital contribution consists of cash and tangible fixed assets.

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

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

CNVP's Abbreviated annual accounts consist of the following:

- Abbreviated Balance Sheet after appropriation of balance of income and expenditure until 31 December 2020

- Abbreviated Statement of Financial Performance for the period from 1 January to 31 December 2020
- Abbreviated Cash flow statement for the period from 1 January to 31 December 2020
- Accounting principles
- Abbreviated Notes to the Balance Sheet
- Abbreviated Notes to the Statement of Financial Performance
- Signed Financial Statements
- Independent Auditors' Review Report

Abbreviated Balance Sheet at 31 December 2020

After appropriation of result from 01 January to 31 December 2020

Assets	Note	2020	2019
Tangible Fixed Assets	1	EUR -	EUR -
Vehicles		0	0
Office equipment		536	175
Subtotal		<u>536</u>	<u>175</u>
 Current Assets			
Grant receivable	2	38,018	59,988
Prepayment projects	3	59,026	14,097
Prepayments	4	2,373	2,508
Cash	5	1,818,000	1,541,381
Subtotal		<u>1,917,417</u>	<u>1,617,974</u>

Total Assets

1,917,953

1,618,149

Abbreviated Balance Sheet at 31 December 2020

After appropriation of result from 01 January to 31 December 2020

Liabilities	Note	2020	2019
Foundation's Capital		EUR -	EUR -
General reserve	6	360,645	457,660
Appropriated reserve	6	<u>0</u>	<u>0</u>
Subtotal		<u>360,645</u>	<u>457,660</u>
Provisions			
Reservation severances	7	<u>0</u>	<u>0</u>
Subtotal		<u>0</u>	<u>0</u>
Current Liabilities			
Payables	8	112,684	78,288
Taxes, social security & pension	9	16,699	11,075
Grants provided	10	1,413,889	1,060,276
Accruals	11	14,035	10,850
Subtotal		<u>1,557,308</u>	<u>1,160,489</u>
Total Liabilities		<u>1,917,953</u>	<u>1,618,149</u>

Abbreviated Statement of Financial Performance

For the period from 01 January to 31 December 2020

		Actuals from 01 January to 31 December 2020	Budget from 01 January to 31 December 2020	Actuals from 01 January to 31 December 2019
Income	Note	EUR -	EUR -	EUR -
Income from grants	12	1,159,476	1,191,913	1,542,073
Other income	13	56	0	18,198
Total Income		<u>1,159,532</u>	<u>1,191,913</u>	<u>1,560,272</u>
 Expenditure				
Personnel	14	567,661	421,417	682,863

Depreciation fixed assets	15	337	250	2,380
Other expenses	16	688,549	861,957	1,048,581
Total Expenditure		<u>1,256,546</u>	<u>1,283,624</u>	<u>1,733,824</u>
Balance Income & Expenditure	17	<u>(97,014)</u>	<u>(91,711)</u>	<u>(173,552)</u>
Appropriation Balance Income & Expenditure				
to:				
General reserve		<u>(97,014)</u>	<u>(91,711)</u>	<u>(173,552)</u>
Appropriated reserve		<u>0</u>	<u>0</u>	<u>0</u>
Foundation Capital		<u>(97,014)</u>	<u>(91,711)</u>	<u>(173,552)</u>
Balance Income & Expenditure after Appropriation		<u>0</u>	<u>0</u>	<u>0</u>

Abbreviated Cash flow statement at 31 December 2020

	Note	2020	2019
Operating result	12;14-16	(97,071)	(191,751)
Adjustment for :			
Depreciation	15	337	2,380
Receivables	2;3	(22,959)	(34,932)
Prepayments	4	135	(194)
Payables	8	34,396	52,083
Provisions	7	0	(53,464)
Taxes, and leave of employees	9;11	8,809	(13,655)
Project payable's	10	353,613	345,903

