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BELGIUM

# FINANCIAL REPORT 2013

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# FINANCIAL REPORT

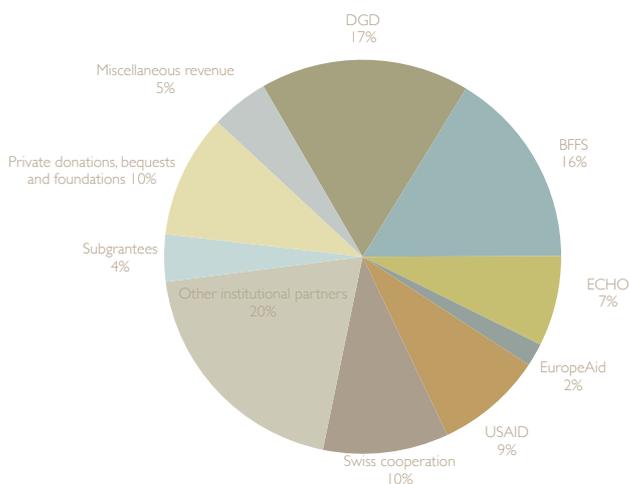
This financial report relates to the consolidated accounts of Vétérinaires Sans Frontières Belgium, including all activities carried out between 1 January and 31 December 2013. The accounts were audited and certified by our auditors, KPMG Vias. They can be viewed on the website of the National Bank of Belgium ([www.bnb.be](http://www.bnb.be)).

## INCOME

Donations are essential for Vétérinaires Sans Frontières Belgium to be able to achieve its objectives. In 2013, fundraising was reported as € 958,789 (compared with € 880,944 in 2012 and € 719,926 in 2011). Although this represents only 10.1% 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 donors represent 62% of the association's income (61% in 2012). The diversity of our donors gives us a certain level of independence as an NGO.

## INCOME 2013



## EXPENDITURE

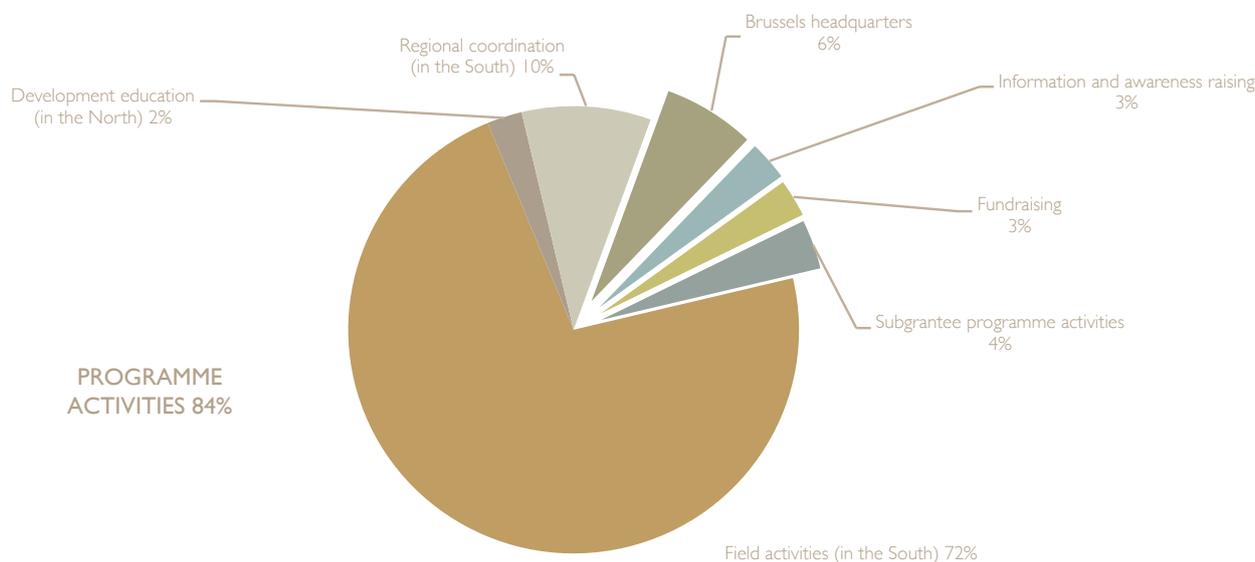
The implementation of our programmes represents € 8,622,222 or 84.3% of our expenditure (€ 12,049,442 or 83.8% in 2012). The remainder is connected with the operation of the Brussels office (6.6%), costs linked to fundraising (2.7%) and informing the general public (2.8%), and activities subcontracted to the consortium (3.6%).

In 2013, 47% of our project expenses were incurred in West Africa (Niger, Mali and Burkina Faso), 12% in Central Africa (DRC and Rwanda), 40% in East Africa (Kenya, South Sudan and Uganda) and 1% in Belgium (development education).

