



The Hague Academy for
local governance

Annual Report and Account 2015

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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 2015, we implemented nine open courses and 21 long and short term tailor made programmes, both in The Netherlands and abroad. We trained more than 983 people from governments, NGOs, donor- and development organisations. Income from our activities increased from 1,81 million in 2014 to 1,88 in 2015. In addition to our training work, we continued to improve the efficiency and quality of our work with respect to project management, (financial) administration and quality management.

1.2 Open training courses

In 2015, nine open subscription courses were organised with a total of 100 participants. They came from national and subnational governments, NGOs, international donor and development organisations an training and knowledge institutes, from more than 30 different countries.

The average number of participants per course decreased from 13,8 in 2014 to 11,1 in 2015 (like in 2013). The number of fellowship-holders increased from 33 to 50 (11 Talent for Governance-fellowships). However, the number of participants without fellowship was much lower than in 2014, although higher than in 2013. This decrease was probably partly due to the inconvenient timing of some courses and promotional activities.

1.3 Multi-annual tailor made training programmes

In 2015 we implemented several activities as part of the following multi-annual programmes:

- The MATRA COPROL-programme “Leadership for Security & Rule of Law”: follow-up courses on “Leadership” were organised for civil servants from Serbia and Albania as well as ToT-courses for local trainers. We also assisted the local trainers in developing a curriculum to be implemented by them in their own country.
- Two MATRA PATROL-training courses: one on “Integrity of civil servants” and one on “Decentralisation” for two groups of 25 civil servants from six EU-Accession countries.

- Two MATRA South-training courses: one on “Social Affairs & Employment” and one on “Local Governance”, implemented in The Hague, Rabat and Amman for two groups of 25 civil servants from Tunisia, Libya, Morocco, Egypt and Jordan.
- The “Youth Engagement Programme”: final masterclasses “Youth Leadership” in Burundi, Palestine and South Sudan as well as the training “Citizen Participation” in South Sudan.
- The “Peace Under Construction”- programme: courses “Gender and Peacebuilding”, “Community scorecards” and “Conflict analysis, resolution and conflict sensitive programming” in South Sudan and several training sessions on “Human rights and Gender” and “Non-violent communication” in Burundi.
- The “Diaspora Academy Programme: Empowering Agents of Change”: second round of training on “Peacebuilding” and on “Lobby and Advocacy” for people from diaspora organisations in Europe.
- The “LADDER”-programme: three training batches of 45 participants on “Development Education and Awareness Raising” for local authorities and NGOs in EU- and EU-neighbouring countries.

The UNDP-programme that was planned for Burundi to train government representatives in the field of peacebuilding and local economic development, was cancelled because of political unrest in the country.

Furthermore, we started new activities as part of the Local Government Resilience Programme (LOGOREP) managed by VNG International in Jordan and Lebanon, where we will support the establishment and curriculum of a new training institute for local authorities. Moreover, we started up the EC-programme for strengthening Local Economic Development in Jordan.

1.4 Short Tailor Made Courses

In addition to the multi-annual programmes, The Hague Academy developed and implemented several short programmes in 2015:

- “Human rights at the local level” for local authorities and CSOs in Croatia;
- “Participatory policy making” for local authorities and CSOs in Zimbabwe, including a Training of Trainers;
- “Local Economic Development” for local government officials from Palestine;
- “Fiscal Decentralisation” for government officials and UNDP-staff from Lesotho;
- “Local Economic Development” for partners of UNCDF in Ethiopia;

- “Conflict Management” for staff of the Indonesian Coordinating Ministry of Legal, Political and Security Affairs;
- Inception mission and first training on “Lobbying and Advocacy” for staff of the Anti-Corruption Coalition in Uganda;
- “5C-capacity building” for staff of local authorities in Ghana;
- “Decentralisation and Leadership” for leaders of local authorities in the DR Congo;
- “Decentralisation in fragile contexts” for staff of donor and development organisations that are member of the Development Partners Working Group on Decentralisation and Local Governance (DeLOG).

1.5 Talent for Governance

In 2015, eleven local talents participated in the Talent for Governance-programme, which was a significant increase compared to 2014. The talents came from Swaziland (two), South Africa (two), Rwanda, Ghana, Indonesia, Pakistan, Gambia, Zambia and Zimbabwe.

