

Netherlands Institute for
Multiparty Democracy

FINANCIAL REPORT 2012

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REGISTERACCOUNTANTS

Amsterdam, 24 JUNI 2013

paraaf voor identificatiedoeleinden:

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1 Board statement

Introduction

The Netherlands Institute for Multiparty Democracy (NIMD) was founded in April 2001 by the Dutch political parties CDA, ChristenUnie, D66, GroenLinks, PvdA, SGP and VVD. In 2012 NIMD was active in 23 countries to support political parties in their efforts to strengthen democracy. Due to The 'Arab Spring' NIMD started in countries like Egypt, Jordan, Libya, and Tunisia. NIMD also started with some exploring activities in Benin, Myanmar and South Sudan.

Governance structure

As of 1 January 2012 NIMD has delegated the responsibility to the Executive Director, mr J. Bruning, who is supervised by a Supervisory Board. The Supervisory Board started with mr B.R. Bot, mr J. Hoekema, mr W. Jacobs and mr M. Stolk. During the year Mrs I. van Veldhuizen and mr E. van Middelkoop joined the Supervisory Board. The remuneration of the Board in 2012 amounted to € 6.500. In 2012, the Board met five times. NIMD uses the dispensation stating the remuneration since there is only one director.

Staff

On 31 December 2012 NIMD employed 23 staff members in The Hague (22,05 FTE) and 47 in its 5 country offices (Ecuador, Georgia, Guatemala, Mozambique and Uganda) and one Africa Regional Programme Coordinator.

Budget 2012

The 2012 budget amounts to €10.368.800 and is specified as follows:

- Programmes €7.412.000
- Programme management in The Hague €2.503.800
- Activities for Matching Organisation & Niche €453.000
- Funding from others than the MFA is increasing. It is estimated for 2012 at € 1,49 million.

Main financial results 2012

For the report of the activities we refer to the annual report.

The Costs and revenues of NIMD is three-folded. The direct programme costs, the programme management costs and Matching organisation and niche. Overall there was an overspending on budget of 4 % (€ 460 K).

Direct Programme Costs: The Ministry of Foreign Affairs (MFA) funded € 8.4 million (77%) of € 10.9 million total expenditure. Funding from the MFA in 2012 was budgeted on two grants: the remaining funds from the 2007-2011 Political and Parliamentary Cooperation grant (€2,3 mln) and funds from the new Political Parties Fund II grant (€5.8 mln). The other funding (€1.2 million) was covered by other donors like DFAIT, IDEA, EU, DIPD. In addition to that NIMD received -together with Cordaid- a Reconstruction grant of €4,8 mln for 2012-2015 for Colombia, Guatemala & El Salvador

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Financial results: PPS in 2012 have now left € 0 mln of the previous grant to be spent in 2013. Revenue from the MFA is calculated on the assumption that all expenditure not subsidised by others is fundable by the Ministry. In 2012 NIMD needed to allocate (€858 K) more than budgetted to the Political Parties Fund II. Reason is partly due to overspending (>10 %) on programmes. Or for some programmes the total contract value has been put forward as a liability. Another important reason is the budgetreservation 2012 (€ 390 K) for savings of underspent grants, which implicitly calculated an underspending on the programmes. But in reality the staff worked very hard to fulfill the contract requirements so the saving was not applicable. Finally NIMD received less external funding than budgetted due to delay in the starting of some programmes, which means a more than budgetted allocation to PP2.

The Programme management Costs: Based on the agreed rates with MFA and the actual time spent on 2012, an amount of € 2.6 million could be charged to MFA. There was an agreed budget of € 2.3 million which means that NIMD has spent more on the programmes than previously calculated. The result made is, based on the agreed budget with MFA not included in the financial statements, and could be seen as a contribution to the grant of NIMD.

Matching organisation & Niche is a programme focussed on involving partners, building networks and developing new methodologies. NIMD organizes (regional) conferences to bring both her partners and politicians together. In 2012 there was a slight underspending of the budget (€ 10 K), which was mainly allocated towards the Partnership days, conferences (Batumi), building up a strategic Network and printed materials/books.

