



CNVP

Building a Greener Economic Environment

Abbreviated Annual Report

1 January – 31 December, 2021

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This is the abbreviated version of CNVP’s Annual Report for 2021. CNVP obtained an unqualified review opinion for its financial accounts for 2021. A full version including the auditor opinion is available on request (info@cnvp-eu.org).

Abbreviations

APFO:	Association of Private Forest Owners
ADA:	Austrian Development Agency
BD:	Business Development
CSOs:	Civil Society Organisations
CNVP:	Connecting Natural Values & People
CBWEVMPPP:	Capacity building of women entrepreneurs in vegetable and medical plants production & processing
EB:	Executive Board
EC:	Employee Council
EU:	European Union
HR:	Human Resources
IPA :	EU Instrument for Pre-Accession
JFM:	Joint Forest Management
KfW:	Kreditanstalt für Wiederaufbau, German Development Bank
LCB:	Local Capacity Builder
LED:	Local Economic Development
LLE:	Local Legal Entity
MAFRD:	Ministry of Agriculture, Forestry and Rural Development
MOVING:	Mountain Valorisation through Interconnectedness and Green Growth
MT:	Management Team
NAPFO:	National Association of Private Forest Owners
MFA:	Ministry of Foreign Affairs
NTFPs	Non-timber forest products
PEFC	Programme for Endorsement of Forest Certification
PONT:	Prespa Ohrid Nature Trust
SB:	Supervisory Board
SFC:	State Forest Company
SFM:	Sustainable Forest Management
NEA:	Netherlands Enterprise Agency
SIDA:	Swedish International Development Cooperation Agency
SSPDF:	Strengthening Sustainable Private and Decentralised Forest Development
SUNREED:	Sustainable Use of Natural Resources for Environment and Economic Development

1 Executive Summary

In spite of Global pandemic Covid 19 during 2021, yet another year in which CNVP was able to continue its work in the Balkans on natural resources management and developing the green economy. The adaptability and flexibility of our teams in the different countries has exceeded expectations and has resulted in very positive assessments of our work by external parties engaged in monitoring & evaluation. It also strengthens our confidence that we will keep on finding a way to work on our mission, whatever the circumstances.

CNVP has continued to strengthen its partnerships and cooperation with partners and donors, hereby closing very successfully the year by contracting new projects with the total value of 3.8 million euros.

2 Introduction

This report presents the overall results achieved from CNVP programme portfolio implemented during 01 January – 31 December 2021, including information about organizational development, programme management, financial resources and business development.

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 2017-21 were focused on the Green Economy/Circular Bioeconomy/Green Growth axis, 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.

During 2021 CNVP organization based on the project requirements has been involved in several external project audits, with very successful outcomes:

- SSPDF project audit for the year 2020 conducted by RSM Kosovo.
- Norad project audit for the year 2020 conducted by PWC N. Macedonia.
- CSO Montenegro Project for the full project ordered by the EU commission audited by BDO England.
- LED project audit for the year 2020 conducted by Crowe Albania.
- In June 2021 upon request of Sida embassy in Kosovo organisational assessment of CNVP overall was performed by Ernst & Young – Sweden.

3 Business Development

During 2021, CNVP has applied in total for ten projects, (eight project applications at country level and two additional projects at regional level). From these applications, CNVP won 4 projects in total, while one is under negotiations. During period of 2021, CNVP Kosovo signed two new projects: (i) "Sustainable of Natural Resources for Environment and Economic Development" (SUNREED) with Seda (€3,359,995.00), and (ii) Sustainable Future of Sharri/Korab-Koritnik with EURONATURA (€ 139,870).

Also, CNVP in North Macedonia signed two new projects: (i) "Empowering women for NTFPs development of Prespa " funded by PONT (54,340 Euro) (ii) and "**CSOs Action for Climate** "SIDA funded (249,000 Euro).

