



spark

annual report

2016

Alau James Vincent
OBI Millers, South Soudan

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Preface by the Board of Directors

2016 has been a very exciting year for SPARK. New challenging programmes to promote youth job creation in North Africa started, and our Syria programmes scaled substantially.

On the other hand, large programmes, such as an Entrepreneurship Development Programme in five fragile states have come to an end. More importantly, our partnership portfolio has broadened significantly. Whilst the Dutch Ministry of Foreign Affairs remains to be a key partner, flourishing new partnerships were started with the private sector, philanthropists, the Gulf and multilateral organisations. Also, in terms of programme outcomes such as jobs created and businesses supported, SPARK continues on its path of steady growth. SPARK's turnover in 2016 was 12.345.392 Euro as compared to 10.439.494 Euro in 2015. The percentage of budget allocated to Entrepreneurship and SME development accounted for 36% whilst 64% was spent on Higher Education Development. In 2015 this was respectively 74% and 26%.

In response to the migrant crisis, SPARK also expanded its operation in North Africa and the Horn of Africa. A new programme, 'LEAD', kicked off in Somalia, Libya and Tunisia to tackle migration and radicalisation through employment. Creating the preconditions for economic opportunity for youth and refugees in both the MENA and Europe became a prominent thematic focus in 2016.

Geographically, new operations were started in Lebanon and Jordan, and activities in Somalia, Turkey, Iraq/KRI and Syria were significantly scaled. However, operations in Mali, Myanmar and South Sudan were closed, and operations

in Kosovo, Burundi, Liberia and the Occupied Palestinian Territories were reduced partly due to ending programmes but also in order to retain a solid organisational grip and continue to deliver high quality service in all locations we operate in.

The changes in programming encouraged development of new capabilities, in particular in working in the new MENA states and with refugee populations. This has expedited our ongoing decentralisation process. Moving flexibly in complex and rapidly changing environments is now done by strong local teams that can make decisions locally. Operating more independently, field offices have gained wide-ranging expertise and knowledge of higher education, entrepreneurship and business development in their respective countries, which often face distinct challenges from region to region.

Also, in the years to come SPARK will address the root causes and effects of the migration crisis, radicalisation and instability both in the fragile states where these challenges originate, and in Europe.

Yannick du Pont
Michel Richter

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Executive Summary

This Annual Report outlines SPARK's major programme activities, achievements, success stories and financial overview of the organisation in 2016.

These programmes include: Agri Business Creation (ABC), Cooperatives Support Programme (CSP), Local Employment in Africa for Development (LEAD), Migrant Entrepreneurship Programme (MEP), Agri-Business Incubation Network (ABIN) Higher Education for Syrians (HES), and International Business College Mitrovica (IBCM).

For this report, the programmes were selected based on their impact and to give a wide-ranging cross-section of SPARK's work within higher education and entrepreneurship development in conflict-affected regions.

The crisis in Syria hugely influenced SPARK's programming in 2016. SPARK scaled up the HES programme to provide higher education scholarships to thousands of Syrian youth, enrolling them in universities across hosting countries (Lebanon, Jordan, Turkey, Syria, Iraq/KRI, East Jerusalem and West Bank). Affording Syrian refugees the opportunity to continue their studies in neighbouring countries will ensure that an educated workforce is available to rebuild Syria once the conflict is over. In total, SPARK awarded 3148 scholarships across the region; 2980 were awarded to Syrian students, 50 to Palestinians, the remaining scholarships were awarded to vulnerable students from host communities.

SPARK also remained dedicated to its long time

operations in places such as Kosovo and Liberia. For example, in Kosovo, the IBCM opened a new state-of-the-art campus and saw its student intake increase by 30%, compared to 2015. However, a severe challenge for 2017 will be the sustainability of the institution. Despite the Government of Kosovo reaffirming their commitment to providing core operational financial support for the IBCM over the next five years, at the time of writing no confirmation has been received, so the closing of IBCM is being prepared.

In 2016, SPARK began implementing the LEAD programme in Somalia, Tunisia and Libya. The programme supports new and existing entrepreneurs with business coaching, training and access to finance and markets, in order to reduce economic migration and radicalisation of young people. To do so, LEAD works with an alliance of experienced local partner organisations: Shaqodoon in Somalia, Institutional Advocacy Champion for Economy (IACE) and Tunisian Association for Management and Social Stability (TAMSS) in Tunisia, and Enala in Libya. Together with its partners, the LEAD programme began with an initial needs assessment of existing entrepreneurs/SMEs in Somalia and Libya, and launched an entrepreneurship centre in Tunisia.

SPARK's ABC programme strengthens human and food security through rapid rural job creation in fragile states including South Sudan, Burundi and

Yemen. For example, in Burundi, 26 enterprises were started or supported and a total of 427 jobs were created in the value chains of white sorghum, fruits and honey.

In addition to the ABC programme in Burundi, SPARK provides livelihoods and sustainable job creation through its ABIN programme. ABIN establishes a network of agribusiness incubation centres and helps marginalised groups in rural areas to start agribusinesses. In 2016, the ABIN programme built an Agribusiness Incubation Centre and created 23 jobs.

Despite many new projects opening, this year also signalled the end of two of SPARK's major programmes: CSP and the MEP, which both entered the final year of implementation in 2016. CSP, which ran for three years, focused on the acceleration of agribusiness cooperatives development in Rwanda, and contributed to food security and stability. The MEP spanned 6 countries and aimed to support young, ambitious migrants with plans to start or expand a business in their country of origin.

In total, SPARK's activities in all programme countries in 2016 resulted in 3743 jobs being created, 6233 entrepreneurs trained or coached and 3148 scholarships being awarded.

During the same year, the fourth IGNITE conference 'Tackling Instability, Radicalisation and Forced Migration' was attended by around 350 guests from across the world. The conference engaged a wide range of international organisations, such as

UNDP, Centre for International Private Enterprise (CIPE), The Hague Institute for Global Justice, Al Fakhoora, International Financial Corporation (IFC) and New York University (NYU). IGNITE provided a networking opportunity for donors, partners, stakeholders and beneficiaries seeking collaboration or support. The event put higher education and entrepreneurship development in fragile states higher on the public and political agenda.

In 2017 several new programmes will take off, several significantly scale up and other draw to an end. For example, our new programme 'Improve Employment Opportunities in Jordan' and the 'Human Safety Net - Migrant entrepreneurship' programme will take off. Our LEAD programme will expand its area of activities and focus on supporting SMEs through access to new markets and finance. Under our HES programme, we will increase the number of scholarship holders to 4000 from 3148 in 2016. At the same year, our ABIN and ABC programmes implementation will draw to an end.

Elfreda Mayson
Jola House, Liberia



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About SPARK

Vision

SPARK believes that inclusive economic growth and poverty eradication, through access to education and the creation of decent work for youth, women and marginalised groups, make a major contribution to promoting sustainable peace in fragile states.

Mission

SPARK develops higher education and entrepreneurship to empower young, ambitious people to lead their conflict affected societies into prosperity.

Strategies

- Capacity Building of economic and educational partner institutions.
- Access to higher education through scholarships, curriculum development, e-learning solutions and facilitation of diploma recognition.
- Direct poverty alleviation through business growth and employment generation.
- Policy making & advocacy to create enabling business environment & support more effective participation of partner institutions.

SPARK Organisation 2016

Main Highlights 2016



worked in
17
countries



worked on
16
programmes

jobs created



3743¹

¹ The results of the ABC, CSP, LEAD, MEP, BSPII, LITR and BIAB programmes.

potential and existing entrepreneurs
trained/coached



6233²

² The results of the ABC, LEAD, MEP, ABIN, BSPII, LITR and BIAB programmes.

MSMEs created/supported



250³

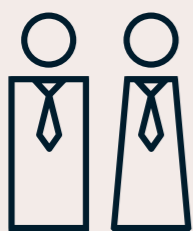
³ The results of the ABC, LEAD, MEP, BSPII, LITR and BIAB programmes.

scholarships awarded



3148⁴

⁴ The results of the HES programme.

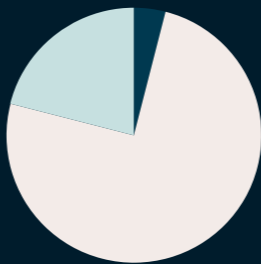


has
101
employees



85%
of staff working in
SPARK's country offices

Income



Income: €12.3m

4% own funding
75% income from NLMFA
21% Other Institutional Donors

Expenditure



Expenditure: €12.4m

94% spent on objectives
(60%) spent on Higher Education
(34%) spent on private sector development
(4%) spent on own fundraising

(2%) overhead



Students' Graduation Ceremony
American University of Beirut, Lebanon



4 Risk Analysis

Ange Muyabira
Kaz' O' Zah Arts Crafts, Burundi

Risk Analysis

SPARK is working in conflict affected environments. Working in such environments brings additional risks. In order to mitigate risks, SPARK uses a range of tools for risk management (see table).

Most important risks 2016

General and Programmatic Risks	Probability	Impact	Impact description	New development as compared to last year	Problem	Mitigation Strategy
Loss of added value as development organisation	**	***	Declined (financial) support for SPARK mission.	As last year.	Private sector development has received increasing attention, this could result in a decrease in SPARK's relevance.	Learning, innovation and continuous development of distinctive approach.
Limited span of control due to broad geographical and programmatic scope in very challenging environments	**	**	Lack of results.	As last year.	There is tension between donor's inclination to reduce implementation costs and SPARK's experience of comparatively high costs inherent in working in FCAS.	Reduce # of countries.
Insufficient capacity of local partner organisations	***	**	Lack of sustainable results and financial irregularities and erratic reporting on the part of partner organisations.	As last year.	Building local capacity takes time, while funding local partners have an interest in fast job creation to rapidly increase the level of stability.	Two-tier approach of implementation activities and capacity building of local partners; rigid selection criteria.
Slow starts to programmes	***	**	Late outcome results and declining public/donor support.	With a number of new programmes initiated in 2016, the probability of this risk slightly increased.	SPARK's communication with donors when establishing a programme is generally good; the assumptions underlying planning could be more realistic.	Realistic planning & programme additional implementation resources at the outset of a programme.
Financial Risks						
High dependence on a limited number of donors	*	***	Weaker organisational sustainability.	The donor portfolio has become more diversified.	Traditionally, SPARK has received substantial funding from NLMFA. The NLMFA constitutes the large part of our annual budget.	Increase acquisition activities and diversification of donor portfolio.
Fraud within the organisation or among partners	**	**	Lost funds and financial, and reputational damage for SPARK.	As last year.	Due to low level of rule of law and often high corruption levels, fraudulent activities can occur.	Rigid implementation of Partner and Sanctions Policy; payments only in instalments.
IBCM financial sustainability	***	**	Closure of large programme without sustainability. Students affected.	Became urgent due to end of donor funds.	Government of Kosovo slow to deliver on promised operational financial support to IBCM.	Working close with GoK and int. donors on a resolution. Winding down plans development.
* = low ** = medium *** = high						

	Probability	Impact	Impact description	New development as compared to last year	Problem	Mitigation Strategy
FCAS specific Risks						
Start-up of new and unregistered operations	**	*	Delay in compliance with local regulations incurs a risk of fines. Absence of bank accounts results in higher transaction fees and added workload.	Fewer new operations started, more registrations in place.	After a conflict, countries often experience chaotic circumstances making registration a lengthy process. Fortunately, SPARK's activities are not of a political bent, so barriers can be overcome as registration is not controversial.	Open communication and high level of transparency towards host government. Open dialogue with donors.
Staff security - health issues, safety, kidnapping	***	***	Financial and reputational damage for the organisation. Psychological and physical harm for employees.	As last year.	In FCAS there is an increase potential for employees being mugged, attacked or kidnapped.	Security policy and staff training; adequate response measures; insurance.
Organisational Risks						
High staff turnover	**	**	Investment in staff capacity is lost and a substantial amount of time has to be spent on training and recruiting new staff.	As last year.	Limited budget is available to reward staff and remunerations are not always competitive. In addition, short contract durations are not exceeding the projects durations in order to limit financial risks.	Internal trainings and identification of opportunities for development; handover procedure. Create higher financial buffer to retain staff in moments of downturns.
Limited fundraising/acquisition activity	**	**	Weaker organisational sustainability and means to achieve mission.	As last year.	Improving acquisition capacity is important for development of SPARK's project portfolio.	Business Development Unit in Belgrade; recruitment of staff with respective skills; training.
Field Office Sustainability	***	*	Non-earmarked budget (SPARK own equity) lost; field experience, expertise and capability lost.	With the ending of a number of programmes this risk somewhat increased in Sub-Sahara countries.	The lack of funding due to ending programmes and possibly unsuccessful acquisition in certain countries may lead to staff de-motivation, and temporary or permanently closing of offices infrastructures and ending of staff contracts.	Ensure internal knowledge sharing across countries/programmes and continued programme development. Ensure fundraising by country staff themselves and with the support of Belgrade Office. Otherwise early (announced) closure of field offices.
* = low ** = medium *** = high						



