

CILC ANNUAL FINANCIAL REPORT 2022



1 september 2023

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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



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CONTENT

Introduction	4
A. Management report.....	5
1. Activity report.....	5
2. Areas of work	10
3. Project portfolio	11
3.1 Ongoing projects	11
3.2 Completed projects	12
3.3 New projects	13
3.4 Financial management	13
4. Partners and strategic alliances	14
5. Supervisory committee and board	16
5.1 Supervisory committee	16
5.2 Board	17
6. Human resources	17
7. Diversity and inclusiveness	18
8. Quality	18
9. Communication	19
10. Fiscal position	19
11. Financial reserves	19
12. Integrity	19
13. Privacy and data protection	20
14. Risk analysis	20
15. Looking ahead	20
Annex - Overview of relevant figures for acquisition	22
B. Financial overview	23
1. Balance	24
2. Statement of revenues and expenditures	25
3. Cash flow overview	26
4. General explanatory notes	27
5. Balance explanatory notes	29
6. Off-balance sheet liabilities	32
7. Revenues and expenditures explanatory notes	33
8. Other information	37



1 september 2023

Marked for identification purposes only.

Initials: 

INTRODUCTION

In 2022, we recovered from the global pandemic, while at the same time new multi-dimensional crises emerged. Russia invaded Ukraine and this had by far the most impact on us and our work, not only in the country itself. The war that broke out still continues in 2023 and has a devastating effect on the lives of many civilians. We felt the impact worldwide. In our own way we have tried to be of help to our Ukrainian colleagues and to other countries that are at risk, such as Moldova and Armenia. Our contributions are modest

Nevertheless, 2022 was a productive year for CILC in which we continued the good work for ongoing projects, began the implementation of new projects and were well-positioned for being granted new projects. Thanks to good teamwork and the engagement of the Dutch justice chain partners we were able to continue the positive upward trend. This progress is evident from, among other things but most of all, the composition of our project portfolio as a result of consecutive years of successful implementation. Also, the improvements that have been implemented again in the quality system were rewarded through the ISO re-certification that we obtained in December 2022. Field projects and internal assignments were implemented with creativity and enthusiasm by the colleagues, new assignments were awarded, as well as new partnerships with the Netherlands ministries of foreign affairs and justice and security in combination with the European Commission and other EU Member State agencies explored.

At CILC, we understand the importance of the human dimension and personal contact for our work. We looked for the balance between using people and technology, between relying on Dutch expertise and our own innovative power, between proven concepts and developing creative new ideas, to accomplish our mission of promoting the rule of law. 2022 will be remembered as a year in which we showed that years of persevering in a strong belief of our added value as a professional and reliable partner can finally lead to recognition. During the year, the team enjoyed the exchanges with our experts, partners and project peers. This resulted in a solid turnover and positive result. All this is thanks to our great team who takes our work forward every day.

Signed, The Hague, 4 August 2023



Willem van Nieuwkerk
Director



Eric Vincken
Deputy Director



1 september 2023

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A. MANAGEMENT REPORT

OUR WORK

1. ACTIVITY REPORT

The war in Ukraine shows that strengthening the rule of law remains essential for both developed countries and countries in transition, especially when a country also has European aspirations. 2022 was the first full year after the global pandemic and the focus was therefore on enhancing and reactivating project implementation. We managed to make maximum use of renewed travel opportunities, whilst also continue applying the online tools. The project teams clearly enjoyed bringing people together in person again, as this also gave renewed energy to the online project environment. We have learned from the new online and hybrid work forms and only travelled when it was of true added value to a project or partnership. This all together led to a striking increase of project activities and positive feedback on our work.

In 2022, we further elaborated our position as a valuable and trusted agency for project beneficiaries, (inter)national public partners and donors. We made new steps towards the Netherlands justice actors and the Nederlandse ministry of foreign affairs, as we were steadily progressing in preparing for large scale contribution agreement type of contracts. These are lengthy processes where in fact the acquisition can already be seen as part of the implementation, as we work hand in hand with the donor (EU), the beneficiary, the ministry of foreign affairs and the involved justice actors.

CILC was granted extensions, successive and new contracts in key areas of our work, most notably in the Western Balkans, Moldova, the MENA region, Suriname and Indonesia. Throughout the year, project beneficiaries, stakeholders and donors expressed their appreciation for our professionalism and dedication.

An overview of our most notable events and achievements in 2022 is provided below.

Austria

The EU project Strengthening environmental crime enforcement which CILC implements for the Austrian Ministry of Interior has had an active year. In the spring and winter of 2022, two hybrid trainings were conducted in Vienna through which twenty judges and prosecutors were trained on environmental crime prosecution. The working group that was set up in 2021 to develop a National Environmental Security Taskforce (NEST) made significant steps in 2022. Following a series of meetings and a study visit to France the working group made steps towards a memorandum of understanding with all relevant national stakeholders that will bring the new NEST to life in 2023. The project received a five months extension to finalise the memorandum and to organise a final conference in Vienna.

Bosnia and Herzegovina

CILC completed on 30 April 2022 the Matra project "Strengthening the fight against corruption in Bosnia and Herzegovina" 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, had been working at the CPO in Sarajevo and was as such in daily contact with its peers, as



1 september 2023

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Initials:.....

well as with representatives of donors and international organisations involved in fighting corruption in the country. This project has resulted in a number of concrete outputs, like a significant increase of number of conducted investigations and indictments filed; a significant reduction of backlog/old cases; organisational specialisation within the CPO through the establishment of a corruption section, an economic crime section and a team for combatting money laundering and tax fraud within the CPO's Economic Crime and Corruption Department; and start of joint strategic planning with LEAs on corruption cases. Furthermore, the project contributed to the development of guidelines by the High Judicial Prosecutorial Council (HJPC) under a joint activity with the OSCE, EU4Justice and USAID; an initiative to introduce "fast-track proceedings" in corruption cases before the Canton Sarajevo courts; improved leadership, management and communication skills of CPO management; an initial assessment of the prosecutorial automated case allocation system, quota and backlog systems aimed at improving results on complex/important corruption, organized crime and economic crime cases and other important/sensitive cases; the implementation of an integrity plan; and the cooperation with Sarajevo Law Faculty on student internships.

In May 2022, the new one-year follow-up project "Building a more robust prosecutorial response to corruption in Bosnia and Herzegovina", also funded by the Netherlands Embassy in Sarajevo, started. The aim of this project is to further enhance the prosecutorial response to corruption in the Canton Sarajevo through the engagement of an international and national legal advisor at the CPO. This should lead to an improved organisation of the case work, as well as an increased efficiency and track record of the Cantonal Public Prosecutor's Office in Sarajevo related to investigations and prosecutions of corruption cases. Furthermore, the project will direct its efforts in improving the cooperation between the CPO and the law enforcement agencies, as well as enhancing and strengthening the coordination related to case management and trial dynamics between the CPO and the competent Sarajevo courts.

