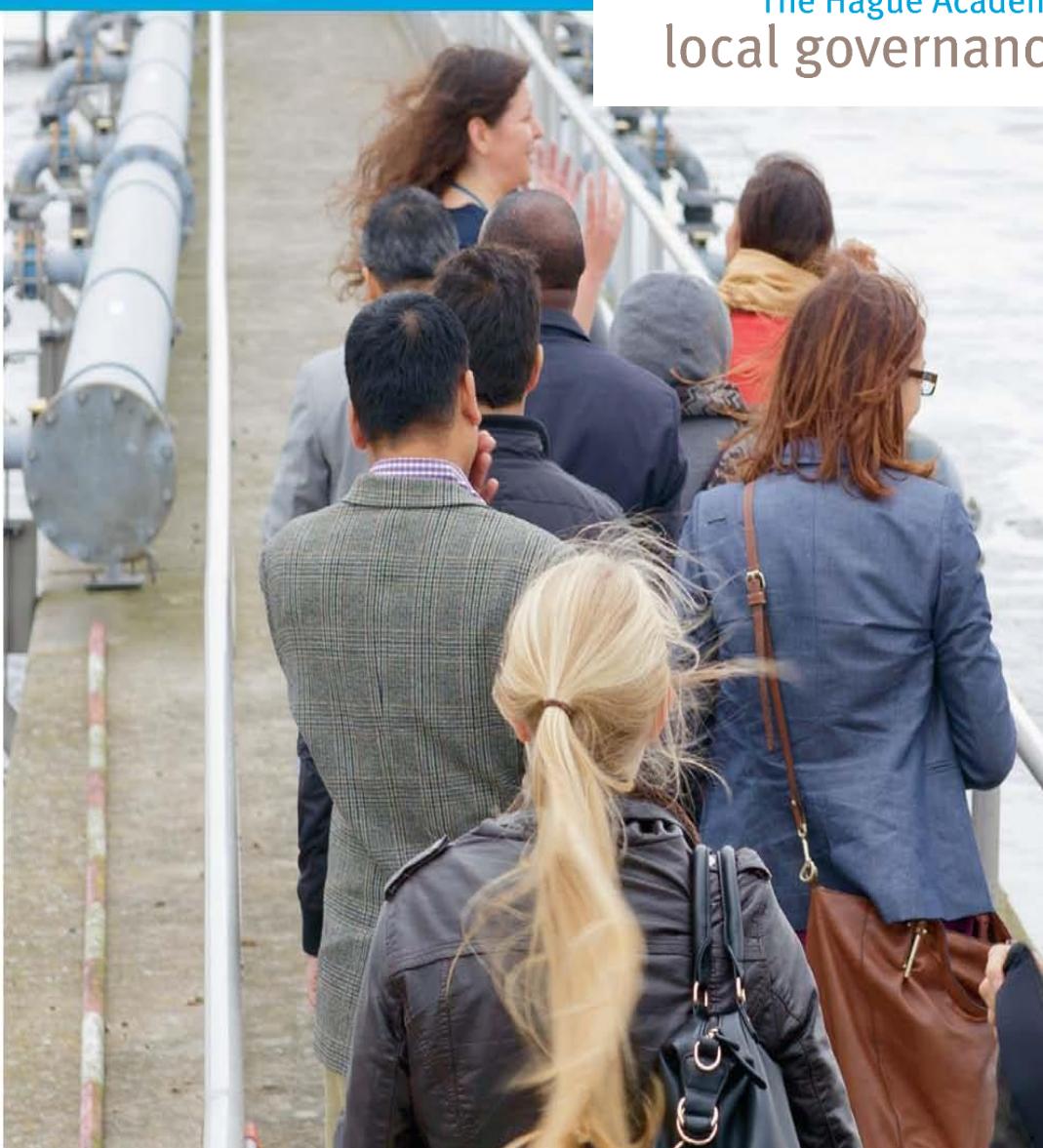




thehagueacademy.com

The Hague Academy for
local governance



Expertise

Exchange

Experience

Annual Report and Account 2014

Table of contents

1. Management Report	4
1.1 Introduction	4
1.2 Open training courses	4
1.3 Tailor made training	4
1.4 Talent for Governance	6
1.5 Organisational development	6
1.6 Communication	7
1.7 Finances	8
1.8 Future development	8
1.9 Management	8
2. Annual Accounts	9
2.1 Balance sheet per 31 December 2014	9
2.2 Profit and loss account 2014	10
2.3 Cash flow statement 2014	11
2.4 Notes to the accounts	12
2.5 Notes to the balance sheet per 31 December 2014	13
2.6 Notes to the profit and loss account for 2014	14
3. Other information	16
3.1 Appropriation of result/Subsequent events	16
3.2 Auditor's report	16

