

Netherlands Institute for
Multiparty Democracy

FINANCIAL REPORT 2013

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REGISTERACCOUNTANTS

Amsterdam, 28 MEI 2014

paraaf voor identificatiedoeleinden:

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1.1 BOARD STATEMENT

INTRODUCTION

NIMD is a political foundation based in the Hague with 5 country offices (of which 2 hold regional functions in the South Caucasus and Central America) and 15 implementing partner organizations. In 2013 NIMD worked in 24 countries mostly in Africa and Latin America.

GOVERNANCE STRUCTURE AND STAFFING

NIMD operates from its office in The Hague and is headed by an Executive Director with a team of around 24 professionals and support staff. The Executive Director is responsible for the management and strategic development of the organization and reports to the Supervisory Board. The Supervisory Board consists of six independent members: Mr B. R. Bot, Mrs I. van Veldhuizen, Mr J. Hoekema, Mr W. Jacobs, Mr M. Stolk and Mr E. van Middelkoop. Mr Bot also acts as Chair of the Supervisory Board. NIMD provides €250 per person per Supervisory Board meeting as a reimbursement of expenses, taking into account the amended legislation on tax on salaries. In 2013 there were 4 regular meetings and 1 strategy meeting. In 2013 the total remuneration for the An Advisory Council, consisting of representatives of the Dutch founding political parties, provides strategic advice on key policy issues. In 2013 the Advisory Council held three meetings. Apart from a reimbursement of expenses, NIMD does not provide remuneration to the Advisory Council.

The staff in the five NIMD country offices—Ecuador, Central America, Georgia and the South Caucasus, Mozambique and Uganda—started in the beginning of the year with 47 full-time equivalent (FTE) staff positions and ended with 50 FTE. In Central America staff expanded from 14 to 21, mostly due to the opening of a satellite office in El Salvador and some expansion in the other two offices. The country office in Ecuador decreased from 7 FTE to 4 FTE. NIMD and IDEA were therefore forced to downsize, as there is insufficient funding for 2014 to maintain the same number of staff members.

BUDGET

The overall budget for 2013 was € 10.77 million, of which € 8.74 million was financed by the Dutch Ministry of Foreign Affairs (through Political Party II funding and the Reconstruction Programme) and € 2.0 million was provided by other main donors including the European Union (EU), the partner Danish Institute for Parties and Democracy (DIPD) and Democratic Governance Facility (Uganda/DGF). The overall budget itself was divided into three parts: € 7.52 million for the country and regional programmes, € 2.91 million for programme management funding and € 0.34 million for activities focused on links with likeminded organizations in the field of democracy through strategic partnerships, partnership days, communications and publications (referred to here as 'matching organization & niche').

OWN FUNDRAISING ACTIVITIES

NIMD receives its main subsidy from the Dutch Ministry of Foreign Affairs (MFA). Over the years NIMD has been able to interest other donors in funding its programmes and organization, and this has led to an increase in additional subsidies (besides PP2 which is NIMD's main subsidy) from € 0.7 million in 2011 to € 2.58 million in 2013. In total, NIMD contracted 5 secured subsidy contracts in 2013 with an overall contract value of €2.6 million. The breakdown of this amount was as follows: contracts from the EU in Burundi (€0.37 million), the OSISA in Mozambique (\$0.5 million), the Royal Netherland Embassy in Georgia (€0.12 million), the OSCE (€0.2 million), and the MFA's Women's Political Rights funding (€2 million in the period 2014–17).

FINANCIAL MANAGEMENT AND THE ORGANIZATION

The internal organization and financial management was improved following the implementation of a new Programme Management System (Principal Toolbox) and increase of the financial staff. Principal Toolbox improves the monitoring of programmes in a more efficient and coherent way, to better ensure processes meet quality assurance standards. Through expansion of the financial staff NIMD can better focus on the administration of increasingly diversified funding and provide better financial monitoring to the country offices and partner organizations. Financial Programme Officers are in regular contact with all NIMD programmes, and pay at least one visit per year to the programmes. This keeps the NIMD staff directly connected to the programme progress. A monthly management information system was introduced to provide the management team of NIMD with strategic information about expenditures and operational progress.

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MAIN FINANCIAL RESULTS

Programme costs in 2013 were budgeted for €7.53 million and actual expenses were €7.52 million. The costs for the programmes in Burundi and Georgia were higher than what was allocated, while the costs for Central America, Egypt and the Linking and Learning Programme were lower than anticipated (see 3.3: Notes to the state of income and expenditure).