Regarding, the CNVP targets for 2021 were as following:

- **Target:** 10 quality projects submitted, including concepts notes and full projects proposals;
Actual: 10 project documents submitted:
- **Target:** 2 projects won;
Actual: 4 projects won, 1 is pending; and the rest were rejected;
- **Target:** 2 million Euro contracted:
Actual: 3.8 million Euro confirmed by 31 December 2021;

As it is emphasised in the above figures, CNVP successfully has achieved all its targets during 2021, while exceeding the contracted projects from **2 million euros as planned**, to **3.8 million euros** contracted.

CNVP's main business development activities in 2021 focused on:

1. Identifying additional project opportunities by:
 - a) Extending contacts with key international and national public/private/donor/CSO stakeholders and partners, joining major networks linked to CNVP's core activities, and attending on line 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 number of project concept notes for discussion with potential donors;
2. 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;
3. Contacting networks of key international and national public/private/donor/CSO stakeholders, on this regard CNVP have become member of CEEweb for Biodiversity, which is a regional, Central and Eastern European (CEE), environmental non-governmental umbrella organisation with over 50 member organisations from all over the CEE region.
4. Contacting potential partner organisations in each Balkan country, as well as in other countries where relevant for CNVP; and
5. 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.

I. Implemented projects during 2021

Project Name	Status	Link to CNVP's strategy
Local Economic Development (LED), Donor: Sida	1 October 2020 to 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 • Agri-rural development, including eco-tourism • Renewable energy, primarily from wood and crop biomass <ul style="list-style-type: none"> • Community mobilisation, governance and civil society
Afforestation, training and education for sustainable community forest in Albania Donor: ADA	1 May 2019 to 31 December 2021	<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 including development of non-timber forest product value chains • Community mobilisation, governance and civil society

CNVP Kosovo		
Project Name	Status	Link to CNVP's strategy
<p>Strengthening Sustainable Private and Decentralised Forestry (SSPDF), Kosovo</p> <p>Donor: Sida</p>	<p>14 August to 31 December 2021</p>	<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 • 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 <i>acquis communautaire</i>
<p>Capacity building of women entrepreneurs in vegetable and medical plants production & processing, Kosovo".</p> <p>Donor: Netherlands Enterprise Agency</p>	<p>February 2020 to August 2021.</p>	<p>Forestry, agro-forestry and sustainable forest management, including development of non-timber forest product value chains</p> <p>Agri-rural development, including eco-tourism</p>
<p>Sustainable Future for Shar/Korab/Koritnik</p> <p>Donor: DBU-Jensen Funds and EURONATUR</p>	<p>Started: May 2021 to October 2023</p>	<p>- Forestry, agroforestry sustainable forest management, including development of non-timber forest product value chains;</p> <p>- Agri-rural development, including eco-tourism</p>

CNVP North Macedonia

Project Name	Status	Link to CNVP's strategy
MOVING - Mountain Valorisation Through Interconnectedness AND Green growth EU, Horizon 2020 programme Communistes communication climate change Civil Society Action for Climate	01.09.2020 to 31.08.2024 January 2018 – 30 April 2021 01.11. 2021 to 31.05.2024	Agri, forestry, rural development, including development of value chains Climate change, sustainable natural resource management, community mobilisation, Europe accession. Climate change, sustainable natural resource management, community mobilisation, Europe accession.

Regional Projects

Project Name	Status	Link to CNVP's strategy
Regional Action for Combating Forest Crime and Corruption, North Macedonia, Serbia, Bosnia-Herzegovina and Montenegro Donor: NORAD	1December 2018 to 30 November 2021	<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
NTFPs for Prespa Economic Development Donor:PONT/KfW Empowering women for NTFPs development of Prespa Donor:PONT	16 September to 30 April 2021 Started on 1-st of June 2021 to 31-st of May 2024	<ul style="list-style-type: none"> ☐ Forestry, agro-forestry and sustainable forest management, including development of non-timber forest product value chains <p>Forestry, agro-forestry and sustainable forest management, including development of non-timber forest product value chains</p> <ul style="list-style-type: none"> ●Community mobilisation, governance and civil society including development of non-timber forest product value chains. Community mobilisation, governance and civil society

4 Human Resources

CNVP Executive Board is consisted from three Country Directors (Albania, Kosovo and N. Macedonia) assisted by the Regional Finance Administrator (and supported by the Financial Administrator, Albania) met eight times during 2021.