Indonesia

In 2022 CILC continued its engagement in Indonesia through the flagship project Peer-2-Peer-4-Justice project funded by the Netherlands Embassy. Through this project CILC facilitated colleague-to-colleague cooperation between the Supreme Court, the Ombudsman and the Netherlands Probation Service with their peers in Indonesia. In the past year, many activities were implemented on site in both Indonesia and the Netherlands. The main highlights were the celebration of the legal cooperation between Indonesia and the Netherlands through the two-weeks INLU 2022 conference that took place in September 2022. The conference hosted more than 3500 online participants and 1500 on-site participants. A wide variety of working visits of Indonesian and Dutch judicial institutions were held in Jakarta and The Hague highlighting the bilateral relationship between the two partner countries.

We also explored a new bilateral relationship, through training of the National Cyber Security Agency in Depok, Indonesia in November 2022 on how to write stronger evidence-based policies. Another new partnership was established with the Center for Human Rights and Migration of the University of Jember where we facilitated a training on human rights, gender and awareness of the rights of people with disabilities. CILC further continued to support the Judicial Training Centre in partnership with the Dutch judicial academy SSR and we also facilitated cooperation between the Directorate of Correction in Indonesia with the Netherlands Probation Service and Saxion university of applied sciences.

Kosovo

In 2022, several long and short-term were assigned by CILC to conduct evaluations, drafting policies and initiate legal reforms under the EU/Kosovo justice sector programme as part of an overall justice reform programme of the government. Our input had a particular focus on strengthening the capacities and inter-institutional coordination in the justice sector in accordance with a functional review of the judicial system and aligned strategy. All together this was needed to help Kosovo to align its legal and institutional framework



1 september 2023

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Initials:.....

with European regulations and good practices in view of its EU accession agenda.

Moldova

In 2022, CILC started supporting the pre-vetting process in Moldova through Dutch bilateral funding. The overall objective of the project was to strengthen the rule of law in Moldova, by providing support to the pre-vetting of candidates who aspire to become members of the Superior Council of Magistracy, the Superior Council of Prosecutors and their specialised boards. Concretely this meant that CILC facilitated the work of the three international members of the pre-vetting evaluation committee and by providing legislative and organisation advice on the extraordinary evaluation (vetting) of judges and prosecutors. Throughout the year CILC actively participated in online and onsite coordination meetings with national and international partners for the purpose of both the pre-vetting and the to be established vetting procedures. We also facilitated the creation of a website.

Montenegro

The Matra project “Strengthening probation and the system of alternative sanctions”, implemented together with the Netherlands Helsinki Committee was concluded in 2022. In the final implementation year, recommendations and an action plan were made by Dutch and Montenegrin probation experts, basically summarizing their more than eight years collaboration. The findings and recommendations were presented and debated at a final conference in Podgorica in December 2022.

North Macedonia

CILC continued this year the implementation of the Matra project “Enhancing the efficiency, accountability and transparency of the Judicial Council of North Macedonia”. The project aimed at strengthening 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 continued their work on judicial ethics and 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. In addition, the project started its work on regional cooperation with the aim of establishing a regional network of Judicial Councils.

CILC started in 2022 with the implementation of the Counterterrorism Platform project in North Macedonia funded by the Netherlands Matra programme. The project is addressing the lack of inter-institutional coordination and cooperation in the fight against terrorism and violent extremism. The main challenge in this project is to ensure full cooperation between law enforcement agencies, intelligence services and relevant key state institutions (education, health, and social services), as well as with local communities and civil society organisations. Throughout the year workshops, seminars and working groups were organised online and in person. The sessions focused on exchanges between national coordinators for counter terrorism, prosecution, probation services, municipal workers, social services and many others. Towards the end of the year a study visit to the Netherlands took place which further cemented the fruitful cooperation and relationship among the project partners.

Serbia

The project “Strengthening probation and the system of alternative sanctions” in Serbia was after five years of cooperation concluded in 2022. Two trainings were held in Kragujevac and Belgrade, accumulating in over eighty judges and prosecutors being trained on the application and use of alternative sanctions. We rounded up the project with a closing ceremony where we discussed with both national and international stakeholders the future of alternative sanctions and probation in Serbia.



1 september 2023

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Initials: 

In spring 2022, the project “Facility supporting the strengthening of the Rule of Law in the Republic of Serbia” started. In this project, CILC is focusing on cooperation between the two ombudsperson institutions. In the second half of 2022, we organised activities relating to the draft law on local ombudspersons. Currently, there are twentythree local ombudspersons in Serbia. In two missions a legal assessment and feedback on the draft law were provided to the Serbian colleagues. The other output was on enhancing the cooperation between the Protector of Citizens, the Provincial ombudsman and the local ombudsmen.

Slovenia

After two years of collective efforts, we closed in December 2022 this EU DG Reform funded project focusing on improving the consistency of sentencing in criminal proceedings in Slovenia. In close collaboration with Slovenia’s State Prosecutor’s Office (SPO), CILC’s experts helped enhancing the quality and efficiency of the work of the SPO in relation to sentencing demands. In addition, overall public perception of confidence in the work of the Slovenian prosecutors got a boost. Good results have been achieved and to a large extent this is a result of the cooperative and eager attitude of the professionals working in the SPO. The openness and willingness of our counterparts to accept the support of CILC in the process turned the project into a success.

Based on the recommendations for a communication strategy, the project produced an animated video about the role of the prosecutor on the topic of criminal offences. The video was presented at the closing conference, and it was also posted on the SPO website. This video will also be shown in schools to inform Slovenian pupils about the role and tasks of a prosecutor.

The three communication workshops helped Slovenian prosecutors to apply a more pro-active communication approach. Being an important pillar of the rule of law, the prosecution service needs to bring its messages across in an understandable and appealing way. The workshops focused on providing prosecutors with practical skills to do so. As a result, the prosecutors are now equipped with multiple media and communication tools, but more importantly, these sessions changed the thinking about communication and promoted a continuous dialogue among colleagues about the importance of reaching out to the public.

Suriname

2022 saw the start of the EU-project ‘Strengthening the (criminal) justice system in Suriname’. This project, with CILC in the lead and with a duration of 36 months, aims at supporting the training of staff of the Court of Justice, the Public Prosecution and the Police. To make our approach sustainable we give due attention to train-the-trainers programmes and building the capacity of the local training providing body. The cooperation with the Court of Justice in Suriname focuses on improving training at three different levels within the legal system: judges, legal staff and court clerks, and both on criminal and civil law. In October 2022, the first activities for the Court started. Both the judges in training in civil law as well as legal staff criminal law began their first theoretical trainings. Also, two coaches stayed for two months in Suriname to offer legal staff on-the-job support. For the Public Prosecution, the project team visited Aruba, Curacao and Sint Maarten to prepare internships of fifteen prosecutors that will take place in 2023. Under this project, cooperation with the Caribbean countries is also sought, not only for these internships, but also aiming to engage trainers and exchange information. For the Police component, a leadership Masterclass is developed.