In terms of programme management costs, the result was €0.55 million lower than budgeted, due to the main reasons that the actualization of the conditions of employment in the office in The Hague (€0.26 million) were postponed and NIMD hired fewer consultants than expected (€0.1 million). The budgetted contribution for the programme management was 27 % of the overall budget. Actual result is 23,3 % programme management costs of Matching Organization and Niche was €0.04 million over budget due to a small overspend on the implementation of the new NIMD new website, strategic cooperation (including investment in the New World Campus for Innovation, and consultations with specialists necessary for the 'theory of change') and the review of NIMD's

SUBSIDY ALLOCATION

MFA PP2

The Political Party 2 subsidy was budgeted in 2013 for €8.14 million and allocated €7.92 million (i.e. €0.22 million less than budgeted). As NIMD had an overspending of €0.86 million in 2013, the result for 2013 corrects this overspending slightly. Part of the expenditure is an allocation of €232.725 to the general reservation of NIMD. At the half-way point in the subsidy period, NIMD has allocated 48,7% of the total subsidy.

Reconstruction

The budget for the programme implementation in 2013 ad € 608.000 euro has an actual over expenditure in 2013 (€ 737.215 for the programme costs and € 259.226 was spenden on programme management costs of NIMD). As there was an underspenditure in 2012, the overall financial result after two years is that NIMD is on planning.

Other subsidies

In comparison with 2012, NIMD shows the actual contribution of other donors to the programme management costs. Overall, donors other than the MFA (through its PP2 subsidy) contribute approximately 22% of the programme management costs. The total allocation of costs from other subsidies (excluding the Reconstruction subsidy) is €1.57 million for the country programmes and €0.26 for overhead costs.

GENERAL RESERVATION

To ensure the continuity of the organization, NIMD requires a minimal level of general reservation. This reservation can be used for two purposes. First, to meet moral and legal obligations in case of an unexpected and significant reduction in income. Second, as a continuity reservation in cases where NIMD needs to downsize. NIMD follows the 'Richtlijn Reserves Goede doelen' of 'De Vereniging Fondsenwervende Instellingen' which specifies a maximum of 150% of the annual costs of the working organization. The desired and necessary reservation is discussed with the Supervisory Board every year.

As guidelines in determining the annual amount of the reservation, NIMD takes in to account the following facts:

- a) 150% of the annual account is too much for NIMD, as the organization focusses on its financial beneficiaries; in 2012 the Supervisory Board decided that approximately 7,5 % of the actual result for 'other funding' may be added as a result.
- b) The country offices of NIMD will not benefit directly from this general reservation as they are not part of the programme management costs of NIMD; and

Therefore, the incrementation of the general reservation is the difference between the actual programme management costs and the programme management costs based on the actual working hours and the daily rates of NIMD. The result 2013 is €232.725.

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RISK ANALYSIS

Financial risks

The Dutch MFA is NIMD's main funder, providing 84% of the organization's budget. This is an unbalanced situation and makes NIMD vulnerable. Diversifying NIMD's funding base is therefore one of the organization's objectives NIMD has committed itself to in the 2012-2015 Multi Annual Plan.

In post-conflict areas, or when working with newly established partner organizations, it is often uncertain whether the funding can be spent as planned. NIMD encourages its partner organizations to obtain revenues from different sources and our relations with our partners open and transparent. The financial programme officer and programme manager visit every partner organization at least once each year. NIMD also has a protocol stipulating how to proceed if there is any suspicion of fraud. Fraudulent use of funds is further countered by the mechanism

Operational risks

Each NIMD country programme is exclusively implemented by a partner that has the trust of all political parties. Working with partner organizations also entails potential operational risks. Any problem with the partner organization will directly influence the programme's implementation. In addition to close contact with its partner organizations, NIMD has started to work with self assessment tools for its partners. Furthermore, the progress of the programmes is monitored through accurate monitoring procedures (including financial and narrative reports, audits, missions, evaluations and a fraud and incapacity policy).

The staff of NIMD works in post conflict countries with a continuously changing (political) situation and even in a number of post-conflict countries. Staff that regularly travels needs to be aware of risks they might run and trained to adequately react to (potential) threats. This means that the staff is trained to secure safe missions and NIMD started with the implementation of a security policy and all relevant staff is being trained.

Reputation risks

Working in countries where governments and politicians often exhibit dubious behaviour—including power play, corruption, the monopolization of powers and other anti-democratic behaviour—can have affect NIMD's reputation. Therefore, it is always important to monitor potential reputation risks. NIMD does this by continuously analysing the political situation in the programme countries. For NIMD, the space for dialogue and the possibility to work with all parliamentary political parties, including the opposition, are critical criteria. If the situation in a country changes and these criteria are not met, this would then form the basis of a decision by NIMD to re-examine its work in the programme country. If continuing the programme under NIMD's conditions is practically impossible and could end up damaging NIMD's reputation as an impartial political party assistance organization, NIMD can decide to end the programme. In the decision-making process, NIMD looks at all factors and focuses on the long-term democratization process. After all, democratization is after all not a linear process—it has its ups and downs

