



DIERENARTSEN | VETERINAIRES
ZONDER GRENZEN | SANS FRONTIERES

BELGIUM



FINANCIAL REPORT 2012

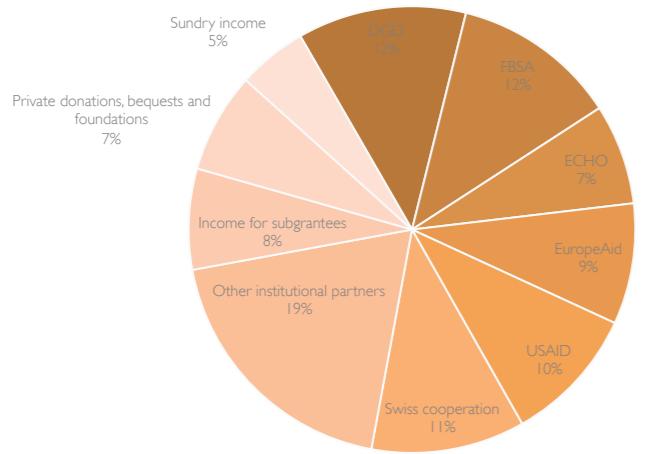
This financial report relates to the consolidated accounts of Vétérinaires Sans Frontières Belgium, including all activities carried out between 1 January and 31 December 2012. The accounts were audited and certified by our auditors, KPMG Vias. They can be viewed on the website of the National Bank of Belgium (www.bnbb.be).

WWW.VETERINAIRESSANSFRONTIERES.BE

INCOME

Donations are essential for Vétérinaires Sans Frontières Belgium to be able to achieve its objectives. In 2012, fundraising was reported as €880,944 (compared with €719,926 in 2011). Although this represents only 7% of the income of Vétérinaires Sans Frontières Belgium, the accumulation of small amounts allows us, through the co-financing system, to obtain significant subsidies in Belgium and internationally.

For many years, we have been able to count on significant support from various institutions. Our primary institutional donors are the Belgian Government (DGD and the Belgian Fund for Food Security), the European Commission (EuropeAid and ECHO), USAID and the Swiss Cooperation. These represent 61% of the association's income. The diversity of our donors gives us a certain level of independence as an NGO.

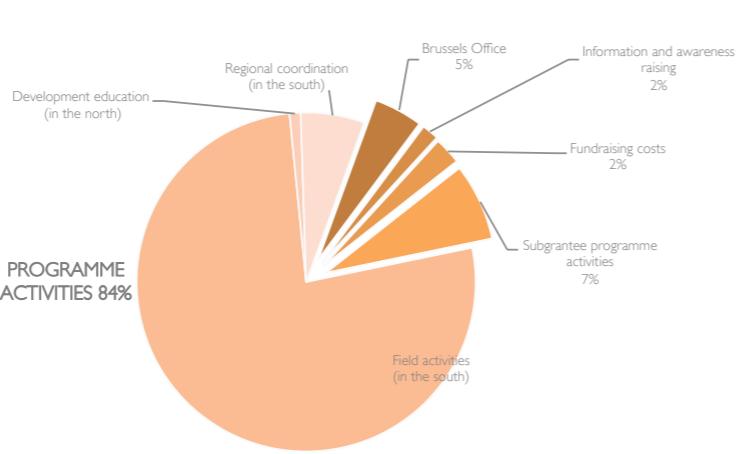


EXPENDITURE

The implementation of our programmes represents €12,049,442, or 83.8% of our expenditure. The remainder is connected with the operation of the Brussels office (5%), costs linked to fundraising (2%) and informing the public (2%), and activities subcontracted to the consortium (7%).

In 2012, 46% of our project expenses were incurred in West Africa (Niger, Mali and Burkina Faso), 9% in Central Africa (DRC and Rwanda), 44% in East Africa (Kenya, South Sudan and Uganda) and 1% in Belgium (development education programme).

The final result for the 2012 financial year is a surplus of €103,390 while the budget initially voted anticipated a deficit of €65,036. This is due to investments made during the year in the administrative and financial organisation of our association. These investments helped to improve the management of our own funds through better use of financing contracts or through increased results obtained in the active search for co-financing, with full transparency and conforming to the rules of our institutional donors. The deficit from the previous financial year requires that we gradually absorb the losses brought forward in order to rebuild our reserves and to further ensure the sustainability of the association.



BALANCE SHEET

The balance sheet total rose to €14,613,350. It features large accounts payable and extensions of subsidies. Accounting rules require the accounting of all multi-annual financing contracts, which is the reason for the large totals of accounts receivable under assets and accruals and deferrals under liabilities (for the portion of subsidies which have not yet been used by projects).