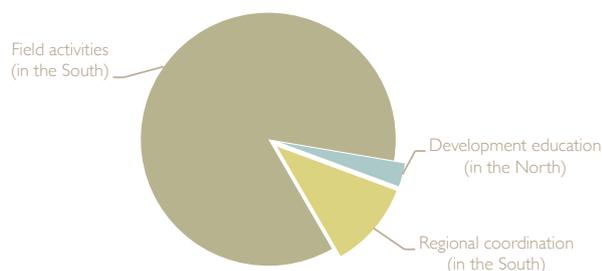
The final result for the 2013 financial year is a deficit of € 778,502 while the voted budget initially anticipated a surplus of € 9,867.

This is explained by two major issues. First, Vétérinaires Sans Frontières Belgium had 30% less new programmes signed than anticipated. While these programmes were almost guaranteed in 2012, they turned out not to be granted by our institutional donors in 2013 (who were also subjected to budget cuts in delayed reaction to the economic crisis). Whereas this did not entail a 3 million euro problem (as programmes that are not granted, are not executed), we did miss out on the overhead costs of said budget (about 15% of 3 million, or € 450,000). This budget was needed to run the mostly fixed costs of our country, regional, and headquarters offices. A second issue were the programmes in South Sudan, which were not well managed at the program and finance levels. It led to more costs than initially budgeted and which were not covered by institutional funds.

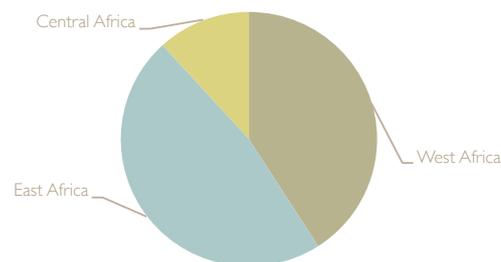
## EXPENDITURE 2013



## PROGRAMME ACTIVITIES



## FIELD ACTIVITIES IN THE SOUTH



## BALANCE SHEET

The balance sheet total was reported as € 10,444,437 (€ 14,613,350 in 2012). 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). This is less compared to 2012, mostly because our biggest donor's (DGD) 3 years programme came to an end in 2013 and as such did not have any claim for 2014. The new 3 years programme of € 6,000,000 has been approved early 2014.

Social funds stand at € 223,419 and represent 2% of the total balance sheet. As far as possible, the deferred loss will be gradually discharged over the next few years.

## CO-FUNDING AND OWN FUNDS

In order to supplement its own funds, i.e. to cover the portion of budgets that are not financed by the main donors (up to 20% and on average 10%), Vétérinaires Sans Frontières Belgium implements an institutional co-financing strategy. In 2013, the result of this was a total co-financing of € 583,302 (€ 582,509 in 2012 and € 482,012 in 2011). The search for co-financing remains a major concern for the future.

## CASH FLOW

The association must continue to take care to always have sufficient liquid assets to meet its short-term obligations. Vétérinaires Sans Frontières Belgium monitors the rigorous execution of its contracts in order to timely provide reports to institutional donors and in this way reduce payment delays. But, due to the financing policy of institutional donors and payment time frames, we do receive some of the money after we already had to spend it, meaning the association must advance (pre-fund) that money. In 2013, the board of directors authorized bank loans (straight loans and credit lines) up to 15%, which is the average historical credit need of the organization. Predicted cash flow needs are exceptionally high for early-2014, but afterwards we will be able to reduce the credit lines to the normal level - between 10 and 15%.

## CHANGE IN EVALUATION RULES

Costs for the recruitment of new individual donors are proportionally higher than maintaining existing donor relationships. In the past, all fundraising costs were fully booked as charges along the year. In the past few years, these were mostly costs to maintain our existing donors. In 2012, 2013 and 2014, it was decided to increase investments in fundraising, in order to increase the number of our donors. This is reflected by higher recruitment costs compared to the previous years.

These recruitment costs (mostly done in 2013 and 2014) can be considered as an investment in the longer term, which will generate income over the next 4 to 8 years. This has an impact on our 2013 balance, as it correctly reflects our assets (more addresses) and will spread the investment over 4 years. The net impact on our 2013 result amounts to € 187,798 booked as assets instead of charges.

## REALIZED PROGRESS AND CHALLENGES

Notwithstanding the negative result of the financial year 2013, the year has seen major improvements in terms of financial and administrative management:

- A half year closure with interim financial statements and provisional end-year closure;
- A revised budget based on the field reality and confirmed by the regions themselves;
- The reactivity of the association to optimize the budgetary perspectives;
- The agreement on principles for the financial sustainability of the organization (e.g. increase in reserves).

