

CILC

ANNUAL

FINANCIAL

REPORT

2021

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 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

CONTENT

Introduction	4
A. Management report.....	5
1. Activity report.....	5
2. Areas of work	9
3. Project portfolio	9
3.1 Ongoing projects	9
3.2 Completed projects	10
3.3 New projects	10
3.4 Financial management	11
4. Partners and strategic alliances.....	12
5. Supervisory committee and board	14
5.1 Supervisory committee	14
5.2 Board.....	15
6. Human resources	15
7. Diversity and inclusiveness.....	16
8. Quality	16
9. Communication	17
10. Fiscal position	17
11. Financial reserves	17
12. Integrity.....	18
13. Privacy and data protection	18
14. Risk analysis.....	18
15. Looking ahead	19
Annex - Overview of relevant figures for acquisition	20
B. Financial overview.....	21
1. Balance	22
2. Statement of revenues and expenditures	23
3. Cash flow overview.....	24
4. General explanatory notes	25
5. Balance explanatory notes	27
6. Off-balance sheet liabilities	30
7. Revenues and expenditures explanatory notes.....	31
8. Other information	35

INTRODUCTION

After almost a year of working from home in 2020, we also largely worked from home in 2021. As a result, we already knew how to find each other digitally and proved our resilience in adapting and responding to developments in the world and their (substantial) impact on our work. Working online, from home, obviously has disadvantages and advantages. Many colleagues now experience better work/life balance, we spend less time traveling, can work more flexibly, and still guarantee or even increase our productivity. The drawback is that we hardly spoke face-to-face for another year, so we had to find new ways to maintain cohesion within the team and within our projects. We believe we managed this. We persistently kept our online meetings and became quite creative in keeping them thoughtful and engaging. Whenever it was possible to see each other live again, we organised team gatherings or fun events. Throughout the year there were also periods in which the travel restrictions were lifted, enabling us to meet our overseas colleagues and partners in person. These were precious moments of exchange.

2021 was the second consecutive year that the world and our work were largely dominated by the global pandemic. Fortunately, we were able to continue the positive upward trend that had started in the third quarter of 2020. This progress is evident from, among other things, the further digitization of work forms and work processes, the continuity in the filled assignment portfolio as a result of this year's acquisition, and the improvements that have been implemented again in the quality system. Examples of the latter are the choice to move from two digital process support systems to one comprehensive management information system, the developed criteria for acquisition and the introduction of the personal training budgets of staff. In the meantime, the projects were implemented with creativity and enthusiasm by the colleagues, new assignments have been acquired as well as new markets explored.

At CILC, we got to understand the power of going digital, but in 2021 we also realised the importance of the human dimension and personal contact for our work. We tried to find a good balance between both by utilizing each, underlying technology and people, to create value for promoting the rule of law. 2021 will be remembered as a year in which we showed our comeback capacity. During the year, the team enjoyed being given some opportunities to be on the road again. We valued the exchanges with our project peers more than before. This resulted in a much better turnover and positive result than expected. All this is thanks to our great team who took our work forward every day.

Signed, The Hague, 13 Juni 2022



Willem van Nieuwkerk
Director



Eric Vincken
Deputy Director

A. MANAGEMENT REPORT

OUR WORK

1. ACTIVITY REPORT

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 2021 we benefitted from our efforts in 2020 to remodel project implementation from off- to online and from online to hybrid forms of cooperation. Fortunately during the year we could, in several cases, return to offline activities and resident experts could take up their positions in the field again. This led to a striking increase of project activities and the disbursement of projects got gradually back to pre-Corona levels.

In 2021, CILC sustained a position as a valuable and trusted agency for project beneficiaries, (inter)national partners and donors, as we succeeded in remaining frontrunners in adapting our modus operandi in projects and bringing people together in an encouraging online environment; and later back to an in person one. We have learned from the new online and hybrid work forms and will only travel when it is of a sufficient added value to the project. CILC was granted extensions and successive contracts in key areas of our work, most notably in the Western Balkans, the MENA region, EU Member States and Indonesia. Throughout the year, project beneficiaries, stakeholders and donors have expressed their appreciation for our resilience, especially the way how we dealt with the unforeseen challenges.

An overview of our most notable events and achievements in 2021 is provided below.

Albania

Throughout 2021, the EU funded justice sector reform project EURALIUS V continued to support the implementation of the judicial reform strategy in Albania. Various expert teams focussed on, among others, judicial governance, mentoring in courts, the process of admission of candidates for judicial positions, evaluation of judges, curriculum development at the School of Magistrates and judicial training. The project was slowly scaled down throughout the year of 2021 and closed on 31 December 2021. At the end of the project, the expert teams presented a comprehensive document with recommendations to the authorities in Albania, including to the Ministry of Justice, High Judicial Council, High Prosecutorial Council, High Judicial Inspectorate, School of Magistrates, courts, prosecution offices, advocates, private enforcement agents and notaries. These recommendations range from more strategic issues towards very operational issues, as well as the process of transition of various structures into the national anti-corruption and integrity institutions.

By mid-2021, the European Commission issued a call for a follow-up project to EURALIUS. Unfortunately, the funding modalities changed and the new project became a Contribution Agreement, meaning only pillar-assessed institutions can apply which unfortunately CILC is not. With the completion of EURALIUS V came the end of a long-period of deep involvement of CILC in the Albanian judicial reforms.

Austria

CILC has since 2020 been implementing an EU project focused on strengthening environmental crime

enforcement with the Austrian Ministry of Interior. Despite the Corona challenges, CILC conducted a baseline study explaining the landscape and identifying the critical challenges in environmental crime enforcement in Austria. In 2021, a training program was developed and delivered for prosecutors and judges on environmental crime prosecution. In July, we organized a virtual study visit to the Netherlands which resulted in the creation of a national working group. Together with this working group, the project team started to develop a National Environmental Security Taskforce (NEST) structure to strengthen environmental crime enforcement in Austria.

Bosnia and Herzegovina

In late 2019, CILC started a Matra project to support the Cantonal Prosecution Office (CPO) in Sarajevo in running investigations in corruption cases. The core team, consisting of an experienced Dutch prosecutor and an experienced Bosnian lawyer, is embedded at the CPO Sarajevo and as such in daily contact with their peers in Sarajevo, as well as with other donors and international organizations involved in fighting corruption in Bosnia and Herzegovina. Throughout 2021, CILC organized a series of trainings on leadership and communication skills for the management team of the CPO Sarajevo. Furthermore, CILC supported the development of Action Plans between CPO Sarajevo and six law enforcement agencies to fight corruption, economic and organized crime; provided advice on the reduction of backlog cases in the Economic Crime and Corruption Departments of the CPO Sarajevo; advocated for a more balanced case allocation model; facilitated the cooperation with the Economic and Law Faculties of Sarajevo University; provided input to the review of the Criminal Procedures Codes in Bosnia and Herzegovina; advised on the strategy in a limited number of individual investigations; as well as served as advisors to the Chief Prosecutor in strategic and organizational matters.