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Summary of Programmes

Summary of SPARK programmes

Programme	Donor	Budget Spent in 2016	Duration	Objectives	Country	Main Activities	KPIs/Programme	
Agri Business Creation (ABC)	NLMFA	EUR 1,466,649	2013-2017	To strengthen human security through rapid rural job creation in fragile states.	Burundi	• Capacity building (e.g., training, coaching, assistance) for agri business cooperatives in production, management and marketing.	• # of potential and existing entrepreneurs trained/coached	4597
					South Sudan	• Capacity building (e.g., training in solar drying, loan management, savings, etc) and establishment of Business Support Centre (BSC).	• # of MSMEs created/supported	154
					Yemen	• Value chain development (coffee, strawberry, dairy, dates and honey) and access to finance. • Capacity building (e.g., training in marketing, sales, business development, bee keeping, Boats engines maintenance, etc.). • Establishment of Noah's Ark Business Incubator, two new agricultural associations and Cocoons technology.	• # of jobs created	512
Cooperatives Support Programme (CSP)	NLMFA	EUR 545,866	2013-2017	To accelerate agribusiness development by promoting rural economic growth and job creation, thus contributing to food security and stability.	Rwanda	• Support of agriculture cooperatives through trainings, coaching, market and business linkages, and access to loans. • Provision of agri Business Development Services (BDS) training and organisation of business plan competition. • Assessment of cooperatives growth and sustainability.	• # of cooperatives' members provided with training/coaching	549
							• # of cooperatives supported	99
							• # of jobs created	751
Local Employment in Africa for Development (LEAD)	NLMFA	EUR 986,234	2016-2019	To reduce irregular economic migration and radicalisation of young people to contribute to the stability of Africa.	Somalia	• Labour market analysis of the Somaliland and training and coaching to youth entrepreneurs. • Development of entrepreneurship curriculum for local Universities. Ø Delivery of summer entrepreneurship courses to youth.	• # of potential and existing entrepreneurs trained/coached	4597
					Libya	• Establishment of partnership with the local authority (Tripoli municipality centre). • Analysis of financial obstacles that local SMEs faced. • Provision of business plan training and organisation of GEW.	• # of MSMEs created/supported	5
					Tunisia	• Establishment of entrepreneurship centre. • Provision of (telephone) advice and follow up to start-up and existing entrepreneurs. • Training and coaching (e.g., legal, marketing and finance) to new and existing SMEs	• # of jobs created	30
Migrant Entrepreneurship Programme (MEP)	NLMFA	EUR 551,563	2014-2017	To support young migrants who have the ambition to start a business in their country of origin.	Afghanistan	• Support and capacity building (e.g., coaching, market research, access to finance) for SMEs creation/growth.	• # of entrepreneurs supported	221
					Ghana		• # of MSMEs created/supported	52
					Somalia		• # of jobs created	148
					Suriname			
					Kurdistan/Iraq			
Agri-Business Incubation Network (ABIN)	NLMFA	EUR 578,730	2014-2017	To establish a network of agribusiness incubation centres and help marginalised groups in rural areas to start agri-businesses in order to improve their livelihoods in Burundi.	Burundi	• Establishment of Agribusiness Incubation Centre. • Provision of training to beekeepers and agri entrepreneurs. • Establishment of selling points for female agri entrepreneurs.	• # of potential and existing entrepreneurs trained/coached	754
							• # of agri business incubation centres established	1
							• # of jobs created	23

Higher Education For Syrians (HES)	Al Fakhoora, NLMFA, EU	EUR 5,498,473	2015/2016-2019/020	Access to education (bachelors, TVET, technical diplomas, short courses) for Syrian refugees and IDP's to prepare for post-conflict reconstruction of Syria and integration in host communities	Burundi	<ul style="list-style-type: none">• Outreach campaign to refugees and establishment of online database platform.• Partnership with the local education institutions and provision of scholarships.• Provision of student services (e.g., facilitation of enrolment for refugees in local education institutions).	• # of total scholarships awarded	3148
					Turkey			
					Jordan		• % of scholarships awarded to female	45%
					Lebanon			
					Syria			
					East Jerusalem and West Bank			
					Kurdistan/Iraq			
International Business College Mitrovica (IBCM)- Phase 3	SIDA, MFAD NLMFA, SDC, DFID, EU	EUR 1,981,263	2014-2016	To increase the socio-economic stability in northern Kosovo, through cross-community business and entrepreneurship development.	Kosovo	<ul style="list-style-type: none">• Provision of higher education.• Establishment of a new campus.• Facilitation of internships for the students and organisation of Career Day conference.	• # of students enrolled	106
							• # of students graduated	51
							• % of alumni that started their businesses	16%
							• % of graduates that found employment within 6 months of graduation	81%



Khaled Al Ahmad
Student, Lebanon

6 Programmes

Agri Business Creation (ABC)

Agri-business development can play an important role in poverty eradication in many fragile states. Therefore, SPARK created the ABC programme in Burundi, South Sudan and Yemen, because poverty, human and food insecurity are among the major difficulties in these countries.

Burundi

Local agri-business entrepreneurs in Burundi were empowered by the ABC programme and its local partners (e.g. Inter Profession des Fruits du Burundi - IPFB, Caisse Cooperative d'Epargne et de Credit Mutuel- CECM, etc.). A total of 1927 business people were provided with business training, coaching, mentoring and other entrepreneurship development services. Participants ranged from people with little experience to existing entrepreneurs, with a focus on those working in the value chains of white sorghum, fruits and honey. Over the course of the year, 26 Micro Small and Medium Enterprises (MSMEs) were started or supported and a total of 427 jobs were created in selected chains.

Burundi's economy is heavily dependent on agriculture. White sorghum is one of the most promising crops in Burundi, especially in Bubanza and Cibitoke provinces. SPARK's ABC programme, along with its local partners, worked on ensuring the value chain of white sorghum by training and building the capacities of sorghum producers. However, unlike 2015, this year did not prove particularly profitable for sorghum producers due to a drop in demand by BRARUDI Beverage Company², which subsequently affected job creation.

² BRARUDI is the largest brewer and soft beverage company (of Heineken group) in Burundi. It uses white sorghum as a raw material for producing beer.

ABC also engaged in a new partnership with IPFB in order to boost the tropical fruits value chain in Burundi. The strategy behind this new partnership was to support actors in the fruits value chain, in order to create competitiveness throughout the local, regional and international markets. This was achieved through capacity building, lobbying and advocacy.

The programme bore many 'fruits', one of which was the introduction of modern fruit and vegetable stands in the provinces of Bujumbura Rural and Bujumbura Mairie. The stands aimed to improve entrepreneurs' merchandising techniques and help the vendors present their fruits and vegetables attractively, respecting hygiene standards. For the coming year, the ABC programme plans to set up three more fruit and vegetable stalls in Bubanza province. The provinces were selected based upon the programme's main areas of intervention.



Burundi

From Batwa to a Prize Winner

SPARK Stories



Epipode Kamana attended a competition in Burundi to win SPARK's fund

From an early age, Epipode, was manufacturing small-scale sisal handicrafts, such as bags for carrying fruits and vegetables. He sold his products at the national museum "Musée Vivant" in Bujumbura for more than 2 years, but remained an unknown manufacturer. He decided to enter his designs into a SPARK business competition and his life changed dramatically upon winning. Epipode's business idea was identified as having potential and he was awarded BIF 3 million (about USD 1700) in order to create 200 samples of packaging for fruit and vegetables. This initial access to finance allowed Epipode's business to grow rapidly, and he now supports 30 employees.

South Sudan

More than 50 years of conflict and instability in the Sudanese region has deepened poverty in South Sudan. Recent figures indicate that extreme poverty has increased to more than 50% in the country. Despite the current volatile economic and security situation in the country, the ABC programme offered essential agricultural technical skills and business development services to entrepreneurs through its Business Support Centre(BSC) in 2016. The BSC identified an unmet market demand for honey in Yei and Morobo and launched a beehive leasing programme that provided 300 hives to new entrepreneurs. However, unfortunately capacity building in beekeeping and access to finance has not materialised due to active conflicts in the areas, but BSC hopes to continue its work in the Greater Equatoria region as soon as possible.

As the end of the programme drew near in South Sudan, no value chain analyses were conducted. Still, despite the unstable security situation the development of the three existing value chains; horticulture, cereals and oil seed, continued as these value chains were evaluated as the most appropriate for development. Moreover, the ABC programme supported the Agro-plan sunflower seed oil processing facility based in KajoKeji to create new jobs. In the same year, the programme changed its strategy of giving loans due to unstable economic and security situation in the country.

The programme together with its local implementation partners, trained 913 existing and potential entrepreneurs, including farmers and Internally Displaced Persons (IDPs). The trainings were offered in solar drying, savings, credit cooperatives and small loan management, among others. The programme created a total of 128 MSMEs and 85 jobs for young men and women. More jobs were not created mainly due to the intensification of conflict in the country's southern regions in mid-2016.

Yemen

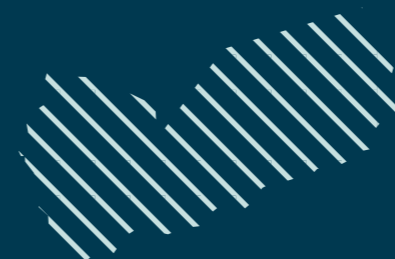
The ongoing conflict in Yemen has exasperated unemployment and poverty at an alarming rate over the past years. Figures indicate that about 60% of the youth is either unemployed or under-employed in the country. To address this, the ABC programme focused on developing the value chains of coffee, strawberries, dairy, vegetables, dates and honey in different locations throughout Yemen, such as Hodeida, Sana'a, Amran, Taiz, and Haraz. These chains were identified after market studies conducted by the programme.

In 2016, a total of 1757 existing and potential entrepreneurs in the mentioned chains received business and technical training, coaching, mentoring and other business development services. In Haraz, 15 landless farmers were trained in coffee trimming, hand picking and drying. ABC also introduced services that provide support to entrepreneurs, such as the Noah's Ark Business Incubator, which accommodated 25 youth start-ups. To ensure sustainability in our work, especially with farmers, the programme focused on rehabilitating and building the capacities of two agriculture associations.

Additionally, the business development services established in Sana'a, in partnership with the Yemen Business Club (YBC), conducted a business plan competition in the honey value chain. In order to promote local products (e.g. honey, dates etc.), an exhibition was held, an e-market was launched and three local bazars were organised to boost the sale of locally made dairy products, such as milk and cheese. In 2016, ABC embarked on work in Aden within the fisheries sector with a local partner, For All Foundation. A group of 45 fishermen received technical training in modern fishing techniques and boat engine maintenance. Additionally, the ABC programme provided opportunities in access to finance and a mix of 67 grants and loans were awarded to beneficiaries and entrepreneurs.

Business in a Conflict Situation

SPARK Stories



Yemen



Fatimah Jamaaneh
Palm Fronds, Yemen

Fatima Jaamane is a talented, date palm frond weaver from Hodeida, Yemen. She follows in the footsteps of her Yemeni ancestors by using a traditional handicraft weaving method to create modern designs and products, such as bags and hats. The ABC programme offered Fatima business and technical training to develop her skills, and she then received a loan to expand her business. Now she employs 3 other women and provides technical trainings and mentorship for other handicraft entrepreneurs.

Cooperative Support Programme (CSP)

Rwanda

Over the last two decades, Rwanda has made tremendous improvements within many areas, such as agriculture, health and gender equality.

But still, figures indicate that approximately 40 percent of Rwandans live in poverty, mainly in the rural areas. As agriculture is the main economic activity for rural households, its development can play an important role in economic growth and poverty eradication. In 2016 the CSP programme, which had been active since 2013, started winding down and supported 99 agriculture cooperatives in the value chains of maize, beans, Irish potato and horticulture.

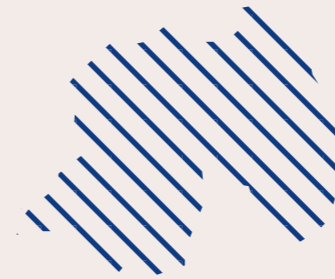
The cooperatives were intensively supported through training (e.g. entrepreneurship, access to market and finance), coaching, market and business linkages and access to agricultural loans. In collaboration with ICCO Terrafina Microfinance, 6 Micro Finance Institutions (MFIs) were supported to develop tailor-made finance products to the agribusiness cooperatives. Furthermore, the membership of cooperatives (My Farm Enterprise, member driven cooperatives and internal financing structures) were strengthened and scaled up.

In 2016, a total of 549 members of cooperatives acquired new skills and best practices relating to post-harvest handling technologies, supply chain and managerial competencies. Of a total of 99 cooperatives, 53 were facilitated in obtaining supply contracts with buyers (e.g. food processing and trading companies). This led the cooperatives to

increase production volumes by 24.9% and happily, a total of 751 jobs were created across the 99 cooperatives.

For the first time, 32 people successfully graduated from the innovative Agri-Business Development Services (Agri-BDS) course and established a professional network with the support of CSP and its local implementation partners (RICEM and Agri Pro Focus). In order to capitalise on lessons learned from the course, an agri-BDS business plan competition was organised and the three winners have started to pilot their business models with potential clients (agri SMEs and cooperatives).

As CSP began to close its last accounts, SPARK commissioned two external studies: a cooperative growth and sustainability assessment, and a CSP end line study respectively conducted by Cooperatives Assessment Academy and ILO. The first study revealed that that 79% of 99 cooperatives have positive growth which ensures their sustainability. Further, this study provided recommendations for all supported cooperatives on how to maintain their performances after the end of the programme. The second study indicated positive outcome trends compared to the baseline in terms of improved managerial competencies and increased business performances recorded by the cooperatives.



Rwanda



Vedaste Ahimana
Vedaste Clothing, Rwanda

Back on Track

SPARK Stories

COAMA (Cooperative des Agriculteurs de Mais) is a maize cooperative located in the Eastern province of Rwanda. It started operations in 2007 and has 125 members. COAMA faced many financial and managerial challenges during the first years of its formation. When CSP commenced support (e.g. coaching, advising and advocacy) in 2015, many members had left and the cooperative was about to close its doors. With dynamic proximity coaching from CSP coach, Francis Shyaka, confidence among members returned. CSP helped with matters of production and assisted in establishing connections with various buyers. Today, the cooperative is back on track. Members who left are beginning to return, and the management committee is trusted. "We really appreciate how SPARK advised us and helped to build confidence in the cooperative", and "we also appreciate the advocacy actions SPARK carried out in order to connect us to Micro Finance Institutions and to local authorities", says Jean-Bosco Simbavura, chairman of the cooperative.

Agri Business Incubation Network (ABIN)

Burundi

Burundi's economy is predominantly reliant on agriculture. Figures indicate that approximately 60% of Burundi's population lives below the poverty line, especially in the rural areas.

ABIN in Burundi, therefore, aims to establish a network of agribusiness incubation centres in rural areas to improve the livelihoods of people. The programme focused in three main provinces: Bubanza, Cibitoke, and Rumonge, where food insecurity and poverty are highest.

In 2016, ABIN with help from its local partner, Maison des Acteurs Non Etatiques (MANE), created an Agribusiness Incubation Centre(AIC) in Cibitoke. This centre is used to provide training services (e.g. processing and selling techniques, hygiene standards, merchandising, how to price the sales price for goods) for both potential and existing businesses to enable them to innovate, add value, increase production and develop new markets.