CNVP up to 31 December had the following number of staff per country:

- Albania: 9 full time employees
- Kosovo: 6 full time employees
- N. Macedonia: 3 full time employees, one consultant and one practitioner.
- Netherlands: 1 full time employee with operating from N. Macedonia; one consultant engaged for PR activities.
- Serbia: 1 consultant that is engaged with 50% for Norad project;
- Montenegro: 1 consultant with 34% engagement on Norad project;

5 Conclusions

There has been continuous improvement in CNVP's marketing, networking and business development activities. The organisation is now much better known and more visible in each of the countries where CNVP is active. This is due to more projects CNVP is implementing during 2021, exceeding the targets on contracted projects with 90%, from 2 million euros as planned, to 3.8 million euros contracted.

CNVP successfully closed the year 2021 and has started a strategic process for developing a new long-term organisational strategy (with a focus also on business development) for the period 2022 – 2027. The new strategy will be aligned with the EU's new funding cycle (IPA 3), EU green agenda and COP26, with SIDA's new strategy, as well as with the other strategic partners and donors across the Balkans where CNVP operates.

Part B: 2021 Abbreviated Annual Accounts

Part B of the 2021 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 & Montenegro.

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 2021
- Abbreviated Statement of Financial Performance for the period from 1 January to 31 December 2021
- Abbreviated Cash flow statement for the period from 1 January to 31 December 2021
- Accounting principles
- Abbreviated Notes to the Balance Sheet
- Abbreviated Notes to the Statement of Financial Performance
- Signed Financial Statements
- Abbreviated Independent Auditors' Review Report

Abbreviated Balance Sheet at 31 December 2021

After appropriation of result from 01 January to 31 December 2021

Assets	Note	2021	2020
Tangible Fixed Assets			
		EUR -	EUR -
Vehicles	1	0	0
Office equipment		1,610	536
Subtotal		<u>1,610</u>	<u>536</u>
Current Assets			
Grant receivable	2	12,473	38,018
Prepayment projects	3	18,625	59,026
Prepayments	4	1,601	2,373
Cash	5	2,504,010	1,818,000
Subtotal		<u>2,536,709</u>	<u>1,917,417</u>
Total Assets		<u>2,538,319</u>	<u>1,917,953</u>

Abbreviated Balance Sheet at 31 December 2021
After appropriation of result from 01 January to 31 December 2021

Liabilities	Note	2021	2020
Foundation's Capital		EUR -	EUR -
General reserve	6	292,618	360,645
Appropriated reserve	6	<u>0</u>	<u>0</u>
Subtotal		<u>292,618</u>	<u>360,645</u>
Provisions			
Reservation severances	7	<u>0</u>	<u>0</u>
Subtotal		<u>0</u>	<u>0</u>
Current Liabilities			
Payables	8	85,219	112,684
Taxes, social security & pension	9	10,138	16,699
Grants provided	10	2,134,969	1,413,889
Accruals	11	15,375	14,035
Subtotal		<u>2,245,700</u>	<u>1,557,308</u>
Total Liabilities		<u>2,538,319</u>	<u>1,917,953</u>

Abbreviated Statement of Financial Performance

For the period from 01 January to 31 December 2021

		Actuals from 01 January to 31 December 2021	Budget from 01 January to 31 December 2021	Actuals from 01 January to 31 December 2020
Income	Note	EUR -	EUR -	EUR -
Income from grants	12	1,391,956	1,810,605	1,159,476
Other income	13	2,217	360	56
Total Income		<u>1,394,173</u>	<u>1,810,965</u>	<u>1,159,532</u>
 Expenditure				
Personnel	14	519,442	505,688	567,661
Depreciation fixed assets	15	281	4,150	337
Other expenses	16	942,476	1,350,879	688,549
Total Expenditure		<u>1,462,199</u>	<u>1,860,717</u>	<u>1,256,546</u>
 Balance Income & Expenditure	 17	 <u>(68,027)</u>	 <u>(49,752)</u>	 <u>(97,014)</u>