Ukraine

Due to the Russian invasion in 2022 projects in Ukraine found themselves in a difficult situation. Despite all the difficulties and uncertainties, CILC continued to work within its Matra projects Probation and



1 september 2023

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Initials:.....

Alternative Sanctions in Ukraine and Judiciary and Society in Ukraine. Throughout the year, CILC kept in close contact with our partners and beneficiaries on the ground in Ukraine. Already a few weeks after the invasion, participants and beneficiaries from both projects started to resume activities online. Rather than demotivating the Ukrainian people, the invasion turned out to motivate participants and beneficiaries to commit and work hard in the field of justice reform.

The Matra project Probation and Alternative Sanctions in Ukraine entered its final stage. Online training of probation workers took place throughout the year. Up until this point give groups of Ukrainian probation services have been trained. In the summer vice-minister of Justice Vysotska visited the Netherlands to learn more about the Dutch probation services and to personally meet with the Netherlands minister of legal protection. Throughout the year meetings took place with the vice-minister on how to further support the probation services in Ukraine and the development of justice reforms in general. During the fall a communication bootcamp took place to help the ministry of justice developing a communication strategy and campaign on informing the general public about the advantages of probation and alternative sanctions.

The Matra project Judiciary and Society in Ukraine entered its third project year. Throughout the year project leader Esther de Rooij kept in close contact with the five partner courts; Obukhiv District Court of Kyiv region; Desnyanskyy District Court of Kyiv; 7th Administrative Court of Appeal; North Commercial Court of Appeal; and the Kyiv Court of Appeal. An online conference was organized on adjudicating war crimes. Furthermore, the project team worked on communication and ethics. At first these meetings and training sessions took place online, but during the fall a meet up was organised in Cracow to facilitate in person session to work, discuss sensitive topics and allow participants to network. The work within the project led to several publications in newspapers, among which in October in the Dutch Financieel Dagblad.

Western Balkans regional projects

In 2022, CILC continued to support the private enforcement systems in Albania, Kosovo, Montenegro, North Macedonia and Serbia with the Matra regional 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. This year, CILC intensified the cooperation with the respective ministries of justice, chambers of enforcement agents and judicial training academies. The project, inter alia, organised a series of roundtables to support the legal frameworks of each of the five participating legal systems, a regional bootcamp on public relations to strengthen the relationship between enforcement agents and citizens as well as a regional forum on the Convention of 2 July 2019 on the Recognition and Enforcement of Foreign Judgments in Civil or Commercial Matters (HCCH 2019 Judgments Convention) to improve cross-border enforcement and regional cooperation.

The regional project Countering Serious Crime in the Western Balkans (IPA2019) started in July 2020 and will run until 30 June 2023. The EU Prosecutors and Resident Police Officers are all embedded in the various police departments and public prosecution offices to 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 2022, the project facilitated numerous large international investigations by, for example, supporting operational meetings, providing advice, supporting translations, and facilitating Joint Investigation Teams. By supporting these investigations, the project contributes to enhancing the capacities of prosecution offices and law enforcement agencies in fighting organised crime gangs involved in poly-criminal activities in the area of drug trafficking, money laundering, smuggling of weapons and explosives, trafficking of human beings and migrant smuggling, corruption, and abuse of office mobile property crime. Furthermore, the project supported the Liaison Prosecutors to EUROJUST from Albania, Serbia, Montenegro and North Macedonia. Based on the comprehensive assessment report on the state of play regarding the transposition and implementation of the EU Directive



1 september 2023

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Initials:.....

on Advance Passenger Information (API) and the EU Directive on Passenger Name Record (PNR), CILC started to support the countries in the Western Balkans in the further steps needed. After a regional meeting in Tirana in March 2022, the Western Balkan Initiative on API and PNR was launched together with IOM. Furthermore, the participation of the Western Balkans in the EU IWG on PNR was supported, as well as individual countries through expert advice and facilitating working group meetings in Bosnia and Herzegovina. Also joint back-to-back regional events were organized in Vienna in cooperation with IOM and the Austrian and Hungarian Passenger Information Units (PIU) in the Summer of 2022. The activities in the area of API and PNR also raised the attention of the Royal Netherlands Marechaussee (KMAR) as after a meeting with the Commander of KMAR, the head of the PIU NL joined the project as the main advisor in this area. After his early retirement, the former head of PIU NL joined the project as individual expert.

MENA region

In continuation with the 2021 trend, CILC further expanded its MENA portfolio last year. In addition to another successful year of the Shiraka Training Programmes on Administration of Justice and Legislation, CILC implemented the first cycle of Shiraka Communicating with the Public. This professional development training united twenty participants working in government communication, a new thematic focus for the organisation. These training programmes comprised of a first half in the Netherlands featuring input from Reclassering Nederland, SSR, various Dutch judges and legislative drafters. The second half reunited all participants in Tunis to refine their 'back home action plans', namely their roadmaps to becoming a change agent in their respective countries. Results from these Shiraka cycles included the creation of an anti-disinformation platform in Kurdistan, and a specialised department at the Jordanian Ministry of Justice to monitor courts' application of alternative sanctions and provide trainings to judges on these alternatives. Notably, 2022 was the first time after the pandemic that the trainings for a total of seventy civil servants could take place in the Netherlands again. A promotional video was made on this occasion. Also during 2022 CILC commenced a Shiraka training for diplomats from the MENA region with a posting in The Netherlands. In this training programme the focus was on giving an introduction to the Dutch values and practice, including on expertise areas as water and agriculture, and the role of The Netherlands in the world. Four of the training days were concluded in 2022, with two more planned for early 2023. In addition to these training days, cultural days and several networking events were executed last year.

Aside from Shiraka trainings, CILC also commenced a new collaboration with United Nations Office on Drugs and Crime (UNODC) in training Egyptian judges on gender-based violence across five governorates. CILC also continued its work on combating the activities of the criminal smuggling and human trafficking organisations along the horn of Africa in the framework of the COP SMUGG project. The partnership has led to concrete results, including the widely publicised arrest of an Eritrean High Value Target.

Brown bag talks

In 2022 the successful Brown Bag talks series continued. As before, a range of experts shared insights and life hacks, bringing the CILC staff up to speed on change management, motivation and leadership, and gender. These brown bag sessions encouraged bonding, stimulated discussions and facilitated learning. They again proved to be a fantastic way to share information and keep the CILC team inspired at work.