As planned in 2016, the programme was unable to create a honey cooperative because most of the beekeepers failed to pay their membership fee on time and some decided not to become members of the cooperative. Despite this, ABIN continued to work with beekeepers who did want to join focuses together and supply raw honey. Another initiative was developed with BRARUDI, who wanted to introduce banana beer as a new product. A consortium was established by ABIN in partnership with SOVIBU (Societe de Production de Vin de Bananes et de Transformation des Fruits au Burundi), ZOA (Relief Hope Recovery), and ICCO (Interchurch Organization for Development

Cooperation) to begin processing bananas into juice in order to develop the banana value chain. However, before the end of the year BRARUDI suspended the project.

The ABIN programme supported the Christa Flore Horticulture Company to participate in the International Flower Trade Expo in Kenya. As honey has floral origin, the company was requested to bring honey samples to test the demand in Burundi. The honey brought by the company was appreciated for its taste and quality. Also, during the expo, the company secured clients for its own flowers business from different countries including the Netherlands.

In the same year, ABIN built selling stations for approximately 50 women who were previously selling their fruits on tables by the side of the road. The programme not only offered shelter against the rain and sun but also gathered the women into a cooperative. Under the ABIN programme, a total of 754 existing and potential entrepreneurs were trained or coached (in marketing, how to run a business, and the necessity and benefits of getting together into cooperatives, etc) and 23 jobs were created.



Nestor Nikwubayo
Agri-Business Incubation Centre, Burundi

Local Employment In Africa For Development (LEAD)

Somalia

For the first time, the LEAD programme commenced activities in the cities of Bosaso in the region of Puntland and Hargeisa in Somaliland because of the high rate of youth unemployment in these areas.

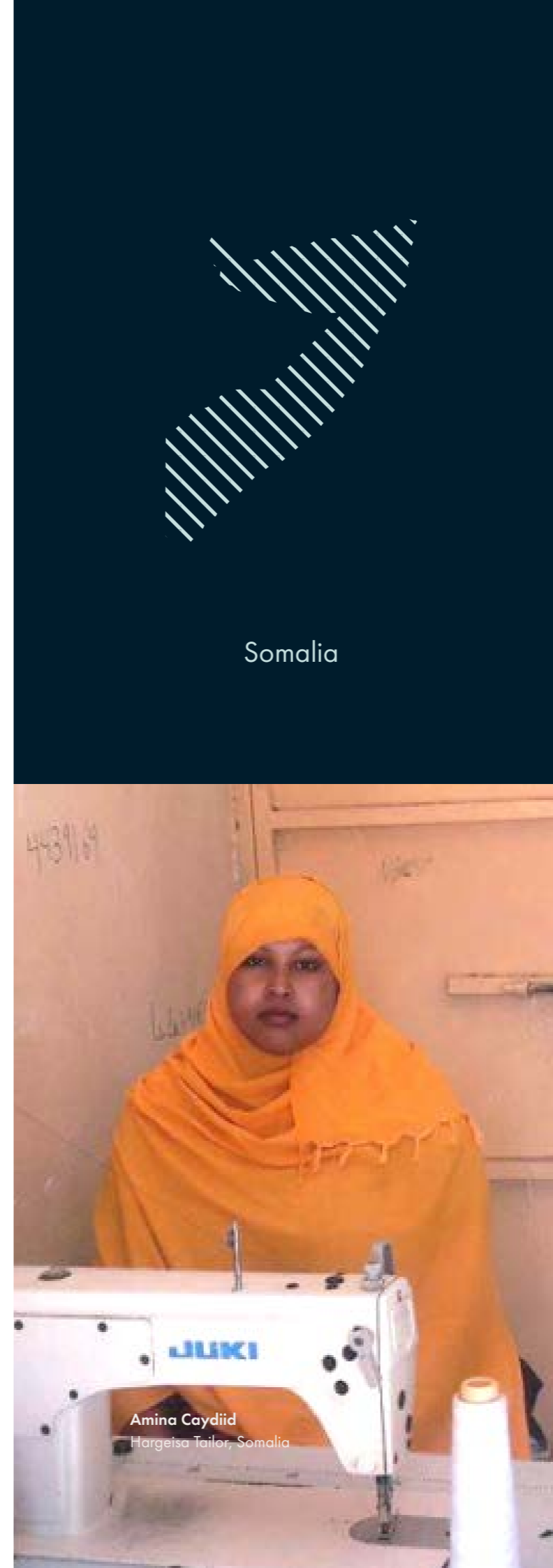
The programme began with an initial needs assessment of existing entrepreneurs and the registration of new SMEs in order to tailor the type of intervention required to the needs and challenges of each business. All in all, 805 SMEs were registered, mobilised and assessed in 2016. A total of 489 entrepreneurs received training on bookkeeping, marketing and sales, among other skills. And 907 young people participated in the Global Entrepreneurship events held by local partner, Shaqodoon, in Mogadishu and Hargeisa in order to promote entrepreneurship in education and opportunities for young entrepreneurs.

Furthermore, the LEAD programme, with the help of its partners, signed a MoU with four universities (Hargeisa, Burao, Beder International University and East Africa University) to promote entrepreneurship amongst youth. As a result, 229 students participated in the summer entrepreneurship courses offered by the universities. The LEAD programme also received 180 business plans from young entrepreneurs, who went on to receive entrepreneurship training and coaching to further improve their business plans and enterprises.

The Road to Success

SPARK Stories

Amina Caydiid is a resilient entrepreneur whose tailoring business in the bustling city of Hargeisa, Somalia, has faced numerous setbacks, even closure, over the past decade. However, in October 2016, Amina enrolled in business development training by the LEAD programme and was able to address her lack of marketing and bookkeeping skills. Amina's trainer was a qualified female business coach, Amina said: "Through the benevolent guidance and consultation I received from my trainer, I found a long-awaited solution for my business." The tailoring business has since recruited three new employees and Amina is enthusiastic to generate more employment opportunities for young people in her community.



Amina Caydiid
Hargeisa Tailor, Somalia

Libya

In September 2016, SPARK's local partner Enala carried out a needs assessment of local entrepreneurs and SMEs. Additionally, the LEAD programme and its local partner in Tripoli also conducted a survey to assess the needs and constraints faced by banks in providing support to SMEs. After several meetings with leading banks, including the Central Bank of Libya, it was agreed that technical trainings would be provided to key banking staff on risk assessment in order to better analyse the feasibility of business plans being submitted by entrepreneurs.

In November, SPARK and Enala hosted the Global Entrepreneurship Week (GEW) in Tripoli for the first time since 2014. GEW aimed to promote entrepreneurship for youth. We were delighted to welcome hundreds of attendees at the event to promote entrepreneurship and enable young Libyans to showcase their entrepreneurial skills. During the event, SPARK and Enala co-hosted a series of activities, including business plan competitions, start-up exhibitions and short courses on business planning.

Tunisia

In Tunisia, SPARK implements the LEAD programme with two local partners – IACE and TAMSS. The programme activities are focused in the northwestern cities of EL Kef and Kairou, where unemployment and radicalisation pose major problems for vulnerable youth. In 2016, the partners delivered training to 99 entrepreneurs in these two cities. The training further developed and promoted the entrepreneurship ecosystem within Tunisia and provided entrepreneurs with tailored legal advice and offered startup support to those struggling to launch their businesses.

In order to further reinforce the ecosystem and create a more centralised support structure for local entrepreneurs in the region, an entrepreneurship centre was launched by IACE. The centre offers free support and advice given by in-house experts and advisors within the centre. In addition, a hotline platform was created to complement the centre by providing 24-hour SME information services to startups and existing entrepreneurs. Dedicated business experts man the hotline, they are on-call to provide guidance and answer any queries from SMEs. With support from LEAD, a total of 125 business plans were received, 30 jobs and 5 new startups were established.



Tunisia

How Cherifa's Business Developed

SPARK Stories



Cherifa Soltani
Weaving Business, Tunisia

Cherifa left school early to learn to weave so she could support her family financially. After 11 years of building on her technical skills and designs of traditional rugs and clothes in El Kef city, she was introduced to the LEAD programme. Coaches assisted her in seeking financial support from a microfinance institute and addressed her lack of business skills through trainings. This enabled her to expand her business: she opened two new workshops and increased her production to meet the market's demand. Today, Cherifa employs 22 women in three workshops and her total investment has multiplied by 10.

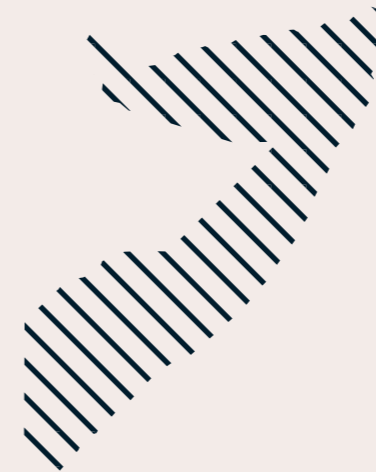
Migrant Entrepreneurship Programme (MEP)

Supporting migrant entrepreneurship, particularly supporting diaspora starting businesses in their countries of origin, generates employment opportunities and contributes to the economy and society.

The MEP programme ran from 2014 until 2016 in 6 countries; Afghanistan, Iraq/Kurdistan (KRI), Morocco, Ghana, Somalia and Suriname. This three-year long programme supported Dutch/EU diaspora with ambitions to start or expand a business in their countries of origin.

MEP provided local training sessions (e.g. development of business plans, marketing, sales etc.) in programme countries, most notably in Somalia, Kurdistan and Afghanistan. In the latter two countries, the programme encouraged hesitant diaspora to start or continue their ventures in spite of volatile security and economic circumstances.

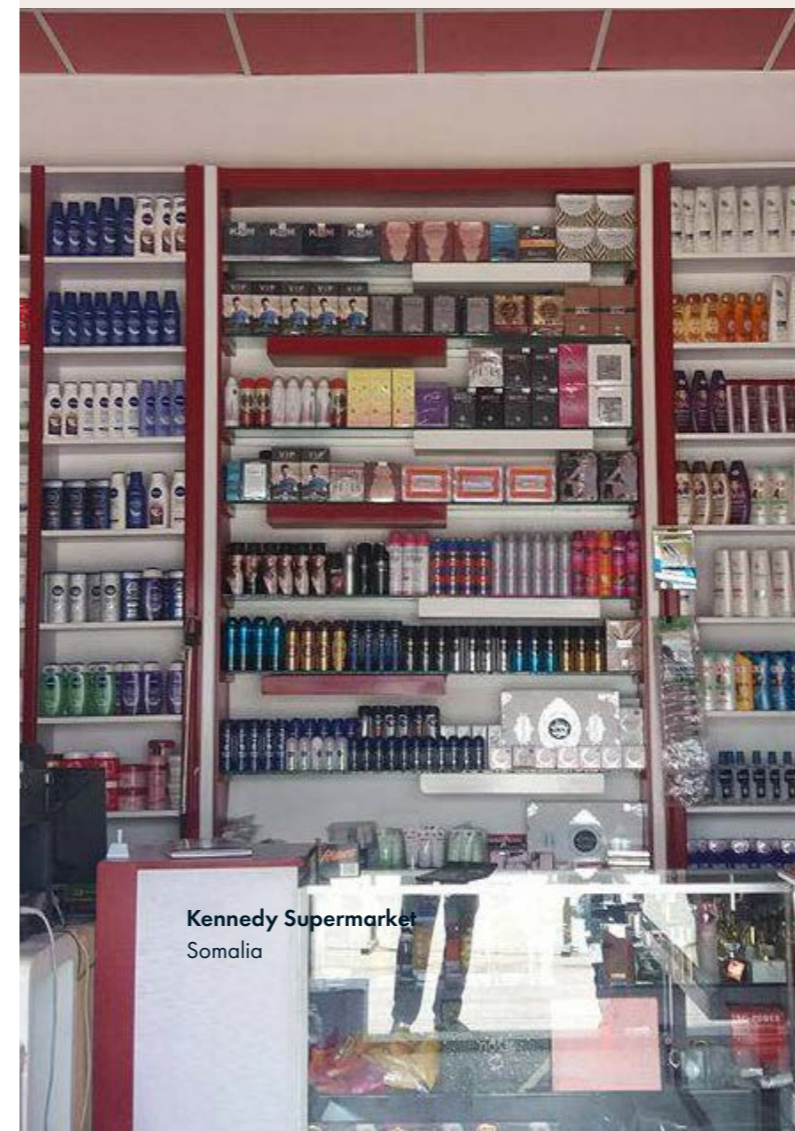
The main challenges that faced diaspora entrepreneurs were weak legislative systems, a lack of local government support and a lack of access to financial services, which subsequently negatively impacted the programme's achievements. Although, these challenges hampered results, SPARK was able to successfully address some of these issues. For example, 56 local entrepreneurs were trained in Kurdistan, 97 in Somalia, and 9 local and previously returned diaspora entrepreneurs received business training in Afghanistan. A total of 55 business proposals were supported in a loan application within loan funds in Somalia, Kurdistan and Suriname, thereby, increasing access to finance in these countries.



Somalia

Kennedy Super-market in Somalia

SPARK Stories



Kennedy Supermarket
Somalia

After spending many years as a refugee in Europe, Mukhtar Muse Yusuf decided to return to his home country of Somalia. He was shocked by the lack of high quality consumer products available in Hargesia. Seizing an opportunity within the gap in the market, he decided to open Kennedy Supermarket. Kennedy's sells many types of consumer goods imported from Europe, particularly from the UK, where there is a large Somali diaspora. The demand for these products was high, but Yusuf's challenge was developing the best business model to generate the highest return. With coaching support from MEP, Yusuf was not only able to build a capital-efficient business model but he also developed his entrepreneurial mind-set and business vision.

Higher Education For Syrians (HES)/ Dynamic Futures Programme

In 2016, the Syrian conflict entered its sixth year and the millions of people who have fled the conflict are predominantly hosted in neighbouring countries.

SPARK's HES programme provides scholarships and support services to young Syrian refugees and vulnerable youth from the host communities. Scholarships are offered for subjects that are most likely to lead to local employment of post reconstruction needs. By offering young people a chance to continue their education in the region, an educated workforce will be available to rebuild Syria once the conflict is over and migration and radicalisation trends are reduced.

The HES programme offers Bachelor degrees (4 years), vocational/TVET degrees (2 years), technical diplomas (9 months) and short cycle courses (such as childhood education, ICT literacy, finance, etc.) to youth in Lebanon, Jordan, Turkey, Syria, Iraq/KRI, East Jerusalem and West Bank.

