



# annual report



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# preface by board of directors

Dear reader,

It is with great pleasure that we present the Annual Report 2010. It has been an exciting year for our organisation in which some long-running projects reached or neared their conclusion, while others were proposed and started.

Our business start-up centres in Bar, Bitola, Kragujevac and Zenica became independent this year, according to plan. They achieved a level of sustainability that will allow them to continue providing their valuable services to young, ambitious entrepreneurs in the Western Balkans.

Marking new beginnings in a year of transition, SPARK piloted projects in Liberia, the Occupied Palestinian Territories and carried out preliminary work for new projects in Rwanda, Burundi and Kosovo. In 2010 we successfully applied for a grant from the Netherlands Ministry of Foreign Affairs that will enable us to continue to work in these areas. We are particularly proud to have ended second-best in this largest aid tender for the Dutch non-profit sector. This funding represents a great challenge and opportunity to expand our mission into new areas and countries as well as new activities within the field of SME development and entrepreneurship.

Other highlights of 2010 include continued work at the International Business College in Mitrovica (IBCM), which remained our flagship project in Higher Education; in terms of ambition, it is the largest individual project in one target area. Kosovo remained an important target area of implementation with the new Bridging the Divide project in Mitrovica and the UNDP-supported Business Advisory Centres.

SPARK also remained dedicated to transparency as one of our key guiding factors. We believe that, in a world which is gradually recovering from economic crises and a political climate in which budget cuts are increasingly likely, it is important to give a complete insight into the use of funds, allowing everyone to follow our spending. The whole development sector has come under scrutiny during the last couple of years and there is increasing pressure on the sector, from the public at large and donors, to show that we do things well by being open about our work. There is a growing demand to see clear results and impact from the money invested in our sector. This is something that we need to be aware of and acknowledge. To this means, the TranSPARKency website remained instrumental throughout the year, keeping our financial records public up to receipt level.

In order to further improve the quality of operations within the NGO sector, SPARK continues to strive for the introduction of an ISO quality label for development aid NGOs specifically. Also in 2010, SPARK helped organise the first annual Brilliant Mistakes Award for the development sector, whereby learning from unintended mistakes is encouraged. The Brilliant Mistakes Award recognizes key learning moments in the development sector as a way to showcase the value of failures.

We worked hard to ensure that our aid continues to support stabilisation in the regions in which we operate and we remain dedicated to our mission to empower young people to lead their post-conflict society into prosperity. We hope this Annual Report will answer all your questions about our work in 2010 and we invite you to contact us if you have any questions or need further information.

Yours truly,  
**Yannick Du Pont, Director**

**Michel Richter, Co-Director**





## 02 executive summary



# executive summary

In 2010, SPARK embarked on several new projects, taking the organisation to new countries as well as completing the process of leading the BSCs in Southeast Europe towards independence.

Securing a new grant from the Netherlands Ministry of Foreign Affairs (NLMFA) dominated the agenda in 2010, for which areas of responsibility were thoroughly researched and assessed. Also, the application process allowed for an introspective assessment of our own organisation and how we are geared towards such big new challenges. The eventual awarding of the grant meant a great return on investment.

Of course, there were many other highlights in the past year. Projects and achievements described in this Annual Report in full detail include, among others:

## ■ Higher Education Highlights:

The International Business College Mitrovica (IBCM) offers 2-year double vocational professional qualifications, as well as 3.5-year Bachelor programmes. All courses are taught in English by qualified teaching staff, of which the majority possess international academic credentials.

The Winter University in Mitrovica was again successfully organised by the University. The event continues to be important for local teachers and students by exposing them to international teaching methods and discussions. Students participated in the two-week course that aims to not only educate, but also improve, inter-ethnic understanding and support access to Higher Education of non-majority communities in Southeast Europe.

As part of SPARK's Private Sector Development programme, the University of Novi Sad in Serbia began offering Master's Degrees in Entrepreneurship during the academic year 2009-2010. Five regional partner universities are participating in the initiative. As UNESCO Chair for Entrepreneurial Studies, the University of Novi Sad hosts the Regional Master Studies in Entrepreneurship. The first group of students have finished the regional MA programme in entrepreneurship, while the second generation has started.

The SPARK-initiated Scholarship Database for Western Balkan students continued to provide a valuable service to students seeking to study abroad, thereby accelerating the integration process of Southeast European students into the EU, primarily in the field of education.



## Private Sector Development Highlights:

2010 was a year of transition for the BSCs in the Balkans, as this was the year they became independent. It required organisation and fundraising to attain a level of sustainability that ensured their continued success. Besides these activities, some 152 small to medium enterprises were newly-established through the aid of the BSCs, generating 536 jobs. In this manner, SPARK aims to make a real contribution to the local economy.

Two BSC projects ran through the pilot phase in Monrovia, Liberia and Ramallah, Palestinian Territories. Operational BSCs were set up and over 400 participants received training in business skills such as business plan writing, for which both ran their first competitions.

In a UNDP-supported programme for Enterprise Development in North Kosovo, three Business Advisory Centres were successfully established and conducted a Business Skills training for existing entrepreneurs, as well as entrepreneurs who are planning to set up their own businesses. Out of an initial 220 applicants, 95 out of the planned 100 participants went on to complete the training.

A fifth European Day of Entrepreneurs was organised in 2010, in three locations: Kosovo, Macedonia and Bosnia-Herzegovina. These events gathered a total of more than 650 participants active in private sector development in the region.

## Spark for Improvement Highlights:

Together with the Institute for Brilliant Mistakes, SPARK organised the award ceremony for the best Brilliant Mistakes in the Development Sector, 2010. The goal of the awards is the further advancement of transparency and the ability to learn from the mistakes of others. Despite good intentions, things may often not go as planned, sometimes resulting in an outright failure. Inevitably, such a failure may be aggravating but this is where lessons can be learned. This is what we call 'brilliant mistakes', whereby in making mistakes we reach a great learning moment.

In December 2010, SPARK was recertified by the International Organisation for Standardisation (ISO). It was granted its first ISO certificate in 2008 and the renewed certificate is valid for four more years, from January 2011 through to 2014. The ISO 9001 certificate rewards a respectable Quality Management System of an organisation, one that enhances stakeholder satisfaction and demonstrates continuous learning (improvement). Additionally, the renewed certificate also recognises our capacity for business skills training.

While we are proud to renew our own certificate, SPARK continues to contribute to the work being done toward an International ISO standard specific for NGOs, together with the Partos Quality Committee. An externally-audited structure would ensure that we live up to international standards and can be competitive when applying for funding and grants from international partners.

The TranSPARKency website continued to give insight into spending down to the receipt level. Work is underway to tie in this financial data with impact results from a new Management Information System. Linking these two will allow viewers to see the exact costs of the impact we are achieving.







## 03 background & mission

# background & mission

**SPARK develops higher education and entrepreneurship so that young ambitious people are empowered to lead their post-conflict societies into prosperity. It does so by building the capacity of local economic and educational organisations and institutions.**

SPARK was founded in 1994 as an independent non-profit organisation, focusing on support to Higher Education. Along with its founding principle, SPARK continues to support educational institutions in Southeast Europe. Furthermore, SPARK encourages entrepreneurship through its programs for business start-ups and private sector development.

SPARK wishes to uphold its mission so that we can assist post-conflict countries. It is crucial to understand the political dynamics in these societies and sense how to operate in these sometimes tense conditions in order to make a lasting impact. Areas that are plagued by corruption and renewed conflicts can halt, or even retract, the work we do. Even though the countries we operate in are very different in terms of culture and the reasons behind conflict, uncertain political climates and weak institutions present problems that all organisations face in these areas.

We transfer our experience and knowledge from Southeast Europe to new post-conflict territories. As our Southeast European partners have first-hand experience in post-conflict construction and all have undergone, or are undergoing, complex economic and educational reform processes, they are the ideal 'experts' for this transfer.

We work hard to ensure that our projects do not cause harm in the post-conflict societies; we aim to develop by making sure that our financial contributions do not go to activities that might obstruct positive and peaceful development. In Higher and Vocational Education, we work towards our mission by combining activities that support local educational institutions and Universities, and by facilitating Summer/Winter Universities and other capacity-building educational support programs.

In Private Sector Development, a series of SPARK-funded business start-up centres provide important services that encourage entrepreneurs to take the leap and start their own businesses. We believe it is a combination of efforts that creates value in societies. The total package of competitive elements such as business plan competitions, training of skills, coaching, mentoring and access to finance makes a great difference as it is often difficult for organisations that help the young to connect with financial actors. Investors are looking for good business plans, but lack the resources or tools to identify and support them.







We have the vision that pro-poor sustainable economic growth, particularly through strengthening relevant local partners, facilitating entrepreneurship, and creating an enabling environment for private sector development, is essential for creating self-reliance and thereby poverty alleviation in the least developed countries and fragile states. We undertake this work together with a range of local partners such as chambers of commerce, universities, vocational schools, local governments and CSOs, to ensure that this enabling environment is created and added to.

Our mission stipulates that we work towards this vision by supporting people in post-conflict areas to provide their own socioeconomic security by reinforcement of the local economic and educational institutions, or to grow an existing SME. Special attention is paid to a target group of 18-35 year olds, as SPARK believes that empowering them offers them the capacity to play a unique role in leading their post-conflict societies into prosperity.

## Strategy

We work on three strategic levels to accomplish this:

1. Direct Poverty Alleviation through growth and employment generation.
2. Capacity Building of economic and educational partner institutions.
3. Policy Making & Advocacy to support more effective participation of these partner institutions.

## Key/guiding principles

Key principles for our work are:

- A demand-driven approach that pinpoints the needs and priorities of local beneficiaries
- The promotion of local ownership as a precondition for sustainability
- A society-oriented focus that ultimately benefits society as a whole
- The support of long-term cross-regional and international cooperation processes.



**04** our **passion**



## our passion

Education and entrepreneurship are two crucial areas of attention when rebuilding post-conflict societies. SPARK believes that a target group of particular interest is youth aged 18-35 as they can play an important role in leading their society into stability and prosperity.

### 4.1 Higher Education

Young people in fragile states are faced with both arrears in vocational or higher education and a high unemployment rate. This makes them a vulnerable and potentially volatile group within society, which can be defused by actively engaging them in the development and strengthening of the economy. This is a challenge, as it is often evident that a low level of entrepreneurial understanding exists among the youth.

The areas in which SPARK operates are in urgent need of rebuilding basic societal functions. This requires a level of competency that is primarily generated through Universities and Higher Vocational Institutions. SPARK aims to help local actors and institutions provide the education that the youth within these societies deserve. It is in this way that the youth are given the chance of becoming the young professionals that are needed in every society, from skilled labourers to lawyers, doctors and business professionals. SPARK actively supports Quality Assurance at these educational institutions, as well as aiding in curriculum building.

Higher education continues to be at the heart of SPARK and, in 2010, we were involved in a variety of programs that aim to strengthen academic institutions.

### I International Business College Mitrovica

**Target group:** Youth in Kosovo aged 18+

**Total project costs:** € 15,534,803 (2008-2013)

**Financed by:** Swedish International Development Cooperation Agency (SIDA), The Ministry of Foreign Affairs Denmark, The Netherlands Ministry of Foreign Affairs – Embassy in Belgrade, The Ministry of Education, Science and Technology (MEST) in Pristina (construction south campus in south)

**Partners involved:** Lillebaelt Academy of Professional Higher Education, University College Lillebaelt and the European educational network SPACE.

**Project duration:** 2009-2013



## ■ Project Description and Goal:

Following the recent conflicts, Mitrovica remains a deeply divided city in need of a normalisation of relations and reduction of inter-community tension. The often tense situation can only be exacerbated by high unemployment rates among the region's youth.

SPARK aims to improve the employability of this target group through creating the possibility of enjoying a quality (higher) vocational education.

Such a programme has the potential of producing young professional civil servants and business leaders in Mitrovica region who are used to working in multi-ethnic teams. The International Business College Mitrovica teaches at both sides of the river with this goal in mind. Youths are encouraged to follow study programmes with a heavy focus on practice and skills; furthermore, graduates will be given offered assistance when starting their own enterprises, thereby creating an enabling environment in which students can develop both themselves and eventually their surroundings.

The project also aims to assist Kosovo on its path to EU Integration by providing modern curricula in doing business with the EU and training (future and existing) civil servants in EU Integration.

The IBCM is an internationally registered not-for-profit educational foundation. It was established by SPARK with donations from SIDA, the Swedish International Development Cooperation Agency, the Danish Ministry of Foreign Affairs, and the Dutch Ministry for Development Cooperation.



The IBCM offers 2-year double vocational professional qualifications, as well as 3.5-year Bachelor programmes.

All courses are taught in English by qualified teaching staff. Courses taught in the academic year 2010/2011 include Economics, International Marketing and Sales, European Studies and Communications in Management.

A SPARK-controlled IBCM foundation was established as this allows for the registration of the IBCM in Kosovo as a school, and guarantees an unbroken chain of accountability over IBCM by SPARK. In 2011, work will commence on a permanent legal and organisational structure for the college, so that the college will eventually run independently of SPARK.





## ■ Results

In early 2010, a two-year contract was signed with the Danish Lillebaelt Academy, which is providing curriculum development and academic staff development, and will be issuing diplomas and bachelor degrees. Currently, there are curricula developed for modules taught in two semesters.

The fact that the Danish partner institution will be issuing, together with IBCM, a double degree, will facilitate the recognition thereof greatly, which is pivotal both for recognition in the EU as well as Kosovo and Serbia.

**From April to September, a Transitional Year Programme (TYP) ran successfully, whereby prospective students could improve their English language skills.**

The programme has proven to be a great source of applicants to the IBCM; in 2010, 49 out of a total 139 applications to the college were received from students within the TYP. The IBCM successfully merged its general promotion campaign with that of the English Language courses.

For the recruitment of students, entrance examinations were held in June. Throughout the summer, further dates were made available to take the entrance exam. This flexible, rolling approach to examinations was fruitful. The academic year 2010/2011 began on 27 September with a total of 124 students, of which ten studied part-time. Twenty (20) students started earlier in the year in March as a pilot cohort, and thirteen of these moved on to the second semester.



## ■ Evaluation

With regards to the students in the pilot cohort, it should be noted that we expected 95% of the participants to move on from one year to the next. This, however, was too optimistic; of the 20 pilot students, 13 remained throughout 2010, which places the rate closer to 65%. We do expect this rate to improve in the future, as the lack of applications in the pilot and, to some extent, first full enrolment, made selection not as stringent as desired.

Teaching currently takes place in temporary locations, both in North and South Mitrovica. The construction of permanent IBCM buildings is expected to commence in 2011, following the pledging of investments. However, with the current funds pledged, the original foreseen budget is not yet complete and, at the present moment, SPARK is writing a new revised proposal for IBCM 2011-13.

## Winter University Mitrovica and Summer University Pristina

**Target group:** Youth in Mitrovica

**Total project costs:** € 700,937

**Financed by:** Dutch Foreign Ministry

**Partners involved:** University, Student Parliament, Jelena Anzujska, and Fractal

**Project duration:** 2009-2011

### Project description and goal

The Mitrovica Youth Programme (MYP), of which Mitrovica Winter University (MWU) is the main component, aims to create a positive international learning environment, spur regional academic cooperation and improve the higher education quality in the region. The Winter University serves as a platform for improving relations among students and staff from universities in Southeastern Europe, as well as other parts of Europe. That tensions in the area can still run high is illustrated by the fact that the two-week programme that was originally planned as Summer University was delayed, eventually to become Winter University, because of the unstable political situation.





# our passion

# 04



The programme also supports the Bologna Reform Process, whereby quality assurance and the standards of academic degrees are lifted to a level compatible across Europe. As part of the MYP, SPARK organised trainings, study visits and workshops throughout 2010.

Also, a special leadership weekend conference was organised in order to allow students from the MWU to meet and interact with students from another SPARK project, the Summer University in Pristina. The extended weekend focussed on leadership skills with various lectures taking place.

Finally, together with Fractal, a project partner NGO from Belgrade, trainings and study visits were undertaken under the 'European Integration and the Western Balkans' programme. Fractal runs these trainings throughout the year for Mitrovica students and, at the end of the academic year, top students, together with top students from the MWU, are selected to make study visits to EU Institutions in Belgium and The Netherlands.

The Summer University in Pristina did take place in the summer of 2010 and offered a range of courses on Law, Economics, Public and Business Administration, Gender Studies, Education Science, Teacher Training and European Integration. The University of Pristina is in control of all financial issues regarding the project and is in charge of organising the event.

More effort has been given in hosting the regional and international students by the PSU office and this has helped in increasing the overall satisfaction of the students. The improvement of the accommodation facilities at the University of Pristina dormitories has contributed a lot.

PSU offers a great chance to the students of the University of Pristina to participate at a summer course and meet peers from other regional and international countries. Students get to experience new teaching methodologies and also access to additional reading materials and books.

The sharing of information and real life professional cases amongst local, regional and international students is important in the development of their own personal capacities, as well as the improvement of inter-ethnic relations.





## Results

The Winter University 2010 received a large amount of applications from students and ran successfully with 300 participants taking part in the two-week programme.

The European Integration and the Western Balkans programme provided training and workshops for 50 students, and subsequently an alumni programme is being developed.

An annual regional conference on access for non-majority communities to Higher Education was organised. Also, University staff attended conferences organised by the European Student Union. These conferences broaden the outlook and skills of staff, thereby encouraging the Europeanisation in education through the Bologna Reform Process.

Summer University Pristina attained the following results:

Results	Pristina Summer University			
Item	2007	2008	2009	2010
Courses offered	15	15	15	20
International professors	15	17	15	20
Co-professors	16	15	16	20
ECTS per course	4	5	5	4
Forums/debates organised	5	6	6	2
Applications	2212	1283	n/a	2094
Participants	374	312	348	372
Issued certificates	10	215	228	333
Student evaluation forms handed in	177	221	164	298
Overall Satisfaction (based on the statement "On the whole, the quality of the course was high") <scale 1-5>	4.22	4.32	4.56	4.42

## Evaluation

Evaluation at MWU was carried out by an external evaluator who is present during the MWU and executes interviews with teaching staff, visiting and local professors, assistants, translators and SPARKS staff.

Furthermore, teaching staff report their experiences of the event through questionnaires. These findings are then used to formulate an evaluation report that can be used for internal improvement.

Overall, satisfaction with the event was high, with professors reporting that they appreciated both the organisation and the facilities available at the event.

The external evaluation did identify several weaknesses in the programme and made recommendations for future editions. In SPARK's strategic partner, the University in Mitrovica, the evaluator noted that a weakness is primarily reflected in the lack of genuine political will and enthusiasm about the vision and benefit of the entire project idea and activities, as well as the lack of intellectual or sufficient logistic and equipment capacities. It results in:

- Non-transparent and perhaps insufficient criteria for the selection of professors.
- The lack of coordination between visiting and host professors. Both sides blame each other for the lack of direct communication and harmonisation of the joint syllabus.
- The lack of interactive teaching methods and field work throughout the MWU course.

The evaluation report therefore recommended a transparent selection of local and visiting professors and improved communications between these.

Furthermore, contact between SPARK and the University regarding this project should be decentralised, thereby involving faculties directly and raising the enthusiasm for the project within the University.



## Impact

The impact of the Summer and Winter Universities is significant. The projects are designed so that students from different ethnic backgrounds and regions can come together to share a learning experience, but in the process also meet their peers and improve inter-ethnic relations.

Testament to this is the continued good reception for the 'Cultural Heritage' course at MWU, which receives such a high number of applicants that the University has incorporated the course into its curriculum. They enjoy the chance of undergoing new teaching methods and gaining access to additional information sources.

For visiting and local professors, the project provides a chance to teach in an international environment and update their knowledge while sharing information and co-teaching with their colleagues.





## I Scholarship Database for Western Balkan Students

**Target group:** Young people from the Western Balkans who would like to study in the EU

**Total project costs:** € 10.076

**Financed by:** King Baudouin Foundation

**Partners involved:** Western Balkan Countries INCO-NE c/o Centre for Social Innovation

**Project duration:** 2009-2011

### I Project Description and Goal

Higher education and science will play a crucial role for Western Balkan countries in their accession to and association with the European Union (EU). The transition of these countries – many of them new states on their way towards market-oriented democracies with strong civil societies – will require a highly-qualified workforce and a changed mindset of the population, which needs to develop a new sense of belonging and a spirit of ownership and responsibility.

Education will be the key in developing the resources available to contribute to the integration of local, higher education systems into the European Higher Education Area. Increasing the interests of students from the Western Balkans in studying abroad, as well as that of the EU to support these students to do so, is an integral part of the process.

A study initiated by the King Baudouin Foundation, 'Student mobility in Western Balkan countries', highlighted the key problems that exist with Western Balkan student mobility into EU member state and EFTA countries. Of the students interviewed that would not consider studying abroad, 51% cited insufficient money as a very important reason. Similarly, even when students were considering studying abroad, 62.4% answered that not finding enough money was a big problem.

Students were asked to indicate what aspects could be improved. Of those considering studying abroad, 81.4% suggested more scholarships. For students not considering studying abroad, 58.6% responded that 'good and sufficient scholarships' was one of the main conditions to consider studying abroad. In the study, the majority of students interviewed would consider applying for a scholarship to study abroad. However, only one in three responders knew that scholarship opportunities exist. When asked in detail about European scholarships, less than 10% are aware of any specific European scholarship and mobility schemes.



Based on these findings, the King Baudouin Foundation commissioned SPARK to undertake research into scholarship opportunities that exist for Western Balkan students in EU Member States and EFTA countries. The results of this research are shaped into this scholarship database. The scholarship database contains information on a range of scholarships for Western Balkan students and researchers in European Union Member States and EFTA countries.

## Results

The scholarship database went online at the end of 2009 and has been available to students since. By pooling all scholarship information in one place, students have a much higher chance of finding the right scholarship, thereby facilitating student mobility.

The database can be found at [www.s4wb.eu](http://www.s4wb.eu).





## Internal Quality Assurance at Telavi State University

**Target group:** Teachers, administrative staff and students of Telavi State University

**Total project costs:** € 262.850

**Financed by:** European Commission - Tempus

**Partners involved:** HAN University of Applied Sciences (Netherlands), Telavi State University (Georgia), Philipps-Universität Marburg (PUMa, Germany), USPMF – Grenoble – II (France), individual Tempus experts from Italy, Germany and the UK

**Project duration:** 2008-2010

### Project Description and Goal

Since Georgia's independence was declared in 1991, many new higher educational institutions have been established in the country. Telavi State University (TeSaU), the only accredited higher education institution in the Kakhetia Region, is dealing with major transitions in its curricula. This requires a stable system for quality assurance (QA) in order to implement changes in the existing curricula, the teaching process and the management system of the university.