The positive result of € 96 K will put forwards the equity capital of NIMD. This result is due to less costs (€ 10,8 million) then actual received/necessary funding (€10,9 million). The balance of the sustainable reservation at 31 December 2012 is € 229 K. This reservation is applicable for unforeseen circumstances.

Financial management and organisation

After the reorganisation in 2011, the year 2012 was a year of stabilisation of the organisation. A new system (Principal Toolbox) was implemented to support the primary process. As a result the managerial side of the work has improved tremendously. NIMD embarked on a path of focusing on the financial management of contracts and on strengthening the financial capacity of country offices and partners. This means NIMD will expand its financial staff in 2012/2013 up to 3 Financial Program Officers and 1 coordinator finance & operation. In 2013 NIMD will work on further strengthening its financial monitoring and capacity management of the programs.

In preparing its 2012-2015 Multi Annual Plan (MAP) and funding proposal for the Ministry of Foreign Affairs of the Netherlands, NIMD focused strongly on strengthening its partnerships with its strategic allies IDEA (Stockholm), AWEPA (Amsterdam), DIPD (Copenhagen), DEMO (Helsinki) and EPD. Also fundraising will become even more important. In the 2012-2015 MAP NIMD set a goal to increase the percentage of funding not coming from the Netherlands Ministry of Foreign Affairs (NL MFA), as such decreasing its' too large dependency of one donor, while at the same time also ensuring the sustainability of those country programmes that would no longer be eligible for receiving funding out of the PPII funding of the NL MFA. In 2012 a solid basis has been laid for further developing these two main goals.

In its long-term plan NIMD formulated the ambition to get more money from external Funds. The more funds from different donors, the more risk the organization runs. To reduce this risk the organization has started to building a 7.5% equity reservation. The results obtained will therefore be added to the equity of NIMD.

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Budget 2013 (in €)

Programmes	subsidies	costs
Benin		200.000
Bolivia		120.000
Burundi	-310.000	349.000
Central America		861.000
Colombia		252.000
Ecuador	-260.000	330.000
Egypt	-130.000	310.000
Georgia	-55.000	306.000
Ghana		375.000
Indonesia		545.000
Jordan		50.000
Kenya		440.000
Libya	-50.000	52.000
Malawi		215.000
Mali		395.000
Mozambique	-220.000	678.000
South Sudan		100.000
Tanzania		
Tunesia		150.000
Uganda	-320.000	495.000
Zimbabwe	-310.000	464.000
New programmes & opportunities		75.000
	<i>ALARP</i>	90.000
	<i>ARP</i>	360.000
	<i>MIS</i>	450.000
	<i>PME (progr. focused)</i>	360.000
Linking countries & mutual learning		950.000
Inspired		
Reconstruction (other)		-465.000
Additional funding target	-300.000	280.000
Savings from underspent grants		
Subtotal programmes		7.527.000
Programme management		2.905.000
INVolving partners		
STRategic cooperation		
METHodology development		
COMMunication & publications		
Matching organisation & niche		340.000
Total to be funded		10.772.000
FUNDING		
Programme level funding	-1.955.000	
Ministry of Foreign Affairs PPS funding		
Ministry of Foreign Affairs PP2 funding	-8.137.000	
MFA Reconstruction funding	-605.000	
EPD/EU Inspired funding	-75.000	
Other revenues		
PSO funding (PM&E)		
Total funding		-10.772.000
Result		0

The Hague, 24th of June 2013
Hans Bruning
Executive and Governing Director

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2 Balance sheet at 31 December 2012 in €

