

## Annual report 2010



In its 10<sup>th</sup> year of existence VNG International faced both windfall and headwind. The windfall consisted of a significant project portfolio, a large number of Dutch municipalities participating in our programmes and a high client satisfaction. The headwind was the dwindling political support for our flagship programme LOGO South that mobilizes the expertise of Dutch municipalities for stronger democratic local government worldwide.

Our portfolio consisted of some 50 projects and programmes. New assignments were achieved in Mali, Bosnia, Iraq, Namibia, Ghana, Cameroon, Tanzania and Mozambique as well as in two regions notably the ACP and ENPI regions<sup>1</sup>. The Dutch Ministry of Foreign Affairs remains our principal client followed by the European Commission and other bilateral donors (France, Germany and Sweden).

An example of a new assignment is VNG International's technical support to the EU CIUDAD programme, which capacitates local governments in the ENPI region through exchange of experience and cooperation between some 100 cities in the EU and in the partner countries. VNG International's role is to provide technical assistance and support to the cities that have received EC grants.

In 2010 VNG International also started ARIAL. This EU funded programme was set up to promote the political recognition and engagement of local governments as important players and partners of development in Africa, the Caribbean and the Pacific region. This will be done by developing the capacity of local government associations at the national, regional and continental levels.

Projects that were closed in 2010 include the first phase of the Municipal Support Programme in Serbia and the Municipal Cooperation with the Netherlands Antilles and Aruba project. In Serbia infrastructure projects were prepared, regional development agencies set-up and capacities in the field of finance management, procurement and budgeting were strengthened. The cooperation projects with the Netherlands Antilles have developed capacities in local administrations through internships, advisory missions and training series.

Major events organized in 2010 include a conference for all Kosovar Mayors and Deputy Mayors to disseminate the tools developed in the EU-funded Local Government Support project as well as the other results of the project. The Millennium Municipalities Campaign organised a national symposium in the city of Utrecht, celebrating that 150 Dutch municipalities had joined the campaign representing over 50% of the Dutch population. Municipalities which participate in the campaign promise to promote and help realise, together with citizens and local businesses, the millennium development goals.

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<sup>1</sup> ACP is Africa, Caribbean, Pacific; ENPI is European Neighbourhood and Partner Instrument (i.e. countries bordering the European Union)

As mentioned above, our flagship LOGO South programme, involving Dutch local authorities for stronger local government in developing countries, faced serious headwind. The 2011 budget was reduced to zero by a decision, with the smallest possible majority, of the Dutch House of Representatives, a decision which was refuted unanimously by the Senate in March 2011.

## New business plan 2011 - 2015

In the spring of 2010 we developed our business plan 2011 – 2015. The plan is based on our conviction that, even in a changing environment, our unique selling point is based on our close relationship with local governments and our ability to utilise the knowledge and hands-on experience of local government experts in the projects we implement. Despite the external uncertainties, we succeeded to formulate, in an interactive process with staff and clients, an inspiring new plan for VNG International in which personal entrepreneurship and collective collaboration in our international network of local governments are key values. In summary it focuses on the intensification of our efforts to win service contracts, to defend a minimum position on the temporarily reduced market of decentralised cooperation and to expand our capacity to develop concrete products for direct sale to local governments, their associations and ministries for local government abroad. Investments have been made to develop tools that improve municipal performance through mutual learning and comparing on the basis of performance indicators (benchmarking).

### Strong support

2010 was an extremely demanding year as a result of our large project portfolio, acquisition of new work, the development of a new business plan whilst coping with budget cuts and political disappointments. We managed well thanks to the willpower of the VNG International team. The strong support we received from many local governments and associations of municipalities and related organisations in the world after the budget cut by the Dutch House of Representatives has been impressive and motivating.

### Financially one of the best years

From a financial point of view 2010 has been one of the best years ever for VNG International. With a turn-over of € 17.8 million and a net profit after taxes of € 387.000 we have beaten our budget for 2010. These consolidated figures include daughters in South Africa, Czech Republic and Mexico. CMRA in South Africa had another excellent year and MEPCO in the Czech Republic managed to avoid red figures whilst facing a competitive home market. Due to political developments in Mexico the operations of PROLOCAL were frozen. After its failure in 2009 CLRDU in Ukraine has been liquidated in 2010.

## Expectations for 2011

VNG International is optimistic for 2011 based on its expanding project portfolio and diversification of international clients. Support to Local Governments as service providers and their role in regional and local economic development remains at the forefront of international clients. At home, the Dutch International Cooperation Minister Ben Knapen has explicitly invited VNG International for dialogue to overcome the deadlock after the decision of the House of Representatives.

The so-called 'Arab spring' is not easy to analyze, but we hope it will result in the opening up of the political system and more inclusive socio-economic development in North Africa and the Middle East. We are confident that the knowledge and experience we have built up in transition processes in many countries can be of support in this historic process of change.

The link with mother VNG and municipalities in the Netherlands remains for VNG International a unique selling point. Based on this, we have developed into an international project organisation for strong and democratic local government worldwide. An organisation which works ever more closely with other national associations of local authorities. It is our vision that this can grow into a powerful worldwide network that can provide services from an intercultural background to help improve the performance of local governments all over the world.

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