FUTURE

Over the past year NIMD has made major strategic decisions: it has defined its niche and funding strategy, initiated a global practitioner's network, and strengthened existing alliances. Taking into account the political climate in the Netherlands, it appears certain that the available funding will be reduced in the coming years. NIMD receives funding from the Dutch MFA across different departments and Embassies, and therefore maintain a consistent total budget from the Ministry. However, as NIMD seeks to diversify its funding base, it must also focus on new sources of funding. Perhaps more importantly, NIMD must focus on maintaining and improving the implementation of its programmes and its knowledge as a political practitioner, as good quality is essential when In conclusion, NIMD believes that an optimal functioning of its internal organization is a prerequisite for solidly monitored programmes. This form the basis of NIMD's reputation as a trustworthy and transparent organization in the eyes of funders. To better ensure and monitor quality standards, the implementation of a certified quality system is needed. The first steps towards implementation were taken in 2013 and in 2014 NIMD will implement ISO 9001. Furthermore, NIMD will start a pilot project in 2014 based on an open data programme, the International Aid Transparency Initiative (IATI). In this way, NIMD hopes to share its programme and project data (including budgets, targets and impact of our work) so that our work and impact can be monitored.

Hans Bruning
Executive Director, NIMD
28-May-14

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1.2 BUDGET 2014

All amounts in euros

	BUDGET 2014		
	PP2	Other funding	Total
FUNDING			
Ministry of Foreign Affairs PP2 funding	7.760.000	-	7.760.000
Ministry of Foreign Affairs Reconstruction funding	-	1.352.284	1.352.284
Ministry of Foreign Affairs Women Political Rights funding	-	393.000	393.000
DGF	-	885.000	885.000
DIPD	-	130.000	130.000
European Union	-	55.000	55.000
Other funding	-	1.437.716	1.437.716
TOTAL FUNDING	7.760.000	4.253.000	12.013.000
EXPENDITURE			
Country & Regional Programmes	4.060.000	1.402.000	5.462.000
Linking country's & mutual learning	942.500	48.000	990.500
Reconstruction	-	1.352.284	1.352.284
Women Political Rights	-	393.000	393.000
Additional funding target	-	697.716	697.716
Total Programmes	5.002.500	3.893.000	8.895.500
Programme management	2.390.000	360.000	2.750.000
Matching organization & niche	367.500	-	367.500
TOTAL TO BE FUNDED	7.760.000	4.253.000	12.013.000

NOTE

In the original annual budget, approved by the Ministry of Foreign Affairs, the MFA Womens Political Rights budget was not known yet.

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2.1 BALANCE SHEET

All amounts in euros

	31-12-2013	31-12-2012	
ASSETS			
FIXED ASSETS			
Intangible fixed assets			3.2.1
Programme management software & website	2.430	4.464	
	2.430	4.464	
Tangible fixed assets			3.2.2
Computer equipment	22.540	35.509	
Furniture	7.430	12.210	
	29.970	47.718	
CURRENT ASSETS			
Receivables			3.2.3
Accrued subsidies	208.407	316.272	
Programme receivables & prepayments	511.063	239.698	
VAT to be returned	118.596	123.658	
Other advance payments & accrued receivables	155.956	185.986	
	994.022	865.613	
Liquidities	1.675.601	5.613.922	3.2.4
TOTAL ASSETS	2.702.023	6.531.717	
LIABILITIES			
EQUITY			3.2.5
Sustainability reserve	462.598	229.873	
	462.598	229.873	
CURRENT LIABILITIES			3.2.6
Advance received subsidies from Ministry of Foreign Affairs	1.194.574	4.788.264	
Advance received subsidies from other donors	179.279	374.489	
Creditors	122.163	115.893	
Personel related liabilities	174.396	177.229	
Programme liabilities	532.540	713.995	
Other advance receipts & accrued liabilities	36.473	131.975	
	2.239.424	6.301.844	
TOTAL LIABILITIES	2.702.023	6.531.717	

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2.2 STATEMENT OF INCOME AND EXPENDITURE

All amounts in euros

	RESULT 2013		BUDGET 2013		RESULT 2012	
INCOME						
Other Funding	1.569.082		1.955.000		1.241.113	
Ministry of Foreign Affairs PPS funding	-		-		2.485.717	
Ministry of Foreign Affairs PP2 funding	7.924.063		8.137.000		6.740.142	
Ministry of Foreign Affairs Reconstruction funding	996.441		608.000		107.929	
EPD/EU Inspired funding	10.027		72.000		28	
PSO funding	-		-		189.432	
TOTAL FUNDING		10.499.613		10.772.000		10.764.361
EXPENDITURE						
	Other funding	Total Costs	Other funding	Total Costs	Other funding	Total Costs
Country & Regional Programmes	1.284.606	5.971.922	1.655.000	6.154.000	1.225.855	6.834.537
Inspired	9.989	9.989	-	-	-	38
Linking countries & mutual learning	24.887	805.690	-	950.000	15.257	1.084.142
Reconstruction	737.215	737.215	608.000	608.000	-	20.019
Additional funding target	-	-	300.000	280.000	-	-
Savings from underspend grants	-	-	-	-465.000	-	-
Total Programmes	2.056.697	7.524.816	2.563.000	7.527.000	1.241.113	7.938.736
Programme management	518.814	2.359.701	-	2.905.000	-	2.285.014
Matching organization & niche	-	382.372	-	340.000	-	443.929
TOTAL COSTS		10.266.889		10.772.000		10.667.680
RESULT		232.725		-		96.681