Appropriation Balance Income & Expenditure

to:

General reserve
Appropriated
reserve

**Foundation
Capital**

<u>(68,027)</u>	<u>(49,752)</u>	<u>(97,014)</u>
<u>0</u>	<u>0</u>	<u>0</u>
<u>(68,027)</u>	<u>(49,752)</u>	<u>(97,014)</u>

**Balance Income & Expenditure after
Appropriation**

<u>0</u>	<u>0</u>	<u>0</u>
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Cash flow statement at 31 December 2021

	Note	2021	2020
Operating result	12;14-16	(70,243)	(97,071)
Adjustment for :			
Depreciation	15	281	337
Receivables	2;3	65,946	(22,959)
Prepayments	4	772	135
Payables	8	(27,465)	34,396
Provisions	7	0	0
Taxes, and leave of employees	9;11	(5,221)	8,809
Project payables	10	721,079	353,613
Interest received	13	22	56
Gain /loses on sale of fixed assets	1	361	0
Net Cash from Operating Activities		685,532	277,316
Purchase of fixed assets	1	(1,717)	(697)
Sale of fixed assets	1	2,195	-
Cash from investment activities		478	(697)
Net increase in cash and cash equivalents		686,010	276,619
Cash and Bank at January 1,2021	9	1,818,000	1,541,381
Cash and Bank at December 31,2021	9	2,504,010	1,818,000

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 2021 to 31 December 2021. 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 03 September 2022. 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 2021. 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 expensed immediately as project expense.

Annual rates used of depreciation for CNVP assets 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 2022.

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 2021

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. The assets purchased for project purposes are expensed immediately. 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, 2021	253,675	43,531	297,206
Cumulative depreciation and other impairments as at January 1, 2021	(253,675)	(42,995)	(296,670)
Carrying amount as at January 1, 2021	<u>0</u>	<u>536</u>	<u>536</u>
Investments	0	1,717	1,717
Carrying amount of disposals	0	(361)	(361)
Depreciation	<u>0</u>	<u>281</u>	<u>281</u>
Carrying amount as at December 31, 2021	<u>0</u>	<u>2,174</u>	<u>2,174</u>
Acquisition cost as at December 31, 2021	253,675	45,248	298,923
Cumulative depreciation and other impairments as at December 31, 2021	(253,675)	(43,074)	(296,749)
Acquisition cost as at December 31, 2021	<u>0</u>	<u>1,610</u>	<u>1,610</u>

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 NEA Dutch funded project related to Capacity Building of Woman Entrepreneurs.

	At 31-12-2021	At 31-12-2020
	EUR -	EUR -
Grant receivables	12,473	38,018
Total	<u>12,473</u>	<u>38,018</u>

3. Prepayment projects

Prepayment projects represent a balance of advance payments given to the partners and consultants etc. The amount of 18,625 € is mainly the balance of the advance given to the project partners related to Sharr & ADA Lenzing project.

	At 31-12-2021	At 31-12-2021
	EUR -	EUR -
Prepayments to project partners	<u>18,625</u>	<u>59,026</u>
Total	<u>18,625</u>	<u>59,026</u>

4. Prepayments

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

	At 31-12-2021	At 31-12-2020
	EUR -	EUR -
Rent deposits	1,601	2,084
Debtors	0	289
Total	1,601	2,373

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, SUNREED), one for the Norwegian regional project, project accounts in Macedonia, and cash on hand at 31 December 2021.

The total of project bank balances at 31 December 2021 was € 2,152,862 which was pre-received donor funds. The amount related to the FLED, SSPDF, Norad & LED projects includes income from 2021. This will be settled in the first months of 2021.

The remaining amount of € 351,148 reflects the balance of cash that belongs to CNVP as of the balance sheet date.