	Ref.	31 December 2012	31 December 2011
ASSETS			
FIXED ASSETS			
Intangible fixed assets	5.3.1		
Programme management software & website development		4.464	10.019
Tangible fixed assets	5.3.2		
Furniture		12.210	17.480
Computer equipment		<u>35.509</u>	<u>24.813</u>
		47.718	42.292
CURRENT ASSETS			
Receivables	5.3.3		
VAT to be returned		123.658	644.384
Other receivables		-	4.926
Advance payments and accrued receivables		<u>741.955</u>	<u>355.751</u>
		865.613	1.005.061
Liquidities	5.3.4		
		5.613.922	1.980.276
		<u>6.531.717</u>	<u>3.037.649</u>
LIABILITIES			
Sustainability reserve	5.3.5		
		229.873	133.192
Liabilities	5.3.6		
Programme liabilities		618.041	316.455
Dutch political parties (strengthening support base)		-	26.471
Estimated liabilities		27.950	15.700
Personnel related creditors		177.229	156.949
Other creditors		115.893	75.100
Subsidy Ministry of Foreign Affairs received in advance		4.788.264	2.076.454
Other advance receipts and accrued expenses		<u>574.467</u>	<u>237.327</u>
		6.301.844	2.904.457
		<u>6.531.717</u>	<u>3.037.648</u>

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3 Statement of costs and revenue 2012 in €

	Ref.	Result 2012		Revised budget 2012		Result 2011	
		subsidies	costs	subsidies	costs	subsidies	costs
TO BE FUNDED							
Programmes							
Benin			65.275		100.000		
Bolivia			242.396		240.000		296.468
Burundi		-20.000	195.342	-113.000	193.000	-53.533	68.102
Central America		-6.286	708.571	-7.000	764.000		621.476
Colombia			157.441		195.000		160.000
Ecuador		-272.634	408.411	-282.000	405.000	-230.174	288.391
Egypt		-94.702	250.086	-130.000	295.000		
Georgia		-138.255	424.648	-146.000	400.000		208.269
Ghana			420.000		375.000		449.207
Indonesia			595.572		623.000		653.182
Jordan		-95.000	107.433	-100.000	95.000		
Kenya			487.221		480.000		524.640
Libya		-268	268	-55.000	32.000		
Malawi			442.383		464.000		492.910
Mali			349.656		334.000		469.739
Mozambique		-202.223	691.478	-182.000	651.000	-194.915	539.548
South Sudan			59.930		65.000		
Tanzania			277.039		240.000		208.666
Tunisia			99.154		135.000		
Uganda		-294.925	395.346	-330.000	405.000	-234.355	420.038
Zimbabwe		-101.562	446.885	-150.000	350.000		157.612
New programmes & opportunities			10.000				
Linking countries & mutual learning		-15.257	1.084.142		941.000	-5.986	568.212
Inspired			38				
Reconstruction (other)	5.4.1		20.019				
Additional funding target					-390.000		
Savings from underspent grants							
Subtotal programmes			7.938.736		7.412.000		6.126.460
Programme management	5.4.2		2.447.097		2.503.800		1.662.246
Matching organisation & niche			443.929		453.000		0
Total to be funded			10.829.763		10.368.800		7.788.706
FUNDING							
Programme level funding		-1.241.113		-1.495.000		-718.963	
Ministry of Foreign Affairs PPS funding		-2.485.717		-2.387.000		-7.038.137	
Ministry of Foreign Affairs PP2 funding	5.4.3	-6.740.142		-5.882.000			
MFA Reconstruction funding		-107.929		-219.000			
EPD/EU Inspired funding		-28		-27.000			
Other revenues	5.4.2	-162.083		-168.800			
PSO funding (PM&E)		-189.432		-190.000		-116.144	
Total funding			-10.926.444		-10.368.800		-7.873.244
Result			-96.681				84.538

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4 Cash flow statement 2012 in €

The cash flow statement applies the indirect method. Liquidities are petty cash and bank balances.

Transactions in foreign currencies during the year are accounted for using interbank exchange rates of the start of the respective month. Exchange rate differences are taken as costs of operational activities and are therefore not separately visible in the cash flow statement.