Greece

The project to enhance the reform of the court system in Greece and the efficiency of justice CILC continued in 2021. Alongside the First Instance Court of Piraeus, CILC piloted a new method of allocation of court hearing and clustering of cases. The results of the first quarter of 2022 show a higher resolution rate of incoming cases and fewer granting of postponement in comparison to previous years. Furthermore, guidelines for the courts were developed and implemented which contain provisions for the allocation of cases in the dockets within certain time frames and the establishment of time limits for each case depending on the nature of the case (establishing for example a length of a divorce case of 10 to 20 minutes or for custody cases 30 minutes). Moreover, CILC contributed to the revision of the Greek Civil Procedure Code, which now includes new provisions on the pilot trial in civil cases. This novelty is expected to be reported in the upcoming 2022 Rule of Law report of the European Commission.

Indonesia

Since 2019, CILC has been implementing a flagship rule of law project in Indonesia facilitating peer-to-peer relations of the Supreme Court, the Ombudsman and Netherlands Probation Service with their peers in Indonesia. This project was in fact a continuation of the previous Justice Sector Support Program. Like in 2020, CILC had to also conduct most activities online this year. Examples include the working group meetings which connect several member and institutions working in the justice and security sector in Indonesia, and the webinars on topics such as digitalization in criminal court trials during the pandemic. Good progress was made with online trainings for the new case selection judges of the Indonesian Supreme Court. For these trainings, CILC produced videos and designed playful work forms. Together with the Indonesian Ombudsman, we developed a tool to measure the effectiveness of Propartif for staff and complaints. A study was conducted on the access to remedy for those afflicted by loss of housing in Indonesia.

Montenegro

In 2021 the Matra project *Strengthening probation and the system of alternative sanctions*, implemented together with the Netherlands Helsinki Committee, continued through the organisation of a series of online peer-to-peer meetings of Montenegrin and Dutch judges and prosecutors. The meetings for judges focussed on the value of pre-trial reports in domestic violence cases., whereas the meetings for prosecutors focussed on postponed prosecution. The project was given an extension until the end of 2022 and with the extra time CILC will organise on-site peer-to-peer meetings and a final event to showcase the results of this and the previous Matra project.

North Macedonia

CILC continued implementing the Matra project *Enhancing the efficiency, accountability and transparency of the Judicial Council of North Macedonia* which had kicked-off in September 2020. The project seeks to strengthen the capacities and competencies of the Council and hence reaffirm its constitutional role. In close coordination with experts from the Netherlands Council for the Judiciary, two working groups have been established: one on judicial ethics and another on performance management systems. The working groups, consisting of members of the Judicial Council and judges, discussed the suggestions and recommendations provided in the CILC reports to translate these into a roadmap for the implementation of pilot projects on judicial ethics and performance management.

Serbia

Through the Matra project *Strengthening probation and the system of alternative sanctions in Serbia*, CILC published articles to promote alternative sanctions in prominent law journals in Serbia. Additionally, over forty judges and prosecutors were trained on the application and use of alternative sanctions in two trainings delivered in Nis and Novi Sad. The project got extended until the end of 2022 and with the extension, CILC can organise two more trainings in Kragujevac and Belgrade and a final event to present the results achieved by the project.

Slovenia

CILC, in collaboration with the Slovenian State Attorney's Office, organised a three-day International Conference of State Agents before National Courts in the area of digitalisation, held in a hybrid fashion, featuring topics such as 'ICT & Digitalisation – Experience from Slovenia'; 'ICT & Digitalisation – Experience from abroad'; and 'Organisation of state agents before national courts and International Association, Cooperation, and Networking'. In addition, CILC organised a round table on the latest ICT trends and their impact on the work of state advocates through the perspective of different stakeholders. Lastly, a workshop was organised on the potential advantages, benefits of international cooperation and networking and included representatives from the European Commission, the Netherlands, Norway, and Slovenia as speakers.

Uganda

In 2021, CILC delivered thirty online trainings to staff of justice and security sector institutions along with developing modules on six topics: change and transition; project cycle management; mentoring and coaching skills; leadership training; project cycle management; and human rights and gender.

Ukraine

Despite the pandemic and rising political tensions in late 2021, the projects in Ukraine proved fruitful in both online and offline working modes. The regional project in Lviv continued with online working groups on communication and peer discussions on core values of the judiciary. This work culminated in a TV

program about the right to a public hearing with a judge's participation, which was broadcasted on the First Western TV Channel in September 2021. The project also produced videos and an animation about the openness of court proceedings, access to court services and court visiting rules. With these final products, the regional project in Lviv was successfully closed in September 2021. CILC's work in Odesa continued in 2021 with both online and offline peer-to-peer coaching for court leadership and support in the development of court guidelines. The offline closing conference took place in January 2022.

The experiences from both the Lviv and Odesa projects have fostered the development of the Matra project Judiciary and Society in Ukraine, which started in 2020. In 2021, five partner courts in the Kyiv and Vinnytsia region have aligned themselves with the project. This project works on communication, core values of the judiciary and developing court guidelines on a peer-to-peer basis, using the experiences and experts from the Lviv and Odesa projects.

Lastly, the Matra project Probation and Alternative Sanctions in Ukraine gained large traction, also in the higher political echelons of Ukraine. Throughout 2021, a nationwide awareness-raising campaign on the importance and workings of the probation service has been developed by the project. This has received special interest of the Deputy Minister of Justice of Ukraine, who is responsible for the probation service. The campaign was planned to be rolled out nationally in early 2022 however, due to the Russian invasion, it has been postponed to a later moment. Furthermore, the project has provided online trainings for probation workers, which will be continued in 2022. In collaboration with other implementing partners in Ukraine, such as Norlau and EU Pravo Justice, CILC has worked on compiling a coherent package of all developed training materials. These materials will be handed over to the Center of Probation as so to continue the trainings independently in the future.

Western Balkans

The regional project *Countering Serious Crime in the Western Balkans* (IPA2019) started on 1 July 2020. The EU Prosecutors and Resident Police Officers are all embedded in the various police departments and public prosecution office and provide support and coaching to their peers in Albania, Bosnia and Herzegovina, Kosovo, Montenegro, North Macedonia and Serbia. CILC is responsible for a team of resident EU prosecutors from the Netherlands, Germany and Slovenia. CILC's deputy director is member of the Management Team of the entire project. In 2021, the project facilitated 63 big international investigations by, for example, facilitating operational meetings, providing advice, supporting translations, and Joint Investigation Teams negotiation. Furthermore, the project supported the Liaison Prosecutors to EUROJUST from Serbia, Montenegro and North Macedonia. CILC also facilitated the opening of the Albanian desk at EUROJUST on 29 October 2021, enabling Albania to have a full-time Liaison Prosecutor deployed to EUROJUST. Finally, the CILC teams started the elaboration of a comprehensive assessment report on the state of play regarding the transposition and implementation of the EU Directive on Advance Passenger Information (API) and the EU Directive on Passenger Name Record (PNR).

