

STICHTING CENTER FOR INTERNATIONAL LEGAL COOPERATION  
SPUI 1  
2511 BL THE HAGUE

# ANNUAL FINANCIAL REPORT 2016

## CONTENT

Management report .....	2
Introduction .....	2
1. Composition of the supervisory committee and the board .....	2
2. Fiscal position .....	3
3. Activity report .....	3
4. Results .....	10
5. Financial reserves .....	11
6. Risk analyses .....	11
7. Prospects for 2017 .....	11
Budget .....	14
1. Balance .....	15
2. Statement of revenues and expenditures .....	16
3. Cash flow overview .....	17
4. General explanatory notes .....	18
5. Balance explanatory notes .....	20
6. Off-balance sheet liabilities .....	23
7. Revenues and expenditures explanatory notes .....	24
8. Other information .....	27

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## MANAGEMENT REPORT

### INTRODUCTION

The Center for International Legal Cooperation (CILC) is a not-for-profit organisation with a mission to develop and implement capacity building projects supporting the rule of law in developing countries and countries in transition. We bring together international (legal) expertise to find solutions for a variety of challenges for the development of justice systems. We are based in The Hague and our work currently spans dozens of countries in Central and Eastern Europe, the Middle East, Africa and Asia.

CILC provides public technical cooperation<sup>1</sup> and does this with and on behalf of the legal community of the Netherlands. We have direct access to professionals in the judiciary community, the Ministry of Security & Justice, operational (executive and law enforcement) agencies, the free legal professions and law faculties in the Netherlands. We manage capacity building projects based on the transfer of public expertise and exchange of experiences among professionals and academics with the aim of strengthening public and occasionally private institutions to help promote a rule of law and good governance. The Netherlands holds a prominent position in international legal cooperation and distinguishes itself by public technical cooperation on an equal footing with a keen eye for local specifics. The Netherlands is a convincing partner in the field of international legal cooperation, as it practices what it preaches. This is underpinned by the high ranking of the Netherlands in international rule of law indexes (ranking 5<sup>th</sup> on The World Justice Project Rule of Law Index and 8<sup>th</sup> on the Transparency International Corruption Index in 2016).

As a not-for-profit project organisation, CILC combines the management performance and flexibility of the private sector with the full commitment to achieving positive development outcomes. We take pride in supporting project beneficiaries and stakeholders to really own change. CILC's approach is tied to our belief that public technical cooperation is a capacity building instrument that is based on the exchange of experiences among peers. In matters related to the rule of law, good governance and since this year also migration, we believe it is due time to invest in initiatives that will allow for more effective mobilisation and exchange of knowledge and experience from public professionals and scholars across the globe.

2016 has been a year in which we focused on sound and effective implementation of our projects. We also kept an eye out for new opportunities in our traditional markets to ensure CILC's project portfolio is sufficiently filled for the years to come. In addition, we have explored new thematic area for cooperation at CILC (migration), and a new geographical area (EU Member States) through a new funding instrument (framework contract from DG Migration and Home Affairs). In 2017 we will strive to be an even better mission driven, impact-oriented, public technical cooperation organisation that distinguishes itself from others in the management and implementation of development cooperation projects. Projects that will be increasingly supplemented by applied research assignments. We will also open a meeting and training centre in our home location in The Hague, the international city of peace and justice.

### 1. COMPOSITION OF THE SUPERVISORY COMMITTEE AND THE BOARD

The governance structure of the foundation consists of a supervisory committee and a board. These bodies ensure that the foundation operates within the mandate of the CILC statute. CILC is managed by the board of directors under the supervision of the supervisory committee. The composition of these bodies are detailed in this chapter.

<sup>1</sup> Public technical cooperation means that CILC is mandated to act on behalf of our national administration to deliver capacity building based on the transfer of public expertise and exchange of experiences among professionals with the aim of strengthening public institutions to help promote a rule of law and good governance.

## 1.1 SUPERVISORY COMMITTEE

The supervisory committee oversees the policy and management of the board and the general affairs of CILC. In performing their duties, the committee ensures the overall wellbeing of the foundation by supporting the board with advice and guidance. The members of the supervisory committee receive no remuneration for the performance of their duties.

The committee approved the annual report and the annual accounts. The supervisory committee has met three times in 2017. Throughout the year the supervisory committee and its individual members advised the board about issues related to the general strategy, strategic partnerships, human resources, and decisions about entering new focus areas and investing in a new meeting and training space.

In 2016, the supervisory committee was formed by the following persons:

- Reinier van Zutphen (chairperson), National Ombudsman
- Elies van Sliedregt (vice-chairperson; until November 2016), professor of International and Comparative Criminal Law
- Winfried van den Muijsenbergh, partner AKD (law firm)
- Marianne van Kimmenade, partner EY (accountancy firm)
- Jan Terstegen (on behalf of the Ministry of Security and Justice), director for European and International Affairs
- Koos Richelle, chairman Advisory Committee on Migration Affairs (government and parliament advisory committee)
- Albert de Groot, director international development ECORYS (research based consulting firm)

None of the members of the supervisory committee have a conflict of interest with other paid or unpaid positions.

The Dutch Ministry of Security and Justice has registered CILC as its mandated body to implement EU Twinning projects according to the same conditions as if CILC was an integral part of the administration. To sustain this relation with the Ministry and to ensure a permanent and structural supervision there is always one member of the supervisory committee appointed on behalf of the Dutch Ministry of Security and Justice.

Elies van Sliedregt withdrew in November 2016 from the supervisory committee, as she wanted to focus more on her new position at the University of Leeds. In 2017, the supervisory committee will appoint a new vice chairperson.

## 1.2 BOARD

The statutory documents of the foundation foresee that the board is composed of at least one and at most three members. The current board is formed by Willem van Nieuwkerk (chairperson) and Eric Vincken. Together, they also act as the managing board of the foundation. Willem van Nieuwkerk, as the statutory director, is in charge of the day-to-day management of the foundation.

## 2. FISCAL POSITION

For its projects CILC can be liable to VAT. For these projects CILC enters into consultation with the tax inspector to come to an agreement whether or not CILC is taxable.

## 3. ACTIVITY REPORT

In 2016, CILC built further on the successful results achieved in the previous years. Like in 2015, the focus was more on sound and effective implementation of projects than on getting new ones. It was a challenge to deliver the promised outputs and results and to further improve our modus operandi; invest in our network of Dutch and European public

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agencies; our partnerships with other mission driven not-for-profit project organisations; and in our relations with individual Dutch and other (non)European professionals. By being thorough and adroit, CILC has not only achieved its goals, but we have exceeded them. In 2014, CILC had an annual revenue from external funding amounted to just over 2,6 million euro and in 2016 CILC reached a project revenue of 4,6 million euro. Overhead costs have remained at an equal low level, but above all the productivity of our staff has increased.