They could join the programme thanks to the donations of three loyal TfG-municipalities, three municipalities that donate bi-annually, one municipality that supported the programme after a few years of absence and two new municipalities.

Still, budget cuts and reorganisations within Dutch municipalities are often mentioned as an obstacle for municipalities to donate to the Talent-programme. We expect that this will remain a challenge in coming years. However, there are still opportunities to attract more donations from (staff of) municipalities. Last year our Christmas campaign, with a personal letter by the director of the association of Netherlands’ municipalities, Jantine Kriens, generated quite some success.

In addition to the municipal donations, we received donations from private persons and companies.

Furthermore, we had three Talents sponsored: two waterboards (Vechtstromen en Groot Salland) funded the participation in the Multilevel Water Governance training for three young talents who work for their partner organisations in developing countries. The fact that we sent out an announcement well in advance was helpful for making their participation possible.

1.6 Organisational development

With many new staff members and assignments in the past years, we felt a growing need to sustain the quality and uniformity of our programmes. We started working on this in 2014 and continued to do so in 2015. We developed and adopted a human resource policy and improved our security policy and insurance arrangements. To increase quality standards and quality

management, the process of project management was mapped and a standard, comprehensive Plan of Action developed. Other processes will be mapped in the coming years so that we can work towards an official ISO-certification.

We started the year with a new organisational structure in which regional teams were formed with two team managers. This new structure worked well. However, after a growth in staff in the previous years, it became clear halfway 2015, that we could not offer permanent contracts to all temporary staff. Two programme managers left the organisation per 15 September and 31 December 2015.

Staff skills were strengthened in budgeting, planning and hour reporting, which resulted in better insight in staff productivity and planning. Other measures were taken to increase the accessibility of management information.

1.7 Finances

Income from open subscription courses in 2015 was € 32,000 less than budgeted, due to the fact that there were less self-sponsored participants than expected (see paragraph 1.2).

Income from multi-annual tailor made programmes was € 58,000 less than budgeted. This was mainly due to the cancellation of the UNDP training programme in Burundi, the result of political unrest in the country, which was budgeted at € 61,500. We were able to slightly reduce the loss of income by attracting more funds for activities in the multi-annual programmes Peace under Construction and MATRA.

Income for the short tailor made projects was according to expectations. € 100,000 for staff hours had to be acquired in the beginning of the year and this was realised with new training programmes for UNCDF Ethiopia, UNDP Lesotho, NUFFIC NESO Indonesia and LOGOREP in Jordan and Lebanon.

Income from donations was € 9.000,- more than budgeted.

The total costs for implementing our activities were slightly higher than budgeted because of the higher costs for realising the Talent-programme. Costs were € 13,000 more than budgeted, and since the costs for other programmes were € 6,000 less, this led to an increase of the activity costs of € 7,000.

The decrease in income (€ 80,500) and increase of activity costs (€ 7,000) was compensated by lower expenditures on personnel (€ 47,000) and other company costs (€ 28,000). Together, this has led to a result of € 12,500.

For further information see the accounts and notes to the accounts in chapter 2.

1.8 Future development

The financial forecast for 2016 can be found in the figures below:

Budget 2016	
Income open courses and other projects	€ 1,695,124
Donations	€ 37,200
Total income	€ 1,732,324
Direct costs	€ 763,300
Personnel expenses	€ 781,605
Other expenses	€ 165,668
Total expenses	€ 1,710,573
Result	€ 21,751

Income is a little less than in 2015 since most of the multi-annual programmes ended in 2015. However, the largest part of the income for 2016 still comes from long term grants that have already been awarded. Most importantly, we managed to continue our work with CARE in the field of peacebuilding and inclusive governance, thanks to the 5-year Partnership Agreement of CARE with the Dutch Ministry of Foreign Affairs. As a result, we will set up a new programme 'Every Voice Counts' in six countries in the beginning of 2016 that will run until 2019. Furthermore, both the Peace Under Construction Programme and the COPROL-programme were extended to July 2016, which was important since the grants for the MATRA-programmes are not yet awarded and will be implemented no earlier than after summer 2016.

Around € 100,000 still has to be acquired for planned hours for the new MATRA-East training programme and another € 72,000 for other programmes. We also have to wait for the confirmation of the extension of the MATRA South-training programmes (now: 'Shiraka'), that will most probably be implemented in 2016. Furthermore, we will explore other possibilities for multi-annual programmes that open up in 2016, together with partners, which is necessary to continue the current level of income in following years. We also aim for a larger number of participants to our open subscription courses, thereby increasing the share of these courses in the total budget.