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



1 september 2023

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Initials:.....

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

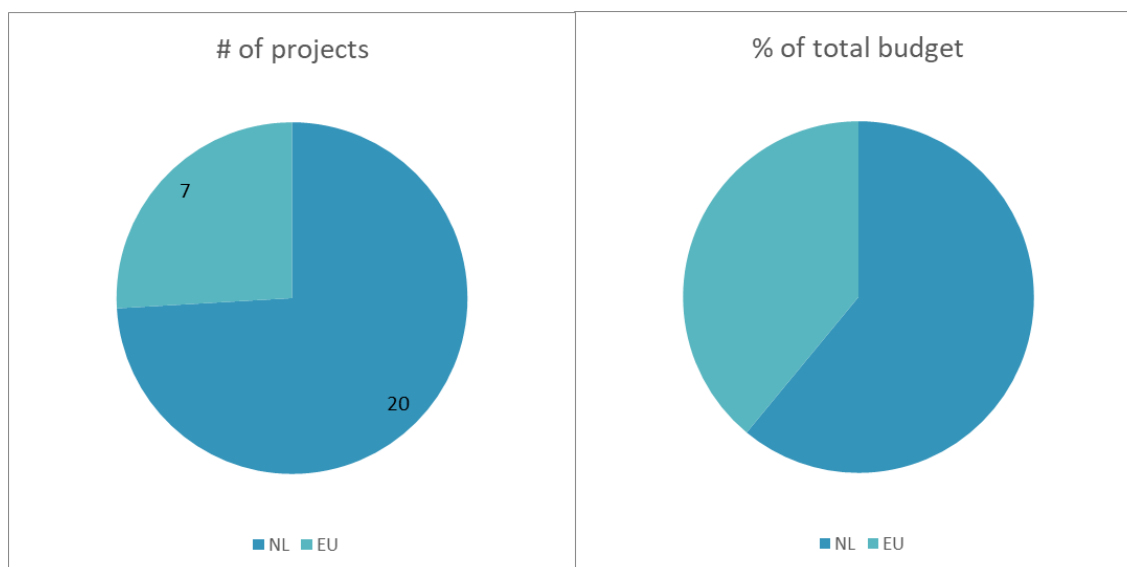
3.1 ONGOING PROJECTS

By the end of 2022 the project portfolio of CILC contained 27 ongoing contracts.

The 27 projects targeted thirty countries for a total amount of 22,9 million euro. Twenty of these projects were financed through Dutch bilateral resources for an amount of 14 million euro which represents 61% of the total CILC portfolio value¹. Seven came from European Union funds for an amount of 8,9 million euro which represents 39% 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 2022, the international service contracts portfolio further decreased and no projects were implemented through the EU twinning instrument. Twinning was replaced by other government-to-government grant contracts.

In general, we are pleased with the above developments as we believe that the 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 2023 we will be able to start a first pilot with a contribution agreement type of contract.

¹ Portfolio value includes the full value of multi-annual projects, not only their value for the year 2022.



3.2 COMPLETED PROJECTS

In 2022, CILC completed 16 projects with a total budget value of five million euro.

Country / region	Donor	Project title	Type	Lead	Start date	End date
Arabic Region	RVO	Shiraka - Legislation	Grant	Lead	1-1-2019	31-12-2022
Arabic Region	RVO	Shiraka - Administration of Justice	Grant	Lead	1-1-2019	31-12-2022
Bosnia and Herzegovina	MFA	Strengthening the fight against corruption in Bosnia and Herzegovina	Grant	Lead	1-11-2019	30-4-2022
Greece	EU	Court management	Grant	Lead	17-9-2020	16-7-2022
Indonesia	Nuffic	Legal Disseminator refresher	Grant	Lead	1-2-2020	1-1-2022
Indonesia	Nuffic	TMT+Strengthening Judicial Training	Grant	Lead	15-4-2020	31-3-2022
Indonesia	Nuffic	Cybersecurity policy training	Grant	Lead	29-9-2022	31-12-2022
Moldova	MFA	Supporting the pre-vetting in the Republic of Moldova	Grant	Lead	15-3-2022	30-11-2022
North Macedonia	EU	Strengthening penitentiary system and probation service	Twinning	Sub	31-5-2021	1-1-2022
Palestina	Nuffic	Continuation of support for PhD studentssupport	Grant	Lead	1-9-2019	31-12-2022
Rwanda	Nuffic	FEMALE project	Grant	Lead	1-8-2021	30-5-2022
Slovakia	EU	Improving efficiency of the state attorney's office and the public prosecutor's office	Grant	Lead	19-7-2019	19-1-2022
Slovakia	EU	Improving consistency of sentencing in criminal proceedings	Grant	Sub	2-11-2020	1-11-2022
Montenegro and Serbia	MFA	Strengthening the Probation and the system of alternative sanctions in Montenegro and Serbia	Grant	Sub	1-9-2017	31-12-2022
Ukraine	Utrecht University	Court guidelines Odesa	Grant	Sub	1-8-2019	28-2-2022
Uganda	Nuffic	TMT capacity building JLOS	Grant	Lead	15-1-2020	31-3-2022

3.3 NEW PROJECTS

In 2022, CILC acquired eleven new projects and seven projects were not awarded to the consortium we were part of. Two of these unawarded projects were initially granted to our consortium, but the donor finally withdrew these two contracts due to administrative problems with the Austrian lead agency. One of these will be awarded to the CILC consortium in 2023. The newly acquired expected gross turnover totals a project volume for CILC of more than six million euro. The two main funding sources were coming from the European Commission and the Netherlands.

We are proud of the two new Shiraka projects and the new ones in Suriname and Moldova. With this, we managed to consolidate our presence in the MENA region and to return after quite some time to Suriname and Moldova. We consolidated our projects portfolio in the Western Balkans and Indonesia with some smaller new projects.