CILC's results in 2016 reaffirm that our down to earth approach works. We start from a solid basis of more than thirty years' experience in international legal cooperation projects and combine this with an open spirit, creativity and a service oriented attitude. Within this context, there are a few events and achievements that are worth highlighting this year:

Work in the bilateral Dutch-Montenegro project focused on the practical use of community service sentences as a penalty for minor offenses, including law and order breaches, shoplifting, and traffic violations. Montenegrin prosecutors and judges increasingly use community service sentences in administering justice, but quite some turned out to miss their mark. This is related to the Montenegrin legal framework, which restrains the execution of this sanction by limiting the implementation period to six months and maximising the work per month to 60 hours. CILC put the 'feasible' application of these sentences high on the agenda and organised in 2016 several workshops with Montenegrin prosecutors, judges and probation officers, discussing the risks and looking for solutions. End 2016, the Montenegrin Ministry of Justice and the Judicial Training Centre (JTC) followed CILC's suggestion to jointly develop a module on probation and alternative sanctions. This module will be included in the initial training programme of the JTC, ensuring that all candidate judges and prosecutors will – in future – be familiar with the work of the Montenegrin probation service and the feasibility of alternative sanctions before they take office.

In March 2016, Ukrainian Minister of Justice Petrenko visited CILC to discuss opportunities for cooperation. Minister Petrenko asked CILC's support in making its probation system operational. Following the adoption of the Law on Probation in 2015 and the changes to the Code of Criminal Procedure in 2016, a probation practice is about to start. Since the visit, CILC has undertaken several scoping missions and is – together with the Dutch Probation Service, the Prosecution Service, the Council for the Judiciary and the Dutch Custodial Services – developing a project on supporting the probation service and the system of alternative sanctions in the Lviv region in Ukraine. In addition, CILC started in November after a period of 8 years absence a new project aiming at strengthening the rule of law in the Lviv region in Western Ukraine. In the first year Dutch and Ukrainian experts will focus on assessing the state of play of the courts of general jurisdiction and the regional and local prosecutor's offices in this region. Another project strand is a series of workshops for judges on legal ethics, organised in close collaboration with the regional branch of the National School of Judges of Ukraine.

In May 2016, the President of the Netherlands Supreme Court visited his colleague in Indonesia. The visit was another milestone confirming the friendship and professional exchanges between the two Supreme Courts. President Feteris held a lecture at the Erasmus House in Jakarta about the role of judges in a state governed by the rule of law. He explained that it is relatively easy for any country to claim that it is democratic and respecting a rule of law. However, things become more difficult when one is asked to precisely explain the content of this concept. As it is multifaceted, it is a subject that can take on its own substance and its own colour, in every country and every culture.

In September 2016 in the yard of Penitentiary no. 17 Rezina, eleven detainees performed the Hamlet Process together with professional actors. This play, based on Shakespeare, marked the end of the first drama therapy project aimed at the rehabilitation and re-socialisation of lifelong sentenced detainees in Moldova. An audience of more than 120 people attended the premiere in the prison and thousands of people followed the event online and on a screen on a public square in downtown Chisinau. This theatre project allowed prison staff to look differently at their inmates, while the performance also gave the public at large an opportunity to look beyond the stigma of the detainee.

In October 2016, CILC organised in The Hague a seminar to discuss challenges and opportunities related to measuring the impact of rule of law initiatives. The seminar brought together representatives from our Dutch and international partner organisations, as well as CILC associates and individual legal and public administration experts. The event was a success and we are already planning a next edition in our own new meeting and training space on Spui 1.

We also produced our own mannequin challenge video which was a fun way to conclude a year of hard teamwork. The

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CILC team was clearly passionate and vibrant in all we did in 2016!

### 3.1 PROJECTS PORTFOLIO

By the end of the 2016 financial year the project portfolio of CILC contained thirty-three contracts targeting thirty-two countries. Seventeen of these projects were financed through Dutch bilateral resources (62% of total CILC portfolio value<sup>2</sup>), fifteen through European Union funds (38% of total portfolio value), and one through the World Bank (1% of portfolio value). The projects funded by the Netherlands fell under the bilateral programs of the Ministry of Foreign Affairs (MFA), the Netherlands Embassies, EP-Nuffic and the Netherlands Enterprise Agency (RVO). Our EU funded projects also spanned a variety of financing instruments, which included twinning, international service contracts, framework contracts and grants.

Donor instrument	# of projects	€ K
EU / FWC	1	€ 2K
EU / GRA	2	€ 2.476K
EU / SER	8	€ 2.830K
EU / TWG	4	€ 756K
Other / WB	1	€ 180K
NL Aid / Embassies	4	€ 2.898K
NL Aid / MFA	4	1810k
NL Aid / Nuffic	8	€ 4.333K
NL Aid / RVO	1	€ 640K
<b>Total</b>	<b>33</b>	<b>€ 15.926K</b>

Donor	Turnover 2016 €	%
<b>EU</b>	<b>2.435.866,07</b>	<b>52,9%</b>
<b>NL</b>	<b>2.038.392,45</b>	<b>44,3%</b>
<b>World Bank</b>	<b>131.814,00</b>	<b>2,9%</b>
<b>Total</b>	<b>4.606.072,52</b>	

See Figure 1 for table above

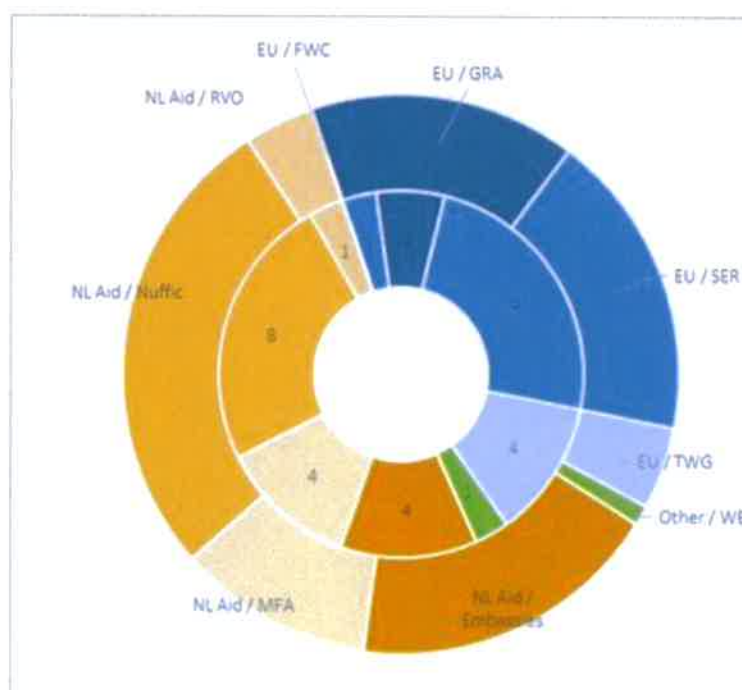


Figure 1 Distribution of CILC projects and budgets by donor instruments

<sup>2</sup> Portfolio value includes the full value of multi-annual projects, not only their value for the year 2016. The turnover value per donor for 2016 indicates a higher percentage of EU funded projects (53% versus 44% for NL funding)