Interest received	13	56	28
Gain /loss on sale of fixed assets	1	0	0
Net Cash from Operating Activities		277,316	106,398
Purchase of fixed assets	1	(697)	0
Sale of fixed assets	1	-	18,170
Cash from investment activities		(697)	18,170
Net increase in cash and cash equivalents		276,619	124,568
Cash and Bank at January 1,2020	9	1,541,381	1,416,813
Cash and Bank at December 31,2020	9	1,818,000	1,541,381

Accounting Principles

General information and structure

Connecting Natural Values & People (CNVP) Foundation, with RSIN no. 851792479 at the Chamber of Commerce, with its registered seat Tolakkerweg 68 3739 JP Hollandsche Rading, The Netherlands, currently has four registered and active branches in the Balkans in North Macedonia, Albania ,Kosovo & Montenegro.

The annual accounts of CNVP cover the period from 1 January 2020 to 31 December 2020. They reflect the financial information of the Netherlands based on foundation along with the financial information including the local branches. For the purposes of these financial statements, internal transactions and relations have been eliminated.

The mission of the Foundation is to improve the livelihoods of rural people through providing quality services in forestry, rural development, environment and biomass for renewable energy to increase the capacity of local actors to achieve their sustainable development in, but not restricted to, the Balkans, and anything which may directly or indirectly relate, or be conducive, to these activities in the broadest sense of the terms.

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. This abbreviated version of the annual report was Prepared for publication purposes. It has been taken from the full annual report which was Adopted by the board on 09 July 2021. If a full version is required, including the auditor's review report , please request a copy (via info@cnvp-eu.org).

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 2020. Exchange rate differences are included in other

operational costs, in the statement of financial performance. Incomes 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.

The financial statements are presented in euros, which is the functional currency of CNVP.

Financial instruments

Financial instruments are both primary financial instruments (such as receivables and debts), and derivative financial instruments (derivatives).

The notes to the specific items of the balance sheet disclose the fair value of the related instrument if this deviates from the carrying amount. If the financial instrument is not recorded in the balance sheet, the information on the fair value is disclosed in the notes to the 'contingent assets and liabilities'.

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.

The 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. The tangible fixed assets purchased by or for the externally financed programmes are also capitalized under the fixed assets.

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 2021.

Cash and bank

The cash and bank is valued at face value. If cash equivalents are not freely available, this has been taken into account upon valuation.

Capital and Liabilities

The 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 is also appropriated to this account.

The general reserve is for unrestricted use of CNVP, and it is maintained to ensure the continuity of the organisation.

Provisions

Provisions are recognised for legally enforceable or constructive obligations that exist at the balance sheet date, and for which it is probable that an outflow of resources will be required and a reliable estimate can be made. Provisions are measured as the best estimate of the amount necessary to settle the obligation at the balance sheet date, and are carried at the nominal value of the expected settlement value.

Current liabilities include mostly project-related items 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 revalued. Results are posted in the statement of financial performance.

Social security and pension

CNVP contributes the employer share of social security schemes in compliance with local legislations of its branches. It also reimburses the 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 the 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.

Principles for preparation of the consolidated cash flow statement

The cash flow statement is prepared according to the indirect method.

The funds in the cash flow statement consist of cash and cash equivalents. Cash equivalents are considered to be highly liquid investments.

Cash flows in foreign currencies are translated at an estimated average rate. Exchange rate differences concerning finances are shown separately in the cash flow statement.

Transactions that do not result in exchange of cash and cash equivalents are not presented in the cash flow statement.

Abbreviated Notes to the Balance Sheet at 31 December 2020

1. Tangible fixed assets

CNVP purchases assets that are paid mainly through project funds received.

New assets purchased 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 periodic major maintenance are also charged to the statement.