Our focus remained 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
Albania	MFA	Towards a strengthened Special Prosecution Office/SPO	250.000 Grant	Lead	Follow-up
Armenia	MFA	Support to the Constitutional Court	33.123 Grant	Lead	New
Arabic Region	RVO	Shiraka – Administration of justice	1.650.000 Grant	Lead	Follow-up
Arabic Region	RVO	Shiraka - Legislation	1.700.000 Grant	Lead	Follow-up
Bosnia and Herzegovina	Dutch Embassy	Building a more robust prosecutorial response to corruption in BIH	100.000 Grant	Lead	Follow-up
Egypt	RVO	UNODC workshops for judges on JBV	52.158 Grant	Lead	Follow-up
Indonesia	Nuffic	TMT+ Maximizing the Centre's Role to Help Local Government to enact Inclusive Regulations	50.000 Grant	Lead	Follow-up
Indonesia	Nuffic	Cybersecurity policy training	50.000 Grant	Lead	New
Moldova	MFA	Supporting the pre-vetting in the Republic of Moldova	118.506 Grant	Lead	New
Moldova	MFA	Supporting the pre-vetting in the Republic of Moldova – Phase II	138.090 Grant	Lead	Follow-up
Suriname	EU	Strengthening the (criminal) justice system in Suriname	2.000.000 Grant	Lead	New
			€ 6.141.877		

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. In 2022, CILC implemented a new integrated (financial) management system to get realtime and mediated (financial) information about projects and the overall organisation. This transition from two systems to one management information system meant an important step towards achieving a more sound and solid financial (project) management. Project teams now have real time information about the financial status and 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



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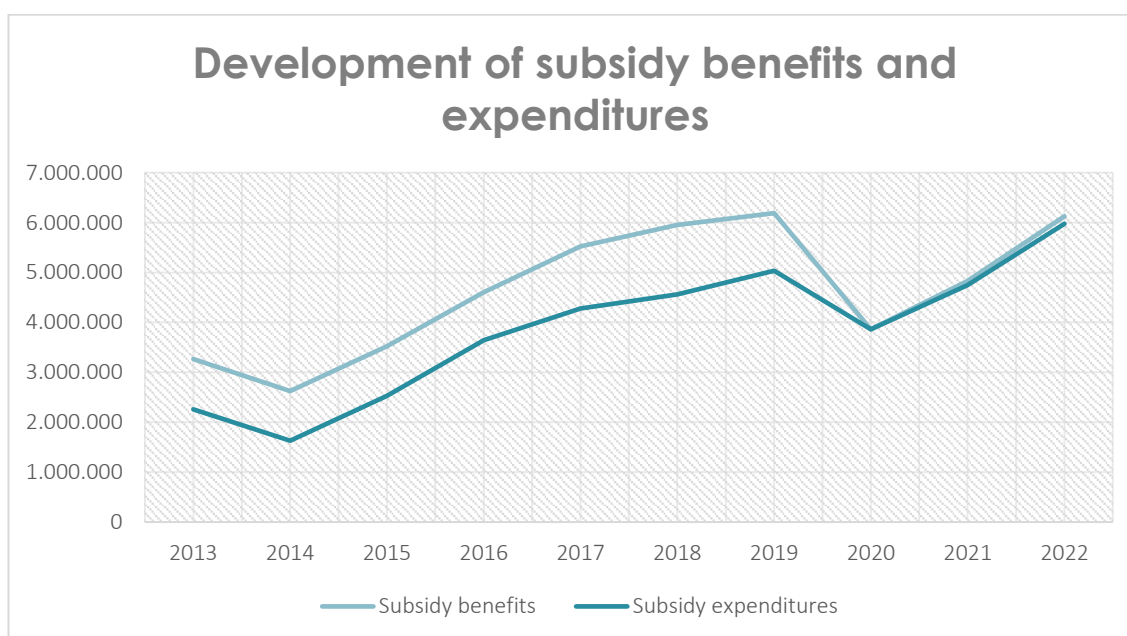
Initials:

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 2022 was a year of recovery. By the end of 2022 we were again in line with the pre-Covid 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 2022 with a positive net result of 28.634 euro (2021: positive net result of 135.360 euro).



The subsidy benefits from ongoing² projects amounted to 6.035.062 euro (2021: 4.828.820 euro), which is an increase of 25% compared to last year which was caused by the implications of the pandemic. The underlying project costs related to the subsidy benefits are 5.976.813 euro (2021: 4.747.388 euro).

4. PARTNERS AND STRATEGIC ALLIANCES

CILC is closely connected with a wide range of legal professionals and institutions in the Netherlands and abroad. We are familiar with the needs and expectations of our stakeholders in the Netherlands and as CILC we aim in our work to serve our public partners. We therefore 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

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

with the Netherlands Ministry of Justice and Security and in particular with the Directorate for European and International Affairs (DEIA). CILC is taking part in the periodical Rule of Law Capacity Building meetings organised 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, and the National Ombudsman.

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 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 the Stiftung für internationale rechtliche Zusammenarbeit (IRZ) and the Gesellschaft für internationale Zusammenarbeit (GIZ) in Germany, 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.



1 september 2023

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Initials:.....

OUR ORGANISATION

5. SUPERVISORY COMMITTEE AND BOARD

The governance structure of CILC 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 fulfilling its supervisory tasks, 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 supervisory committee approved the annual report and the annual accounts. The supervisory committee met four times in 2022 for its regular meetings. Throughout the year the supervisory committee and its individual members acted as a sparring partner about issues related to the general strategy, risk management and the introduction of new internal policies.

An overview of the composition of the supervisory committee in 2022 is included below.

- ▶ **Gerard Tangenberg, President of the Court, 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**
 - Member of the ThinkTank NL 2040 (Netherlands Association of Municipalities)
- ▶ **Bianca Lanza, Head of Internal Audit Department, Klaverblad insurances**
- ▶ **Rob Huijser (on behalf of the Ministry of Justice and Security), Director of European and International Affairs, Ministry of Justice and Security**

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. 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.



1 september 2023

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Initials:.....

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 Eijkhagen, Landgraaf (until September 2022)
- 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 2022, CILC employed fourteen people in The Hague, totalling 12,6 full-time equivalent (fte) compared to 12,21 fte in 2021. This year, we recruited five new staff members and two colleagues left the organisation. We had one project controller seconded through a recruitment agency for part of the year.

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.



1 september 2023

Marked for identification purposes only.

Initials:.....

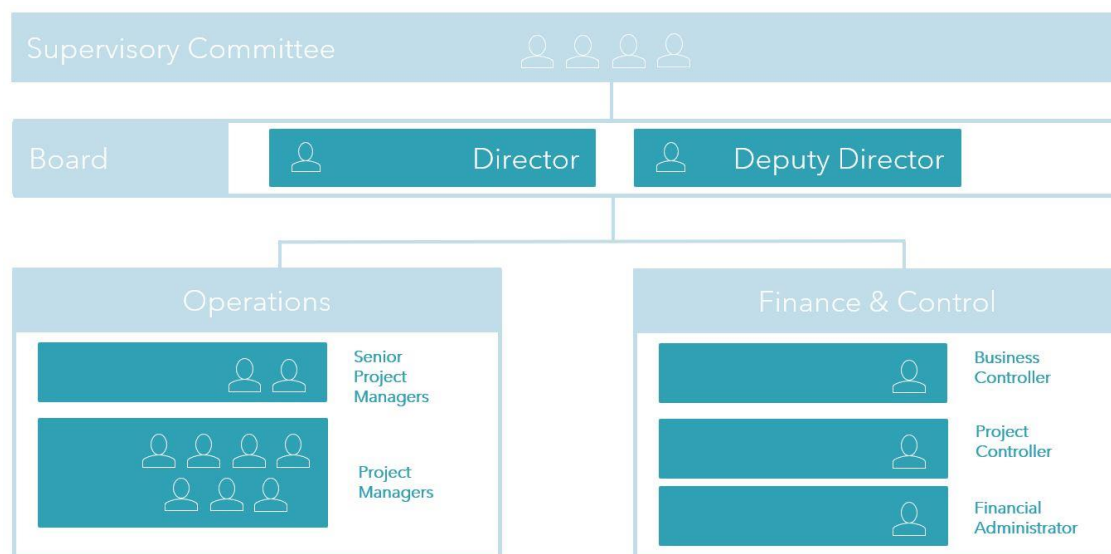


Figure: Organisation structure in December 2022

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 workplace in which diversity is appreciated and considered a benefit for the organisation in terms innovation and use of talents. We have diversity and inclusiveness 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. In 2022, we have produced new policies relating to safety at work and reviewed the existing ones.