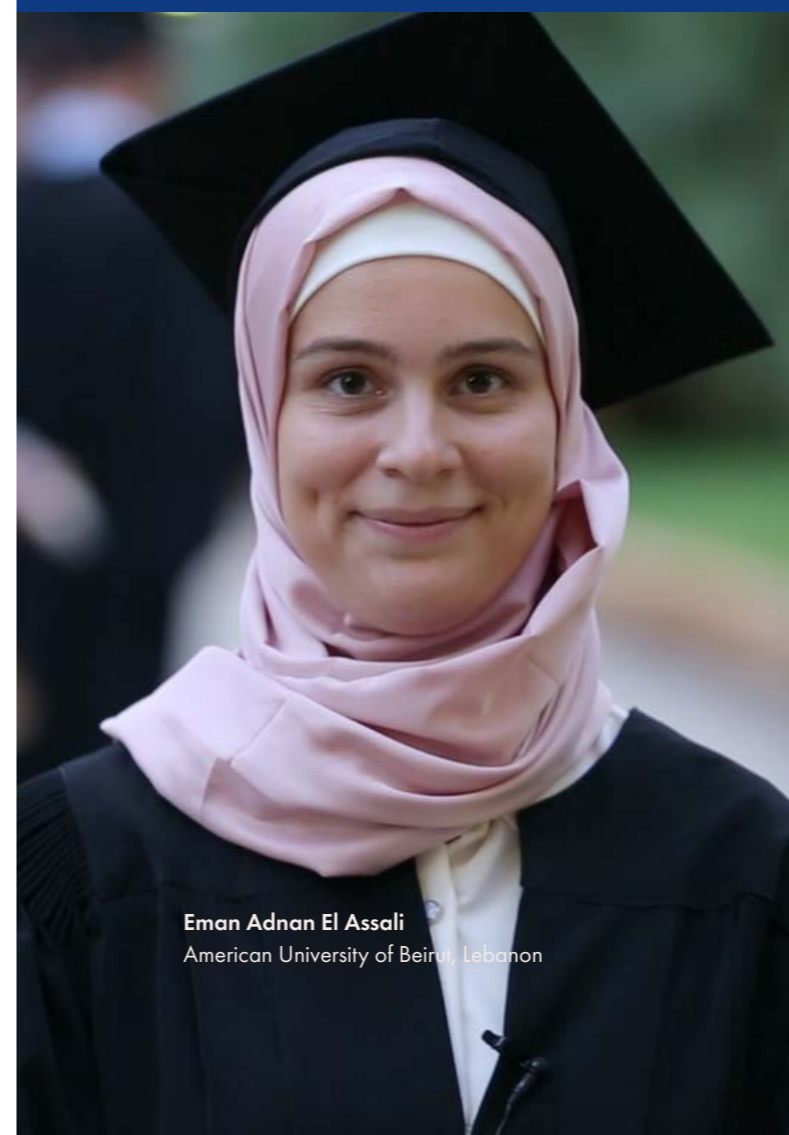
In 2016, SPARK secured 28 agreements with public and private educational institutions in the six countries. In the same year, 3148 scholarships were awarded across the region and of them 2980 scholarships were awarded to Syrians, 50 to Palestinians and the remaining scholarships were awarded to students from the host communities.

The largest number of students (1715) enrolled in short course programmes, 1016 students enrolled in Bachelors, 18 in TVET and the remaining enrolled

in other technical diploma programmes. Lebanon offered the highest number (1353) of scholarships across the region. The students selected various subjects, including business administration, management, marketing, economics, finance/ accounting and engineering. The programme offered these subjects because they have direct relevance to market demands and will directly contribute to the post-war reconstruction of Syria.



Lebanon



Eman Adnan El Assali
American University of Beirut, Lebanon

Educate a Woman, Educate a Nation

SPARK Stories

Eman's education was interrupted before it could begin. As the Syrian war worsened, Eman and her family were forced to flee to Lebanon. "After a while, I lost hope in being reintegrated in the educational system and I felt alone and unsupported", said Eman. She was eligible for a SPARK HES scholarship, so applied for Early Childhood Education at the American University in Beirut. Once she was accepted for the scholarship, her path to education was clear once more. Speaking at her graduation ceremony she said: "The scholarship was of a great support to me...With the certificate I have obtained, I will be able to support the future Syrian generations by being as knowledgeable as my teachers and professors."

International Business College Mitrovica (IBCM)

The IBCM programme is a non-profit business school located in the divided city of Mitrovica, Kosovo. It provides Danish double³ degrees (taught in English) in the fields of: (1) marketing and management/international sales and marketing; (2) environmental & agricultural management; and (3) public administration/public service management.

IBCM opened a new state-of-the-art south campus in 2016 within walking distance of the north campus, which has been open since 2014. In the 2016/17 academic year, new student enrolment increased to 106 – a 30% upsurge compared to previous years. Happily, 51 students graduated with Bachelor degrees this year and about 81% of IBCM graduates are now employed, mostly in the private sector.

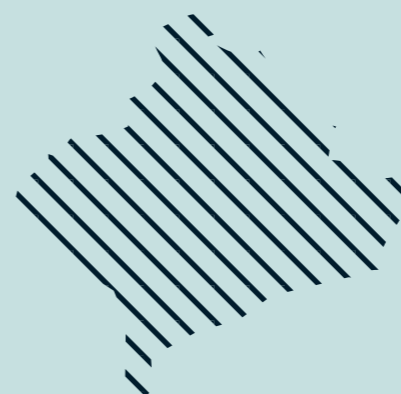
Additional achievements in 2016 include: (1) hosting the student-led Mitrovica Innovations Youth Conference: Unlocking Youth Potential; (2) organising the 3rd and biggest ever inter-ethnic Career Day connecting businesses and job-seekers from north and south Mitrovica; and (3) 7 students and 4 staff participated in international ERASMUS+ exchanges in Denmark and Finland in 2016. The main challenge for 2017 will be the financial sustainability of the college. The Government reaffirmed their commitment – dating back to 2008 – to provide core operational funding support to the IBCM over the next five years. In 2017, SPARK will

be working to ensure that the agreement is passed and implemented. However, at the time of writing, the present political situation in Kosovo makes it unclear as to whether the government of Kosovo will provide funding for the IBCM.

³ IBCM has partnership with Danish universities/institutions so the students receive double degrees.

Mitrovica Innovations

SPARK Stories



Kosovo



Unlocking Youth Potential
Kosovo

The Student Representative Council organised their first youth conference, Mitrovica Innovations 2016: Unlocking Youth Potential. Importantly, the conference brought together over 170 young people; regional and international experts, stakeholders, partners, representatives from private and public sectors, and educators from all over Kosovo. Learning exchanges were encouraged through personal story-telling, which produced several key advisory points for young people planning their future careers. This advice was compiled into IBCM's document, *Unlocking Youth Potential: A Toolkit to Help You Plan Your Career*. This document has been distributed to young people in Mitrovica and beyond through the IBCM Career Day and English Academy workshops with high school students.



Student group picture
Tamkeen Institute, Lebanon

7 Organisation

Monitoring, Evaluation and Lessons Learnt

SPARK's innovative Monitoring and Evaluation (M&E) tools and processes enable the organisation to steer its programmes towards the real needs of its beneficiaries, in relevance to the contexts that it operates, while being transparent and accountable to both the beneficiaries and the donors.

Monitoring of Programmes

In 2016, SPARK enhanced its M&E tools, by launching a Student Information System (SIS). This new online platform enables the organisation to closely monitor the scholarships and study progress of its students, and their social and professional development.

University, which delivered an online toolbox for NGOs to plan more context-related interventions. In addition, SPARK's CSP programme fed into an Impact Assessment for ILO, conducted by Laterite Advisory. Finally, SPARK continued supporting the action research and learning project within its ABC programme, conducted by the Double Loop Consultancy.

Evaluation of Programmes

Committed to being accountable towards its donors and the public, as well as to continuously learn and improve its interventions, SPARK contracted external consultants to review two major programmes, namely the Medefinancieringsstelsel II (MFSII) and the Youth Engagement Programme (YEP). In addition, SPARK contracted external consultants to review on-going programmes in their mid-phase, namely the ABC, the MEP and the CSP.

Beneficiaries' Satisfaction

SPARK in 2016 administered various assessments (such as ABC, CSP and Branson Scholarship II programmes) of the satisfaction of its beneficiaries with the support they receive. Through these assessments, SPARK identified that in 2016 its beneficiaries were significantly satisfied with the training they received. In a scale from 1 to 5 the average results are 3.94, which exceed the organisation's target of 3.5.

Research

In 2016, SPARK contributed to a research project conducted through a consortium led by Wageningen

Lessons learnt and expertise increased

SPARK's M&E tools and processes, used in 2016,

contributed to a better understanding of how to promote entrepreneurship and higher education among conflict-affected youth and women. Valuable lessons learnt were drawn, which increased the organisation’s capacity in designing programmes that ensure an inclusive targeting of conflict-affected individuals and groups.

SPARK increased its capacity on how to select the appropriate local partners, on how to stipulate the partnerships with them and on how to establish within such partnerships effective and context-related monitoring systems. More specifically, lessons learnt from programme evaluations in 2016 call for thorough due diligence of potential partners before engaging in partnership with them, with a focus on their organisational mission and HR capacity. Moreover, SPARK enhanced its organisational capacity in implementing its programmes, by identifying how to establish conflict-sensitive programme management, tailor-made capacity building strategies and context-related access to finance for conflict affected youth and women entrepreneurs. In 2016 evaluation conducted for SPARK programmes reaffirmed findings from earlier evaluations that promoting entrepreneurship and business development in FCAS requires the provision of a comprehensive package of support to entrepreneurs including a combination of mentoring & coaching, training and access to finance.

Finally, in 2016, SPARK increased its expertise on improving economic opportunities for youth in fragile states by acquiring knowledge on their ambitions and needs. More specifically, by contributing to the above mentioned research project led by Wageningen University, SPARK acquired insights into the income-generating activities that are attractive for youth in fragile states and how they prioritise such activities according to the status-in-society that they offer.

As such, SPARK became more equipped with local knowledge and country contexts, which has been useful for implementing entrepreneurship promotion interventions. For example, youth in South Sudan expressed a desire to work in the public sector rather than the agricultural sector. This was an important finding for SPARK as traditionally we have focused on strengthening agricultural entrepreneurship and it goes some way to explaining our difficulty in identifying highly motivated individuals for such projects.

Communication

The aim of the communication team is to support the mission of SPARK and to contribute successfully to acquisition efforts. Therefore, increasing SPARK’s visibility and awareness – with (potential) donors, partners and stakeholders – about higher education and entrepreneurship development in fragile and conflict-affected regions, are priority.

SPARK’s communication strategy is story and data driven, and focuses on a multi-channel approach. In order to achieve these goals, and to support our mission, SPARK uses various online media tools, including our much-visited website and social media platforms, such as Facebook, Twitter and Instagram, a wide variety of promotional materials (print and digital), networking activities and the annual IGNITE conference. In 2016, we consolidated our media performance in (online) magazines and newspapers (20). Our social media performance improved significantly compared to 2015 (see table) due to more active online strategies, which engaged more visitors of Facebook, Twitter and Instagram.

Year	Facebook Likes	Twitter Followers	Instagram Followers	Newsletter Dis..	Ignite Web Page Views
2014	2721	650	0	2640	4,192
2015	3279	1117	0	2486	6035
2016	4532	1559	200	2854	10,570

In the same year, besides working together with professional production companies to create around 10 videos demonstrating the impact of SPARK’s work, we also began producing video content in-house. For example, three students’ portrait films were made in Jordan. We did so, to keep the costs low and stay

more in control of the content. This has been a positive experience. These video’s have been distributed on via social media and our website, and used in presentations and screened during several events.

IGNITE

On 16th of November 2016, SPARK and the International Finance Corporation (IFC) organised the 4th edition of annual IGNITE conference. IGNITE is a networking opportunity for donors, partners, stakeholders and beneficiaries. It puts higher education and entrepreneurship development in fragile and conflict affected regions higher on the public and political agenda. For SPARK this event is an opportunity to deepen our understanding of our daily work, to position ourselves as an expert on this subject, and to attract donors and partners.

The theme of this year’s edition was ‘Tackling Instability, Radicalisation and Forced Migration’. The event brought together entrepreneurs, policy makers, NGO’s, academics, mentors, potential investors, refugees and practitioners from more than a dozen countries. Approximately 350 people attended the event; 7 keynote speakers participated and 17 workshops were

organised by UNDP, CIPE, The Hague Institute for Global Justice, Al Fakhoora, IFC, and NYU, among others.

One of the main speakers and renowned economist, Sir Paul Collier, from the University of Oxford, delivered his alternative solutions to the Syrian refugee crisis. He reflected on the need to reboot the donor-centric response to humanitarian disasters by turning them into economic problems. He suggested that the international priority should be to provide jobs in neighbouring countries, so that the post-conflict economy is incubated. The skills learnt can be used by the future workforce to rebuild Syria once more. Therefore, he concluded: “we need partnerships between NGOs, businesses and public bodies”.



Faminini Dukunzimorendi
Rwanda

Board of Directors and Supervisory Board 2016

Board of Directors (1)			
Yannick Du Pont		Michel Richter	
Supervisory Board (2)			
Name	Position	Joined	Occupation
Edo Offerhaus	Chairman	2015	Managing partner, OrangeMountain
Hans Huygens	Secretary	2015	Managing partner, Telling
MarjoleinLem	General Boardmember	2009 -2016	Senior Consultant International Development, Berenschot
DukagjinPupovci	General Boardmember	2009	Executive Director of the Kosovo Education Centreand Professor at the University of Prishtina, Kosovo
Johan Bogaard	Treasurer	2013-2016	Corporate Director Group Control at USG People NV, the Netherlands

(1) Yannick du Pont holds three other positions without receiving remuneration for these. He is a board member of the Foundation Max van der Stoel, member of the advisory board of the Centre for Theory of Change in New York and sits on the steering committee of the Netherlands Knowledge platform Security & Rule of Law. Michel Richter is (unpaid) director of the Stichting voor Bewaring van IGNITE Fund.

(2) Supervisory Board (SB) members hold their position for a maximum of four years, with the possibility of reappointment for one more period of a maximum of four years. SB members do not receive any compensation (other than out-of-pocket expenses on behalf of SPARK). Further details on the remuneration of the SB and the BoD can be found in the Financial Report and the [remuneration policy](#) is available online.

