ANNUAL REPORT 19
LETTER FROM THE PRESIDENT AND EXECUTIVE DIRECTOR

PONT programme
In 2019, we ran our first successful open Calls for Proposals in the thematic areas of Non-Timber Forest Products and Sustainable Tourism. The two Calls for Proposals were based on studies conducted with the great help of the Connecting Natural Values and People Foundation (CNVP). We were impressed by the many innovative ideas submitted by local stakeholders resulting in the cooperation with four new Environmental Actors in our grant programme.

Our Protected Area grant programme also produced considerable results in 2019. The Public Institution Galicica National Park managed (in record time) to reorient themselves from a self-financing model through the sales of firewood to a more nature-based approach, financed mainly through sustainable tourism and the co-financing provided by PONT. The Public Institution Pelister National Park made major progress in the update of their new management plan for the national park. The Municipality of Resen and the National Agency of Protected Areas continue to work on the implementation of their management plans with the help of newly recruited staff, who are co-financed by PONT.

Cooperation with the EU in North Macedonia and Albania
We are grateful for the willing and effective cooperation between our co-financing partners. A big thank you goes to the EU Twinning Project in North Macedonia, through which we were able to support the development of two draft Natura 2000 Management Plans for Pelister National Park and the Prespa Lake. Many transboundary meetings were organised by the EU delegations to North Macedonia and Albania, in close cooperation with PONT, to formulate the Prespa Environmental Protection and Sustainable Development Programme. It has been impressive to see so many local stakeholders working together in such a constructive manner.

Plans for 2020
We are excited to run our first joint Call for Proposals for small grants together with the Critical Ecosystem Partnership Fund (CEPF) in 2020. Through this open Call for Proposals we hope to be able to engage with new actors on critical conservation issues, with the required co-financing being secured through CEPF. Necessary capacity development efforts will be provided jointly by PONT and CEPF.

In 2020 we will conduct a study to investigate the options for geographical expansion of PONT to be able to include other important protected areas located in the Wider Prespa-Ohrid Ecoregion. We are excited that the PONT Supervisory Board is planning to visit Albania, and we are grateful that all board members decided to extend their mandate to serve for another term.

Thank you for your contribution in making 2019 a successful year for PONT and congratulations on your achievements! We look forward to fostering greater cooperation and synergies for the conservation of this very special region.

Lynda Mansson
President of the Supervisory Board

Mirjam de Koning
Executive Director

P.S. Please subscribe to our bi-annual newsletter via the PONT website and follow us via Facebook or LinkedIn.
2019 - YEAR IN REVIEW

PONT’s third full year in operation in the region was marked by progress on many different fronts. Unlike standard “project-based” or “short-term” solutions, PONT’s funding is long-term and designed to ensure the sustainable management of the Prespa Ohrid region.

Our model emphasises long-term commitment, transparency, accountability and collaboration, and these traits are reflected in our five-year strategy. Our emphasis is on the implementation of operational measures and, if appropriate, applied research, studies and experimentation linked directly to implementation.

PONT’S PROTECTED AREA GRANT PROGRAMME

PONT enables protected areas in the Wider Prespa Area to develop and implement their management plans to conserve the environment through sustainable co-financing of operational costs. PONT supports the development and use of standard operational planning and reporting systems for the implementation of proprietary protected area programmes. Standardised biodiversity monitoring systems must be developed in which data collection, data analysis and habitat management are implemented, with an efficient division of what can be done by the protected area staff themselves, local people and what to outsource to third parties. Enabling the protected area staff to increasingly use scientific data in managing the area must be included in the third-party contracts. The inclusion of minimum Natura 2000 requirements will garner importance in the coming years.
ONGOING GRANTS PROTECTED AREAS

**National Agency of Protected Areas (NAPA) for Prespa National Park, Albania**

The grant focuses mainly on the requirement of additional manpower to implement priority conservation actions as outlined in the park management plan. A mid-term review of the current park management plan (2014-2023) will establish a timetable that will inform the preparation of the future annual operational plans.

**Public Institution Pelister NP (PIPNP) for Pelister National Park, North Macedonia**

With this grant a new management plan for Pelister National Park is developed. For the additionally included territory in 2007 an inventory of all species and habitats, birds, endemic and rare species is needed. The draft study for revalorisation to provide scientific evidence for the policies and management actions to be defined in the management plan was finalised, including the management zoning.