In 2021, CILC continued to support the private enforcement systems in Albania, Kosovo, Montenegro, North Macedonia and Serbia with the *Balkans Enforcement Strengthening* project. This project focuses on the improvement of monitoring and control mechanisms, as well as amplified regional cooperation across the Western Balkans. In the second year of implementation, CILC paved the way for intensified cooperation with the respective ministries of justice, chambers of private enforcement agents and judicial training academies. The project, *inter alia*, conducted legal analyses followed by roundtable discussions and supported law drafting processes.

MENA region

In 2021, CILC continued to enlarge its ongoing work within the MENA region. In addition to successfully implementing the third cycle of the Shiraka Training Programmes on Administration of Justice and

Legislation, CILC implemented a tailor-made training on Female Leadership for 25 female judges, prosecutors and legal professionals from the MENA region.

CILC also continued its work on combating the activities of the criminal smuggling and human trafficking organisations along the horn of Africa. Despite the continued impact of Corona, several in-person operational meetings were able to take place throughout Europe, as well as visits to external partners. The partnership has led to concrete results, including the arrest of a suspect in a spin-off investigation of the project and to the issuance of several arrest warrant for High Value Targets. In their latest report to the UN Security Council, the Office of the Prosecutor at the ICC expressed their enthusiasm about this ongoing project.

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 justice actors and we therefore 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, workshops, study visits and peer-to-peer sessions, we facilitate the transfer of public sector expertise and exchange of experiences among professionals. Our activities range from building capacity in prosecution services to improving the efficiency of courts, advising about the enforcement of court decisions to delivery of training on topics such as legislative drafting and administration of justice, and specialised courses for professionals in the wider justice sector. Our key areas of work include: legal education, court administration, justice system reform, integrity, cooperation in (transnational) criminal justice, gender-based justice, the use of alternative sanctions, digitization and the role of justice actors in society.

3. PROJECT PORTFOLIO

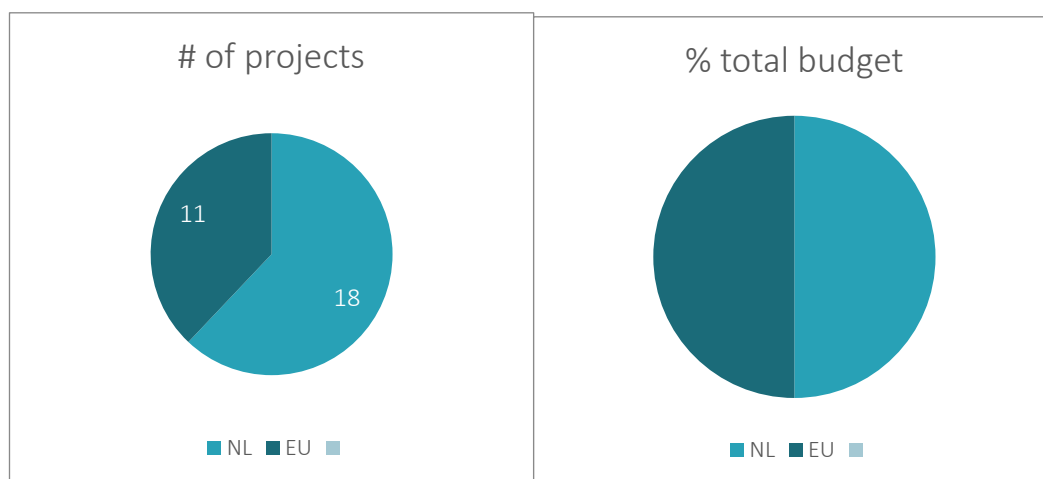
3.1 ONGOING PROJECTS

By the end of 2021 the project portfolio of CILC contained twenty-nine ongoing contracts.

The twenty-nine projects targeted thirty countries for a total amount of 21,2 million euro. Eighteen of these projects were financed through Dutch bilateral resources for an amount of 10,6 million euro which represents 50% of the total CILC portfolio value¹. Eleven came from European Union funds for an amount of 10,6 million euro which represents 50% of total portfolio value. The projects funded by the Netherlands were part of bilateral programmes financed by the Ministry of Foreign Affairs (MFA), sometimes managed by the embassies, Nuffic and the Netherlands Enterprise Agency (RVO) or directly by the ministry itself. Our EU funded projects also spanned a variety of financing instruments, which included a different government-to-government type of grants managed by DG Europeaid and DG Reform. In 2021, we only implemented a few international service contracts. The EU twinning instrument seems to have lost its momentum, at least in our sector and our target countries. We are pleased with these developments as we believe that the

¹ Portfolio value includes the full value of multi-annual projects, not only their value for the year 2021.

government-to-government type of grants suits our organization best. However, we also see a risk as the European Commission is moving more towards contracting through contribution agreements and CILC is not (yet) pillar assessed and the discussions with the Ministries of Foreign Affairs and Justice and Security are still ongoing. We do have good hopes that in 2022 we will be able to start a first pilot with a contribution agreement type of contract.



3.2 COMPLETED PROJECTS

In 2021, CILC completed twelve projects with a total budget value of 3.614.050 euro.

Country / region	Title	Start date	End date
Albania	Euralius V - Consolidation of Justice System in Albania	1-4-2018	31-12-2021
Indonesia	TMT Probation	2-12-2019	31-10-2021
Indonesia	Human Rights Training Komnas HAM	15-5-2021	1-9-2021
Libya	HJI Training	26-10-2020	16-8-2021
North Macedonia	Together for accountability	1-9-2017	31-10-2021
North Macedonia	Strengthening penitentiary system and probation service	31-8-2018	31-5-2021
Palestinian Territories	Continuation of support for PhD studentssupport	1-9-2019	31-12-2021
Rwanda	JUST	1-6-2019	31-12-2021
Montenegro,Serbia	Strengthening the Probation and the system of alternative sanctions in Montenegro and Serbia	1-9-2017	31-12-2021
Ukraine	Peer 2 Peer Phase II	1-12-2018	31-7-2021
Uganda	Extension JSI project - Masters, PHD funding	1-1-2011	31-7-2021
Kosovo	Support to prosecution system in Kosovo	1-9-2019	31-7-2021

Besides the implications still caused by the pandemic, no major unplanned obstruction or termination of projects happened in 2021.

3.3 NEW PROJECTS

In 2021, CILC acquired eleven new projects and two project were not awarded to us. The newly acquired expected gross turnover totals a project volume for CILC of 3.451.489 euro. The majority of these projects (nine) are funded by the Netherlands and two through EU funds, whilst the budget distribution is 0,75% versus 0,25%.

We are very proud of the three new Shiraka projects in the MENA region and the three new ones in

Indonesia. With this, we managed to consolidate our presence in these two important and, for CILC, historic regions. The same can be said for the Western Balkans with two new projects in Serbia and one in North Macedonia. We were also granted a very small project in an EU member state (Slovakia), so we also remain active in the EU27 region.

Our focus remains on building partnerships with EU members states, countries surrounding the European Union and countries with which the Netherlands has historic relations.