1. Management Report

1.1 Introduction

The Hague Academy is a foundation that aims to strengthen local democracy worldwide, by offering a mix of practice oriented short courses and tailor made programmes for people working in the field of local governance. In addition, we offer a scholarship programme to strengthen knowledge and skills and build networks for young municipal talents from developing and transitional countries.

In 2014, we implemented various long and short term programmes both in The Netherlands and abroad. We trained more than 700 people from governments, NGOs, donor- and development organisations. We also undertook various activities to realise the objectives of our strategy plan 2012 – 2015: raising income and improving efficiency of the organisation. The income from our activities nearly doubled from 1 million euro in 2012 to over 1.8 million in 2014. We also improved the efficiency and quality of our work with respect to project management, (financial) administration and quality management.

1.2 Open training courses

In 2014, ten open subscription courses were organised with a total of 151 participants (compared to 80 in 2013). They came from national and subnational governments, NGOs and international donor and development organisations and from more than 30 different countries. The average number of participants per course increased from 11 in 2013 to 14 in 2014. 33 participants received a fellowship from Nuffic (39 in 2013) and 3 participants were sponsored by the Talent for Governance-programme (6 in 2013). The number of participants that came without fellowship increased substantially in 2014, from 35 to 115. Several factors have probably contributed to this: a growing number of alumni that we involve in the promotion of our courses, the continuous extension of our relations database and the selection of training topics.

1.3 Tailor made training

Our tailor made programmes consist of multi-annual programmes and short courses on demand, which are implemented both in The Netherlands and in target countries. In 2014 we organised the following multi-annual programmes:

- The MATRA COPROL-programme Leadership for Security & Rule of Law for civil servants from Turkey, Serbia and Albania. In 2014, The Hague Academy conducted three Leadership training sessions for the Turkish participants (including a Train-the-Trainer programme), as well as the first Leadership and ToT-courses for Serbia and Albania. The follow up courses for Serbia and Albania will be implemented in 2015.

- Two MATRA PATROL-training courses for two groups of 25 civil servants from six EU-Accession countries on the topics “Integrity of civil servants” and “Decentralisation”.
- Two MATRA South-training courses on “Social Affairs & Employment” and “Local Governance”, implemented both in The Hague and Tunis for two groups of 25 civil servants from Tunisia, Libya, Morocco, Egypt and Jordan.
- Several masterclasses on “Youth Leadership” (including lobbying and networking) and a training on “Citizen Participation” for the Youth Engagement Programme in Burundi and Palestine. In South Sudan, activities were postponed to 2015 due to the political tensions in the country.
- A comprehensive training on the rule of law and human rights, conflict prevention and conflict resolution, non-violent communication and social cohesion for 45 state and non-state security actors in Burundi (government, police, parliamentarians, civil society, media). This training was part of the Peace Under Construction Programme in Burundi and South Sudan. The activities in South Sudan were postponed to 2015 for security reasons here as well.

Furthermore, we started our training activities for people from Diaspora-organisations end of 2014. A training on “Peacebuilding” was developed and organised and a training on “Lobby and Advocacy” developed (to be implemented in 2015). The training programme is part of the ‘Diaspora Academy Programme: Empowering Agents of Change” that runs from 2014 to 2017, managed by the African Diaspora Policy Centre.

In addition to these multi-year programmes, The Hague Academy developed and implemented several short courses in 2014:

- “Local level advocacy and lobby” for the NGO Harare’s Citizen Trust in Zimbabwe, funded by Nuffic.
- “Le développement économique local durable en Algérie’ for 27 senior staff members of municipalities from four regions in Algeria, funded by GIZ.
- “The 5 C’s for Local Government Capacity Building” for staff and partners of VNG International, funded by VNG International.
- “Local Economic Development” for local government officers from Palestine, funded by VNG International and GIZ.
- “Fiscal Decentralisation” for staff of National Ministries and UNDP/UNCDF in Bangladesh, funded by UNDP.