	2012	2011
Result	96.681-	84.537
Corrections for:		
- Depreciation	26.989	60.274
Changes in working capital:		
- Receivables	139.447	468.378-
- Liabilities	<u>3.397.388</u>	<u>68.018</u>
	3.536.835	400.360-
Cash flow from operational activities	<u>3.467.143</u>	<u>255.549-</u>
Investments in fixed assets	26.859-	23.839-
Desinvestments	-	2.942
Increase in liquidities	<u>3.440.283</u>	<u>276.446-</u>
Change in liquidities		
Liquidities as of 1 January	1.980.276	2.256.722
In-/decrease liquidities	<u>3.440.283</u>	<u>276.446-</u>
Liquidities as of 31 December	5.420.559	1.980.276

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5 Notes

5.1 General

Objective

The institutional objective of NIMD is to support democratisation in young democracies by supporting political parties and the political society in general as pillars of democracy. Democratisation should result in a well-functioning, sustainable and pluralistic party-political system.

Financial reporting principles

The financial report is in accordance with Guidelines for Annual Reporting, specifically Guideline 640 for not-for-profit organisations.

5.2 Principles of valuation and calculation of results

Presentation

The annual accounts are presented in Euro. Notes to separate items in the balance sheet have been numbered in accordance with the paragraphs of chapter 5.

General principle of valuation

The annual accounts are based on accrual accounting and use the historical cost basis. Assets and liabilities are accounted for with their nominal values unless stated differently. Receivables are discounted for provisions when necessary.

Comparison with previous annual accounts

The principles of valuation and calculation of results are the same as those in the previous annual accounts.

Intangible fixed assets

Investments in developing programme management software and websites are valued at historical cost. Depreciation is linear and in 3 years, starting when assets are taken into use.

Tangible fixed assets

Tangible fixed assets are valued at historical cost minus linear depreciation during estimated economic life span.

Programme liabilities

Programme liabilities are recognised as costs in the statement of costs and revenue and as liabilities in the balance sheet to the extent and at the moment that the decision to grant a subsidy is laid down in a contract. Contractual obligations to subcontractors (organisations or individuals without outcome responsibility as they implement activities on the basis of instructions by NIMD) are not recognised as costs until their expenditure is invoiced or otherwise reported. Programme liabilities are valued at the maximum NIMD commitment according to the contract minus advance payments transferred.

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Other currencies

Values of assets and liabilities in other currencies than Euro are converted into Euro with the exchange rates as of 31 December. Exchange rate differences are directly included in the results. During the financial year transactions in other currencies are accounted for with the interbank exchange rate of the beginning of each month or -in the case of some country office administrations- with the end of cumulative period interbank exchange rate.

General principle of calculation of results

The general principle of calculation of results is historical cost. Revenue is accounted for in the year in which it is realised. Expenditure is taken into account in the year in which it is incurred. Costs and revenue are thus accrued to the financial year in which the activities concerned take place. In the case of granting subsidies to partner organisations, signing the grant contract that implies the obligation is the relevant activity according to Guideline 640.

Subsidy Ministry of Foreign Affairs

As of 1 January 2007 fund accountability reporting to the MFA is based on accrual accounting. General purpose annual financial reports in accordance with Guideline 640 can thus form the basis of fund accountability reporting to the MFA.

Revenue from the MFA is calculated on the assumption that all expenditure not subsidised by others is fundable by the Ministry. This assumption is valid as long as the programme(s) on the basis of which the Ministry makes grants include(s) all NIMD activities and by the realistic expectation that NIMD has met all conditions as stipulated in the grant decision(s).

Differences in subsidy income resulting from the final subsidy determination are recognized in the year in which the donor has formally finalized the grant.

