

CILC

ANNUAL

FINANCIAL

REPORT

2019

The Center for International Legal Cooperation (CILC) is a not-for-profit project organisation whose mission is to implement projects supporting the rule of law in developing and transition countries and countries in and around the European Union. To achieve this we provide public technical cooperation on behalf of the Netherlands by facilitating peer-to-peer exchange. We do this as the mandated body for the Netherlands Ministry of Justice and Security and the Dutch justice institutions. We are also increasingly conducting policy relevant research at the request of government institutions. We are the gateway to the many (inter)national and European legal institutions in The Hague – the International City of Peace and Justice.

International legal cooperation to promote rule of law

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INTRODUCTION

In 2019, CILC strengthened its position as national public sector agency entrusted with international legal cooperation. With dedication and a lot of enthusiasm CILC's staff and experts carried out numerous capacity building activities in a range of countries. In all its projects CILC facilitated experience and knowledge transfers between peers, aimed at delivering workable solutions for everyday challenges with instant practical value. Our network is part of our strength. In our projects we provide access to expertise that may be otherwise difficult for beneficiaries and donors to mobilise. We take pride in doing so.

The past year three new colleagues joined CILC, bringing the total staff member count to 14. In-house learning and coaching was fostered to help the new colleagues learn the ropes and get acquainted with CILC's administrative and financial systems. New approaches were introduced for team meetings, including the 'week start' that now brings all colleagues together in a circle without chairs and focuses on sharing 'shots of inspiration'. During the year, CILC staff explored adjusting their working methods for common tasks, including the use of videoconferencing and distance learning, an effort that is currently accelerated in view of the global Covid-19 pandemic.

The CILC team grew and at the same time the team spirit grew. In both project implementation and acquisition colleagues started to readily share more input on each other's work. CILC has a diverse team of professionals with different educational backgrounds and career paths. Consequently, this input on each other's work is often complementary and strengthens CILC's outputs significantly. The growing unity and harmony at CILC culminated in a team building trip to Albania. This tour combined visits to remarkable CILC projects with exciting outdoors activities. The Albania trip forged bonds with new colleagues and reinforced those with older ones. It further strengthened the organisation and consolidated a united front to tackle future challenges that we may face.

In 2019, CILC's quality management system was assessed by an external auditing company. As a result, CILC was awarded the ISO 9001:2015 certification. At CILC we don't go complacent. We see this as a strong incentive to keep investing time and efforts in the further professionalisation of our organisation.

We would like to conclude with some targets and numbers. This year, we exceeded our implementation targets. Our gross turnover was the highest ever in the organisation's 34 years of operation. On top of that, we were awarded many new contracts that help us sustain our portfolio in the years to come. A major accomplishment of a joint effort by our team and partners. The CILC team is proud of these achievements in project implementation and acquisition. Please see below how this pride is reflected in this 2019 annual report.

Signed, The Hague 26 June 2020

Willem van Nieuwkerk
Director

Eric Vincken
Deputy Director

SUMMARY

Strengthening the rule of law remains essential for both developed countries and countries in transition. Working on strengthening the rule of law is at the heart of CILC's activities since 1985. In 2019, CILC aimed to broaden the scope of its activities thematically and extend the list of its focus countries. In addition, CILC continued its efforts to continuously improve and optimise the internal organisation as a strong basis for project acquisition and implementation.

CILC's Policy Plan 2018-2020 provided guidance on the organisation's direction and priorities in 2018 and 2019 and will continue to do so in 2020. The plan is based on five pillars, each contributing to the organisation's mission to develop and implement capacity building projects supporting the rule of law in developing countries, countries in transition and countries within and around the European Union.

PILLAR 1: A PROFESSIONAL, EFFECTIVE AND RESULT-ORIENTED ORGANISATION

Under the first policy pillar, priorities are set for human resources and organisational development. Ensuring that both staff and the organisation have the necessary means and tools indispensable for a high-performing and flexible team. In 2019, CILC hired new staff and extended the team up to 14 staff members. Teambuilding remained an important priority for the organisation, as well as professional and personal development. All staff members were encouraged to think about their learning needs and engage in courses and trainings. The Quality@CILC project remained to be instrumental for organisational change and improving the administrative organisation. It led to the development of additional policies, covering topics such as social responsibility, suggestions and complaints. Quality@CILC is an ongoing project and a truly living process. Our continued investments in quality management resulted in the ISO 9001:2015 certificate by the end of 2019. The certificate was awarded without any reservations by the external auditor. Some points for improvement were identified, i.e. to draft an annual plan in addition to our multi-annual plan. This will be implemented from 2020 onwards.

PILLAR 2: SOUND AND TRANSPARENT FINANCIAL MANAGEMENT

Consolidating a sound and transparent financial management system remained a key priority for CILC in 2019. We maintained a healthy administrative structure that meets the requirements of our donors, is compliant with the law and serves the needs of our project teams. In addition, we continued to seek opportunities to improve our systems, helping us to work efficiently and deliver quality results. As reported in the annual report of 2018, financial processes were reviewed and different formats were tested for generating financial overviews with real-time information about budget depletions. This exercise was to feed into the introduction of a new integrated system serving the project, financial and overall management purposes of the organisation. In the last quarter of 2019, CILC decided not to move forward with the introduction of such a system, as it turned out not to serve the organisation's needs well enough. Consequently, it was decided to optimise our existing systems, i.e. Filelinx and Multivers. Monthly financial updates of all projects were reintroduced. This contributes to more up to date knowledge about the depletion of the project budgets. In addition, all project teams met with the controller on a quarterly basis to discuss the financial status of their projects.

PILLAR 3: EFFECTIVE AND RATIONAL PORTFOLIO DEVELOPMENT

Under the third policy pillar CILC has further enhanced its position as a trusted partner of the Netherlands executive and judiciary for international legal cooperation and promoting rule of law worldwide. CILC's status as mandated body of the Ministry of Justice and Security for international projects was strengthened in 2019. This has not resulted in a decision on core funding from the Dutch Government, but it is considered an important step in the relationship with the Ministry and its operational agencies. In 2019, CILC has kept

a focus on projects within the sectors and countries where it has a proven strong track record. The portfolio again centred on Dutch bilateral and EU funding. This offers many interesting opportunities for cooperation. In addition to our existing portfolio, we have been exploring a new type of funding, i.e. assignments for EU member states under the European Commission's Structural Reform Support Programme. This constitutes an addition to our portfolio with projects within the boundaries of the European Union. The 'Meeting and Training' venue was available as a venue for rent to our partners and likeminded organisations or companies. By using available channels in The Hague and our networks, continuous efforts were made to promote this additional service. In 2020, we plan to launch a project management training for young professionals, which will be offered in our own venue.

PILLAR 4: PUBLIC RELATIONS & COMMUNICATION

The fourth pillar of our policy plan focuses on building and maintaining relationships with our partners and stakeholders as well as making our work more transparent and accountable. Our website www.cilc.nl is the main platform to communicate our stories, events and results. The website contains an extensive project database, providing core information about our projects. In addition, we shared news items on a regular basis, updating our partners and stakeholders about activities we implemented, both in the Hague and in our focus countries. In 2019, we introduced blogs on our website. Experts and partners from our network contributed to blogs each highlighting a different aspect of the same topic. These blogs were also reposted on other websites and shared through social media. In 2019, the website also functioned as the main entry point for information on the launch of The Hague Rules on Business and Human Rights Arbitration. This generated many new visitors. The work on a communication policy and new visual identity was started but not finalized in 2019, due to shifting priorities.

PILLAR 5: NETWORK ORGANISATION

Bringing together international legal expertise to contribute to the rule of law requires an extensive network of qualified legal professionals and relevant institutions. As for the fifth policy pillar concerning CILC as a network organisation, most of the focus in 2019 remained on the relations with the Netherlands public institutions. CILC joined the Ministry of Justice and Security's periodical meetings to discuss promoting the rule of law worldwide and international legal cooperation amongst the Ministry's operational bodies and the judiciary. In addition, we invested in our relationships with partner organisations and experts. CILC staff members visited many external events, enhancing connections and exploring new partnerships. In October 2019, we were joined by familiar and new faces at the Netherlands Supreme Court to celebrate 50 years of legal cooperation between Indonesia and the Netherlands. This event was initiated and organised by CILC and opened by the Dutch Minister of Justice and Security, Ferdinand Grapperhaus.

A. MANAGEMENT REPORT

OUR WORK

1. ACTIVITY REPORT

In 2019, CILC consolidated its position as a valuable and trusted agency for its beneficiaries, partners and donors. CILC was granted extensions and successive contracts in key areas of its work, most notably in Indonesia and the Western Balkans. In Slovenia, CILC started to work on enhancing the efficiency of the prosecution service in the framework of the European Commission's Structural Reform Support Programme. Supporting the prosecution service also is the goal of a newly awarded project in Kosovo, and the fight against corruption is at the heart of a new project in Bosnia and Herzegovina. In Indonesia a large-scale peer-to-peer project started, in addition to Nuffic and Dutch Embassy funded initiatives on legal dissemination and criminal law. In Uganda, CILC started a new project on building capacity at JLOS, the country's Justice, Law and Order Sector. 2019 also marked 50 years of legal cooperation between Indonesia and the Netherlands. CILC took pride in co-organising an event to celebrate this. CILC's results in 2019 confirm that our practical hands-on approach works. Throughout the year project beneficiaries, stakeholders and donors have expressed their appreciation for our efforts. CILC staff members are firmly rooted in the organisation's thirty-four years of experience. They combine professionalism and dedication with enthusiasm and creativity. An overview of our most notable events and achievements in 2019 is provided below.

In 2019, CILC started to work in an EU member state – Slovenia – on a new thematic area: digitisation and business processes. In the context of this EU funded project, Dutch and international experts work together closely with their Slovenian peers on improving the efficiency of the Slovenian prosecution and state attorney offices. Our support includes mapping the ICT strategy, drafting a networking plan and analysing good practice examples of digitisation processes in prosecution services of other EU member states. In addition, the project actively promotes a change in culture through change management workshops. The project also aims at establishing a transnational European Association of State Attorney's Offices, facilitating the exchange of knowledge, know-how and expertise between its members.