Eastern Europe (especially the Western Balkans region) continued to have the highest concentration of our project interventions by region (13 of 33 projects). We maintained CILC presence in Africa and Asia and increased our interventions in the MENA region. We are very pleased that our portfolio in Indonesia, our original reason of existence, further increased this year again. Besides this traditional partnership with Indonesia, the current project portfolio is the result of a deliberate choice to focus on promoting a rule of law in countries neighbouring the European Union: in Eastern Europe, the Middle East and Northern Africa. In the current climate of growing nationalism, polarization and populism, we believe that it is in the interest of the Netherlands (and Europe), with its open economy, dependency on international trade and a long tradition in international law and human rights, to put extra efforts on strengthening the rule of law in the countries in and around the European Union. The impact of a fragile rule of law in countries in and around Europe has become very visible and evident in recent years. The refugee crisis is an example, but also the MH17 tragedy in which families of victims are seeking for justice and the aftermath of the coup in Turkey. We are proud that CILC in all its modesty can contribute to more rule of law and legal certainty in these parts of the world.

Country	Targeted by how many CILC projects in 2016
Indonesia	5
Moldova	4
Morocco	3
Kosovo	3
Albania	3
Rwanda	2
Bosnia and Herzegovina	2
Montenegro	2
Egypt	2
Palestine	2
Jordan	2
Macedonia	2
Tunisia	2

Other countries we have involved in 2016 through at least one project are Algeria, Azerbaijan, Bhutan, Burkina Faso, Burundi, Democratic Republic of the Congo, Gambia, Georgia, Israel, Kazakhstan, Kyrgyz Republic, Lebanon, Serbia, Tajikistan, Turkmenistan, Uganda, Ukraine and Uzbekistan, as well as all the EU Member States<sup>3</sup>.



Figure 2 Geographic distribution of CILC interventions in 2016 (circle size reflects number of interventions targeting a given country)

The thematic areas of our projects in 2016 focussed on justice system reform and legal education, as well as criminal

<sup>3</sup> Through a framework assignment for the European Commission's Directorate General Migration and Home Affairs.

justice and capacity building for judiciary institutions. It also included the fields of legislative drafting, law enforcement and international judicial cooperation, enforcement of civil court decisions, detention and probation. CILC has also extended its thematic focus towards asylum and migration related projects. With the current refugee crisis in Europe and growing migration from countries surrounding the European Union, asylum and migration have become topics of national debate in Western Europe. Apart from humanitarian support, initiatives are launched to stimulate intra-European cooperation, collaboration with third countries and capacity building in countries of origin and transit. Expectations are that the current developments - which mainly stem from armed conflict - are just the tipping point with a future increased influx due to climate change and poverty related migration. It is therefore clear for us that this is a topic that will remain on the political agendas for the coming decades. CILC feels it can make a valuable contribution to enhance international cooperation in this field of asylum and migration from a rule of law perspective.

Migration is a multi-faceted subject with aspects related to asylum, integration, (un)voluntary return, readmission and collaboration between host, origin and transit countries. All these elements have clear links to the rule of law and a need for international legal cooperation: incomplete legal systems, rights and obligations of refugees and asylum seekers, access to justice, illegal migration, human trafficking and fraud, transparency and privacy. Given these links and the political urgency of the subject, CILC has decided to expand our work in this area. In 2016, CILC has successfully completed a migration project in Bosnia & Herzegovina and we became a partner in a framework contract with DG Migration & Home Affairs. The purpose of this and another framework contract we started with DG Justice are to provide the European Commission with timely, ad-hoc, and evidence based services rooted in theory and practice to support policy making.

Both framework contracts call for short-term impact assessment, evaluation, and evaluation related services performed by policy-area experts, and are especially relevant at a time when the EU is placing increasing attention on better regulation, transparency and accountability of decisions and actions undertaken. These principles are reaffirmed within the Better Regulation Agenda of the European Commission of May 2015 and are increasingly manifest in a noticeable shift towards policy-making that is guided by applied research. We believe that these framework contracts provide an interesting opportunity to collaborate and engage with leading scholars in pioneering short-term applied research projects geared towards improving EU policy-making. It was exciting to get involved in the first research assignments in 2016 and this means that we are now also active in supporting the rule of law within the European Union.

In terms of partnerships, we continued to utilise our well-established relationship with the Netherlands judicial institutions and law enforcement bodies, such as the Council for the Judiciary, the Supreme Court of the Netherlands, the Dutch Training and Study Centre for the Judiciary, the Public Prosecution Service, the Probation Service and the Immigration and Naturalisation Service. By having such important public partners as part of our projects, we were able to facilitate relevant study visits, seminars and conferences, and tailored peer-to-peer learning for beneficiary countries. Furthermore, the aforementioned framework contracts have renewed our cooperation with the law faculties of universities in Amsterdam, Utrecht and Leiden, a development that CILC will further cultivate in 2017.

### 3.2 PROJECTS COMPLETED IN 2016

In 2016, CILC completed six projects with a total budget value of 1.277.839 euro (based on cumulated values of budgets assigned to CILC in cases we were not the consortium leader/lead implementing organisation). Of these, 58% were Dutch bilateral funds, 28% were EU funds and 14% World Bank.

Countries	Title	Themes	Start date	End date	Budgeted € thousand	Spent € thousand	% spent
Bhutan	Strategic management of secretariat services	Other	30-7-2015	29-7-2016	17	5	30%
Azerbaijan	Judicial Services and Smart Infrastructure	Access to justice, Legal aid	1-5-2015	30-4-2016	180	180	100%
Albania	Improvement of the enforcement system	Civil and commercial justice, Enforcement	1-4-2015	30-9-2016	110	121	110%

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Countries	Title	Themes	Start date	End date	Budgeted € thousand	Spent € thousand	% spent
Bosnia & Herzegovina	Further strengthening asylum and migration management in Bosnia and Herzegovina	Asylum and migration, Law enforcement	1-6-2014	7-12-2016	647	580	90%
Macedonia	Strengthening the judicial cooperation	International judicial cooperation	8-4-2016	7-12-2016	249	151	61%
Uganda	Restorative Justice and Community Service as a Sanction	Criminal justice	1-8-2016	31-12-2016	75	75	100%

No major unplanned obstruction or termination of projects happened in this timeframe and the above figures show that on average CILC projects achieved a higher realisation of the project budgets than the years before. Only two small projects had underspending. The project in Bhutan had an original CILC budget of 16.679 euro and we finally only had a share of 4.948 euro because of a change in scope of the project. Some of the work foreseen under the twinning light project in Macedonia was covered by our Western Balkan prosecutors' network project. The implementation of the project also suffered from holiday periods and the European Commission could for procedural reasons not grant an extension request. That is why only 151.423 euro from the initial total of 249.490 euro was implemented and disbursed.