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5.3 Notes to the balance sheet

5.3.1 Intangible fixed assets

	Programme management	Programmes	Total
<u>Programme management software & website development</u>			
Net value as of 1 January	10.019		10.019
Added: Investments	3.739		3.739
Deducted: Depreciation 33%	9.295		9.295
Net value as of 31 December	4.464		4.464

5.3.2 Tangible fixed assets

Furniture

Net value as of 1 January	4.124	14.694	18.819
Added: Investments	-	-	-
Deducted: Depreciation	1.711	4.898	6.609
Net value as of 31 December	2.413	9.796	12.210

Computer equipment

Net value as of 1 January	3.968	19.506	23.474
Added: Investments	23.120	-	23.120
Deducted: Depreciation	4.954	6.131	11.085
Net value as of 31 December	22.134	13.375	35.509

5.3.3 Receivables

Programme receivables and prepayments largely consist of liquidity buffers needed by long term partner organisations and country offices.

	31 December 2012	31 December 2011
<u>Advance payments and accrued receivables</u>		
Rent advanced	40.387	34.993
Other non programme advances and accruals	111.132	18.104
Programme receivables and prepayments	239.698	185.878
Accrued subsidies	316.272	80.000
Accrued interest	34.467	36.776
	741.955	355.751

Programme receivables and prepayments can be further specified as:

African Regional Programmes	-	711
Benin	2.811	-
Bolivia	2.683	-
Burundi	11.882	29.525
Colombia	10.124	-
Ecuador	-	1.436
Egypte	75.078	-
Georgia	665	61
Ghana	-	4.308
Indonesia	47.155	44.285
Kenya	-	2.262
Mali	62.030	63.217
Tanzania	346	46.074
Tunisie	26.924	-
	239.698	185.878

Accrued subsidies

Zimbabwe - DDP	101.562	-
Uganda - DGF	91.854	-
Ecuador - CANA	38.306	-
Ecuador - IDEIA	38.824	80.000
Overige	45.726	-
	316.272	80.000

5.3.4 Liquidities

Liquidities

Rabobank - current account	4.409.786	285.464
Rabobank - savings account	669.000	1.311.583
Rabobank - security account rent The Hague	102.250	59.609
Rabobank - current account Uganda programme (DDP)	96.216	96.266
Bank accounts and petty cash Ecuador	42.854	40.676
Bank accounts and petty cash Georgia	155.432	13.865
Bank accounts and petty cash Guatemala	27.725	17.828
Bank accounts and petty cash Mozambique	59.778	63.210
Bank accounts and petty cash Malawi	-	56.887
Bank accounts and petty cash Uganda	50.565	34.763
Petty cash The Hague (EUR and foreign currencies)	217	124
	5.613.922	1.980.276

Bank balances are directly retrievable except for the security bank account, that refers to a rent security for the office in The Hague.

5.3.5 Sustainability reserve

Accumulated as of 31 December 2012	133.192	48.654
Result bookyear	96.681	84.537
	229.873	133.191

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	31 December 2012	31 December 2011
5.3.6 Liabilities		
<u>Programme liabilities</u>		
African Regional Programme	3.898	-
Asia & Latin America Regional Programmes	-	7.591
Benin	23.739	-
Bolivia	-	1.173
Burundi	-	5.257
Communication	2.526	-
Egypt	95	-
Ghana	26.669	-
Jordan	30.399	-
Kenia	18.926	-
Malawi	51.391	23.549
Methodology Development	13.068	-
Mozambique	-	9.251
South Sudan	9.210	-
Tanzania	23.942	6.562
Zambia	-	4.000
Zimbabwe	414.178	265.829
	<u>618.041</u>	<u>323.212</u>

Programme liabilities refer to remaining contractual grant obligations for periods extending beyond the calendar year and to eligible costs reported beyond advances transferred. The policy is to limit contract periods to calendar years and to advance less than 100% of commitments in the case of subcontractors and short-term partners.