Social funds have now returned to the level Vétérinaires Sans Frontières Belgium announced in 2009. It rose to €1,098,845 and represents 8% of the total balance sheet. As far as possible, the deferred loss will be gradually discharged over the next few years.

EXPLANATORY NOTE REGARDING THE 2011 DEFICIT

The 2011 annual accounts featured a large deficit of around €800,000. Of this, €450,000 was directly linked to previous years as accounting adjustments were required relating to the amounts to be received and paid in our balance sheet and relating to the subsidies to be received as the institutional income had been unduly overestimated in 2010. They were adjusted in 2011. These accounting adjustments, although they contributed to the 2011 deficit, do not affect our current cash flow.

The other unexpected item, contributing €230,000 to the deficit, was a result of the weakness of the euro on the international markets. The unfavourable exchange rates were reflected in our 2011 accounts in the form of losses made (€100,000) and revaluations (€130,000). Excluding these items, the deficit from our activities in 2011 was around €75,000, an operating loss of less than 1% of our activities.

CONTROLLED GROWTH

In 2012, our programmes grew by 17% compared with 2011. However, programme stabilisation is already budgeted for 2013 since a 2% growth in our field activities is anticipated. This will allow us to keep to an average strategic growth of 10% over three years, 2011, 2012 and 2013.

We must remain cautious however, especially regarding the following:

- Our own funds regarding the balance sheet, i.e. 7% in 2012 (the same in 2011, but 11% in 2010). During the strategic planning, the association will finalise its financial strategy in 2013 to set a new, clear objective for reserves.

- Cash flow: the association must continue to take care to always have sufficient liquid assets to meet its short-term obligations. Due to the financing policy of institutional donors and payment time frames that are often long, along with occasional delays with our own reports, we often receive the money after we have already spent it, meaning the association must advance the money. In 2012, the board of directors authorised bank loans

(straight loans and credit lines) of up to 10%, which may be used during low cash-flow periods. These have allowed the association to continue to implement programmes properly. The association must also monitor the rigorous execution of these contracts in order to quickly provide reports to institutional donors and in this way reduce payment delays. This is made possible by a centralised document management system, with a database allowing everyone involved to monitor contracts, deadlines and programme budgets.

- The institutional co-financing of programmes: in order to supplement its own funds to cover the portion of budgets that are not financed by the main donors (up to 25% and on average 7%), Vétérinaires Sans Frontières Belgium implements an institutional co-financing strategy. In 2012, the result was a total co-financing of €582,509, well above the €482,012 from 2011. In percentage terms, this is a remarkable achievement for our association. The search for co-financing remains a major concern for the future.

BALANCE SHEET

ASSETS	2012	2011
Fixed assets	647.319	825.010
Intangible fixed assets	934	2.110
Tangible fixed assets	606.806	777.660
Financial assets	39.579	45.240
Current assets	13.966.031	15.951.838
Accounts receivable after more than 1 year	3.321.574	5.110.858
Accounts receivable within 1 year	9.201.602	8.093.559
Cash in hand and at bank	1.342.207	2.549.894
Prepayments and accrued income	100.648	197.527
TOTAL ASSETS	14.613.350	16.776.848

LIABILITIES	2012	2011
Capital	1.098.845	1.129.509
Permanent funds	959.268	959.268
Result brought forward	-346.421	-449.811
Investment grants	485.998	620.052
Provisions	157.386	156.467
Amounts payable	13.357.119	15.490.872
Amounts payable in more than 1 year	0	0
Amounts payable within 1 year	3.089.900	2.219.256
Accruals and deferred income	10.267.219	13.271.616
TOTAL LIABILITIES	14.613.350	16.776.848
Standing reserve and result brought forward	612.847	509.457

RESULT ACCOUNT

	2012	2011
Turnover	12.940.505	11.844.967
Cost of turnover	-12.830.158	-12.402.542
Operating result	110.347	-557.575
Financial income	381.525	187.527
Financial charges	-385.780	-403.912
Result from ordinary activities	106.092	-773.960
Extraordinary income	193	3.904
Extraordinary charges	-2.895	-33.028
Cash in hand and at bank	103.390	-803.084

ADDENDUM

Organisation profile, governance and quality, respect for the environment

I. ORGANISATION PROFILE (WHO WE ARE AND HOW WE ARE ORGANISED?)

Vétérinaires Sans Frontières Belgium is an a.s.b.l. (not-for-profit organisation) under Belgian law, founded in 1990 by a small group of veterinarians wishing to use their expertise to help disadvantaged populations that depend on animal farming in the Global South. The articles of association were published in the Belgian Official Journal on 22 February 1990 and amended on 1 June 1995 and 5 September 2005. Vétérinaires Sans Frontières Belgium was approved as an NGO on 13 November 1997, then as a programme-NGO on 14 April 2007 for a period of ten years, by the Service fédéral belge de la Coopération au Développement. The organisation has grown steadily. It currently manages animal husbandry support programmes in eight African countries and a development education programme in Belgium.