Country / region	Donor	Project title	CILC Budget	Type	Lead	New / follow-up
Indonesia	NL	Human Rights Training Komnas HAM	39.158	Grant	Lead	Follow-up
Rwanda	NL	FEMALE project	74.958	Grant	Lead	Follow-up
Indonesia	NL	TMT+Strengthening Judicial Training 2	392.237,84	Grant	Lead	Follow-up
Arab/MENA	NL	TMT on Justice - Women Only	124.925	Grant	Lead	Follow-up
North Macedonia	NL	Counterterrorism Platform	199.952	Grant	Lead	New
Slovakia	NL	Innovative approaches to RoL monitoring	10.000	Grant	Sub	New
Arab/MENA	NL	MENA diplomats in NL training	79.600	Grant	Lead	New
Indonesia	NL	Human Rights Training Komnas HAM	39.158	Grant	Lead	Follow-up
Serbia	EU	Facilities to support chapter 24	686.000	Grant	Sub	New
Serbia	EU	Facilities to support chapter 23	160.000	Grant	Sub	New
Arab/MENA	NL	Communicating with the public	1.645.500	Grant	Lead	New
			€ 3.451.489			

3.4 FINANCIAL MANAGEMENT

As project management is the core task of CILC, the management and the business controller discuss the financial and overall status of each project with the respective project teams on a needs basis, but at least once a quarter. CILC aims to have an integrated management of core business processes to get realtime and mediated (financial) information about projects and the overall organisation. The decision to move from two systems to one management information system is an important step towards achieving this. Project teams receive, upon request, a monthly or quarterly financial update to ensure up-to-date information regarding the depletion of their projects.

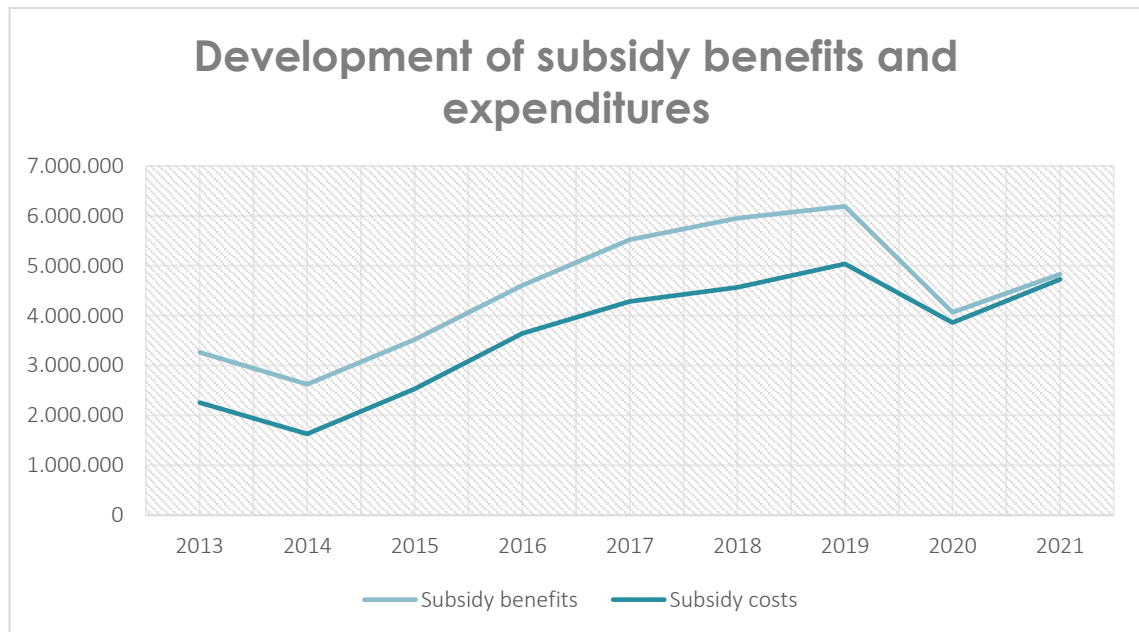
The business controller gives a financial status account to the management prior to each meeting of the supervisory committee. This account provides up-to-date information on the balance sheet, the profit and loss account, cash flow and the liquidity position. This update is also shared with the supervisory committee, allowing them to provide the board with advice about the financial status of the foundation. This ensures that the governance bodies are regularly informed with up-to-date overall financial data and 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, project teams work towards a sound and solid financial management of the projects. Each year new lessons are learned regarding financial management. The pandemic also affected the finances of CILC, but 2021 was a year of recovery. The unforeseen drop in turnover in 2020 showed the fragility of our business model, but by the of 2021 we were clearly on back on track towards the pre-Corona situation.

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 2021 with a positive net result of 135.360 euro (2020: positive net result of 26.400 euro).



The subsidy benefits from ongoing² projects amounted to 4.828.820 euro (2020: 4.067.987 euro), which is an increase of 18,7% compared to last year which was caused by the implications of the pandemic. The underlying project costs related to the subsidy benefits are 4.747.388 euro (2020: 3.859.595 euro).

4. PARTNERS AND STRATEGIC ALLIANCES

CILC is closely connected with a wide range of legal professionals and institutions in the Netherlands and abroad. Stakeholders in the Netherlands, as well as their needs and expectations, are well known and directly served by CILC. We continuously invest in our network and value these 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 and in particular with the Directorate for European and International Affairs (DEIA). CILC is a (pro-)active partner of the periodical Rule of Law Capacity Building (KORSO) meetings organized by DEIA. CILC staff are in close contact with Dutch professionals from the public prosecution service, district courts, courts of appeal, the Supreme Court, the Council for the Judiciary, the Training and Study Centre for the Judiciary, the Netherlands probation service, the police, KMAR and the National Ombudsman. As a result, we are up-to-date with the international cooperation strategies and (work) plans of these institutional partners.

Priority countries and focus areas of our partners are leading for CILC's strategic choices. With certain partners the cooperation is laid down in a general Memorandum of Understanding, with others this is done through agreements per project. CILC regularly evaluates the partnerships in project consortium meetings and in one-on-one and/or broader consultations. The needs and expectations of partners in target countries are closely monitored and specified in project plans, among other things. The latter are

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

periodically discussed and evaluated in the project steering committee meetings, where the donors are often present.

Key CILC partners in other member states of the European Union include Stiftung Internazionale Rechtliche Zusammenarbeit and Gesellschaft für Internationale Zusammenarbeit in Germany, the Austrian Development Agency and the Agency for European Integration in Austria, the Northern Ireland Co-operation Overseas Ltd in the United Kingdom, International Police Cooperation Service of the Criminal Police Central Directorate and the Consiglio Superiore della Magistrature of Italy, the Central Project Management Agency of Lithuania, and the International and Ibero-American Foundation for Administration and Public Policies in Spain.

OUR ORGANISATION

5. 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.

5.1 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 consigliere. 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 four times in 2021 for its regular meetings, once offline and three times online. Throughout the year the supervisory committee and its individual members regularly acted as a sparring partner about issues related to the general strategy, pandemic risk management, risk scenarios and the introduction of new internal policies.