Our challenges remain at the level of our management tools (budget tools, accountancy software) and a common understanding of our budget realization at the field level. Additionally, we need to make sure that the internal control is executed at the right levels. These challenges are part of our main organizational priorities.

## BALANCE SHEET

ASSETS	2013	2012
<b>Fixed assets</b>	<b>748,604</b>	<b>647,319</b>
Intangible fixed assets	201,882	934
Tangible fixed assets	493,192	606,806
Financial assets	53,530	39,579
<b>Current assets</b>	<b>9,695,833</b>	<b>13,966,031</b>
Accounts receivable after more than 1 year	3,475,542	3,321,574
Accounts receivable within 1 year	4,850,857	9,201,602
Cash in hand and at bank	1,220,218	1,342,207
Prepayments and accrued income	149,216	100,648
<b>TOTAL ASSETS</b>	<b>10,444,437</b>	<b>14,613,350</b>

LIABILITIES	2013	2012
<b>Capital</b>	<b>223,419</b>	<b>1,098,845</b>
Permanent funds	959,268	959,268
Result brought forward	-1,124,923	-346,421
Investment grants	389,074	485,998
<b>Provisions</b>	<b>201,978</b>	<b>157,386</b>
<b>Amounts payable</b>	<b>10,019,040</b>	<b>13,357,119</b>
Amounts payable in more than 1 year	0	0
Amounts payable within 1 year	2,408,583	3,089,900
Accruals and deferred income	7,610,457	10,267,219
<b>TOTAL LIABILITIES</b>	<b>10,444,437</b>	<b>14,613,350</b>

## PROFIT AND LOSS ACCOUNT

	2013	2012
Turnover	<b>9,237,656</b>	<b>12,940,505</b>
Cost of turnover	<b>-9,778,745</b>	<b>-12,830,158</b>
<b>Operating result</b>	<b>-541,088</b>	<b>110,347</b>
Financial income	179,995	381,525
Financial charges	-293,055	-385,780
Result from ordinary activities	-654,148	106,092
Extraordinary income	35,875	193
Extraordinary charges	-160,229	-2,895
<b>CASH IN HAND AND AT BANK</b>	<b>-778,502</b>	<b>103,390</b>

# ADDENDUM organisation profile, governance and quality, respect for the environment

## 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. Their wish was to use their expertise to help disadvantaged populations depending 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 Belgian federal service for Development Cooperation. The organisation has grown steadily until 2012. In 2013, it 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 (14.3 FTE) managing an overall budget of almost € 11 million and three regional offices located in Niamey, Kigali and Nairobi, for coordinating programmes in West, Central and East Africa. In 2013, 9 expatriates, the majority from African origin, worked with our local partners to improve their organisational capacities. One junior expert, funded by the Belgian development agency BTC, also strengthened our team in Karamoja, Uganda.

In 2013, the head office had a total of 18 employees (11 women and 7 men). Six persons joined and two 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.ong-livreouvert.be](http://www.ong-livreouvert.be) or [www.bnb.be](http://www.bnb.be) (National Bank of Belgium). In 2013, staff policy based on the "Total Staff Reward" principle and the financial procedures manuals are updated and standardised, in close collaboration with the regional offices and partners.

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.

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

## 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 2013 GA which confirmed two departures, one re-election and four nominations, the **Board of Directors** comprises nine independent people acting on voluntary basis. 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 2013, it became more involved in improving the financial management system of the organisation. 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 headquarters (finances 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.

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.

Supporting these decision-making bodies is the **Management Team**, comprising nine people (five directors, two 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 conducted a study to evaluate satisfaction among our staff and the results were moderately to very positive.

In 2013, following the new strategic plan, Vétérinaires Sans Frontières Belgium launched an organisational audit led by an external consultant in order to respond to the new challenges.

## QUALITY APPROACH: 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 public and private sectors ([www.efqm.org](http://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. After obtaining 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 2013, work to update and standardise performance indicators for all programmes was done.

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.

## RESPECT FOR THE ENVIRONMENT: how 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. In 2013, about 40 kg of paper was purchased for the office.
- 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. 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. 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 four years, our consumption has remained stable or is declining.

Electricity (kWh)			
2010	2011	2012	2013
7146	7380	6474	5365
Gas (kWh)			
2010	2011	2012	2013
19693	18463	22024	19356

New window frames and double glazing were installed by the landlord in 2012.

Our programmes: as an NGO specialised in animal farming, Vétérinaires Sans Frontières Belgium, in collaboration with other members of VSF Europa, be-troplive, CELEP and other organisations, is involved in discussions on the evolution and positive and negative impacts of animal farming throughout the world. It is currently estimated that livestock 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 animals, which includes measures to protect the environment, and which enhances biodiversity and promotes the well-being of animals.



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