**Resen Municipality for Lake Prespa Monument of Nature & Ezerani Nature Park, North Macedonia**

The grant supports the approval of the management plan for Prespa Lake Monument of Nature and the implementation of priority activities derived from the management plan for Ezerani Nature Park. This includes the monitoring of target habitats and species according to national legislation and EU Birds and habitats directive (Natura 2000).

**Public Institution Galicica National Park (PIGNP) for Galicica National Park, North Macedonia**

Implementation of the 4 programmes of the current management plan to reflect the shift from operations related to firewood production to standard operations of a protected area: conservation and visitor management. In addition, the management plan will be updated.
PONT’S ENVIRONMENTAL ACTORS GRANT PROGRAMME

Grants to environmental actors are for qualified NGOs, municipalities and research institutes with a local presence in the Wider Prespa Area and with a strategy in developing society, improving communities, and promoting citizen participation in conservation. PONT funding priorities for environmental actors are mainly focussed on transboundary conservation activities and some important specialised conservation activities. In addition, environmental actors with a focus on conservation in the Wider Prespa Area are supported with their operations and organisational development to improve the organisations and their capability of sourcing third party funding.

Further, PONT financial support to NGOs and research institutes is directed towards the implementation of activities identified in the management plans for the respective protected areas and where there is a lack of capacity within the protected area management bodies. Applied research, with the involvement of protected area staff, directly focussed on species or habitat management is also supported, but fundamental research is not.
Public Scientific Institution Hydrobiological Institute Ohrid (HIO), North Macedonia

Development and implementation of a strategic plan focusing on capacity development and applied research supporting the management plans for the protected areas. The activities combine theoretical and practical training in the laboratories of HIO and the Steniče Monitoring Station, as well as field sampling and monitoring.
Connecting Natural Values and People (CNVP), North Macedonia & Albania

Sustainable cultivation of medicinal and aromatic plants to serve as a model of decoupling local economic development from harvesting of wild resources in the protected areas.
Protection and Preservation of Natural Environment in Albania (PPNEA), Albania

Grant activities include mapping of wetland and forest riparian habitats using the Natura 2000 habitat mapping protocols and conservation of large carnivores, including a component on monitoring of the brown bear population in the region.

Macedonian Ecological Society (MES), North Macedonia

The grant supports wetlands restoration, monitoring of target species of water birds and the establishment of a network of community volunteers to assist in the protection and monitoring of wild plant species.

Society for the Protection of Prespa (SPP), Greece

The grant supports efforts to improve the “greening” of the local economy on the Greek side of Prespa with an emphasis on applied research and monitoring and management of important habitat and species.

Protection and Preservation of Natural Environment in Albania (PPNEA), Albania

Grant activities include mapping of wetland and forest riparian habitats using the Natura 2000 habitat mapping protocols and conservation of large carnivores, including a component on monitoring of the brown bear population in the region.
Alpine club PATAGONIA Ohrid, North Macedonia

First phase in the establishment of an adventure zone in Galicica National Park to attract more visitors in the park zones with lower level of protection and to reduce the pressure in the strictly protected zones.

Association of sports “Sport for all – All for sport” Ohrid, North Macedonia

Boost the adventure tourism niche in the Ohrid Lake Region. The marathon along the “Ohrid Trail” is conducted in cooperation with the local government and Galicica National Park with the aim to generate local tourist income in the pre-season. The skills and services of local mountain guides are used in the event.

Albanian Centre for Environmental Governance (ACEG), Albania

Orient tourism development towards nature-based tourism, focusing on inter-municipal cooperation, exchange and capacity building in the municipalities of Fustec and Devoll. Enhance the skills of young entrepreneurs on sustainable tourism, not only through training but also financial support.
CONSULTANTS

Sustainable use of Non-Timber Forest Products in Prespa

PONT engaged the Connecting Natural Values and People Foundation (CNVP) to conduct a study assessing the opportunities and challenges related to non-timber forest products (NTFPs) in the Wider Prespa Area. Fully endorsed by PONT, the report sets out a number of recommendations related to the collection, production, processing and marketing of NTFPs, taking into account input from a number of key stakeholders in Albania and North Macedonia.

The report stresses the importance of sustained support from donors, governments and stakeholders in order to bring about systematic change in understanding of and investment in the NTFPs value chain. Continuing support and education is needed, particularly at the local level, addressing sustainable use of local resources, entrepreneurship skills, product development, marketing, and business planning. These efforts should focus on identifying and promoting leaders in the Wider Prespa Area that are able to grow from simply harvesting wild products into a financially viable business. In the interest of diversity, support to local entrepreneurs should prioritise young people and women.