Vétérinaires Sans Frontières Belgium is largely decentralised, consisting of a modestly-sized head office (12.3 FTE) managing an overall budget of almost €13 million and two regional offices located in Niamey and Nairobi for coordinating programmes in West and East Africa respectively. The programmes in Central Africa were coordinated by the head office up until the end of 2012. In 2012, 11 expatriates, the majority from African origin, worked with our local partners to improve their organisational capacities. Three junior experts, funded by the BTC, also strengthened our teams in Uganda, Rwanda and Mali.

In 2012, the head office had a total of 13 employees (nine women and four men). Staff turnover is low: one person joined and only one left. Over half of our staff is in the 26–35 age group. On-going professional development is encouraged by the organisation. Details regarding the staff of Vétérinaires Sans Frontières Belgium can be found on the following websites: www.org-livreouvert.be or www.bnbe.be (National Bank of Belgium). In 2012–2013, staff policy and the financial procedures manuals will be updated and standardised, in close collaboration with the regional offices and partners. Staff policies are based on the Total Staff Reward principle.

In the Global South, due to the geopolitical settings in which the programmes are implemented, Vétérinaires Sans Frontières Belgium has developed a safety plan for its staff which is regularly updated according to changes in risk factors. In 2012, arrangements were made to evacuate cooperating partners from North Kivu for one and a half months and for a shorter duration from Mali. In Niger and South Sudan, safety measures were strengthened.

Vétérinaires Sans Frontières Belgium is a founding member of the Vétérinaires Sans Frontières Europa network. VSF is an international not-for-profit organisation comprising nine independent organisations based in Austria, Belgium, France, Germany, Italy, the Netherlands, Spain, Switzerland and Portugal.

2. GOVERNANCE (WHO DECIDES AND WHO IS INVOLVED?)

Decisions at Vétérinaires Sans Frontières-Belgium are made at four levels: the General Meeting, which is the highest body, the Board of Directors, the General Director and the Regional Directors.

The **General Assembly (GA)** of Vétérinaires Sans Frontières Belgium comprises 26 people who pay an annual subscription. The statutory GA takes place once a year. It approves the strategic framework, the annual plans and the rendering of accounts to stakeholders of the organisation and particularly the auditors. It ensures that the strategic plans are consistent with the vision, mission and values of the organisation.

After the 2012 GA which confirmed two departures, one re-election and one nomination, the **Board of Directors** comprises seven independent people acting on voluntary basis. New members will be added in 2013 according to the needs of the new 'Horizon 2025' strategic plan. They meet six times per year on average. The Board of Directors is delegated by the GA to establish the long-term strategic plans for the organisation. In 2012, it was involved in the development of a new long-term strategic plan called 'Horizon 2025'. The Board of Directors monitors and evaluates the performance

of the organisation as a whole, the management of risks and efficiency in order to achieve the strategic objectives. The Board of Directors selects the General Director and monitors his performance.

The **General Director** is responsible for running and managing the organisation according to Belgian and international laws and according to the procedures of the various donors, according to the strategy approved by the Board of Directors. The General Director ensures that the overall strategy is correctly reflected in operating plans for the four regions and the two departments of the headquarters (Finance and Human Resources), and that the organisation has the human and financial resources needed to achieve its objectives. The Director also plays a role as a representative before stakeholders. In 2012, a great deal of his time was devoted to coordinating the strategic planning of 'Horizon 2025' which involved representatives of the majority of the organisation's stakeholders.

The **Regional Directors** fulfil the same roles in their regions as the General Director. In the field, each project is managed on the technical and budgetary levels by the project leader appointed and trained by the local partner. In countries with an important programme a country director was appointed.

Supporting these decision-making bodies is the **Management Team**, comprising nine people (three directors, four managers and two experts), which is an advisory body that meets monthly (also virtual meetings). It assists the directors and managers in making decisions in an organised and transparent manner and prepares the rendering of accounts to stakeholders. It is also a place for sharing knowledge, experience and lessons learned.

Generally speaking, the **management style** is participative, based on the values of the organisation (respect, transparency and sustainability). We focus on empowering employees, their professional development and cooperation. In 2013, we will conduct a study to evaluate satisfaction among our staff.