### 3.3 PROJECTS ACQUIRED IN 2016

In 2016, CILC acquired fourteen new projects through successful tendering, for a total of 2.306.842 euro expected gross turnover. Nine out of fourteen projects were awarded to CILC as a consortium leader and five as a consortium partner. Nine of these fourteen projects are funded by the Netherlands and five by the European Commission. The new framework contract for DG Justice is not included in these figures, as we have not yet been awarded an assignment under this new instrument yet.

The target of 2016 was to get a new project volume of 4½ million euro for CILC. This target was not met. The main reasons for falling short are that a call for proposals by the Netherlands Ministry of Foreign Affairs under the Matra funding instrument that was expected in April 2016 has still not been published until today. Also, the budget for a new project in Ukraine was finally reduced to one-tenth of the initially discussed budget. This for political reasons beyond our span of control. Another explanation is that for some project proposals the donor organisations have moved the decision making to the new year. The new twinning project in Croatia is our largest new one and we are very pleased with it as it deals with enhancing judicial training, one of the core themes in our work. It builds very well on the work we are doing in other countries in the Western Balkan region. The same goes for the new Twinning Light project in Macedonia on strengthening judicial cooperation in civil and criminal matters. Furthermore, we strengthened our project portfolio in Indonesia with three assignments that build on previous work on legislative training. Another new project is the follow-up initiative to strengthen judicial effectiveness and efficiency in Moldova. It means that both the involved Moldovan partners and the Netherlands embassy appreciated what CILC and its local partner IRP had delivered in the first phase. Through the Euromed Justice IV project we team up with our European network partners FIIAPP, EIPA Luxemburg and JCI in the Middle East and Northern Africa region. Finally, we also obtained the first assignments under the DG Migration & Home Affairs framework contract.

### 3.4 FINANCIAL MANAGEMENT

CILC's financial management cycle begins with an annual budget estimate and ends with an annual financial report. The controller gives a monthly financial status account to the board, with real information on the balance sheet, the profit and loss account, cash flow and the liquidity position. Each month we also have an overview of the financial status of each project. On a quarterly basis, the CILC director and controller discuss the financial and overall status of each project with the respective project teams. The supervisory committee receives each quarter an updated overview of the state of accounts. The committee and its individual members can provide the board with solicited and unsolicited advice about the financial status of the foundation. These management tools ensure that we at CILC have permanent access to clear

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and up-to-date financial data of each individual project in order to:

1. Assess the financial situation in all ongoing projects;
2. Find new pathways when a project appears to be less financially viable, thus mitigating financial risks for CILC;
3. Adjust on time when the intended project outputs and results cannot be met;
4. Analyse afterwards the final project results and determine where the eventual realisations differ from the initial budget (also aiming for more reliable and realistic cost estimates in the future).

This year we aimed at maximum realisation of the project budgets and this meant that by the end of the financial year the implementation volume was higher than we had planned; 4.606.073 euro (3.519.210 euro in 2015) instead of 3.620.194 euro (3.427.464 euro in 2015). This joint effort is an important reason why we have achieved one million above our annual turnover target, solely through reimbursement of project funds that incurred a small positive result.

### 3.5 OPERATIONS

In December 2016 CILC employed ten people in The Hague, totalling 8,9 FTE (full-time equivalent) compared to 8,2 FTE in 2015. In the first quarter of 2017 we have increased the total number of staff with five new staff members: two project managers, a researcher, a junior project manager and a project officer (total of 12,2 FTE).

We did not hire any interim staff in 2016. However, in a number of countries we still have self-employed experts who are contracted through our projects for a longer period of time and are representing CILC on demand. In such instances, these individuals act as the local project coordinator or as the resident team leader.

In 2016, we had no major new investments or changes to our ICT system. Multivers is our software package for internal accounting and FileLinx our system for DMS, CRM, HRM and internal workflow management. We are still operating almost fully paperless and therefore in a more environmentally friendly, sustainable and efficient working environment.



Figure 3 CILC organisation chart in December 2016

### Organisation Diagram

■ MT - Management Team  
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In 2016 we used our website to communicate continuously about our projects and achievements. The website continues to be our central communication tool to inform the general public about our stories, our projects, our donors, our partners and our events.

Internal quality management at CILC has continuously improved in 2016, with the growing team in The Hague fully acquainted and confident in using standard CILC acquisition and reporting procedures and templates. The open and collaborative working environment at CILC has facilitated mutual support and review of products and outputs among colleagues, with attention to detail, as well as consistency and relevance checks. In 2017, we will focus on intensifying and expanding the use of our information management tools, as well as updating our business process descriptions to meet the information needs of a growing team and organisation. Through more systematic internal training and user feedback loops, we aim to raise even further the operational standards of CILC related to the acquisition of projects, the implementation and monitoring and evaluation of assignments, as well as the efficiency of internal management processes.

## 4. RESULTS

CILC is a mission driven not-for-profit organisation. In order to maximise the impact of our projects, we aim to arrange our work in the most cost-effective and efficient way. Our project teams operate on a cost conscious basis and our projects are managed in a way to ensure cost recovery at minimum. CILC aims for a 10% return on net project volume (the contract sum minus direct project costs). Ideally, we also implement projects through which we can generate a slightly higher margin to make the necessary investments for the further professionalization of CILC and support small initiatives from our partner countries.

CILC closed the financial year with a positive net result of 14.958 euro (2015: 13.458 euro). The subsidy benefits from ongoing projects equated to 4.606.073 euro (2015: 3.519.210 euro), which is an increase of 31% compared to last year. The underlying project costs related to the subsidy benefits is 3.643.307 euro (2015: 2.530.503 euro), which is an increase of 44%. The total salary costs of 775.545 euro meant a small increase of 4,4% in comparison with 742.652 euro in 2015. This is attributed to a raise of the salary levels for price raising compensations and the paid out redundancy allowances.