NOTE

In the original annual budget, approved by the Ministry of Foreign Affairs, the MFA PP2 budget and MFA Reconstruction budget was merged for Central America and Colombia. NIMD decided to split MFA PP2 and MFA Reconstruction in the budget as it is more transparent to our donors and for our own monitoring. As a result the original budget of €0.86 million was divided in €0.45 million MFA PP2 budget and €0.41 million MFA Reconstruction. The original budget for Colombia ad €0.25 million is divided in €0.06 million MFA PP2 and €0.19 million MFA Reconstruction.

NOTE

Other funders are the European Union, International Institute for Democracy & Electoral Assistance (IDEA), Danish Institute for Multiparty Democracy (DIPD), Democratic Governance Facility (DGF), Open Society Initiative of Southern Africa (OSISA), European Partnership for Democracy (EPD), Centre for Democratic Development Ghana (CDD Ghana), Organization for Security & Co-operation in Europe (OSCE), Danish Embassy, Department of Foreign Affairs and International Trade (DFAIT), Royal Netherlands Embassy.

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2.3 CASH FLOW STATEMENT

All amounts in euros

	2013	2012
CASH FLOW FROM OPERATIONAL ACTIVITIES		
Result	232.725	96.681
Corrections for:		
- Depreciation assets	23.844	26.989
Changes in working capital:		
- Receivables	128.409-	139.447
- Liabilities	4.062.420-	3.397.388
	<u>4.190.828-</u>	<u>3.536.835</u>
NET CASH GENERATED FROM OPERATIONAL ACTIVITIES	3.934.259-	3.660.505
CASH FLOW FROM INVESTING ACTIVITIES		
- Investments	4.063-	26.859-
- Desinvestments	-	-
NET CASH USED IN INVESTING ACTIVITIES	4.063-	26.859-
IN- / DECREASE IN LIQUIDITIES	3.938.322-	3.633.645
CHANGE IN LIQUIDITIES		
Liquidities as of 01 january	5.613.922	1.980.277
In- / Decrease in liquidities	<u>3.938.322-</u>	<u>3.633.645</u>
LIQUIDITIES AS OF 31 DECEMBER	<u>1.675.601</u>	<u>5.613.922</u>

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3.1 NOTES

3.1.1 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.

3.1.2 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 3.

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.

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.

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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.

OTHER SUBSIDIES

All other subsidies NIMD receives are reported based on accrual accounting. Average duration of the funding is between one and three years. Annual financial reports are based on Guideline 640.

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3.2 NOTES TO THE BALANCE SHEET

3.2.1 INTANGIBLE FIXED ASSETS	Programme management	Programmes	Total
PROGRAMME MANAGEMENT SOFTWARE & WEBSITE			
Net value as of 01 Januari	4.464	-	4.464
Added: investments	-	-	-
Deducted: depreciation 33%	2.033	-	2.033
Net value as of 31 December	2.430	-	2.430

3.2.2 TANGIBLE FIXED ASSETS	Programme management	Programmes	Total
COMPUTER EQUIPMENT			
Net value as of 01 Januari	22.134	13.375	35.509
Added: investments	3.001	-	3.001
Deducted: depreciation 33%	8.725	7.244	15.969
Net value as of 31 December	16.409	6.131	22.540

FURNITURE			
Net value as of 01 Januari	2.413	9.796	12.210
Added: investments	1.062	-	1.062
Deducted: depreciation 25%	943	4.898	5.841
Net value as of 31 December	2.532	4.898	7.430

3.2.3 RECEIVABLES	31 December 2013	31 December 2012
ACCRUED SUBSIDIES		
Ecuador - Canadian Embassy	-	38.306
Ecuador - IDEA	-	38.824
Georgia - EPD	12.550	-
Georgia - EPD	4.837	-
Georgia - OSCE	6.917	-
Mozambique - Danish Embassy	10.285	-
Uganda - DGF	67.526	91.854
Zimbabwe - DIPD	106.291	101.562
Other	-	45.726
	208.407	316.272

PROGRAMME RECEIVABLES & PREPAYMENTS		
Benin	-	2.811
Bolivia	-	2.683
Burundi	13.738	11.882
Colombia	-	10.124
Ecuador	605	-
Egypt	-	75.078
Ghana	31.700	-
Georgia	786	665
Guatemala	15.345	-
Indonesia	74.091	47.155
Involving Partners	137	-
Kenia	62.207	-
Mali	33.546	62.030
Malawi	23.094	-
Mozambique	33.090	-
Reconstruction	150.133	-
South Sudan	776	-
Strategic Cooperation	141	-
Tanzania	-	346
Tunesia	42.582	26.924
Uganda	29.094	-
	511.063	239.698

The programme receivables and prepayments consist of several payments per programme. First there are several partners which received an advance payment to continue in 2014. On the other hand there are several payments received or costs paid in 2013, which are related to 2014.