In the framework of the ongoing Matra-funded project in North Macedonia a series of activities was carried out in 2019. The Special Public Prosecutor's Office recognised the need to further embed the international cooperation activities, as they directly promote the progress of corruption cases. In this second year of implementation the partners reaffirmed their good relationship and effective lines of communication and expressed mutual satisfaction with the overall project achievements. Following the end of the mandate of the Special Prosecutor's Office and the resignation of the Chief Special Prosecutor, the project's focus shifted to a partnership with the Public Prosecutor's Office of North Macedonia, where the corruption cases are now handled.

In 2019, the Tunisia Integrity project got extended. The main objectives of this project are supporting the Tunisian National Instance for the Fight against Corruption (INLUCC) in defining its role in society, developing a communication strategy and formulating a public information campaign. The past year CILC trained staff of the communication department in how to communicate effectively with the general public.

Subsequently, CILC experts assisted the colleagues in Tunisia in designing, implementing and monitoring its first nationwide public information campaign.

CILC is no stranger to the Shiraka training programs. However, in 2019 CILC for the first time implemented both, the Shiraka legislation training as well as the Shiraka administration of justice training. Shiraka gives judicial civil servants from the Arab region the opportunity to gain knowledge and skills and share experiences with their peers on how to lead and inspire judicial reform in their institution. In two separate sessions, one in The Hague and one in Tunis, the two groups were combined, bringing together approximately 50 prosecutors, judges and legislative drafters/researchers from 10 different countries in the Arab region. These sessions served as platforms to share good practices and lessons learned across different professions and legal systems. An important topic addressed in the 2019 trainings, which will recur in the coming years, is that of managing change and being a change agent in your own institutions. CILC strongly believes that in order to increase the effectiveness and impact of these training programs, participants need to learn how to deal with the challenges and pushbacks they may receive when attempting to push forward judicial reform.

Work in the project Promoting Integrity in the Kosovar justice sector focused on finalising the Code of Judicial Ethics. Experts of the Netherlands prosecution service assisted their colleagues in the Kosovo Prosecutorial Council in revising the existing Code. In the first quarter of 2019 the new Code of Ethics came into force, making this document leading on issues of integrity for all prosecutors in Kosovo. CILC will keep working with the Council; a new project on strengthening the Kosovar prosecution service was awarded to CILC at the end of 2019.

CILC also continued its bilateral work with Serbia this year. In the framework of the Matra project Strengthening Probation and the system of alternative sanctions several seminars for Serbian and Dutch judges, prosecutors and probation officers were organised in Niš and Novi Sad. As a result, the Serbian Ministry of Justice agreed to start a pilot in Novi Sad on pre-trial reporting – a practice which is not yet included in the Serbian Law on Alternative Sanctions. Together with the Serbian professionals CILC will start piloting the use of these reports in 2020. In the second half of 2019, experts from Serbia and the Netherlands started developing a Training of Trainers (ToT) programme on alternative sanctions. This ToT for the Serbian Justice Academy, the main provider of trainings on this topic, will be finalised in 2020. By following this training Serbian judges and prosecutors will learn about the benefits of probation and alternative sanctions. The Justice Academy already included this addition to its curriculum in its annual plans for 2020 and 2021.

In Albania, the EU funded justice sector reform project Euralius V was brought up to full speed. The project's aim is to support the implementation of the judicial reform strategy. To that end, various expert teams focus on the establishment of new institutions of judicial self-governance, such as the judicial and prosecutorial councils and a judicial inspectorate. In addition, new structures are built within the prosecution and law enforcement to fight corruption and organized crime, particularly a Special Court, prosecutor's office and National Bureau of Investigation. Training and coaching of these institutions' staff members are key. However, this remains for now a challenge as most institutions were understaffed in 2019 and all judges and prosecutors in Albania are undergoing a so-called vetting-process. The vetting process is being supervised by the EU funded International Monitoring Operation in which two seconded judges from the Netherlands, through CILC, were deployed throughout 2019 as International Observers.

At the request of the Netherlands Embassy in Sarajevo, CILC supports the cantonal prosecution office in Sarajevo in running investigations in corruption cases. An experienced Dutch prosecutor, supported by an experienced local lawyer, is seconded to Bosnia and Herzegovina as advisor for the duration of two years.

In 2019, the regional 'Countering Serious Crime in the Western Balkans' project entered its second year.

EU seconded prosecutors and police officers from Italy provided support and coaching to their peer institutions in Albania, Bosnia and Herzegovina, Kosovo, Montenegro, North Macedonia and Serbia. In 2019, the project supported 41 new investigations and rendered 100 assistance measures to these 41 new investigations as well as already ongoing investigations. Cooperation agreements between EUROJUST and Serbia and Albania entered into force by the end of 2019, allowing both countries to send a Liaison Prosecutor to EUROJUST. Liaison Prosecutors from Montenegro and North Macedonia, supported by the project, continued their assignments at EUROJUST in 2019. Through this project, hundreds of officials from prosecution offices, police agencies, ministries of justice and interior, customs and tax administration participated in training events on topics such as mutual legal assistance in criminal cases, asset recovery, financial investigations and special investigative measures. The project continued to organise study visits to EU countries, ministerial conferences, internships and participation in European Judicial Network (EJN) meetings. The project, its approach and results were also internationally acknowledged this year at the three-day prestigious Paris Peace Forum in November 2019.

The Justice Sector Support Programme (JSSP) with Indonesia ended in 2019. In this last year of implementation additional reforms were introduced at the Mahkamah Agung (Supreme Court of Indonesia), including the signing of decrees to establish a case selection mechanism and installing a case selection team. These measures will help reduce the backlog of cases that the Mahkamah Agung is facing. 2019 also marked the start of a new project in Indonesia: the Peer 2 Peer project, a successor of JSSP. Now that the Dutch Ministry of Foreign Affairs (MFA) has phased out its development aid to Indonesia, this Peer 2 Peer project ensures that mutually beneficial partnerships, relationships and networks are sustained. This new phase in the bilateral relation between Indonesia and the Netherlands allows partners to jointly formulate priorities and focus areas for the future. A well-functioning rule of law is one of them and CILC is proud to continue its central role in facilitating this process.

In 2019, CILC continued its work on the Capacity Building in Combating Transnational Crime project. CILC experts assisted trainers in two Indonesian police training centres in educating and coaching intelligence and investigating officers. This assistance included upgrading training curricula and developing new training modules. The most significant change in the two training centres is their shift in training approach: from largely theoretical to more applied and practical with an emphasis on integrated case studies and field visits. Indonesian police officers in the target regions are now trained mostly outside, using a simulation system called 'Keris' that was initiated by the project.

CILC also delivered a modular course for trainers of the training agency of the Ministry of Law and Human Rights in Indonesia. This training focused on skills development: CILC worked with two methodologic experts on a training needs analysis and a roadmap for curriculum development, as well as on introducing blended learning and student-centred training approaches. Upon completion CILC was granted a follow-up tailor-made training program to assist the training agency in designing a curriculum for advanced training of legal disseminators.

In February 2019, the Indonesian Minister of Justice visited the Netherlands. During his stay he expressed an interest in the Dutch use of community services as an alternative to short-term imprisonments. Following up on this topic, CILC organised a scoping mission to Indonesia to assess the current prison and probation work and to identify opportunities for collaboration. During this visit the Netherlands Probation Service and the Indonesian Directorate General of Correction discussed an activity programme to enhance the use of alternative sanctions in Indonesia. The cooperation of these institutions was later embedded in two new projects: the Peer 2 Peer project and the tailor-made training project Strengthening the Probation Services.

This year also marked fifty years of legal cooperation between Indonesia and the Netherlands. CILC took this jubilee as an opportunity to celebrate what has been achieved so far and to explore what the future

collaboration might look like. The forum that CILC organised focused on legal certainty – a recurring topic in the bilateral cooperation of the past decades. The event also enabled us to thank the Indonesian and Dutch key players for steering the legal cooperation between the two countries in the past fifty years. Netherlands Minister of Justice and Security Ferdinand Grapperhaus thanked these ‘trailblazers of the cooperation’ and emphasised that despite ongoing national and international political controversies, these people have persevered in their efforts to build and maintain beneficial and fruitful partnerships. Giras Bowo, an Indonesian student at Leiden University emphasised the importance of involving the new generation of decision makers. He explained that ‘if we don’t include the youth of today, there will be no cooperation tomorrow’. His words underscored the importance of putting the youth’s perspective at the forefront in the future legal cooperation, as they will be our next generation of trailblazers.

In 2019 CILC took the lead in drafting arbitration rules for business and human rights related disputes, an effort that culminated in the Hague Rules on Business and Human Rights Arbitration (The Hague Rules). CILC hosted two partially online drafting sessions with outstanding international experts from NGOs, renowned law schools and top international law firms from all over the world. Following subsequent online consultation rounds to gather input from all sectors across the globe, The Hague Rules were finalised. On 12 December 2019, the Hague Rules were officially launched at the Permanent Court of Arbitration in the Peace Palace in The Hague. In drafting these Hague Rules, CILC contributed to encourage companies to ‘put people over profit’, by providing them and those affected by human rights abuses with a new, flexible and consensual remedy mechanism for resolving business and human rights related disputes.

In the framework of the Matra project Probation and Alternative Sanctions in Ukraine, the Netherlands supports Ukraine in making probation operational. In close collaboration with Dutch prosecutors, judges and probation officers, CILC and its partners Netherlands Helsinki Committee and Center for Judicial Studies assist the Ministry of Justice of Ukraine and support the Ukrainian probation service to deliver a quality output in all fields of probation work. In 2019, CILC successfully organised targeted trainings for Ukrainian probation officers, provided management support to the national office, and conducted discussions with prosecutors and judges to promote the use of sanctions that include probation and alternatives to incarceration. For raising awareness about probation among the general public and for co-designing the probation public relations strategy, CILC involved experts from the Latvian probation service. The public relations practice of the Latvian Probation stands out internationally and CILC appreciates that it can work with such a diverse expert team in implementing this project.

Transparency and predictability of court procedures are crucial for court users. They form an important element of procedural justice and are key in generating confidence in the judiciary. CILC is proud to contribute to a phase-II project in Odesa that targets these important judicial core values. Starting in September 2019, CILC together with two judges and a professor of law of Utrecht University enhances procedural discipline in three Ukrainian courts by piloting and promoting guidelines on court procedures in civil and criminal cases. These guidelines illustrate to legal professionals and citizens what they can expect from the courts and the court proceedings.