CNVP bank balances

Rabobank Netherlands	229,503	255,073
ProCredit Bank Albania	92,721	12,602
Procredit Bank Kosovo	17,642	31,510
Uni Bank Macedonia	5,561	6,787
NLB Bank Montenegro	42	1,450
Subtotal	345,469	307,423

Project bank accounts

Rabobank Netherlands, Project SIDA SSPDF	106,227	388,560
Rabobank Netherlands, Project Sida LED2	1,188,197	981,907
Rabobank Netherlands, Project Sida Sunreed	777,490	0
Rabobank Netherlands, Project Norad	26,304	105,899
Uni Bank CCCC EU project	0	13,247
Uni Bank Horison Moving	262	0

Uni Bank Sida Action for Climate	42,623	0
Uni Bank PONT 2-EUR	11,760	17,152
Subtotal	<u>2,152,862</u>	<u>1,506,764</u>
 CNVP cash on hand		
CNVP Albania	4,022	1,748
CNVP Kosovo	1,112	914
CNVP Macedonia	492	640
CNVP Montenegro	53	512
Subtotal	<u>5,678</u>	<u>3,813</u>
Total	<u>2,504,010</u>	<u>1,818,000</u>

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 2021 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 31-12-2021	Add result for period	At 31-12-2020
	EUR -	EUR -	EUR -
General reserve	292,618	(68,027)	360,645
Total	292,618	(68,027)	360,645

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

Provisions

7. Reservation severances

There have been no reservation of severances for 2021

Current Liabilities

8. Payables

The amounts to be paid consist of organisational expenses incurred in 2021 that will be paid in 2022. The pre-received amounts is a balance of the donation of the Pieter Baastian Foundation related to the organisational development.

Interest payable on donor funds consists of interest earned in project accounts.

	At 31-12-2021	At 31-12-2020
	EUR -	EUR -
Amounts to be paid	65,558	87,668
Pre-received amount	19,644	25,000
Interest payable to donor funds	16	16
Total	85,219	112,684

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 2021 staff salaries to be paid in January 2022.

	At 31-12-2021	At 31-12-2020
	EUR -	EUR -
Payroll tax, social security & pension payable	10,138	16,699
Total	10,138	16,699

10. Grants provided

These are pre-received funds from the grant contracts that continue to be implemented beyond 31 December 2021. Part of the amount was recognised as income at the end of the year. The remaining amount is recognised as a liability.

In 2021, based on the grant schedule and approved financial reports, grant amounts from Sida and Norwegian MFA were provided. The new Sida Sunreed project was granted in December 2021, and the donor transferred funds for implementation after signing of the agreement. The remaining amounts relate to smaller projects such as Action for Climate, PONT, Sharr, ADA, Horison2020 Moving etc.

The following table shows the balance of grants provided by donors to be used after 31 December 2021

	At 31-12-2021	At 31-12-2020
	EUR -	EUR -
Sida SSPDF	792	305,976
Norad	20,618	126,953
Sida LED 2	1,192,375	877,444
Sida Sunreed	777,495	0
H2020 MOVING	34,995	44,310
CCCC	0	10,261
PEFC 2	0	5,574
EU CSO project	6,822	6,822
Pont Prespa Ec.Dec. NTFPs	0	17,472
ADA	30,122	17,930
Sida Action for Climate	37,321	0
Sharr Euronatur	27,022	0
Pont RWoP Empowerment	7,405	0
NEA	0	1,147
Total	<u>2,134,968.63</u>	<u>1,413,889</u>

11. Accruals

Accruals consist of amounts of outstanding leave days accrued for 2022, disaggregated below.

	At 31-12-2021	At 31-12-2020
	EUR -	EUR -
Outstanding leave days	15,375	14,035
Total	15,375	14,035

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 2021

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 2021 from Sida LED2 project was € 660,535 of which € 300,073 came from advisory services and 360,462 from recoverable project expenses. The LED project subsidy period is from October 2019 to March 2023.