We also developed and piloted the curriculum on Governance & Rule of Law in fragile states with contributions and financial support from The Hague Institute for Global Justice.

1.4 Talent for Governance

In 2014, three municipal talents participated in the Talent for Governance-programme: Andaleeb Khan from South Africa, Lili Dopidze from Georgia and Donald Sonombiti from Benin. They attended the training courses on Female Leadership and on Local Economic Development and afterwards did an internship in a Dutch municipality. During their stay in the Netherlands, the Talents developed a Back-Home-Action-Plan in which they describe a project that they will implement in their municipality when they return. The projects they decided to work on as part of the Talent-programme are:

- promote gender responsive local services and economic empowerment of women (Andaleeb);
- develop crafts activities and empowerment of crafts women (Donald);
- promoting local businesses and entrepreneurship, especially for youth (Lili).

The Talents regularly stay in touch with The Hague Academy, their Dutch host municipality and each other to give updates on the progress of their local project.

1.5 Organisational development

A lot of effort was put in streamlining and standardising internal processes in the past year. With many new staff members and assignments, there was a need to sustain the quality, uniformity and management of our training programmes.

Human resources

In 2014, two new programme officers started working at The Hague Academy, a. o. to provide support in the absence of three programme managers who were on pregnancy leave. Also, a financial officer/controller was employed to take care of the increased amount of financial administrative work and support the programme managers in project finances. The total staff at the end of the year was 14.

Furthermore, three teams were created: one focusing on Europe and neighbouring countries, one on Asia and Africa and one support team consisting of the office manager, financial officer, communication adviser and Talent for Governance-programme manager. The team managers and general director who form the management team, support and monitor the professional and talent development of individual staff members and have a coaching role.

Working groups

The working group on *fundraising* developed quality guidelines for proposals, measures to keep better track of submitted proposals and contacts during missions abroad, and produced the necessary (English language) documents.

To promote the quality of our training and capacity building activities, measures were implemented by a working group on *knowledge management*. There was considerable progress with measures and guidelines to improve our database and project documentation, which has made it easier to share and find documents such as training materials, proposals, participants' lists, field visits, expert information etc. In addition, to promote a *clear, uniform and high quality approach* to project management, a flow chart was developed with supporting standard documents that will be used by the staff to monitor the quality of training proposals, the training content and methodology and a proper and timely implementation and reporting.

A working group on *innovation* started brainstorming and organised a lunchmeeting to come up with recommendations for innovation in training methodologies, evaluation techniques, best practices, case studies etc.

1.6 Communication

Apart from the course brochure, electronic newsletters and course announcements, social media play an increasing role in the communication strategy of The Hague Academy. The online media mix to promote our activities and attract new funds has been further developed in 2014.

Online media

A restyling of the website was done, which has made information easier accessible for visitors - for example by adding a search button. Also, the website of Talent for Governance were integrated with The Hague Academy website to underline the importance of this programme for realising our mission.

Social media such as Facebook, Twitter and LinkedIn were increasingly used to increase the brand awareness of the Academy and to direct people to the website where more information can be found. In 2014, the website had 156,000 visitors, of which two third (about 100,000) came via Google AdWords, 20,000 via other websites, 18,000 via search engines, 15,000 via direct links and 2,226 via social media. The ambition is to create much more followers on social media thereby increasing the number of people that reach our website via social media.

Alumni

Our online network facility for training participants is used to share relevant training documents, literature and practical information before the start of the training as well as for homework assignments before, in between and after the training sessions and for follow up communication and online coaching. Course participants who share experiences and report regularly on the progress of their Back Home Action Plans, receive a Certificate of Excellence after a year. Thereby, we aim to stimulate their involvement and increase the learning impact and sustainability of the training results. In 2014, seven certificates of excellence were awarded.

To further facilitate and encourage the engagement of our former course participants, we have started an alumni network on LinkedIn by which we keep them involved and interested in our activities.

1.7 Finances

See the accounts and notes to the accounts in chapter 2.