In 2019, CILC started to implement the second Peer-to-Peer project in the Lviv region called Service-oriented Courts in Western Ukraine. Together with the Ukrainian Centre of Policy and Legal Reform and the Law School of the Ukrainian Catholic University, CILC assists several courts in Western Ukraine on adjusting court work processes and facilitating a way of working that responds more clearly to the desires and expectations of court users. This past year an assessment on courts, media and court users has been conducted and a first workshop on court communication was organised. In October 2019, CILC hosted an incoming visit for Ukrainian judges and judicial assistants on how court communication can help build trust in the judiciary. In November CILC organised a discussion in Lviv about the meaning of the core values of the judiciary. In discussing a series of judicial moral dilemmas Ukrainian and Dutch peers collectively ‘translated’ these core values to their day-to-day work and life as judges.

Other highlights in the 2019 legal cooperation with Ukraine include a peer review of a Ukrainian study on confidence in the judiciary and participation in the subsequent moderated panel discussion in Kyiv. And in April, a delegation of Ukrainian Leadership Academy students visited CILC. These promising ‘new leaders’ came to talk about the position of Ukraine in Europe and the progress, challenges and improvements in the justice sector. Fire, inspiration and enthusiasm are the words that characterise this discussion.

2. AREAS OF WORK

It is CILC’s mission to develop and implement capacity building projects supporting the rule of law and international legal cooperation in developing countries, countries in transition and countries within and around the European Union. We provide technical support on behalf of the Netherlands and function as a gateway to the many legal institutions in the Netherlands. CILC’s approach is practical and hands-on. We bring together legal expertise to find solutions for challenges and needs formulated by beneficiaries and donor organisations.

By organising trainings and peer-to-peer sessions we facilitate the transfer of public sector expertise and exchange of experiences among professionals and academics. Our activities range from building capacity in prosecution services to improving the efficiency of courts, advising about the enforcement of court decisions and training on various topics such as legislative drafting, administration of justice, specialized courses for judicial professionals and communications. Our key areas of work include: legal education, court administration, justice system reform, integrity, cooperation in (transnational) criminal justice, the use of alternative sanctions, digitization and business processes.

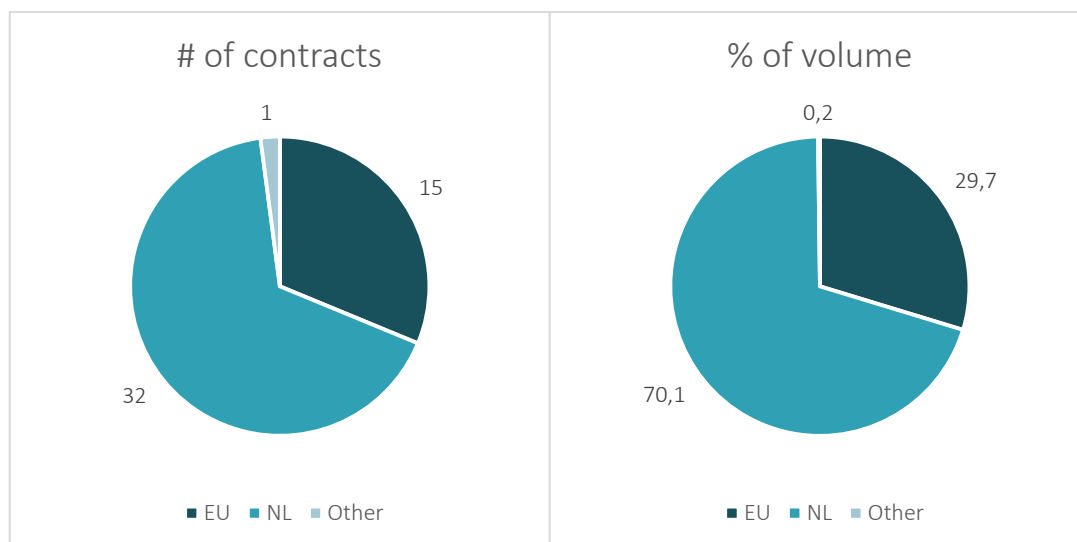
3. PROJECT PORTFOLIO

3.1 ONGOING PROJECTS

By the end of 2019 the project portfolio of CILC contained Forty-eight contracts, of which twenty-five were for ongoing projects and twenty-two were expired projects which were not yet financially closed.

The forty-eight ongoing projects targeted thirty countries, as well as collectively the EU28 Member States. Thirty-two of these projects were financed through Dutch bilateral resources (70,1% of total CILC portfolio value)¹, fifteen through European Union funds (29,7% of total portfolio value), and one through other instruments (0,2% of portfolio value). The projects funded by the Netherlands fell under the bilateral programmes of the Ministry of Foreign Affairs (MFA), the Netherlands Embassies, Nuffic and the Netherlands Enterprise Agency (RVO). Our EU funded projects also spanned a variety of financing instruments, which included twinning, international service contracts, grants and assignments for line DGs in Brussels.

¹ Portfolio value includes the full value of multi-annual projects, not only their value for the year 2019.



3.2 COMPLETED PROJECTS

In 2019, CILC completed seventeen projects with a total budget value of 8.160.187 euro (based on cumulated values of budgets assigned to CILC where we were not the consortium leader/lead implementing organisation).

| Country / region | Title | Theme | Start date | End date |
|------------------|---|------------------------------------|-------------|------------|
| Albania | Consolidation of the Justice System in in Albania (EURALIUS IV) | Justice system reform | 01 sep 2014 | 31-9-2019 |
| Arab region | Shiraka Training Programme Legislation | Legal education | 1-1-2015 | 31-12-2018 |
| Central Asia | EU Central Asia Rule of Law Platform Phase II | Justice system reform | 02-02-2015 | 31-05-2019 |
| Burkina Faso | AT au Programme d'Appui à la Politique Nationale de Justice | Justice system reform | 11-6-2015 | 10-6-2019 |
| Georgia | Legal drafting | Legislative drafting | 14-4-2015 | 13-8-2018 |
| Indonesia | JSSP | International judicial cooperation | 15-8-2014 | 15-7-2019 |
| Indonesia | Capacity building in combating transnational crime | Legal education | 1-12-2014 | 1-7-2019 |
| Indonesia | Capacity development in transnational law and asset recovery UI | Legal education | 1-9-2015 | 31-8-2019 |
| Indonesia | Legal Dissemination | Legal education | 21-2-2019 | 31-7-2019 |
| Indonesia | Celebrating 50 years of legal cooperation between Indonesia and the Netherlands | International judicial cooperation | 13-9-2019 | 18-10-2019 |
| Lebanon | Change Management Masterclass | Other | 1-9-2018 | 31-3-2019 |
| Libya | Strengthen the institutional capacity of the High Judicial Institute (HJI) of Libya | Judiciary | 15-4-2019 | 29-2-2020 |
| Netherlands | Services in the Netherlands (consultancy assignments and others) | Other | 01-01-2017 | 31-07-2019 |
| North Macedonia | Effective legal advocacy & Lobbying | Fundamental / human rights | 1-1-2019 | 31-7-2019 |

| | | | | |
|-------------------------|--|---------------------------------------|------------|------------|
| World | The Hague Rules | Alternative dispute resolution rights | 1-10-2018 | 31-12-2019 |
| Palestinian Territories | Capacity Development in Higher Legal Education | Legal education | 1-6-2015 | 31-8-2019 |
| Uganda | Community Service refresher course | Alternative sanctions | 21-1-2019 | 19-4-2019 |
| EU28 | Framework DG Home | Policy relevant research | 5-10-2015 | 12-11-2019 |
| Arab region | Euromed justice IV | Criminal justice | 1-2-2016 | 30-6-2019 |
| EU28 | Framework DG Justice | Policy relevant research | 22-5-2016 | 31-12-2019 |
| Kosovo | Kosovo Judicial Institute | Judiciary | 1-2-2016 | 31-12-2019 |
| Kosovo | Promoting Integrity in the Kosovar Justice Sector | Judiciary | 1-12-2016 | 28-2-2019 |
| Western Balkan | International Cooperation in Criminal Justice: Prosecutors' Network of the Western Balkans | International judicial cooperation | 01-12-2014 | 01-09-2019 |

No major unplanned obstruction or termination of projects happened in 2019. Two large projects in Indonesia suffered from an overspending in 2019: the Justice Sector Support Programme showed a loss of 138.731 euro and the JCLEC police training project a loss of 48.751 euro. We should note here that the justice project has shown an overall positive result of 111.453 euro over the four years implementation period, while the police training project showed a loss of only 14.706 euro over the same number of years.

3.3 NEW PROJECTS

In 2019, CILC acquired seventeen new projects and became part of a new framework agreement. The newly acquired expected gross turnover totals over three million euro (3,3 million euro). Twelve out of seventeen projects were awarded to CILC as a consortium leader and five as a consortium partner. Eleven of these projects are funded by the Netherlands and four by the European Commission.

In 2019, we observed a continuation of activities in historic focus countries for CILC. Six new projects were acquired in Indonesia, as well as one in each of the following countries Ukraine, Bosnia-Herzegovina and Kosovo. Furthermore, 2019 also saw a deepening of activities in sub-Saharan countries, where CILC had previously worked. Of those three, two were new projects which built upon previously established contacts and one was a continuation of a project implemented in 2018. In addition, 2019 demonstrates a concentration on Dutch funding agencies, constituting a change compared to 2018. However, due to acquisition trajectories launched in 2019, we expect the focus to shift back to EU funded projects in 2020.