Report by the Supervisory Board

SPARK’s Supervisory Board (SB) supports the organisation in the pursuit of its mission and its continuous striving for quality, transparency and innovation in all its activities. The SB’s main responsibilities are to supervise the BoD and to ensure that SPARK’s activities are in line with its mission statement. In 2016, the ninth year of its existence, the SB, the BoD and the Adviser to the Directors held 7 formal Supervisory Boards meetings and several informal meeting to discuss the progress of projects and strategic issues.

In Q4 2015 – Q1 2016, the SB underwent substantial changes in its membership. Chairman Erik Dirksen and secretary Olaf Bartelds had to stand down after having served for the maximum of two four-year terms. Janne Nijman, Mare Faber, Jok Madut Jok and Johan Bogaard resigned because they could no longer combine their SB membership with their main professional activities. Edo Offerhaus was appointed as new chairman of the SB; Hans Huygens became the SB’s new secretary.

The SB adheres to the Code Wijffels, the SPARK Statutes and the regulations of the SB. In line with CBF regulations, the SB established a Supervisory Board Accountability Statement (available at: www.spark-online.org/about-us/organisation).

The accountability statement specifies how:

- The SB executes its supervision of the BoD’s work;
- The SB monitors the organisation’s spending of funding in relation to the impact attained by its

work; monitoring criteria are cost-efficiency and effectiveness of activities;

- The SB monitors whether the organisation communicates with and provides information to its stakeholders in a transparent manner. This includes control of SPARK’s implementation of recommendations and its complaints management.

In 2010, SPARK introduced an evaluation mechanism for the SB. The SB self-evaluates its own decisiveness, its monitoring performance and the clarity and transparency of its relationship with the BoD.

The members of the BoD are appointed by the SB. The BoD’s two current members are

- Yannick du Pont (director)
- Michel Richter (co-director)

The SB is charged with the performance-assessment of the members of the BoD. The assessments review the BoD’s performance on organisational targets as well as personal ambitions and management style. As no targets were set in 2015, no formal performance assessment took place in 2016, this being scheduled for 2017.

The SB monitors an efficient and effective execution of the multi-year plan and, based on that, the annual plan. The main targets of the annual plan are approved by the Supervisory Board, while the other activities fall under the supervision of the Board of Directors.

In 2016, the SB approved:

- Annual Report 2015.

Usually to be approved in 2015, but due to circumstances postponed to early 2016:

- Annual plan 2016, taking into account SPARK's mission;
- Budget 2016;

In addition, the SB and the BoD discussed the developments / decided upon regarding:

- Strategic Partnership result, its implications for SPARK's financial situation and SPARK's appeal to the NLMFA's decision
- (ongoing) acquisition activities throughout 2015, especially with a view to closing the expected budgetary gap left by ending programmes MFS II and YEP
- SPARK's successful expansion of its Higher Education for young Syrian refugees activities in the Middle East
- SPARK's winning bid for the LEAD tender by the NLMFA
- The future of SPARK's finance department
- The decentralisation of SPARK's organisation, with a shrinking of the Amsterdam head office and strengthening of capacity in the field offices
- SPARK's overall HR policy
- The future of the IGNITE Fund
- The future of SPARK-operated International Business College Mitrovica (IBCM)
- Financial outlook 2016 and budget 2016
- Strategy of SPARK 2017 - 2022
- Financial outlook and budget 2017

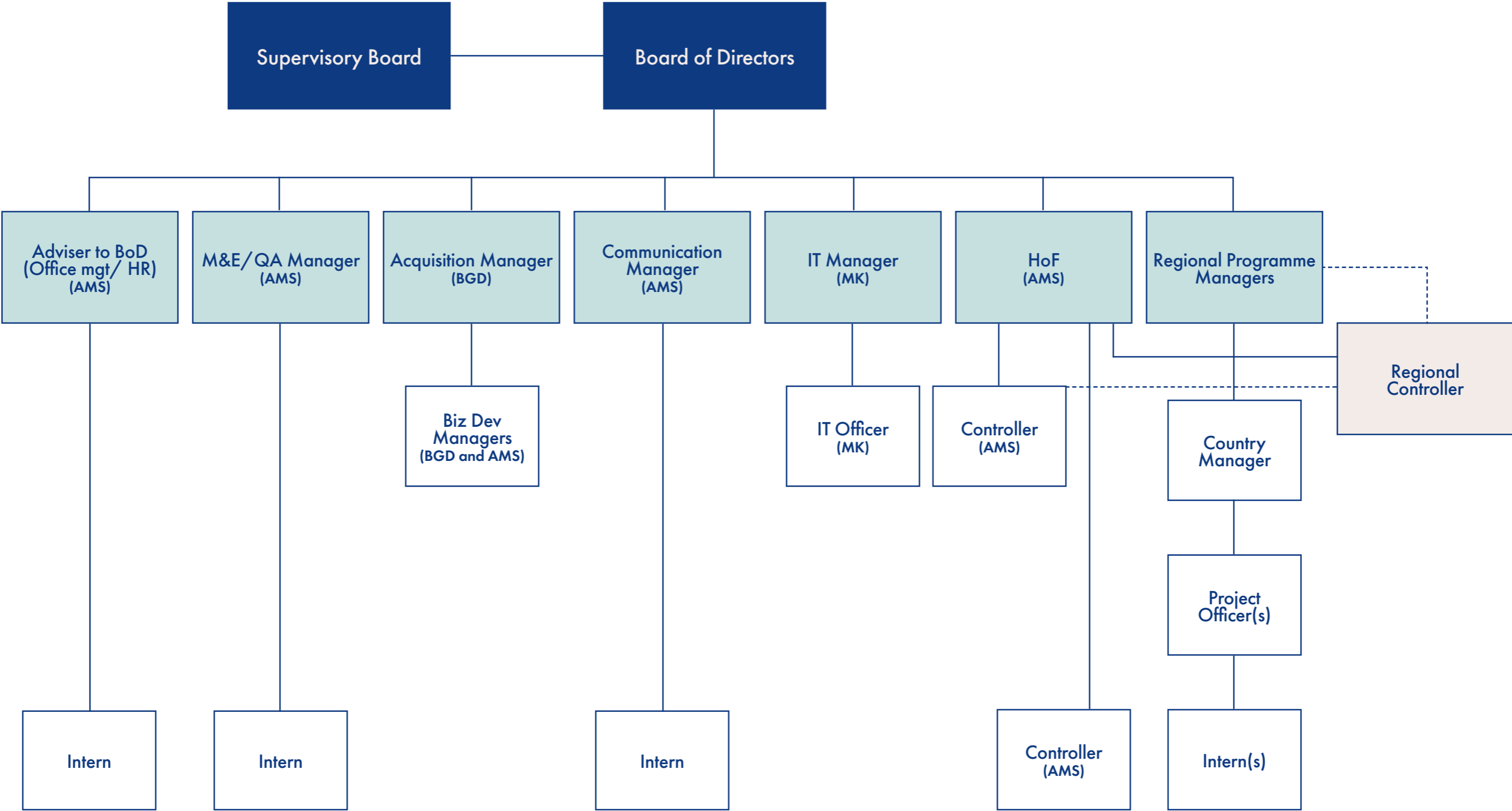
- Changes in the Supervisory Board and the recruitment of new board members

Besides the formal SB meetings, several extraordinary meetings, some with external experts, were held, e.g. on the future of SPARK's IGNITE Fund, on the legal relation between SB and BOD and on the SPARK strategy 2017 – 2022.

Yours faithfully,
SPARK Supervisory Board Members,
Amsterdam April 2017



Mukandayisenga Pacifique
Coprozov Cooperative, Rwanda



AMS – Amsterdam
BGD – Belgrade
MK – Makedonia/ Macedonia

Code of Conduct and Social Responsibility

SPARK works daily to promote basic economic rights in fragile and conflict affected regions through employment creation and providing vocational education. Working in post-conflict and fragile environments, and the adherence to the local context is of the utmost importance for SPARK to ensure that its programmes do not cause any harm and that all financial contributions do no harm. SPARK's all programmes target women, youth and marginalised groups to contribute to increase equality and inclusion in the society.

Maintaining high standards of ethical conduct requires the active commitment of all SPARK-related parties – i.e., employees in the head office and in the regions, consultants, volunteers, interns, supported entrepreneurs and students, donors and partner organisations. SPARK has been developing documents such as the Staff Code of Conduct (CoC) to promote desired behaviour. Among other issues, the CoC contains clauses referring to prohibition of harassment, discrimination and corruption, as well as awareness for environmental protection. It also safeguards the autonomy of local partners (e.g. trainers, experts and local development organisations) and allocates prime decision-making power to them to avoid the dominance of SPARK in their projects.

Outlook 2017

2017 will be a year in which several new programmes take off, several significantly scale up and other draw to an end. In particular, our MENA programmes will grow significantly in 2017. Our new programme 'Improve Employment Opportunities in Jordan' will take off and assist more than 1000 Syrians and Jordanians to get better access to education and the job market.

Additionally, the 'Human Safety Net - Migrant entrepreneurship' programme will take off, supported by the European Insurance Firm Generali. Through another supporter, the Asfari Foundation, more than 50 young Syrian students will be enrolled in Turkish language "TOMER" programme. Besides TOMER classes, the student will receive psychosocial support and remedial classes to succeed at university.

Additionally, in 2017 our LEAD programme will expand its area of activities and focus on supporting SME's through access to new markets and finance. For example, in Somalia, we will focus on core sectors of growth: agribusiness, fisheries and expand our activities to Puntland and Mogadishu. In Tunisia, with the support of our local partners TAMSS and IACE, we will focus on coaching and training entrepreneurs and SME's that require immediate assistance. In Libya, together with our local partner, Enala, we will continue assistance and coaching to SME's in the newly established entrepreneurship centre in Tripoli.

At the same year, we will increase the number of scholarship holders to 4000 from 3148 in 2016. And will start extra-curricular leadership and entrepreneurship training, and SME development support for the scholarship recipients. A challenge for 2017 is the financial sustainability of the IBCM

programme, we will be working to ensure that the core operational funding which was reaffirmed by the government of Kosovo is passed and implemented. At the same year, we will develop and publish our new three years (2017-2020) Multi Annual Strategic Plan (MASP).

Our ABIN and ABC programmes implementation will draw to an end in 2017. We are looking to expand innovative concepts developed under ABIN including artisanal cooler and selling points for fruits and vegetables in Burundi.

Finance

SPARK has a remuneration policy, providing directions and guidelines regarding fixed and variable remunerations in relation to the members of the Supervisory Board (SB), Board of Directors (BoD) and employees. Its purpose is to make sure that remunerations are in line with SPARK's values as well as the general expectations among peer organisations, donors and sponsors regarding remunerations at non-profit organisations in the development cooperation sector, whilst providing a reasonable level of financial compensation to SB, BoD and staff for their specific type of professional engagement. The policy also regulates (variable) financial incentives and the remuneration of out of pocket and other costs advanced by the SB, BoD and employees.

Members of the SB do not receive remuneration. The salaries of the BoD are approved by the SB and in line with the Wet Normering Topinkomens (WNT). SPARK aims to have a continuity reserve that can assure continuation of operations in case of a drastic reduction in donor funding or a major incident. With

the operational result over 2016, the level of the continuity reserve is sufficient to serve this purpose. Furthermore, SPARK has allocated funds for IBCM and the loan guarantee funds (LGFs). The former will be depleted fully during 2017, because of the completion of donor funding in 2016. Most of the allocated fund for the LGF's are freely accessible because the ownership of the funds is officially transferred to SPARK. We have chosen to keep presenting them as a fund, since we will continue to use them for the same objective. Loan guarantee funds provided to partners under the MFSII, ABC and Migration Programmes are still owned by the donors. After the project period has ended the donor will decide if their ownership can be transferred to SPARK.

In 2016, 94% of expenses were directly related to the objectives. If compared to the income, this percentage is 101%. Due to the use of the allocated fund for IBCM, the expenditures on the objectives were higher than the total income. The percentage of expenses related to fundraising was 4% of the total expenses in 2016. This covers both the costs for obtaining governmental grants and grants from foundations, philanthropists and private sector. SPARK does not invest in campaigns to get financial support from the general public, and therefore the income from this source is nihil. As such, the percentage of costs on fundraising compared to the volume of the project portfolio is considered efficient. SPARK has mainly gotten grants through participation in tenders and direct funding for projects. Given the focus on project funding, the objectives to be implemented with acquired funding are clearly defined in contracts with the respective donors.

Budget Outlook 2017

The budget outlook for 2017 is good. The remainder of the grants for the continuing programmes financed by NLMFA is sufficient to fulfil the programme objectives. This is also true for the EU grant for the MADAD programme and the contribution from Al Fakhoora. For the latter, an increase in funding is expected during 2017. Furthermore, NLMFA may continue financing those HES activities that were not included in the EU-MADAD programme. This is likely to further increase the activities in support of Syrian refugees to access higher education.

The efforts to cooperate with the private sector is expected to result in an increase in resources, both through profit-share agreements and CSR grants, with a contribution from Generali as the most promising. The grants for IBCM have ended in 2016. The government of Kosovo had pledged to continue to support this initiative financially. It was the expectation of the donor community and SPARK that the government of Kosovo would materialize this commitment by the end of 2016. This has not been the case. Because SPARK has a moral and legal obligation to complete the academic year, the running costs for the final semester of IBCM and the costs of closure will have to be carried by the international donor community or by SPARK itself. In case of the latter, the continuity reserve is sufficient to carry these costs.

The confirmed and expected grant agreements bring sufficient funding to continue running the organisation throughout 2017.