1.8 Future development

The financial forecast for 2015 can be found in the figures below:

Budget 2015

Income open courses and other projects	€ 1,913,250
Donations	€ 43,200
Total income	€ 1,956,450
Direct costs	€ 880,590
Personnel expenses	€ 857,000
Other expenses	€ 193,000
Total expenses	€ 1,930,590
Result	€ 25,860

The largest part of the income for 2015 comes from long term grants that have already been contracted. € 100,000 has to be acquired for new tailor made training to cover the expected staff costs in 2015. We expect the level of income from open courses to be stable in 2015.

Since most of the multi-annual programmes that are currently running will end in 2015 (which is more than one third of the total turnover), high priority will be given in 2015 to attracting funds for new multi-annual programmes in order to be able to continue the current level of income. Depending on the forecasts during the course of the year, decisions will be made on whether or not we can extend contracts for temporary staff.

In 2015, we will also start outlining our new strategy document for the period 2016 – 2020. We will link our mission and ambitions to the Sustainable Development Goals (SDGs), that will be adopted by the international community end of 2015, as well as to the priorities of the Dutch policy for international cooperation.

1.9 Management

Per 31 December 2014 the executive board of The Hague Academy for Local Governance consists of Mr. Peter Knip (chair), Mr. Frank Burgers (treasurer). They do not receive a remuneration for their activities. The function of secretary is vacant. Director is Ms. Cecile Meijs.

2. Annual Accounts

2.1 Balance sheet per 31 December 2014

(after appropriation of result)

Assets

(in euros)	<u>2014</u>	<u>2013</u>
Current assets		
1. Receivables		
Debtors	83,411	68,298
Taxes and social securities	31,374	22,233
Other receivables	<u>190,365</u>	<u>9,020</u>
	305,150	99,551
2. Cash at bank and in hand	67,016	227,336
Total current assets	<u>372,166</u>	<u>326,887</u>
Total assets	<u>372,166</u>	<u>326,887</u>

Equity and liabilities

(in euros)	<u>2014</u>	<u>2013</u>
3. Equity		
General reserve	130,507	71,709
	<u>130,507</u>	<u>71,709</u>
4. Current liabilities		
Creditors	102,424	54,076
Taxes and social securities	11,429	24,426
Pensions	7,575	564-
Accruals and other liabilities	<u>120,231</u>	<u>177,240</u>
	241,659	255,178
Total equity and liabilities	<u>372,166</u>	<u>326,887</u>

2.2 Profit and loss account 2014

	Actual	Budget	Actual
(in euros)	<u>2014</u>	<u>2014</u>	<u>2013</u>
5. Income			
Income from participants	477,826	334,420	331,747
Other projects	1,313,538	1,674,739	1,177,189
Donations	<u>22,844</u>	<u>39,200</u>	<u>16,300</u>
Total income	1,814,208	2,048,359	1,525,236
6. Direct costs			
Training and project expenses	844,102	1,002,828	718,517
Talent for Governance	15,474	40,400	28,079
7. Personnel expenses	705,561	700,741	590,669
8. Other expenses	<u>189,738</u>	<u>182,790</u>	<u>155,426</u>
Total expenses	<u>1,754,875</u>	<u>1,926,759</u>	<u>1,492,691</u>
Operating result	59,333	121,600	32,545
9. Financial result			
Finance income	-	-	-
Finance expenses	<u>535</u>	<u>889</u>	<u>889-</u>
Total result	<u>58,798</u>	<u>121,600</u>	<u>31,656</u>

2.3 Cash flow statement 2014

(in euros)	<u>2014</u>	<u>2013</u>
Cashflow from regular activities		
Operating result	59,333	32,545
Changes in working capital:		
Taxes	22,138-	5,264-
Changes in receivables	196,458-	68,469-
Changes in liabilities	<u>522-</u>	<u>43,908-</u>
	<u>219,118-</u>	<u>117,641-</u>
	159,785-	85,096-
Received interest	-	-
Paid interest	<u>535</u>	<u>889</u>
	<u>535-</u>	<u>889-</u>
Cashflow from regular activities	160,320-	85,985-
 Changes in cash at bank and in hand		
Amount cash at bank and in hand per January 1st, 2014	227,336	313,321
Amount cash at bank and in hand per December 31st, 2014	<u>67,016</u>	<u>227,336</u>
Changes in cash at bank and in hand	<u>160,320-</u>	<u>85,985-</u>

2.4 Notes to the accounts

General

The financial statements are prepared in accordance with the Guideline for annual reporting 640 “not-for-profit organizations” of the Dutch Accounting Standards Board.