In order to ensure a high level of teaching, existing curricula (including teaching materials) are analysed and updated, as well as the creation of a better learning environment and transparency in competencies, learning outcomes and grading.

In order to make teaching staff more familiar with the Bologna process, three workshops on topics related to 'ECTS as a tool for Curriculum Development and QA' are organised annually.

Quality Assurance also needs to be facilitated through improving resources. The aim is to create and make more accessible academic resources for students and university staff. Facilities for students and academic staff were rather limited and improving these resources provides new possibilities and knowledge for the target group; additionally, this is a rather visible improvement for students and teaching staff, which shows clear benefits for the university as a whole.

The project involves various tailor-made quality assurance training sessions, expert meetings with partners from EU universities, study visits and programme reviews that promote the introduction of quality assurance.

Other activities include trainings and discussions on topics such as quality assurance for students and study advisors, for teaching and administrative staff and for the research department and publications. Several training sessions were organised for University staff, including study visits. TeSaU staff had direct contact with their counterparts in various EU universities in order to establish long-term professional links that will last long after the project period.



## ■ Scanning of Student and Professor Documentation in Kosovo

**Target group:** Students, Professors and University staff

**Total project costs:** € 29.344

**Financed by:** Netherlands, Norwegian and Austrian governments & SPARK

**Partners involved:** The University of Pristina and the University of Mitrovica

### ■ Project Description and Goal

Since May 2008, SPARK carried out the first ever exchange of University documents that had been lost due to the 1999 conflict in Kosovo, between the Universities of Pristina and Mitrovica. These records are crucial for past students in order to prove that they have completed exams or obtained a degree. Staff also need these records in order to be eligible for inter alia pensions. Most importantly, the documentation has an important emotional value. This project aims to digitalise all documents that allow exchange among universities.

People lost access to their diplomas or work history during the conflict; this project enables them to obtain their rights to (or proof of) education and access to pensions by providing documents or work history.

### ■ Results

The project was concluded in 2010 with positive results: 53,702 documents were scanned in total from a range of faculties at both universities. More importantly, an exchange of documents took place between both universities on a large scale.

The first handover of documents was made in March 2009, marking the first cooperation between the universities since the conflict. Both universities agreed on this cooperation and requested SPARK to take a technical role to ensure the project's success.





## I Bridging the Divide

**Target group:** The project consists of three separate components, each with selected target groups. Beneficiaries range from local institutions and NGOs (through capacity building measures), citizens of Mitrovica as a divided town (municipal infrastructural upgrades, unbiased public information, inter-ethnic dialogue) to youth in the age of 12-20.

**Total project costs:** € 1.290.185, 00

**Financed by:** Netherlands Ministry of Foreign Affairs

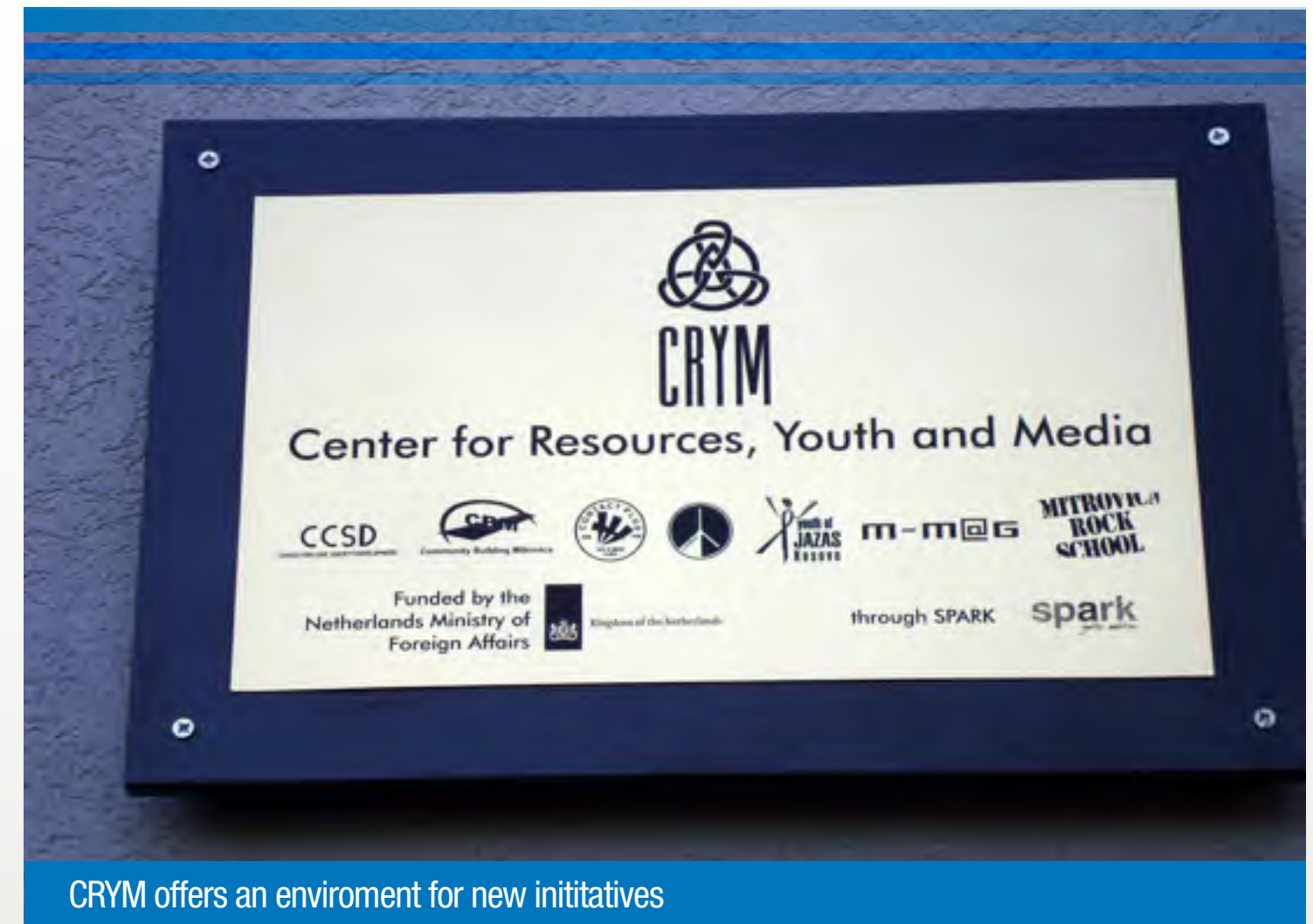
**Partners involved:** Community Building Mitrovica (CBM) as implementing agency and local NGOs registered under CRYM (Centre for Resources, Youth and Media)

**Project duration:** 2010-2012

## I Project description and goal

Being divided both physically and institutionally in separate municipalities that fail to communicate between themselves, antagonistic communities stuck on either side of the Ibar River face further instability, insecurity and disintegration in a city already scarred by the evils of war.

The most obvious agent of positive change – the CSO community – is plagued by fragmentation, internal competition and a lack of appropriate facilities for joint action, severely limiting its synergy and impact. This has resulted in broad community distrust of the NGO community, which is perceived as donor-driven rather than serving community needs. These needs, consequently, remain grossly ignored, to the detriment of the community, especially the city's largest demographic group, the youth, who lack positive after-school activities, cultural events and employment opportunities. The lack of these facilities further increase social isolation, pacification and political radicalisation, which are spurred on by boredom, general dissatisfaction and wide-spread cynicism.



CRYM offers an environment for new initiatives





A unique cooperation between the South Mitrovica-based CSO Community Building Mitrovica (CBM), newly-established inter-ethnic, bilingual multi-medium 'M-M@G' and a North Mitrovica coalition of seven CSOs gathered in the Centre for Resources, Youth and Media (CRYM). The project directly addresses problems and opportunities related to infrastructure, media, civil society development, youth care and the lack of institutional and civil inter-community cooperation.

The project encompasses several components:

- Highly visible, high-impact, infrastructural interventions will be implemented on both sides of the divide. With these interventions being aligned closely with the priorities of local authorities and communities, and being selected by a board representing them, the project will facilitate a rudimentary form of cooperation 'across the river', while bringing much-needed and tangible results to citizens. Centre (MMC).
- 'M-M@G' will be established, with an ethnically-mixed editorial team. M-M@G will focus on relevant investigative and social journalism and assume the role of a local watchdog. It will tightly link to local top radio station 'Kontakt Plus' and the Centre for Resources, Youth and Media (CRYM) with its Mitrovica Media Centre (MMC).
- A concerted effort will be made to integrate and empower a fragmented NGO community towards a strong, active, resource-pooling, synergetic and accountable local civil society, driven by local needs rather than donors. In seeking to practically support local CSOs in capacity building, cooperation and outreach across the divide, Bridging the Divide will establish a vibrant new Centre for Resources, Youth and Media (CRYM). CRYM will offer a platform for citizen participation and form an incubator for new grassroots initiatives, while providing a newly-formed coalition of local CSOs with adequate premises to strengthen their organisations, increase their capacity, and facilitate their joint outreach and impact.



Rock school is housed in CRYM building



## ■ Results

The project was scheduled to start in June 2010 but, due to local complications (elections, turnover in the management of local counterparts, clashes and tension), was rescheduled to September 2010.

By the end of 2010, a General Coordinator for the Bridging the Divide programme had been appointed.

Work on the refurbishment of the new CRYM building commenced in 2010 and was eventually inaugurated on 25 March 2011. Altogether, this means that the Bridging the Divide project is still in its establishment phase.

Community Building Mitrovica (CBM) has been the implementing agency for the project, supported by SPARK's institutional capacity building, whereby improvements in budgeting, reporting and organisational issues have been obtained.

Similar efforts in capacity building have been made with regards to the CRYM Board and other institutions involved.



Work on the refurbishment of the new CRYM building





## 4.2 Private Sector Development

Promoting entrepreneurship is crucial to the reduction of poverty and to spurring economic development in fragile states. Through our Business Start-up Centres, we directly tackle poverty alleviation by offering business-skills training, coaching and consultancy, and access to finance for young entrepreneurs. By acting on market opportunities, entrepreneurs create and develop businesses that drive economic growth and provide necessary jobs.

We are devoted to empowering young people so that they can create businesses and increase their employability and position on the labour market. Job creation is crucial in post-conflict areas, since large numbers of underemployed people increase the fragility of a society.

Fragile states are marked by poor governance and deficient economic institutions. The unstable climate of fragile states affects society and state, and can result in a mutually unsustainable climate in which neither state nor society is able to escape from poverty and conflict. Economic insecurity is one of the main reasons that states remain trapped in a climate of poverty and conflict. In such environments, several crucial links in the entrepreneurship development chain are often defunct or even missing. It is important to adopt a full chain approach as key to entrepreneurship development, supporting relevant (vocational) educational institutions, CSOs and governmental agencies, so that each can perform their respective roles in the creation of an enabling environment for private sector development.

### I Southeast European Business Start-up Centres Network

**Target group:** Innovative, entrepreneurial-minded 18-35 year olds

**Total project costs:** SEBSN: € 9,395,542 (excluding Liberia and Palestine), BSC Kosovo: € 514,190

**Financed by:** Netherlands Ministry of Foreign Affairs, under MFS I (2007-2010) and the embassy in Belgrade under PSD/BSCK II

**Partners involved:** National ministries and SME Development Agencies, Universities, Municipalities, Chambers of Commerce, Regional Economic Development Agencies and Business Associations.

**Project duration:** SEBSN 2007-2010, BSC Kosovo 2008-2011

### I Project Description and Goal

2010 was an exciting and transitional year for the Business Start-up Centres in Southeastern Europe as the BSCs in Bitola (Macedonia), Bar (Montenegro), Kragujevac (Serbia), Zenica (Bosnia-Herzegovina) and BSC Kosovo (Pristina) completed their path towards independence.

The Business Start-up Centre Project can best be described as a wide-spectrum action conceived to encourage grass-roots business development, business start-ups and job creation. These centres are joint ventures by Ministries, local governments, Chambers of Commerce and Universities. Start-ups can receive support for business registration and get access to working space in Business Incubators. Business Plan Competitions are used to select award-winning ideas, while awarded entrepreneurs are offered loans and personal consulting sessions in order to assist them in turning good ideas into successful businesses.

# our passion

# 04



The main goal of the SEE BSC project is the establishment of rock-solid, start-up businesses. Through our trainings, consultancy, credit facility and competitive selection process, the project enjoys a 96% survival rate of its assisted businesses after two years. In order to expand into the large and lucrative EU market, Southeast European (SEE) businesses must guarantee that the quality of their products and services meet international standards. Through matching grants, SPARK offers support for Quality Standard Training and Certification (ISO/HACCP). By the end of December 2010, the certification of 90 ISO/HACCP/CE businesses was wrapped up.

On a local level, in 2011 national SEE governments are instituting stronger sanitary controls on food products, now affecting the smallest neighbourhood bakeries to become HACCP certified. The project now serves as a model for these small businesses.

Four local labour market studies were executed in the Bar, Zenica, Kragujevac and Bitola regions that surveyed the needs of SMEs and how educational institutions were graduating appropriate prospective employees. This culminated with a studies presentation at the final regional SME conference in Bar and a review of the entire regional SEE BSC project.

The final (and satisfying) objective of the project was signalled by the BSCs themselves, coming out from under the wing of SPARK and registering locally as independent institutions. SPARK is proud to announce that five independent BSCs are now operating in SEE and have raised € 2.85 million in future sustainability financing.

All five BSCs have contributed towards the achievement of objectives regarding the number of contracts awarded to local software development companies with a view to upgrading systems in Partner organisations. In addition, the requisite number of Partner staff who have received training has been met and exceeded. All five BSCs have also created substantial client satisfaction in their capacity-building activities.

Last but not least, the Job Creation Tender Project ran in 2010, also on MFS budget. Through this initiative, eight organisations were financed, as follows: Business Technology Incubator of Technical Faculties Belgrade (BITF), Business Incubator Centre Prokuplje,



Entrepreneur in the Balkan region





Youth Entrepreneurial Service (YES) Foundation, Enterprise Support Foundation from Tetovo, Regional Development Agency - South, Prizren, RIINVEST Insitute, Prishtina, Independent Office for Development (NBR) from Modrica and Innovation and Technology Foundation Tuzla (BIT Centre) Tuzla. The total amount financed was € 470,791. Their activities resulted in 1,142 participants trained, 74 companies started during the 1-year project cycle, 298 new jobs created and 34 project-supported start-ups using business incubation space/services.

Results			
Item	result 2009	target 2010	result 2010
New SMEs (companies) established	163	135	205
Jobs Generated	706	240	823
People (beneficiaries) trained	4543	3160	1984
Satisfaction with quality of Business Skills Training	9.20	>7.00	9.10
Does the BPC increase motivation to start up a business after writing the business plan?	72.84%	75%	76.89%
Does the BPC accelerate the process of putting ideas into a business plan (due to deadlines and competitive element)?	63.33%	75%	81.65%
Survival rate of BSC businesses after two years	97.75%	80%	96.00%
% of surveyed clients reporting BSC services to be effective	95%	75%	86.66%
% of surveyed clients reporting income increase (of 5% or more)	37%	50%	66.8%
% of surveyed clients reporting being able to secure a stable job	56%	70%	65.20%

Explanation on results

The Business Start-up Centres in SEE had a good year in 2010. However, this was not as good as 2009 in terms of quantities, for one major reason - 2010 was set for completion of remaining targets and the BSC’s were working on sustainability after the project stopped in 2010. For instance, the BSCs concerned themselves with developing the training skills of staff in order to provide business skills trainings to commercial markets, expanding their business incubators to bring in more rent, writing of proposals and winning new projects financed by the European Union and USAID.

That aside, the survival rate of project-supported businesses was virtually unchanged from 2009, confirming the filtering process of the SPARK developed business plan competition.

In other impact results, the BSCs surged forward in training participant income increase, but the ability to secure a job and for BSC services to be effective was relatively unchanged. A few statistics of note, according to the last impact assessment executed in early 2010, were that 85% of training participants report a positive impact on their business skills, 86% note that the BSC services are currently the most effective way to help young entrepreneurs in the region start an SME, 76% strongly agreed that the support they received from the BSC has made their existing business stronger, while 92% would recommend the BSC activities to any of their friends who want to start their own business.



On results regarding the raising of new funds for future sustainability, please see the following table:

Business Start-up Centre	Amount	Description of financing
Bitola, Macedonia	\$1.3 million	USAID donor – extension of BSC activities to rural areas, years 2011-2013
Kragujevac, Serbia	205,000 euro	EU-RSEDP II Project – extension of BSC activities in central Serbia, years 2011-2012. Project awarded on 31 December
	205,000 euro	DEKRA donor – vocational employment agency engaging BSC Kragujevac as business skills training agency in central Serbia for years 2011-2012.
	60,0000 euro	BSC income earned to date in commercial trainings in savings for use in 2011
Bar, Montenegro	34,000 euro	Euro Info Information and Innovation Centre (EIIC), years 2011-2012
	30,000 euro	Incubation space – 1,100 m2 comprising 34 units for tenants, to be earned on annual basis
	50,000 euro	BSC income earned to date in training for use in 2011
Zenica, Bosnia	22,000 euro	BSC income earned to date in trainings/events and commercial activities for use in 2011





## ■ Impact

The overall impact of the SEEBSC project has been extensive. Recognition and awareness of entrepreneurship has been achieved and students from five partner universities graduated with a better grasp of local markets.

504 SMEs were started up or existing ones assisted across the previous four years. A € 1.2 million micro-credit/guarantee fund has been established for use into perpetuity across SEE project countries, and tens of thousands of hours of consulting have been delivered to start-ups and existing SMEs, thereby creating an enabling environment for further development.

The primary effect of this is that 2,000+ new jobs have so far been created via the various modes of intervention implemented through the projects (2007-2010) including business skills training, support in starting a business, and availability of micro-loans to entrepreneurs and SMEs (new and existing).

Overall, after four years of project implementation, 96% of all businesses assisted through the project are still operating, establishing the business skills training, business plan competition and jury selection process as a valuable tool, underlining the fact that the programme offers businesses the aid to remain sustainable over time.

## ■ Evaluation

Evaluation is carried out both internally and externally. Beneficiaries respond to the programme through surveys, and their progress after our trainings and competitions is monitored over a long period. The BSCs produce quarterly Monitoring and Evaluation reports. Independent auditors reviewed the Southeast European BSCs in July and December 2010. This external evaluation assessed the project along its three main components, as follows:

**Direct Poverty Reduction** – The direct poverty alleviation component of the project is the largest by far in terms of budget, with 86% of the total NLMFA contribution (compared with 9% for policy making and 5% for capacity building). In terms of how efficiently the BSCs have used available resources to achieve the desired results, there appears little argument that this has been accomplished in all five locations.

**Capacity Building** – The capacity building impact study produced in 2010 measures the amount of time needed to produce a certain output before and after using a BSC service (finance being held constant). This measure produced a range of results across the four BSCs of between 2%-10% increase in efficiency. The evaluator recommended that there is a need to: Involve key partners in the BSC sustainability plan and include budget lines for key activities and results; this should help increase their sense of ownership in the project.

**Policy Making** – This includes the publication of findings from studies on a particular subject, conferences or seminars organised to discuss and debate specific fields of interest or direct lobbying of government on behalf of institutions or members of institutions. With respect to the removal of obstacles, Kragujevac and Bitola reported some success; Zenica did not and, in the case of Bar, it is too early to say. Zenica BSC did advise that an obstacle to acquiring Municipal funds for BPS was removed following representations, but this is more to do with Partner co-operation rather than policy change.

The policy making component of the SEBSN Project essentially dealt with events and studies which are designed and implemented to influence the wider audience, but most ultimately the key decision makers in the particular BSC country. The BSCs and SPARK have held a number of conferences, seminars and workshops on researched business barriers and obstacles, subjects and/or to directly lobby governments on behalf of institutions or in direct cooperation with Partner member institutions. Towards this end, the BSCs were responsible for publishing annual reports on the SME sector, with particular emphasis on the removal of obstacles to registering, starting-up or those everyday problems affecting existing businesses, whether regulatory or administrative.



The 'Impact Report – Policy Making' (Sarah Ringler, December 2010) discovered that policies on business barriers and obstacles were not changed by any of the BSCs; nor were they functionally equipped or located in decision making centres that required them to lobby policy makers on a frequent basis. It was also found that local Partners were more concerned with local SME issues; they did not bond with the BSCs to lobby policy makers to an extent that is needed to reduce or eliminate barriers/obstacles.