In 2016, we will further elaborate our strategy document for the period 2016 – 2020 which will focus on quality and innovation. By investing in quality and innovation we aim to further improve our programmes and increase the number of people that benefit from it.

1.9 Management

Per 31 December 2015 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 2015

(after appropriation of result)

Assets

(in euros)	<u>2015</u>	<u>2014</u>
Current assets		
1. Receivables		
Debtors	78,347	83,411
Taxes and social securities		31,374
Other receivables	<u>208,727</u>	<u>190,365</u>
	287,074	305,150
2. Cash at bank and in hand	324,396	67,016
Total current assets	<u>611,470</u>	<u>372,166</u>
Total assets	<u>611,470</u>	<u>372,166</u>

Equity and liabilities

(in euros)	<u>2015</u>	<u>2014</u>
3. Equity		
General reserve	143,033	130,507
	143,033	130,507
4. Current liabilities		
Creditors	87,454	102,424
Taxes and social securities	51,945	11,429
Pensions	8,467	7,575
Accruals and other liabilities	<u>320,571</u>	<u>120,231</u>
	468,437	241,659
Total equity and liabilities	<u>611,470</u>	<u>372,166</u>

2.2 Profit and loss account 2015

	Actual	Budget	Actual
(in euros)	<u>2015</u>	<u>2015</u>	<u>2014</u>
5. Income			
Income open courses	380,700	412,450	477,826
Tailor made projects	1,442,994	1.500,800	1,313,538
Donations	<u>52,205</u>	<u>43,200</u>	<u>22,844</u>
Total income	1,875,899	1,956,450	1,814,208
6. Direct costs			
Open courses and project expenses	832,461	838,590	844,102
Talent for Governance	55,229	42,000	15,474
7. Personnel expenses	809,636	857,000	705,561
8. Other expenses	<u>165,487</u>	<u>193,000</u>	<u>189,738</u>
Total expenses	<u>1,862,816</u>	<u>1,930,590</u>	<u>1,754,875</u>
Operating result	13,083	25,860	59,333
9. Financial result			
Financial expenses	<u>557</u>	<u>557-</u>	<u>535-</u>
Total result	<u><u>12,526</u></u>	<u><u>25,860</u></u>	<u><u>58,798</u></u>

2.3 Cash flow statement 2015

(in euros)	<u>2015</u>	<u>2014</u>
Cashflow from regular activities		
Operating result	13,083	59,333
Changes in working capital:		
Taxes	71,890	22,138-
Changes in receivables	13,298-	196,458-
Changes in liabilities	<u>186,262</u>	<u>522-</u>
	<u>244,854</u>	<u>219,118-</u>
	257,937	159,785-
Financial expenses	<u>557</u>	<u>535</u>
	<u>557-</u>	<u>535-</u>
Cashflow from regular activities	257,380	160,320-
	<u>257,380</u>	<u>160,320-</u>
Changes in cash at bank and in hand	<u>257,380</u>	<u>160,320-</u>
Amount cash at bank and in hand per January 1st, 2015	67,016	227,336
Amount cash at bank and in hand per December 31st, 2015	<u>324,396</u>	<u>67,016</u>
Changes in cash at bank and in hand	<u>257,380</u>	<u>160,320-</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 organisations” 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 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 2015

	<u>2015</u>	<u>2014</u>
1. Receivables		
Debtors	78,347	83,411
Taxes and social securities	-	31,374
Receivables short term projects and others	112,426	2,289
Receivables subsidies	5,829	16,604
Receivables long term projects	90,472	171,472
	<u>287,074</u>	<u>305,150</u>

No provision for bad debtors is deemed necessary,

2. Cash at bank and in hand

Cash in hand	1,033	-
Banks	323,363	67,016
	<u>324,396</u>	<u>67,016</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	130,507	71,709
Current year result	12,526	58,798
As at December, 31st	<u>143,033</u>	<u>130,507</u>

4. Current liabilities

Creditors	87,454	102,424
Taxes and social securities	51,945	11,429
Pensions	8,467	7,575
Other current liabilities	80,606	61,649
Accruals	239,965	58,582
	<u>468,437</u>	<u>241,659</u>

Accruals

Subsidies received in advance	104,299	-
Other amounts received in advance	91,769	2,740
Accrued Holiday allowance	20,934	22,489
Accrued Holidays	20,604	33,055
Net salaries	2,359	298
	<u>239,965</u>	<u>58,582</u>

Ultimately an amount of € 25,247 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 ended on December 31st, 2015.