Activities

The foundation The Hague Academy for Local Governance aims to strengthen local democracy worldwide by offering practice oriented training courses for professionals.

The foundation aims to achieve its goal by increasing knowledge and skills, in the area of local governance, of people working for local governments in developing and transition countries, by raising funds and offering practice oriented training and other projects, which contribute to the goal of the foundation.

Accounting principles of valuation

Receivables

Receivables are included at nominal value, less any provision for doubtful accounts. These provisions are determined by individual assessment of the receivables.

Pensions

The pension plan can be defined as a defined contribution plan. Contributions are included in the financial year in which the contributions are paid. Outstanding contributions are included in current liabilities.

All other accounts are valued at nominal value.

Accounting principles of revenue recognition

Income

Income consists of revenues for services rendered. Revenues are included in the financial year in which these revenues are rendered.

Donations are included in the financial year, in which the donations are received.

Subsidies are allocated to the financial year in proportion to the actual spent costs.

Costs/Expenses

Costs or expenses are recognized in the year in which the costs or expenses are incurred. Provisions for estimated losses, if any, are made in the period that such losses are determined.

Accounting principles of the cashflow statement

The cashflow statement is drafted using the the indirect method. Cash at bank and in hand consists of the amounts held at the bank accounts of the foundation. Received and paid interest is included in the cashflow from regular activities.

2.5 Notes to the balance sheet per 31 December 2014

	2014	2013
1. Receivables		
Debtors	83,411	68,298
Taxes and social securities	31,374	22,233
Other receivables	2,289	9,020
Receivables subsidies	16,604	-
Receivables projects	<u>171,472</u>	<u>-</u>
	<u>305,150</u>	<u>99,551</u>
2. Cash at bank and in hand		
Banks	<u>67,016</u>	<u>227,336</u>
	<u>67,016</u>	<u>227,336</u>
Cash at bank and in hand consists of amounts at the foundation's bank accounts. All amounts are free at disposal of the foundation.		
3. Equity		
General reserve		
As at January, 1st	71,709	40,053
Current year result	<u>58,798</u>	<u>31,656</u>
As at December, 31st	<u>130,507</u>	<u>71,709</u>
4. Current liabilities		
Creditors	102,424	54,076
Taxes and social securities	11,429	24,426
Pensions	7,575	564-
Other current liabilities	61,649	47,648
Accruals	<u>58,582</u>	<u>129,592</u>
	<u>241,659</u>	<u>255,178</u>
<u>Accruals</u>		
Subsidies received in advance/still to receive	-	81,540
Other amounts received in advance	2,740	6,485
Accrued Holiday allowance	22,489	18,261
Accrued Holidays	33,055	23,306
Net salaries	<u>298</u>	<u>129,592</u>
	<u>58,582</u>	<u>129,592</u>

Ultimately an amount of € 60,752 to related parties is included in the current liabilities.

Contingent asset and liabilities

The foundation entered into a service level agreement with VNG-International for financial, administrative, ICT en personnel support. The agreement ends on December 31st, 2014.

2.6 Notes to the profit and loss account for 2014

	Actual	Budget	Actual
(in euros)	<u>2014</u>	<u>2014</u>	<u>2013</u>
5. Income			
Income open courses	477,826	334,420	331,747
Other projects	1,313,538	1,674,739	1,177,189
Donations Talent for Governance	22,844	39,200	16,300
Total	<u>1,814,208</u>	<u>2,048,359</u>	<u>1,525,236</u>

Income open courses

The income from open courses was € 143,000 higher than expected. This is partly because the total number of participants increased from 80 in 2013 to 151 in 2014. There were more open courses (11) and the average number of participants increased from 11 to 14. Furthermore, it has to be noted that the budget did not take into account the income received from Nuffic for covering expenses such as tickets, hotel and DSA for the people receiving a Nuffic fellowship, which makes up around € 77,000 of the difference.