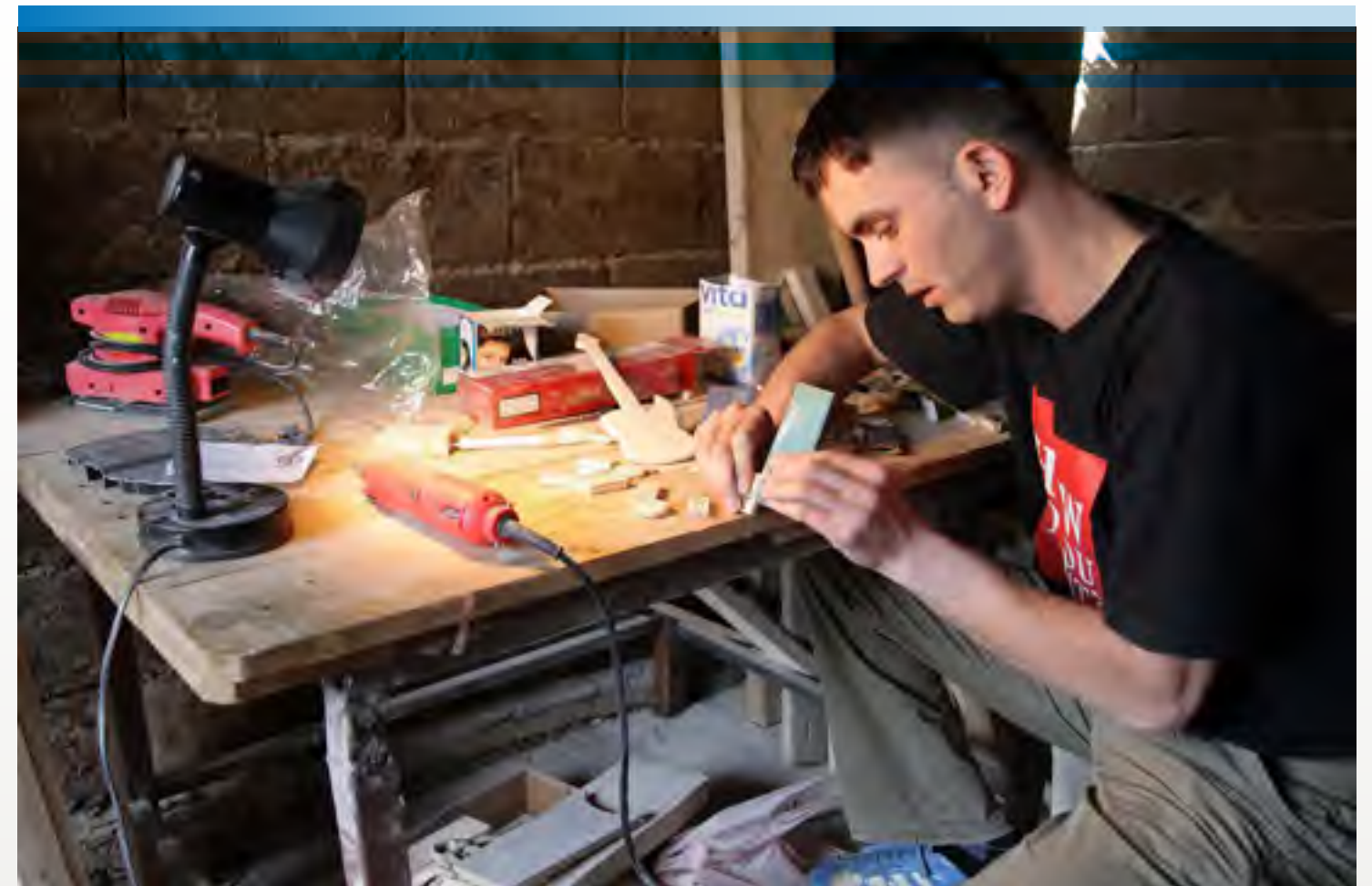
In the overall external evaluation report, the evaluator concluded: From modest beginnings and with a clear lack of previous experience in these matters Project teams, together with their selected Partners, have managed to enter uncharted waters and effect real change, not only with respect to beneficiaries in improving their skills and expertise in their relevant areas, but in changing the mindsets of previously sceptical parties among the population at large. This is supported by the reporting requirements of each of the projects, and for the SEBSN in particular, via the BSC/BI Quarterly Monitoring & Evaluation Reports.

## ■ Success Story

Sahit Rakaj, a biologist from the University of Pristina, was determined to improve living standards for the people of Prizren. This inspiration propelled his business idea to open a biochemistry and haematology laboratory there. Sahit submitted this idea to the 'School of Entrepreneurship' of the Business Support Centre Kosovo (BSCK), and was selected for the 10-week training on the basis of his business idea:

"I have educational and theoretical knowledge in medicine, but no idea on how a business operates. The School of Entrepreneurship is the most practical course in Kosovo to prepare entrepreneurs to open their business," says Sahit.

After the ten weeks, he submitted a detailed business plan to the Business Plan Competition organised by the BSCK. His idea, to set up a commercial laboratory to expand access to quality healthcare in Prizren, was selected by the



Entrepreneur in the Balkan region





its innovative quality. With this, he received a € 10,000 loan, 100 hours of professional consultancy, and a € 2,000 grant from USAID. Sahit used the financing to purchase the laboratory equipment required for diagnostic testing of samples.

Bio-Ing now offers multiple services in the field of laboratory diagnostics, at a reasonable price. Because of the high local demand for these services, and Bio-Ing's good reputation, the laboratory now employs three medical technicians.

## ■ Brilliant Mistake

In early 2010, the Business Start-up Centre Bar faced a particular dilemma when preparing for a policy paper on the Montenegrin local labour market. The staff of the BSC Bar did not have the skills and the capacity required to conduct the research themselves. They therefore invited Montenegrin research agencies to tender for the study, but the budget for this was limited and the BSC Bar staff soon learned that it was not feasible to sub-contract the study either.

The BSC Bar therefore decided to try and write the policy paper in-house. In order to do so, the Bar staff conducted reviews and discussions with the educational institutions across Montenegro; they surveyed 300 SMEs and collected an incredible amount of data in order to complete the local labour market study. This process was much more challenging and required more in-depth work than the Bar staff had originally anticipated, but finally a report was written and presented along with three other local labour market studies from Bosnia and Herzegovina, Serbia and Macedonia.

The decision to write the policy paper themselves was a brilliant mistake, because it turned out to be a true learning experience that strengthened the skills and capacity of the BSC Bar staff. It expanded the set of development services that the BSC Bar can provide. Based on the policy paper on the Montenegrin local labour market, the BSC Bar was sub-contracted to conduct a country-wide youth employment study for the International Organisation for Migration, and other research assignments will follow in the future.



## ■ Business Start-up Centre Monrovia

**Target group:** Liberian Youths, entrepreneurial minded 18-35 year olds, university or vocational school graduates

**Total project costs:** € 297,525 2009-2010

**Financed by:** Netherlands Ministry of Foreign Affairs, under MFS

**Partners involved:** Association of Liberia Universities (ALU), Ministries of Youth and Sports, Commerce, Education and Labour.

**Project duration:** 2009-2010

### ■ Project description and Goal

BSC Monrovia was set up in 2009 as a pilot programme under MFS I and, as such, is closely related to the BSC project in Southeast Europe. The pilot continued throughout 2010. The BSC aims to develop and spur both entrepreneurship and education, so that young Liberians can be empowered to lead their society into prosperity.

Some 80% of the Liberian population lives below the poverty line (1 USD income per day). Unemployment rates amount to as high as 80%.



Entrepreneur in Monrovia





Apart from small businesses, the country lacks a well-developed SME sector. Inappropriate or poor quality education and the lack of access to credit impede young entrepreneurs when starting up their own businesses. In addition, graduates leaving university with a diploma discover that their qualifications do not match the demands of the labour market, as study programmes are not well adjusted to market demand. Furthermore, there is lack of a well-trained labour force with technical skills.

BSC Monrovia makes efforts in improving business skills by providing Employability training. Stakeholder listening sessions were organised by the BSC in Monrovia and Buchanan, in order to discover what could be done to close the skills gap between young graduates and prospective employers. As a result, four modules were developed: Basic Managerial Skills; Work Efficiency Skills; Attitude, Ethics & Behaviour; and Job Search Skills. It was with these modules in mind that BSC Monrovia initiated the Training of Trainers (ToT), who's task it was to train the students. These Employability training sessions of students took place in the fall of 2010.

Furthermore, in April 2010, a Business Plan Competition was launched. The BPC gives graduates and graduating senior students of ALU member universities and vocational schools the opportunity to start or expand their business. This is done by accepting business ideas from qualified candidates, to then go on and train them into business plan writing and basic business skills, and to provide access to finance, coaching and mentoring. Business ideas could be submitted using a form, and selected candidates then received training and coaching on how to turn their ideas into business plans.

## ■ Results

- Two stakeholder listening sessions were organised in Buchanan and Monrovia respectively. The outcomes were used to develop four modules: Basic Managerial Skills; Work Efficiency Skills; Attitude Ethics & Behaviour; and Job Search Skills. The modules were tested among 100 students from ALU member universities.
- For the Business Plan Competition, primarily 60 business ideas were entered and 30 selected. Out of these, 28 were trained in business modules resulting in the eventual selection of 10 winning business plans that are currently undergoing credit checks with micro-finance institutions. The 10 winners of the BPC (6 start-ups and 4 existing businesses) are poised to start or expand their businesses, which will provide direct and indirect employments. Those who did not win (18 persons), but who benefited from the training, are using their skills to start/enhance their business or related jobs.
- A master trainer certified by the International Finance Corporation (IFC), who helped to develop the modules, conducted a Training of Trainers among 12 candidates at Grand Bassa Community College (GBCC) and 8 were selected as trainers. These went on to use the modules developed to train 30 students at GBCC and 50 students in Monrovia respectively. Out of the total of 80 participants, 35% are currently employed, with a further 20% are undergoing employment processes.
- The Training of Teachers enhanced the capacity of 8 selected teachers at GBCC. They now incorporate basic entrepreneurial skills into their discipline, which students respond well to and are thereby attracting more students to GBCC. The courses developed during the ToT and subsequent Employability Training have received very positive responses from the beneficiaries.

A challenge that BSC Monrovia is overcoming is that positive perception of entrepreneurship is not yet engrained in students, who traditionally prefer to be employed by the government because of the risks that private enterprise can entail. However, the BSC alumni are now leading by example in showing that successful enterprise is both possible and rewarding.

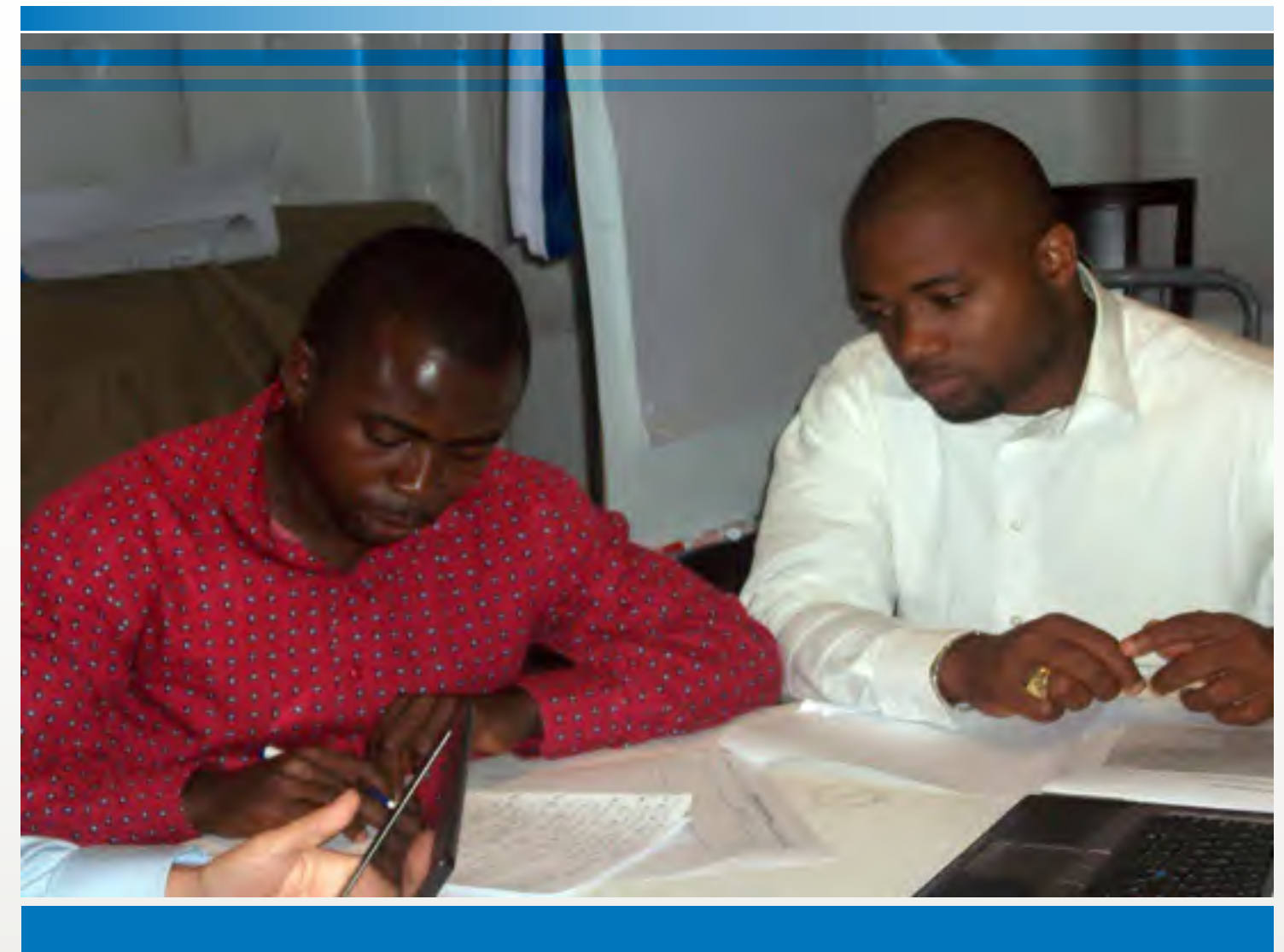
In 2011, the BSC aims to increase the number of successful start-ups and provide a range of incubator services that are currently lacking, such as meeting rooms and ample available computers in a special IT room.

## ■ Evaluation

Evaluation was done by both questionnaire and follow-up interviews and the responses were very positive. The process set up for the business plan competition was successful as it allowed candidates to enter the competition with their ideas, which did not necessarily need to be a finished business plan, as this could be developed under supervision of the BSC. In spite of this method, time available for developing the business plan was sometimes experienced as limited.

Furthermore, the arrangements made with banks and MFI were delayed, therefore also delaying the availability of finance to BPC winners. As these SMEs are still in the early start-up phase, there is little evaluation possible on their progress as of yet. SPARK is, however, committed to following their progress in the future and will monitor their growth and number of jobs created in the coming years.

A development testifying to the success of BSC Monrovia is that the developed courses have met great enthusiasm, not only from participants but also from companies who are requesting to be taught some of the courses, which could be a future source of revenue.







## ■ Business Start-up Centre Ramallah

**Target group:** BZU students, entrepreneurial minded 18-35 year olds

**Total project costs:** € 165,341

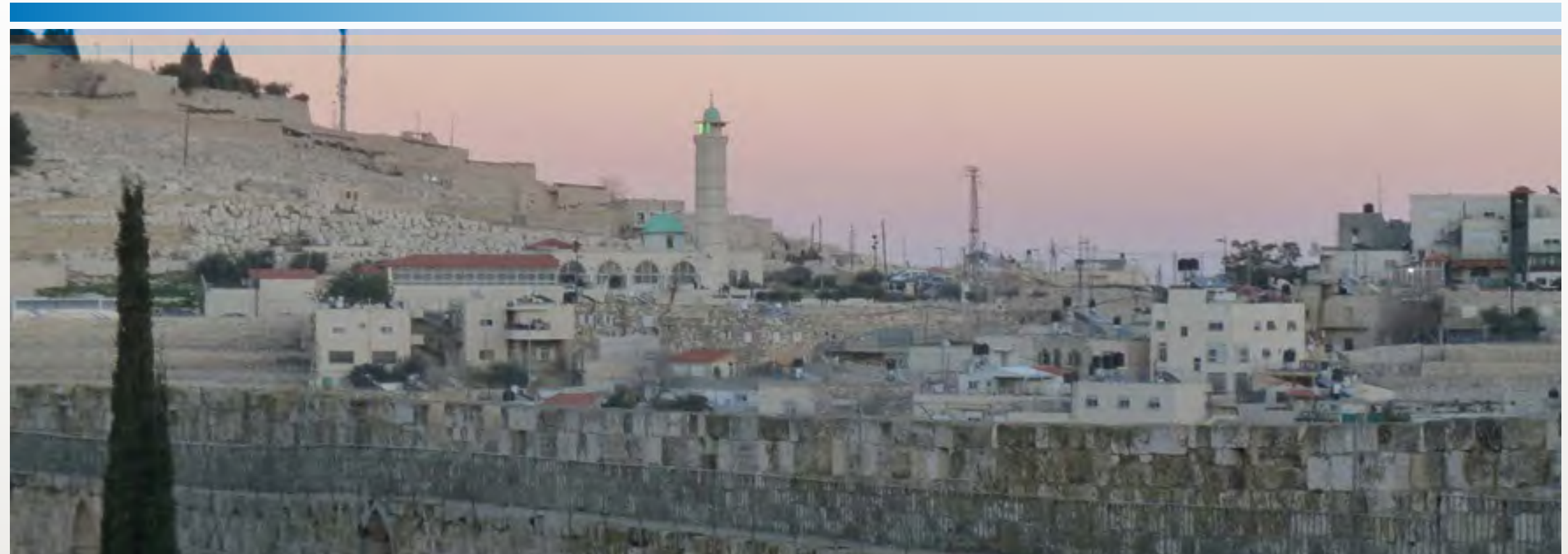
**Financed by:** Netherlands Ministry of Foreign Affairs, under MFS I

**Partners involved:** Ministry of National Economy (MoNE), Palestinian Education Initiative (PEI), Palestine Information and Communications Technology Incubator (PCTI), Palestinian IT Association (PITA).

**Project duration:** 1 August 2009-31 December 2010

### ■ Project description and Goal

In 2009, SPARK and Birzeit University began the process of establishing an (pre-) Incubator for the Business and IT sector in Ramallah, Palestine Territories. Each year, 1,600 students graduate from Palestinian universities but, because of a lack of job opportunities, most remain under-employed. The Economic and Social Monitor in Palestine states in its November 2010 issue that 29% of Palestine's population is aged between 15 and 21. Yet the highest percentage of unemployment is found among these new entrants to the labour market.





In 2010, SPARK's pilot programme under MFS I funding continued with the pre-Incubator evolving into a Business Start-up Centre located at Birzeit University.

The aim of the BSC is to provide talented Palestinian Youth with the necessary skills and knowledge so that they can become innovative technicians and successful entrepreneurs. The initiative calls on Palestinian youngsters to step up and start leading the way in business activity, thereby contributing to the local economy.

The BSC aims to achieve this goal by:

- Provision of training on entrepreneurship
- Workshops: meeting and interacting with experienced entrepreneurs
- Team building.
- Business plan writing training: students learn the intricacies of business plan writing
- Robust business plan development
- Pre-incubation services and working space

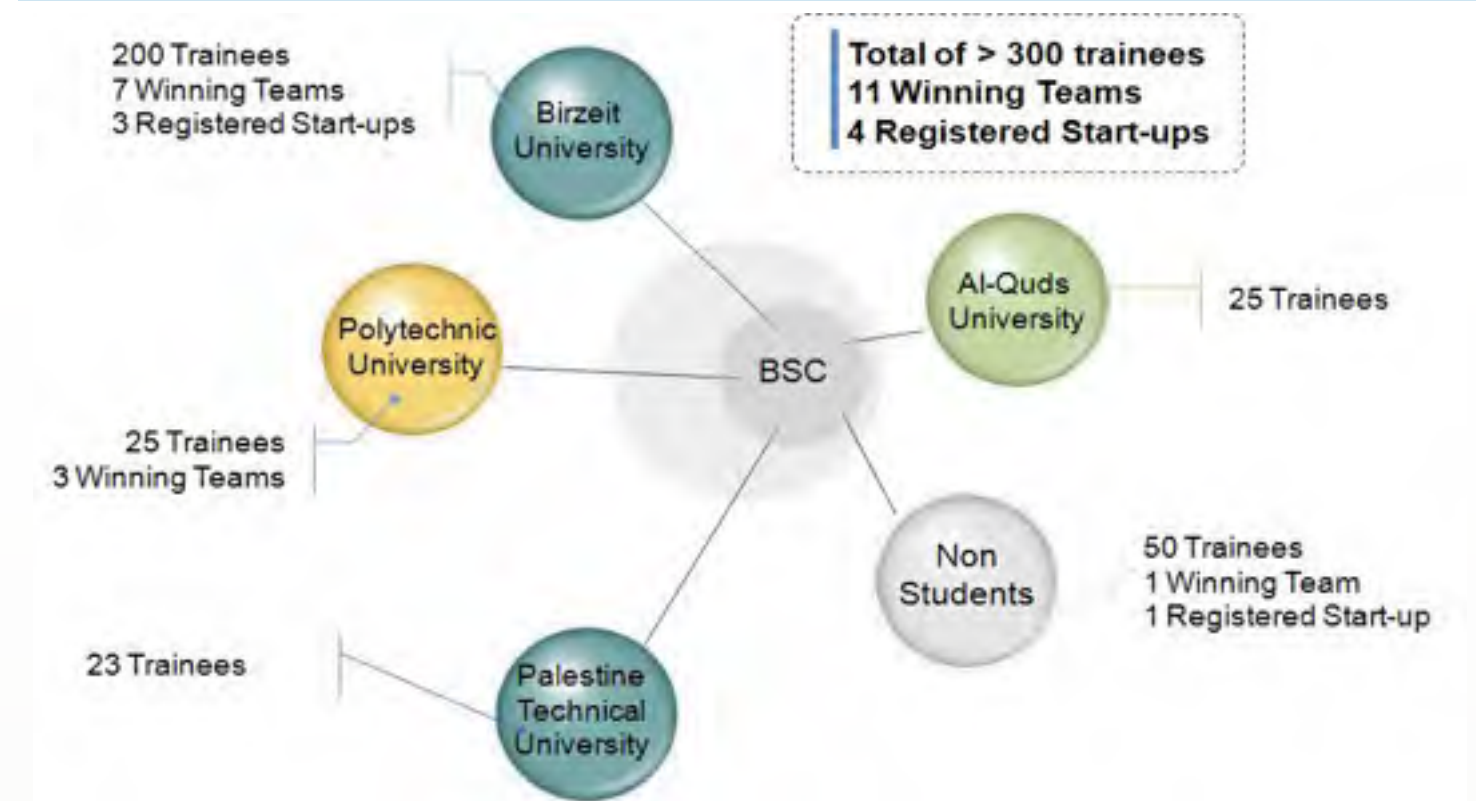
## Results

The pilot programme ran in three distinct phases, the first of which took place in 2009. Phases two and three ran during 2010, with positive results.

**Phase I** of the pilot started with a rigorous Training of Trainers (ToT) programme by which a group of six Palestinian trainers, who then went on to teach and coach at this centre, were professionally trained in Serbia in October 2009.

**Phase II** of the pilot included extensive training that catered to Palestinian potential entrepreneurs, as well as to find new ways to support them and help them develop their business ideas. A total of more than 323 Palestinian youngsters were trained during this phase, consisting of participants from four universities: Birzeit University, Palestine Polytechnic University, Al-Quds University and Palestine Technical University. Some 50 unemployed graduates and youths from the target group were included in the training programme. Training was divided into eight entrepreneurship training cycles and six business plan writing cycles.

**Phase III** of the pilot is the Business Plan Competition, the purpose of which is to put the theories of entrepreneurship into practice. In addition to promoting a culture of entrepreneurship, the competition aims to provide participants with a unique learning opportunity: the new venture creation process. The first Business Plan Competition was held in August 2010 at Birzeit University where thirteen teams competed. In December 2010, a second competition was held at Palestine Polytechnic University. Winners received pre-incubation opportunities through the BSC as well as a cash prize as encouragement for their businesses.