Support is also recommended to strengthen the link between the management objectives of the Protected Areas in the Wider Prespa Area with the sustainable use of NTFPs, in terms of management zoning, identification of harvesting quotas, monitoring of NTFP harvesting, and plantation production of medicinal and aromatic plants.

Some past initiatives have led to real progress in the sustainable use of NTFPs and its contribution to local livelihoods. For instance, a group of women from the village of Gollomboc, Albania has successfully established plantations of mountain tea, an endemic species found in the Wider Prespa Area, and now sell their products to significantly improve their income and thus their family welfare. Similarly, a group of women from the villages in North Macedonia are successfully cooperating through an informal organisation that provides home-made catering to clients.

PONT has taken into consideration the recommendations set out in the study in designing the 2019 Call for Proposals concerning NTFPs.

Sustainable nature-based tourism in Prespa

PONT engaged the Connecting Natural Values and People Foundation (CNVP) to investigate the modest outcomes of past initiatives concerning ecotourism in the Wider Prespa Area and to develop recommendations to increase the impact of future efforts. Following a thorough review of documents and structured consultation of a wide range of stakeholders in Albania and North Macedonia, the study presents a detailed overview of the past initiatives and current situation, and identifies the opportunities for future interventions to support the development of sustainable nature-based tourism in the Wider Prespa Area.

The study demonstrates that the tourism sector is complex, requiring cooperation and networking of stakeholders in both the public and private sector, including protected area authorities, municipalities, local NGOs, local communities and local businesses. The involvement of local communities and businesses is of critical importance for the success of future efforts. The study identifies several small-scale hospitality businesses in the Wider Prespa Area with the potential to provide ecotourism products or services. These, and other local businesses, can help develop local leaders and entrepreneurs that can demonstrate success and inspire others to follow suit.

New initiatives and projects need to be designed and implemented in close partnership with local stakeholders to bring tangible economic and social benefits to local communities and to generate support for nature conservation in the Wider Prespa Area. It is suggested that capacity building through partnership could help local businesses design and run successful ecotourism businesses in the near future.

PONT has taken into consideration the findings and recommendations set out in the study in designing the 2019 Call for Proposal concerning sustainable nature-based tourism.
2019 RESULTS AND HIGHLIGHTS

As PONT we are very pleased with the progress made on improved cooperation and coordination. Below we want to highlight some of the results.

Prespa Park Agreement

A highlight was the entry into force of the 2010 Agreement for the protection and sustainable development of the Prespa Park that took place on 29 May 2019, upon the dispatch by Albania of its notification to the other parties of the agreement that it had completed its internal procedures. This came as a result of two years of lobbying at many levels by the Society for the Protection of Prespa (SPP) and its partners, including PONT, GIZ, the German Embassy and KfW in Albania and the Municipality of Prespa in Greece. It is now time to help get the implementation of the agreement under way, and in particular set up the long-awaited formal transboundary institutions.

Dissemination of knowledge & sharing of experience

The SPP has been preparing ‘lessons learned’ documents for PONT, in order to share some of the knowledge and experience it has gained over its many years of conservation work in Prespa. The first documents concerned the use of timesheets as a time management tool, the development of a conflict of interest policy, environmental education programme development, and establishing a biodiversity monitoring system. The most recent ‘lessons learned’ document deals with managing cooperation and partnerships with public bodies. These efforts aim to help strengthen capacity in protected areas and environmental actors in the basin through communicating the practical conservation experience SPP has gained over the years.

Trilateral mid-winter counts of waterbirds

The trilateral mid-winter counts of waterbirds were carried out under difficult weather conditions in 2019. Despite the fact that on the North Macedonian side it was impossible to reach certain points owing to snow cover, in total more than 47,000 waterbirds were counted on Great Prespa Lake, of which 65% were coots (Fulica atra). In Lesser Prespa Lake, only a portion of the Greek part of the lake was accessible to birds with open water and in total 1,517 individuals of 19 species were recorded there.
**One step further for transboundary water monitoring in Prespa**

Water quality scientists from the three sides of the Prespa basin met in Stenje to build on the cross-border cooperation initiative taken a year ago at the other side of the lake. The workshop aimed to further promote the dialogue and joint work set off in Laimos and was organised by the Society for the Protection of Prespa (SPP) with the support of the Municipality of Resen and funding by PONT. The periodical meetings and the ongoing communication among the experts encourage the building of trust and the advancement of transboundary water monitoring efforts. This preparatory work is expected to provide the foundation for the formal inter-state cooperation that will follow the recent entering into force of the International Prespa Park Agreement.