Aisha Mohamed Ahmed
Tea Garden, Somalia

8

Finance

Balance Sheet

	31 december 2016		31 december 2015	
ASSETS	€		€	
Fixed Assets				
Fixed Assets		69.241		82.974
Financial fixed assets		985.643		925.517
		1.054.884		1.008.491
Current Assets				
Receivables & Accruals	3.043.614		892.754	
Cash & cash equivalents	7.492.734		11.336.886	
		10.536.348		12.229.639
TOTAL		11.591.232		13.238.130
RESERVES AND LIABILITIES				
Reserves and funds				
Reserves				
allocated reserves	-		-	
continuity reserve	1.013.801		896.144	
		1.013.801		896.144
Funds				
allocated funds		1.289.334		2.273.672
Current Liabilities				
Payables & Accruals		9.288.097		10.068.314
TOTAL		11.591.232		13.238.130

Statement of Income and expenditures

	Realisation 2016 €	Budget 2016 €	Realisation 2015 €
Income			
Income from own fundraising	452.248	509.847	368.779
Governmental grants	11.893.144	12.513.609	10.069.865
Other Income	-	152.371	850
Income from profit share		22.500	
Total Income	12.345.392	13.198.327	10.439.494
Expenditures			
Spent on objectives			
Higher Education	7.983.412	6.362.533	2.579.489
Private Sector Development	4.432.385	6.093.695	7.398.858
	12.415.798	12.456.228	9.978.348
Spent on obtaining funds			
Costs own fundraising	164.190	122.491	135.006
Costs obtaining governmental grants	306.651	365.744	295.617
	470.841	488.235	430.622
Management and Administration			
Costs of Management and Administration	325.434	248.168	328.273
Total expenditures	13.212.073	13.192.631	10.737.242
Result	-866.681	5.696	-297.749
RESULT CLEARED FOR MUTATION ALLOCATED FUNDS OPERATIONAL RESULT SPARK	117.656	45.696	178.552

Cashflow Statement

Cashflow from operational activities

Result	-866.681	-297.749
Depreciation fixed assets (incl. cars)	47.214	52.123

Gross cashflow from operation activities

Mutation in current assets	-2.150.860	665.738
Mutation (decrease) in current liabilities	-780.217	3.396.368
Net cashflow from operational activities (A)	-3.750.545	3.816.480

Cashflow from investment activities

Investment in fixed assets	-33.480	-43.273
Disposal of fixed assets	-	-
Investment in financial fixed assets	-60.126	511.694

Cashflow from investment activities (B)

Cashflow from financing activities (C)

Mutation in Cash and cash equivalents (A+B+C)

Cash and cash equivalents 1 January	11.336.886	7.051.983
Cash and cash equivalents 31 December	7.492.734	11.336.886

Mutation in Cash and cash equivalents

2016 €	2015 €
-866.681	-297.749
47.214	52.123
-819.468	-245.626
-2.150.860	665.738
-780.217	3.396.368
-3.750.545	3.816.480
-33.480	-43.273
-	-
-60.126	511.694
-93.607	468.422
-	-
-3.844.152	4.284.902
11.336.886	7.051.983
7.492.734	11.336.886
-3.844.152	4.284.902

Annex C - Statement of division of expenditures

Objectives	Objective		Costs Fundraising		Management & Administration
	Higher Education Development	Private Sector Development	Own funds	Governmental Grants	
Costs of implementation					
Grants and contributions	7.329.506	2.889.665			
Obtaining funds / governmental grants			11.577	185.546	
Publicity and Communication	-	-	-	-	
Personnel Costs	526.367	1.241.824	113.218	89.844	241.427
Housing costs	31.968	75.420	4.678	3.712	9.975
Office- and General costs	64.901	153.116	38.977	30.930	83.114
Depreciation and Interest	30.671	72.360	-4.259	-3.380	-9.082
Total	7.983.412	4.432.385	164.190	306.651	325.434

Objectives	Total 2016	Budget 2016	Total 2015
Grants and contributions	10.219.171	10.544.998	6.725.583
Obtaining funds / governmental grants	197.123	199.040	346.012
Publicity and Communication	-	31.500	3.822
Personnel Costs	2.212.680	2.096.605	2.065.857
Housing costs	125.753	109.264	173.643
Office- and General costs	371.038	144.132	270.521
Depreciation and Interest	86.309	67.091	43.055
Total	13.212.073	13.192.630	9.628.492
% spent on objectives/ total income	100,57%	92,50%	86,63%
% spent on objectives/ total income taking loan guarantee fund deposits & repayments into account	101,24%	91,66%	90,55%
% spent on objectives/ total expenses	93,97%	92,68%	88,84%
% spent on own fundraising/ income own fundraising	36,31%	61,85%	23,22%

An important cause of the deviation opposed to the budget 2016, is the spending on IBCM which was covered by the IBCM fund instead of by funders. In addition, several projects are underspent, like LEAD. Unspent budget can be used in 2017. In addition, the difficult situations in South Sudan, Yemen and Liberia caused underspending for all programmes executed in those countries, mainly for direct activities. The

underspending did not occur on personnel and office budget lines in these countries, which surpassed the budget due to moving of offices and increase of other general expenses. The shift between Personnel Costs & Office- and General costs occurred due to a change in calculation / allocation method of field office running costs. The current method is more accurate.

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 programmes can be divided into two objectives: **Higher Education (development) (HE) & Private Sector Development (PSD)**.

Under HE SPARK 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.

Under PSD SPARK tries to stimulate entrepreneurship and development in the private sector in post conflict areas / fragile states by, for instance, organising business plan competitions, trainings and SME financing facilities for young (starting) entrepreneurs. Coaching and other trainings aimed at partners for local capacity building are other PSD activities.

In addition Policy Making activities are undertaken to influence local / regional / national policy makers to facilitate private sector development.

In all our programmes 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 programme expenditures (for instance reimbursements to partners, rent of lecture rooms & training space, reimbursements to

trainers, travel and accommodation expenses of participants and trainers, reading materials, partners activities 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 ("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 programmes.

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.

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 / programmes, 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 nowadays mainly consist of various income gathered through consultancy & training services. If these contract are with non-traditional donors/parties and for instance result based, we treat those as "Other income" and not as "Grants" (f.i. HU, KBF, Asfari).

The costs of fundraising own funds, consist of direct expenses for General promotion & advertising, and newsletters, and attributed indirect costs based on the time spent on fundraising of non-institutional (or "own") funds.

Accounting principles

General

The annual accounts 2016 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 in Serbia, Kosovo, Macedonia, Liberia, Palestine, Burundi, Rwanda, South Sudan, Yemen, Turkey, Somalia, Iraq, Lebanon, Tunisia and Jordan.

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.

	NL	Rwanda	Burundi	Liberia	Palestine	South Sudan	Lebanon	Jordan
furniture	25%	20%	20%	20%	10%	25%	-	-
computer hardware	33%	50%	20%	25%	20%	25%	20%	-
cars	25%	25%	25%	25%	25%	25%	n.a	-

	Kosovo	Serbia	Yemen	Gaziantep	Somalia	Iraq	Tunisia	
furniture	20%	20%	25%	25%	33%	46-48%	20%	
computer hardware	20%	20%	33%	25%	33%	46%	33%	
cars	25%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	.

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:

Financial fixed assets

In the period 2007 - 2016, SPARK has signed 16 contracts with local partners to manage loan guarantee funds which benefit the start ups established under the Private Sector development projects. The contributions to these funds in the total period 2007-2016 can be found in the explanatory notes to the balance sheet. 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 loan guarantee funds were originally financed by the Dutch Ministry of Foreign Affairs through project grants (MFS & BSCK). The ownership of the funds has been formally transferred to SPARK during 2011. SPARK pledged to keep using the funds for the same purposes as the original objective. Therefore, the funds are also presented as allocated reserve 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.

Cash & Cash equivalents

All amounts presented under the Cash & cash equivalents heading, are directly accessible. Foreign currency accounts are valued at the EURO - foreign currency exchange rate per 31 December 2016.

Reserves and Funds

SPARK can freely access the amounts presented under the Continuity reserve. Most of the allocated loan guarantee funds are freely accessible because the ownership of the funds is officially transferred to SPARK. We have chosen to keep presenting them as a fund, since we will continue to use them for the same objective. Loan guarantee funds provided to partners under the MFSII, ABC and Migration Programmes are still owned by the donors. After the project period has ended the donor will decide if their ownership can be transferred to SPARK.

Liabilities - partner obligations

SPARK has signed several contracts with 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 upcoming years. These partners have the responsibility for the execution of (large) parts of the following projects: LEAD, ABC, CSP.

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.

Accounting principles

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 2016 of all Amsterdam personnel. For further clarification, please refer to the explanation provided under Annex C. In 2016, loan guarantee and credit fund costs have been visibly presented as part of the direct costs for the Spark mission in the Statement of Income and Expenditures.

Income from own fundraising - Contributions in kind

Other in kind contributions

The municipality of Mitrovica provided SPARK with free usage of land for the purpose of establishing the International Business College Mitrovica (IBCM). SPARK / IBCM has the right of usage for 10 years, until 2019.

All (other) in kind contributions are stated at their fair value, however, in 2016 no such contributions were received.. 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.

Related parties and Related party transactions

In 2014 SPARK founded Stichting IGNITE (registered in Amsterdam under KvK number 61189561).

Stichting IGNITE is governed by a separate board / director. SPARK has no power of control over Stichting IGNITE and thus its annual accounts do not have to be consolidated. The main goal of Stichting IGNITE is to stimulate entrepreneurship and local economies in post-conflict areas by means of, directly or indirectly, participating in or promoting of funds used for collective investments, and / or to make loans or other equity / debt instruments available to local entrepreneurs / small and growing businesses (SGBs).

SPARK works with Stichting IGNITE to channel and monitor new investments / loans. The cash for these investments comes from money returned from previous loan guarantee contracts (repaid loans + interest) under MFSI or other ended programmes.

In 2015 Stichting IGNITE received a grant of € 161,000 from SPARK to invest in new entrepreneurs. In addition SPARK covered (part of) Stichting IGNITE's operational costs in 2015 with funds from the MFSII programme (€ 21,000). Also during 2016 part of the operational costs have been covered through the grant from 2015.

The IGNITE FUND initiated by SPARK in 2014 is a mutual investment fund (FGR in Dutch). SPARK is the Asset Manager of the IGNITE FUND and requested Stichting IGNITE (and other investors) to invest in the fund. In 2015 Stichting Ignite increased its participation in IGNITE FUND. The IGNITE FUND invests in small and growing businesses (SGBs) in fragile and conflict-affected states. IGNITE

FUND utilizes innovative equity investment tools to mitigate difficulties typically faced in valuations and investment exits for SGBs in frontier markets. IGNITE FUND taps into a local technical assistance infrastructure developed by the asset manager, SPARK, and its customized technical support programs are deployed to each investment. By marrying the FUND's innovative deal structuring with the tailored technical assistance, IGNITE FUND delivers financial and social impact returns to the investors. In 2015 the only investor was Stichting IGNITE. During 2016, no new funds were invested in the IGNITE FUND by SPARK.

SPARK is implementing the KEEN project as part of a consortium under leadership of the Kosovo Education Centre (KEC). This organisation is led by Mr. Dukagjin Pupuvci who is also a member of the Supervisory of SPARK. After a review, the accountant concluded that there is no conflict of interest.

Explanatory notes Balance Sheet

ASSETS	31 december 2016	31 december 2015
Fixed assets	€	€
Renovations	4.684	8.279
Furniture	15.381	13.013
Computer hardware	26.132	25.286
Cars	23.043	36.397
	69.241	82.974

Fixed assets	Total 2016	Renovations	Furniture	Computer hardware	Cars
	€	€	€	€	€
Bookvalue previous year					
Purchase value	388.170	34.205	59.489	181.487	112.989
Accumulated depreciation	-305.196	-25.926	-46.476	-156.201	-76.593
Book value 31 December 2015	82.974	8.279	13.013	25.286	36.397

Mutations					
Purchases	33.480	1.867	12.198	19.415	-
Disposals	-	-	-	-	-
Depreciation	-47.214	-5.462	-9.829	-18.569	-13.353
	-13.733	-3.595	2.369	847	-13.353

Bookvalue year end					
Purchase value	421.651	36.072	71.687	200.903	112.989
Accumulated depreciation	-352.410	-31.388	-56.305	-174.770	-89.946
Bookvalue 31 December 2016	69.241	4.684	15.381	26.132	23.043

Fixed assets	31 december 2016	31 december 2015
	€	€
Fixed assets used for operations (renovations, furniture & hardware)	46.198	46.578
Fixed assets directly allocated to the objectives (cars)	23.043	36.397
Total	69.241	82.974

Financial Fixed assets	31 december 2016	31 december 2015
Participation loan guarantee funds	€	€
Balance 31 december 2015	925.517	1.437.211
Mutation 2016	60.126	-511.694
Balance 31 december 2016	985.643	925.517

Specification mutation 2016	
New loan guarantee contracts and new loans	127.889
Defaults	-21.957
Reimbursement and closed contract with banks / participants	-45.058
Interest, provisions and exchange rate differences	-748
Total mutation	60.126

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 2016	31 december 2015
	€	€
Prepaid Grants for donors	2.295.739	432.799
Accounts receivables and prepaid expenses	747.875	459.955
	3.043.614	892.754

Prepaid Grants for donors	31 december 2016	31 december 2015
€	€	
Project MFSII - NLMFA	214.370	-
Project IBCM - EU	500.000	41.582
Project IBCM - SDC	39.667	39.667
Project King Baudouin Foundation	-	8.169
Project UNDP Burundi	-	380
Project CEEUS - NLMFA	-	14.547
Project SYRIN - NLMFA	-	85.950
Project Scholarship database - King Baudouin Foundation	6.396	-
Project YEP - NLMFA	-	242.504
Project ABC	306.661	-
Project HES	369.633	-
Project MADAD EU	746.021	-
Project Diploma Acceptance 2 EU	16.855	-
Project LITR	13.107	-
Project Branson	25.433	-
Project BiB	4.975	-
Project TBB	40.683	-
Project CARE	11.939	-
	2.295.739	432.799

Accounts receivables and prepaid expenses	31 december 2016	31 december 2015
€	€	
Prepaid expenses	680.521	77.538
Receivables from Partners	47.364	236.501
Other receivables	50.876	167.246
	778.761	481.285
Reserve uncollectable receivables (tuition)	-30.886	-21.330
	747.875	459.955

Cash & Cash equivalents	31 december 2016	31 december 2015
€	€	
Cash Amsterdam	204	4.207
Current & savings accounts The Netherlands	6.237.165	9.713.793
Cash abroad offices	22.301	38.796
Transfers between banks	-	-
Transfers underway	13.400	79.208
Current accounts abroad offices		
Kosovo	423.484	865.600
Serbia	21.263	9.367
Macedonia	1.821	1.821
Rwanda	310.751	264.337
Burundi	113.691	61.260
Liberia	21.574	46.335
Occupied Palestinian Territories	-	3.069
Somalia	3.992	105
Turkey	196.700	79.659
South Sudan	7.838	96.347
Yemen	8.159	72.981
Lebanon	41.453	-
Iraq	68.940	-
	7.492.734	11.336.886

All liquidities are directly accessible.