	Vehicles	Office equipment	Total
	EUR	EUR	EUR
Acquisition cost as at January 1, 2020	253,675	42,834	296,509
Cumulative depreciation and other impairments as at January 1, 2020	(253,675)	(42,659)	(296,334)
Carrying amount as at January 1, 2020	0	175	175
Investments	0	697	697
Carrying amount of disposals	0	0	0
Depreciation	0	(336)	(336)
Carrying amount as at December 31, 2020	0	536	536
Acquisition cost as at December 31, 2020	253,675	43,531	297,206
Cumulative depreciation and other impairments as at December 31, 2020	(253,675)	(42,995)	(296,670)
Acquisition cost as at December 31, 2020	0	536	536

Current Assets

2. Grants 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 receivables are the outstanding amount for the DBU Balkan Gem project.

Grant receivables

	At 31-12-2020	At 31-12-2019
	EUR -	EUR -
Grant receivables	38,018	59,988
Total	<u>38,018</u>	<u>59,988</u>

3. Prepayment projects

Prepayment projects represent a balance of advance payments given to the partners and consultants etc. The amount of 14,097 € is mainly the balance of the advance given to the project partners related to Norad & Lenzing project.

	At 31-12-2020	At 31-12-2019
	EUR -	EUR -
Prepayments to project partners	59,026	14,097
Total	<u>59,026</u>	<u>14,097</u>

4. Prepayments

Prepayments include prepaid expenses related to items such as rent deposits, and work advance payment that was not settled.

	At 31-12-2020	At 31-12-2019
	EUR -	EUR -
Rent deposits	2,084	2,084
Debtors	289	424
Total	2,373	2,508

5. Cash and bank

Cash and bank balance represent liquidity at the disposal of CNVP as of the date of the balance sheet. The total balance consists of the balances of bank accounts owned by CNVP, three dedicated project bank accounts for Sida, (SSPDF & LED), one for the Norwegian regional project, project accounts in Macedonia, and cash on hand at 31 December 2020.

The total of project bank balances at 31 December 2020 was € 1,506,764 which was pre-received donor funds. The amount related to the FLED, SSPDF, Norad & LED projects includes income from 2020. This will be settled in the first months of 2020.

The remaining amount of € 311,236 reflects the balance of cash that belongs to CNVP as of the balance sheet date.

	At 31-12-2020	At 31-12-2019
	EUR -	EUR -
CNVP bank balances		
Rabobank Netherlands	255,073	227,269
ProCredit Bank Albania	12,602	51,859
Reiffeisen Bank Albania	-	124
Procredit Bank Kosovo	31,510	27,721

Uni Bank Macedonia	6,787	20,224
NLB Bank Montenegro	1,450	13,240
Subtotal	<u>307,423</u>	<u>340,438</u>

Project bank accounts

Rabobank Netherlands, Project SIDA SSPDF	388,560	576,958
Rabobank Netherlands, Project SIDA FLED	0	44,160
Rabobank Netherlands, Project Sida LED	981,907	192,126
Rabobank Netherlands, Project Norad	105,899	350,349
Uni Bank NRP EU Project	0	7
Uni Bank CCCC EU project	13,247	9,824
Uni Bank PONT-EUR	17,152	24,611
Subtotal	<u>1,506,764</u>	<u>1,198,033</u>

CNVP cash on hand

CNVP Albania	1,748	816
CNVP Kosovo	914	885
CNVP Macedonia	640	428
CNVP Montenegro	512	781
Subtotal	<u>3,813</u>	<u>2,910</u>

Total	<u>1,818,000</u>	<u>1,541,381</u>
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Note: due to rounding, difference of 1 euro may occur

Liabilities

Foundation's Capital

6. Reserve

The Foundation's Capital consists of a general reserve. The general reserve is for unrestricted use of CNVP, and serves to ensure the continuity of the organisation. The balance of income and expenditure over 2020 is appropriated to the general reserve.

The summary of movements in the reserve accounts is given below.