**Addressing management issues at Lake Prespa**

The Hydrobiological Institute Ohrid (HIO) and the Municipality of Resen in North Macedonia have formalised their partnership through the signing of a Memorandum of Understanding, with the aim of strengthening management effectiveness of Lake Prespa Monument of Nature and Ezerani Nature Park. The activities combine theoretical and practical training in the laboratories of HIO and the Stenje Monitoring Station, as well as field sampling and monitoring. The Resen Municipality has established and manages the Stenje Monitoring Station, which is tasked with conducting basic monitoring of water quality, ecosystem processes, habitats and species in the two protected areas and the watershed of Lake Prespa in North Macedonia.

**Prespa women growing mountain tea**

Following a rigid selection process, PONT awarded a grant to the Connecting Natural Values and People (CNVP) for a project concerning sustainable cultivation of medicinal and aromatic plants in the Wider Prespa Area to serve as a model for decoupling local economic development from harvesting of wild resources in the protected areas. The CNVP offices in Albania and North Macedonia will help local producers to establish new or build upon existing associations to advance the production and marketing of medicinal and aromatic plants.

Local women will be one of the most important beneficiaries of the project due to their successful involvement in producing and marketing NTFPs and other local produce in the past. The project furthers the achievements of previous initiatives in the Albanian part of the region, in particular the cultivation and marketing of the endemic mountain tea.
Working together on Natura 2000

Many stakeholders joined forces to work on the implementation of Natura 2000. PONT’s cooperation partner, the EU Twinning project, ‘Strengthening the capacities for effective implementation of the acquis in the field of nature protection’, organised several events in Pelister National Park and Prespa Lake Monument of Nature. To strengthen knowledge, various international and local experts, and students from Finland, North Macedonia, Greece and Albania participated in the inventory and monitoring training sessions in the field.

Following the successful mapping of wetland habitats using Natura 2000 protocols on the Macedonian side of the basin, the activity was replicated on the Albanian side. Experience gathered on the Macedonian and Greek side enabled transfer of knowledge from the other PrespaNet partners to PPNEA and the staff of Prespa National Park in Albania.

Counting pelicans together

Demonstrating the effectiveness of multilateral cooperation, the Local Officer of PPNEA, supported by PONT and GfA Consulting Group, organised the monitoring of the Dalmatian pelican. Following the monitoring protocol developed by the PrespaNet Partners, PPNEA experts supervised the counting conducted by the Regional Administration of Protected Areas (RAPA) Director, and the Head of the Monitoring Department, with assistance from the National Coordinator/Deputy Team Leader of the Transboundary Biosphere Reserve Prespa Project.

Galicica National Park takes a leap forward in conservation

After 60 years, funding of the park administration operations is being decoupled from natural resource extraction, setting a precedent in protected area financing in North Macedonia. While limited quantities of firewood are still being produced to partly satisfy local energy demands, most of the human, technical and financial resources in 2019 were engaged in operations and projects related to nature conservation, tourism and visitor management, as well as environmental education.

In addition, two grants were awarded by PONT for local organisations to develop tourism in the park. Alpine club PATAGONIA Ohrid will develop an adventure zone to attract more visitors in the park zones with lower level of protection and to reduce the pressure in the strictly protected zones. The association of sports “Sport for all – All for sport”, will boost the adventure tourism niche in the Ohrid Lake Region through organising the Ohrid Trail marathon with the aim to generate local tourist income in the pre-season. The skills and services of local mountain guides are used in the event.
Implementing International Standards at Pelister National Park

The new management plan for Pelister National Park is being developed following the findings and recommendations set out in the Study for Revalorization of the park. In coordination with the Ministry of Environment and Physical Planning, the park administration and key stakeholders, a new management zoning has been developed to cover the area added in the 2007 extension of the park, and adjusting the existing zoning. The new management zoning ensures that the primary management objectives of the park, that is, “to protect natural biodiversity along with its underlying ecological structure and supporting environmental processes, and to promote education and recreation” (IUCN 2017) will apply to at least three-quarters of the park (the “75 per cent” rule), as defined by IUCN in the Guidelines for Applying Protected Area Management Categories – the most influential international standard for PA management. This is the first time a national park (IUCN Category II) in North Macedonia will formally adhere to this standard.