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	31 December 2013	31 December 2012
OTHER ADVANCE PAYMENTS & ACCRUED RECEIVABLES		
Accrued interest	23.269	34.467
Rent advance	41.570	40.387
Other non-programme advances & accruals	91.117	111.132
	155.956	185.986

3.2.4 LIQUIDITIES

	31 December 2013	31 December 2012
Rabobank - current account	225.441	4.409.786
Rabobank - savings account	960.000	669.000
Rabobank - security account rent The Hague	103.825	102.250
Rabobank - current account Uganda programme (DDP)	16	96.216
Bank accounts and petty cash Ecuador	43.267	42.854
Bank accounts and petty cash Georgia	115.262	155.432
Bank accounts and petty cash Guatemala	91.261	27.725
Bank accounts and petty cash Mozambique	68.454	59.778
Bank accounts and petty cash Uganda	66.707	50.665
Petty cash The Hague (EUR and foreign currencies)	1.368	217
	1.675.601	5.613.922

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

3.2.5 SUSTAINABILITY RESERVE

	2013	2012
Accumulated as of 01 January	229.873	133.192
Result bookyear	232.725	96.681
	462.598	229.873

3.2.6 CURRENT LIABILITIES

	31 December 2013	31 December 2012
ADVANCE RECEIVED SUBSIDIES FROM MINISTRY OF FOREIGN AFFAIRS		
Subsidy PPS	-	-119.350
Subsidy PP2	394.546	4.553.921
Subsidy Reconstruction	620.449	353.693
Subsidy Respect for Woman Political Rights	179.579	-
	1.194.574	4.788.264

The subsidy for PP2 can be further specified:

	2013	2012
Balance as of 01 January	4.553.921	-
Received	3.764.688	11.294.063
Spent	7.924.063	6.740.142
Balance as of 31 December	394.546	4.553.921

The subsidy for Reconstruction can be further specified:

	2013	2012
Balance as of 01 January	353.693	-
Received	1.263.197	461.622
Spent	996.441	107.929
Balance as of 31 December	620.449	353.693

The subsidy for Respect for Woman Political Rights can be further specified:

	2013	2012
Balance as of 01 January	-	-
Received	179.579	-
Spent	-	-
Balance as of 31 December	179.579	-

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	31 December 2013	31 December 2012
ADVANCE RECEIVED SUBSIDIES FROM OTHER DONORS		
Burundi - European Union	46.704	-
Ecuador - UNFPA	3.859	3.859
Ecuador - UNIFEM	11.860	11.860
Egypt - DIPD	29.932	34.667
Georgia - RNE 2	44.484	-
Georgia - Dutch Embassy II	-	100.389
Inspired - EPD	10.278	48.640
Libia - European Union	15.257	83.585
Mozambique - CCD Ghana	4.315	7.474
Mozambique - Danish Embassy	-	23.129
Mozambique - OSISA	12.588	-
Other	-	60.886
	179.279	374.489

	31 December 2013	31 December 2012
PERSONEL RELATED LIABILITIES		
Capitalised vacation rights	55.885	56.983
Vacation allowance	63.933	56.679
Income insurance premiums due	-2.848	5.348
Salary to be paid	2.748	-
Tax withheld from salary	54.679	58.219
	174.396	177.229

	31 December 2013	31 December 2012
PROGRAMME LIABILITIES		
African Regional Programme	-	3.898
Benin	1.803	23.739
Bolivia	49.417	-
Burundi	90.405	-
Communication	24	2.526
Ecuador	29.648	38.351
Egypt	50.000	95
Georgia	4.031	11.563
Ghana	-	26.669
Guatemala	35.036	11.416
Involving Partners	50.031	-
Jordan	6.996	30.399
Kenia	-	18.926
Malawi	-	51.391
Methodology Development	13.011	13.068
Mozambique	1.504	1.597
Planning, Monitoring & Evaluation	52	-
Reconstruction	1.695	20.019
South Sudan	4.962	9.210
Strategic Cooperation	35.000	-
Tanzania	-	23.942
Uganda	35.346	13.007
Zimbabwe	123.580	414.178
	532.540	713.995

The programme liabilities consist several payments per programme. First there are several partners which needs to receive a payment on the contract 2013. On the other hand there are several costs payed in 2014, which are related to 2013.

	31 December 2013	31 December 2012
OTHER ADVANCE RECEIPTS & ACCRUED LIABILITIES		
Audit costs	25.000	27.950
Other non-programme advances & accruals	11.473	104.025
	36.473	131.975

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Amsterdam, 28 MEI 2014

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3.2.7 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 €61.607 per quarter including service costs. The Rabobank guarantees rent and service costs for €103.825 on the basis of the balance on a separate bank account.