Estimated liabilities

Audit costs	27.950	15.700
	<u>27.950</u>	<u>15.700</u>

Personnel related creditors

Holiday allowance	56.679	45.782
Tax withheld from salary	58.219	38.993
Income Insurance premiums due	5.348	13.702
Capitalised holiday rights	56.983	56.642
Creditcard expenditure outstanding	-	1.830
	<u>177.229</u>	<u>156.949</u>

Subsidy Ministry of Foreign Affairs received in advance

subsidy Reconstruction (to be spent)	353.693	-
subsidy PPS (overspending)	119.350	2.076.454
subsidy PP2 (to be spent)	4.553.921	-
To be spent grant money as of 31 December	<u>4.788.264</u>	<u>2.076.454</u>

PP2

Received	11.294.063	-
Spent	6.740.142	-
Balance	<u>4.553.921</u>	<u>-</u>

PPS

Starting Balance	2.076.454	526.855
Payment VAT 2003-2006	192.102	-
Starting Balance	<u>1.884.352</u>	<u>526.855</u>
Received	482.015	8.395.634
Spent	2.485.717	7.098.137
Correction VAT 2003-2006	-	192.102
Balance	<u>119.350</u>	<u>2.076.454</u>

Reconstruction

Received	461.622	-
Spent	107.929	-
	<u>353.693</u>	<u>-</u>

Other advance receipts and accrued expenses

Programme related advance receipts and accrued expenses	95.953	89.908
Governance related advance receipts and accrued expenses	-	12.500
Grants received in advance	374.490	119.438
Other advance receipts and accrued expenses	104.024	15.482
	<u>574.467</u>	<u>237.327</u>

31 December
2012

31 December
2011

Programme related advance receipts and accrued expenses can be further specified as:

Ecuador	38.351	33.483
Georgia	11.563	224
Guatemala	11.416	34.165
Mozambique	1.597	-
Reconstruction	20.019	-
Uganda	13.007	15.279
	<u>95.953</u>	<u>83.151</u>

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Grants received in advance

Georgie - Dutch Embassy II	100,389	-
Libie - European Union	89,585	-
Egypte - DIPD	34,667	-
EPD - EU Inspired funding	48,640	-
Ecuador - DFAIT	-	69,701
Mozambique- Danish Embassy	23,129	20,163
Other	84,090	29,574
	<hr/>	<hr/>
	374,490	119,438

5.3.7 Claims and liabilities not taken into account in the balance sheet

Rent agreement

The contract period for the rent of the NIMD office runs until 31 August 2016. The rent is €52.500 per quarter including service costs. The Rabobank guarantees rent and service costs for €57.250 on the basis of the balance on a separate bank account.

The Reconstruction Programme.

Together with Cordaid, NIMD prepared the proposal under the Reconstruction Tender. The Ministry decided 16 November 2012 (project number DSH-336/12(24353) to grant NIMD a contribution for Reconstruction Programme for programmes in Colombia, Guatemala and El Salvador for the period from 1 July 2012 to 30 June 2016. The maximum contribution for these 4 years would be € 4.802.184 on basis of the multi-annual budget that was agreed.

In 2012 NIMD received € 460 K and spend € 107 K. € 20 K was allocated as a debt to Cordaid as they invoiced this amount in 2013. NIMD coordinates the grant and is the leading partner.

PP2

The Ministry decided 24 November 2011 (project number 23460/DH0114688) to grant NIMD a programme contribution under its grant framework Political Parties Fund 2 (PP2) for 2012-2015. The maximum contribution for these 4 years would be € 30.117.500 on basis of the multi-annual budget that was agreed.

Revenue from the MFA is calculated on the assumption that all expenditure not subsidised by others is fundable by the Ministry. The Political Parties Fund 2 (PP2) started in 2012 so the starting balance equals zero. The period is 2012-2015. NIMD received a disbursement of € 11 million and allocated € 6,7 million to PP2 which is (€358 K) more than budgetted. Remaining debt is € 4,55 million and implies a reallocation of the multi-annual planning of NIMD for the next coming years.