The income for 2021 from Sida SSPDF was € 305,183 of which €217,494 from advisory services and € 87,689 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 2021 was € 201,816 of which €72,118 from advisory services and €124,614 was from recoverable project expenses. The Norad project subsidy is from December 2018 to November 2021.

The other projects range in small size and were financed by the EU (Moving, CCCC,), PONT, Euronatur ,ADA. 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 2021.

Income

<u>Income from grants</u>	EUR -	EUR -	EUR -
Project SIDA SSPDF - Advisory services	217,494	211,847	222,004
Project SIDA SSPDF - Reimbursable project expenses	<u>87,689</u>	<u>95,400</u>	<u>138,806</u>
Subtotal	<u>305,183</u>	<u>307,247</u>	<u>360,810</u>
Project Norad - Advisory services	72,118	76,611	78,753
Project Norad - Reimbursable project expenses	<u>129,698</u>	<u>183,500</u>	<u>124,614</u>
Subtotal	<u>201,816</u>	<u>260,111</u>	<u>203,367</u>

Project SIDA LED - Advisory services	0	0	63,640
Project SIDA LED - Reimbursable project expenses	<u>0</u>	<u>0</u>	<u>40,839</u>
Subtotal	<u>0</u>	<u>0</u>	<u>104,479</u>
Project SIDA LED 2 - Advisory services	300,073	329,073	117,881
Project SIDA LED 2- Reimbursable project expenses	<u>360,462</u>	<u>751,910</u>	<u>120,605</u>
Subtotal	<u>660,535</u>	<u>1,080,983</u>	<u>238,486</u>
Other projects - Advisory services	81,013	53,895	117,881
Other projects - Reimbursable expenses	<u>143,408</u>	<u>108,369</u>	<u>120,605</u>
Subtotal	<u>224,421</u>	<u>162,264</u>	<u>238,486</u>
Total Income from grants	<u>1,391,956</u>	<u>1,810,605</u>	<u>1,159,476</u>

1. Other income

Other income in 2021 consisted of interest earned on CNVP funds & sale of assets.

Other Income

Net gain from sale of assets	2,195	360	0
Interest income from CNVP funds	22	0	31
Miscellaneous income	<u>0</u>	<u>0</u>	<u>25</u>
Subtotal	<u>2,217</u>	<u>360</u>	<u>56</u>
Total Income	<u>1,394,173</u>	<u>1,810,965</u>	<u>1,159,532</u>

Note on the difference between actual and budget figures of income

The project income is with 77% realisation. There is a less realisation than the planned due to the fact that LED 2 project part of the programme cost were not realised due to the complexity of the project and the contribution of the partner companies.

Expenditure

2. Personnel

CNVP at 31 December 2021 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 2021 of salary earned as well as other benefits, totalling € 91,949.

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 € 3,632.

	Actuals from 01 January to 31 December 2021	Budget from 01 January to 31 December 2021	Actuals from 01 January to 31 December 2020
	EUR -	EUR -	EUR -
Executive Board member salary Nehat Ramadani 01-01-2021 until 31-12-2021	29,594	19,729	0
Executive Board member -other benefits Nehat Ramadani	<u>0</u>	<u>0</u>	<u>0</u>
Subtotal	<u>29,594</u>	<u>19,729</u>	<u>0</u>
Executive Board member salary Janaq Male 01-01-2021 until 31-12-2021	29,097	29,010	31,012
Executive Board member Janaq Male -other benefits	<u>2,440</u>	<u>2,410</u>	<u>0</u>
Subtotal	<u>31,537</u>	<u>31,420</u>	<u>31,012</u>
Executive Board member salary Xhevat Lushi 01-01-2021 until 31-12-2021	29,350	28,600	32,340
Executive Board member Xhevat Lushi -other benefits	<u>1,467</u>	<u>2,180</u>	<u>552</u>
Subtotal	<u>30,817</u>	<u>30,780</u>	<u>32,892</u>