Finally, CILC signed its first grant with the EU's Structural Reform Support Service (SRSS, now DG Reform) to implement a project to support the Slovenian State Attorney's Office and Public Prosecutor's Office in their business process and digitization reforms. This is a new donor instrument and will certainly link to new G2G opportunities within the EU27 in 2020.

| Country / region | Donor | Project title | Budget in Euro for CILC | Type of contract | Lead | New / follow-up / extension |
|--------------------|-------|---|-------------------------|----------------------|-------|-----------------------------|
| Bosnia Herzegovina | NL | Enhancement of the fight against corruption | 518.800 | Grant | CILC | New |
| Haiti | EU | Appui Institutionnel au Renforcement de l'Etat haïtien (SBC2) | 80.750 | Sub-contract-Service | Other | New |
| Indonesia | NL | Funding for 50 years anniversary | 23.350 | Grant | CILC | New |

| | | | | | | |
|-----------|----|--|-----------|-----------|-------|-----------|
| Indonesia | NL | Peer 2 peer for justice - Sustaining Indonesia - NL legal network | 1.334.100 | Grant | CILC | Follow-up |
| Indonesia | NL | Cooperation with Probation Indonesia | 24.950 | Grant | CILC | New |
| Indonesia | NL | Development of Education and Training Programme for Legal Dissemination in Indonesia | 50.000 | Grant | CILC | Follow-up |
| Indonesia | NL | Refresher course legal dissemination | 74.851 | Grant | CILC | Follow-up |
| Indonesia | NL | Strengthen probation service | 74.930 | Grant | CILC | Follow-up |
| Kosovo | NL | Support to an independent, professional and impartial prosecution system in Kosovo | 118.000 | Grant | CILC | Follow-up |
| Libya | NL | Strengthen the Institutional Capacity of the High Judicial Institute | 79.642 | Service | CILC | Follow-up |
| Rwanda | NL | Strengthening training and education programme for legal professionals to improve effectiveness, accountability and provision of justice-related services with attention to marginalised group | 50.000 | Grant | Other | Follow-up |
| Rwanda | NL | Fact finding mission to Rwanda for KIAC extension | 24.984 | Grant | CILC | Extension |
| Slovenia | EU | Improving efficiency of the state attorney's office and the public prosecutor's office | 479.499 | Grant | CILC | New |
| Turkey | EU | Technical Assistance for Empowerment of the Role of Ombudsman in the Protection and Promotion of Human Rights | 22.000 | Service | Other | New |
| Ukraine | NL | 2nd phase Odessa project Court of Amsterdam | 20.000 | Grant | Other | Follow-up |
| Uganda | NL | TMT+ Capacity building of JLOS institution in management | 349.503 | Grant | CILC | Follow-up |
| Worldwide | UK | Lot 12 (Conflict and Governance) of the DFID International Multidisciplinary Programme (IMDP) Framework | - | Framework | Other | New |

3.4 FINANCIAL MANAGEMENT

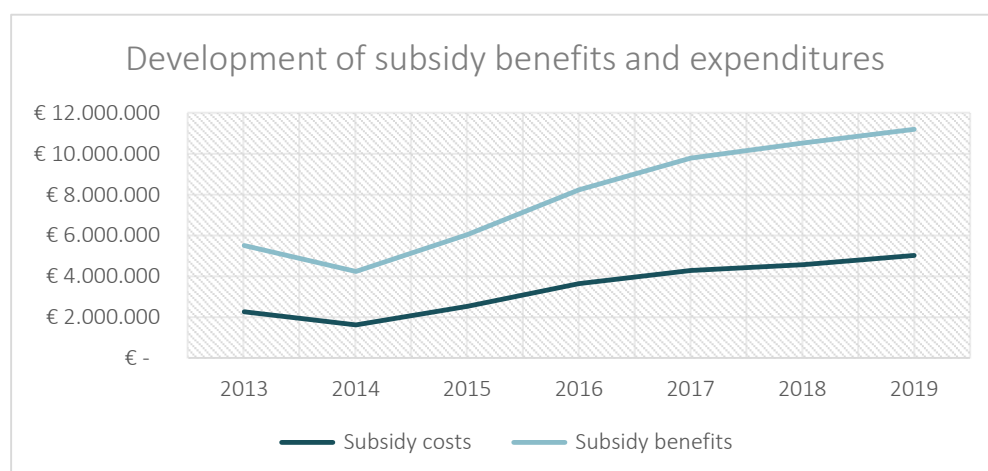
As project management is the core task of CILC, the management and the controller discuss the financial and overall status of each project with the respective project teams on a quarterly basis. CILC aims at having an integrated management of core business processes to get realtime and mediated (financial) information about projects and the overall organisation. Therefore, a previously used instrument has been further developed and reintroduced in 2019; all project teams receive a monthly financial update to ensure up-to-date information regarding the depletion of their projects.

The controller gives a quarterly financial status account to the management, with up-to-date information on the balance sheet, the profit and loss account, cash flow and the liquidity position. The supervisory committee receives an updated overview of the state of accounts prior to the periodical meetings of the committee. The supervisory committee members can provide the board with advice about the financial status of the foundation. These management tools ensure that we at CILC have regular access to clear and up-to-date financial data of each individual project to:

- Find new pathways when a project appears to be less financially viable, thus mitigating financial risks for CILC;
- Adjust in a timely manner when the intended project outputs and results cannot be met; and
- 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).

At CILC, we all do our utmost best to ensure a sound and solid financial management of our projects, still there is always room for improvement and some lessons to be learned regarding financial management. Since 2014, the turnover of CILC has been steadily growing. The project turnover grew from 5.954.467 euro in 2018 to 6.209.420 euro in 2019. However, for the first time since 2011 we ended up with a negative result. In 2019, we have had a few cases where the ambition within a project to maximum deliver in the final phase has led to overspenditure and this has had its effects on the annual profit and loss account of the complete organisation. Although we have had checks and balances in place, we have learned that these can be improved and to minimize over expenditure we have to be more on top of project expenditures, especially the ones by local partners and in the months before a project will be closed. Also, last year has shown the effects of replacing the larger profitmaking projects in our portfolio by large G2G type of projects in which it is hardly possible to operate cost-neutral. The turnover is growing thanks to these G2G projects, but it has become more difficult to cover overhead costs which we keep at a minimum. Acquisition trajectories for these projects have a high success rate, but are very labour and time intensive. However, the time spent by CILC staff to develop the project, engage all parties and negotiate the contract, is seldom compensated. This is a downside of working more in G2G projects which needs to be taken into consideration. We will have to find alternative ways to compensate for such losses or find core or programmatic funding to remain a financially viable practice for the future.

CILC is a mission driven not-for-profit organisation. 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 to at least break even. CILC closed the books on 2019 with a negative net result of 116.640 euro (2018: positive net result of 126.696 euro).



The subsidy benefits from ongoing² projects amounted to 6.190.886 euro (2018: 5.954.467 euro), which is an increase of 4% compared to last year. The underlying project costs related to the subsidy benefits are 5.037.219 euro (2018: 4.563.950 euro).

² Understood as including both ongoing (end date not passed) and financially open (end date passed, but not financially closed yet) projects.

4. MEETING AND TRAINING

Since Meeting and Training opened its doors in 2017, it became clear that the space not only offers a means of revenue by hosting external events, but that it also has added value for CILC as an organisation. In 2019, the space was used more by CILC colleagues for project activities than the year before, for example the Shiraka and tailor-made trainings and several project coordination meetings, including JSSP and the Instrument for Pre-accession Assistance (IPA). We also hosted a number of international youth / students' groups this year that were interested to learn more about The Hague, the work of CILC and international legal cooperation related topics. A group of students of the Ukrainian Leadership Academy visited CILC to discuss the future of Ukraine in Europe. We also organised a youth workshop to venture the future path of legal cooperation between Indonesia and the Netherlands with future decision makers. Meeting & Training proved to be a good space to share creative ideas, laughter and energy.

With the expansion of CILC staff, it was also used as workspace in some occasions. In light of the above, continuous efforts have been placed on achieving at least a point of breakeven in terms of costs and revenue. This unfortunately has not been the case in 2019.

In 2019, Meeting and Training was also used to host externally booked events. Likeminded organisations such as the Netherlands Institute for Multiparty Democracy (NIMD) expressed their satisfaction with the space in particular given the availability of the interpretation booth. The space is also often used by ministry departments such as the Ministry of Interior and the Ministry of Social Affairs.

Unfortunately, the partnership with Juni Catering was ended in 2019 which meant that we could no longer depend on their services and extra clients. We had to reorganise ourselves which resulted in a number of new, smaller partnerships with local companies.

To create more visibility and attract a broader client base, we developed an Instagram account for Meeting & Training.

5. PARTNERS AND STRATEGIC ALLIANCES

CILC is closely connected with a wide range of legal professionals and institutions in the Netherlands and abroad. We continuously invest in our network and value our partners. We are convinced that strategic alliances are indispensable to implement meaningful international legal cooperation projects. In the Netherlands, we continue to build on our close relationship with the Netherlands Ministry of Justice and Security. In 2019, we successfully cooperated with the Directorate for European and International Affairs (DEIA) and the Repatriation and Departure Service (DT&V). Additionally, we worked with the Dutch Ministry of Foreign Affairs.

CILC is well rooted in the Dutch judiciary and able to tap into its resources for all its assignments. CILC staff are in daily contact with competent practitioners from the public prosecution service, district courts, courts of appeal, Supreme Court, Council for the Judiciary and Training and Study Centre for the Judiciary. In addition, CILC works with a variety of other institutions, such as: the probation service, the office of the Ombudsman and the national police.

Professionals in the law schools of Utrecht University, VU University Amsterdam and Leiden University are also involved in several projects and programmes that CILC works on.

Key CILC partners in other member states of the European Union include Stiftung Internationale Rechtliche Zusammenarbeit (IRZ) and die Gesellschaft für Internationale Zusammenarbeit (GIZ) in Germany, the Austrian Development Agency (ADA), Justice Coopération Internationale (GIP JCI) in France, the European Institute of Public Administration EIPA in Luxembourg, and Northern Ireland Co-operation Overseas Ltd (NI-CO) in the United Kingdom. At CILC we strongly believe in deploying the right expert for the right task. We therefore highly appreciate the close links and successful cooperation we have with our European partner organisations.

6. PROSPECTS FOR 2020

For the year 2020, our objective remains the sound and solid implementation of our projects. We will seek for extensions or renewals of ongoing projects where relevant, as well as expand the scope of our portfolio with new funding instruments and countries. Our status as the public technical cooperation agency for international legal cooperation and rule of law in the Netherlands remains the primary guiding principle in the new projects decision-making process. We are still committed to building partnerships as part of the Netherlands foreign policy and the constitutional provision of promoting a rule of law worldwide and as such have deepened our Dutch and global networks.