The Political Party Fund 2

The Ministry decided 24 November 2011 (project number 23460/DMH0114688) to grant NIMD a programme contribution under its grant framework Political Parties Fund 2 (PPs) 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.

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 periode 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.

The Women Political Right

The Dutch Ministry of Foreign Affairs granted NIMD's application for MRF 2014-2017 / Project" Respect for Women's Political Rights: Fostering Political Environment for Equal Participation and Leadership of Women in Political Parties ", project no. 26091. The maximum contribution for 4 years is €2.000.000.

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3.3 NOTES TO THE STATEMENT OF INCOME AND EXPENDITURE

3.3.1 SPECIFIED STATEMENT COSTS AND REVENUE 2013

	BUDGET 2013			TOTAL COSTS
	PP2	OTHER FUNDING	TOTAL	
PROGRAMMES				
Benin	200.000	-	200.000	
Bolivia	120.000	-	120.000	
Burundi	39.000	310.000	349.000	
- <i>El Salvador</i>	10.000	-	10.000	
- <i>Guatemala</i>	335.000	-	335.000	
- <i>Honduras</i>	100.000	-	100.000	
Central America	445.000	-	445.123	
Colombia	60.000	-	60.000	
Ecuador	70.000	260.000	330.000	
Egypt	180.000	130.000	310.000	
Georgia & South Caucasus	251.000	55.000	306.000	
Ghana	375.000	-	375.000	
Indonesia	545.000	-	545.301	
Jordan	50.000	-	50.000	
Kenya	440.000	-	440.000	
Libya	2.000	50.000	52.000	
Malawi	215.000	-	215.000	
Mali	395.000	-	387.743	
Mozambique	458.000	220.000	568.362	
South Sudan	100.000	-	107.934	
Tanzania	-	-	5.469	
Tunisia	150.000	-	150.000	
Uganda	175.000	320.000	495.000	
Zimbabwe	154.000	310.000	464.000	
- <i>Myanmar</i>	50.000	-	50.000	
- <i>Other</i>	25.000	-	25.000	
New programmes & opportunities	75.000	-	75.000	
Country & Regional Programmes	4.499.000	1.655.000	6.154.000	
Inspired	-72.000	72.000	-	
- <i>African Regional Programme</i>	360.000	-	360.000	
- <i>Asia & Latin America Regional Programme</i>	90.000	-	90.000	
- <i>Mission costs & Technical Assistance</i>	360.000	-	360.000	
- <i>Planning, Monitoring & Evaluation</i>	140.000	-	140.000	
Linking countries & mutual learning	878.000	-	950.000	
- <i>Colombia</i>	-	192.000	192.000	
- <i>Cordaid</i>	-	-	-	
- <i>El Salvador</i>	-	105.000	105.000	
- <i>Guatemala</i>	-	141.000	141.000	
- <i>Regional activities</i>	-	170.000	170.000	
Reconstruction	-	608.000	608.000	
Additional funding target	-20.000	300.000	280.000	
Savings from underspend grants	-465.000	-	-465.000	
TOTAL FUNDED PROGRAMMES	4.892.000	2.635.000	7.527.000	
PROGRAMME MANAGEMENT	2.905.000	-	2.905.000	
- <i>Communication & publications</i>	90.000	-	90.000	
- <i>Involving partners</i>	100.000	-	100.000	
- <i>Methodology development</i>	100.000	-	100.000	
- <i>Strategic cooperation</i>	50.000	-	50.000	
MATCHING ORGANIZATION & NICHE	340.000	-	340.000	
	8.137.000	2.635.000	10.772.000	

	ALLOCATION ACTUAL EXPENSES 2013			ALLOCATION PROGRAMME MANAGEMENT
	TOTAL EXPENSES	PP2	OTHER FUNDING	
	160.949	160.949	-	-
	120.000	120.000	-	-
	449.026	301.539	147.487	35.670
	7.766	7.766	-	-
	383.083	383.083	-	-
	125.274	125.274	-	-
	516.123	516.123	-	-
	70.657	70.657	-	-
	315.158	129.602	185.556	3.3.1.2
	137.929	125.883	12.046	3.3.1.3
	498.625	245.807	252.817	3.3.1.4
	317.795	317.795	-	-
	552.301	552.301	-	-
	25.767	25.767	-	-
	355.936	355.936	-	-
	68.328	-	68.328	-
	201.774	201.774	-	-
	387.743	387.743	-	-
	568.362	416.079	152.283	114.729
	107.934	107.934	-	-
	5.469	5.469	-	-
	141.420	141.420	-	-
	530.263	289.157	241.106	73.984
	385.366	160.383	224.983	6.870
	50.260	50.260	-	-
	4.738	4.738	-	-
	54.998	54.998	-	-
	5.971.922	4.687.315	1.284.606	231.253
	9.989	-38	10.027	28.335
	290.898	290.898	-	-
	66.286	66.286	-	-
	382.209	357.322	24.887	-
	66.297	66.297	-	-
	805.690	780.803	24.887	-
	71.828	-	71.828	-
	394.660	-	394.660	-
	94.193	-	94.193	-
	125.324	-	125.324	-
	51.190	-	51.190	-
	737.215	-	737.215	259.226
	-	-	-	259.226
	-	-	-	-
	7.524.816	5.468.080	2.056.736	518.814
	2.369.701	1.840.886	518.814	-
	96.660	96.660	-	-
	96.115	96.115	-	-
	119.064	119.064	-	-
	70.532	70.532	-	-
	382.372	382.372	-	-
	10.266.889	7.691.338	2.575.550	518.814