In 2022, no cases were reported to the external designated trusted person as the external point of contact for harassment and any other kind of unwanted behaviour.

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 changed at the same time we introduced the new management information system (Afas) in January 2022 and has been steadily updated ever since. Afas is designed in line with our quality standard with the associated procedures and workflows gradually being automatised. Documents are available in Afas and still also at a central folder in the Cloud. Changes to the quality system are monitored by the “quality team” (Team CIA) on the basis of an action list. The business controller is leading this internal team. For larger changes (“internal projects”), ad hoc working groups submit a request in advance containing a 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.

The 2022 annual plan included the evaluation actions resulting from the 2021 management review and the



1 september 2023

Marked for identification purposes only.

Initials:.....

external ISO audit 2021. During the year, the annual plan 2022 and all related management and organisation-related overviews were included in our monitoring tool that was in the Cloud accessible to the entire team. By the end of the year, we completed our fourth annual management review and four internal audits: context of the organisation; complaints and suggestions; project management; management of resources. 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 sessions with the 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. 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 organisational development.

9. COMMUNICATION

The website continued to be CILC's main means of communication to inform the public about our projects, donors, partners and events.

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 2022 will be submitted in 2023. 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 2022 the continuity reserve of CILC was 914.738 euro (in 2021: 886.104 euro) and this represents 71% of the total fixed costs of 1.283.312 euro (in 2021: 68% of 1.293.734 euro). CILC will use the positive annual results of 2022 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



1 september 2023

Marked for identification purposes only.

Initials:.....

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 2022, no integrity cases were reported and also suggestions and complaints were filed. Integrity is a recurring topic in staff meetings and team building activities.

13. PRIVACY AND DATA PROTECTION

In 2022, 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 this policy is a guidance document for monitoring organisational and project risks throughout the year. 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 Committee 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.

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 2022, 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

2022 stood for *accelerating implementation*. After the pandemic we managed, step-by-step, to get back to our pre-Covid project implementation modus, even surpassing our expectations from the beginning of the year. CILC was mostly 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 2023 and beyond.

For the year 2023, our objective remains first and foremost ensuring sound and solid implementation of our projects. We will again 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 will be strengthened through our participation on contribution agreement type of partnerships under the European Commission's delegated cooperation modality. This will give new incentives to building partnerships as part of the Netherlands



1 september 2023

Marked for identification purposes only.

Initials:.....

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 2022, CILC had a turnover of more than six million euro. At the same time, we acquired new projects with a total volume of again more than six million euro. The list of newly acquired contracts and pending project opportunities in the first half of 2023 is beyond expectations. We have signed contracts amounting a total of more than nine million gross turnover for CILC. More importantly, it contains several very interesting new assignments. Therefore, also for this year, we are certain about being awarded 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 are confident to strengthen in 2023 our position in government-to-government projects, through the involvement of the aforementioned 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.

Signed, The Hague, 4 August 2023



Willem van Nieuwkerk
Director



Eric Vincken
Deputy Director



1 september 2023

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Initials:.....

ANNEX - OVERVIEW OF RELEVANT FIGURES FOR ACQUISITION

Financial data for EU acquisitions

	2016	2017	2018	2019	2020	2021	2022
	€	€	€	€	€	€	€
Annual turnover, excluding this contract	4.628.742	5.536.957	5.977.134	6.191.322	4.067.987	4.828.820	6.035.062
Current assets	3.539.353	1.781.990	3.134.465	1.339.253	4.472.329	3.463.057	4.285.862
Current liabilities	2.901.144	1.161.979	2.393.674	680.422	3.761.109	2.588.340	3.371.124
Current ratio (current assets/current liabilities)	1,2	1,5	1,3	1,9	1,2	1,3	1,3

Average manpower for EU acquisitions

	2018		2019		2020		2021		2022	
	Overall	Relevant fields	Overall	Relevant fields	Overall	Relevant fields	Overall	Relevant fields	Overall	Relevant fields
Permanent staff	14	12	14	12	14	13	13	12	14	12
Other staff	50	45	50	45	59	48	54	46	58	47



1 september 2023

Marked for identification purposes only.

Initials:.....

B. FINANCIAL OVERVIEW

	<u>Budget</u> <u>2023</u> €	<u>Budget</u> <u>2022</u> €	<u>Realisation</u> <u>2022</u> €
<u>Total personnel costs</u>	1.311.577	1.201.043	1.132.911
Salary costs	1.233.077	1.124.043	1.085.733
Outsourcing	0	35.000	10.930
Other personnel related costs and training	78.500	42.000	36.248
 Total overhead	 168.018	 95.059	 150.401
Total project costs	3.800.405	3.064.000	4.706.040
 <u>Total costs</u>	 <u>5.280.000</u>	 <u>4.360.102</u>	 <u>5.989.352</u>
 Total subsidy benefits projects	 5.400.000	 4.369.000	 6.035.062
Total other benefits (rental 4 th floor)	0	0	0
Financial benefits	0	-10.000	-12.023
 <u>Total benefits</u>	 <u>5.400.000</u>	 <u>4.359.000</u>	 <u>6.023,039</u>
 Result before corporate taxes	 120.000	 1.102	 33.687
Corporate taxes	24.000	220	5.053
 <u>Result after corporate taxes</u>	 <u>96.000</u>	 <u>882</u>	 <u>28.634</u>

1. BALANCE

(After appropriation of the result)

Balance sheet	31-12-2022	31-12-2021
	€	€
<u>Fixed assets</u>		
Tangible fixed assets	13.643	11.386
Deferred corporate tax	0	0
Total Fixed assets	<u>13.643</u>	<u>11.386</u>
<u>Current assets</u>		
Account receivables	168.142	1.180
Receivables from projects	1.508.815	1.296.091
Claimable VAT	41.350	45.246
Other receivables	104.825	142.739
Cash	<u>2.449.087</u>	<u>3.273.892</u>
Total current assets	<u>4.272.219</u>	<u>4.759.148</u>
Total assets	<u>4.285.862</u>	<u>4.770.534</u>
<u>Capital and reserves</u>		
<i>Disposable capital</i>		
Going concern reserve	<u>914.738</u>	<u>886.104</u>
<u>Liabilities</u>		
Account payables	229.370	151.073
Still to spend subsidies/deferred income	2.704.960	3.215.085
Taxes and social securities	56.862	109.422
To be paid pension fees	0	14.182
Other liabilities	<u>379.933</u>	<u>394.668</u>
Total current liabilities	<u>3.371.125</u>	<u>3.884.430</u>
Total equity and liabilities	<u>4.285.862</u>	<u>4.770.534</u>



1 september 2023

Marked for identification purposes only.