## ■ Impact

The impact of the pre-incubation process is that students can practise and see for themselves what the starting of a new business entails. Monitored by the BSC programme, they can test their business ideas and get a feel for the local market potential. The pre-incubation project built a stronger, more cohesive entrepreneurial spirit and self-employment attitude and allowed these young entrepreneurs to learn about business management and planning skills.

Four registered start-up businesses came into existence as a result of BSC training and competitions in 2010, that were started by Business Plan winners upon graduation from University. These new businesses include a web portal for restaurants to provide a delivery service and in-line reservations, as well as a small advertisement agency that utilises interactive technology such as sensor-guided LCD projectors.

## ■ Evaluation

Evaluation of the project's impact was done through feedback forms, and responses show an enthusiasm for the project. Notably, 75% of participants completely agree that enrolling in the training sessions was useful. Also, 70% completely agree that these sessions met all its intended objectives. Also, the trainers were estimated to be professional and knowledgeable in the training session's themes.



Participants of business skills training held by Business Start-up Centre in Ramallah

## Regional Private Sector Development in Southeast Europe

**Target group:** National SME Agencies, Universities, Ministries of Economy and/or Trade, Chambers of Commerce, Business Associations

**Total project costs:** € 933,107

**Financed by:** The Netherlands Ministry of Foreign Affairs, Embassy Belgrade

**Partners involved:** National Ministries and SME Development Agencies, Universities, Chambers of Commerce and Business Associations in Bosnia & Herzegovina, Kosovo, Macedonia, Montenegro and Serbia

**Project duration:** 01-09-2008 / 28-02-2011

### Project description and Goal

The Private Sector Development programme (PSD) focuses on creating an enabling environment by bringing together various actors in the SME sector and by building their capacity to jointly tackle economic challenges on a regional level. By creating links between partners, it aims to develop business support and to improve the quality of and accessibility to different services in order to increase the chance of long-term success and sustainability.

The project emphasises the entrepreneurial aspect of private sector development, as well as a regionalisation of economic and academic cooperation.

Private sector development in the Western Balkans is making progress. Both the IMF and the World Bank have repeatedly indicated that economic growth will primarily be achieved through regional economic collaboration. EU officials stress that the future of the Western Balkans lies in enlarged and boosted regional cooperation, which can only be maximised if key national institutions work with their regional counterparts.

The aim is to strengthen partners' capacities and incorporate stakeholders into the implementation of project activities; these can eventually run independently from SPARK at the conclusion of the project. Intended results include regionalisation of existing EU Days and Trade Fairs, the continuation of a regional Masters Programme in Entrepreneurship at partner Universities, Partner Capacity Development programme implemented and to make the Southeast European Network for Business Support Centres & Incubators (SENSI) self-sustainable.



Business Fair Belgrade





## ■ Results

The University of Novi Sad in Serbia began offering Master's Degrees in Entrepreneurship during the academic year 2009-2010. Five regional partner universities are participating in the initiative. As UNESCO Chair for Entrepreneurial Studies, the University of Novi Sad hosts the Regional Master Studies in Entrepreneurship. Five regional partner universities - University of Prishtina (Kosovo), University of Zenica (BiH), University of Tuzla (BiH), University of Podgorica (Montenegro) and University of Skopje (Macedonia) - participate in the programme by feeding it with interested students.

The first group of 27 students finished the regional MA programme in entrepreneurship, while the second generation has started.

Besides the Master's Study, the University of Novi Sad is also in the process of creating a Bachelor's study in Entrepreneurship, also a piece of the SPARK-initiated regional project. The goal of this initiative is also to establish and improve Bachelor's courses in Entrepreneurship at all the afore-mentioned partner universities. The establishment of a self-sustainable SEE Association of SME Agencies is moving forward with the finalisation of statutes and legal documents, which will be discussed among participant SME Agencies from Serbia, Kosovo, Macedonia and Montenegro.

The fifth European Day of Entrepreneurs was organised in 2010 in three locations: Kosovo, Macedonia and Bosnia-Herzegovina. These events gathered a total of more than 650 participants active in private sector development in the region. Eleven partners participated as speakers in these events. Furthermore, four different training sessions were organised for the staff of partner institutions.

## ■ Impact

One of the most important impacts resulting from this project was the establishing of a sustainable and modern MA study programme, which continued for the second consecutive year. The positive outcome is also that international students from several regional countries participated and the programme had visiting professors from the region as well. All the subjects were taught in English and this is a positive example of university networking for further cooperation in the following years.

The project directly contributed to strengthening regional cooperation initiatives by encouraging partners to create networks and to work together through joint initiatives. This builds the capacity of national institutions, hence having a long-term positive impact in each country's development and progress. The regional network adds value to cooperation initiatives, since partners are jointly working towards the development of regional activities; this enables them to share experiences and knowledge that resonate within the private sector environment in their own countries.

“Very active discussions and dynamic communications with different stakeholders from the region brought quite new ideas at the table and, what is more important, concrete actions in developing new joint proposals, for example.” (Montenegro Business Alliance)



## ■ Evaluation

The project was evaluated by an independent evaluator in July 2010, who concluded that establishing regional MA studies in Entrepreneurship will contribute substantially towards a greater understanding of entrepreneurship within a regional academic context and in the wider community in general. The logic of developing a specific postgraduate course to address a perceived gap between graduates and future employability prospects is clear: students will become better equipped with the knowledge gained from the MA course, which will enable them to make informed decisions about either starting a business or which direction they want to take in future employment; employers will begin to understand and accept the value of what is being taught to MA students and its relevance to their specific human resource needs; existing prejudices held in some quarters against business-related education are likely to disappear in time, once the overall benefits socially and economically are perceived by all concerned.

## ■ Lessons Learned

“We can say that with establishing Regional MA studies in Entrepreneurship all individuals involved, including academics and the SPARK staff, were too optimistic and couldn’t expect some of the barriers on the way. This was the case with the technicalities about students from Kosovo – which was a political element out of our control. Also there were lot of administrative obstacles within the Serbian system and University of Novi Sad because this was the first time such regional studies were organised. But the good result is that this was a learning process for everybody involved and future similar programmes will have many technicalities solved, thanks to this project.” Professor Fuada Stankovic, Novi Sad University, UNESCO Chair for Entrepreneurial Studies.



Business Incubator Conference



## Enterprise Development in North Kosovo

**Target group:** Young, ambitious entrepreneurs in Kosovo

**Total project costs:** € 152,330

**Financed by:** United Nations Development Programme (UNDP)

**Partners involved:** Business Advisory Centres in Mitrovica South, Mitrovica North and Zvečan

**Project duration:** 2010-2011

### Project description and Goal

The Enterprise Development programme in North Kosovo aims to boost the development of new and existing small and medium-sized enterprises in the region, thereby contributing to direct poverty alleviation through the strengthening of businesses and creation of jobs. SPARK is the implementing partner with an established track record in providing start-up packages including financial support to young entrepreneurs.

In Kosovo, youth unemployment is extremely high. Social unrest resulting from high unemployment aggravates ethnic tensions. Due to the bleak economic outlook and ensuing lack of future perspective, a high proportion of university graduates have attempted to leave Kosovo.





discover their qualifications do not match the demands of the labour market, as study programmes are not well adjusted to market demand. By training beneficiaries in entrepreneurship skills, SPARK aims to encourage the establishment and/or growth of small to medium-sized companies (SME) which, in turn, create employment opportunities.

As an instrument in reaching this goal, three Business Advisory Centres (BACs) were established in Mitrovica South, Mitrovica North and Zvecan respectively. These BACs aim to support start-ups with training, consultancy and credit facility.

The overall target before the end of the programme in 2011 is: 100 individuals trained in entrepreneurship and business plan writing; 15 business plans developed and submitted; 5 new companies created; 20 jobs generated.

## ■ Results

To close the gap between existing SMEs and the skills required from potential employees, it became clear that there was no usable database of SMEs. To gain some insight into the work, needs and to establish contact between companies, a new database was made for the Mitrovica region.

The BACs were successfully established and conducted Business Skills Training for existing entrepreneurs and entrepreneurs that are planning their own business. Out of an initial 220 applicants, 95 out of the planned 100 participants went on to complete the training.

Additionally, a Training of Trainers (ToT) was undertaken to build the capacity of the BACs by helping trainers improve on specific modules suited to the direct needs in the region. In 2010, ten trainers were trained in skills that will aid the business sector in general.

## ■ Evaluation

Evaluation of results is still a little premature at this point, as the project was still in its establishment phase in 2010. Business plans by participants are still in development and a tender for credit facility has been submitted to banks but not fully realised.





## ■ Visually Impaired Persons Business Support Programme, Moldova

**Target group:** Visually Impaired Persons (VIP) between 16-30 years old, with secondary education, basic computer and business administration skills

**Total project costs:** € 32.730

**Financed by:** Ministry of Foreign Affairs – Matra

**Partners involved:** Bartimeus International as Project Lead Partner, SPARK is project partner, BiD Network is project partner

**Project duration:** 1 November 2009 – 31 October 2012

### ■ Project description and Goal

Nine thousand Visually Impaired Persons (VIPs) in Moldova are in living conditions that are below minimum standards. They are not seen as part of society and are unable to improve their situation by increasing income. Today, only about 8% of VIPs are employed and earn an income. The human capital of VIPs remains unused for a contribution to the development of Moldova and provisions for self-employment for handicapped have not been developed. Employers do not hire VIPs, despite legislation enforcing companies to hire disabled people, choosing instead to pay the imposed fines.

The project aims for an improved labour market position of VIPs in Moldova through the establishment of a supportive, sustainable organisation for VIPs, to expand their professional potential and abilities. A NGO will be established to be responsible for the evaluation of the business environment and the support of VIPs starting their own businesses through training, monitoring and rendering services of assessing business plans of individual and collective clients, as well as linking them to business partners and credit facilities. At the end of the project, a pilot is finalised with the following outcomes: VIPs will be guided to work and are (self-) employed.

The role of SPARK in the project will be to exchange knowledge of trainers in setting up small and medium-sized enterprises by VIPs. VIPs will be assisted in setting up business plans for their own SMEs, and subsequently be trained by the NGO.

### ■ Results

During the course of 2010, the planned local NGO was established. VIPs received training from a local training institution and participated in a Business Plan Competition. SPARK has not had a substantial role up to this point, but will become actively involved in 2011, with particular activities to be based on an evaluation of the progress of the project so far.

## 4.3 Project Development and Fundraising

### ■ SME development in post conflict areas

In brief, 2011 will be a year in which SPARK will venture into the five-year MFS II programme, succeeding SPARK's similar MFS I programme in Southeastern Europe that ended on 31 December 2010. In November 2010, the Dutch Ministry of Foreign Affairs rated SPARK the second best proposal received, awarding a grant for the period 2011-15.

Partnered with our colleagues from BiD Network, in 2010 the United Entrepreneurship Coalition presented a proposal whereby this alliance states that: "We have the vision that pro-poor sustainable economic growth, particularly through (1) strengthening relevant local partners, (2) facilitating entrepreneurship; and (3) creating an enabling environment for private sector development, is essential for creating self-reliance and thereby poverty alleviation in least-developed countries and fragile states. In terms of programme content, the focus is primarily on youth employment-generating activities through business skills training, business plan competitions, micro/meso-credit and coaching and consultancy."

The application for this grant entailed a lot of work in 2010. Not only in terms of investing in desk research and in the field assessment of potential areas of responsibility, but also in self-reflection and assessment for the successful writing of the applications. On 1 April 2010, SPARK received confirmation that phase one of the application was successful and work could be continued on phase two.

Assessment missions were conducted for Burundi, Rwanda, Liberia, Occupied Palestinian Territories, Kosovo and Columbia, whereby context analysis and harmonisation possibilities were investigated. By 1 July the second proposal was submitted for these countries. Finally, 1 November brought great joy as the proposal was officially accepted. From that moment on, preparations were started for the commencement of the project in 2011. Unfortunately, a budget cut has since lead to the exclusion of Columbia.

The MFS II programme means a great opportunity to expand our mission into new areas and countries, as well as new activities within the field of SME development and entrepreneurship. The MFS II programme requires significant changes in the internal organisation as well, particularly with regard to monitoring and evaluation and partner management.





## ■ Business Start-up Centre Zimbabwe

During 2010, SPARK developed a proposal for the establishment of a Business Start-up Centre in Zimbabwe, aided by funding from Stichting DOEN. The project proposed to establish a BSC in Zimbabwe, using the expertise and knowledge of the private sector with the purpose of assisting potential entrepreneurs to start their own business through a training scheme, combined with a business plan competition and start-up support in the form of soft-loans and mentoring. This will increase business skills and employability. BSCZ was proposed as a one-year pilot and, if proven successful, SPARK will support further expansion into other cities of Zimbabwe.

The changing situation after the late 1990s starved the industrial sector of both business and financial support, which has resulted in an almost total shutdown of industry. Both the private entrepreneurs and the factories are still in operation, albeit at very low levels – probably in the order of 10-15% capacity. The main factor overlaying the current situation is the continuing high unemployment levels in the formal sector, with extraordinary figures of 85-90% unemployed.

As with our other BSC projects, SPARK seeks to work with a number of local partners, thereby ensuring that BSCZ is, first and foremost, a Zimbabwean project for Zimbabwean entrepreneurs. Unfortunately, the required total of seven could not be met before the final deadline, and so the start of the actual project activities were postponed to 2011.





## Fundraising

For 2010, SPARK had set the following fundraising goals:

- Submit for the Netherlands Ministry of Foreign Affairs (NLMFA) grant
- Submit two non-NLMFA proposals
- Conduct seven assessments/exploratory missions (MFS II + 1)
- Submit application to the Postcode Loterij.

As outlined above, the NLMFA proposal was successful and awarded with a grant, while the non-NLMFA proposal for Stichting DOEN could not be completed before the deadline. An application was submitted to the Postcode Loterij but, unfortunately, was not honoured with a grant. In 2011 a new proposal will be submitted.

Since 2009, the NLMFA donor conditionality obliges SPARK to annually raise 25% of the contributions on SPARK's largest grant. In 2010, SPARK raised:

### In 2010, SPARK raised

	RESULTS 2010	TARGET 2010	RESULTS 2009
# proposals submitted at value of at least 10 Million	6	4	9
NLMFA income in Euros	3,755,821	5,696,893	5,975,523
% of income of NLMFA	65,37%	48,28%	84,31%
Non NLMFA donor in Euros (excl EU & in kind)	1,891,681	5,890,569	910,260
% of cash income of non NLMFA donors	32,92%	49,92%	12,84%
In kind contributions in Euros	35,304*	213,360	145,293
% of non-NLMFA income of in-kind contributions	0,61%	1,81%	2,05%
European Funds in Euros	62,762	0	56,656
% of non-NLMFA income of European funds	1,09%	0%	0,80%

Due to independency BSC's under MFS I; now counts as in kind contribution to the BSC's instead of SPARK.





## 05 organisation

# Organisation

Based in Amsterdam, SPARK is an independent non-profit foundation with field offices in Belgrade, Mitrovica and Pristina and SPARK-supported Business Start-Up Centres in Bar, Bitola, Kragujevac, Pristina, Zenica and Monrovia. In 2010, the SPARK-run Business Start-Up Centres in Southeast Europe concluded their path towards becoming self-sufficient and independent BSCs, while new ones were planned and piloted in other post-conflict regions.

Below is a map with the country locations that should be included. Please see description below:

## Current Areas of Responsibility

Previous areas of Responsibility

- Afghanistan

○ Spark HQ in Amsterdam

Near future areas of Responsibility

- Colombia
- Burundi
- Ruanda
- Zimbabwe

## Current Areas of Responsibility

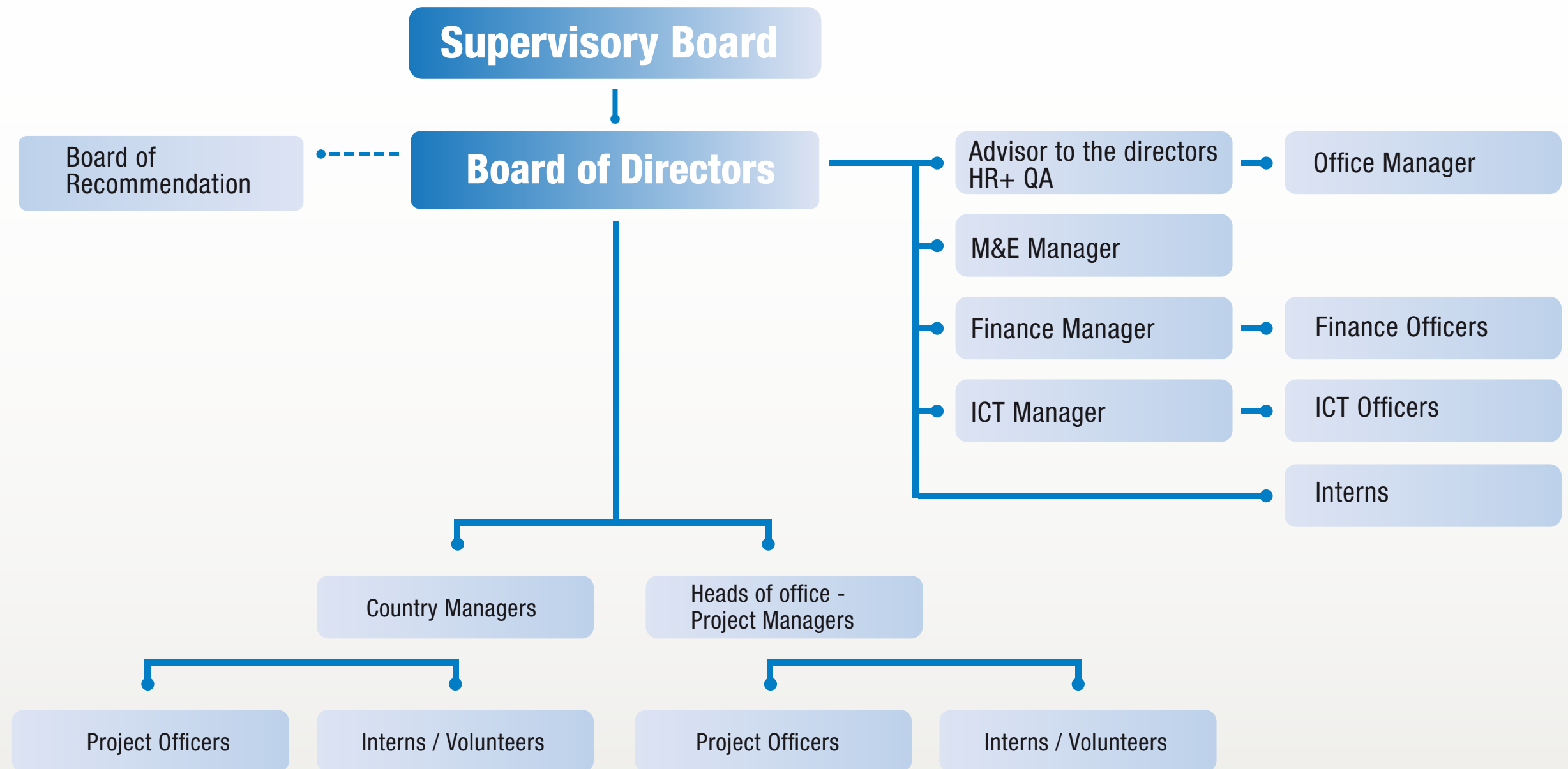
- Kosovo
- FYR Macedonia
- Montenegro
- Bosnia and Herzegovina
- Serbia
- Palestinian Territories
- Liberia
- Georgia
- Moldova





## I Organisational Actors

SPARK has a logical organisational structure, whereby the directors receive input from a variety of staff members. M&E Finance and IT managers all report to the directors, as does the Advisor to the Directors, and each can work closely together with their respective department's officers. Both head office and field offices enjoy the support of a number of interns that assist in the smooth operation of day-to-day work and help on a variety of projects. Head office conducts annual operational audits in the respective field offices for support and as an internal control measure.



## I Board of Directors

The Board of Directors oversees daily operations and management of the organisation, as well as decision making regarding policy, project development and innovation. The responsibilities, obligations and tasks of the Board of Directors are stipulated in the SPARK statutes.

**Director:** Yannick du Pont

**Co-director:** Michel Richter

Remuneration: members of the Board of Director receive salaries based on VFI (Vereniging Fondswervende Instellingen) guidelines for NGOs with two directors. The salary amounts are mentioned in the specification of the Statement of Income and Expenditures of the financial report and posted online at the SPARK Transparkency website.

### Other Affiliations:

Yannick du Pont: Member of the Board Nieuw IS (pro bono).

Michel Richter: Member of the Partos commission for quality improvement. Partos is the main branch/platform organisation for development cooperation (pro bono).

## I Staff

On 7 July 2010, the number of staff employed by SPARK was 36. Ten staff members were Amsterdam based, three of which were interns. In total, SPARK employed people from eight different nationalities. The male-female ratio was exactly 50%. It is interesting to note that SPARK is a young organisation, with 31 out of 36 employees being between 24 and 34 years of age.

## I Interns

SPARK regularly provides internship opportunities for young and motivated people that want to gain experience working in an international NGO. The Interns assist SPARK employees in a variety of functions and bring an enthusiasm that helps make SPARK a more fast moving and vibrant organisation. The tasks and responsibilities of the interns range from minor administrative tasks to substantial independent work. Each intern has a supervisor that evaluates and gives feedback during the internship period. The interns are valuable to SPARK as they bring fresh perspectives and help to maintain good relations with higher educational institutions in the Netherlands.





“What I liked about SPARK was the strong focus on the impact of our work. I was also proud to be a part of an organisation that worked so hard for transparency in the whole sector. Everyone I had contact with seemed to work towards the same goal and it was very inspiring to be a part of an organisation like that. I am also happy that I was trusted with setting up our social media presence and write and edit a substantial part of the Annual Report, it was definitely an experience I would not want to be without and I am very happy I got the chance to make a small contribution to SPARK's mission.” Patrik Edvardsson, communications intern  
January-June 2010

## I Volunteers

Most foreign teachers and experts that participate in the Summer/Winter Universities are volunteers, meaning that they do not get paid for their work and that we only pay for their travel and accommodation. Furthermore, in the organising of these events, student volunteers aid us in facilitating all the necessary logistics to make day to day running of events smooth and successful.