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5.5 Notes to the statement of costs and revenue

5.5.1 Expenses and earmarked subsidies

Together with Cordaid, NIMD prepared a proposal for the Reconstruction Programme. This resulted in a four-year subsidy worth approximately € 5 million for programmes in Colombia, Guatemala and El Salvador. In the statement of cost and revenue the Reconstruction budget (219 K) was allocated to the programmes in Colombia, Guatemala and Cordaid & NIMD as follows:

	Realisation 2012	Budget 2012
Colombia	5.600	55.000
Guatemala	6.108	80.000
Cordaid	20.019	
Total direct programme costs	31.727	135.000
Programme management costs NIMD	76.202	84.000
	107.929	219.000

PSO: There was a final year of cooperation with PSO on the following:

	Realisation 2012	Budget 2012
Guatemala	37.082	37.000
Indonesia	21.812	23.000
Malawi	23.930	34.000
PM&E	102.894	92.000
Programme management costs	3.714	4.000
Pt costs	189.432	190.000

In addition, NIMD was able to secure MFA funding for a pilot programme in Jordan, and funding through the Netherlands Embassies for its programme in Georgia. For the program inspired (contract agreement signed september 2012) was the start up phase in 2012, costs are allocated costs and revenue to 2013.

5.5.2 Programme management Costs

The costs in the Hague budgetted for € 2.5 million has a realisation of € 2.43 million (underspending for 2 %). The final budget to MFA (€ 2.33 million) also included the budgeted revenues € 168 K. In 2012 NIMD arranged a service agreement with our partnerorganisation IDEA. They rent officespace in the building which gives us a revenue of 24 K a year

	Realisation 2012	Budget 2012
Interest	71.480	75.000
	661	-200
Differences	87.740	94.000
Other revenues	13.416	-
Office rental costs	173.297	168.800

5.5.3 Allocation of the costs

The estimated programme costs were € 7.41 million. There was a realisation of € 7.93 million, which means an overspending of 7 % . Main reason is the overspending of > 10 % or the total contract value has been put forward as a liability for some countries. for the following countries: Ghana, Jordan, Zimbabwe, Tanzania and Linking and Learning. There was under spending on several other programs. After settling these amounts, the total over expenditure on program costs comes to € 279K. Another important reason for overspending is the budget reservation 2012 (€ 390 K) for savings of underspent grants, which implicitly calculated an underspending on the programmes. But in reality the staff worked very hard to fulfill the contract requirements so the saving was not applicable.

	Actuals 2012	Revised budget 2012	Actuals 2011
Salaries & Social Benefits	1.600.188	1.594.900	990.336
Travel costs	46.793	41.550	
Subsistence costs	4.876	2.000	
Other personal costs	106.667	111.600	122.718
Third-party services	164.414	200.000	422.216
Accommodation	288.488	269.000	273.961
Audit & consultancy costs	60.552	65.000	
Depreciation	15.960	30.000	
Automatisation	46.291	55.000	62.398
Office costs	83.950	77.750	187.464
Other general costs	28.918	57.000	1.659
VAT 2007-2011 to be returned			588.545-
	2.447.097	2.503.800	1.472.207

The actual programme management costs of 2012 (€ 2,44 million) are € 56 K less than budgetted. There is no specific reason for underspending and more small budget variances. There was more than 10 % underspending on contracts with third-parties (€ 85 K) and other general costs (€ 28 K), depreciation (€ 14 K) and automatization costs (€ 8,7 K). There was more than 10 % overspending on subsistence costs (€ 2,8 K).

From the programme contribution of € 46.8 million granted for 2007-2011 € 2.48 million is needed to cover 2012 expenditure after deduction of expenditure funded by others. This means the whole program contribution is allocated. In 2012 we also started with a new subsidy (Political Parties 2) with a budget of € 5.38 and an allocation of € 6.74 million. Due to the above mentioned overspending and due to programmes funded with other funding that started later than planned, NIMD needed to allocate more than budgeted to PP2. This gives the obligation to adjust the multi annual budget for this grant.

The audit protocol for PP2 and Reconstruction from the Ministry of Foreign Affairs for the year 2012 is not formally awarded yet. The final subsidy determination by the ministry of foreign affairs for PPS will take place at the end of the grand period, respectively 2013. For PP2 this will be 2016 and for the Reconstruction 2017

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6 Auditor's report

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