An overview of the composition of the supervisory committee in 2021 is included below.

- ▶ **Gerard Tangenberg, President of the Court of Appeal 's-Hertogenbosch**
 - Member of the Steering Committee of Presidents of Appellate Courts of the European Union;
 - Deputy Chair of the Regional Disciplinary Tribunal for Health Care Professionals of Zwolle (Plv. Voorzitter Regionaal Tuchtcollege voor de Gezondheidszorg te Zwolle);
 - Member of the Veterinary Appeals Tribunal (lid Veterinair Beroepscollege)
- ▶ **Johan Bac, general director Netherlands Probation Service**
- ▶ **Bianca Lanza, Chief Audit Executive Central Bureau of Driving Certification**
- ▶ **Rob Huijser (on behalf of the Ministry of Justice and Security), Director of European and International Affairs**

The terms of Reinier van Zutphen and Winfried van den Muijsenbergh could not be extended after they both had served the maximum of two terms of four years in the Supervisory Committee. We thank them for years of involvement in the governance of CILC.

CILC is recognised by the European Commission as the mandated body to implement European Union funded Twinning and other government-to-government 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
Gerard Tangenberg	15 October 2024
Johan Bac	30 november 2025
Bianca Lanza	10 January 2023
Rob Huijser	30 August 2023

5.2 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)
- Member WorldConnectors

► Eric Vincken, deputy director

- Participation Council Member (medezeggenschapsraad) of Charlemagne College, Landgraaf
- Participation Council Member (medezeggenschapsraad) of Vocational College Parkstad Limburg, location Brandenburg, Landgraaf
- Board Member Wind Orchestra (harmonie) St. Caecilia Nieuwenhagen, Landgraaf

6. HUMAN RESOURCES

CILC staff members are firmly rooted in the organisation's thirty-seven years of experience. We combine professionalism and dedication with enthusiasm and creativity. In December 2021, CILC employed twelve people in The Hague, totalling 10,63 full-time equivalent (fte) compared to 12,89 fte in 2020. This year, we recruited two new staff members, one staff member retired and three colleagues left the organisation. We had one project controller seconded through a recruitment agency.

In several countries, we had seconded national experts or self-employed experts who were contracted through our projects for periods from six months onwards. These experts are mostly judges, prosecutors or other professionals (previously) employed by the Netherlands justice system.

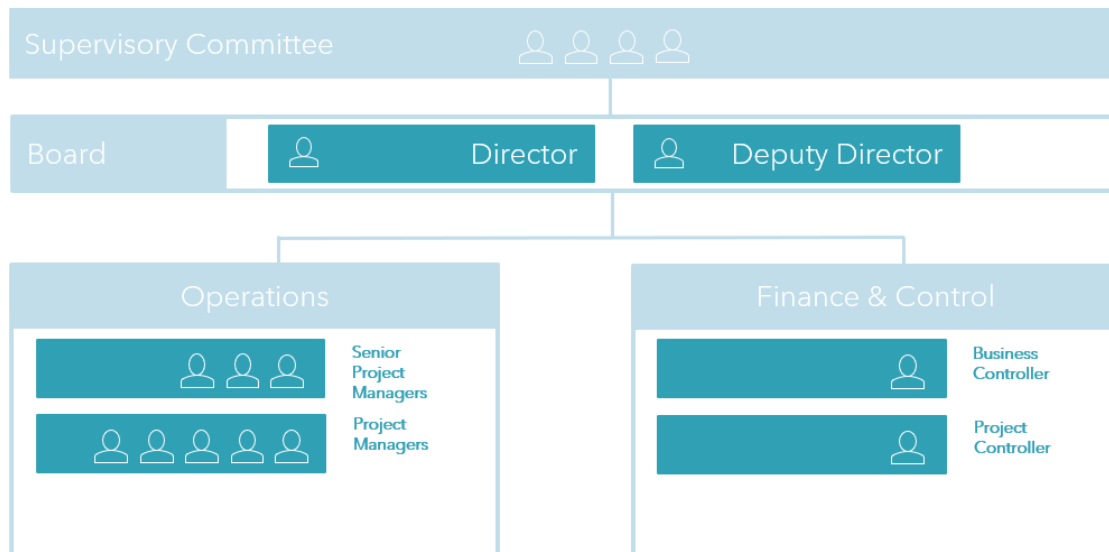


Figure:

Organisation structure in December 2021

7. DIVERSITY AND INCLUSIVENESS

At CILC, we do not tolerate any form of discrimination based on age, gender, disability, sexual orientation or gender identity. We are a mixed international team and take creating an inclusive culture and environment seriously. CILC offers a workplaces in which diversity is appreciated and considered a benefit for the organisation in terms innovation and use of talents. Our small team is still headed by two male directors, but the majority of our seniors are female and the management style is inclusive and participatory. We have diversity in (project) management and expert teams high on the agenda.

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. Following the MeToo affaires in The Netherlands and abroad, we have held internal talks and consultations about safety at work.

Since 2021, we have an external designated trusted person as the point of contact for harassment and any other kind of unwanted behaviour. In 2021, no cases were reported were reported to this person.

8. QUALITY

The scope of the quality system is laid down in a quality manual, including workflows and policies. The system ensures the key internal processes. The quality manual was updated and simplified in 2021 to make it more accessible and ready for practical usage. The quality system with all associated procedures, workflows and documents are also available in the new management information system. Changes to the quality system are monitored by the “quality team” on the basis of an action list. The business controller also looks at quality from his role and responsibilities. For larger changes (‘internal projects’), ad hoc working groups submit a request in advance containing a concise and concrete action plan that must be approved by the management. The planning and implementation of these internal projects are integrated in CILC’s annual implementation monitor.

In 2020, CILC took maximum use of the opportunity by investing in the quality of a digital workspace, both

for meeting our organisational requirements and for being able to deliver high quality projects in rapidly changing circumstances. The earlier investments helped us in 2021 to continue cooperating through online, offline and hybride work forms.

The 2021 annual plan included the evaluation actions resulting from the 2020 management review and the external ISO audit 2020. During the year, the annual plan 2021 and all related management and organization-related overviews were included in a monitoring tool that was accessible to the entire team. By the end of the year, we had conducted our third annual management review and four internal audits: financial management, networking, planning & control and quality management. These four audits and the management review effectively contributed to the process of continuous improvement. The outcomes of the audits were discussed with the management and in a session with the entire team. Where needed, policies and practices were adjusted based on the findings and recommendations. Our continued investments in the quality of work and our working environment resulted in the ISO 9001:2015 re-certification. Like last year, the certificate was awarded without any reservations by the external auditor. At CILC, we aim to live up to high standards of performance and seek to continuously improve ourselves. Together, we believe that CILC has the self-critical capacity to identify and implement improvements. The team is committed to organizational development.

9. COMMUNICATION

The website continued to be CILC's main means of communication to inform the public about our stories, projects, donors, partners and events. In 2021, we gave more importance to the production of videos about our work and the people we work with. These videos proved to be valuable for both our trainings and workshops, but they were also used during internal and external (public) outreach moments. The videos were also reposted on other websites, YouTube and shared through social media.