A SPARK Volunteer Reference document stipulates the tasks that volunteers can perform, ranging from logistics, promotion and administration, such as the registering of participants and arranging of booklets and promotional material. Volunteers are asked to evaluate their experiences for the benefit of SPARK staff, as we believe a lot can be learned from volunteers as they can have interesting insights and recommendations.





## I Supervisory Board

The Supervisory Board of SPARK monitors and evaluates the Board of Directors. The Supervisory Board follows SPARK Statutes and the internal regulations of the board.

Name and function	History
<b>Chairman: Erik Dirksen MSc</b>	UFormer Lecturer at the Faculty of Economics and Business Studies, University of Amsterdam, The Netherlands.
<b>Secretary: Olaf Bartelds M.A</b>	Senior Project Manager, Netherlands Foreign Investment Agency, The Hague, The Netherlands.
<b>General member: Dineke Woldringh Drs</b>	Interim Manager/Advisor to the Board of Directors Stichting Espria.
<b>General member: Dugajin Popuvci DR</b>	Director of the Kosovo Education Centre (KEC), Pristina, Kosovo.
<b>General member: Johan te Velde MSc</b>	Senior Advisor Fragile States at PSO Capaciteit in ontwikkelingslanden.
<b>General member: Mare Faber M.A</b>	Senior staff member and editor-in-chief of monthly magazine Socialism & Democracy, Wiardi Beckman Stichting, The Netherlands.
<b>General member: Marjolein Lem M.A,</b>	Senior Consultant International Development, Berenschot, The Netherlands.



## I Report by the Supervisory Board

In 2010, the fourth year of its existence, the Supervisory Board met six times with the Board of Directors to discuss projects, progress and strategic issues. Additionally, the Supervisory Board met with the Supervisory Board of Bid Network, SPARK's co-applicant for the MFS II funds, pre-empting the future close cooperation within this United Entrepreneurship Coalition.

The developments around this funding from the Dutch Ministry of Foreign Affairs under the "Mede Financierings Stelsel" were followed closely. Over the next five years, the "United Entrepreneurship Coalition", a coalition of SPARK and BiD Network, will boost entrepreneurship and the creation of jobs by small and medium sized enterprises (SMEs) in former war zones. This innovative and young coalition has received a substantial grant from the Ministry of Foreign Affairs to stimulate economic growth in Burundi, Kosovo, Liberia, the Occupied Palestinian Territories and Rwanda.

The Supervisory Board supports SPARK in its mission and continuous aim for more quality, transparency and innovation. The main responsibilities of the Supervisory Board are to supervise the Board of Directors and to ensure that SPARK's activities are in line with its mission statement. The Supervisory Board functions according to the "Code Wijffels", the SPARK Statutes and the regulations of the Supervisory Board. In line with the CBF regulations, the Supervisory Board has signed a Supervisory Board Accountability Declaration explicating:

1. How it executes its supervisory role vis-à-vis the steering and management responsibilities of the Board of Directors.
2. How the monitoring of costs relates to the impact attained, which is cost-efficiency and effectiveness of activities.
3. Monitoring of transparent communication and the provision of information by the organisation vis-à-vis its main target group and stakeholders, including the implementation of recommendations and handling of complaints, with the purpose of developing optimal relations with partners, donors and target groups (please find a copy of the accountability statement enclosed in appendix).

The Supervisory Board appoints the members of the Board of Directors (BoD). The current members of the Board of Directors, Mr. Yannick du Pont and Mr. Michel Richter, hold the positions of Director and Co-Director respectively. The BoD is responsible for organisational planning, policy making, project development and fundraising, daily management including quality management of projects and the organisation as a whole. Performance Assessment meetings with the members of the Board of Directors took place in 2010 and addressed performance on organisational targets as well as personal ambitions and management style.

An evaluation mechanism for the Supervisory Board was also introduced in 2010, whereby the Board can self-evaluate its decisiveness, implementation and consider the openness of its relationship with the Board of Directors.

The Supervisory Board has installed a remuneration commission. The Financial Committee of the Supervisory Board is fully qualified to deal with the financial policy of SPARK and, as such, is functioning as the financial expert within the Supervisory Board.





By the end of 2010, the Supervisory Board consisted of seven members. One of the general members is a representative of “the field”.

Overall, the members complement each other in terms of expertise and background relevant for SPARK. Each member of the Supervisory Board needs to be independent, as described in the Statutes of SPARK and in the established general profile for a Supervisory Board member. A member holds his/her position for a maximum of four years and can be reappointed only once for another period of a maximum four years. The Supervisory Board members do not receive salaries. Further details on the remuneration of the Supervisory Board and Board of Directors can be found in the Financial Report.

The Supervisory Board monitors an efficient and effective execution of the multi-year plan and, based on that, the annual plan. The main points are approved by the Supervisory Board while the other activities fall under the supervision of the BoD. In 2010, the Supervisory Board approved, amongst other issues, the following:

- The Annual plan 2010, taking into account the 2007-2010 multi-year plan and how this relates to the mission
- The Annual Report including the Financial Report for 2009
- The MFS 2 proposal
- Approval of a new multi-year plan 2011-2015
- Assessment of the Directors.

In addition, the Supervisory Board and the Board of Directors discussed the developments regarding:

- The progress of the International Business College in Mitrovica
- Their continued supervisory role within IBCM following the recommendation of SIDA that IBCM remains integral to SPARK for medium-term
- Transparency in communicating project, fundraising and overhead costs and achieved impact results to stakeholders.

SPARK communicates on various platforms with all our stakeholders to ensure that our work is transparent. The SPARK website is continuously updated with the latest developments. Furthermore, evaluations from projects are presented on our website and the tranSPARKency website, where all our financial information is disclosed.

The importance of a functioning feedback structure is ensured by the ISO-certified complaint system, which enables anyone to post a formal complaint directly via the website. The complaints are handled according to the procedure and corrective actions are taken when needed.

Sincerely yours,

SPARK Supervisory Board Members, Amsterdam, 23 June 2011





## Accountability Statement SPARK

### Introduction

The Supervisory Board and the Board of Directors of SPARK endorse the "Goed Bestuur voor Goede Doelen" ("Code Wijffels") and act in accordance.

In-line with the Centraal Bureau Fondsenwerving (CBF) regulations, the Supervisory Board has signed this Supervisory Board Accountability Declaration.

The accountability statement will be part of the annual report conform "Richtlijn 650 Fondsenwervende Instellingen".

The Supervisory Board and the Board of Directors endorse the following principles:

1. The "supervisory" role (approving plans and monitoring of organization and results) has to be separated from the "steering" role.
2. Continuous attention to the relation between costs and impact achieved, that is cost-efficiency and effectiveness of activities.
3. Transparent communication and the provision of information by the organization to its main target group and stakeholders, including the implementation of recommendations and handling of complaints, with the purpose of developing optimal relations with partners, donors and target groups.

### 1. Separation of supervising role and steering/management role

#### Organization and execution of internal monitoring on steering/management tasks

In the statutes of SPARK a distinction between supervising and steering/managing is made. SPARK is managed by the Board of Directors and the Supervisory Board supervises the Board of Directors and ensures that SPARK's activities are in-line with its mission statement. The Supervisory Board functions according to the "Code Wijffels", the SPARK Statutes and the regulations rules of SPARK.

The Supervisory Board monitors the execution of policy by the Board of Directors and provides advice if needed. The approval of the Supervisory Board will be required for Board of Directors meeting to adopt the annual plan, the annual budget, the annual accounts and the annual report, the multi annual policy plan and the financial multi-annual forecast.

The Supervisory Board and the Board of Directors will meet at least three times a year at a joint meeting to discuss the outlines of the policies pursued and to be pursued.

The Board of Directors is responsible for organizational planning, policy making, project development and fundraising, daily management including quality management of projects and the organization as a whole within the framework of statutes and policy as translated into (multi) year policy, plan and budget. The Board of Directors will provide the Supervisory Board in time with all the information that it needs to exercise its duties and authorities and will further provide each member of the Supervisory Board all information that he or she may require with respects to the affairs of the Foundation.

#### Composition of Board of Directors and Supervisory Board

The Board of Directors consists of one or more natural persons. The members of the Board of Directors have an employment relationship with the Foundation for an indefinite period of time.

The members of the Board of Directors are appointed by the Supervisory Board.



The Supervisory Board will consist of at least three natural persons. The Supervisory Board will appoint a chairperson, a secretary and a treasurer from its midst. The members of the Supervisory Board will be appointed for a period of up to four years. Retiring members will be eligible for reappointment for a period of up to four years after their retirement, not more than once.

The members of the Supervisory Board will not be paid any compensation directly or indirectly. The aforementioned "compensation" does not include a reasonable allowance for the expenses they pay on behalf of the Foundation and the work that they carry out for the Foundation.

The members of the Supervisory Board will be appointed by the Supervisory Board, all in accordance with the policy on "Filling of Vacancies on the Supervisory Board" applicable at the time, adapted by the Supervisory Board and approved by the Executive Board. The members of the Supervisory Board are removed from office by the Supervisory Board. The executive Board shall have no influence over appointment or removal of Supervisory Board members.

#### Conflict of interest between Board of Directors and Supervisory Board

Members of the Supervisory Board cannot sit on the Board of Directors.

Within the Supervisory Board, within Board of Directors and between members of Supervisory Board and members of Board of Directors, no close family or similar relations will be allowed.

Other positions of Members of Supervisory Board and Members of Board of Directors are published in the annual report and should not be contrary with the interests of the Foundation.

#### Evaluation of performance of Board of Directors and Supervisory Board

The members of the Board of Directors will bi-annually be evaluated by two representatives of the Supervisory Board. These assessments will address performance on organizational targets as well as personal ambitions, management style, etc.

Once a year, a self-evaluation of the Supervisory Board takes place.

## **2. Optimal resource allocation**

The Foundation's objectives, as stated in the statutes, are: to support people in developing countries to provide their own socioeconomics security by reinforcing local economics and educational institutions. In doing so, the Foundation seeks active support within the Dutch community and among economics and educational institutions in particular.

In the (multi) year plan key performance indicators are adopted. Every quarter the results are compared with these expectations. The quarterly report will be discussed with the Supervisory Board and based on this discussion policy adjustments will be made if needed.

Besides this, results of the Foundation are evaluated by:

- Evaluation of every course (teachers and participants) (all can be found on the website)
- External audit of Ministry of Foreign Affairs and other donors
- Two times per year audit by accountant of the financial and administrative processes
- ISO 9001 yearly internal and external audit.

By connecting financial information with evaluation results, costs per indicator will become visible. Planned to be ready end of 2010.

## **3. Optimal relations with stakeholders**

SPARK works with and for the following stakeholders:

- Partners
- Donors
- Media
- Staff
- Supervisory Board
- General public

Communication with stakeholders takes place via:

- SPARK website / TranSPARKency
- Quarterly newsletter
- Annual report
- Quarterly reports

Signed on behalf of SPARK Supervisory Board,

Erik Dirksen, date 15-12-2010





## Committee of Recommendation

**Dr. Andris Barblan**

Consultant Magna Charta Observatory. Former Secretary General of the Magna Charta Observatory. Former Secretary General of the Association of European Universities.

**Prof. Dr. Wolfgang Benedek**

Co-founder and Chairman, World University Service Austria. Professor of International Law at the University of Graz.

**Mr. Daan Everts**

Former NATO Senior Civilian Representative in Afghanistan, Former Head of the OSCE Mission to Kosovo and Deputy Special Representative of the Secretary General for the UN.

**Prof. Dr. Hans J.A. van Ginkel**

Former Rector of the United Nations University Centre, Tokyo. Knight in the order of the Netherlands Lion.

**Richard J. Goldstone**

Director of the International Centre for Transitional Justice, Human Rights Watch, the Centre for Economic and Social Rights, the Institute for Transitional Justice and Reconciliation and Physicians for Human Rights. Former Justice at the Constitutional Court of South Africa, Former Chairperson of the Commission of Inquiry regarding Public Violence and Intimidation "Goldstone Commission," Former Chief Prosecutor of the United Nations International Criminal Tribunals for the Former Yugoslavia and Rwanda, and Chairperson of the International Independent Inquiry on Kosovo.

**Mr. Tadeusz Mazowiecki**

Former Prime Minister of Poland, Former United Nations Human Rights Rapporteur.

**Prof. Dr. P.W.M. de Meijer**

Former Rector of the University of Amsterdam, The Netherlands. Former Chairman National UNESCO Committee of the Netherlands.

**Drs. Ad Melkert**

Vice-Secretary General and Associate Administrator of UNDP, Former Netherlands Executive Director at the World Bank in Washington, Former Netherlands Minister of Social Affairs and Employment.

**Drs. Jan P. Pronk**

President of Society for International Development. Chairman of IKV – Inter-church Peace Council - The Netherlands, Former UN Special Representative for Sudan, Former Netherlands Minister of Housing, Spatial Planning, and Environment, Former Netherlands Minister of Development Cooperation, currently Professor at the Institute of Social Studies, The Hague, The Netherlands.

**Dr. Elisabeth Rehn**

Member of the Global Leadership Foundation. Former Minister of Defence in Finland, Former United Nations Special Rapporteur for Human Rights in the Former Yugoslavia.

**Mr. Max van der Stoep † 2011.**

Former OSCE High Commissioner on National Minorities, Former Netherlands Minister of Foreign Affairs, Netherlands Minister of State.

**Dr. Carl Tham**

Former Swedish Ambassador to Germany, Co-Chairperson of the International Independent Inquiry on Kosovo, Former Secretary General of the Olof Palme International Centre, Former Minister of Education and Science of Sweden, Former Director General of Swedish International Development Agency (SIDA).

**Prof. Drs. Ed van Thijn**

Chairman Dutch Advisory Board Humanity in Action. Former Mayor of Amsterdam, Former Netherlands Minister of the Interior, Former Coordinator for International Monitoring (CIM) in Bosnia & Herzegovina. Former member of Netherlands Senate of the Dutch Labour Party. Currently professor at the University of Amsterdam.

## I HR policy

Important steps have been taken in order to strengthen SPARK's Human Resource Management. Since 2007, an evaluation and assessment system has been introduced and the information from the evaluation and assessment meetings has been used to set up a training plan for further development of staff. Furthermore, staff have been given the opportunity to develop skills in project development and fundraising. In 2010, a job satisfaction survey was carried out for the fourth time. It showed overall satisfaction among the staff, a slight increase even in regards to 2009, and good scores on tasks and responsibilities with which SPARK staff are generally happy, with an average score of 4.1 out of 5.

Overall results were an improvement with regards to the 2009 results. It is worth mentioning in particular that issues that presented themselves in 2009, such as lack of clarity in the division of tasks, did not reappear in the 2010 survey. Also, staff responded that they experienced a higher degree of autonomy in comparison to the previous survey.

SPARK introduced a Code of Conduct in 2007 that is signed by all employees as part of their SPARK employment contract. The purpose of the Code of Conduct is that staff are aware of the expected behaviour when working for SPARK. Transparency and integrity are central in the Code of Conduct.

SPARK does not have an official diversity policy regarding the hiring of personnel, but in practice diversity is reached through an active informal policy, with attention to the balance in the current make-up of employees such as the male-female ratio and the number of local staff members employed in the field offices. SPARK believes in employing local staff as a means of empowering local professionals.

## I ICT and Knowledge management

SPARK's IT investments are important since they enhance transparency, minimise opportunities for fraud and make our work more measurable. IT systems also reduce labour intensity in our programmes and facilitate management transfer to local partners, which is essential when making them financially sustainable. In 2009, the TranSPARKency website was introduced which is a Developments Management Information System that provides data that will enable people to not only see the financial information, but also be able to relate them to the amount of jobs created. During 2010, the IT department worked hard at developing a new MIS that can fully relate impact data from the field to expenses both at field office level, head office level and over-head costs.

SPARK's IT department is located in Macedonia and communicates with head office mainly through email and Skype. Locating IT in Southeast Europe is in line with SPARK's ambition of empowering local professionals.

Sharing know-how by using and adapting what someone else has already learned is one important way to achieve more efficiency and effectiveness within SPARK. The importance of intensive knowledge-sharing with support of user-friendly and tailor-made IT solutions is more crucial than ever as SPARK continues to grow.





## I Partners and stakeholders

The success of SPARK's project has always depended on its close collaboration with partner organisations. SPARK has an extensive network of partners that include experts, trainers, and international and local development organisations. Together with these partners, but also by constantly working to find new partners, SPARK is always searching for new opportunities to create synergies. An example of this is SPARK's partnership with BiD Network. After having decided to share an office together in 2009, SPARK and BiD Network have worked together on the application for the MFS-II grant at the Ministry of Foreign Affairs in 2010. SPARK and BiD Network together formed an alliance called the United Entrepreneurship Coalition, and was awarded a MFS-II grant in November 2010. Other cooperation partners in the alliance are Infodev, MSM, MDF, TF, NABC, and Intent. The alliance will implement the MFS-II programme over the next five years.

The application process for the MFS-II grant also allowed SPARK to further expand its network by building relationships with the partner organisations that will implement the MFS-II programme in Kosovo, the Occupied Palestinian Territories, Liberia, Rwanda and Burundi.

## I Partner policy

SPARK works together with partners whose mission can potentially complement SPARK's mission. SPARK aims to develop higher education and entrepreneurship in post-conflict societies, thereby creating employment and opportunities that empower young people to lead those societies into prosperity. SPARK therefore works together with organisations that support economic development and/or education reform.

SPARK in particular works with local NGOs that are specialised in entrepreneurship and education reform promotion, and educational institutions such as universities. But SPARK also works with local microfinance institutions and banks, business intermediaries, local and national government institutions, chambers of commerce, and business alliances. SPARK aims to facilitate cooperation between these organisations so that they can together provide an interlinked "chain" of interventions that promote entrepreneurship and SME development.

In post-conflict societies and fragile states, the capacity of these organisations is often limited. Building their capacity is thus a starting point of our projects. In doing so, SPARK works together with a range of development organisations, such as MDF or the World Bank's InfoDev, that can offer trainings to the partners.

SPARK supports the capacity development of its partners, which is aimed at their sustainability and independence. We aim to strengthen their respective organisational structures as well as offering services such as coaching, the training of trainers and curriculum development. Furthermore, we support our partners in lobbying and fact-based advocacy.



1. **SPARK gives Southern partners the lead** in designing as well as implementing projects. We believe that the best way to learn is to assure ownership and responsibility with the partners, and let them learn – and build their capacity – by doing.
2. **Each programme has a strong capacity-building component.** Under these components, resources are made available to support capacity-building measures at the Southern partner institutions. The exact support provided varies for each partner, and ranges from training in project cycle management, upgrading of the paper bookkeeping system to an automated system, study visits, etc.
3. **SPARK field office staff and project managers have a key responsibility to support Partners' capacity building.** Annually, the respective Project Manager, together with local field office staff, evaluates the partnership with each Southern partner in an official evaluation visit.

## I Communication to stakeholders

Both internal and external communications are very important for SPARK. Our internal communication system is important because we work in different countries. We stay in close contact with our field staff and partner organisations by using Skype, but also through our Spark Online platform. This is a platform on which SPARK staff can exchange information and documents on a regular basis.

Important information about our projects, our challenges and achievements, are published on our website [www.spark-online.org](http://www.spark-online.org). On this website, we post regular updates from the countries we operate in, but we also publish our evaluations on the website, in line with our focus on transparency. This allows the public, but also relevant stakeholders, to read how we have evaluated our project and what we will improve, on the basis of our lessons learned. We are always open to ideas and feedback from stakeholders and are committed to acting on it.

However, an internet connection is not a given in the countries we work in. Therefore, SPARK publishes a print newsletter to make our work accessible to a large number of people.







# 06 SPARK for **improvement**

# SPARK for improvement



SPARK continuously develops its standards of quality, transparency and innovation. This is exemplified by our evaluation procedures and the publication of these, along with all financial records, online. SPARK is actively working towards an International ISO standard for NGOs, which has a strong focus on quality and transparency. It is important for SPARK to also have a positive impact in the Netherlands; therefore, we offer incubation space and training for Dutch NGOs through our involvement in the Nieuw IS programmes.

## I Quality

SPARK believes that, for its activities to be of the highest standard, an optimal functioning of the internal organisation is a prerequisite. Furthermore, an atmosphere is created in which learning is encouraged and both achievements and failures are openly communicated. The implementation of a quality management system further emphasises our devotion to quality. Maintaining such a system requires a streamlined human resource policy that establishes proper task delegation among staff, thereby improving overall efficiency. Staff performance is evaluated and assessed regularly. Past, ongoing and future impact studies and external evaluations provide us with an accurate view on attained results within our programmes.

We aim to be as efficient an organisation as possible, because by doing so we can ensure that our work has the impact we desire. Being (cost) effective is important, as we hope to make the most of the grants we have available to us and are under the rightful scrutiny of both donors and the public at large. Our financial indicators are as follows:

## I ISO certificate, ANBI and CBF

SPARK holds a number of markers of quality including the ISO 9001:2008 quality management label. This certificate was awarded to SPARK in December 2010, thereby renewing the old certificate, and is valid for four more years. The ISO 9001 certificate rewards the Quality Management System of an organisation; one that enhances stakeholder satisfaction and demonstrates continuous learning (improvement).





The updated certificate refers to a new edition of these standards. An external auditor from BSI: Standards, Training, Testing, Assessment & Certification visited the SPARK Amsterdam head office in December, focusing on SPARK's implementation of the three realisation procedures: Organising a Summer/Winter Course, Organising a Business Skills Training and Organising a Business Plan Competition.

The auditor did not find any major inconsistencies in the implementation of these procedures or in SPARK's Quality Management System. SPARK's quality management system involves procedures and requirements for our most important business processes such as the organisation of summer courses and business plan competitions, as well as the handling of complaints, and planning, monitoring and evaluation processes.

SPARK is also registered by the Dutch Tax Administration as an entity with General Benefits Objectives (Algemeen Nut Beogende Instellingen, ANBI), making donations tax deductible. Furthermore, SPARK holds a "CBF certificate", which evaluates the principle of good governance and reliability of spending funds by non-profit funding organisations. CBF (Centraal Bureau Fondswerving) is a member of the International Committee on Fundraising Organizations (ICFO).

## **Quality standard for development sector**

SPARK is a member of Partos Quality Committee. It has a mandate to do a pre-research in order to map the possibilities for an International Quality standard for the International Development sector. We believe that an international quality assurance would greatly improve the possibility to assess organizations in an international context.