The movements in the general reserve are as follows:

	At 31-12-2020	Add result for period	Balance at 31-12-2019
	EUR -	EUR -	EUR -
General reserve	360,645	(97,014)	457,660
Total	360,645	(97,014)	457,660

The movements in the general reserve are as follows:

	At 31-12-2019	Add result for period	Balance at 31-12-2018
	EUR -	EUR -	EUR -
General reserve	457,660	(173,552)	631,212
Total	457,660	(173,552)	631,212

Provisions

7. Reservation severances

There have been no reservation of severances for 2020

Current Liabilities

8. Payables

The amounts to be paid consist of organisational expenses incurred in 2020 that will be paid in 2021. The pre-received amounts relates to a donation from the Pieter Baastian Foundation for 2021

Interest payable on donor funds consists of interest earned in donor funds for the CCCC project.

	At 31-12-2020	At 31-12-2019
	EUR -	EUR -
Amounts to be paid	87,668	78,262
Pre-received amounts	25,000	0
Interest payable to donor funds	16	26
Total	112,684	78,288

9. Payroll taxes, social security and pension payable

This consists of the 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 2020 staff salaries to be paid in January 2021.

	At 31-12-2020	At 31-12-2019
	EUR -	EUR -
Payroll tax, social security & pension payable	16,699	11,075
Total	16,699	11,075

10. Grants provided

These are pre-received funds from the grant contracts that continue to be implemented beyond 31 December 2020. Part of the amount was recognised as income at the end of the year. The remaining amount is recognised as a liability.

In 2020, based on the grant schedule and approved financial reports, grant amounts from Sida and Norwegian MFA were provided. The new Sida LED 2 project was granted in October 2020, and the donor transferred funds for implementation after signing of the

agreement. The remaining amounts relate to smaller projects such as CCCC, ADA, Horizon2020 Moving etc.

The following table shows the balance of grants provided by donors to be used after 31 December 2020

	At 31-12-2020	At 31-12-2019
	EUR -	EUR -
Project Sida FLED	0	26
Project Sida SSPDF	305,976	475,773
Norad	126,953	209,747
Project Sida LED	0	262,215
Project Sida LED 2	877,444	0
H2020 MOVING	44,310	0
CCCC	10,261	8,400
PEFC 2	5,574	4,800
EU CSO project	6,822	22,816
Pont Prespa Ec.Dec. NTFPs	17,472	23,205
ADA	17,930	53,294
NEA	1,147	0
Total	<u>1,413,889</u>	<u>1,060,276</u>

11. Accruals

Accruals consist of amounts of outstanding leave days accrued for 2021, disaggregated below.

	At 31-12-2020	At 31-12-2019
	EUR -	EUR -
Outstanding leave days	<u>14,035</u>	<u>10,850</u>
Total	<u>14,035</u>	<u>10,850</u>

Contingent assets and liabilities

There are no long term commitments on rental agreements or other contingent liabilities

Abbreviated Notes to the Statement of Financial Performance at 31 December 2020

Income

12. Income from grants

Income generated from CNVP activities is 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 into with different donors. Income is recorded on an accrual basis, meaning that it is recognized when earned, not received.

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

The income for 2020 from Sida LED project was €252,333 of which €162,264 came from advisory services and €90,069 from recoverable project expenses. The LED project subsidy period is from April 2019 to September 2020.

The income for 2020 from Sida SSPDF was €360,810 of which €222,004 from advisory services and €138,806 was from recoverable project expenses. The SSPDF project subsidy period is from August 2014 to 31 December 2021.

Regional project funded by Norad on fighting crime and corruption in the forestry sector, the total income for 2020 was €203,367 of which €78,753 from advisory services and €124,614 was from recoverable project expenses. The Norad project subsidy is from December 2018 to November 2021.

The new Sida LED 2 project total income for 2020 was €104,479 of which €63,640 from advisory services and €40,839 was from recoverable project expenses. The LED project subsidy is from October 2019 to March 2023.

The other projects range in small size and were financed by the EU (Moving ,CCCC, and CSO), PEFC Balkan Certification, DBU, UNEP, PONT. The subsidy period of these projects varies from January 2018 to August 2024.