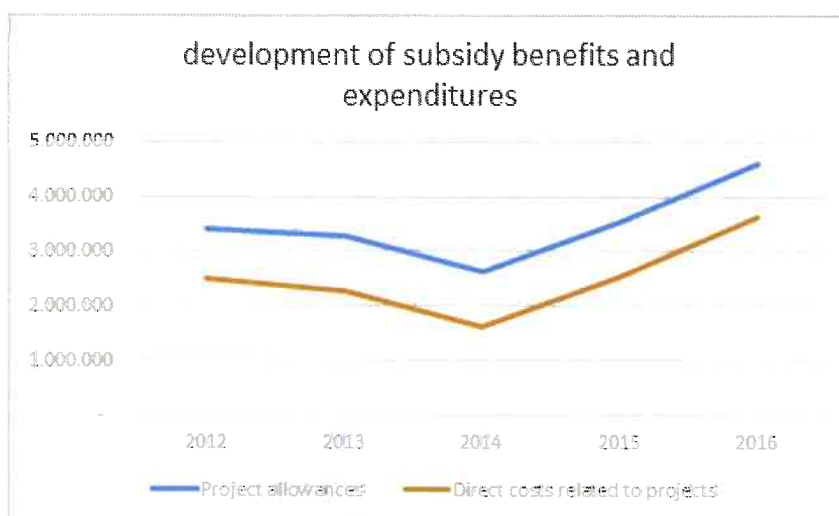


Figure 4 Development of subsidy benefits and expenditures

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## 5. FINANCIAL RESERVES

CILC aims to get to a financial reserve that covers the fixed costs of the organisation for a period of twelve months. Like this, we will be able to ensure the continuity of the organisation in case of a sudden drop in project incomes. The fixed costs contain the gross salary costs, including employers' costs, and rental and other accommodation related costs. In December 2016 the continuity reserve of CILC was 689.686 euro (in 2015: 674.727 euro) and this represents 84,2% of the total fixed costs of 819.024 euro (in 2015: 85,3% of 790.851 euro).

For the financial stability of the organisation, we consider it essential to continue efforts to ensure further efficiency in the implementation and monitoring of our projects and internal processes. In addition to the salary costs of personnel and housing costs listed above, the reserve should be sufficient for meeting a number of other financial obligations in view of unexpected events that could threaten the existence of CILC. Through regular risk analyses within our projects and our financial situation as a whole we ensure that we are adequately prepared for risks that can arise in project organisations such as CILC.

## 6. RISK ANALYSES

In the past year, we continued strengthening the internal organisation and efficiency to better prevent and manage risks. However, a project organisation can always be confronted with unexpected situations that may jeopardise the financial and economic situation of the organisation. No major unforeseen situations occurred this year and it seems that our internal risk analysis capacity and risk policy is working. We seem to be aware of the risks that we may face and understand what mitigating measures should be taken in order to control the impact of such risks.

The most important risk a project organisation like CILC can be confronted with is the unexpected suspension or termination of tender procedures or more importantly, projects under implementation. By spreading the number of donor agencies, donor instruments, target countries, regions and themes, CILC has successfully deployed a strategy that reduces dependence on one funding source. Embracing new opportunities such as the framework contracts commissioned by DG Migration & Home Affairs and DG Justice, as well as investing in our own meeting & training space are deliberate strategic choices that may not show an immediate rate of return in the first one or two years, but they are well-thought investments to prepare CILC for the challenges in a rapidly changing world. Secondly, the choice of stable partnerships with organisations who share a similar vision and mission is also motivated by mitigating risks.

## 7. PROSPECTS FOR 2017

In 2016 we focused on delivering on the projects we had been awarded in the previous years. The fact that we finally implemented one million euro more than we anticipated at the start of 2016 is a proof of our dedication and enthusiasm for project implementation. We sustained our project portfolio at around 6,5 million euro to deliver optimum results. Next year, we will work hard to further strengthen CILC's capacity to professionally implement projects in transition and developing countries and to remain a results oriented organisation. We will continue striving to make the donor agencies and our beneficiaries proud of the projects we implement. Furthermore, we hope to expand our work for the line DG's of European Commission and the collaboration with EU Member States, especially in relation to migration and refugee challenges we are all facing. Finally, the CILC 4<sup>th</sup> floor should become a popular meeting and training space in the heart of The Hague for anyone or any organisation active in promoting a rule of law or international legal cooperation.

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## 7.1 STRATEGIC ALLIANCES

The Netherlands is known as a staunch moral advocate of strengthening the rule of law at home and abroad. This is reflected in the Dutch Constitution, which explicitly bestows upon the government the task to maintain and promote a just international legal order. The renewed populist movements across Europe have resulted in a decline of promoting the rule of law. At the same time, the spread of radicalisation, terrorism and the mass influx of refugees exerts imminent pressure for cooperation and promotion of good governance and the rule of law in and around Europe. CILC seeks to play an active role in the nexus of stimulating the creation of stable legal systems by promoting international cooperation, facilitating (European) networks and implementing capacity building projects. This can only be achieved when we strengthen existing strategic alliances and enter into new ones in the anticipation of trends and developments.

CILC believes that the cornerstone of achieving such aims lies in enhanced cooperation and exchange at a multitude of levels:

- At the local level, CILC seeks to utilise limited resources through strengthening cooperation with rule of law related public technical cooperation organisations<sup>4</sup>, NGOs, think tanks and academic institutions located in The Hague;
- At the national level, CILC seeks to collaborate with public technical cooperation organisations, NGOs, think tanks and academic institutions in The Netherlands across sectors, including but not limited to rule of law, good governance, migration, human rights, public finance, and local government;
- At the European level, CILC seeks to foster closer ties with rule of law related public technical cooperation organisations whom have similarly strong ties to their judicial and administrative institutions, and European or international associations or umbrella organisations of legal professions; and
- At the target regions level, CILC seeks to work closer with rule of law related not-for-profit and semi-public organisations in our partner countries and regions.

CILC's approach manifests from our recognition that the effective promotion of a rule of law necessitates a multilevel dimension and we insist on associating various levels of actors in a more cohesive and efficient manner. This is tied to our belief that public technical cooperation goes further than merely the provision of experts. As a capacity building instrument, it is based on the exchange of experiences among peers and includes a wide scope of modalities, including but not limited to the design of methodologies, sectoral know-how, management tools, training, on the job coaching and network activities which can be used to strengthen the judicial, executive and operational structures of national governments. We see that such peer-to-peer partnerships have played an instrumental role in Dutch bilateral and European Commission's cooperation with accession and neighbourhood countries. CILC will continue investing in strategic partnerships with public technical cooperation organisations in the Netherlands and across the EU, with whom we share a history of successfully implementing capacity building projects.

We are also seeing that donor agencies and partner countries are increasingly requesting public expertise of Member States in capacity building projects. In matters related to the rule of law and good governance, it is due time to invest in initiatives that will allow for more comprehensive and effective mobilisation of knowledge and experience from the Netherlands and other EU Member States. Consequently, CILC will continue to advocate for the presence of Dutch expertise in the region. We believe that Dutch career policies and foreign policy should prioritise the deployment of Dutch judges, prosecutors and policy-oriented officials in missions and seconded advisers to correspond to this trend.