This would enable SPARK to raise money from international donors and also create a framework that recognises the quality of our work outside the Netherlands. The Quality standard could also facilitate peer review and learning among organisations, something that will improve the sector as a whole. The general ISO 9001 is not specifically tailored to the development sector, which makes it difficult to apply to civil society organisations with a large number of different stakeholders and partners.

There is a bigger focus among the general public and donors to see clear results and impact from the money that is going into our sector. This is something that we need to be aware of and acknowledge. An international ISO standard would be a clear message that we take this seriously. The Partos Quality Committee meetings took place in 2010 in order to try and move the process forward and to identify the efforts and possibilities an international quality assurance system would have on the sector as a whole.



## ■ Complaint policy

Eleven official complaints were submitted in 2010, half of which were submitted at the University, compared to three in 2009 and one in 2008. The complaints were handled according to the prescribed procedure. The complaints were dealt with immediately and in a serious manner by stating our sincere apologies in case this was deemed necessary, or by clarifying why a certain incident occurred. As during previous years, preventive action was taken by informing the relevant staff member who made the mistake in order to prevent this from happening in the future.

SPARK has a formal ISO-certified complaint procedure and the right to complain is open to all partners, final beneficiaries and the general public. Expression of disapproval or discontent can be made via the website, in writing, or in person (verbal) to a member of SPARK staff. In case of a verbal complaint, this has to be written down by the staff member. The complaint form, as well as SPARK's complaint policy and an explanation of the policy, are externally easily accessible through the internet and can be requested by anybody in hardcopy from head and field offices.

## ■ Transparency, Innovation and Learning

One of SPARK's key assets is our flexible and creative staff and our ability to find innovative and original solutions to tackle internal and external barriers. The Brilliant Mistakes ceremony, the tranSPARKency website and our focus on an international quality norm for the development sector are three examples how we do this.

Our capacity-building efforts are not limited to supporting entrepreneurs and building capacity in post-conflict societies. SPARK also believes that it is important to have a positive effect in the Netherlands. We see many young and talented development organisations in the Netherlands that rarely get a chance to develop their ideas. SPARK offers support and tries to tackle this problem by helping NGOs in the Netherlands that seek to professionalise their projects and organisations.

We provide incubation space and help offer training sessions that we hope will strengthen the sector as a whole. The Incubator is located in Amsterdam and offers free office space at the University of Amsterdam.

For our contribution to training programmes for other NGOs, we work closely with Nieuw IS, a cooperation initiative of 24 small to medium-sized NGOs. Nieuw IS provides different training opportunities; in 2010, workshops were organised with topics such as 'Social Return on Investment as practice for Planning, Monitoring and Evaluation' and sessions on Strategic Focus.

Not only does Nieuw IS give trainings, it also holds regular meetings for members and is in a unique position to advocate their interest as a group, thereby making a joint lobby for mutual interests possible. Nieuw IS actively pursued its members' interests in the second round of MFS funding.

SPARK director Yannick du Pont is a board member at Nieuw IS.





## ■ TranSPARKency

A key value at SPARK is transparency. We believe that being open about the work we do, the impact we achieve, and the means by which we achieve this is beneficial for partners, stakeholders and beneficiaries alike. To illustrate our openness, SPARK maintains a separate website called TranSPARKency on which we publish all financial information per project, as well as all relevant evaluation reports, down to the receipt level.

Through the TranSPARKency website, which was launched in 2009, an insight is given into the inner workings of our organisation. SPARK believes that it is important to be transparent about how funds received from donors are allocated, as well as allowing people to find anything from the salary of the Board of Directors to the percentage of funds we spend on maintaining our own organisation.

Publishing the numbers online greatly improves our transparency; however, we realise there is yet more that could be done. In the future, SPARK aims to incorporate a Management Information System that incorporates impact data into TranSPARKency, thus integrating these with financial data.

This could further improve transparency, including detailed information on overhead costs to our organisation. By linking the numbers with impact, they will take on new meaning, aiding SPARK in its quest to become the most transparent NGO in Europe. Throughout 2010, our IT officers have been working on a new MIS that will accomplish these goals. The proposed deadline for the MIS is end of April/May, 2011.

SPARK then aims to present its data in accordance with the standards that have been set by the International Aid Transparency Initiative (IATI), which proposes a common system of categorising and presenting information, including a standardised XML documentation system.

## ■ Brilliant mistakes

SPARK believes in sharing experiences and discussing how to learn from unintended mistakes. Development organisations, in particular, can gain much from dialogue, due to their continuous engagement with complex, unclear or unexpected situations.

Despite good intentions things may often not go as planned, sometimes resulting in outright failure. Inevitably, such a failure may be aggravating for an organisation, but it should not have to result in embarrassment or denial. Lessons need to be learned. Only by engaging in a constructive dialogue about mistakes made is it possible to prevent similar mistakes in the future. Not all mistakes are negative for an organisation. Even if the expected outcome has not been achieved, the attempt made by an organisation may result in other unexpected positive outcomes. A mistake can therefore turn out to be a brilliant mistake.



In 2010, the 'Brilliant Mistakes Award' was given to the best learning moment/instrument in the development sector as a way to showcase the value of failures. The award ceremony was organised by SPARK and the Institute for Brilliant Mistakes, an initiative that originated from a project initiated by ABN AMRO. It was originally established to create learning opportunities in business development and is based on the experience of entrepreneurs who failed to achieve the desired results from their business.

SPARK applied that very idea to development organisations specifically. The award ceremony for Brilliant Mistakes 2010 was held for the first time in September. An agricultural credit system in Congo and an AIDS/HIV education programme in Uganda were the proud winners. The aim of the Brilliant Mistakes award for Development is the advancement of transparency, encouragement of learning and promoting innovation in development organisations.

The focus on brilliant mistakes, in line with SPARK's transparency focus, is also supported by Partos, who signed the Manifesto at the 2009 conference, and in 2010 sponsored the award ceremony, as did the Dutch Ministry of Foreign Affairs. It showcases flawed procedures as one way to sustain an upward-learning curve in participating organisations. The event drew attention to transparency and learning and all participants emphasised the need for greater transparency and quality in the sector. Openness and transparency should be a key competence of the non-profit sector, for example through exemplary behaviour of government and an annual 'Brilliant Mistakes Award'. SPARK aims to uphold its intentions in 2011 by organising the awards for a consecutive edition.



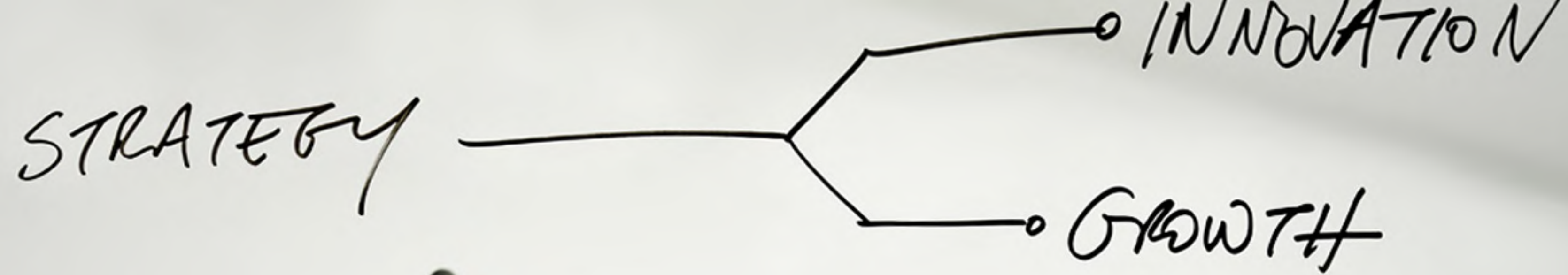
Brilliant Mistake final award ceremony





## Financial indicators

Item	2007	2008	2009	2010
Overhead % (management & administration / total expenses)	11,46%	5,30%	3,31%	2,80%
% spent on objectives/total income	77,90%	89,37%	85,25%	85,51%
% spent on objectives incl MCF /total income	85,50%	90,11%	92,21%	89,94%
% spent on objectives/total expenses	86,21%	92,79%	93,59%	93,19%
% spent on own fundraising/income own fundraising	5,69%	1,37%	2,32%	8,29%



**07** main targets and budget 2011



# main targets and budget 2011

In 2011, SPARK will step into a new era. This is the year in which the 5-year MFS II programme will start. At the same time, some large projects are set to be rounded up, including the Mitrovica Youth Programme and the Business Start-up Centre Kosovo and Regional Private Sector Development programme (BSCK/PSD). It will become an extremely challenging year as new activities need to be started, while others need to be rounded-up responsibly. Simultaneously, the organisation needs to adapt itself to this, in many respects, new situation.

## Reflection on Targets for 2010

Overall, the targets that had been set for 2010 turned out to be realistic as almost all were met or exceeded. The planned number of 240 jobs created through 135 new businesses was exceeded in the Balkans alone, as the BSCs there generated 536 jobs through 152 businesses.

Another aim that was successfully implemented was the opening of a new institute for higher vocational education, the IBCM. During 2010, the first students enrolled and began their path towards obtaining a degree that will improve their employability. The Summer and Winter Universities in Pristina and Mitrovica also managed to surpass the planned number of participants, teaching some 400 students where 250 had been the set goal.

In fundraising, SPARK successfully submitted for a grant from the Netherlands Ministry of Foreign Affairs (NLMFA) and furthermore submitted for a grant from Stichting DOEN, for which an exploratory mission was conducted in Zimbabwe. Another grant proposal to the Postcode Loterij was unfortunately denied, but will be attempted again in 2011.

Last but not least, in improving our own organisation, the planned expansion of our ISO scope was realised through recertification, expanded to acknowledge our capabilities in business skill training. As well as that, SPARK organised the first annual Brilliant Mistakes Award for the development sector. SPARK continues its efforts to improve, as is also illustrated by the development and implementation of an evaluation mechanism for the Supervisory Board that had been on the agenda for 2010.

We will work hard to ensure that our targets for 2011 can be met with similar positive results.





## ■ Targets 2011

### Project Targets 2011

- Create 90 businesses
- Create 210 jobs
- Train 4,700 individuals/entrepreneurs
- Support 145 local partners and other institutions.

### Project development & Fundraising

- Acquire non-NLMFA funding on existing and new projects
- Surpass 25% benchmark imposed by MFS II and in view of donor diversification
- Increase SPARK awareness in the Dutch development sector.

### Planning, Monitoring & Evaluation

- Improve SPARK's PME capacity, especially towards partners that are responsible for implementation
- An M&E system and baseline study and formal arrangements to be made with MFS II partners.

### Finance, Administration and Reporting

- Prepare administration for MFS II and financial monitoring of partners
- Consolidate overhead (increase expected with the start of new projects)
- 60% from total of all project/programme budgets will be spent in target areas.

### ICT and Knowledge management

- Develop a well-functioning Management Information System
- Implement IATI into TranSPARKency
- Streamline intranet for streamlined communications and data/knowledge sharing.

### Quality Management and Transparency

- Optimise transparency of TranSPARKency by adding MIS data
- Create BSC-in-a-box or roll-out packages based on well-defined business ideas
- Organise Brilliant Mistakes Award.





## Statement of Income and expenditures - budget 2011

INCOME		BUDGET 2011 €
Income from own fundraising		424,305
Governmental grants		10,666,192
Other Income		10,000
		<b>11,100,496</b>
EXPENDITURES		
Spent on objectives		
Higher Education *	6,427,328	
Private Sector Development	4,127,472	
		<b>10,554,799</b>
Spent on obtaining funds		
Costs own fundraising	35,729	
Costs obtaining governmental grants	130,064	
		<b>165,793</b>
Management and Administration		
Costs of Management and Administration		297,821
TOTAL INCOME		<b>11,018,414</b>
Result		<b>82,082</b>
RESULT CLEARED FOR MUTATION MICROCREDIT FUNDS		<b>32,082</b>



## Statement of Income and expenditures - budget 2011

### DISTRIBUTION OF RESULT

BUDGET 2011 €

#### Addition to/withdrawal from:

allocated reserves

0

other reserves

32,082

allocated funds (microcredit funds)

50,000

**82,082**





## Annex C - Statement of division of expenditures - budget 2011

OBJECTIVES	OBJECTIVE		COSTS FUNDRAISING		MANAGEMENT & ADMINISTRATION	TOTAL BUDGET 2011
Field offices / projects	Higher Education Development	Private Sector Development	Own funds	Governmental Grants		
Grants and contributions*	6,153,176	3,212,261	0	0	0	9,365,436
Obtaining governmental grants	0	0	15,000	60,000	0	75,000
Publicity and Communication	69,241	0	5,000	0	0	74,241
Personnel Costs	126,951	500,302	11,635	51,827	220,300	911,015
Housing costs	13,817	64,394	714	3,181	13,523	95,629
Office- and General costs	60,753	339,033	2,965	13,206	56,136	472,093
Depreciation and Interest	3,391	11,482	415	1,850	7,862	25,000
<b>TOTAL INCOME</b>	<b>6,427,328</b>	<b>4,127,472</b>	<b>35,729</b>	<b>130,064</b>	<b>297,821</b>	<b>11,018,414</b>

% spent on objectives/total income	95.08%
% spent on objectives/total income taking microcredit fund deposits & repayments into account	95.53%
% spent on objectives/total expenses	95.79%
% spent on own fundraising/income own fundraising	8.42%

\* excluding deposits in microcredit funds



## Annex C - Statement of division of expenditures - budget 2011

INCOME	BUDGET 2011 €	BUDGET 2011 %
Project (cash) grants from donors		
Grant Medefinancieringsstelsel 2007 -2010 - NLMFA	3,226,768	29.07%
Grant PSD/BSCK II 2008-2010 NLMFA	208,308	1.88%
Grant EU Kosovo	223,925	2.02%
Grant Moldova Bartimeus/MATRA - NLMFA	21,505	0.19%
Grant Bridging the Divide - NLMFA	735,938	6.63%
Grant Mitrovica Youth Programme 2009-2010 - NLMFA	190,933	1.72%
Grant King Badouin Foundation	7,922	0.07%
Grant Mitrovica College - SIDA	5,214,589	46.98%
Grant Mitrovica College - NLMFA	844,225	7.61%
	<b>10,674,114</b>	<b>96.16%</b>





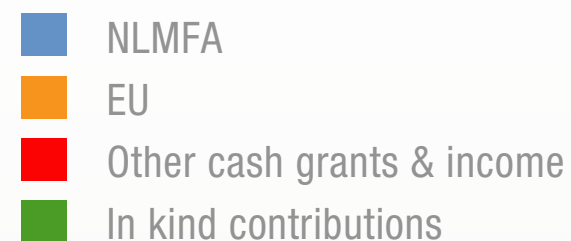
## Annex C - Statement of division of expenditures - budget 2011

INCOME	BUDGET 2011 €	BUDGET 2011 %
Other income		
MFS II in kind - rent, training facilities, human resources and other	125,000	1.13%
PSD/BSCK II in kind - rent, training facilities, human resources and other	0	0.00%
Summer / Winter Universities 2008 in kind - visiting professors	0	0.00%
Summer / Winter Universities 2008 in kind - Other contributions	0	0.00%
Mitrovica College - Tuition	0	0.00%
Mitrovica College - Other Income	0	0.00%
Mitrovica College - MEST ctr building	221,577	2.00%
Bridging the Divide - other contributions	36,925	0.33%
EU Aid - other contributions	24,881	0.22%
Contribution in kind - rent University of Amsterdam	8,000	0.07%
Other miscellaneous income	10,000	0.09%
	<b>426,383</b>	<b>3.84%</b>
<b>TOTAL INCOME</b>	<b>11,100,496</b>	<b>100.00%</b>



## Annex C - Statement of division of expenditures - budget 2011

INCOME & PERCENTAGES PER DONOR	2011 €	2011 %
NLMFA	5,227,677	47.09%
EU	223,925	2.02%
Other cash grants & income	5,257,392	47.36%
In kind contributions	391,502	3.53%
	<b>11,100,496</b>	<b>100.00%</b>



25% other funding obligation MFS:

CALCULATION ON ACCRUAL BASIS IN KIND INCLUDED

Total MFS budget 2011 grant NLMFA	3,226,768	35.46%
Non - NLMFA grants & contributions 2011 SPARK Total incl in kind	5,872,819	64.54%
	<b>9,099,587</b>	<b>100.00%</b>
<b>TOTAL INCOME</b>	<b>11,100,496</b>	<b>100.00%</b>





## Annex C - Statement of division of expenditures - budget 2011

OTHER PERCENTAGES OF INTEREST	BUDGET 2011 €	REALISATION 2011 %
Overhead %	2.70%	2.87%
AMS organisational (personnel, office, fixed organisation) costs versus total costs	7.52%	13.85%
AMS versus total costs	9.28%	16.76%
AMS labor costs versus total costs	6.06%	10.67%
AMS labor versus total labor costs (ex non-SPARK)	76.11%	81.15%
AMS labor + local labor costs versus total costs	7.96%	13.15%
AMS + local office & labor costs versus total costs	12.45%	20.28%
Programme spending ratio	90.46%	83.64%

The programme spending ratio is the percentage of total spending on the projects divided through total income.



**08 financial**





Balance sheet	31 December 2010	31 December 2009
<b>ASSETS</b>		
Fixed Assets		
Fixed Assets	65,173	72,152
Financial fixed assets	1,185,135	922,471
	<b>1,250,309</b>	<b>994,624</b>
Current Assets		
Receivables & Accruals	1,356,362	2,393,257
Cash & cash equivalents	1,159,683	1,052,729
	<b>2,516,046</b>	<b>3,445,986</b>
<b>TOTAL</b>	<b>3,766,354</b>	<b>4,440,609</b>
<b>RESERVES AND LIABILITIES</b>		
Reserves and funds		
Reserves		
- allocated reserves	136,564	72,152
- continuity reserve	348,979	259,145
	<b>485,544</b>	<b>331,297</b>
Funds		
- allocated funds	1,335,135	922,471
Current Liabilities		
Payables & Accruals	1,945,676	3,186,842
<b>TOTAL</b>	<b>3,766,354</b>	<b>4,440,609</b>



## Statement of Income and expenditures

	REALISATION 2010	BUDGET 2010	REALISATION 2009
<b>Income</b>			
Income from own fundraising	56,012	213,360	176,033
Governmental grants	5,765,195	11,577,462	6,880,078
Other Income	19,452	10,000	24,677
<b>TOTAL</b>	<b>5,840,659</b>	<b>11,800,822</b>	<b>7,080,787</b>
<b>Expenditures</b>			
<b>Spent on objectives</b>			
- Higher Education	2,225,608	6,483,046	1,042,639
- Private Sector Development	2,713,348	4,386,475	4,993,467
	<b>4,938,956</b>	<b>10,869,521</b>	<b>6,036,106</b>
<b>Spent on obtaining funds</b>			
- Costs own fundraising	3,949	30,783	4,089
- Costs obtaining governmental grants	179,675	63,132	196,321
	<b>183,625</b>	<b>93,915</b>	<b>200,410</b>
<b>Management and Administration</b>			
Costs of Management and Administration	151,166	238,324	213,292
<b>Total expenditures</b>	<b>5,273,746</b>	<b>11,201,759</b>	<b>6,449,808</b>
<b>Result</b>	<b>566,912</b>	<b>599,063</b>	<b>630,979</b>
<b>RESULT CLEARED FOR MUTATION MICROCREDIT FUNDS</b>	<b>82,857</b>	<b>63</b>	<b>-2,093</b>





## Statement of Income and expenditures

	REALISATION 2010	BUDGET 2010	REALISATION 2009
Distribution of result 2010 (2009)			
Addition to/withdrawel from:			
- allocated reserves	-6,979	0	40,322
- other reserves	89,836	63	-42,415
- allocated funds	412,664	599,000	633,073
- allocated fund Mitrovica College	71,391	0	0
<b>Total expenditures</b>	<b>566,912</b>	<b>599,063</b>	<b>630,979</b>



## Cashflow Statement

	2010 €	2009 €
<b>Cashflow from operational activities</b>		
Result	566,912	630,979
Depreciation fixed assets (incl. cars)	25,033	27,394
<b>Gross cashflow from operation activities</b>	<b>591,945</b>	<b>658,373</b>
Mutation in current assets	1,036,894	-2,310,493
Mutation (increase) in current liabilities	-1,241,167	678,123
<b>Net cashflow from operational activities (A)</b>	<b>387,673</b>	<b>-973,996</b>
<b>Cashflow from investment activities</b>		
Investment in fixed assets	-19,876	-70,587
Disposal of fixed assets	1,822	2,871
Investment in financial fixed assets	-262,664	-633,073
<b>Cashflow from investment activities (B)</b>	<b>-280,718</b>	<b>-700,789</b>
<b>Cashflow from financing activities ('C)</b>	<b>0</b>	<b>0</b>
<b>Mutation in Cash and cash equivalents (A+B+C)</b>	<b>106,954</b>	<b>-1,674,785</b>
Cash and cash equivalents 1 January	1,052,729	2,727,514
Cash and cash equivalents 31 December	1,159,683	1,052,729
<b>Mutation in Cash and cash equivalents</b>	<b>106,954</b>	<b>-1,674,785</b>



## Accounting principles

### I General

The annual accounts 2010 have been drawn up according to generally accepted accounting principles in the Netherlands and RJ 650 for Fundraising organisations. The accounts include the financial statements of Stichting SPARK in Amsterdam, The Netherlands, and the regional offices / business start up centres in Belgrade, Mitrovica, Skopje, Pristina, Bitola, and Monrovia.

### I Principles of valuation

Assets and liabilities are stated at face value unless indicated otherwise. Transactions in foreign currencies are recorded using the rate of the transaction. Assets and liabilities denominated in foreign currency are converted at the exchange rate at the year-end.

### I Fixed assets

The tangible fixed assets are stated at purchase value minus annual depreciations, calculated on the basis of estimated useful economical lifetime. The depreciation is a fixed percentage of the purchase price:

furniture 25%

computer hardware 33%

cars 25%

The costs of fuel and usage of the cars are allocated to the projects based on a kilometer registration.

### I Financial fixed assets

In the period 2007 - 2010, SPARK has signed 8 contracts with local partners to manage microcredit funds which benefit the start ups established under the Private Sector development projects. The contributions to these funds in the total period 2007- 2010. were € 1.363.782. In 2010. € 424.000 was deposited. The participation is stated at its actual value at year end, taking into account losses on loans and received interest. Costs of fund management are presented as expenditures in the Statement of Income and Expenditures. The microcredit funds are financed by the Dutch Ministry of Foreign Affairs through project grants (MFS & BSCK). Therefore, the funds are also presented as allocated funds under the Reserves & Funds. Future losses on loans and costs of funds management will be deducted from these funds through the Statement of Income and Expenditures.