The following table gives a breakdown of income from grants for 1 January to 31 December 2020.

Actuals from 01 January to 31 December 2020	Budget from 01 January to 31 December 2020	Actuals from 01 January to 31 December 2019

Income

<u>Income from grants</u>	EUR -	EUR -	EUR -
Project SIDA Fled - Advisory services			72,470
Project SIDA Fled - Reimbursable project expenses			<u>63,198</u>
Subtotal	<u>0</u>	<u>0</u>	<u>135,668</u>
Project SIDA SSPDF - Advisory services	222,004	233,898	302,710
Project SIDA SSPDF - Reimbursable project expenses	<u>138,806</u>	<u>200,000</u>	<u>168,090</u>
Subtotal	<u>360,810</u>	<u>433,898</u>	<u>470,801</u>
Project Norad - Advisory services	78,753	88,054	74,136
Project Norad - Reimbursable project expenses	<u>124,614</u>	<u>208,170</u>	<u>110,410</u>
Subtotal	<u>203,367</u>	<u>296,224</u>	<u>184,547</u>
Project SIDA LED - Advisory services	162,264	84,830	135,051
Project SIDA LED - Reimbursable project expenses	<u>90,069</u>	<u>69,008</u>	<u>73,449</u>
Subtotal	<u>252,333</u>	<u>153,838</u>	<u>208,500</u>
Project SIDA LED2 - Advisory services	63,640	0	0
Project SIDA LED2 - Reimbursable project expenses	<u>40,839</u>	<u>0</u>	<u>0</u>
Subtotal	<u>104,479</u>	<u>0</u>	<u>0</u>
Other projects - Advisory services	117,881	119,198	178,718
Other projects - Reimbursable expenses	<u>120,605</u>	<u>188,755</u>	<u>363,840</u>
Subtotal	<u>238,486</u>	<u>307,953</u>	<u>542,558</u>
Total Income from grants	<u>1,159,476</u>	<u>1,191,913</u>	<u>1,542,073</u>

13. Other income

Other income in 2020 consisted of interest earned on CNVP funds and miscellaneous income.

Other Income

Net gain from sale of assets	0	0	18,170
Interest income from CNVP funds	31	0	12
Miscellaneous income	<u>25</u>	<u>0</u>	<u>16</u>
Subtotal	<u>56</u>	<u>0</u>	<u>18,198</u>
Total Income	<u>1,159,532</u>	<u>1,191,913</u>	<u>1,177,674</u>

Note on the difference between actual and budget figures of income

The project income is with 97% realisation.

Expenditure

14. Personnel

CNVP at 31 December 2020 had 18 full time employees (FTEs) and three consultants engaged for implementation of projects.

Details about the remuneration of the Executive Board, the Supervisory Board, staff salaries and benefits, as well as other personnel related expenses are given below.

Remuneration for the Executive Board members consisted in 2020 of salary earned as well as other benefits, totalling €63,841 .

Supervisory Board members receive no remuneration for their activities. They are compensated for reasonable travel and business expenses incurred for board meetings and attendance fee. The total expense incurred for board meetings was € 2,131.

Actuals from 01 January to 31 December 2020	Budget from 01 January to 31 December 2020	Actuals from 01 January to 31 December 2019
EUR -	EUR -	EUR -