Initials:.....

2. STATEMENT OF REVENUES AND EXPENDITURES

Statement of revenues	Realization 2022 €	Budget 2022 €	Realization 2021 €
<u>Gross margin</u>			
Subsidy benefits	6.035.063	4.369.000	4.828.820
Subsidy expenditures	<u>5.976.813</u>	<u>4.349.000</u>	<u>4.747.388</u>
Total gross margin	<u>58.250</u>	<u>20.000</u>	<u>81.432</u>
<u>Rental benefits 4th floor</u>	0	0	2.419
<u>Operating costs</u>			
Wages and salaries	821.049	843.523	820.968
Social security costs	120.535	130.247	127.683
Costs Pensions	144.149	114.038	126.973
Depreciation costs	4.344	6.000	23.935
Other operating costs	<u>193.234</u>	<u>200.090</u>	<u>194.175</u>
	1.283.311	1.293.898	1.293.734
Allocated to subsidy expenditures	<u>-1.270.773</u>	<u>-1.285.000</u>	<u>-1.272.081</u>
Total operating costs	<u>12.538</u>	<u>8.898</u>	<u>21.653</u>
Net operating result	<u>45.711</u>	<u>11.102</u>	<u>82.199</u>
Other operating income	1.750	0	108.641
Financial receipts and expenditures	<u>-12.023</u>	<u>-10.000</u>	<u>-11.849</u>
Result before taxes	<u>35.438</u>	<u>1.102</u>	<u>158.991</u>
Corporate Tax	-6.804	-220	-23.631
Result for the year	<u>28.634</u>	<u>882</u>	<u>135.360</u>
Result allocation			
Addition going concern reserve	28.634	882	135.360
Allocation/withdrawal general reserve	<u>-</u>	<u>-</u>	<u>-</u>
	<u>28.634</u>	<u>882</u>	<u>135.360</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.

	31-12-2022		31-12-2021	
	€	€	€	€
<u>Operating cash flow</u>				
Result before taxes	35.438		158.991	
Depreciations	<u>4.354</u>		<u>23.935</u>	
		39.793		182.926
Changes in working capital:				
- Receivables	■ -337.875		-46.566	
- Provisions	0		0	
- Current liabilities	-513.306		-1.176.567	
- Non deferred corporate income	<u>0</u>		<u>-23.631</u>	
Total mutations		-851.182		-1.246.764
Income tax		<u>-6.804</u>		<u>0</u>
Total operating cash flow		-818.193		-1.063.839
<u>Investment cash flow</u>				
Investments in fixed assets		6.611		8.001
		<u>0</u>		<u>0</u>
Net cash flow		<u>-824.804</u>		<u>-1.055.838</u>
Status per 1 January		3.273.892		4.329.730
Status per 31 December		<u>2.449.087</u>		<u>3.273.892</u>
Mutation cash		<u>-824.805</u>		<u>-1.055.838</u>



1 september 2023

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Initials:.....

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 2021 financial statements.

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 20% and for computer software 20%.

Account receivables

Short term loans granted and other receivables are initially measured at fair value, subsequently at amortized cost minus a provision for doubtful debts when necessary.



1 september 2023

Marked for identification purposes only.

Initials:.....

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 / receivables from projectsValuation 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 reimbursement for projects pertains the costs spent on projects during the financial year and the accumulated result, as described in above paragraph. If more compensation for a project is received then recognized reimbursements, the surplus is justified under Still to spend subsidies/deferred income.

In accordance with RJ guidelines over 2022 still to spend subsidies and receivables from projects are bifurcated into projects with debit amounts and projects with credit amounts.

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.



1 september 2023

Marked for identification purposes only.

Initials:.....

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 pertains interest regarding loans and bank accounts relating 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

	31-12-2022	31-12-2021
	€	€
Fixed assets		
<u>Tangible fixed assets</u>		
Book value per 1 January	11.386	39.524
Mutations:		
Investments	6.611	8.001
Purchase price disinvestments	-24.635	-103.552
Cum. depreciations disinvestments	24.635	77.091
Depreciations	-4.354	-9.678
Book value per 31 December	<u>13.643</u>	<u>11.386</u>
Status per 31 December:		
Cumulative purchase prices	69.797	87.821
Cumulative depreciations	-56.154	-76.435
Book values per 31 December	<u>13.643</u>	<u>11.386</u>



1 september 2023

Marked for identification purposes only.

Initials:.....

Current assets

	31-12-2022	31-12-2021
	€	€
<u>Other receivables</u>		
Staff related receivables	11.668	598
Third party receivables	57.688	28.610
NOW	-	57.757
Transitory assets	35.470	55.774
Total Other receivables	104.825	142.739
<u>Cash</u>		
ABN AMRO Bank EUR accounts	2.438.116	3.254.802
ABN AMRO Bank USD accounts	7.945	17.164
Petty cash Euro	2.786	1.686
Petty cash non-marketable currencies	240	240
Total Cash	2.449.087	3.273.892

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



1 september 2023

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Initials:.....

	<u>31-12-2022</u>	<u>31-12-2021</u>
	€	€
Capital		
Status per 1 January	886.104	750.744
Result allocation	<u>28.634</u>	<u>135.360</u>
Status per 31 December	<u><u>914.738</u></u>	<u><u>886.104</u></u>

Liabilities

Still to spend subsidies/deferred income

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 2022. In 2022 amounts received in advance were proportionally considerably lower because of change of strategy concerning negative interest rates on bank accounts. The total amount of provision of work in progress was € 169.800,- at the end of 2022 while it was € 20.000,- at the end of 2021.

Taxes and social securitys

Payroll taxes	61.069	77.478
Corporate income taxes	<u>-4.207</u>	<u>31.944</u>
	<u><u>56.862</u></u>	<u><u>109.422</u></u>

Other liabilities

Liabilities to project partners	306.572	244.326
Holidays	16.136	17.274
To pay holiday allowances	33.272	27.800
TVL Subsidy	-	72.000
NOW subsidy	1.453	0
Accrued liabilities	<u>22.500</u>	<u>33.268</u>
Total other liabilities	<u><u>379.933</u></u>	<u><u>394.668</u></u>



1 september 2023

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Initials:.....