3.3.1.1

3.3.1.2

3.3.1.3

3.3.1.4

3.3.1.5

3.3.1.6

3.3.1.7

3.3.1.8

3.3.1.9

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Amsterdam, 20 MEI 2014

paraaf voor identificatiedoelenden:

GENERAL

COMPARISON WITH PREVIOUS ANNUAL ACCOUNTS

In the current annual plan NIMD visualised the actual contribution of other donors to (in)direct programme management and mission costs. Besides the Dutch Ministry of Foreign Affairs it shows that other donors also attributes to the institutional (programma management) costs of NIMD. The Ministry of Foreign Affairs contributes 79% of NIMD's programme management costs and other donors 21%. With a newly attracted fundraising officer and a solid fundraisingstrategy, NIMD will strongly focus on securing niche funding for NIMD's excelling core business, and will further focus on donors willing to fund NIMD institutionally.

SPECIFIC NOTES

Budget

The budget 2013, formulated in "2.2 Statement of income and expenditure", is €10,7 million total costs, divided between the MFA Political Party Subsidy 2 (€8,14 million), MFA Reconstruction Subsidy (€0,6 million) and other funding (€1,96 million). The result of €0,17 million is MFA Reconstruction budgetted for programme management budget, which isn't specified in the original budget.

3.3.1.1 Burundi

In Burundi NIMD runs a regular MFA PP2 programme and a programme financed by the EU. Both contracts were signed in 2013, which leads to an overexpenditure as an own contribution of NIMD was requested.

3.3.1.2 Ecuador

Actual income from other subsidies in Ecuador was € 0.1 million lower than budgetted as acquiring other funds proved to be more difficult than expected.

3.3.1.3 Egypt

Due to the political circumstances in Egypt, the programme seriously delayed In Egypt. NIMD works together with the Danish Institute for Parties and Democracy (DIPD) and the Danish Egyptian Dialogue Institute (DEDI).

3.3.1.4 Georgia & South Caucasus

55% of the programme costs were funded by 5 different external donors with a total contract value of €306.278. The allocated costs for 2013 are € 252.817 which is € 0.2 million higher as budgetted.

3.3.1.5 Mozambique

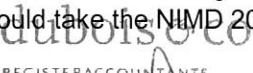
In Mozambique the country office signed a contract with the Open Society Initiative for Southern Africa (OSISA) (USD 0,16 million). The contribution for the programma management costs, which is part of the agreed contract with the Danish Embassy, was effectuated at the end of the project, which clarifies the relative high contribution to NIMD overhead costs, compared to the programme costs.

3.3.1.6 Uganda

In Uganda NIMD works together with Democratic Governance Facility (DGF), who support € 0,65 million for two years. The budget in 2013 was revised which resulted in a higher allocation for MFA PP2 than budgetted.

3.3.1.7 Zimbabwe

The Zimbabwe program is covered by a 22-month contract with the implementing partner. In order to get a full picture of the approved expenditure for the total duration of the contract, one should take the NIMD 2012 audit report into account.


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 paraaf voor identificatiedoelender:

3.3.1.8 Reconstruction

The budget in 2013 ad € 608.000 euro is allocated to the programme costs € 737.215 and programme management costs of NIMD for € 259.226. The contract with Cordaid € 2.36 million is allocated within the contract period.

	Realisation 2013	Budget 2013	Realisation 2012	Budget 2012
Colombia	71.828	192.000	5.600	55.000
Guatamala	125.324	141.000	6.108	80.000
El Salvador	94.193	105.000	-	-
Regional Activities & Other Costs	51.190	170.000	-	-
Cordaid	394.680	-	20.019	-
Total direct programme costs	737.215	608.000	31.727	135.000
Programme management costs NIMD	259.226	250.082	76.202	84.000
	996.441	858.082	107.929	219.000

3.3.1.9 Matching Organization & Niche

As mentioned in the Annual Report NIMD started a thorough review of its strategy for the organization for the next multi-annual period (2015-2020), which resulted in an overspending for Matching Organization & Niche.