In 2013, following the new strategic plan, Vétérinaires Sans Frontières Belgium will also launch an organisational audit and will, if necessary, adjust the organisation in order to be able to face these new challenges.

3. QUALITY APPROACH (HOW DO WE AIM TO CONTINUOUSLY IMPROVE THE QUALITY OF OUR IN-HOUSE MANAGEMENT AND OUR PROGRAMMES?)

The Belgian NGO, via its two federations (ngo-federatie and ACODEV) which offer substantial support, has opted for the EFQM excellence management model which is widely used throughout Europe in both the public and private sectors (www.efqm.org). The aim of the system is to drive companies or associations in order for them to obtain and maintain better performance results which satisfy the expectations of all their stakeholders. Starting from an organisational self-evaluation conducted in 2011, Vétérinaires Sans Frontières Belgium has embarked upon a first cycle of three management improvement actions, evaluated by B-Best, the results of which allowed us to obtain the C2E label (Committed to Excellence) in July 2012. Another improvement cycle was implemented and yet another will follow. After these, the organisation will start on the next step to obtain the R4E label (Recognised for Excellence).

In the management of its programmes, Vétérinaires Sans Frontières Belgium strives to apply the principles of a learning organisation based on participatory management of the project cycle and the RBM approach (results-based management). This, through the development of result and relevant effect indicators, and regular monitoring and evaluation, allows us to learn from our successes and failures, and to share the lessons learned with all stakeholders. In 2012, a summary of evaluations of programmes conducted in East Africa over ten years was produced. In 2013, work to update and standardise performance indicators for all programmes is planned.

The improvement in the quality of the programmes also comprises the improvement of coordination between emergency (short-term) and structural development

(long-term) programmes. In fragile ecosystems, emergency programmes are often necessary to provide short-term aid to populations facing a severe crisis, but they should always come as support for structural development programmes (future or ongoing projects). Vétérinaires Sans Frontières Belgium does not intervene through one-off emergency programmes, but instead where it is required in populations with which it is working in the long-term. Linking Relief, Rehabilitation and Development is an approach that is strongly recommended by the European Union. On average, 20% of the programmes implemented by the association are emergency programmes and 80% are structural development programmes.

4. RESPECT FOR THE ENVIRONMENT (HOW DO WE TRY TO REDUCE OUR ENVIRONMENTAL FOOTPRINT?)

As an NGO, we also have a responsibility to protect the environment. For a number of years now, measures have been taken at our headquarters to gradually reduce our environmental footprint:

- Paper: staff are encouraged to print documents only when it is necessary, on recycled paper and printed on both sides. The paper we order bears the Blue Angel or Nordic Swan certifications. The same goes for mail sent to our supporters.

- Travel: our organisation does not have company cars. 85% of our staff uses public transport or a bicycle, or walks to get to work.

- Plane travel: flights are necessary for an international organisation, but they must be given careful consideration. To compensate for the emission of greenhouse gases, Vétérinaires Sans Frontières Belgium purchases its plane tickets from an agency which uses the GreenSeat system. Where possible, we aim to combine field visits, technical workshops and official meetings in order to reduce the number of trips.

- Refreshments: we purchase organic and/or fair trade products. For example, we use a Puro coffee machine and fair trade Puro coffee. In 2012, we were recognised by Havelaar for our commitment to fair trade.

- Office supplies: stationery is purchased from Ecobos. Printer ink cartridges are recycled by the Thomson Recycling Centre through Het Punt.

- Cleaning products: we use Ecover soap and washing-up liquid.

- Heating and lighting: as we rent our offices, Vétérinaires Sans Frontières Belgium has limited opportunities to reduce its gas and electricity use. Over the past three years, our consumption has remained fairly stable. For example, for the second-floor offices:

Electricity: 1396 kWh (1652 kWh in 2011 and 1597 kWh in 2010)
Gas: 6681 kWh (6213 kWh in 2011 and 6392 kWh in 2010).
New window frames and double glazing were installed by the landlord in 2012.

Our programmes: as an NGO specialising in animal farming, Vétérinaires Sans Frontières Belgium, in collaboration with the other members of VSF Europa, be-troplive, CELEP and other organisations, is involved in discussions on the changes to and positive and negative impacts of animal farming throughout the world. It is currently estimated that animal farming is responsible for 12–18% of the production of greenhouse gases. However, the methods of animal farming have a major influence in this. This gives us plenty of room to work with. Vétérinaires Sans Frontières Belgium supports the development of small-scale animal farming which allows disadvantaged families to live a decent life, which uses local resources to feed the animals and which includes measures to protect the environment, and which enhances biodiversity and promotes the well-being of the animals.