

# *Annual Report and Accounts 2019*

The Hague Academy for  
local governance



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## 1. Introduction

The foundation The Hague Academy for Local Governance aims to strengthen local democracy worldwide by offering practice oriented training programmes. We develop and organise short courses for open subscription as well as tailor made programmes for practitioners of governments, NGOs and development partners.

In 2019, we contributed to our mission by organising twelve open subscription courses, fifteen customised training programmes, and various training activities for thirteen multi-annual programmes. In total, we trained 1419 practitioners from national and local governments, NGOs, donor- and development organisations and knowledge institutes, coming from 64 different countries.

The total turnover realised in 2019 was € 2.92 mln, an increase of € 854,000 (41%) compared to 2018. This, in combination with a record number of people trained, shows that we are increasingly able to reach our beneficiaries and realise our mission to strengthen local democracy worldwide. The high turnover also led to a higher financial result than budgeted, which contributes to the sustainability of the organisation and to new opportunities for activities that support our mission.

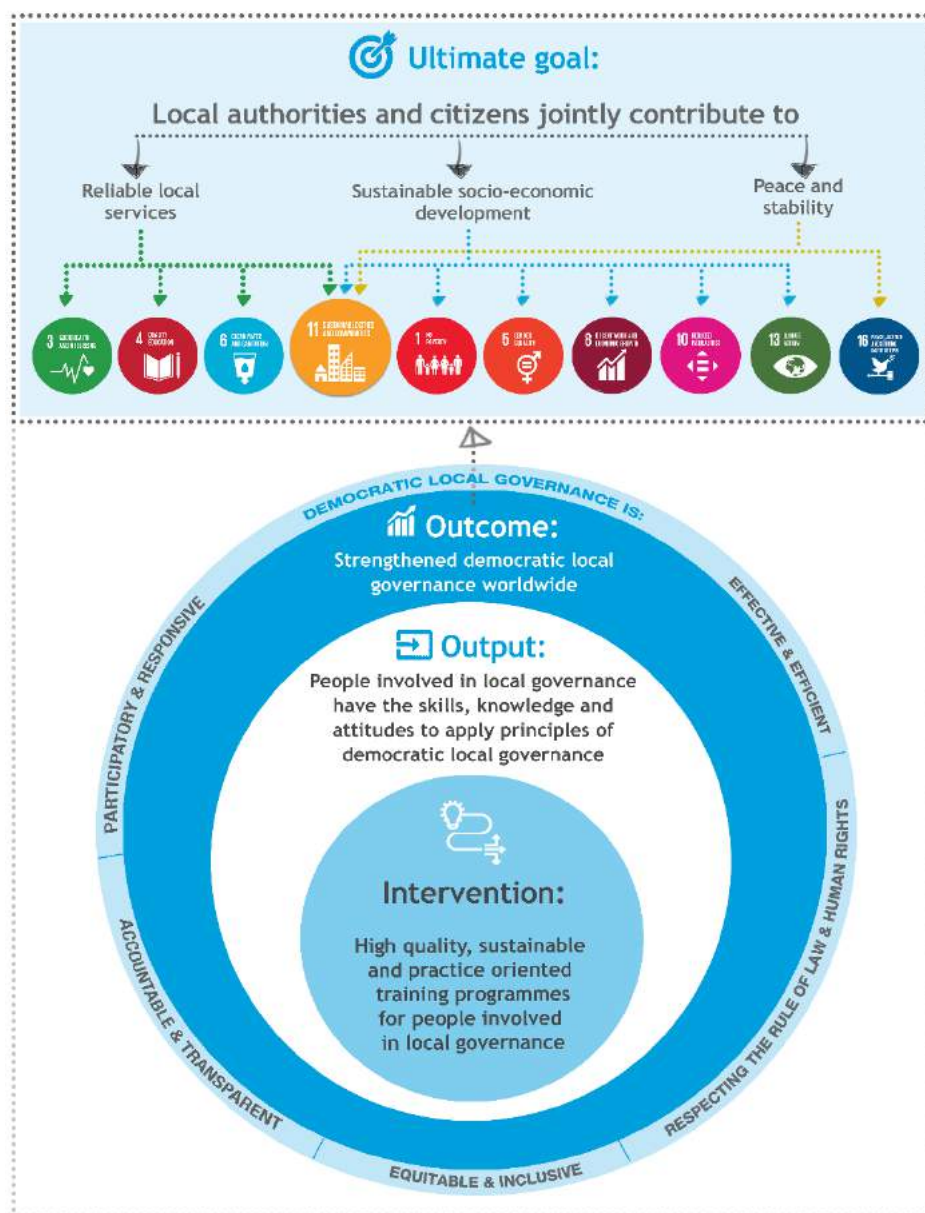


*Participants of the open course Multilevel Water Governance visit 'Prinsjesdag' 2019.*

## 2. Our mission and impact

### 2.1 Our Theory of Change

According to our statutes, it is our ambition to strengthen democratic local governance worldwide. We do this by offering practice oriented short courses and multi-annual training programmes for people involved in local governance. Our programmes help government, civil society and development practitioners to develop the awareness, knowledge and skills needed to act as change agents in their organisations and communities, and promote principles of democratic local governance. A stronger local democracy will ultimately lead to governments and citizens jointly contributing to stability, socio-economic development and better public services, thereby improving the quality of life of citizens worldwide.