10. 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.

The corporate tax for 2021 will be submitted in 2022. For more detailed information look at the Explanatory note Corporate Tax.

11. 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 2021 the continuity reserve of CILC was 886.104 euro (in 2020: 750.744 euro) and this

represents 68% of the total fixed costs of 1.293.734 euro (in 2020: 55% of 1.416.377 euro). CILC will use the positive annual results of 2021 to bring the reserve closer to the annual fixed costs.

12. INTEGRITY

CILC is committed to creating the conditions to work in a safe, ethically sound and professional work environment. We have a 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 2021, no integrity cases were reported. In 2020, the Suggestions and Complaints Procedure was introduced and in 2021 no formal suggestions or complaints were filed. Integrity is a recurring topic in staff meetings and team building activities.

13. PRIVACY AND DATA PROTECTION

In 2021, no incidents or possible data leaks were reported. There were also no requests for information following the GDPR or requests to adjust or remove personal information.

14. RISK ANALYSIS

CILC's risk management is laid down in a policy document and since this year also integrated in our organisation's implementation monitoring tool. In our projects, risks are explicitly controlled and discussed during the periodic project progress meetings. The main risks are: financial, country choice and added value in a country. Control measures are in place (embedded in our project control methodology). The Board reports to the Supervisory Community on organisational risks and the management of these risks in the form of policy choices. CILC therefore has a solid insight into the risks of the organisation. The Supervisory Committee and the auditor also monitor the risks of CILC. This year it was not necessary to re-assess the risks surrounding the Corona situation.

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. In 2021, due attention was given to the need for improvements coming from last year's audit and management review. The integrity risks and (other) organizational risks were integrated into an overarching and unambiguous internal implementation monitor. As a result, we at CILC have a better understanding of the risks and control measures.

15. LOOKING AHEAD

2021 stood for resilience and recovery. The pandemic still affected our operations, but we managed to, step-by-step, get back to our pre-Corona project implementation modus, even surpassing our expectations from the beginning of the year. Project suspensions were lifted and activities were running at regular speed. Although we still saw some hesitation from donor agencies in launching new calls or requests for services, CILC was successful in the acquisition trajectories in which we participated. Overall we still have a project portfolio to be proud of and that gives us hope for 2022 and beyond.

For the year 2022, our objective remains first and foremost ensuring sound and solid implementation of our projects. Learning from the measures that we were forced to take due to the pandemic, but with a clear ambition to get back to the pre-Corona levels and further beyond. We will seek for extensions or renewals of ongoing projects, as well as expand the scope of our portfolio based on new opportunities. 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 remain 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.

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 2021, CILC had a turnover of 4,8 million euro. At the same time, we acquired new projects with a total volume of more than 3,6 million euro. The list of project opportunities in the first quarter of 2022 is still rather small in numbers but not in size. More importantly, it contains a few very interesting new assignments out there for us. Therefore, also for this year, we are very hopeful about acquiring a sufficient number of new projects to continue fulfilling our mission to promote a rule of law worldwide.

Given our position as mandated body of the Ministry of Justice and Security, we expect to strengthen in 2021 our position in government-to-government projects, and even have good hopes that we can be involved in contribution agreements on behalf of the Netherlands. We will continue our thematic focus on the criminal justice chain, both regionally and nationally, while staying in line with Dutch priorities of cooperation for combatting terrorism, drugs, cyber and undermining crimes, but also in drastic reform programmes and vetting procedures with high impact on society in our partner countries. We will also pay attention to alternative sanctions and the role of gender in justice. The geographical focus will remain on the Western Balkans, Moldova, Ukraine, Indonesia, Suriname and the MENA region.

For the coming years we will stay tuned for opportunities to team up with public and not-for-profit partners that are – like CILC – dedicated to providing international legal cooperation that adds value and supports beneficiaries in a direct and practical way.

The Coronavirus pandemic impacted CILC's project implementation much less in 2021. At the moment of compiling this annual report we expect another financially sound and solid year in 2022.

Signed, The Hague, 13 Juni 2022

Willem van Nieuwkerk
Director

Eric Vincken
Deputy Director

ANNEX - OVERVIEW OF RELEVANT FIGURES FOR ACQUISITION

Financial data for EU acquisitions

	2015	2016	2017	2018	2019	2020	2021
	€	€	€	€	€	€	€
Annual turnover, excluding this contract	3.457.580	4.628.742	5.536.957	5.977.134	6.191.322	4.067.987	4.828.820
Current assets	2.648.706	3.539.353	1.781.990	3.134.465	1.339.253	4.472.329	3.463.057
Current liabilities	2.034.523	2.901.144	1.161.979	2.393.674	680.422	3.761.109	2.588.340
Current ratio (current assets/current liabilities)	1,3	1,2	1,5	1,3	1,9	1,2	1,3

Average manpower for EU acquisitions

	2017		2018		2019		2020		2021	
	Overall	Relevant fields	Overall	Relevant fields	Overall	Relevant fields	Overall	Relevant fields	Overall	Relevant fields
Permanent staff	15	12	14	12	14	12	14	13	13	12
Other staff	53	45	50	45	50	45	59	48	54	46

B. FINANCIAL OVERVIEW

	<u>Budget</u> <u>2022</u> €	<u>Budget</u> <u>2021</u> €	<u>Realisation</u> <u>2021</u> €
<u>Total personnel costs</u>	1.201.043	1.166.481	1.131.869
Salary costs	1.124.043	1.122.981	1.092.962
Outsourcing	35.000	0	13.952
Other personnel related costs and training	42.000	43.500	24.955
Total overhead	95.059	159.731	161.864
Total project costs	3.064.000	2.386.228	3.475.307
<u>Total costs</u>	<u>4.360.102</u>	<u>3.712.440</u>	<u>4.769.040</u>
Total subsidy benefits projects	4.369.000	3.597.000	4.828.820
Total other benefits (rental 4 th floor)	0	0	2.419
Financial benefits	-10.000	194.000	96.792
<u>Total benefits</u>	<u>4.359.000</u>	<u>3.791.000</u>	<u>4.928.031</u>
Result before corporate taxes	1.102	78.560	158.991
Corporate taxes	220	15.712	23.631
<u>Result after corporate taxes</u>	882	62.848	135.360

1. BALANCE

	31-12-2021	31-12-2020
	€	€
<u>Fixed assets</u>		
Tangible fixed assets	11.386	39.524
Deferred corporate tax	0	0
Total Fixed assets	<u>11.386</u>	<u>39.524</u>
<u>Current assets</u>		
Account receivables	1.180	2.997
Claimable VAT	45.246	24.671
Other receivables	142.739	114.931
Cash	3.273.892	4.329.730
Total current assets	<u>3.463.057</u>	<u>4.472.329</u>
Total assets	<u>3.474.443</u>	<u>4.511.853</u>
<u>Capital and reserves</u>		
<i>Disposable capital</i>		
Going concern reserve	<u>886.104</u>	<u>750.744</u>
<u>Liabilities</u>		
Account payables	151.073	388.080
Still to spend subsidies/deferred income	1.918.994	3.103.951
Taxes and social securities	109.422	78.454
To be paid Pension fees	14.182	16.516
Other liabilities	394.668	174.108
Total equity and liabilities	<u>3.474.443</u>	<u>4.511.853</u>