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 2022 amounts to 3.851,83 euro. The rent is indexed annually on April 1st. 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.

Other commitments

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



1 september 2023

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Initials:.....

7. REVENUES AND EXPENDITURES EXPLANATORY NOTES

	Realization 2022 €	Budget 2022 €	Realization 2021 €
Total subsidy benefits (Excluding Other operating income)	6.035.062	4.369.000	4.828.820
<u>Subsidy expenditures</u>			
Subcontracting costs	3.188.703	2.921.000	3.084.298
Material costs	3.428	60.000	58.622
Costs direct wages	1.270.773	1.088.000	1.272.081
Other direct costs	1.414.163	270.000	339.853
Subtotal direct costs	5.877.067	4.339.000	4.754.855
Provisions	149.800	-	20.000
Result completed projects	-50.054	-	-27.467
Subtotal other project costs	99.746	-	-7.467
Total subsidy expenditures	5.976.813	4.339.000	4.747.388
<u>Revenues</u>			
<u>4th floor benefits</u>			
Revenue rental 4 th floor	-	-	2.419
Revenue other costs 4 th floor	-	-	-
Revenue equipment	-	-	-
Total 4 th floor benefits	-	-	2.419
<u>Other operating income</u>			
NOW subsidy	-	-	108.641
Other income	1.750	-	-
Total other operating income	1.750	-	108.641

	Realization 2022	Budget 2022	Realization 2021
<u>Expenditures</u>	€	€	€
<u>Personnel costs</u>			
Salaries	705.658	721.182	705.290
Holiday allowance/year-end bonus/gratifications	115.668	122.341	115.679
Subtotal salaries	<u>821.326</u>	<u>843.523</u>	<u>820.968</u>
<i>fte's</i>	<i>12.60</i>	<i>12,63</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 € 287.307 (2021: € 277.115). 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 3.151.209 euro of subsidy benefits and subsidies from the Dutch government for a recognized income amount of 2.883.853 euro. All subsidies are incidental.

Differences between budget and realisation

The main reason for the differences between budget and realisation are due to the way we and the rest of the world managed to recover from the pandemic. In 2022 it all turned out for the better of our organisation while being conservative when we were budgeting for this calendar year. Staff and experts could travel again, which led to more expenditures and subsequently higher subsidy benefits.

Due to the uncertainty the pandemic brought upon the organisation, CILC kept rather conservative in investing in the operational organisation in the beginning of the year. During the year this approach was loosened a bit and other operational costs increased. The study budget for personal development was well-used by staff. Because of growing figures during the year, staff was stimulated to participate in trainings for personal professional development, as well as did we organize more group activities. Due to the departure of senior staff members the realisation of the personnel budget turned out lower than foreseen.



1 september 2023

Marked for identification purposes only.

Initials:.....

	Realization 2022	Budget 2022	Realization 2021
<u>Other operating expenses</u>	<u>€</u>	<u>€</u>	<u>€</u>
Temporary employees	10.930	35.000	13.952
Other personnel costs	36.248	34.460	38.196
Accommodation costs	38.603	53.980	40.932
Travel and subsistence costs	5.615	2.500	527
Selling costs	9.146	5.850	3.605
Other operating expenses	<u>92.694</u>	<u>68.300</u>	<u>96.963</u>
Total other operating expenses	<u>193.235</u>	<u>200.090</u>	<u>194.175</u>
<i>Other personnel costs</i>			
Various fees	2.093	-	7.304
Study	23.804	32.000	18.329
Other personnel costs	<u>10.351</u>	<u>2.460</u>	<u>12.563</u>
Subtotal other personnel costs	<u>36.248</u>	<u>34.460</u>	<u>38.196</u>
<i>Accommodation costs</i>			
Fixed costs	37.156	52.480	38.013
Incidental costs	<u>1.446</u>	<u>1.500</u>	<u>2.919</u>
Subtotal accommodation costs	<u>38.603</u>	<u>53.980</u>	<u>40.932</u>
Incidental travel and subsistence costs	<u>5.615</u>	<u>2.500</u>	<u>527</u>
<i>Selling costs</i>			
Marketing costs	-	-	470
Selling costs	<u>9.146</u>	<u>5.850</u>	<u>3.135</u>
Subtotal selling costs	<u>9.146</u>	<u>5.850</u>	<u>3.605</u>
<i>Other operating expenses</i>			
Office costs	43.333	23.500	30.301
Insurance costs	6.270	14.500	10.915
Consultancy costs	28.568	20.000	40.700
Financial costs	3.748	1.750	567
Other general operating expenses	<u>10.775</u>	<u>8.550</u>	<u>14.480</u>
Subtotal other operating expenses	<u>92.694</u>	<u>68.300</u>	<u>96.963</u>

	Realization 2022	Budget 2022	Realization 2021
<i>Corporate tax</i>			
Corporate tax current financial year	5.878	220	23.631
Corporate tax prior financial year	926	-	-
Corporate tax	6.804	220	23.631

The effective tax rate for the year amounts to 19,2% (2021 14,8%) whilst the expected tax rate is 15%. The difference is predominantly caused by an adjustment in the tax position of 2021, besides some costs which are not tax deductible.

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

After almost ten years of promoting the idea, CILC has been successful in signing new, large contracts under the European Commission's delegated agreement modality. This offers new opportunities, but it also gives new responsibilities as CILC will be more acting as a Netherlands government agency. Further investments are therefore necessary to digitise more work processes and methods, project related and on an organisational level, but also to keep our internal policies actual and relevant. The successful implementation of the new Afas management information system since 1 January 2022 shows our ambition to further automate our processes. The further use and implementation of more available functionality of the system is an ongoing internal project. Meanwhile, we will be looking for opportunities to cut organisational costs and to operate as lean as possible.

In the beginning of 2023, the tax authorities announced we are subject to a randomly selected audit for all relevant taxes concerning fiscal year 2021. The investigation is ongoing, we currently do not expect any major consequences.



1 september 2023

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Initials:.....

8. OTHER INFORMATION

Independent Auditors' Reports



1 september 2023

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Initials:.....

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 2022 included in the annual report

Our opinion

We have audited the financial statements 2022 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 2022 and of its result for 2022 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 2022;
2. the statement of revenues and expenditures for 2022; and
3. the notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

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

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

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

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

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

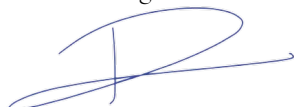
Our audit included e.g.:

- 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.

The Hague, 1 September 2023

Ruitenburg Audit B.V.



drs. R.L. Kalberg RA