## I Reserves and Funds

SPARK can freely access the amounts presented under the Continuity reserve and the Allocated reserves, provided that deductions from the allocated reserves are in line with the objective of the particular reserve. The Allocated funds are not freely accessible since the microcredit funds are financed by the Dutch Ministry of Foreign Affairs through current project grants. Until the end of the project and final approval of the Ministry of the final project report, legal control of these funds will remain at the Ministry.

## I Liabilities - partner obligations

SPARK has signed several contracts with local partners, and herewith transferred certain project responsibilities and funds to them. The project grants presented under the income, as well as the expenses, include an amount for obligations towards local partners that SPARK has committed itself to transfer in 2011. These partners have the responsibility for the execution of (large) parts of the PSD-BSCK II, MYP and Bridging the Divide projects.

## I Foundation of determining the result

The result has been determined as follows:

Grants are recognised as income in the statement of income and expenditure in proportions of the progress of the project as well as project expenditure. Income and expenditure are recorded in the period to which they relate.

## I Allocation of general organisational costs to the objectives

Operational and organisation costs of the Amsterdam office have been allocated to the objectives using the time registration 2010 of all Amsterdam personnel. For further clarification, please refer to the explanation provided under Annex C.

## I Income from own fundraising - Contributions in kind

### Professors/experts

As of 2005, the contribution by professors and experts in kind is demonstrated in the annual report. Only if the professor or expert was paid by his employer during the period he taught for SPARK, the contribution is calculated as income. The contribution is thus in effect a contribution of the institution or company the person works for. The calculation of the contribution is based on standard day rates for non-profit organisations (MATRA), taking into account the average salary and overhead of a university professor/expert, or if lower at fair value.





## Housing

As of 2005, free office space offered by the University of Amsterdam (UvA) is demonstrated in the annual report. The contribution from the UvA is calculated based on the office rent charged for comparable office space nearby.

## Other in kind contributions

For the MFS & PSD-BSCK II projects, several in kind contributions are demonstrated in this annual report. Project partners provided free usage of training and / or conference space. Also (staff from) project partners donated their time to the project free of charge. And last but not least, free incubator space for business start-ups is provided by the Municipality of Bitola.

The municipality of Mitrovica provided SPARK with free usage of land for the purpose of establishing the International Business College Mitrovica. SPARK / IBCM has the right of usage for 10 years, until 2019. A donation for 1 year has been presented in this annual report.

All (other) in kind contributions have been stated at their fair value. The contributions are presented under Income from own fundraising and under the particular cost sort / activity they relate to in the Statement of Income in Expenditures.



## Explanatory notes to the Balance Sheet Statement

ASSETS	31 December 2010	31 December 2009
Fixed assets		
Furniture	9,111	4,855
Computer hardware	15,947	9,738
Cars	40,115	57,559
	<b>65,173</b>	<b>72,152</b>

FIXED ASSETS	Total 2010 €	Furniture €	Computer hardware €	Cars €
Bookvalue previous year				
Purchase value	163,059	19,920	65,145	77,994
Accumulated depreciation	90,907	15,065	55,407	20,435
<b>BOOK VALUE 31 DECEMBER 2009</b>	<b>72,152</b>	<b>4,855</b>	<b>9,738</b>	<b>57,559</b>
Mutations				
Purchases	19,876	8,613	11,263	0
Disposals	-1,822	-	-	-1,822
Depreciation	25,033	4,356	5,054	15,622
	<b>-6,979</b>	<b>4,256</b>	<b>6,209</b>	<b>-17,444</b>
Bookvalue year end				
Purchase value	181,113	28,533	76,409	76,172
Accumulated depreciation	115,940	19,421	60,461	36,057
<b>BOOKVALUE 31 DECEMBER 2010</b>	<b>65,173</b>	<b>9,111</b>	<b>15,947</b>	<b>40,115</b>

	31 December 2010	31 December 2009
Fixed assets used for operations (furniture & hardware)	25,059	14,593
Fixed assets directly allocated to the objectives (cars)	40,115	57,559
	<b>65,173</b>	<b>72,152</b>





## Explanatory notes to the Balance Sheet Statement

FINANCIAL FIXED ASSETS	2010 €	2009 €
Participation micro credit fund		
Balance 31 december 2009	922,471	289,398
Mutation 2010	262,664	633,073
<b>Balance 31 december 2010</b>	<b>1,185,135</b>	<b>922,471</b>

The financial fixed assets are directly allocated to the objective Private Sector Development.  
For the explanation of the usage of these funds, please see the description of the allocated revolving funds, under the Liabilities.

CURRENT ASSETS - RECEIVABLES & ACCRUALS	31 DECEMBER 2010 €	31 DECEMBER 2009 €
Prepaid Grants for donors	1,191,515	2,372,116
Accounts receivables and pre paid expenses	164,847	21,141
	<b>1,356,362</b>	<b>2,393,257</b>
Prepaid Grants for donors		
Project King Badouin Foundation Phase II	1,077	0
Project EC Tempus Georgia	11,544	0
Project Mitrovica College SIDA / Denmark	549,694	0
Project Bridging the Divide	627,408	0
Project PSD/BSCK II	1,792	0
Project PSU 2008 - PCB	0	10,999
Project MFS 2007-2010	0	2,346,089
Project King Badouin Foundation Phase I	0	15,028
	<b>1,191,515</b>	<b>2,372,116</b>



## Explanatory notes to the Balance Sheet Statement

### CURRENT ASSETS - RECEIVABLES & ACCRUALS

31 DECEMBER 2010 €

31 DECEMBER 2009 €

#### Accounts receivables and pre paid expenses

Prepaid expenses	12,700	1,704
Receivables from Partners	117,109	0
Other receivables	40,778	19,437

**170,587** **21,141**

Reserve uncollectable receivables	-5,740	0
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**TOTAL** **164,847** **21,141**

#### Cash & Cash equivalents

Cash Amsterdam	30	2,715
Current & savings account ING Bank Amsterdam	998,896	696,648
Cash abroad offices	3,890	9,495
Current accounts abroad offices	156,867	343,871

**TOTAL** **1,159,683** **1,052,729**

All liquidities are directly accessible.





## RESERVES AND LIABILITIES

	31 DECEMBER 2010 €	31 DECEMBER 2009 €
Specification of reserves		
Continuity reserve	348,979	259,145
Allocated reserve for fixed assets	65,173	72,152
Allocated reserve for Mitrovica College	71,391	0
<b>Balance 31 December</b>	<b>485,544</b>	<b>331,297</b>

	CONTINUITY RESERVE €	FIXED ASSETS €	MITROVICA COLLEGE €
Balance 31 december 2009	259,145	72,152	0
Mutation 2010	89,835	-6,979	71,391
<b>Balance 31 december 2010</b>	<b>348,979</b>	<b>65,173</b>	<b>71,391</b>

### General reserve

In order to assure the continuation of the organisation, a minimum level of general reserve is necessary. From this reserve salary expenses of operational personnel and housing expenditures can be paid. A sufficient level of reserve is estimated at 100% of the annual organisational costs (€850.000 in 2010 incl. feasibility studies). (in comparison to the maximum 150% of the annual costs of the working organisation from the "Richtlijn Reserves Goede Doelen" of the Vereniging Fondswervende Instellingen VFI). Currently reserves are 57% of the organisational costs 2010.

### Allocated reserves

An amount of € 65.713 is reserved in fixed assets.

Under the IBCM project, tuition fees are charged to students. If the student cannot finance the tuition on its own, a scholarship can be awarded. These scholarships are financed by NLMFA under certain conditions. Income from these tuition fees and scholarships is added to the allocated fund, after deduction of the costs made for student housing. The fund will be used to ascertain future sustainability of IBCM after current donor relations have ended.



REVOLVING MICROCREDIT FUNDS	31 DECEMBER 2010 €	31 DECEMBER 2009 €
Revolving microcredit fund Business Start-Ups		
Balance 31 december 2009	922,471	289,398
Mutation 2010	412,664	633,073
<b>Balance 31 december 2010</b>	<b>1,335,135</b>	<b>922,471</b>

In the period 2007 - 2010, SPARK has signed 8 contracts with local partners to manage microcredit funds which benefit the start ups established under the Private Sector development projects. The contributions to these funds of € 1.363.782 in 2007-2010 are financed by NLMFA through project grants.

Total fund mutation since 2007 can be summarized as follows:		
Deposits into the funds:	1,363,782	
Withheld administrative costs for banks:	-14,318	
Received interest added:	24,899	
Deducted bankrupt / delayed loans:	-39,228	
<b>Balance 31 December</b>	<b>1,335,135</b>	

The allocated revolving funds are € 150.000 higher than the counterpart financial fixed assets on the balance sheet. This is due to a € 150.000 reservation made for microcredit fund deposits in Liberia which have not been transferred to the local bank yet. Currently an amount of € 1.209.730 has been disbursed to entrepreneurs. Of this amount, € 266.782 has been paid back at the end of 2010. The entrepreneurs pay interest rates ranging from 5% declining to 8,6% nominal on unpaid principal. The Revolving Funds are directly allocated to the objective Private Sector Development.





## RESERVES AND LIABILITIES

CURRENT LIABILITIES - PAYABLES & ACCRUALS	31 DECEMBER 2010 €	31 DECEMBER 2009 €
Grants	624,957	1,537,887
Partner obligations and payables	1,175,605	1,476,713
Shortterm debts, payables & accruals	145,113	172,242
<b>Balance 31 December</b>	<b>1,945,676</b>	<b>3,186,842</b>

Grants		
Project MFS 2007-2010 - NLMFA	192,568	0
Project Mitrovica College - NLMFA	222,349	0
Project Mitrovica College - SIDA/Denmark	0	1,256,663
Project PSD/BSCK II 2008-2011	0	105,984
Project Medical Faculty 2006-2008	0	2,993
Project MYP 2009-2010 - NLMFA	40,178	121,881
Project EC Tempus Georgia - EU	0	50,366
Project UNDP - Entreprise development N.Kosovo	16,246	0
Project EC Red - EU	153,616	0
	<b>624,957</b>	<b>1,537,887</b>



## RESERVES AND LIABILITIES

CURRENT LIABILITIES - PAYABLES & ACCRUALS	31 DECEMBER 2010 €	31 DECEMBER 2009 €
<b>Partner obligations and payables</b>		
Project MFS 2007-2010	3,242	1,099,606
Project PSD/BSCK II 2008-2011	175,401	330,690
Project Mitrovica College	61,293	0
Project Bridging the Divide	930,963	0
Project MYP 2009-2010	4,706	46,417
	<b>1,175,605</b>	<b>1,476,713</b>
<b>Short term debts, payables &amp; accruals</b>		
Auditing costs	34,339	34,070
Wages tax & social security premiums	14,900	9,780
Vacation days & allowance	20,515	25,990
Project related accounts payables	57,833	48,127
Other short term debts and accounts payables	17,525	54,275
	<b>145,113</b>	<b>172,242</b>

The total amount of outstanding holidays 2010 is € 9.313.





## OF BALANCE SHEET COMMITMENTS

THE FOLLOWING PROJECTS RELATE TO PERIODS EXCEEDING THE YEAR 2010:

NAME	DONOR	PERIOD	TOTAL PROJECT GRANT
Enabling Private Sector Development in the Balkans (PSD/BSCK II)	NLMFA	1/9/2008-28/2/2011	1,784,640
The European College Business Studies & Public Administration in Mitrovica, Kosovo (College)	SIDA	1/11/2008-31/2/2011	3,000,000
The European College Business Studies & Public Administration in Mitrovica, Kosovo (College)	NLMFA	1/11/2009-31/12/2013	2,154,000
Mitrovica Youth Programme (MYP)	NLMFA	1/4/2009-31/3/2011	700,937
VIP Business support Program (MATRA/Bartimeus)	Bartimeus	1/11/2009-31/12/2012	35,235
King Badouin Foundation - scholarship database (KBF II)	KBF	1/1/2010-31/12/2011	17,998
Bridging the Divide	NLMFA	1/9/2010-30/8/2012	1,216,334
EU RED (EU Aid)	EU	1/12/2010-30/11/2012	417,827

### Rental obligations

As of 1 January 2010 SPARK relocated to another location near Central Station. These new premises are rented together with BiD Network. The total expenses per year are € 32.500.

### Credit facility ING Bank

The ING Bank provided SPARK with a credit facility of € 200.000. In return SPARK has pledged its present and future assets.

### Bank Guarantee Office rent

The ING provided a bank guarantee per 1-1 2010 on behalf of BiD Network for an amount of € 7.750 regarding the rent of the new office. This amount is deducted from the above mentioned credit facility.

### Micro credit funds

The additional contributions to the microcredit funds running under our current projects are estimated at € 37.000 in 2011. These future contributions will also be financed by NLMFA through project grants.



## Explanatory notes to the Statement of Income and Expenditure

INCOME	2010 €	2009 €
<b>Income from own fundraising</b>		
Grants Summer Universities - in kind contributions visiting professors / other	11,130	685
Private Sector Development in kind - Int. trainers and other	800	15,073
Medefinancieringsstelsel - in kind contributions	15,374	122,260
Mitrovica College - in kind contribution land	8,578	0
Grant King Badouin Foundation - scholarship database	10,076	30,055
Contribution in kind - rent University of Amsterdam	8,000	7,960
Miscellaneous income projects	2,054	0
	<b>56,012</b>	<b>176,033</b>
<b>Governmental grants</b>		
Grants NLMFA (MFS, PSD-BSCK II, MYP, Mitrovica College, Bridging the Divide)	3,817,150	5,975,523
Grants EC - Tempus Programme (Tempus Georgia)	61,910	56,656
Grant SIDA / Denmark - Mitrovica College	1,806,357	847,899
Grant UNDP - Entreprise development Northern Kosovo	74,954	0
Grant Bartimeus / MATRA - VIP Moldova	3,972	0
Grant EU - EC Red	852	0
	<b>5,765,195</b>	<b>6,880,078</b>
<b>Other Income</b>		
Other miscellaneous income & private donations	19,452	24,677
	<b>19,452</b>	<b>24,677</b>
<b>TOTAL INCOME</b>	<b>5,840,659</b>	<b>7,080,787</b>



The grants still need final approval of the donor.

The grants include an amount of € 1.052.739 for obligations towards local partners (CBM) that SPARK has committed itself to transfer in 2011 and 2012 (Bridging the divide project).

From total income an amount of € 884.000 is used for project management and overhead; an amount of € 4.813.911 is used for direct project expenditures (including those partner obligations).

For the valuation method of the in kind contributions, see the section Accounting principles.





## Explanatory notes to the Statement of Income and Expenditure

EXPENDITURES	2010 €	2009 €
<b>Spent on objectives</b>		
Grants and contributions	3,817,856	4,273,456
Direct costs obtaining governmental grants	90,307	123,963
Publicity and Communication	289,549	314,548
Personnel Costs	716,045	1,267,137
Housing costs	66,839	94,434
Office- and General costs	260,080	403,673
Depreciation and Interest	33,070	-27,403
	<b>5,273,746</b>	<b>6,449,808</b>
<b>Grants and contributions</b>		
Private Sector development programs		
Remunerations 3rd parties involved in projects (partners, experts, trainers, teachers, etc)	682,389	565,688
Project travel and accommodation costs SPARK & 3rd parties	104,898	414,862
Capacity building of partners - non travel / remuneration	351,259	1,015,541
Direct poverty allevation - non travel / remuneration	72,881	1,417,640
Policy making - non travel / remuneration	122,162	225,407
Bridging the Divide Mitrovica project - non travel / remuneration	850,563	0
Contingencies	0	8,109
Own contributions students / participants	0	-6,944



## Explanatory notes to the Statement of Income and Expenditure

EXPENDITURES	2010 €	2009 €
Higher Education programmes		
Summer / Winter courses	149,178	129,539
Establishing International business College Mitrovica	1,401,355	437,440
Other Higher Education project costs	96,817	64,556
Contingencies	307	1,618
Own contributions students / participants	-13,952	0
	<b>3,817,856</b>	<b>4,273,456</b>
Obtaining governmental grants		
Feasibility studies and project acquisition	90,307	123,963
	<b>90,307</b>	<b>123,963</b>
Publicity and Communication		
Amsterdam office - project promotion and advertising	3,236	2,828
Projects - project promotion and advertising	286,313	311,720
	<b>289,549</b>	<b>314,548</b>
Personnel Costs		
Amsterdam		
Gross salaries	485,702	450,996
Social security premiums & Pensions	61,392	58,558
Other personnel costs	15,793	3,310
Staff training (including field office staff)	19,402	53,631



## Explanatory notes to the Statement of Income and Expenditure

EXPENDITURES	2010 €	2009 €
Field offices		
Local project coordination & officers	130,708	699,473
Other personnel costs	3,048	1,170
	<b>716,045</b>	<b>1,267,137</b>

In 2010, the organisation had 15 (2009: 14) staff members on average in Amsterdam / Project Management (including interns) and 14 (2009: 45) in the local offices. Personnel operating under the business start-up centres and College is presented under.

Direct project expenditures in 2010. In 2009 all business start-up centres were operating under SPARK and therefore were presented under field office personnel costs.

REMUNERATION DIRECTORS	YANNICK DU PONT	MICHEL RICHTER
Function	Director	Co-Director
Employment contract	Indefinite	Indefinite
Hours	40	32
Parttime %	100%	80%
Annual remuneration		
Gross salary	65,147	46,219
Holiday allowance	5,057	3,589
Other fixed/variable remunerations	-	-
	<b>70,204</b>	<b>49,808</b>
Social securities employer	7,392	7,392
Pension contribution employer	2,927	2,017
Other	-	-
<b>TOTAL 2010</b>	<b>80,523</b>	<b>59,217</b>





## Explanatory notes to the Statement of Income and Expenditure

EXPENDITURES	2010 €	2009 €
<b>Housing costs</b>		
Rent and utilities - Amsterdam office	47,793	46,717
Rent and utilities - field offices	19,047	47,717
	<b>66,839</b>	<b>94,434</b>
<b>Office and general costs</b>		
Amsterdam		
Office supplies, telecommunication & postage, other office costs	24,514	21,945
IT infrastructure services - maintenance	10,889	13,176
Project evaluation and reports	3,030	7,824
SPARK support/donations to projects in NL and NL visibility	2,121	5,406
Special projects (Monrovia Summer courses, Scanning project)	14,715	52,054
Organisational fees and memberships	7,860	2,231
Administration and auditing	30,548	27,670
Quality assurance	7,490	2,392
Development of IT infrastructure	0	3,721
Development / Purchase of Finance Software	115	177
Insurances	2,024	2,437
Representation	3,663	920
Contingencies	30,408	34,028



## Explanatory notes to the Statement of Income and Expenditure

EXPENDITURES	2010 €	2009 €
Field offices / projects		
Office supplies, telecommunication & postage, other office costs	35,844	125,928
Project evaluation and reports	41,446	32,913
Administration and auditing	37,600	52,483
Representation	7,357	17,850
Other general expenditures	455	516
	<b>260,080</b>	<b>403,673</b>
Depreciation and Interest		
Depreciation fixed assets (excluding cars)	9,411	16,259
Bank fees, costs and interest Amsterdam	1,631	-11,880
Interest, costs and default loans microcreditfunds	11,336	0
Other general expenditures	10,693	-31,781
	<b>33,070</b>	<b>-27,403</b>
<b>TOTAL EXPENDITURES</b>	<b>5,273,746</b>	<b>6,449,808</b>
<b>RESULT</b>	<b>566,912</b>	<b>630,980</b>
<b>RESULT CLEARED FOR MUTATION MICROCREDIT FUNDS</b>	<b>82,857</b>	<b>-2,093</b>

Project income and expenditures

In Annex 1 project income and expenditures are stated per project.



## Annex C - Statement of division of expenditures

OBJECTIVES	OBJECTIVE	COSTS FUNDRAISING		MANAGEMENT & ADMINISTRATION	TOTAL 2010	BUDGET 2010	TOTAL 2009
Field offices / projects	Higher Education Development	Private Sector Development	Own funds	Governmental Grants			
Grants and contributions	1,633,705	2,184,151			3,817,856	9,644,816	4,273,456
Obtaining governmental grants				90,307	90,307	63,132	123,963
Publicity and Communication	197,005	89,308	3,236		289,549	260,183	314,548
Personnel Costs	240,063	298,231	525	65,847	111,379	806,121	1,267,137
Housing costs	18,735	33,515	43	5,405	9,142	50,000	94,434
Office- and General costs	119,620	98,385	124	15,587	26,365	354,408	403,673
Depreciation and Interest	16,481	9,758	20	2,530	4,280	23,100	-27,403
<b>TOTAL INCOME</b>	<b>2,225,608</b>	<b>2,713,348</b>	<b>3,949</b>	<b>179,675</b>	<b>151,166</b>	<b>5,273,746</b>	<b>6,449,808</b>

% spent on objectives/total income	84.56%	93.54%	89.37%
% spent on objectives/total income taking microcredit fund deposits & repayments into account	88.92%	96.34%	92.21%
% spent on objectives/total expenses	93.65%	97.03%	93.59%
% spent on own fundraising/income own fundraising	7.05%	7.92%	1.37%

The main cause of the deviations opposed to the budget 2010, is the delay in the construction of the Mitrovica College, and partner obligations 2010 already presented in the 2009 reported numbers. The construction of the College was budgetted at euro 3.000.000, but only euro 48.000 was spent in 2010. Contracts concerning Partner obligations 2010 were only signed after the budget for 2011 had been approved by the Supervisory Board.





## Explanation distribution of expenditures

SPARK has one office in Amsterdam (headquarter) and several field offices in the countries where the projects are executed.

SPARK's projects can be divided into two objectives: Higher Education (development) (HE) & Private Sector Development (PSD). The HE department aims to support and strengthen educational institutions, like local universities. This is achieved by (for instance) the organisation of Summer universities and Quality improvement projects at universities.

The PSD department tries to stimulate entrepreneurship and development in the private sector in post conflict areas by, for instance, organising business plan competitions and trainings for young (starting) entrepreneurs. Conferences and other trainings aimed at local capacity building are other PSD activities.

In all our projects local & regional partners are stimulated to work together as much as possible and to contribute to our projects.

Division of the expenditures relevant for SPARK (HE, PSD, Obtaining of own funds, Obtaining governmental grants and Management & Administration) takes place as follows:

Expenses which can be qualified as project expenditures (for instance Rent of lecture rooms & training space, reimbursements to trainers, travel and accommodation expenses of participants and trainers, reading materials, etc) are directly allocated to the objective HE & PSD.