2. STATEMENT OF REVENUES AND EXPENDITURES

	Realization 2021 €	budget 2021 €	Realization 2020 €
<u>Gross margin</u>			
Subsidy benefits	4.828.820	3.597.000	4.067.987
Subsidy expenditures	<u>4.747.388</u>	<u>3.251.228</u>	<u>3.859.595</u>
Total gross margin	<u>81.432</u>	<u>345.772</u>	<u>208.392</u>
<u>Rental benefits 4th floor</u>	2.419	0	3.332
<u>Operating costs</u>			
Wages and salaries	820.968	870.799	899.905
Social security costs	127.683	118.485	138.142
Costs Pensions	126.973	125.800	146.671
Depreciation costs	23.935	22.000	22.751
Other operating costs	<u>194.175</u>	<u>181.230</u>	<u>208.908</u>
	1.293.734	1.318.313	1.416.377
Allocated to subsidy expenditures	<u>-1.272.081</u>	<u>-865.000</u>	<u>-966.285</u>
Total operating costs	<u>21.653</u>	<u>453.313</u>	<u>450.092</u>
Net operating result	<u>82.199</u>	<u>-107.541</u>	<u>-238.368</u>
Other operating income	108.641	200.000	307.441
Financial receipts and expenditures	-11.849	-6.000	2.137
Result of ordinary business operations	<u>158.991</u>	<u>86.459</u>	<u>66.937</u>
Extraordinary profits and losses	0	0	0
Result before taxes	<u>158.991</u>	<u>86.459</u>	<u>66.937</u>
Corporate Tax	<u>-23.631</u>	<u>-17.292</u>	<u>-40.537</u>
Result for the year	<u>135.360</u>	<u>69.167</u>	<u>26.400</u>
Result allocation			
Allocation/withdrawal going concern reserve	135.360	69.167	26.400
Allocation/withdrawal general reserve	<u>0</u>	<u>0</u>	<u>0</u>
	<u>135.360</u>	<u>69.167</u>	<u>26.400</u>

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.

	31-12-2021		31-12-2020	
	€	€	€	€
<u>Operating cash flow</u>				
Result before taxes	158.991		66.937	
Depreciations	<u>23.935</u>		<u>22.751</u>	
		202.926		89.688
Changes in working capital:				
- Receivables	-46.566		62.704	
- Provisions	0		0	
- Current liabilities	-1.176.567		3.111.672	
- Non deferred corporate income tax	<u>-23.631</u>		<u>-33.718</u>	
Total mutations		<u>-1.246.764</u>		<u>3.140.658</u>
Total operating cash flow		-1.063.839		3.230.346
<u>Investment cash flow</u>				
Investments in fixed assets		8.001		0
Desinvestment in fixed assets		<u>0</u>		<u>0</u>
Net cash flow		<u>-1.055.838</u>		<u>3.230.346</u>
Status per 1 January		4.329.730		1.099.384
Status per 31 December		<u>3.273.892</u>		<u>4.329.730</u>
Mutation cash		<u>-1.055.838</u>		<u>3.230.346</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. Some non material cases have been reclassified compared to the 2020 financial statements. This reclassification has also been made in the 2020 comparatives..

Accounting estimates

In applying the principles and policies for drawing up the Consolidated Financial Statements in conformity with Book 2, Article 362, paragraph 1, the directors of CILC make different estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. These estimates inherently contain a degree of uncertainty. Actual results may differ from these estimates under different assumptions or conditions. The nature of these estimates and adjustments, including related assumptions, is disclosed in the notes to the relevant financial statement items.

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 incomeValuation 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. If it is probable that total project costs excluding a surcharge for future indirect costs exceed the total revenue, the expected loss will be directly recognised in the profit and loss account. This loss is included in subsidy expenditures.

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 Still to spend subsidies/deferred income.

Gross margin of projects

The result on projects is proportionally determined in accordance with the percentage of completion

method, considering the precautionary principle. In accordance with the guidelines of RJ 640 the margin on projects is calculated including the operational costs allocated to the subsidy expenditures.

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.

5. BALANCE EXPLANATORY NOTES

	31-12-2021	31-12-2020
	€	€
Fixed assets		
<u>Tangible fixed assets</u>		
Book value per 1 January	39.524	62.275
Mutations:		
Investments	8.001	-
Disinvestments	-106.456	-
Result on disinvestments	79.996	-
Depreciations	-9.678	-22.751
Book value per 31 December	<u>11.386</u>	<u>39.524</u>
Status per 31 December:		
Cumulative purchase prices	87.821	186.277
Cumulative depreciations	-76.435	-146.753
Book values per 31 December	<u>11.386</u>	<u>39.524</u>

Financial fixed assets

Deferred tax claims	-	-
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The deferred tax assets relates to the recognised unused tax loss carry-forwards. As of the end of 2021, all losses are offset.

Current assets

	31-12-2021	31-12-2020
	€	€
<u>Other receivables</u>		
Staff related receivables	598	339
Third party receivables	28.610	8.043
NOW	57.757	76.827
Transitory assets	55.774	29.772
Total Other receivables	<u>142.739</u>	<u>114.931</u>
<u>Cash</u>		
ABN AMRO Bank EUR accounts	3.254.802	4.315.077
ABN AMRO Bank USD accounts	17.164	12.735
Petty cash Euro	1.686	1.686
Petty cash non-marketable currencies	240	232
Total Cash	<u>3.273.892</u>	<u>4.329.730</u>

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

	31-12-2021	31-12-2020
	€	€
Capital		
Status per 1 January	750.744	724.344
Mutations book year	<u>135.360</u>	<u>26.400</u>
Status per 31 December	<u><u>886.104</u></u>	<u><u>750.744</u></u>
Liabilities		
<u>Still to spend subsidies/advance payments</u>		
Total incurred costs on pending projects as per 31 December	8.599.272	9.350.787
Deduction: provision of work in progress as per 31 December	<u>-20.000</u>	<u>-</u>
Total	<u>8.579.272</u>	<u>9.350.787</u>
Deduction: amounts received in advance	<u>-10.498.266</u>	<u>-12.454.738</u>
Total still to spend subsidies/advance payments	<u><u>-1.918.994</u></u>	<u><u>-3.103.951</u></u>
<i>Deduction: provision of work in progress as per 31 December</i>		
Opening balance provisions	-	-28.490
Provision released	-	28.490
Addition to provision	<u>20.000</u>	<u>-</u>
Provision of work in progress	<u><u>-20.000</u></u>	<u><u>-</u></u>
<u>Taxes and social securities</u>		
Payroll taxes	77.478	75.720
VAT	-	-
Corporate income taxes	<u>31.944</u>	<u>2.734</u>
	<u><u>109.422</u></u>	<u><u>78.454</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 2021. In 2021 amounts received in advance were proportionally considerably lower because of change of strategy concerning negative interest rates on bank accounts.