Executive Director salary-ended 18-05-2019
R.Bull

0	0	60,000
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Executive Director - other benefits R.Bull	<u>0</u>	<u>0</u>	<u>11,962</u>
Subtotal R.Bull Executive Director	<u>0</u>	<u>0</u>	<u>71,962</u>
Executive Board member salary Janaq Male 01-01-2020 until 31-12- 2020	31,012	21,719	18,709
Executive Board member Janaq Male -other benefits	<u>0</u>	<u>0</u>	<u>0</u>
Subtotal	<u>31,012</u>	<u>21,719</u>	<u>18,709</u>
Executive Board member salary Xhevat Lushi 01- 01-2020 until 31-12-2020i	32,340	30,030	15,987
Executive Board member Xhevat Lushi -other benefits	<u>552</u>	<u>750</u>	<u>222</u>
Subtotal	<u>32,892</u>	<u>30,780</u>	<u>16,208</u>
Executive Board member salary Anela S.Panajotova-ended 09 December 2019	0	0	19,192
Executive Board member Anela S. Panajotova - other benefits	<u>0</u>	<u>0</u>	<u>0</u>
Subtotal	<u>0</u>	<u>0</u>	<u>19,192</u>
Board members - remuneration	0	0	0
Board meetings	<u>2,131</u>	<u>9,000</u>	<u>11,779</u>
Subtotal	<u>2,131</u>	<u>9,000</u>	<u>11,779</u>
Staff salaries	404,284	282,729	510,656
Social security contribution	21,404	11,317	26,483
Medical benefits	3,938	3,750	5,173
Other benefits & expenses	20166	0	0
Outstanding Leave Days	3,185	0	(3,834)
Severances for NS	<u>23,544</u>	<u>21,085</u>	<u>(10,556)</u>
Subtotal	<u>476,521</u>	<u>318,881</u>	<u>527,922</u>
	<u>25,104</u>	<u>41,038</u>	<u>17,091</u>
External &Temporary Support	<u>25,104</u>	<u>41,038</u>	<u>17,091</u>

Total personnel expenses	<u>567,661</u>	<u>421,417</u>	<u>682,863</u>
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15. Depreciation of tangible fixed assets

The following shows the details of depreciation incurred in the period.

	Actuals from 01 January to 31 December 2020	Budget from 01 January to 31 December 2019	Actuals from 01 January to 31 December 2019
	EUR -	EUR -	EUR -
Depreciation vehicles	0	0	0
Depreciation office equipment	337	250	2,380
Total depreciation expense	<u>337</u>	<u>250</u>	<u>2,380</u>

16. Other expenses

Other expenses include operating business expenses and project expenses.

	Actuals from 01 January to 31 December 2020	Budget from 01 January to 31 December 2020	Actuals from 01 January to 31 December 2019
	EUR -	EUR -	EUR -
<u>Other expenses</u>			
<u>A. Operating expenses</u>			
Fuel & vehicle expenses	23,826	25,350	34,057
Travel & lodging	9,693	16,550	31,549
Office rent	28,277	27,734	34,645

Utilities & office maintenance	10,464	13,280	15,269
Communication & mailing	6,853	6,590	8,115
Office expense	24,401	31,270	25,292
Accounting & review /audit fees	59,273	66,250	104,951
Bankcosts & x-rate differences	6,303	4,800	7,032
Other expenses	<u>4,526</u>	<u>4,200</u>	<u>8,683</u>
Subtotal	<u>173,615</u>	<u>196,024</u>	<u>269,593</u>

B. Project expenses

Programme Support	223,185	289,262	358,024
Local Capacity Building	37,492	46,183	35,311
Consultancy	97,059	91,298	195,886
Partnership cost	<u>157,198</u>	<u>239,190</u>	<u>189,766</u>
Subtotal	<u>514,934</u>	<u>665,933</u>	<u>778,988</u>

Total expenditure	<u>1,256,546</u>	<u>1,283,624</u>	<u>1,733,824</u>
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Note on the difference between actual and budget figures of expenditure

The personnel cost were higher than the planned due to hiring CD for Macedonia, continuing the work for the employees in Albania due to follow up LED project and decision of the management to pay 13 month for all staff. The operating cost were less than planned due to decrease the fee for review of 2020. The overall project cost were less than planned due to some of the activities were done online due to COVID-19 pandemics.