We have continued to build strategic alliances within the Netherlands together with the Ministry of Foreign Affairs, the Ministry of Justice and Security and other relevant Dutch justice institutions and agencies. These alliances resulted in the successful submission of three Matra applications, namely for North Macedonia, Western Balkans and Ukraine. The three proposals were developed on the basis of the expressed needs of the respective counterparts and the corresponding priorities of the selected Dutch institutions. In April 2020, the Ministry announced that all three proposals are selected to be subsidised. In March, we were awarded already a new Nuffic funded project aimed at the strengthening the training capacity for candidate judges in Indonesia.

In 2020, we will see the materialisation of our deepening cooperation with various Dutch institutions within the context of EU funded grant projects. Namely, we have signed the “ISF – Migrant Smuggling and Human Trafficking” EU funded project, in cooperation with the Dutch prosecution service and the Ministry of Justice and Security, to be implemented in the EU and the Horn of Africa. In addition, the cooperation with DG Reform initiated in 2019 is expected to be extended to four new grants for projects in Austria, Portugal, Slovenia and Greece. Thematic areas include: (a) environmental crimes, (b) investigation and prosecution of international crimes, (c) mechanisms for deciding on sanctions in criminal proceedings and (d) reform of the court system. From July 2020 onwards the Western Balkans “Countering Serious Crime” project will be renewed, the largest project within CILC’s portfolio. Based on the model of the Euralius project in Albania, a new proposal for Kosovo was submitted in February 2020 and awarded in May 2020. A call is published for North Macedonia. Together with the Netherlands Council for the Judiciary, the Netherlands Police and the Netherlands Public Prosecution Service, CILC is negotiating a direct agreement with the European Commission for a multistakeholder cooperation to support the Surinamese Police, Prosecution and Court of Justice; an extensive process initiated back in 2019.

The implementation of the aforementioned projects will allow CILC to further reinforce its existing relationship with the Dutch Ministry of Justice and Security. As a result, it is expected that the Ministry of Justice and Security will involve CILC at an earlier stage in its forthcoming EU funding opportunities.

We will continue our thematic focus on organised crime both regionally (Western Balkans, Horn of Africa) and nationally (Albania, Kosovo, North Macedonia) and justice reform, while staying in line with Dutch priorities of cooperation for fighting terrorism and illegal migration. The geographical focus will remain on

the Western Balkans, Ukraine, Northern Africa and the Middle East, Indonesia and Suriname, with the addition of Sub-Saharan Africa, especially Rwanda, Uganda and Horn of Africa.

As previously stated, we still expect to attract both European and Dutch funding. However, there will likely be a shift back to primarily EU funded projects in correlation with current acquisition trajectories pursued by CILC. The focus will persist on specific EU aid instruments such as G2G type of implementation modalities (delegated cooperation, twinning, SRSP) and less on international service contracts and framework contracts. In the case of projects aligning with Dutch foreign policy and institutional priorities, our risk analysis may lead us to pursue loss-making opportunities. Those being considered by CILC are part of its mandate and fall under its status as the public technical cooperation agency for international legal cooperation and rule of law in the Netherlands.

As for NL aid, the emphasis will continue to be the Matra and Shiraka programmes of the Ministry of Foreign Affairs, and other grants or requests for services published by the Orange Knowledge Programme and tailor-made trainings of Nuffic and RVO.

Finally, it should be noted that 2020 is characterised by an unprecedented situation with the global pandemic of COVID-19. This outbreak has affected our operations resulting in a low delivery and/or suspension of our on-going projects. Furthermore, some acquisition trajectories are affected, either through suspension or delay of contract awarding. CILC regularly updated risk analysis matrices which examine the legal and financial implications for the organisation.

OUR ORGANISATION

7. SUPERVISORY COMMITTEE AND 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 statutes. The board is responsible for the daily management of CILC and is overseen by the supervisory committee. The composition of these bodies is detailed in this chapter.

7.1 SUPERVISORY COMMITTEE

The supervisory committee oversees the policy and management of the board and the general affairs of CILC. In performing its duties, the committee ensures the overall wellbeing of the foundation by supporting the board with advice and serving as a sounding board. 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 met three times in 2019 for the regular face-to-face meetings. Throughout the year the supervisory committee and its individual members regularly acted as a sparring partner about issues related to the general strategy, the new statutes, human resources, financial management and decisions related to the investment a new management information system.

The maximum members of the supervisory committee has been reduced from seven to five members by the new statutes of CILC (October 2019). An overview of the composition of the supervisory committee in 2019 is included below.

► Reinier van Zutphen (chairperson), National Ombudsman

- Trainer Training and Study Centre for the Judiciary
- Ambassador Foundation for Refugee Students (UAF)
- Chairperson Supervisory Committee Legal Counter (Juridisch Loket)
- Board Member Kirchheiner Stichting Ombudsman en Democratie
- Advisory Council Member Netherlands Institute for Human Rights
- Chairperson Association for Right of Complaint
- Board Member European Region of the International Ombudsman Institute
- Chairperson Supervisory Committee Foundation Advising Administrative Justice (Stichting Advisering Bestuursrechtspraak)

► Winfried van den Muijsenbergh, Partner AKD (law firm)

- Member of Union Internationale des Avocats, International Bar Association, American Association of Justice, Associazione dei Iuristi di Lingua Italiana and the Netherlands Bar Association
- Visiting professor University of Hainan and Pacific McGeorge School of Law
- International Advisory Board Member of Pacific McGeorge School of Law
- Chairperson Supervisory Committee of Museum Rotterdam
- President Cultural Heritage Foundation Steamship De Rotterdam

► Martin Kuijer, Professor Human Rights Law Vrije Universiteit Amsterdam and the Legal Advisor to the

Minister of Justice and Security

- Judge (substitute) Court of Appeal Arnhem-Leeuwarden
- Member (substitute) European Commission for Democracy through Law (Venice Commission) of the Council of Europe
- Editor Netherlands Yearbook of International Law
- Editor Nederlands Tijdschrift voor de Mensenrechten (NTM / NJCM-Bulletin)

▶ **Bianca Lanza, Chief Audit Executive Central Bureau of Driving Certification (since 11 January 2019)**

▶ **Rob Huijser (on behalf of the Ministry of Justice and Security), Director of European and International Affairs (since 1 September 2019)**

CILC is recognised by the European Commission as the mandated body to implement European Union (EU) Twinning and other G2G grant projects on behalf of the Ministry of Justice and Security of the Netherlands according to the same conditions as if CILC was an integral part of the administration. To sustain this relationship 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 Ministry of Justice and Security. Because of the mandated body status, the State Audit Service can carry out a review of the expenditure verification certified by our auditors.

SCHEME OF RESIGNATION

| Member | End of first term | End of second term |
|-------------------------------|-------------------|--------------------|
| Reinier van Zutphen | 30 November 2017 | 30 November 2021 |
| Winfried van den Muijsenbergh | 30 November 2017 | 30 November 2021 |
| Martin Kuijer | 1 January 2020 | |
| Bianca Lanza | 10 January 2023 | |
| Rob Huijser | 30 August 2023 | |

7.2 BOARD

The board is primarily responsible for the realisation of the statutory objectives and takes the necessary decisions to this end. The statutory documents of the foundation foresee that the board is composed of maximum two members. The current board is composed of Willem van Nieuwkerk (chairperson) and Eric Vincken. Willem van Nieuwkerk, as the statutory director, oversees the day-to-day management of the foundation.

▶ **Willem van Nieuwkerk, statutory director**

- President of the Board of The Hague Football & Cricket Club Quick
- Board Member Romanian Child Helpline (Telefonul Copilului)

▶ **Eric Vincken, deputy director**

- Participation Council Member (medezeggenschapsraad) of Charlemagne College
- Board Member Wind Orchestra (harmonie) St. Caecilia Nieuwenhagen

8. HUMAN RESOURCES

In December 2019, CILC employed fourteen people in The Hague, totalling 13,05 full-time equivalent (fte) compared to 11,9 fte in 2018. In 2019 we recruited three new junior project managers. Two people left CILC, one senior project manager and one junior project manager. CILC used an interim controller for the period May until August to temporary extend the capacity at finance. In several countries, we have seconded and self-employed experts who are contracted through our projects for a longer period. Furthermore, the employment charter was updated by an external HR expert and the new charter was presented to all staff members for input and came into force as of 1 January 2020.

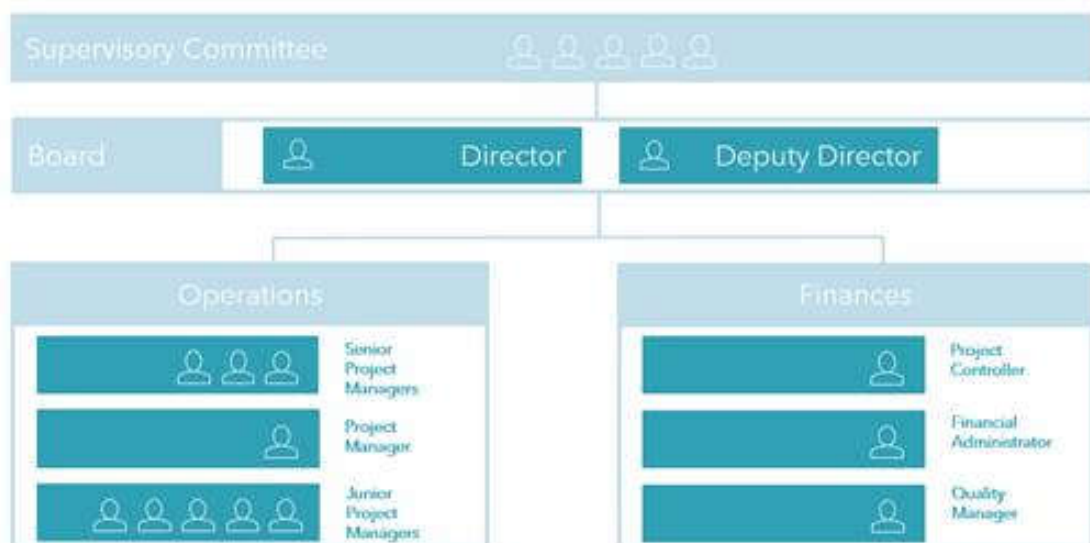


Figure 1 Organisation structure in December 2019

9. QUALITY

In 2019, CILC continued to invest in the quality of our work, both for meeting our organisational requirements and for being able to deliver high quality projects to advance the rule of law in our focus countries. At CILC, we aim to live up to high standards of performance and seek to continuously improve ourselves. In addition, the CILC team is sensitive about creating a safe work environment for ourselves and for the people and organisations we work with in our projects. The CILC team has developed this year some new internal policies, providing guidance on topics such as social responsibility, risk management, suggestions and complaints.