These expenditures are presented under "Grants and Contributions".

Operational and organisational costs of the field offices regarding "Publicity and Communication", "Personnel costs", "Housing costs", "Office and general costs" and "Depreciation and Interest" are also directly allocated to the objectives. If a field office has worked on projects with different objectives, the expenditures are allocated towards the objectives HE and PSD based on the time spent (hour registration) on different projects.

Operational and organisation costs of the Amsterdam office are allocated to the objectives using the time registration of all International (mostly Amsterdam based) Management, Administrative & Support personnel of 2010.

An exception to this, are the promotion expenses occurred in The Netherlands, and direct costs for obtaining governmental grants. These are directly allocated towards the objectives "costs of own fundraising" and "costs of obtaining governmental grants".

Projectmanagement, Finance and IT hours directly registered on projects, are allocated to the objectives HE and PSD.

Indirect hours regarding Finance, IT, Organisation and Personnel are allocated to Management & Administration (=overhead). Absence days were not taken into account when allocating, except when the total number of estimated working days was determined for the budget.

(Indirect) Hours regarding Fundraising Governmental grants are allocated to the objective "Obtaining governmental grants".

(Indirect) Hours regarding Fundraising Other contributions are allocated to the objective "Obtaining of own funds", as well as



## General promotion and advertisement costs

SPARK's own funds mainly consist of in kind contributions, like contributions of partners of training space, renovation costs of incubators that partners paid, free office space or usage of land, and (employers of) professors and trainers who forfit any reimbursement for the time and effort they spent on our projects.

Also the university of Amsterdam has provided us with free office space, which now is used as an incubator for young innovating NGO's.

Obtaining these contributions doesn't require a lot of time and money. Hence, only a small percentage of the operational and organisation expenses (0,09% in 2010) as well as general promotion and advertisement costs, are presented as costs for obtaining own funds.



## Annex C - Statement of division of expenditures

INCOME	REALISATION 2010 €	REALISATION 2010 %
Project (cash) grants from donors		
Grant Medefinancieringsstelsel 2007 -2010 - NLMFA	2,017,072	34.54%
Grant PSD/BSCK II 2008-2011 NLMFA	251,282	4.30%
Grant PSD/BSCK II 2008-2011 - miscellaneous	2,054	0.04%
Grant Enterprise dev. Northern Kosovo - UNDP	74,954	1.28%
Grant Bridging the Divide - NLMFA	1,127,408	19.30%
Grant EC Red programme - EU Aid	852	0.01%
Grant Mitrovica Youth Programme 2007-2008 - NLMFA	290,282	4.97%
Grant EU Tempus Georgia 2008 - 2009	61,910	1.06%
Grant King Badouin Foundation - scholarship database	10,076	0.17%
Grant VIP Moldova - Bartimeus / MATRA	3,972	0.07%
Grant Mitrovica College - SIDA / Denmark	1,806,357	30.93%
Grant Mitrovica College - NLMFA	131,106	2.24%
	<b>5,777,324</b>	<b>98.92%</b>





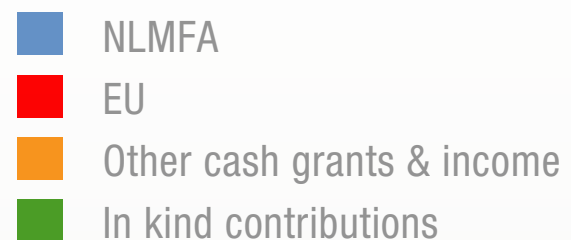
## Annex C - Statement of division of expenditures

INCOME	REALISATION 2010 €	REALISATION 2010 %
Other income		
Grant Medefinancieringsstelsel in kind - rent, human resources and other	15,374	0.26%
PSD/BSCK II in kind - rent, human resources and other	800	0.01%
MYP in kind - visitation professor remunerations	11,130	0.19%
Mitrovica College - land contribution	8,578	0.15%
Contribution in kind - rent University of Amsterdam	8,000	0.14%
Other miscellaneous income	19,452	0.33%
	<b>63,334</b>	<b>1.08%</b>
<b>TOTAL INCOME</b>	<b>5,840,659</b>	<b>100.00%</b>
Own contributions participants	<b>13,952</b>	



## Annex C - Statement of division of expenditures

INCOME & PERCENTAGES PER DONOR / ORIGIN	REALISATION 2010 €	REALISATION 2010 %
NLMFA	3,821,121	65.42%
EU	62,762	1.07%
Other cash grants & income	1,912,893	32.75%
In kind contributions	43,882	0.75%
	<b>5,840,659</b>	<b>100.00%</b>



### 25% OTHER FUNDING OBLIGATION MFS:

#### 2010 CALCULATION ON ACCRUAL BASIS IN KIND CONTRIBUTIONS INCLUDED

Total MFS 2010 grant NLMFA	2,017,072	49.80%
Non - NLMFA grants & contributions 2010 SPARK Total incl in kind	2,033,489	50.20%
	<b>4,050,561</b>	<b>100.00%</b>



## Annex C - Statement of division of expenditures

INCOME & PERCENTAGES PER DONOR / ORIGIN	REALISATION 2010 %	BUDGET 2010 %
Other percentages of interest		
Overhead % (Management & administration costs / Total costs)	2.87%	7.03%
NL organisational (personnel, office, fixed organisation) costs versus total costs	13.85%	18.10%
NL versus total costs	16.76%	22.30%
NL labor costs versus total costs	10.67%	14.98%
NL labor versus total labor costs (ex non-SPARK)	81.15%	55.17%
NL labor + local labor costs versus total costs	13.15%	27.16%
NL + local office & labor costs versus total costs	20.28%	38.95%
Programme spending ratio	83.64%	74.34%

The programme spending ratio is the percentage of total spending on the projects (incl additions to allocated project funds) divided through total income.





## Abbreviations used:

### PROJECTS:

College	The European College Business Studies & Public Administration in Mitrovica, Kosovo (College)
EU Red	EU Support for Regional Economic Development, Northern Kosovo
IBCM	The European College Business Studies & Public Administration in Mitrovica, Kosovo (College)
KBF II	Maintenance scholarship database KBF
MFS	Medefinancieringsstelsel subsidie - 'Business Support centres- from Idea to Business'
MYP	Mitrovica Youth Programme (from exclusion to regional intergration)
PSD/BSCK II	Enabling Private Sector Development in the Balkans
Scanning	Scanning of Documents at the Universities in Pristina & Mitrovica
Tempus Georgia	Developing an Internal Quality Assurance System at the Telavi State University
UNDP	Entreprise development Northern Kosovo
VIP Moldova	VIP business support program financed by Bartimeus/MATRA

### DONOR ORGANISATIONS:

Bartimeus	Bartimeus International
CBM	Community Building Mitrovica
Denmark	The Ministry of Foreign Affairs of Denmark
EU Aid	EuropeAid
EC	European Commission
KBF	King Badouin Foundation
NLMFA	Dutch Ministry of Foreign Affairs
SIDA	Swedish International Development Cooperation Agency
UNDP	United Nations Development Programme
UvA	Universiteit van Amsterdam



## Specification of the result 2010 per project

INCOME	NL	MFS	PSD/ BSCK II	UNDP	Bridging the Divide	EC RED	MYP	Tempus Georgia	KBF Phase II	VIP Moldova	Mitrovica College	TOTAL 2010
Project grants from donors	€	€	€	€	€	€	€	€	€	€	€	€
Grant Medefinancieringsstelsel 2007 -2010 - NLMFA	2,017,072	2,017,072										
Grant PSD/BSCK II 2008-2011 NLMFA	251,282		251,282									
Grant PSD/BSCK II 2008-2011 - other miscellaneous	2,054		2,054									
Grant Enterprise dev. Northern Kosovo - UNDP	74,954			74,954								
Grant Bridging the Divide - NLMFA	1,127,408				1,127,408							
Grant EC Red programme - EU Aid	852					852						
Grant Mitrovica Youth Programme 2009-2010 - NLMFA	290,282						290,282					
Grant EU Tempus Georgia 2008 - 2009	61,910							61,910				
Grant King Badouin Foundation - scholarship database	10,076								10,076			
Grant VIP Moldova - Bartimeus / MATRA	3,972									3,972		
Grant Mitrovica College - SIDA / Denmark	1,806,357										1,806,357	
Grant Mitrovica College - NLMFA	131,106										131,106	
<b>TOTAL INCOME</b>	<b>5,777,324</b>	<b>2,017,072</b>	<b>253,336</b>	<b>74,954</b>	<b>1,127,408</b>	<b>852</b>	<b>290,282</b>	<b>61,910</b>	<b>10,076</b>	<b>3,972</b>	<b>1,937,464</b>	<b>5,777,324</b>



## Specification of the result 2010 per project

INCOME	NL	MFS	PSD/ BSCK II	UNDP	Bridging the Divide	EC RED	MYP	Tempus Georgia	KBF Phase II	VIP Moldova	Mitrovica College	TOTAL 2010
Other income	€	€	€	€	€	€	€	€	€	€	€	€
Medefinancieringsstelsel in kind - rent, human resources and other	15,374	15,374										<b>15,374</b>
PSD/BSCK II in kind - rent, human resources and other	800		800									<b>800</b>
MYP in kind - vision professor remunerations	11,130						11,130					<b>11,130</b>
Mitrovica College - land contribution	8,578										8,578	<b>8,578</b>
Contribution in kind - rent University of Amsterdam	8,000											<b>8,000</b>
Other miscellaneous income	19,452											<b>19,452</b>
<b>TOTAL</b>	<b>63,334</b>	<b>15,374</b>	<b>800</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>11,130</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>8,578</b>	<b>63,334</b>
<b>TOTAL INCOME</b>	<b>5,840,659</b>	<b>2,032,446</b>	<b>254,136</b>	<b>74,954</b>	<b>1,127,408</b>	<b>852</b>	<b>301,412</b>	<b>61,910</b>	<b>10,076</b>	<b>3,972</b>	<b>1,946,042</b>	<b>5,840,659</b>





## Specification of the result 2010 per project

EXPENDITURE	NL	MFS	PSD/ BSCK II	UNDP	Bridging the Divide	EC RED	MYP	Tempus Georgia	KBF Phase II	VIP Moldova	Mitrovica College	TOTAL 2010
Labor costs international support staff	€	€	€	€	€	€	€	€	€	€	€	€
Gross salaries	485,702											485,702
Social security premiums	50,540											50,540
Pension schemes	10,852											10,852
Other personnel costs	15,793		771		1,840		437					18,841
	<b>562,887</b>											
<b>Amsterdam Office Costs</b>												
Rent and utilities	47,793											47,793
Small office equipment	0											0
Office supplies	11,297											11,297
Telecommunication	10,571											10,571
Postage	1,589											1,589
IT infrastructure services - maintenance	10,889											10,889
Other office costs	1,057											1,057
	<b>83,196</b>											
Abroad offices Labor costs project coordination		17,739	21,947	7,606			34,324				49,092	130,708
Abroad offices housing costs		2,244	3,669				6,120				7,013	19,047
Abroad offices office costs		4,489	7,339				9,990				14,026	35,844
<b>TOTAL</b>	<b>646,083</b>	<b>24,472</b>	<b>33,726</b>	<b>7,606</b>	<b>1,840</b>	<b>0</b>	<b>50,870</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>70,131</b>	<b>834,730</b>



## Specification of the result 2010 per project

PROJECT ACTIVITIES COSTS (NON TRAVEL & ACCOMODATION)	NL	MFS	PSD/ BSCK II	UNDP	Bridging the Divide	EC RED	MYP	Tempus Georgia	KBF Phase II	VIP Moldova	Mitrovica College	TOTAL 2010
All programs remuneration partners, travel costs etc	€	€	€	€	€	€	€	€	€	€	€	€
Project coordination project partners		111,587	-16,000	35,834	238,861		1,230	4,265				<b>375,777</b>
Volunteers/interns and logistic officers		25,496	1,500				2,583				3,949	<b>33,528</b>
College staff remunerations											193,069	<b>193,069</b>
(Co-)professor / teaching staff remunerations							3,300				433,947	<b>437,247</b>
Committee, trainers and other remunerations		85,923	-944	8,182			8,755					<b>101,916</b>
Local business consultants & jury members		195,366	-6,491									<b>188,875</b>
Visiting professor remunerations - in kind							11,130					<b>11,130</b>
Consultancy / other human resources - in kind		2,774	300									<b>3,074</b>
Travel costs SPARK Staff		38,717	12,670		4,354		18,911		370	972	24,548	<b>100,542</b>
Travel costs Students / training participants (part in kind)		3,389					23,677					<b>27,066</b>
Travel costs teachers, professors, experts and trainers		-474	2,519	3,035			15,616				61,707	<b>82,402</b>
Travel costs Stakeholders and other participants		32,337	6,170	2,181			9,485	29,386			50,829	<b>130,388</b>



## Specification of the result 2010 per project

PROJECT ACTIVITIES COSTS (NON TRAVEL & ACCOMODATION)	NL	MFS	PSD/ BSCK II	UNDP	Bridging the Divide	EC RED	MYP	Tempus Georgia	KBF Phase II	VIP Moldova	Mitrovica College	TOTAL 2010
Private Sector development programs	€	€	€	€	€	€	€	€	€	€	€	€
<b>Capacity building of partners</b>												
Establishment Business Start-Up Centres, Incubators and BAC's		260,392		3,624								<b>264,016</b>
Establishment Business Incubators - in kind		12,600										<b>12,600</b>
Curricula development		1,302										<b>1,302</b>
Training / capacity building of partner institutions		54,865	9,131									<b>63,996</b>
Support to regional Business Start-up centres		-13,990										<b>-13,990</b>
ICT development BSC's		18,182										<b>18,182</b>
SENSI network established			4,695									<b>4,695</b>
Coordination meetings		-42										<b>-42</b>
Training/conference facilities - in kind			500									<b>500</b>
<b>Direct Poverty Allevation</b>												
Business plan competitions		-14,957										<b>-14,957</b>
Course programmes / business trainings		28,259	-3,693	4,621								<b>29,187</b>
Internship programme			8,000									<b>8,000</b>
Consultancy & loans for SME's		300,477	20,000									<b>-103,523</b>
Deposits in Microcredit funds		-424,000										
Introducing ISO standards		153,322										<b>153,322</b>
Other promotion & visibility						852						<b>852</b>





## Specification of the result 2010 per project

PROJECT ACTIVITIES COSTS (NON TRAVEL & ACCOMODATION)	NL	MFS	PSD/ BSCK II	UNDP	Bridging the Divide	EC RED	MYP	Tempus Georgia	KBF Phase II	VIP Moldova	Mitrovica College	TOTAL 2010
	€	€	€	€	€	€	€	€	€	€	€	€
<b>Policymaking</b>												
Policy making		13,659										<b>13,659</b>
Conferences / events in NL		75,429										<b>75,429</b>
Regional conferences		12,904	20,170									<b>33,074</b>
<b>Bridging the Divide</b>												
Component I - Infrastructure Upgrades					465,350							<b>465,350</b>
Component II- M-M@G & Mi:2					150,383							<b>150,383</b>
Component III - Centre for Resources, Youth and Media (CRYM)					231,530							<b>231,530</b>
Other direct project costs (IT equipment)					3,300							<b>3,300</b>
<b>Higher Education programmes</b>												
<b>Summer / winter courses</b>												
Recreational programmes (part in kind)							3,782					<b>3,782</b>
Course programmes							3,076					<b>3,076</b>
Reading & Teaching materials							9,890					<b>9,890</b>
Translation of materials & interpretation							2,863					<b>2,863</b>
Certificates & information packs courses / training programs							546					<b>546</b>
Forums, seminars & workshops							1,240					<b>1,240</b>
Stakeholder conferences							21,079					<b>21,079</b>
Training / capacity building of partner institutions							12,015					<b>12,015</b>



## Specification of the result 2010 per project

PROJECT ACTIVITIES COSTS (NON TRAVEL & ACCOMODATION)	NL	MFS	PSD/ BSCK II	UNDP	Bridging the Divide	EC RED	MYP	Tempus Georgia	KBF Phase II	VIP Moldova	Mitrovica College	TOTAL 2010
Establishing International business College Mitrovica	€	€	€	€	€	€	€	€	€	€	€	€
Interim costs College & moving costs											235,985	<b>235,985</b>
Construction of College											50,380	<b>50,380</b>
Construction of College - in kind contribution land											8,578	<b>8,578</b>
Equipment of College											93,589	<b>93,589</b>
Running costs college											54,579	<b>54,579</b>
Start-up costs College including License											10,809	<b>10,809</b>
Transitional year programme											6,118	<b>6,118</b>
Curricula development											123	<b>123</b>
Promotion, Admission & Scholarships											75,316	<b>75,316</b>
Carreer & Alumni centre College including Internships											23	<b>23</b>
Quality Assurance Centre College											97,806	<b>97,806</b>
<b>Other Higher Education projects</b>												
Scanning personnel							28,390					<b>28,390</b>
Development scholarship database KBF									5,306			<b>5,306</b>
Equipment cost Tempus Georgia								11,287				<b>11,287</b>
Translation & printing costs Tempus Georgia								16,842				<b>16,842</b>
Contingencies							307					<b>307</b>
Own contributions participants		-2,303					-1,705				-9,944	<b>-13,952</b>
<b>TOTAL</b>	<b>0</b>	<b>971,215</b>	<b>58,528</b>	<b>57,477</b>	<b>1,093,777</b>	<b>852</b>	<b>176,169</b>	<b>61,780</b>	<b>5,676</b>	<b>972</b>	<b>1,391,411</b>	<b>3,817,856</b>



## Specification of the result 2010 per project

PROJECT ACTIVITIES COSTS (NON TRAVEL & ACCOMODATION)	NL	MFS	PSD/ BSCK II	UNDP	Bridging the Divide	EC RED	MYP	Tempus Georgia	KBF Phase II	VIP Moldova	Mitrovica College	TOTAL 2010
Other Activities Costs	€	€	€	€	€	€	€	€	€	€	€	€
(Project) promotion and advertising	3,236	80,032	2,293	6,983			6,150				190,855	<b>289,549</b>
Project evaluation and reports	3,030	39,924	250				1,272					<b>44,476</b>
Feasibility studies, fundraising, conferences and project acquisition	90,307											<b>90,307</b>
SPARK support/donations to projects in NL and NL visibility	2,121											<b>2,121</b>
Alumni programme	0											<b>0</b>
Special projects funded by SPARK (incl deficit Scanning)	14,715											<b>14,715</b>
Contingencies	30,408											<b>30,408</b>
<b>TOTAL</b>	<b>143,817</b>	<b>119,956</b>	<b>2,543</b>	<b>6,983</b>	<b>0</b>	<b>0</b>	<b>7,422</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>190,855</b>	<b>471,576</b>

### Organisation Costs

#### Fixed organisation costs

Organisational fees and memberships	7,860											<b>7,860</b>
Administration and auditing	30,548	21,576	2,500	418			1,206				11,900	<b>68,148</b>
Insurances	2,024										923	<b>2,024</b>
Representation	3,663	5,466	186	490	5		286					<b>11,020</b>
Depreciation on fixed assets	9,411											<b>9,411</b>
Other general expenditures	455											<b>455</b>





## Specification of the result 2010 per project

PROJECT ACTIVITIES COSTS (NON TRAVEL & ACCOMODATION)	NL	MFS	PSD/ BSCK II	UNDP	Bridging the Divide	EC RED	MYP	Tempus Georgia	KBF Phase II	VIP Moldova	Mitrovica College	TOTAL 2010
Variable organsation costs	€	€	€	€	€	€	€	€	€	€	€	€
Quality assurance	7,490											7,490
SPARK staff training & development	19,402											19,402
Development / Purchase of Finance Software	115											115
Development of IT infrastructure	0											0
<b>TOTAL</b>	<b>80,968</b>	<b>27,042</b>	<b>2,686</b>	<b>908</b>	<b>5</b>	<b>0</b>	<b>1,492</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>12,823</b>	<b>125,925</b>
Interests and bank costs												
Interest	-3,835											-3,835
Interest received on microcredit funds	-15,566											-15,566
Administrative costs fund mgt & bankrupt loans	26,902											26,902
Bank transaction fees	5,466	10,073	405				85	130				16,159
<b>TOTAL</b>	<b>12,967</b>	<b>10,073</b>	<b>405</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>85</b>	<b>130</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>23,660</b>
<b>TOTAL COSTS</b>	<b>883,835</b>	<b>1,152,758</b>	<b>97,888</b>	<b>72,975</b>	<b>1,095,622</b>	<b>852</b>	<b>236,038</b>	<b>61,910</b>	<b>5,676</b>	<b>972</b>	<b>1,665,220</b>	<b>5,273,746</b>
<b>NET RESULT</b>		<b>879,688</b>	<b>156,248</b>	<b>1,979</b>	<b>31,786</b>	<b>0</b>	<b>65,374</b>	<b>0</b>	<b>4400</b>	<b>3,000</b>	<b>280,822</b>	<b>566,912</b>



## INDEPENDENT AUDITOR'S REPORT

To: the Board of Spark, Amsterdam, The Netherlands

### Report on the financial statements

We have audited the accompanying financial statements of Spark, Amsterdam, which comprise the balance sheet as at 31 December 2010, 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.

### Management's responsibility

Management is responsible for the preparation and fair presentation of these financial statements and for the preparation of the management board report, both in accordance with the Guidelines for annual reporting of the Dutch Accounting Standards Board, especially Guideline 650 "Fundraising Institutions". Furthermore management is responsible for such internal control as it determines 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. 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 management, 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.

Dubois & Co. Registeraccountants is een maatschap van praktijkvennootschappen. Op alle opdrachten die aan ons kantoor worden verstrekt zijn onze algemene voorwaarden van toepassing. Deze voorwaarden, waaraan de tekst is opgenomen op de website [www.dubois.nl](http://www.dubois.nl), bevatten een aansprakelijkheidsbeperking.

### Opinion with respect to the financial statements

In our opinion, the financial statements give a true and fair view of the financial position of Spark, Amsterdam as at December 31, 2010 and of its result for the year then ended in accordance with Guidelines for annual reporting of the Dutch Accounting Standards Board, especially Guideline 650 "Fundraising Institutions".

### Report on the compatibility of the annual report and the financial statements

We report, to the extent of our competence, that the management board report is consistent with the financial statements.

Amsterdam, 23 June 2011

Dubois & Co. Registeraccountants

Signed on original:  
G. Visser

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