Tied to the multilevel and peer-to-peer approach is our belief that partner countries should be able to draw from the expertise and experiences of different European legal systems to facilitate greater ownership and transfer of knowledge in such projects. In order to realise this, the Dutch government and other EU Member States need to make better use of the accumulated know-how on strengthening the rule of law. CILC will continue advocating for a more comprehensive and integrated approach towards public technical cooperation that prioritises the strengths, capacities and resources of Dutch and other EU Member State institutions and administrations. This deliberate "European approach" transcends

<sup>4</sup> Public technical cooperation organisations are national agencies with a public mandate for development cooperation who act on behalf of their national administrations or judiciary to deliver capacity building based on the transfer of public expertise and exchange of experiences among professionals with the aim of strengthening public institutions to help promote a rule of law and good governance.



national identities and converts bilateral efforts into a single European contribution where the whole is greater than the sum of its parts. Such a cohesive approach necessitates “rolling up the sleeves”, identifying each organisation’s added value, finding complementarities and developing opportunities for meaningful collaboration on technical cooperation between mandated agencies. CILC is well positioned and eager to play a facilitating role in this scheme.

## 7.2 EXPECTED RESULTS 2017

The annual budget of CILC is based on the real value of acquired projects and a projection of the acquisition of new projects. In 2016, we had a turnover of 4,6 million euro, but as the focus was on implementation, we only acquired a new project volume of 2,3 million. At the beginning of 2017, 6,6 million euro is secured through ongoing project budgets. This equates to a turnover of 3,8 million euro which is budgeted for the full financial year of 2017. However, we have already been awarded three contracts in the first two months of 2017 with a CILC turnover of more than two million euro: a StuNed project in Indonesia, a project identification mission in Tunisia and the contract to support the Eurint network secretariat. For the latter, CILC is starting up a support facility for the European Integrated Return Management Network (Eurint) which targets improved intra-European cooperation on non-voluntary return. CILC will support the network in developing a regional and more tactical/political approach to non-voluntary return. This contract is an important asset for our track record on migration and with this new initiative CILC will seek for other support and servicing opportunities – similar to the Eurint trajectory. Also for framework contracts from DG Migration & Home Affairs and DG Justice we aim to be awarded two assignments coming year – particularly in the migration realm.

In addition, we have submitted in December 2016 time and input extension requests for two EU service contracts in Moldova and in April 2017 these have been granted for a CILC turnover of more than one million euro. Currently, we are also negotiating time and input extensions for the Euralius IV project in Albania and the Western Balkans Prosecutors’ Network project for a total CILC gross turnover of an additional three hundred thousand euro. Furthermore, we are negotiating contracts for new projects in Albania and the Western Balkans for around three million euro of total gross turnover for CILC. In April 2017, the new Matra framework – which focuses on the Western Balkans, Moldova, Ukraine and Turkey – will be published. We aim to submit four applications under this new framework, of which one will focus on migration management, two on probation and alternative sanctions, and one on the fight against corruption. Finally, the new CILC meeting and training space will officially open in May 2017 and it is already booked for several weeks until the summer.

In concluding this report we can safely say that it has been a fruitful year for CILC, in terms of project impact, financial stability, discovering new intervention areas and project partners, and above all in terms of enthusiasm and ambition within the CILC team. In 2017, we will continue striving to develop ourselves and our organisation. The various projects and consortia we are a part of will provide ample opportunity to strengthen our partnerships with the legal community in the Netherlands whilst also sustaining our unique relationship with legal practitioners from other countries and regions in the world. The combination of these factors will ensure that we will continue providing tailor-made solutions to strengthen the rule of law across beneficiary countries.

Signed, The Hague 3 April 2017

Willem van Nieuwkerk  
Director

Eric Vincken  
Deputy Director

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# BUDGET

	2017	2016
	€	€
<u>Gross margin</u>		
Subsidy benefits	3.903.407	3.620.194
Subsidy expenditures	2.814.958	2.540.431
Rental benefits	74.250	0
Rental expenditures	73.757	0
Total gross margin	1.088.942	1.079.762
<u>Operating costs</u>		
Wages and salaries	631.913	619.319
Social security costs	182.997	179.350
Depreciation costs	20.093	21.244
Other revaluations of tangible fixed assets	0	0
Other operating costs	234.071	236.632
Total operating costs	1.069.074	1.056.545
Net operating result	19.868	23.218
Other operating income	0	0
Financial receipts and expenditures	8.000	8.000
Result of ordinary business operations	27.868	31.218
Extraordinary profits and losses	0	0
Result before profit appropriation	27.868	31.218

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## 1. BALANCE

	31-12-2016	31-12-2015
	€	€
<u>Fixed assets</u>		
Tangible fixed assets	47.843	53.059
Intangible fixed assets	3.633	7.484
	<u>51.476</u>	<u>60.543</u>
 <u>Current assets</u>		
Stock	2.454	2.592
Account receivables	1.062.220	718.878
Other receivables	455.493	312.690
Cash	2.019.186	1.614.546
Total current assets	<u>3.539.353</u>	<u>2.648.706</u>
Total assets	<u>3.590.829</u>	<u>2.709.249</u>
 <u>Capital and reserves</u>		
<i>Disposable capital</i>		
Going concern reserve	<u>689.686</u>	<u>674.727</u>
 <u>Liabilities</u>		
Account payables	302.273	175.457
Still to spend subsidies/deferred income	2.462.391	1.710.206
Other liabilities	<u>136.479</u>	<u>148.859</u>
Total liabilities	<u>3.590.829</u>	<u>2.709.249</u>

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## 2. STATEMENT OF REVENUES AND EXPENDITURES

	realization	budget	Realization
	2016	2016	2015
	€	€	€
<u>Gross margin</u>			
Subsidy benefits	4.606.073	3.620.194	3.519.210
Subsidy expenditures	3.643.307	2.540.431	2.530.503
Total gross margin	962.766	1.079.762	988.707
<u>Operating costs</u>			
Wages and salaries	616.809	619.319	586.316
Social security costs	158.736	179.350	156.337
Depreciation costs	20.890	21.244	17.765
Other revaluations of tangible fixed assets	0	0	-1.721
Other operating costs	174.041	236.632	244.922
Total operating costs	970.475	1.056.545	1.003.619
Net operating result	-7.709	23.218	-14.912
Other operating income	11.391	0	13.185
Financial receipts and expenditures	11.278	8.000	15.185
Result of ordinary business operations	14.959	31.218	13.458
Extraordinary profits and losses	0	0	0
Result before profit appropriation	14.959	31.218	13.458
<u>Profit appropriation</u>			
Allocation/withdrawal going concern reserve	14.959	31.218	13.458
Allocation/withdrawal general reserve	0	0	0
	14.959	31.218	13.458