In addition, we invested time, energy and resources to implement a new Enterprise Resource Planning (ERP) system. After a thorough process of assessing different suppliers, it was decided to move forward with the software of Netsuite. This is a cloud ERP solution that automates front and back office processes. With this software, we aimed at real time insight in the financial status of each project and of the organisation as a whole. Unfortunately, during the first phase of implementation it became clear that the software did not meet the organisation's needs and that it was still necessary to manually merge certain figures before up to date insight could be gained in the expenditures of a project. As a result of this, it was decided to stop with the implementation of Netsuite and focus on the optimisation of our existing systems: Multivers and Filelinx. Multivers is our software package for internal accounting and Filelinx is our system

for DMS, CRM, HRM and internal workflow management.

Our continued investments in the quality of work and our working environment resulted in the ISO 9001:2015 certificate after an initial audit on 27 November and follow-up on 12 and 13 December. The certificate was awarded without any reservations by the external auditor. Some focus areas for 2020 were identified, i.e. to draft an annual plan in addition to our multi-annual plan, to conduct regular internal audits and to make the individual training plan a mandatory exercise. The auditor positively evaluated the use of Filelinx, the usage of risks assessments at project level and the handling of stakeholder management. We will move forward with the aforementioned suggestions for improvement in 2020.

10. COMMUNICATION

The website continues to be CILC's main means of communication to inform the public about our stories, our projects, our donors, our partners and our events. In 2019, we experimented with blogs. Several blogs were written by experts and partners from our network each highlighting a different aspect of the same topic. These blogs were also reposted on other websites and shared through social media. We also experimented with developing small videos to capture and showcase our work. In 2019, we made four short videos about our events and projects (Eurint, Celebrating 50 years Indonesia-Netherlands legal cooperation, youth workshop, Shiraka video). In addition, the website functioned as the main entry point for information on (the launch of) The Hague Rules on Business and Human Rights Arbitration. This together with the videos generated a lot of extra and new visitors.

11. FISCAL POSITION

CILC is liable to pay value added taxes (VAT) for projects. We consult the tax inspector on a case-by-case basis to determine whether VAT is owed for a project or not.

CILC is since 2017 liable to pay corporate taxes. We have paid corporate taxes 2017 in 2019. The corporate tax for 2018 will be submitted in 2020. For more detailed information look at the Explanatory note Corporate Tax.

12. FINANCIAL RESERVES

CILC aims for a financial reserve that covers the fixed costs of the organisation for a period of twelve months. Through this approach, we want to ensure the continuity of the organisation in case of a sudden drop in project income. The fixed costs contain the gross salary costs, including employers' costs, and rental and other accommodation related costs. In addition to the salary costs of personnel and housing costs listed above, the reserve should be enough for meeting the financial obligations in view of unexpected events that could threaten the existence of CILC.

In December 2019 the continuity reserve of CILC was 695.767 euro (in 2018: 812.407 euro) and this represents 52% of the total fixed costs of 1.339.253 euro (in 2018: 62% of 1.313.385 euro). In the case, CILC will use positive annual results to bring the reserve closer to the annual fixed costs.

13. INTEGRITY

CILC is committed to creating the conditions to work in a safe, ethically sound and professional work environment. In 2018, we established the CILC Code of Ethics, outlining the core values to which staff members, contracted experts, partners and beneficiaries are held and defining inappropriate behaviour or misconduct that goes against our values. This code supplements the Partos Code of Conduct and the Words We Live By, which provide guidance on the culture we have embraced as an organisation. The Code of Ethics provides a procedure which should be followed in case of a suspected violation. In 2019, no integrity cases were reported. In 2019, the Suggestions and Complaints Procedure was introduced. The guidelines in this procedure complement the aforementioned documents. This procedure was developed to provide more opportunities for suggestions and complaints, in addition to the already established procedures. The documents related to integrity are included as attachment in the agreements we establish with experts. In addition, integrity is a recurring topic in staff meetings and team building activities.

14. RISK ANALYSIS

Through regular analyses of our ongoing projects, acquisitions and financial situation in general, CILC ensures that we are adequately prepared for risks. Identifying risks is a core part of each project proposal and is discussed at our weekly acquisition meetings. Risks in ongoing projects are addressed in recurring project management meetings. As a result of the ISO 9001:2015 certification process, we also reviewed our risk management practices on organisational level. An addition which will be implemented in 2020 is the usage of an organisational risk matrix which will be updated on a regular basis.

In December 2019, we also conducted our first internal audit. Throughout 2020 we plan to conduct four internal audits on a range of topics, including: leadership, expert & project staff management, acquisition and human resources. These internal audits are an instrument to identify risks and measures for improvement in areas related to quality management.

As the Covid-19 virus spread across the globe and reached the Netherlands in February, also CILC was forced to take unprecedented measures to protect staff, experts and beneficiaries in our focus countries and contribute to our joint responsibility to delay the spread of this virus as much as possible. In the second week of March 2020, we decided to suspend all incoming and outgoing missions and work from home, which has a profound impact on our core tasks. Bringing home experts, suspended project activities at home and abroad and delayed acquisition trajectories will be felt in the short and long term. In March 2020, we started to identify and analyse our risks, ranging from ongoing projects to acquisition trajectories and donor responses. Based on these analyses, we developed several scenarios, depending on the length of the period we will have to suspend our main tasks and activities. For each scenario, measures are identified to mitigate the risks. In addition, we focus our attention on the tasks that still can be carried out, even while working from home. The risk analyses, scenarios and measures will be discussed and updated on an ongoing basis, as the developments and circumstances change from day to day.

15. LOOKING AHEAD

Our annual budget is based on the value of the projected annual implementation of all running projects, complemented by an estimate of contract budgets from our project acquisition. In 2019, CILC had a

turnover of over 6 million euro. At the same time, we acquired new projects with a total volume of more than 3 million euro. The list of project opportunities in the first quarter of 2020 looks promising. Donors tender projects and programs that are at the heart of CILC's core business, in countries where CILC has a strong track record.

As a result of our strengthened position as mandated body of the Ministry of Justice and Security, we expect to get more involved in G2G work and projects. We greatly appreciate these new opportunities and enhanced partnerships, but are aware of the impact on our viability as an organisation. Eventhough CILC does the utmost to keep overhead costs at a minimum, continuous investments are required to run the foundation and to successfully complete acquisition trajectories. It is important to find alternative ways to compensate for such losses or find core or programmatic funding to maintain a financially healthy foundation that is able to deliver high quality projects with partners on behalf of the Ministry.

In addition to our focus on sound project implementation, CILC is keen to give a strong boost to personal and organisational development in 2020. The deadline for handing in personal development plans for all staff has been advanced and is now fixed for the month of January, allowing the development investment and training activities to fit the annual cycle. A small team has been appointed to develop specific organisational development initiatives for 2020. We intend to rotate these responsibilities on an annual basis from now on.

The coming years we stay tuned for opportunities to team up to partners that are – like CILC – dedicated to providing international legal cooperation that adds value and supports beneficiaries in a direct and practical way. At CILC we don't believe in blueprinting. We take pride in developing tailor-made solutions to strengthen the rule of law in all our partner countries. The CILC team works hard to translate the confidence and support it receives from the Dutch justice community and the Ministry of Foreign Affairs into concrete and lasting results for our partners around the world.

The global Covid-19 pandemic impacts CILC's project implementation and turnover of 2020. At the moment of compiling this annual report we do not expect to match the 2019 turnover and we forecast a net annual negative result for 2020. CILC takes the Covid-19 related measures as a moment to reflect on the way we work. At a pace more rapidly than expected staff explores adjusted working methods for common project tasks, including a stepped-up use of videoconferencing and distance learning.

Signed, The Hague, 20 Juni 2020

Willem van Nieuwkerk
Director

Eric Vincken
Deputy Director

ANNEX - OVERVIEW OF RELEVANT FIGURES FOR ACQUISITION

Financial data for EU acquisitions

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|--|-----------|-----------|-----------|-----------|-----------|-----------|
| | € | € | € | € | € | € |
| Annual turnover, excluding this contract | 2.686.671 | 3.457.580 | 4.628.742 | 5.536.957 | 5.977.134 | 6.190.886 |
| Current assets | 2.093.707 | 2.648.706 | 3.539.353 | 1.781.990 | 3.134.465 | 1.339.253 |
| Current liabilities | 1.454.948 | 2.034.523 | 2.901.144 | 1.161.979 | 2.393.674 | 708.523 |
| Current ratio (current assets/current liabilities) | 1,4 | 1,3 | 1,2 | 1,5 | 1,3 | 1,9 |

Average manpower for EU acquisitions

| | 2015 | | 2016 | | 2017 | | 2018 | | 2019 | |
|-----------------|---------|-----------------|---------|-----------------|---------|-----------------|---------|-----------------|---------|-----------------|
| | Overall | Relevant fields | Overall | Relevant fields | Overall | Relevant fields | Overall | Relevant fields | Overall | Relevant fields |
| Permanent staff | 10 | 8 | 10 | 8 | 15 | 12 | 14 | 12 | 14 | 12 |
| Other staff | 43 | 37 | 52 | 45 | 53 | 45 | 50 | 45 | 50 | 45 |