17. Result for the period

Appropriation of balance of income and expenditure

Actuals	Budget	Actuals
from 01 January	from 01 January	from 01 January
to 31 December	to 31 December	to 31 December

	2020	2020	2019
General reserve	(97,014)	(91,711)	(173,552)
Appropriated reserve	0	0	-
Result for the period	(97,014)	(91,711)	(173,552)

Note on the difference between actual and budget figures of result

Although the efforts were made for reducing cost the loss planned was realised. That was mainly caused due to EB decision of payment of 13 month for all employees, and new addition in MK office i.e hiring Country Director for CNVP Macedonia.

Hollandsche Rading, 9 July 2021

Executive Board

Mr. Janaq Male
Mr. Xhevat Lushi
Mr. Nehat Ramadani

Supervisory

Mr. Maarten Bremer
Chair of Supervisory Board

Mr. Thijs van Buuren
Supervisory Board member

Mr. Arno Willems
Supervisory Board member

Mr. Aurel Jupe
Supervisory Board member

Part C: Other Information

Independent auditor's report on the abbreviated financial statements

Reference is made to the auditor's report attached below.

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 result will be made by the Foundation Board after adoption of the annual accounts by the Supervisory Board within the limits of the goals of CNVP as set out in the articles of association.

Independent auditor's report

To: The Supervisory Board of stichting Connecting Natural Values & People Foundation

Opinion

In our opinion, the abbreviated annual accounts, which comprise the abbreviated balance sheet as at 31 December 2020 and abbreviated statement of financial performance for the year then ended, and related notes, derived from the reviewed annual accounts 2020 of stichting Connecting Natural Values & People Foundation are consistent, in all material respects, with those annual accounts, in accordance with the principals for the valuation of assets and liabilities and the principles for determining the balance of income and expenditure as disclosed in the abbreviated annual accounts.

Abbreviated annual accounts

The abbreviated annual accounts do not contain all the disclosures required by the Dutch Accounting Standard 640 "not-for-profit organizations". Reading the summary financial statements, therefore, is not a substitute for reading the reviewed financial statements of Stichting Connecting Natural Values & People Foundation. Those financial statements, and the abbreviated annual accounts, do not reflect the effects of events that occurred subsequent to the date of our report, July 9, 2021, on those financial statements.

The audit Annual accounts and our review opinion there on

We expressed an unqualified review opinion on those financial statements in our report dated July 9, 2021. The level of assurance obtained in a limited assurance engagement is substantially less than the level of assurance obtained in an audit conducted in accordance with the Dutch Standards on Auditing. Accordingly, we do not express an audit opinion.

Responsibility Executive Board

The Executive Board is responsible for the preparation of an abbreviation of the audited financial statements on the basis described in the principles for the valuation of assets and liabilities and the principles for determining the balance of income and expenditure.

Auditor's responsibility

Our responsibility is to express an opinion on the abbreviated annual accounts based on our procedures, which were conducted in accordance with Dutch law, including the Dutch Standard on Auditing 810 'Engagements to report on summary financial statements'.

Amsterdam, September 10, 2021

Deloitte Accountants B.V.

Signed on the original: S. Kramer

Building a Greener Economic Environment

CNVP operates in the western Balkan region countries that are seeking to join the EU.

CNVP focuses on improving natural resource management, forestry, agri-rural development, renewable energy and industrial/household waste management, as well as raising awareness about the impact of climate change on the environment.

CNVP acts as a facilitator to:

- strengthen community capacity to achieve local development goals;
- maximise the production and service potential of rural areas through sustainable and locally controlled natural resource management;
- promote the use of natural resources to improve socio-economic development and rural livelihoods; and
- conserve the bio-diversity of natural resources at a time of serious environmental and climate change.

CNVP's core values

- **Green** - intervening to build a greener socio-economic environment
- **Clean** - promoting the use of renewable energy, and improving household/industrial waste management
- **Seen** - operating in the western Balkans, (as well as exploring project opportunities in Turkey and the Black Sea countries)
- **Lean** - improving the efficiency of CNVP's service delivery, continuously and systematically

CNVP – Building a Greener Economic Environment

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