RESERVES AND LIABILITIES	31 december 2016	31 december 2015
€	€	
Specification of General reserves		
Continuity reserve	1.013.801	896.144
Balance 31 December	1.013.801	896.144

	Continuity reserve
	€
Balance 31 December 2015	896.144
Mutation 2016	117.656
Balance 31 December 2016	1.013.801

General reserve

In order to ensure the continuation of the organisation, a minimum level of general reserve is necessary. When determining the maximum of the reserve, SPARK takes the “Richtlijn Reserves Goede Doelen” of Goede Doelen Nederland into account (maximum 150% of the annual costs of the working organisation). SPARK made several calculations during 2012 to determine the needed & desired level of the general reserves and discussed a policy concerning the reserves with the Supervisory Board. The main guidelines to determine the height of the reserves are as follows:

- SPARK does not aim for large savings because the focus should be on our final beneficiaries;
- SPARK field offices are not part of the annual organisational costs, because they are only relevant for as long as there are projects;

- SPARK focuses on acquisition of new projects rather than building reserves.

The minimum annual costs of the organisation are calculated at approximately € 685.000 in 2012 / 2013 (with downsized Headquarter operations). After taking into account certain risks (amongst which staff disability), a sufficient level of reserve was therefore estimated at € 785.000 at the end of 2013 (realized € 803.852). In 2014, the reserves decreased to below the 2013 level but in 2015 SPARK was able to add to its reserves and reach a healthy size in general reserves. In 2016 EUR 117k was added to reach € 1,013,801 This is within the above mentioned limit (“richtlijn”) of 150% of annual costs of the work organisation.

Specification of allocated funds

Allocated reserve for IBCM
Revolving Loan guarantee fund business start-ups

31 december 2016	31 december 2015
€	€
89.781	1.179.302
1.199.554	1.094.370
1.289.334	2.273.672

Allocated fund for IBCM

Balance 31 December 2015
Addition from received tuition (NLMFA & students) funds
Addition from received miscellaneous income
Extraction to cover part of costs for 2016 & bad debts
Balance 31 December 2016

1.179.302
117.706
45.348
-1.252.576
89.781

Under the IBCM project, tuition fees are charged to students. If the student cannot finance the tuition & possible accommodation expenses on its own, a scholarship can be awarded, consisting of a contribution to the tuition and accommodation expenses. These scholarships were financed by NLMFA under certain conditions. Income from this NLMFA & student contributions was added to the allocated fund, after deduction of the costs made for student housing. The fund was to be used to

ascertain future sustainability of IBCM after donor relations with NLMFA would have ended. The aim was to use it for any (future) IBCM project costs. The year 2016 is the second year in which NLMFA did not make a contribution to the fund, and in which a larger than usual share of costs were covered by the fund. In 2017 the IBCM Fund will be depleted fully. SPARK is, together with existing and previous donors, lobbying the Kosovar government to provide long term institutional funding to IBCM.

Revolving Loan guarantee fund Business Start-Ups

Balance 31 december 2015
Mutation 2016
Balance 31 december 2016

1.094.370
105.184
1.199.554

In the period 2007 - 2016, SPARK has signed 16 contracts with local partners to manage loan guarantee funds which benefit the start ups established under the Private Sector development projects. In addition, SPARK disbursed loans directly to entrepreneurs in 4 locations. The total contributions since 2007 to these funds of EUR 2,052,075 are financed by NLMFA through project grants. Most of the funds are cash collaterals deposited at local micro-finance institutions or banks for a fixed period. Thus the banks / institutions disburse the loans from their own funds and the deposit minus administrative costs and defaults, plus gained interest on the deposit

(or from the entrepreneurs) is returned to SPARK after a certain period. The balance in SPARK's annual accounts therefore does not take into account the disbursed and repaid amounts by entrepreneurs, except for the fund in Liberia. In Liberia, the deposits + expected interest from the entrepreneurs are transferred to a bank account which is both accessible for SPARK and the local institution. SPARK has the contractual possibility to withdraw repaid loans and interest from that account, when quarterly reports have been approved by both parties.

Total loan guarantee fund mutation since 2007 can be summarized as follows:

Deposits into the funds:	2.052.075
Withheld management costs for banks:	-30.523
Received interest added:	141.935
Exchange rate differences / currency revaluations:	52.791
Deducted bankrupt / delayed loans:	-701.811
Loan amounts not used and returned (2016, 2017)	-144.478
Funds transferred to external parties	-170.435
	1.199.554

The entrepreneurs pay interest rates ranging from 5% declining to 15% nominal on unpaid principal.

The Revolving Funds are directly allocated to the objective Private Sector Development.

Current liabilities - Payables & Accruals

	31 december 2016	31 december 2015
	€	€
Grants	8.496.956	9.036.261
Partner obligations and payables	293.850	416.837
Shortterm debts, payables & accruals	497.291	615.216
	9.288.097	10.068.314

Grants

Project IBCM - MEST
Project IBCM - SIDA
Project MFS II - NLMFA
Project ABC - NLMFA
Project Asfari Foundation
Project Taqeeem / IE - ILO
Project CSP Rwanda - NLMFA
Project Dairy Value Chain Yemen - UNDP
Project Youth Engagement Yemen - UNDP
Project IBCM - German embassy
Project IT revolution Liberia - MercyCorps/SIDA
Project Branson Scholarship I & II - Humanity United
Project Pico Cap - Humanity United
Project Migration - NLMFA
Project ABIN - NLMFA
Project SYRIN - NLMFA
Project LEAD - NLMFA
Project Access to Higher Education - NLMFA
Project HES
Project Al Fakhoora
Project IEO - NLMFA
Project KEEN - EU
Project UNDP Burundi

	31 december 2016	31 december 2015
	€	€
	-	299.069
	351	351
	-	41.944
	-	1.159.988
	31.282	10.712
	2.507	44.174
	73.365	300.077
	-	243.674
	-	8.161
	-	358
	-	47.914
	-	221.847
	20.320	54.856
	317.372	379.865
	289.071	122.749
	513	-
	1.598.074	1.792.000
	-	475.000
	-	3.833.522
	1.246.202	-
	4.883.368	-
	18.294	-
	16.236	-
	8.496.956	9.036.261

Partner obligations and payables

Programme LEAD
Programme MFS II 2011-2015
Programme CSP
Programme YEP
Programme ABC
Project SYRIN

	31 december 2016	31 december 2015
	€	€
	144.477	-
	6.095	159.097
	77.204	161.345
	-	12.392
	66.075	83.869
	-	134
	293.850	416.837

Of Balance Sheet Commitments

The following programmes / projects relate to periods exceeding the year 2016:

Short term debts, payables & accruals

	31 december 2016	31 december 2015
	€	€
Creditors & Accounts payable	354.099	437.915
Income tax, social security, pensions, severance	50.600	96.100
Vacation days & allowance	57.280	47.710
VAT	30.122	30.122
Prepaid tuition from IBCM students	5.189	3.369
Other short term debts and accounts payables	-	-
	497.291	615.216

The total amount of outstanding holidays 2016 is € 36,400 including field offices.

Name	Donor	Period	project grant
Agri Business Creation (ABC) (extended)	NLMFA	1/7/2012-31/12/2017	€ 5.824.085
Cooperatives Support Programme (CSP) (extended)	NLMFA	6/5/2013-31/03/2017	€ 1.940.685
Migration (MIG) (extended)	NLMFA	1/1/2014-31/12/2017	€ 1.963.625
Maintenance scholarship database KBF (KBP Phase IV)	KBF	1/10/2014-30/09/2017	€ 40.000
Burundi Agribusiness Incubation Network (ABIN)	NLMFA	20/11/2014-31/12/2017	€ 2.314.969
Launch Ignite Fund Liberia (Pico Cap) (extended)	HU	01/11/2015-31/12/2017	\$60.000
Improving socio-economic position of youth in Libya, Somalia, Tunisia (LEAD)	NLMFA	01/01/2016-31/12/2018	€ 7.497.775
Access to HE for Syrian Refugees and IDPs (MAD)	EU	15/08/2016-31/12/2019	€ 18.496.641
Improving Employment Opportunities in Jordan (IEO)	NLMFA	01/12/2016-01/12/2018	€ 8.808.164
Dynamic Futures Programme: Syrian Refugees and Palestinian Expansion (AF)	Qatar Devt Fund	30/04/2016-29/04/2020	8.000.000 USD
Talent Beyond Boundaries (TBB)	TBB, US	01/06/2016-31/08/2017	268.733 USD
Kosovo Education for Employment Network (subcontracted by KEC)	KEC/EU	16/01/2016-27/12/2019	€ 128.742,80

Rental obligations

As of 11 May 2012 SPARK is located in the HNK building (formerly known as Y-tech building) in Amsterdam. The total expenses per year are € 33.000. The contract ended on 31 March 2015 was extended under the same conditions.

Loan guarantee Funds / Loan obligations

All signed contracts have been paid out in full in 2016.

* the loans under the Migration programme are financed for 50% by the donor and for 50% by SPARK.

Explanatory notes Statement of Income and Expenditure

INCOME

Income from own fundraising

Grant King Badouin Foundation - scholarship database
Chevron
IBCM other income (rent & training fees)
Humanity United (Branson)
Humanity United (Pico Cap)
SSRT
Asfari
MercyCorps, LITR

2016	2015
€	€
11.556	17.149
-	42.786
45.348	22.572
247.280	95.507
34.536	-
-	34.899
52.507	40.071
61.021	115.795
452.248	368.779

Governmental grants

Grants NLMFA - MFS II, ABC, YEP, MIGR, CSP, CEEUS, SYRIN, HES, ABIN, AHS, LEAD, IEO
Grant SIDA / SDC / UK / MEST / EU - IBCM
Grants UNDP - Entreprise development Burundi / Yemen
Grants EU - Diploma recognition, KEEN, MADAD
Grant ILO - M&E / IE
Grants US - TBB
Grants other donors - miscellaneous projects Al Fakhoora, CARE NL
Grants IFC (WB)

2016	2015
€	€
9.243.663	8.185.589
757.844	1.725.380
331.924	118.886
799.853	-
41.667	40.009
92.914	
575.529	-
49.749	-
11.893.144	10.069.865

Other Income

Other miscellaneous income & private donations
--

2016	2015
€	€
-	850
-	850
12.345.392	10.439.494

Total Income

Most grants still need final approval of the donor. However, the vast majority of grants has been audited in the first half of 2017 and audited reports have been sent to the respective donors. It is expected that these reports will be accepted. The grants include an amount of € 293,850 for 2016 obligations towards partners under LEAD, ABC and CSP projects

to be paid out in 2016. From total income an amount of € 1,377,351 is used for programme management and overhead of SPARK Amsterdam; an amount of € 11,830,765 is used for direct project expenditures (including those partner obligations).

EXPENDITURES

Spent on objectives

Grants and contributions
Direct costs obtaining governmental grants
Publicity and Communication
Personnel Costs
Housing costs
Office- and General costs
Depreciation and Interest

2016	2015
€	€
10.219.171	7.875.685
185.546	184.190
11.577	20.561
2.212.680	2.120.230
125.753	169.545
371.038	324.185
86.309	42.847
13.212.073	10.737.242

TOTAL expenditures

Grants and contributions

Private Sector development programs

Remunerations 3rd parties involved in projects (partners, experts, trainers, teachers, etc)
Project travel and accommodation costs SPARK & 3rd parties
Capacity building of partners
Direct poverty allevation
IGNITE Fund direct expenses
Policy making / Youth participation / Government legitimacy
Monitoring & evaluation costs
Loan Guarantee and Credit Fund costs
Own contributions students / participants / trainees

2016	2015
€	€
593.758	752.541
57.910	146.047
826.952	1.151.819
868.673	2.354.419
-	47.667
97.980	402.483
424.237	409.752
22.705	365.482
-2.550	-3.075

Higher Education programmes

Establishing International business College Mitrovica
Other Higher Education project costs
Own contributions students / participants
Provision for uncollectable tuition students

1.886.945	1.599.178
5.531.110	720.359
-117.706	-116.680
29.157	45.694
10.219.171	7.875.685

Total Grant and contributions

Obtaining governmental grants

	2016	2015
	€	€
Feasibility studies and project acquisition	185.546	184.190
	185.546	184.190

Publicity and Communication

	2016	2015
	€	€
SPARK general - promotion and advertising	11.577	17.639
Programmes- promotion and advertising	-	2.922
	11.577	20.561

Personnel Costs

Amsterdam

	2016	2015
	€	€
Gross salaries including holiday allowances	713.766	698.983
Social security premiums & Pensions	116.581	154.901
Other personnel costs	159.786	121.516
Staff training (including field office staff)	8.120	7.209

Field offices

	2016	2015
	€	€
Field office coordinating personnel	1.214.426	1.137.621
	2.212.680	2.120.230

In 2016, the organisation had 16.5 (2015: 21) staff members on average in Amsterdam / Project Management (including interns) and 90 (2015: 79) in the local offices. Personnel operating under the IBCM project (with the exception of SPARK Kosovo field office personnel) is presented under the Direct project expenditures.

The increase in field office personnel and costs can be explained as follows:

Additional offices were opened in Jordan and Tunisia for projects involving these countries.