B. FINANCIAL OVERVIEW

| | <u>Budget</u> <u>2020</u> € | <u>Budget</u> <u>2019</u> € | <u>Realisation</u> <u>2019</u> € |
|---|-----------------------------------|-----------------------------------|--|
| <u>Total personnel costs</u> | 1.180.254 | 1.059.974 | 1.103.045 |
| Salary costs | 1.127.754 | 1.019.274 | 1.038.645 |
| Outsourcing | 10.000 | 20.700 | 22.168 |
| Other personnel related costs and training | 42.500 | 20.000 | 42.232 |
| | | | |
| Total overhead | 217.495 | 203.456 | 185.795 |
| Total project costs | 4.566.750 | 4.686.691 | 5.037.219 |
| | | | |
| <u>Total costs</u> | <u>5.964.499</u> | <u>5.950.121</u> | <u>6.326.059</u> |
| | | | |
| Total subsidy benefits projects | 6.010.000 | 5.971.207 | 6.186.252 |
| Total other benefits (rental 4 th floor) | 20.000 | 18.085 | 22.986 |
| Financial benefits | 450 | 360 | 182 |
| | | | |
| <u>Total benefits</u> | <u>6.030.450</u> | <u>5.989.652</u> | <u>6.209.420</u> |
| | | | |
| Result before corporate taxes | 65.951 | 39.531 | -116.640 |
| Corporate taxes | 13.190 | 7.906 | 28.577 |
| | | | |
| <u>Result after corporate taxes</u> | 52.761 | 31.625 | -88.063 |

1. BALANCE

| | 31-12-2019 | 31-12-2018 |
|--|------------------|------------------|
| | € | € |
| <u>Fixed assets</u> | | |
| Tangible fixed assets | 62.275 | 71.615 |
| Intangible fixed assets | 0 | 0 |
| Total Fixed assets | <u>62.275</u> | <u>71.615</u> |
| <u>Current assets</u> | | |
| Stock | 0 | 1.699 |
| Account receivables | 138.002 | 316.299 |
| Other receivables* | 101.867 | 469.331 |
| Cash | 1.099.384 | 2.347.136 |
| Total current assets | <u>1.339.253</u> | <u>3.134.465</u> |
| Total assets | <u>1.401.528</u> | <u>3.206.080</u> |
| <u>Capital and reserves</u> | | |
| <i>Disposable capital</i> | | |
| Going concern reserve | <u>724.343</u> | <u>812.406</u> |
| <u>Liabilities</u> | | |
| Account payables | 262.860 | 164.582 |
| Still to spend subsidies/deferred income | 48.322 | 2.073.874 |
| Other liabilities | <u>366.003</u> | <u>155.217</u> |
| Total liabilities | <u>1.401.528</u> | <u>3.206.080</u> |

2. STATEMENT OF REVENUES AND EXPENDITURES

| | Realization 2019 € | budget 2019 € | Realization 2018 € |
|---|--------------------------|---------------------|--------------------------|
| <u>Gross margin</u> | | | |
| Subsidy benefits | 6.190.886 | 5.989.652 | 5.954.466 |
| Subsidy expenditures | <u>5.037.219</u> | <u>4.686.691</u> | <u>4.563.950</u> |
| Total gross margin | <u>1.153.667</u> | <u>1.302.961</u> | <u>1.390.516</u> |
| <u>Rental benefits 4th floor</u> | 22.986 | 18.085 | 26.556 |
| <u>Operating costs</u> | | | |
| Wages and salaries | 786.663 | 771.383 | 781.914 |
| Social security costs | 251.982 | 242.254 | 276.530 |
| Depreciation costs | 26.211 | 25.996 | 25.600 |
| Other operating costs | <u>223.983</u> | <u>224.156</u> | <u>229.341</u> |
| Total operating costs | <u>1.288.840</u> | <u>1.263.790</u> | <u>1.313.385</u> |
| Net operating result | <u>-112.187</u> | <u>39.172</u> | <u>103.687</u> |
| Other operating income | -5.071 | 300 | 22.668 |
| Financial receipts and expenditures | 619 | 60 | 341 |
| Result of ordinary business operations | <u>-116.640</u> | <u>39.532</u> | <u>126.696</u> |
| Extraordinary profits and losses | 0 | 0 | 0 |
| Result before profit appropriation | <u>-116.640</u> | <u>39.532</u> | <u>126.696</u> |
| Corporate Tax | <u>28.577</u> | <u>7.906</u> | <u>-28.002</u> |
| Allocation/withdrawal going concern reserve | -88.063 | 31.625 | 98.694 |
| Allocation/withdrawal general reserve | <u>0</u> | <u>0</u> | <u>0</u> |
| | <u>-88.063</u> | <u>31.625</u> | <u>98.694</u> |

*Explanatory note Corporate Tax

| | <u>2019</u> | <u>2018</u> |
|--|---------------|---------------|
| Deferred tax (carry-back) | 5.579 | 0 |
| Deferred tax (carry-forward) | 3.238 | 0 |
| Current corporate tax for the current financial year | 0 | -25.339 |
| Corporate tax previous financial years | <u>19.760</u> | <u>-2.663</u> |
| Corporate tax | 28.577 | -28.002 |

3. CASH FLOW OVERVIEW

The cash flow overview is 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 2.347.136 euro (31-12-2018) to 1.099.384 euro (31-12-2019).

| | 31-12-2019 | | 31-12-2018 | |
|-------------------------------------|------------|--------------------------|------------|-------------------------|
| | € | € | € | € |
| <u>Operating cash flow</u> | | | | |
| Result | -88.063 | | 98.694 | |
| Depreciations | 26.211 | | 25.600 | |
| | | -61.851 | | 124.294 |
| Changes in working capital: | | | | |
| - Receivables | 547.460 | | -56.276 | |
| - Provisions | -55.000 | | -84.227 | |
| - Current liabilities | -1.661.488 | | 1.318.450 | |
| Total mutations | | <u>-1.169.028</u> | | <u>1.177.947</u> |
| Total operating cash flow | | -1.230.879 | | 1.302.241 |
| <u>Investment cash flow</u> | | | | |
| Capital expenditure in fixed assets | | <u>-16.871</u> | | <u>-6.042</u> |
| Net cash flow | | <u><u>-1.247.751</u></u> | | <u><u>1.296.199</u></u> |
| Status per 1 January | | 2.347.136 | | 1.050.937 |
| Status per 31 December | | <u>1.099.384</u> | | <u>2.347.136</u> |
| Mutation cash | | <u><u>-1.247.751</u></u> | | <u><u>1.296.199</u></u> |

4. GENERAL EXPLANATORY NOTES

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

General

The financial statements are 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

An intangible Fixed asset is recognized in the balance sheet if:

- It is probable that the future economic benefits that are attributable to the asset will accrue to the organisation;
- The cost of the asset can be reliably measured.

Costs relating to intangible fixed assets not meeting the criteria for capitalization are taken directly to the profit and loss account.

Valuation of tangible and intangible fixed assets 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 33,3% and for computer software 33,3%.

Stock

Valuation of stock is based on fair value.

Account receivables

Short term loans granted and other receivables are initially measured at fair value less a provision for doubtful debts when necessary.

Cash

Cash at bank and in hand includes cash in hand and bank balances.

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.

Provisions

A provision is formed if the organisation has a legal or constructive obligation as at the balance sheet date if it is probable that an outflow of resources will be required to settle the obligation and the amount of the liability can be reliably estimated. The amount of the provision is determined based on a best estimate of the amounts required to settle the liabilities and losses concerned at the balance sheet date.

Provisions are carried at present value, unless stated otherwise.

Current liabilities

On initial recognition, current liabilities are carried at fair value.

Still to spend subsidies / deferred income

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 an 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.

Gross margin of projects

The result on projects is proportionally determined in accordance with the percentage of completion method, considering 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.

Corporate taxes

Taxes are calculated on the result as disclosed in the statement of revenues and expenditures based on current tax rates, allowing for tax-exempt items and cost items which are non-deductible, either in whole or in part. Tax assets and liabilities are netted if the general conditions for netting are met.

The organisation is currently discussing with the tax authorities whether the organisation is liable to corporate taxes, also in view of the new CILC Meeting & Training.

5. BALANCE EXPLANATORY NOTES

| | <u>31-12-2019</u> | <u>31-12-2018</u> |
|---|----------------------|----------------------|
| | € | € |
| <u>Fixed assets</u> | | |
| <u>Tangible and Intangible fixed assets</u> | | |
| Book value per 1 January | 71.615 | 91.173 |
| Mutations: | | |
| Investments | 16.871 | 6.042 |
| Disinvestments | 0 | 0 |
| Result on disinvestments | 0 | 0 |
| Depreciations | <u>-26.211</u> | <u>-25.600</u> |
| Book value per 31 December | <u><u>62.275</u></u> | <u><u>71.615</u></u> |
| Status per 31 December: | | |
| Cumulative purchase prices | 186.277 | 169.406 |
| Cumulative depreciations | <u>-124.002</u> | <u>-97.791</u> |
| Book values per 31 December | <u><u>62.275</u></u> | <u><u>71.615</u></u> |

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

Receivables

| | 31-12-2019 | 31-12-2018 |
|--|------------------|------------------|
| | € | € |
| <u>Other receivables</u> | | |
| Staff receivables | 1.922 | - |
| Third party receivables | 39.742 | 357.484 |
| Claimable VAT | 20.990 | 72.773 |
| Deferred tax (carry-forward) | 3.238 | 0 |
| Transitory assets | 35.975 | 39.074 |
| Total Other receivables | <u>101.867</u> | <u>469.331</u> |
| | 31-12-2019 | 31-12-2018 |
| | € | € |
| <u>Cash</u> | | |
| Current account | 97.424 | 190.333 |
| ABN AMRO Bank – current account | <u>97.424</u> | <u>190.333</u> |
| Savings account | 6 | 6 |
| ABN AMRO Bank – management savings account | 13.010 | 997.490 |
| ABN AMRO Bank – direct quarterly savings account | 969.314 | 1.000.000 |
| ABN AMRO Bank – equity savings account | 3.500 | 150.000 |
| ABN AMRO Bank – high yield deposit | <u>985.830</u> | <u>2.147.496</u> |
| Accounts in foreign currency | 13.946 | 8.426 |
| ABN AMRO Bank current account in USD | <u>13.946</u> | <u>8.426</u> |
| Petty cash | 1.964 | 693 |
| Petty cash Euro | 0 | 0 |
| Petty cash USD | 220 | 187 |
| Petty cash non-marketable currencies | <u>2184</u> | <u>880</u> |
| Total Cash | <u>1.099.384</u> | <u>2.347.136</u> |