Board members - remuneration	0	0	0
Board meetings	<u>3,632</u>	<u>7,500</u>	<u>2,131</u>
Subtotal	<u>3,632</u>	<u>7,500</u>	<u>2,131</u>
Staff salaries	357,726	354,505	404,284
Social security contribution	23,655	22,503	21,404
Medical benefits	0	0	3,938
Other benefits & expenses	508	0	20166
Outstanding Leave Days	1,340	0	3,185
Severances for NS	<u>24,213</u>	<u>25,000</u>	<u>23,544</u>
Subtotal	<u>407,443</u>	<u>402,008</u>	<u>476,521</u>
	<u>16,419</u>	<u>14,250</u>	<u>25,104</u>
External & Temporary Support	<u>16,419</u>	<u>14,250</u>	<u>25,104</u>
	<u>519,442</u>	<u>505,688</u>	<u>567,661</u>

3. Depreciation of tangible fixed assets

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

	Actuals from 01 January to 31 December 2021	Budget from 01 January to 31 December 2021	Actuals from 01 January to 31 December 2020
	EUR -	EUR -	EUR -
Depreciation vehicles	0	0	0
Depreciation office equipment	281	4,150	337
Total depreciation expense	<u>281</u>	<u>4,150</u>	<u>337</u>

13. Other expenses

Other expenses include operating business expenses and project expenses.

	Actuals from 01 January to 31 December 2021	Budget from 01 January to 31 December 2021	Actuals from 01 January to 31 December 2020
<u>Other expenses</u>			
	EUR -	EUR -	EUR -
<u>A.Operating expenses</u>			
Fuel & vehicle expenses	29,575	29,700	23,826
Travel & lodging	18,004	24,490	9,693
Office rent	30,547	31,460	28,277
Utilities & office maintenance	11,974	12,540	10,464
Communication & mailing	7,366	7,710	6,853
Office expense	26,661	33,850	24,401
Accounting & audit fees	66,182	53,350	59,273
Bankcosts & x-rate differences	8,699	6,250	6,303
Other expenses	10,348	12,350	4,526
Subtotal	<u>209,356</u>	<u>211,700</u>	<u>173,615</u>
<u>B.Project expenses</u>			
Programme Support	414,849	235,800	223,185
Local Capacity Building	41,064	55,650	37,492
Consultancy	95,472	154,229	97,059
Partnership cost	181,735	693,500	157,198
Subtotal	<u>733,119</u>	<u>1,139,179</u>	<u>514,934</u>
Total other expenses	<u>942,476</u>	<u>1,350,879</u>	<u>688,549</u>
Total expenditure	<u>1,462,199</u>	<u>1,860,717</u>	<u>1,256,546</u>
Balance of income and expenditure	<u>(68,027)</u>	<u>(49,752)</u>	<u>(97,014)</u>

Note on the difference between actual and budget figures of expenditure

The overall cost is lower than planned due to the fact that the LED2 project programme cost were not realised.

14. 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
	2021	2021	2020
General reserve	(68,027)	(49,752)	(97,014)
Appropriated reserve	0	0	-
Result for the period	<u>(68,027)</u>	<u>(49,752)</u>	<u>(97,014)</u>

Note on the difference between actual and budget figures of result

The estimated loss is higher than planned due to the fact that the income planned that is coming from the indirect cost from LED2 project was not realised since it is calculated as percentage from the total project budget realisation. Due to Covid and complexity of certain projects such as (LED) the project cost was not fully executed. The created less indirect cost that were planned to cover certain cost for running operations. (regional staff, audits, systems). The Executive Board is fully aware of the situation and trying to mitigate the losses.

On the other side there is increase of cost in 2021 compared to 2020 due to the fact that situation with COVID-19 pandemics allowed the activities to be realised on the field.