Formulation of joint concept notes

Transboundary meetings were organised by the EU delegations in North Macedonia and Albania, in close cooperation with PONT, to formulate the Prespa Environmental Protection and Sustainable Development Programme. During a participatory process and with the support of PONT, eight concept notes for co-financing were produced by PONT grantees and their partners that fall under the PONT funding framework. In addition, two concept notes on transboundary cooperation were produced. PONT submitted an umbrella concept note in support of these ten concept notes and assisted the EU delegations in the elaboration of a logical framework for the proposed programme.
Sources of funding

- 46% PONT
- 15% Government
- 25% Applicant
- 14% Other Sources
- 0% Other Sources

Allocation of cost categories by source of funding

- PONT
- Government
- Other Sources
- Applicant

Cost categories:
- Travel, meeting, training
- Equipment & Infrastructure
- Staff Costs
- Consumables, operating and other costs
- Consultants
KEY MESSAGE
Closing the gap between strategic and operational planning

The prospect of securing long-term co-financing from PONT has propelled the protected area management authorities in the Wider Prespa Area in Albania and North Macedonia to overhaul planning and implementation of their core operations. They are now regularly using the Management Effectiveness Tracking Tool (METT) as a decision-support tool to achieve more transparent, evidence-based, and adaptive management, tied to the annual management cycle. The findings and results of the METT assessment inform the development of the operational plans using a template developed by PONT. The template prompts the managers to plan in more detail the deployment of human, financial and technical resources related to basic functional areas, such as biodiversity monitoring, patrolling, habitat restoration, environmental education or visitor management that were often neglected in the past or contingent on projects or other forms of external support. PONT’s co-financing enables PA managers to recruit new staff and deploy adequate resources to sustain these core management functions over the long-term. The budget template, also developed by PONT, helps the protected area managers combine effectively PONT’s co-financing with the funding from the government or their own income, as well as the support provided through projects implemented by conservation NGOs or international agencies, and to ensure resources are adequately distributed across the different functional areas.
OUR PARTNERS

As PONT grants require co-financing of at least 50% for protected area grants and 25% for environmental actor grants, we rely on the own contribution by our grantees and the contribution by our cooperation partners. We acknowledge and are grateful for the following sources of co-financing by our cooperation partners.

<table>
<thead>
<tr>
<th>GRANTEE</th>
<th>OTHER SOURCES OF CO-FINANCING</th>
</tr>
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<tbody>
<tr>
<td>National Agency of Protected Areas (NAPA)</td>
<td>“Transboundary Biosphere Reserve Prespa Project”, financed by KfW and implemented by GFA and INCA</td>
</tr>
<tr>
<td>Public Institution Pelister NP (PIPNP)</td>
<td>EU grant, implemented by UNDP “Protecting Nature for a Sustainable Future – improving the management of protected areas” &amp; EU Twinning project “Strengthening the capacities for effective implementation of the acquis in the field of nature protection”</td>
</tr>
<tr>
<td>Resen Municipality</td>
<td>EU grant, implemented by UNDP “Protecting Nature for a Sustainable Future – improving the management of protected areas” &amp; EU Twinning project “Strengthening the capacities for effective implementation of the acquis in the field of nature protection”</td>
</tr>
<tr>
<td>Public Institution Galicica National Park (PIGNP)</td>
<td>EU grant, implemented by UNDP “Protecting Nature for a Sustainable Future – improving the management of protected areas”</td>
</tr>
<tr>
<td>Protection and Preservation of Nature Environment in Albania (PPNEA)</td>
<td>Aage V. Jensen Charity Foundation</td>
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<tr>
<td>Macedonian Ecological Society (MES)</td>
<td>Aage V. Jensen Charity Foundation</td>
</tr>
<tr>
<td>Connecting Natural Values and People Foundation (CNVP)</td>
<td>Swedish International Development Cooperation Agency (SIDA) through the financing of the “Local Economic Development project”</td>
</tr>
<tr>
<td>Alpine club PATAGONIA Ohrid</td>
<td>EU financed IPA-CBC programme “New opportunities for safe winter adventures”, to be implemented between 01.11.2019 - 31.10.2022</td>
</tr>
<tr>
<td>Association of sports “Sport for all – All for sport”</td>
<td>Private companies in North Macedonia; EU Delegation in North Macedonia; City of Ohrid; contribution by participants participating in the Ohrid Trail</td>
</tr>
<tr>
<td>Albanian Centre for Environmental Governance (ACEG)</td>
<td>The programme “Sustainable Economic and Regional Development, Employment Promotion, Vocational Education and Training in Albania” (ProSEED), funded by BMZ, and implemented by GIZ.</td>
</tr>
</tbody>
</table>
SOLID FUNDING BASE