<u>Other liabilities</u>		
Holidays	17.274	25.792
To pay holiday allowances	27.800	35.729
TVL Subsidy	72.000	72.000
Other debts	6.325	0
Accrued liabilities	26.944	32.982
Liabilities to project partners	244.326	7.605
	<hr/>	<hr/>
Total other liabilities	394.668	174.108
	<hr/> <hr/>	<hr/> <hr/>

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 April 1, 2015 to April 30, 2025, with an option to extend the contract twice for a period of up to 5 years. The monthly rental obligation as at December 2021 amounts to 3.235 euro. The rent 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 is terminated, without additional costs, per 1-5-2021. For this rental agreement no bank guarantee was issued.

Other commitments

CILC has several long-term contracts for purchased services on subsidy projects, all in the regular course of business.

7. REVENUES AND EXPENDITURES EXPLANATORY NOTES

	Realization 2021 €	Budget 2021 €	Realization 2020 €
Total subsidy benefits <i>(Excluding Other operating income)</i>	4.828.820	3.597.000	4.067.987
<u>Subsidy expenditures</u>			
Subcontracting costs	3.084.298	2.000.000	2.484.510
Material costs	58.622	300.000	161.633
Costs direct wages	1.272.081	700.000	966.286
Other direct costs	339.853	226.378	244.775
Subtotal direct costs	4.754.855	3.597.000	3.857.204
Provisions	20.000	-	-28.490
Result completed projects	-27.467	24.850	30.881
Subtotal other project costs	-7.467	24.850	2.391
Total subsidy expenditures	4.747.388	3.251.228	3.859.595
<u>Revenues</u>			
<u>4th floor benefits</u>			
Revenue rental 4 th floor	2.419	-	3.332
Revenue other costs 4 th floor	-	-	-
Revenue equipment	-	-	-
Total 4 th floor benefits	2.419	-	3.332
<u>Other operating income</u>			
NOW subsidy	108.641	200.000	307.441
Other income	-	-	-
Total other operating income	108.641	200.000	307.441

	Realization 2021	Budget 2021	Realization 2020
<u>Expenditures</u>	€	€	€
<u>Personnel costs</u>			
Salaries	705.290	752.726	763.712
Holiday allowance/year-end bonus/gratifications	115.679	118.073	136.193
Subtotal salaries	<u>820.968</u>	<u>870.799</u>	<u>899.905</u>
<i>fte's</i>	<i>12.21</i>	<i>13.05</i>	<i>13.05</i>

Management remuneration

There are no salaries, loans, advances or guarantees paid or given to supervisors of CILC. The employer costs (including social premiums and pension contributions) for the board of directors of CILC amounted to € 277.115 (2020: € 282.825). Besides this remuneration there are no loans, advances or guarantees paid or given to them.

Pensions

Premiums are recognised as employee costs when they are due. Prepaid contributions are recognised as deferred assets if these lead to a refund or reduction of future payments. Contributions that are due but have not yet been paid are presented as liabilities. CILC has a pension scheme with ABP to which the provision of the Dutch Pension Act is applicable.

Sources of income

The sources of the income can be categorized as subsidies from the EU with 2.896.880 euro of subsidy benefits and subsidies from the Dutch government for a recognized income amount of 1.931.940 euro. All subsidies are incidental.

Differences between budget and realization

The main reason for the differences between budget and realization are due to the way we and the rest of the world managed to recover from the pandemic. In 2021 it all turned out for the better of our organization. Staff and experts were again able to travel, which led to more expenditures and subsequently higher subsidy benefits.

Due to the uncertainty the pandemic brought upon the organization, CILC kept rather conservative in investing in the operational organization. However, the study budget for personal development was better used by staff than in previous years. Because of growing figures during the year staff was stimulated to participate in trainings for personal professional development, as well as for group activities. Due to the departure of some senior staff members the realization of the personnel budget turned out lower than foreseen.

	Realization 2021	Budget 2021	Realization 2020
<u>Other operating expenses</u>	€	€	€
Temporary employees	13.952	-	2.866
Other personnel costs	20.858	46.300	41.786
Accommodation costs	40.932	56.940	48.538
Travel and subsistence costs	527	3.000	1.688
Selling costs	14.389	14.350	16.056
Other operating expenses	<u>103.517</u>	<u>60.640</u>	<u>97.975</u>
Total other operating expenses	<u>194.175</u>	<u>181.230</u>	<u>208.908</u>
<i>Other personnel costs</i>			
Various fees	7.304	10.000	6.310
Study	18.329	33.500	7.469
Reservation leave	-8.518	-	13.107
Other personnel costs	<u>3.743</u>	<u>2.800</u>	<u>14.900</u>
Subtotal other personnel costs	<u>20.858</u>	<u>46.300</u>	<u>41.786</u>
<i>Accommodation costs</i>			
Fixed costs	38.013	53.940	45.351
Incidental costs	<u>2.919</u>	<u>3.000</u>	<u>3.187</u>
Subtotal accommodation costs	<u>40.932</u>	<u>56.940</u>	<u>48.538</u>
Incidental travel and subsistence costs	<u>527</u>	<u>3.000</u>	<u>1.688</u>
<i>Selling costs</i>			
Marketing costs	470	-	252
Selling costs	<u>13.919</u>	<u>14.350</u>	<u>15.804</u>
Subtotal selling costs	<u>14.389</u>	<u>14.350</u>	<u>16.056</u>
<i>Other operating expenses</i>			
Office costs	16.530	16.390	19.857
Insurance costs	28.253	13.000	36.578
Consultancy costs	40.700	20.000	39.462
Financial costs	567	1.750	1.681
Reorganization costs	-	-	71.75
Other general operating expenses	<u>17.468</u>	<u>9.500</u>	<u>-6.778</u>
Subtotal other operating expenses	<u>103.517</u>	<u>60.640</u>	<u>97.975</u>

<u>Corporate tax</u>			
Deferred tax (carry-back)	-	-	-3.238
Deferred tax (carry-forward)	-	-	-8.313
Corporate tax current financial year	23.631	15.712	-
Corporate tax previous financial years	-	-	-28.986
Corporate tax	<u>23.631</u>	<u>15.712</u>	<u>-40.537</u>

The effective tax rate for the year amounts to 14,8% (2020 60,6%) whilst the expected tax rate is 15%.

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

The pandemic still affects the way of working of CILC. Although travelling became more and more possible again in the first months of 2022, we remain cautiously positive about our operations. We assume that the pandemic will remain to have a lasting effect on the world and also on CILC. Further investments are necessary to digitise more work processes and methods, project related and on an organisational level. The use of a new ERP system per 1-1-2022 is an example of our ambition to further automate our processes. Meanwhile, we will be looking for opportunities to cut organisational costs and to operate as lean as possible.

8. OTHER INFORMATION

Independent Auditors' Reports