3.3.2 SPECIFIED STATEMENT PROGRAMME MANAGEMENT COSTS

	ACTUALS 2013	BUDGET 2013	ACTUALS 2012	
Salary & Social benefits	1.629.210	1.787.503	1.514.681	3.3.2.1
Commuting	50.639	73.050	46.793	
Subsistence costs	12.897	5.200	4.876	3.3.2.2
Other personnel costs	152.472	171.000	106.667	3.3.2.3
Costs of update of working conditions	-	255.147	-	
Third party services	57.524	150.000	164.414	3.3.2.4
Accommodation	235.318	256.600	275.288	3.3.2.5
Depreciation	11.701	15.300	15.960	
Automatisation	59.776	60.000	46.291	
Office costs	65.130	83.500	84.342	3.3.2.6
Audit & consultancy costs	52.111	55.000	60.552	
Other general costs	22.485	32.700	-43.614	3.3.2.7
Other revenues	10.437	-40.000	8.765	3.3.2.8
	2.359.701	2.905.000	2.285.014	

NOTE

The weighted average of direct vs. indirect staff in 2013 is 19.21 fte vs. 3.43 fte. 85% of the salary & commuting costs can be allocated to the direct staff of NIMD (€1.4 million).

3.3.3 WET NORMERING TOPINKOMENS

Since 2013 a new law in The Netherlands called 'Wet Normering Topinkomens' (WNT) is applicable for organizations working in the (semi)public sector. The law prohibits a maximum of top incomes with a limit for 2013 of : €228.599 (€187.340 salary, expenses €8.069, €33.190 pension contribution for the employer). Within NIMD, the Executive Director Hans Bruning is determined as the top official with the following remuneration:

Hans Bruning	
Salary	95.981
Remuneration	1.200
Pension Contribution	16.723
	113.904

NIMD provided per Supervisory Board meeting € 250 per person as a reimbursement of expenses. Taking into account the amended legislation around tax in salary. In 2013 there were 4 regular meetings and 1 strategy meeting. In 2013 the total remuneration was €7.500 for all six members together.

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Amsterdam, 28 MEI 2014

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3.3.2 NOTES TO THE SPECIFIED STATEMENT PROGRAMME MANAGEMENT COSTS

SPECIFIC NOTES

3.3.2.1 Salary & Social benefits

As the staff of NIMD in 2013 expanded from 22 to 24 at the end of the year, salary & social benefits were higher in 2013 compared to 2012

3.3.2.2 Subsistence costs

In 2013 NIMD moved for a month to a nearby location which led to more out of pocket costs. This was caused by a renovation of the location we rent.

3.3.2.3 Other personnel costs

The increase in other personnel costs in 2013, compared to 2012, can be explained by three situations. The premium of the health insurance was raised. NIMD implemented a security training for employees who travel regularly. And finally the maternity leave of one employee was granted maternity leave and had to be temporarily replaced.

3.3.2.4 Third party services

As the budget for 2013 was based on 2012 and less consultants were hired, there is an underspending.

3.3.2.5 Accomodation

In 2013 NIMD received rent for a whole year from IDEA, who rents a floor within the building. In 2012 this was 4 months of rent.

3.3.2.6 Office costs

The decrease of office costs in 2013, compared to 2012, can be explained by the decrease of telephone- and internetcosts.

3.3.2.7 Other general costs

The increase of other general costs in 2013, compared to 2012, can be explained by the amount of interest NIMD received in 2012 for the restitution of VAT for the period 2010 till 2010.

3.3.2.8 Other revenues

In the extual expenses NIMD corrected the expenses on salary with the received sickness benefits. The costs for the office we rent was corrected with the income on subleasing to IDEA. Remains as other revenues the rental revenues and saldo of value exchanges. This way of working wasn't taken in to account when the budget was written which makes budget and expensions comparison on this ledger not possible.

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Amsterdam, 28 MEI 2014

paraaf voor identificatiedoeleinden:

INDEPENDENT AUDITOR'S REPORT

To: the board of Netherlands Institute for Multiparty Democracy Foundation,
The Hague, The Netherlands.

We have audited the accompanying financial statements of Netherlands Institute for Multiparty Democracy Foundation, The Hague, which comprise the balance sheet as at 31 December 2013, the statement of income and expenses for the year then ended and the notes, comprising a summary of the accounting policies and other explanatory information.

Board's responsibility

The board is responsible for the preparation and fair presentation of these financial statements and for the preparation of the board report, both in accordance with the Guidelines for annual reporting of the Dutch Accounting Standards Board, especially Guideline 640 "Not-for-profit organizations", and the Policy rules implementation Senior Officials in the Public and Semi-Public Sector (Standards for Remuneration) Act (WNT). Furthermore the board is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing, as well as the Policy rules implementation WNT, including the Audit Protocol WNT. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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

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www.dubois.nl
KvK nummer 34374865

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Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Netherlands Institute for Multiparty Democracy Foundation as at December 31, 2013 and of its result for the year then ended in accordance with the Guidelines for annual reporting of the Dutch Accounting Standards Board, especially Guideline 640 "Not-for-profit organizations", and the Policy rules implementation WNT.

Amsterdam, 28 May 2014

Dubois & Co. Registeraccountants

Signed on original:

G. Visser RA and K. Ait Boukdir RA