With an additional endowment of €5 million from a donor who wants to remain anonymous, the total capital input for PONT amounts to €38.2 million. PONT is extremely grateful for the additional contribution and the unwavering commitment of our founding donors to our mission and its future success i.e. MAVA Foundation and the KfW Development Bank (KfW) – mandated by the German Federal Ministry of Economic Cooperation and Development (BMZ).

With the funding split between permanent capital committed to our endowment and a portion in the form of “sinking funds” (which must be spent by a certain date), these commitments provide us with a solid financial base for the coming years.

Earnings on the investment of KfW’s endowment contribution and sinking fund, and the entire principal of the sinking fund, are dedicated primarily to support PONT’s grant programme for protected areas and environmental actors, such as NGOs working in the portions of the Wider Prespa Area located in Albania and North Macedonia. A smaller portion may also be used to cover PONT’s operating expenses.

The MAVA sinking fund (including investment earnings thereon) is already actively used to support PONT’s grant programme in favour of the Greek NGO Society for the Protection of Prespa (SPP). The investment earnings on MAVA’s endowment can be used for any purpose that supports our mission.

Earnings on the investment of the new endowment by the anonymous donor can be used to support the work related to the conservation of species and their habitats in the entire basin.
GOVERNANCE

Supervisory Board

Lynda Mansson, Director General of MAVA Foundation
Demetres Karavellas, CEO of WWF Greece
Christoph Tiskens, Director for Southeast Europe and Turkey, KfW Development Bank
David Morrison, leading PONT’s Investment Committee
Gabriel Schwaderer, Executive Director of EuroNatur

Management Board

Mirjam de Koning, Executive Director

Staff

Suela Mehmeti, Office Manager
Oliver Avramoski, Grants Coordinator

Nature Trust Alliance: PONT is supported by a shared services office in Frankfurt am Main, which works in close collaboration with the Caucasus Nature Fund (CNF) and the Blue Action Fund.

The Investment Committee, which is a committee under the PONT Supervisory Board and led by one of the Supervisory Board members, makes the overall decisions regarding the investment portfolio. The Investment Committee is advised by an Investment Advisor. The Investment Advisor regularly verifies compliance with the joint PONT/CNF investment policy including a sustainability policy. Our annual accounts, which are summarized in this report, are audited annually by one of the big four global auditing firms. PONT has an audit committee comprised of two board members, which meets separately once per year with PONT’s independent bookkeeper and tax advisor and its external auditors to discuss issues relating to financial reporting.
ACKNOWLEDGEMENTS

A special thank you to Nina Smith, Sarah Kelleher and Ronny Dobbelsteijn for providing us with pro bono support for our public relations, IT and communications.

Many thanks to our ‘anonymous donor’ for an additional endowment of €5 million to support the work related to the conservation of species and their habitats.

Under the leadership of David Morrison the pro-bono contribution of our investment committee members [Al Breach, Johan Holgersson and Ronald Kent] remains invaluable. PONT would like to thank all of them for their contribution. We would also like to thank all our cooperation partners for their co-financing contributions and technical inputs.
**FINANCIALS**

The information in this section should be read in conjunction with PONT’s 2019 financial statements including the notes thereto, which are published on our website in the 2019 audit report finalised by PONT’s independent auditor.

### Balance Sheet

**SUMMARY OF BALANCE SHEET**

<table>
<thead>
<tr>
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<th>€ 000s / December 31</th>
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<tbody>
<tr>
<td><strong>Assets</strong></td>
<td>2019</td>
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<tr>
<td>Fixed Assets:</td>
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</tr>
<tr>
<td>Property Plant &amp; Equipment (office furniture &amp; equipment)</td>
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<tr>
<td>Financial Assets (Investment Securities)</td>
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<tr>
<td><strong>Equity &amp; Liabilities</strong></td>
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<tr>
<td>Equity:</td>
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<td>Foundation Capital</td>
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<td>Funding Capacity Reserve KfW</td>
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<td><strong>Current Assets and Prepaid/ Deferred Items:</strong></td>
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<td>Accounts receivable &amp; other</td>
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<td>Cash &amp; Cash Equivalents</td>
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<tr>
<td>Prepaid Expenses &amp; Deferred Charges</td>
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<td><strong>Total Assets</strong></td>
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<td><strong>Funds Carried Forwards</strong></td>
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<tr>
<td><strong>Total Equity &amp; Liabilities</strong></td>
<td>35,894</td>
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</tbody>
</table>