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### 3. CASH FLOW OVERVIEW

The cash flow overview has been set up using the indirect method. Cash flows in foreign currencies are converted to euro on the basis of the currency exchange rates used on the balance date. The cash flow statement provides details about the funds that became available during the financial year and about the use of those funds in the same year. The cash balance is mutated during the year from 1.614.546 euro (31-12-2015) to 2.019.186 euro (31-12-2016)

	31-12-2016		31-12-2015	
	€	€	€	€
<u>Operating cash flow</u>				
Result	14.959		13.458	
Depreciations	20.890		16.044	
		35.849		29.502
Changes in working capital:				
- Receivables	-486.007		-779.051	
- Provisions	-137.313		-325.975	
- Current liabilities	1.003.942		901.144	
Total mutations		380.622		-203.881
Total operating cash flow		416.463		-174.379
<u>Investment cash flow</u>				
Capital expenditure in fixed assets		-11.822		-49.672
Net cash flow		404.640		-224.051
Status per 1 January		1.614.546		1.838.597
Status per 31 December		2.019.186		1.614.546
Mutation cash		404.640		-224.051

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## 4. GENERAL EXPLANATORY NOTES

### *Principles of the valuation of assets, liabilities and determination of results*

#### General

The financial statements have been prepared in accordance with Directive 640 for Annual Reporting for not-for-profit organisations. The accounting principles used for the valuation of assets and liabilities and the results are based on historical costs. Unless stated otherwise, assets and liabilities are presented at face value minus a provision for bad debts. Project benefits and costs are allocated to the period to which they relate.

#### Principles for conversion of foreign currency items

Receivables and payables resulting from transactions at the end of the year are converted using the closing rate. The foreign currency transactions settled during the reporting period are processed at the exchange rate prevailing at that time. Exchange differences are credited or charged to the income statement under financial income and expenses for the determined period on the balance sheet.

#### Valuation of tangible and intangible fixed assets

Valuation is based on the purchase price minus straight-line depreciation. Depreciation is based on the estimated economic life and calculated on the purchase price. In the year of purchase amortising is done pro rata.

The depreciation rates include renovations 10%, inventory 20%, for computer equipment and other hardware 33⅓% and for computer software 33⅓%.

#### Valuation of projects

The subsidies that are still to be spent are valued to the extent that no compensation is received, against the directly attributable costs plus a surcharge for indirect costs and net of a provision for expected losses. If a result can reliably be determined for a yet incomplete project before the balance date, the result is recorded in proportion to progress. If that is not possible, the results are taken at completion.

#### Reimbursements of projects

The fee for projects concerns the fair value of the costs spent on projects during the financial year.

If more compensation for a project is received, then costs are paid, the surplus is justified under amounts received under amounts received in advance.

#### Net results of projects

The result on projects is proportionally determined in accordance with the percentage of completion method, taking into account the precautionary principle.

#### Operating costs

The costs of outsourced work and other external costs and also direct wages and social charges are allocated to the projects. In addition, the indirect costs to the project are allocated through an allocation formula based on the direct hours incurred.

#### Interest income and expenses

The interest income and expenses concern the interest received from or paid to third parties, related to the reporting period.

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### Financial instruments

Financial instruments include trade and other receivables, cash, trade and other payables. Financial instruments are accounted at initial recognition at fair value. After initial recognition, the financial instruments are measured at amortized costs using the effective interest method. If there is no premium or discount or transaction costs the amortized cost price is equal to the nominal value. The fair value is determined as the present value of future cash flows.

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## 5. BALANCE EXPLANATORY NOTES

	31-12-2016	31-12-2015
	€	€
<u>Fixed assets</u>		
Book value per 1 January	60.543	22.509
Mutations:		
Investments	11.822	55.887
Disinvestments	0	-1.809
Result	0	1.721
Depreciations	-20.890	-17.765
Book value per 31 December	<u>51.476</u>	<u>60.543</u>
Status per 31 December:		
Cumulative purchase prices	90.836	79.013
Cumulative depreciations	-39.360	-18.470
Book values per 31 December	<u>51.476</u>	<u>60.543</u>
<u>Receivables</u>		
Stock	2.454	2.592
Accounts receivables	1.062.221	718.878
Staff receivables	4.565	2.095
Third party receivables	367.259	264.740
Claimable VAT	23.733	22.549
Transitory assets	59.936	23.306
Total receivables	<u>1.520.167</u>	<u>1.034.160</u>



	31-12-2016	31-12-2015
	€	€
<u>Cash</u>		
Current account		
ABN AMRO Bank – current account	7.299	149.222
	<u>7.299</u>	<u>149.222</u>
Savings account		
ABN AMRO Bank – management savings account	0	0
ABN AMRO Bank – direct quarterly savings account	1.000.000	455.275
ABN AMRO Bank – equity savings account	1.000.000	1.000.000
ABN AMRO Bank – high yield deposit	0	0
	<u>2.000.000</u>	<u>1.455.275</u>
Accounts in foreign currency		
ABN AMRO Bank current account in USD	9.182	8.849
	<u>9.182</u>	<u>8.849</u>
Petty cash		
Petty cash Euro	1.883	652
Petty cash USD	19	0
Petty cash non-marketable currencies	803	548
	<u>2.705</u>	<u>1.200</u>
Total Cash	<u>2.019.186</u>	<u>1.614.546</u>

The liquid funds are repayable on demand. The interest rate on savings accounts is variable.

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	31-12-2016	31-12-2015
	€	€
<u>Capital</u>		
Status per 1 January	674.727	661.268
Mutations book year	14.959	13.458
Status per 31 December	689.686	674.727
<u>Liabilities</u>		
<u>Current liabilities</u>		
Still to spend subsidies/deferred income	2.462.391	1.710.207
Other debts	438.753	324.316
Total current liabilities	2.901.144	2.034.523
<u>Still to spend subsidies/advance payments</u>		
Still to spend subsidies as per 31 December	9.242.829	4.811.755
Deduction: provision of work in progress as per 31 December	-223.939	-137.313
<b>Total</b>	9.018.890	4.674.442
Deduction: amounts received in advance	-11.481.281	-6.384.649
Total still to spend subsidies/advance payments	-2.462.391	-1.710.207
Opening balance provisions	-137.313	-80.090
Provision released	33.000	0
Addition to provision	-119.626	-57.223
Provision of work in progress	-223.939	-137.313

The still to-be-spent subsidies and amounts received in advance are a reflection of the cumulative costs c.q. allowances of the ongoing projects at the end of 2016.

Other debts

Creditors	302.273	175.457
Holidays	19.793	21.632
To pay holiday allowances	21.613	22.171
Taxes and social security contributions	47.984	43.178
Debts regarding pensions	8.286	8.866
Other debts	5.714	8.839
Accrued liabilities	33.088	44.173
Total other debts	438.753	324.316

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## 6. OFF-BALANCE SHEET LIABILITIES

### Rental agreement

CILC rents the office building at Spui 1, 2511 BL, The Hague, the Netherlands. For this purpose a rental agreement is signed for the period May 1, 2015 to April 30, 2025, with an option to extend the contract twice for a period of up to 5 years. The total rental obligation for the year is equal to 35.980 euro and is indexed annually on April, 1. The rental agreement may be terminated at the end of the rental period with a notice period of six months. For this rental agreement a bank guarantee was issued of 12.827 euro.