2.6 Notes to the profit and loss account for 2015

	Actual	Budget	Actual
(in euros)	<u>2015</u>	<u>2015</u>	<u>2014</u>
5. Income			
Income open courses	380,700	412,450	477,826
Other projects	1,442,994	1,500,800	1,313,538
Donations Talent for Governance	52,205	43,200	22,844
Total	<u>1,875,899</u>	<u>1,956,450</u>	<u>1,814,208</u>

Income open courses

Participants were 100 in total, of which 39 received a Nuffic-fellowship and eleven a Talent-for-Governance fellowship. There were much less self-sponsored participants in 2015 than expected which is the main reason for the difference with the budgeted income.

Income tailor made projects

The income for the multi-annual tailor made projects was +/- € 58,000 less than budgeted. The main reason was because the multi-annual programme for UNDP Burundi was cancelled, due to political unrest in the country. For this programme € 61.500 was budgeted. We were able to reduce this difference by increasing the result on some of our multi-annual programmes such as Peace under Construction and MATRA. The income for the short tailor made projects was +/- € 750 less than expected. We realised € 100,000 of income for staff hours that we still had to acquire at the start of the year, thanks to the training programmes we developed and delivered for UNCDF Ethiopia, UNDP Lesotho, NUFFIC NESO Indonesia and LOGOREP in Jordan and Lebanon.

Donations Talent for Governance

Donations were +/- € 9.000 higher than budgeted thanks to a successful Christmas campaign and the support from several Dutch Water Authorities.

Direct costs

The direct costs were +/- € 5.400 less than budgeted. For the tailor made programmes costs were less than budgeted as income was less as well (see remarks "Income tailor made projects"). However, for the open courses costs were more than expected, despite the decrease in participants.

	<u>2015</u>	<u>2015</u>	<u>2014</u>
7. Personnel expenses			
Wages and salaries	575,860	610,000	519,493
Defined contribution pension costs	89,530	90,000	88,986
Social security costs	89,691	112,000	75,461
Staff costs Talent for Governance	35,032	-	40,055
Other staff costs	<u>19,526</u>	<u>45,000</u>	<u>-18,434</u>
	<u>809,639</u>	<u>857,000</u>	<u>705,561</u>

Personnel expenses

In 2015, we had to cut back costs for staff and overhead because income from open courses and tailor made projects was less than expected (see remarks "Income open courses" and "Income tailor made projects"). We saved +/- € 47.000 on personnel expenses.

Staff members

Per end 2015 thirteen staff members were working for the foundation (2014: fourteen).

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>2015</u>	<u>2015</u>	<u>2014</u>
8. Other expenses			
Services third parties	13,236	8,000	34,363
Housing costs	61,100	61,000	44,862
Automation expenses	45,004	54,000	33,830
Consulting and auditor's fees	10,500	10,000	6,500
Communication and funding expenses	17,699	30,000	29,370
Other expenses	<u>17,948</u>	<u>-</u>	<u>40,813</u>
	<u>165,487</u>	<u>193,000</u>	<u>189,738</u>

	<u>2015</u>	<u>2015</u>	<u>2014</u>
9. Financial result			
Finance income	-	-	-
Finance expenses	<u>557-</u>	<u>-</u>	<u>535-</u>
	<u>557-</u>	<u>-</u>	<u>535-</u>

3. Other information

3.1 Appropriation of result / Subsequent events

The result for 2015 amounts to € 12,526 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 2015.

Thus made, June 2015, The Hague

General management

3.2 Auditor's report

See next pages.

Independent auditor's report

To: the management board of The Hague Academy for Local Governance

Report on the financial statements

We have audited the accompanying financial statements 2015 of The Hague Academy for Local Governance, The Hague, which comprise the balance sheet as at December 31, 2015, 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 reporting 640 "Not-for-profit organisations" 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, 2015 and of its result for the year then ended in accordance with the Guideline for annual reporting 640 "Not-for-profit organisations" of the Dutch Accounting Standards Board.

The Hague, June 29, 2015

Ernst & Young Accountants LLP



E.A.D. Buitelaar