Total assets as at December 31, 2019 amounted to €35.9 million. This marks a €4.3 million increase compared to December 31, 2018 reflected in PONT’s equity, and caused by an increase on the endowment capital of PONT, with a new contribution of €5 million from a donor who wishes to remain anonymous. Together with the initial contributions to the endowment from KfW/BMZ and MAVA, the foundation capital now totals €25.6 million. MAVA Foundation and KfW/BMZ made contributions to PONT’s funding capacity reserve in 2016 totalling €12.6 million (of which €6.6 million from MAVA and €6 million from KfW/BMZ). The funding capacity reserve contributions were made as “sinking funds” to be spent over the period to 2030. After the utilization in 2019 of the MAVA and KfW sinking funds, utilized as discussed below, a balance of €9.5 million remained at the end of 2019 (€4.6 million in the MAVA sinking fund and €4.9 million in the KfW/BMZ sinking fund).

In line with the prior year, the miscellaneous provisions amounted to €76,065 reflecting outstanding invoices for consulting and other services in connection with investment advisory, custody fees, accounting, financial statements and audit.

The asset side of the balance sheet reflects a division between investment securities (€23.5 million) and cash (€12.4 million).
Income Statement

Background
As background to the discussion of PONT’s income statement, it is important to keep in mind the different sources and uses of our funds.

- PONT’s “above the line” spending sources include current use income in the form of the interest and dividend earnings and capital gains on our investments, as well as a smaller amount of donations.
- As mentioned in the description of the balance sheet, PONT received separate “sinking funds” contributions in 2016 from MAVA and KfW that are reflected in reserves. Utilization of the sinking funds is reflected “below the line” in the income statement as a transfer from reserves. Given that today the sinking funds finance the bulk of the PONT programme expenditures, this means that PONT’s income statement will continue to show a loss before reserves transfer until PONT’s sinking funds are reduced and its income from investments and donations grows.

### INCOME AND EXPENSES

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
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<tr>
<td><strong>NET REVENUE</strong></td>
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<td>Net Investment Income</td>
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<td>Donations &amp; Other Income</td>
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<td><strong>NET REVENUE</strong></td>
<td><strong>727,099</strong></td>
<td><strong>316,098</strong></td>
</tr>
<tr>
<td><strong>EXPENSES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Programme &amp; Programme support</td>
<td>1,206,042</td>
<td>1,005,217</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>194,408</td>
<td>198,486</td>
</tr>
<tr>
<td><strong>TOTAL EXPENSES</strong></td>
<td><strong>1,400,449</strong></td>
<td><strong>1,203,702</strong></td>
</tr>
<tr>
<td><strong>NET INCOME (LOSS)</strong></td>
<td><strong>(673,350)</strong></td>
<td><strong>(887,604)</strong></td>
</tr>
<tr>
<td>Transfer from Funding Capacity Reserve</td>
<td>966,298</td>
<td>830,313</td>
</tr>
<tr>
<td>Transfer to Saving Reserves</td>
<td>239,366</td>
<td>107,680</td>
</tr>
<tr>
<td>Funds Carried Forward from Prior Year</td>
<td>8,814</td>
<td>173,785</td>
</tr>
<tr>
<td><strong>FUNDS CARRIED FORWARD BALANCE</strong></td>
<td><strong>62,396</strong></td>
<td><strong>8,814</strong></td>
</tr>
</tbody>
</table>
Expense
Most of our expenditures are used for our core mission, namely grant and programme expenses, but a smaller portion was used to cover costs that directly support the programme and operating expenses. Expenses for Programme Grants and projects reflect our grants for programmatic purposes and mission-related activities. Grants to NGOs include our continuing grant to the Greek NGO SPP (€690,000 in 2017, €700,000 in 2018 and €650,000 in 2019) as well as smaller grants to NGOs in North Macedonia and Albania (€162,217 in 2019 in total).