Other projects

The income from other projects was € 361,000 less than expected. There are several reasons for this. The activities that would be carried out in South Sudan for the Youth Engagement Programme and the Peace Under Construction Programme had to be postponed due to political unrest and the security situation in the country, a difference of € 115,000. For the COPROL-programme income from the donor was € 70,000 less since expenditures for the programme were lower than expected. In other projects this was also the case, although the differences were less there. For new short tailor made programmes, less funds were acquired: € 45,000 instead of € 120,000.

Donations Talent for Governance

Donations were less than expected this year due to the fact that there less campaigns. Moreover, the municipalities (who normally provide the largest part of the donations) were faced with budget cuts as well as a change of the municipal council after local elections in March 2014.

Direct costs

The direct costs were € 158,000 less than budgeted, which is largely caused by lower project expenses (see remarks under 'income other projects').

	<u>2014</u>	<u>2014</u>	<u>2013</u>
7. Personnel expenses			
Wages and salaries	519,493	499,193	437,710
Defined contribution pension costs	88,986	90,534	79,078
Social security costs	75,461	71,014	59,883
Staff costs Talent for Governance	40,055	-	-
Other staff costs	<u>-18,434</u>	<u>40,000</u>	<u>13,998</u>
	<u>705,561</u>	<u>700,741</u>	<u>590,669</u>

Personnel expenses

In 2014 three new staff members were hired. This is the main reason for the increase of wages and salaries, pension costs and social security costs compared to 2013. The received refunds for maternity leave from UWV are included in the other staff costs, which causes the actual figures to defer from budget (for 2013 and 2012).

Staff members

Per end 2014 fourteen staff members were working for the foundation (2013: eleven).

Remuneration of directors and executives

The remuneration, including pension costs and other payments, of current and former directors and executives, which are included in the current year financial statements amounts to € 0.

	<u>2014</u>	<u>2014</u>	<u>2013</u>
8. Other expenses			
Services third parties	34,363	30,000	26,115
Housing costs	44,862	35,590	28,517
Automation expenses	33,830	46,200	33,118
Consulting and auditor's fees	6,500	13,000	8,925
Communication and funding expenses	29,370	30,000	15,953
Other expenses	<u>40,813</u>	<u>28,000</u>	<u>40,534</u>
	<u>189,738</u>	<u>182,790</u>	<u>153,162</u>

	<u>2014</u>	<u>2014</u>	<u>2013</u>
9. Financial result			
Finance income	-	-	-
Finance expenses	<u>535</u>	<u>-</u>	<u>889</u>
	<u>535-</u>	<u>-</u>	<u>889-</u>

3. Other information

3.1 Appropriation of result/Subsequent events

The result for 2014 amounts to € 58,798 and will be added to the general reserve.

Between the time of preparing the financial statements and the balance sheet date there have been no events that give a different view on the annual results for 2014.

Thus made, April 2015, The Hague

General management

3.2 Auditor's report

See next pages.

Independent auditor's report

To: the Board of The Hague Academy for Local Governance

Report on the financial statements

We have audited the accompanying financial statements 2014 of The Hague Academy for Local Governance, The Hague, which comprise the balance sheet as at December 31, 2014, the profit and loss account for the year then ended and the notes, comprising a summary of the accounting policies and other explanatory information.

Management's responsibility

Management is responsible for the preparation and fair presentation of these financial statements and for the preparation of the management board report, both in accordance with the Guideline for annual reporting 640 *Not-for-profit organizations* of the Dutch Accounting Standards Board. Furthermore management is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

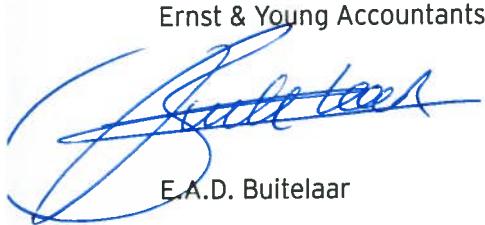
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of The Hague Academy for Local Governance as at December 31, 2014 and of its result for the year then ended in accordance with the Guideline for annual reporting 640 *Not-for-profit organizations* of the Dutch Accounting Standards Board.

The Hague, July 10, 2015

Ernst & Young Accountants LLP



E.A.D. Buitelaar