| | <u>31-12-2019</u> | <u>31-12-2018</u> |
|---|-------------------------|--------------------------|
| | € | € |
| <u>Capital</u> | | |
| Status per 1 January | 812.407 | 713.712 |
| Mutations book year | <u>-88.063</u> | <u>98.694</u> |
| Status per 31 December | <u><u>724.344</u></u> | <u><u>812.406</u></u> |
| <u>Liabilities</u> | | |
| <u>Current liabilities</u> | | |
| Still to spend subsidies/deferred income | 48.322 | 2.073.874 |
| Accounts payable | 262.860 | 164.582 |
| Other liabilities | <u>366.002</u> | <u>155.289</u> |
| Total current liabilities | <u><u>677.184</u></u> | <u><u>2.393.745</u></u> |
| <u>Still to spend subsidies/advance payments</u> | | |
| Total incurred costs on pending projects as per 31 December | 6.393.868 | 11.504.644 |
| Deduction: provision of work in progress as per 31 December | <u>-28.490</u> | <u>-83.490</u> |
| Total | <u><u>6.365.378</u></u> | <u><u>11.421.154</u></u> |
| Deduction: amounts received in advance | <u>-6.413.699</u> | <u>-13.495.028</u> |
| Total still to spend subsidies/advance payments | <u><u>-48.322</u></u> | <u><u>-2.073.874</u></u> |
| Opening balance provisions | -83.490 | -167.717 |
| Provision released | 55.000 | 196.717 |
| Addition to provision | <u>0</u> | <u>-113.227</u> |
| Provision of work in progress | <u><u>-28.490</u></u> | <u><u>-83.490</u></u> |
| <u>Other liabilities</u> | | |
| Holidays | 15.932 | 15.845 |
| To pay holiday allowances | 31.344 | 28.384 |
| Taxes and social security contributions | 69.041 | 59.550 |
| Debts regarding pensions | 0 | 12.641 |
| Other debts | -13.764 | -1.760 |
| Accrued liabilities | 0 | 40.557 |
| Liabilities to project partners | <u>263.449</u> | <u>0</u> |
| Total other liabilities | <u><u>366.002</u></u> | <u><u>155.217</u></u> |

The still to-be-spent subsidies and amounts received in advance reflect the cumulative costs c.q. allowances of the ongoing projects at the end of 2019. In 2019 amounts received in advance were proportionally considerably lower because subsidy providers generally advance later and a smaller share of the grants.

6. OFF-BALANCE SHEET LIABILITIES

Rental agreement

CILC rents the 2nd floor of the office building at Spui 1, 2511 BL, The Hague, the Netherlands as office space. 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 35.964 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.

CILC rents the 4th floor of the office building at Spui 1, 2511 BL, The Hague, the Netherlands as meeting and training space. For this purpose a rental agreement is signed for the period May 1, 2017 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 28.258 euro and is indexed annually on April, 1. The rental agreement may be terminated per 1-5-2019, 1-5-2021 and per 1-5-2023 with a notice period of three months. For this rental agreement no bank guarantee was issued.

7. REVENUES AND EXPENDITURES EXPLANATORY NOTES

| | Realization 2019 € | Budget 2019 € | Realization 2018 € |
|---|--------------------------|---------------------|--------------------------|
| Total subsidy benefits <i>(Including Other operating income)</i> | <u>6.190.886</u> | <u>5.989.952</u> | <u>5.977.134</u> |
| <u>Subsidy expenditures</u> | | | |
| Subcontracting costs | 3.469.945 | 3.344.443 | 3.500.816 |
| Material costs | 673.702 | 599.105 | 249.309 |
| Costs direct wages | 1.098.872 | 815.387 | 1.083.530 |
| Other direct costs | <u>956.486</u> | <u>719.602</u> | <u>853.867</u> |
| Subtotal direct costs | 6.199.005 | 5.478.538 | 5.687.522 |
| Coverage direct wages | -1.098.872 | -815.387 | -1.083.530 |
| Provisions | -55.000 | 0 | -84.227 |
| Result completed projects | <u>-7.914</u> | <u>23.540</u> | <u>44.186</u> |
| Subtotal other project costs | -1.161.786 | -791.846 | -1.123.571 |
| Total subsidy expenditures | <u>5.037.219</u> | <u>4.686.691</u> | <u>4.563.950</u> |
| <u>Revenues</u> | | | |
| <u>4th floor benefits</u> | | | |
| Revenue rental 4 th floor | 22.986 | 18.085 | 26.556 |
| Revenue other costs 4 th floor | 0 | 0 | 0 |
| Revenue equipment | <u>0</u> | <u>0</u> | <u>0</u> |
| Total 4 th floor benefits | <u>22.986</u> | <u>18.085</u> | <u>26.556</u> |

| | Realization 2019 | Budget 2019 | Realization 2018 |
|---|---------------------|------------------|---------------------|
| <u>Expenditures</u> | € | € | € |
| <u>Personnel costs</u> | | | |
| Salaries | 673.068 | 648.303 | 661.951 |
| Holiday allowance/year-end bonus/gratifications | 113.595 | 123.080 | 119.963 |
| Subtotal salaries | <u>786.663</u> | <u>771.383</u> | <u>781.914</u> |
| Social security and pensions | <u>251.982</u> | <u>242.254</u> | <u>276.530</u> |
| Total personnel costs | <u>1.038.645</u> | <u>1.013.637</u> | <u>1.058.444</u> |
| <i>fte's</i> | <i>13,1</i> | <i>12,5</i> | <i>11,9</i> |

There are no salaries, loans, advances or guarantees paid or given to supervisors of CILC. The board of directors of CILC received together a remuneration of 207.786 euro gross salary by their employment with CILC. Besides this remuneration there are no loans, advances or guarantees paid or given to them.

Personnel costs

The foreseen personnel costs turned out lower than estimated. Reasons for this are more staff left the organisation than was recruited. Senior staff was replaced by intermediate level staff or temporarily outsourced. Also, the other personnel costs turned out lower than expected and this was due to lower expenditures on costs external advise, WKR, travel- and removal costs, costs for provisions annual leave days and costs of the salary administration. Hindsight, the other personnel costs could have been estimated more modestly.

| | Realization 2019 | Budget 2019 | Realization 2018 |
|---------------------------------------|---------------------|----------------|---------------------|
| <u>Other operating expenses</u> | € | € | € |
| Temporary employees | 22.168 | 20.700 | 60.757 |
| Other personnel costs | 42.232 | 40.000 | 36.000 |
| Accommodation costs | 53.887 | 53.000 | 51.133 |
| Travel and subsistence costs | 5.688 | 5.359 | 957 |
| Selling costs | 26.983 | 30.234 | 23.329 |
| Other operating expenses | <u>99.237</u> | <u>100.859</u> | <u>82.766</u> |
| Total other operating expenses | <u>250.195</u> | <u>250.152</u> | <u>254.942</u> |
| <i>(Including Depreciation costs)</i> | | | |

| | Realization 2019 | Budget 2019 | Realization 2018 |
|---|---------------------|----------------|---------------------|
| <u>Other operating expenses</u> | € | € | € |
| Temporary employees | 22.168 | 20.700 | 60.757 |
| <i>Other personnel costs</i> | | | |
| Various fees | 16.443 | 17.000 | 15.887 |
| Study | 18.121 | 13000 | 25.456 |
| Reorganization costs | 5.300 | 0 | 5.034 |
| Reservation leave | 87 | 0 | -12.549 |
| Other personnel costs | 2.280 | 10.000 | 2.172 |
| Subtotal other personnel costs | 42.232 | 40.000 | 36.000 |
| <i>Accommodation costs</i> | | | |
| Fixed costs | 49.959 | 49.624 | 49.062 |
| Incidental costs | 3.928 | 3.376 | 2.070 |
| Subtotal accommodation costs | 53.887 | 53.000 | 51.133 |
| Incidental travel and subsistence costs | 5.688 | 5.359 | 957 |
| <i>Selling costs</i> | | | |
| Marketing costs | 1.587 | 11.028 | 1.507 |
| Selling costs | 25.397 | 19.207 | 21.822 |
| Subtotal selling costs | 26.983 | 30.234 | 23.329 |
| <i>Other operating expenses</i> | | | |
| Office costs | 10.441 | 33.883 | 30.364 |
| Insurance costs | 28.370 | 21.277 | 6.988 |
| Consultancy costs | 45.238 | 25.996 | 25.700 |
| Financial costs | 1.608 | 1.354 | 1.489 |
| Other general operating expenses | 13.580 | 18.349 | 18.224 |
| Subtotal other operating expenses | 99.237 | 100.859 | 82.766 |
| Total other operating expenses | 250.195 | 250.152 | 254.942 |

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

As the Covid-19 virus spread across the globe and reached the Netherlands in February, also CILC was forced to take unprecedented measures to protect staff, experts and beneficiaries in our focus countries and contribute to our joint responsibility to delay the spread of this virus as much as possible. In the second week of March 2020, we decided to suspend all incoming and outgoing missions and work from home, which has a profound impact on our core tasks. Bringing home experts, suspended project activities at home and abroad and delayed acquisition trajectories will be felt in the short and long term. In March 2020, we started to identify and analyse our risks, ranging from ongoing projects to acquisition trajectories and donor responses. Based on these analyses, we developed several scenarios, depending on the length of the period we will have to suspend our main tasks and activities. For each scenario, measures are identified to mitigate the risks. In addition, we focus our attention on the tasks that still can be carried out, even while working from home. The risk analyses, scenarios and measures will be discussed and updated on an ongoing basis, as the developments and circumstances change from day to day.

8. OTHER INFORMATION

Auditor's report

INDEPENDENT AUDITOR'S REPORT

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

A. Report on the audit of the financial statements 2019 included in the annual report

Our opinion

We have audited the financial statements 2019 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 2019 and of its result for 2019 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 2019;
2. the statement of revenues and expenditures for 2019; 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.

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

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of the Management Report. Based on the following procedures performed, we conclude that the other information is consistent with the financial statements and does not contain material misstatements.

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

By performing these procedures, we comply with the requirements of the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements. Management is responsible for the preparation of the other information, including the Management 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 dissolve 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 organisation.

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, 24 July 2020

Dubois & Co. Registeraccountants

A.P. Buteijn RA