The increase in our Grants to PA’s of 231% in 2019 shows the continuity and expansion of our programme of support to PAs in North Macedonia and Albania with four grants to five protected areas in those countries. In 2019, we continued our consulting and other projects grants based on identified needs (e.g. the studies on Sustainable Use of Non-Timber Forest Products and Sustainable Nature-Based Tourism in Prespa as well as the video produced about the work in Galicica National Park).

The Programme Development and management (internal) expense reflects staff salary allocations to the development and management of our programme as well as travel costs related to our programme, and the costs of running our office in Tirana. Expenses increased by 19% in 2019 as a result of the increase of the time that the executive director allocated to the programme. In 2019, we have incurred for the first time on external programme management expense as external monitoring of our programme started.

Investment income from a combination of interest, dividends, fund distributions and capital gains of €1 million was up 62% in 2019, as a higher percentage of our funds were invested and also thanks to the good performance of our investments. The combination of investment expenses, foreign currency loss and withholding tax decreased 9% from 2018 principally as a result of the change of the custodian bank that took place during Q2 of 2019. As a result, net investment income of €718,099 in 2019 was off 134% compared to the prior year.

Donations and other incomes in 2019 reflects current use donations from private donors of €9,000.

Net Revenue
PONT’s net revenue is composed of our Net Investment Income and our Revenue from Donations and Grants as shown in the table above. The development of Net Investment Income is shown in the following table.

<table>
<thead>
<tr>
<th>NET INVESTMENT INCOME</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment Income</td>
<td>1,001,547</td>
<td>617,878</td>
</tr>
<tr>
<td>Investment Expenses, Foreign Currency Loss &amp; Withholding tax</td>
<td>283,448</td>
<td>310,597</td>
</tr>
<tr>
<td><strong>NET INVESTMENT INCOME</strong></td>
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<td><strong>307,282</strong></td>
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The Operating Expenses of PONT reflect our administrative and fundraising costs. The Administrative expenses consist mainly of bookkeeping, financial reporting and audit, legal and similar costs in Germany and Albania, including the cost of support of the Nature Trust Alliance’s (NTA). In 2019, PONT managed to control administrative expenses well (-3.5%) despite the increase in our programme work.

Fundraising expenses include mainly the allocation of the salary of the executive director according to the time dedicated to fundraising activities as well as the fundraising travel expenses.

In order to evaluate our efficiency and to assess cost effectiveness of our programme delivery, in accordance with best practice for foundations, PONT monitors its operating expenses as percent of its total expenses. The result for 2019 is an operating to total expenses ratio of 13.9%. We are pleased that PONT has managed to reduce this percentage compared to the previous years and that we stay well below the target of < 20%.
Net Income and Funds Carried Forward

In 2019, PONT’s ordinary income and expense items generated a net loss of €673,350 before transfer from the reserves. This transfer added €966,298 in revenue, so that 2019 funds available to transfer to free reserves amounted to €239,366 (as discussed in the next paragraph). After offsetting the carry forward from the prior year, €62,396 remained to be carried forward to 2020.

PONT is still in its growth phase and seeks to use provisions of the German tax law that allow a foundation to add to its capital and reserves. We plan to transfer each year up to one third of our net investment income and up to 10% of current use income to different reserves, allowing us to build our capital, protect it against inflation and generate larger investment income in the future and thereby support the sustainability of our work.

We plan and manage our expenditures in relation to the funding sources available to us. We strike a balance between developing our grant programme on a sustainable basis and at the same time adding the maximum permitted funding to capital and reserves. For as long as we have adequate sinking funds, we can draw on them to support our programme as it develops and achieve a zero balance or small surplus on our income statement.

Our challenge is to develop funding sources that allow us to continue spending at current or even higher levels, and for the long term, as the sinking funds are consumed.
Investment Returns

PONT’s income statement reflects investment income in the form of dividend and interest income and realized capital gain or loss but does not reflect the underlying increase or decrease in the value of its investment portfolio (unrealized capital gain or loss). PONT follows closely the total return on its investment portfolio (the combination of earned income and realized gain or loss and the unrealized gain or loss). In 2019, PONT had an overall performance of 9.3%. Our investing activity contributed an overall increase in value of EUR 2.8 million in 2019, compared to last year’s decrease of EUR 1.1 million. From the inception of our investment programme in January 2017 to the end of 2019, we have managed an overall positive return on our invested assets of 10.9% (3.5% per annum).
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