Subsequent events

The situation in Ukraine creating pressure to the organisation after COVID-19 pandemic. CNVP is indirectly affected by sanctions related to rising energy costs, , supply-chain issues and inflation. The reorganization measures are necessary for the continuation of the organisation activities. CNVP Executive Board sees risk in the increase of fuel prices, increase of prices of commodities ,shortage of materials and inputs for implementation of the projects. There are few option of limitation the impact of the geo(political) situation:

- Screen and calculate the envisaged assets to be purchased whether its prices has substantially changed up. If so, proceed the communication with the donors and possibility to postpone certain activities (purchasing machinery and inputs for the farmers), for "better times" within the project framework;
- Reduce the travel to certain extent and organise meetings via online or using partners organisation that are operating in regions;
- The inflation might lead to higher general prices, making the living standard much expensive. This situation might raise demands from employees for salary increases. In such cases, the management will have constantly to communicate with the Employee Council and the donors, and find the proper solution if any.

Hollandsche Rading, 01 September 2022

Executive Board

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

Supervisory Board

Mr. Maarten Bremer
Chair of Supervisory Board

Mr. Thijs van Buuren
Supervisory Board member

Ms. Maria Johanna Meijboom
Supervisory Board member

Mr. Aurel Jupe
Supervisory Board member

Part C: Other Information

Independent abbreviated auditor's review report

Reference is made to the abbreviated 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 REVIEW REPORT

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To: The Supervisory Board and the Executive Board of Stichting Connecting Natural Values & People Foundation

Our conclusion

The abbreviated annual accounts (on page 10 up to and including page 34) of Stichting Connecting Natural Values & People Foundation, based in The Hague are derived from the reviewed annual accounts 2021 of Stichting Connecting Natural Values & People Foundation.

Based on our review, nothing has come to our attention that causes us to believe that the abbreviated accounts of Stichting Connecting Natural Values & People Foundation is not prepared, in all material respects, in accordance with the basis described in the notes of the abbreviated annual accounts.

The abbreviated annual accounts comprise:

1. The abbreviated balance sheet as at 31 December 2021;
2. The abbreviated statement of financial performance 2021; and
3. The abbreviated notes comprising of a summary of the accounting policies and other explanatory information.

Abbreviated annual accounts

The abbreviated annual accounts do not contain all the disclosures required by the Dutch accounting standard RJ 640. Reading the abbreviated annual accounts and our review report thereon, therefore, is not a substitute for reading the reviewed annual accounts of Stichting Connecting Natural Values & People Foundation and our auditor's review report thereon.

The reviewed annual accounts and our auditor's review report thereon

We expressed an unmodified review report on the reviewed annual accounts 2021 of Stichting Connecting Natural Values & People Foundation in our auditor's review report dated September 1, 2022.

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 did not express an audit opinion.

Responsibilities of the executive board and the supervisory board for the abbreviated annual accounts

The executive board is responsible for the preparation of the abbreviated annual accounts.

The supervisory board is responsible for overseeing the company's financial reporting process.

**Our responsibilities**

Our responsibility is to conclude on whether nothing has come to our attention that causes us to believe that the abbreviated annual accounts are inconsistent, in all material respects, with the reviewed annual accounts based on our procedures, which we conducted in accordance with Dutch law, including the Dutch Standard 810 'Opdrachten om te rapporteren betreffende samengevatte financiële overzichten' (Engagements to report on summary financial statements).

Rotterdam, 1 September 2022

Crowe Peak Audit & Assurance B.V.

w.s.

J.H.C. Hameetman RA MSc



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's core values

- committed on always being **professional**, placing the interest of the target group first, and setting clear objectives.
- strive to turn challenge into opportunity and ideas into creative **innovative** solutions
- staff works in harmony, independence and **teamwork** where each member is driven by a shared goal and shared values.
- We are driven by **integrity** where employees are led by strong **ethics**
- **accountable** for its actions by building trust internally among staff and externally with donors and stakeholders.
- CNVP is led by the **quality** ensuring that its services are implemented and maintained at the highest possible standards to donors and beneficiaries.
- endorse continuous **learning** and experience sharing among staff and actors as foundation for a successful organization
- **quality ensuring** that its services are implemented and maintained at the highest possible standards to donors and beneficiaries.
- promote **diversity and inclusion** by bringing different lived experiences and a range of backgrounds into a shared environment where everyone has equal opportunity

CNVP – Building a Greener Economic Environment

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