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## 7. REVENUES AND EXPENDITURES EXPLANATORY NOTES

	Realization 2016 €	Budget 2016 €	Realization 2015 €
<u>Revenues</u>			
<u>Subsidy benefits</u>			
Southeast Europe	1.787.385		1.540.277
East Europe	1.088.826		661.566
North Africa and Middle East	379.433		431.799
West Africa	55.995		14.817
Central and East Africa	108.519		73.235
Asia	16.954		58.257
Southeast Asia	1.085.352		611.600
Multi	83.609		127.659
Total subsidy benefits	<u>4.606.073</u>	<u>3.620.194</u>	<u>3.519.210</u>
<u>Subsidy expenditures</u>			
Subcontracting costs	2.770.517	1.697.802	1.914.038
Material costs	68.596	145.526	61.120
Costs direct wages	838.212	1.056.545	825.696
Other direct costs	<u>717.568</u>	<u>582.103</u>	<u>501.455</u>
Subtotal direct costs	4.394.893	3.481.973	3.302.309
Coverage direct wages	-838.212	-1.056.545	-825.696
Provisions	86.626	100.000	57.223
Result completed projects	<u>0</u>	<u>15.000</u>	<u>-3.333</u>
Subtotal other project costs	-751.586	-941.545	-771.806
Total subsidy expenditures	<u>3.643.307</u>	<u>2.540.431</u>	<u>2.530.503</u>

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	Realization 2016 €	Budget 2016 €	Realization 2015 €
<u>Expenditures</u>			
<u>Personnel costs</u>			
Salaries	519.770	526.503	496.005
Holiday allowance/year-end bonus/gratifications	97.039	92.816	90.311
Subtotal salaries	616.809	619.319	586.316
Social security and pensions	158.736	179.349	156.337
Subtotal wages and salaries	775.545	798.668	742.653
Temporary employees	0	0	37.000
Other personnel costs	31.719	51.826	53.449
Subtotal other personnel costs	31.719	51.826	90.449
Total personnel costs	807.264	850.494	833.102

*FTE's* 9,0 9,2 9,8

There are no salaries, loans, advances or guarantees paid or given to supervisors of CILC. The board of directors of CILC received a remuneration of € 181.590 gross salary by virtue of their employment with CILC. Besides this remuneration there are no loans, advances or guarantees paid or given to them.

	Realization 2016 €	Budget 2016 €	Realization 2015 €
<u>Other operating expenses</u>			
Temporary employees	0	0	37.000
Other personnel costs	31.719	51.826	57.246
Accommodation costs	44.787	47.532	50.906
Travel and subsistence costs	6.757	2.500	1.986
Selling costs	30.787	60.850	40.956
Other operating expenses	59.991	73.925	60.625
Total other operating expenses	174.041	236.633	244.922

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	Realization 2016 €	Budget 2016 €	Realization 2015 €
<u>Other operating expenses</u>			
Temporary employees	0	0	37.000
<i>Other personnel costs</i>			
Various fees	10.672	17.084	13.070
Study	3.461	15.000	22.207
Insurance	17.325	16.600	14.526
Reorganization costs	0	0	0
Changes in reservation leave	-1.839	0	1.543
Other personnel costs	2.100	3.142	2.103
Subtotal other personnel costs	31.719	51.826	53.449

The budgeted trainings for personnel are extended to 2017.

*Accommodation costs*

Fixed costs	43.480	44.782	48.200
Incidental costs	1.307	2.750	2.706
Subtotal accommodation costs	44.787	47.532	50.906
Incidental travel and subsistence costs	6.757	2.500	1.986

*Selling costs*

Marketing costs	16.063	25.350	1.126
Selling costs	6.772	10.000	7.773
Acquisition costs	7.952	25.500	32.057
Subtotal selling costs	30.787	60.850	40.956

Due to the focus on project budget realization, less was spent on external communication and acquisition.

In 2017 there will be more focus on acquisition, without losing focus on budget realization in projects.

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	Realization 2016 €	Budget 2016 €	Realization 2015 €
<i>Other operating expenses</i>			
Office costs	22.611	26.000	25.092
Insurance costs	4.336	6.000	4.260
Consultancy costs	20.070	23.500	16.500
Financial costs	532	1.000	715
Communication costs	10.902	13.425	12.607
Other general operating expenses	1.540	4.000	1.452
Subtotal other operating expenses	59.991	73.925	60.626
Total other operating expenses	174.041	236.633	244.922

#### Appropriation of results

The statutes do not contain special provisions concerning the appropriation of the result. The CILC supervisory committee has adopted the appropriation of the result, as reported in the statement of income and expenses.

#### Events after the balance date

None.

## 8. OTHER INFORMATION

#### Auditor's report

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## INDEPENDENT AUDITOR'S REPORT

To: The Management Board and the Supervisory Board of Stichting Center for International Legal Cooperation.

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

#### Our opinion

We have audited the financial statements 2016 of Stichting Center for International Legal Cooperation based in The Hague, The Netherlands.

In our opinion, the financial statements give a true and fair view of the financial position of Stichting Center for International Legal Cooperation as at 31 December 2016 and of its result for 2016 in accordance with the Guidelines for annual reporting 640 "Not-for-profit organizations" of the Dutch Accounting Standards Board.

The financial statements comprise:

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

#### Basis for our opinion

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

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

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

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

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

Dubois & Co. Registeraccountants is een maatschap van praktijkvennootschappen. Op alle opdrachten die aan ons kantoor worden verstrekt zijn onze algemene voorwaarden van toepassing. Deze voorwaarden, waarvan de tekst is opgenomen op de website [www.dubois.nl](http://www.dubois.nl), bevatten een aansprakelijkheidsbeperking.

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

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

By performing these procedures, we comply with the requirements of the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements. Management is responsible for the preparation of the other information, including the Management Board's report, in accordance with the Guidelines for annual reporting 640 "Not-for-profit organisations" of the Dutch Accounting Standards Board.

### **C. Description of responsibilities regarding the financial statements**

#### **Responsibilities of management and the Supervisory Board for the financial statements**

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

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

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

The Supervisory Board is responsible for monitoring the financial reporting process of the organization.

#### **Our responsibilities for the audit of the financial statements**

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

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

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



We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements.

Our audit included e.g.:

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

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

Amsterdam, 30 June 2017

Dubois & Co. Registeraccountants

Signed on original:  
A.P. Buteijn RA