1. Remuneration Senior Staff

1a. Executive Officers under contract

Amounts x € 1	Yannick Du Pont	Michel Richter
Job title	Director	Co-Director
Start and end date position in 2016	1/1 - 31/12	1/1 - 31/12
size of appointment (in fte)	1,0	0,8
former executive officer?	no	no
(Fictional) labor agreement?	yes	yes
Individual WNT-maximum	€ 168.000	€ 134.400
Remuneration	€ 99.034	€ 70.016
Taxable reimbursements	-	-
Remuneration payable in the future	€ 2.958	€ 2.724
Subtotal	€ 101.992	€ 72.740
-/- Unowed paid amount	-	-
Total remuneration	€ 101.992	€ 72.740
Compulsory explanation in case of excess		

Information 2015

	1/1 - 31/12	1/1 - 31/12
End date of employment in 2015	1/1 - 31/12	1/1 - 31/12
Size of appointment in 2015 (in fte)	1,0	0,8
Remuneration	€ 99.034	€ 70.016
Taxable reimbursements	€ 13.330	-
Remuneration payable in the future	€ 2.958	€ 2.724
Total remuneration is 2015	€ 115.322	€ 72.740

1b. Executive officers without an employment contract months 1-12

Not applicable to SPARK in 2016

1c. Supervisory board

bedragen x € 1	Edo Pieter Offerhaus	Hans Robert Constantijn Huygens	Marjolein Daphne Lem-Brouwer	Dukagjin Pupovci	Joannes Willebrordus Bogaard
Position	Chairman	Secretary	member	member	member
Start and end date position in 2016	1/1 - 31/12	1/1 - 31/12	1/1 - 31/12	1/1 - 31/12	1/1 - 28/2
Individual WNT-maximum[6]	25.200	16.800	16.800	16.800	16.800
Remuneration	0	0	0	0	0
Taxable reimbursements	-	-			
Remuneration payable in the future	-	-			
Subtotal	0	0	0	0	0
-/- Unowed paid amount	-	-			
Total remuneration	0	0	0	0	0
Compulsory explanation in case of exces	PM	PM	PM	PM	PM
Information 2015					
End date of employment in 2015	1/10 - 31/12	1/10 - 31/12	1/1 - 31/12	1/1 - 31/12	1/1 - 31/12
Remuneration	0	0	0	0	0
Taxable reimbursements	-	-			
Remuneration payable in the future	-	-			
Total remuneration in 2015	0	0	0	0	0

2. Payments due to termination of contracts of executive officers with or without a labor contract
Not applicable for SPARK in 2016

3. Other reporting requirements based on the WNT

In addition to the aforementioned executive officers, no other officers with a labor contract received a remuneration above the norm set by the WNT in 2016. No payments related to termination of labor contracts that require mentioning under the WNT were made in 2016 or previous years.

Housing costs

Rent and utilities - Amsterdam office

Rent and utilities - field offices

Office and general costs

Amsterdam

Office supplies, telecommunication & postage, other office costs

IT infrastructure services - maintenance

General evaluation and reports (not under direct Programme costs)

Organisational fees and memberships

Administration and auditing

Tax & legal advice

Quality assurance

Insurances

Representation

Other general expenditures (car)

Contingencies

Field offices / projects

Office supplies, telecommunication & postage, other office costs

IT infrastructure services - maintenance

Project evaluation and reports

Organisational fees and memberships

Administration and auditing

Tax & legal advice

Insurances

Representation

Other general expenditures (car costs)

Contingencies

2016	2015
€	€
41.244	39.113
84.509	130.433
125.753	169.545
2016	2015
€	€
25.466	30.807
3.491	11.246
4.840	5.536
11.871	11.259
46.088	54.054
8.330	152
3.122	2.649
4.357	14.405
1.170	1.069
-	22
234.926	9.331
70.864	85.904
7.985,18	3.385
1.364	-
3.880	1.634
3.328	4.585
27.402	13.823
186	4.243
2.153	2.791
4.467	10.194
-94.251	57.096
371.038	324.185

Depreciation and Interest

	2016	2015
	€	€
<i>Amsterdam</i>		
Depreciation fixed assets	9.143	12.452
Bank fees, costs and interest	-46.696	8.912
<i>Field offices / projects</i>		
Depreciation fixed assets	24.503	30.735
Bank fees, costs and interest projects	99.360	-9.252
	86.309	42.847
Total Expenditures	13.212.073	10.737.242
Result	-866.681	-297.749
Result cleared for mutation allocated funds: SPARK operational result	117.656	178.552

Events after balance date (31 December 2016)

The grants for the International Business College Mitrovica (IBCM) have ended in 2016. The government of Kosovo had pledged to continue to support this initiative financially. It was the expectation of the donor community and SPARK that the government of Kosovo would materialize this commitment by the end of 2016. This has not been the case. Because SPARK has a moral and legal obligation to complete the academic year, the running costs for the final semester of IBCM and the costs of closure will have to be carried by the international donor community or by SPARK itself. In case of the latter, the continuity reserve is sufficient to carry these costs. During the first quarter of 2017, the Board of SPARK decided to proceed with closing of IBCM, unless external funding becomes available.

Office and general costs

Project (cash) grants from donors

Grant Medefinancieringsstelsel II 2011 -2016 - NLMFA SPARK

Grant ABC - NLMFA

Grant ABIN - NLMFA

Grant AHS - NLMFA

Grant Al Fakhoora

Grant BiB, WorldBank/IFC

Grant Burundi Rural Entrepreneurship - UNDP

Grant CSP Rwanda - NLMFA

Grant Dairy Value Chain Yemen -UNDP

Grant Diploma acceptance II - EC

Grant HES - NLMFA

Grant IBCM - EU

Grant IBCM - German embassy

Grant IBCM - MEST

Grant IEO - NLMFA

Grant KEEN - EU

Grant LEAD - NLMFA

Grant MAD - EU

Grant Migration - NLMFA

Grant SYRIN - NLMFA

Grant Taqueem - ILO - Rwanda

Grant TBB

Grant YEEP Yemen - UNDP

	2016	2015
	€	€
	256.314	2,08%
	1.466.649	11,88%
	578.730	4,69%
	500.000	4,05%
	549.298	4,45%
	49.749	0,40%
	57.696	0,47%
	526.739	4,27%
	258.453	2,09%
	16.855	0,14%
	4.203.155	34,05%
	458.418	3,71%
	358	0,00%
	299.068	2,42%
	10.016	0,08%
	36.977	0,30%
	986.234	7,99%
	746.021	6,04%
	551.727	4,47%
	164.099	1,33%
	41.667	0,34%
	92.914	0,75%
	15.776	0,13%
	11.866.912	96,12%

Other income

Amsterdam

Chevron

Grant Asfari

Grant CARE

Grant MercyCorps, LITR

Humanity United - Branson

Humanity United - Pico Cap

King Baudouin Foundation - scholarship database

Other income IBCM (rent & trainings)

Other miscellaneous income SPARK

2016	2015
€	€
-	0,00%
52.507	0,43%
26.232	0,21%
61.021	0,49%
247.280	2,00%
34.536	0,28%
11.556	0,09%
45.348	0,37%
-	0,00%
478.480	3,88%
12.345.392	100,00%

Income & Percentages per donor / origin

NLMFA

Other cash grants & income

In kind contributions

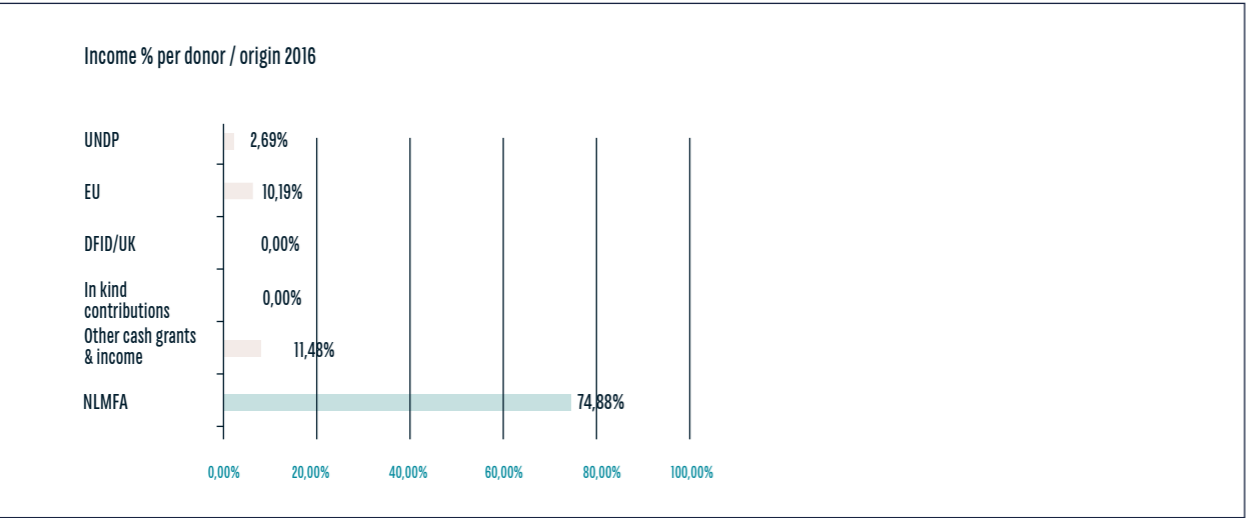
DFID/UK

EU

UNDP

WorldBank

2016	2015
€	€
9.243.663	74,88%
1.461.785	11,84%
-	0,00%
-	0,00%
1.258.271	10,19%
331.924	2,69%
49.749	0,40%
12.345.392	100,00%



2016 Calculation (as determined by donor) on accrual basis

Total MFS 2016 grant NLMFA

Non - NLMFA grants & contributions 2016 SPARK Total incl in kind

Other NLMFA Grants SPARK 2016

Total income SPARK 2016

2016	2015
€	€
256.314	7,63%
3.101.729	92,37%
3.358.043	100,00%
8.987.349	
12.345.392	

2016 Calculation Excluding Grant MFS II

Total MFS 2016 grant NLMFA

Non - NLMFA grants & contributions 2016 SPARK Total incl in kind

2016	2015
€	€
256.314	7,63%
3.101.729	92,37%
3.358.043	100,00%

Other percentages of interest

Overhead % (Management & Administration Costs / total costs)

AMS organisational (personnel, office, fixed organisation) costs versus total costs

AMS & fundraising costs versus total costs

AMS labor costs versus total costs

AMS + local office & labor costs versus total costs

% spent on objectives/total expenses

% spent on own fundraising/income own fundraising

% spent directly on programmes (programme spending ration)

Realisation 2016	Realisation 2015
%	%
2,46%	3,86%
9,20%	11,63%
11,68%	18,02%
6,60%	9,59%
22,65%	30,77%
93,97%	88,50%
36,31%	24,01%
100,57%	86,30%

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

List of Abbreviation

ABC	Agri-Business Creation
ABIN	Agri Business Incubation Network
AIC	Agribusiness Incubation Centre
BoD	Board of Directors
BPC	Business Plan Competition
BSC	Business Support Centre
BSP	Branson Scholarship Programme
BIAB	
CECEM	Caisse Cooperative d’Epargneet de Credit Mutuel
COAMA	Cooperative des Agriculteurs de Mais
CoC	Code of Conduct
COSPEC	CoopérativeSolidarité avec les Paysans pour l’Epargneet le Crédit
CSP	Cooperatives Support Programme
CSR	Corporate Social Responsibility
EU	European Union
FCAS	Fragile and Conflict-Affected States

GEW	Global Entrepreneurship Week
GoK	Government of Kosovo
HES	Higher Education for Syrians
HR	Human Resources
HE	Higher Education
IBCM	International Business College Mitrovica
IPFB	Inter Profession des Fruits du Burundi
ICT	Information and Communications Technology
ICCO	Interchurch Organization for Development Cooperation
IDPs	Internal Displacement Persons
IFC	International Financial Corporation
ILO	International Labour Organization
IEO	Improving Employment Opportunities
IACE	Institutional Advocacy Champion for Economy
KEEN	Kosovo Education for Employment Network
KEC	Kosovo Education Centre

KBF	King Baudouin Foundation
LEAD	Local Employment in Africa for Development
LITR	Liberia IT Revolution
M&E	Monitoring and Evaluation
MANE	Maison des Acteurs Non Etatiques
MEP	Migrant Entrepreneurship Programme
MoU	Memorandum of Understanding
MASP	Multi Annual Strategic Plan
MSMEs	Micro Small and Medium Enterprises
MFS II	Entrepreneurship Development Pogramme
MEST	Ministry of Education, Science and Technology
MENA	Middle East and North Africa
NGO	Non-Governmental Organisation
NLMFA	Netherland Ministry of Foreign Affairs
OPT	Occupied Palestinian Territories
PSD	Private Sector Development

RICEM	Rwanda Institute of Cooperatives Microfinance and Entrepreneurship
SB	Supervisory Board
SME	Small and Medium Enterprise
SOVIBU	Societe de Production de Vin de Bananes et de Transformation des Fruits au Burundi
SIS	Student Information System
SSRT	Scholarships for Syrian Refugees in Turkey
TAMSS	Tunisian Association for Management and Social Stability
TM	Terrafina Microfinance
TBB	Talent Beyond Boundaries
UNDP	United Nations Development Programme
WNT	Wet Normering Topinkomens
YBC	Yemen Business Club
YEP	Youth Engagement Programme
ZOA	Relief Hope Recovery

INDEPENDENT AUDITOR'S REPORT

To: the Supervisory Board of Stichting Spark.

A. Report on the audit of the financial statements 2016 included in the annual report

Our opinion

We have audited the financial statements 2016 of Stichting Spark based in Amsterdam.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Stichting Spark as at 31 December 2016 and of its result for 2016 in accordance with the Guidelines for annual reporting 650 "Fundraising Institutions" of the Dutch Accounting Standards Board and the Policy rules implementation of the Public and Semi-public Sector Senior Officials (Standard Remuneration) Act (WNT).

The financial statements comprise:

1. the balance sheet as at 31 December 2016;
2. the statement of income and expenditures for 2016; and
3. the notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of Stichting Spark in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

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

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B. Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of the management board's report.

Based on the following procedures performed, we conclude that the other information is consistent with the financial statements and does not contain material misstatements.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements. Management is responsible for the preparation of the other information, including the management board's report, in accordance with the Guidelines for annual reporting 650 "Fundraising Institutions" of the Dutch Accounting Standards Board.

C. Description of responsibilities regarding the financial statements

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements, in accordance with the Guidelines for annual reporting 650 "Fundraising Institutions" of the Dutch Accounting Standards Board and the Policy rules implementation of the Public and Semi-public Sector Senior Officials (Standard Remuneration) Act (WNT). Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, as well as the Policy rules implementation WNT, including the Audit Protocol WNT, ethical requirements and independence requirements.

Our audit included e.g.:

- identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtaining an understanding of internal control relevant to the audit 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 company's internal control;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern;
- evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

Amsterdam, 31 August 2017

Dubois & Co. Registeraccountants

G. Visser RA

Contact

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Account Number 655131957
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BIC INGBNL2A
Place Amsterdam, the Netherlands

The texts, numbers and design of this Annual Report are checked
by the staff, Board of Directors and the Supervisory Board of
SPARK. Should you have questions or come across an error,
please contact us at spark@spark-online.org



Al Quds College
Jordan