## 2.2 Our vision

Our Theory of Change is based on the assumption that a strong local democracy, has a significant impact on stability, quality of services and socio-economic development. The local level for most citizens is the first point of contact with the government to raise their concerns and participate in decision making. Moreover, due to decentralisation and rapid urbanisation, local governments play an increasing role in tackling global issues. It is our vision therefore, that real development starts at the local level, with local authorities and citizens working constructively together.



At The Hague Academy, we believe that good, democratic local governance is:

- Participatory and responsive
- Accountable and transparent
- Equitable and inclusive
- Respecting the rule of law and human rights
- Effective and efficient

### Need for capacity

Democratic local governance needs responsible and accountable leaders and well-functioning institutions at all government levels. Skilled professionals are needed to deliver public services, create a safe and sustainable living environment, and foster economic development. However, in many countries, governments lack the knowledge, experience and incentives to effectively and efficiently manage public services and promote practices of democratic governance. And citizens need more awareness and capacities to effectively engage with their governments and make their voices heard.

Our training programmes aim to increase awareness, offer new knowledge and insights, and develop skills to support change in institutions and societies. Our programmes enable training participants from government and civil society to act as change agents in their own organisations and communities, thereby strengthening democratic local governance processes worldwide.

## 2.3 Our approach

Our approach to learning aims to impact not only the individual knowledge and skills of training participants but also their organisations and communities. The training programmes we design are therefore characterised by a focus on the local perspective - including all stakeholders at the local level, an orientation on real life problems and a combination of expertise with exchange and experience.

### **A local perspective**

Our programmes focus on the local level and take a local perspective to development. This, however, does not mean that we only work with local government officials. We apply a comprehensive, cross-sectoral approach, which includes all actors at the local level: including national and regional governments who have to coordinate and facilitate local governance as well as informal power holders, civil society organisations, businesses and development partners.

### **Practice oriented**

Our programmes focus on the practice of local governance. The learning process is designed around real life problems and action oriented. We discuss case studies, dilemmas and do's and don'ts. We reflect with participants about lessons learned in the training and how they relate to their own local context. We help them develop action plans for their own organisations and communities, and we provide coaching in the implementation.

### **Expertise, exchange and experience**

We combine expertise from internationally renowned experts with an active exchange of experiences through dialogue, exercises, role play and study visits. By applying innovative and interactive ways of learning, we involve participants as much as possible, thereby offering an experience that will inspire and motivate them in their work back home.

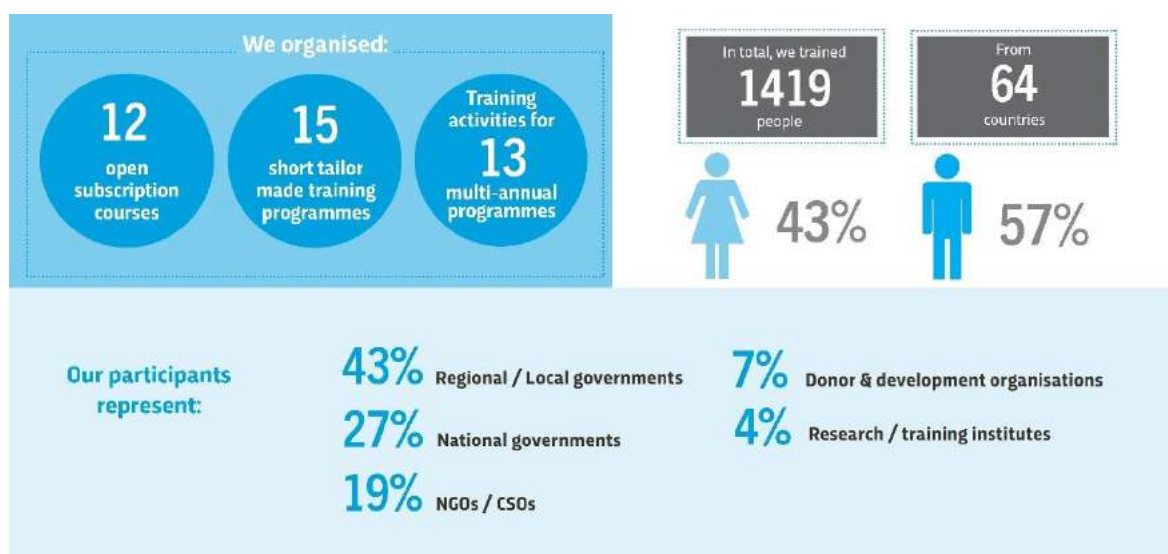
"Tell me and I will forget, show me and I may remember, involve me and I will understand."

Chinese proverb

## 2.4 Our impact

In 2019 we trained in total 1419 people. 43% were civil servants working for local or regional governments, 27% were national civil servants, 19% worked for a local NGO, 7% for a donor-or development organisation or international NGO, and 4% for a training or knowledge institute. 43% of the participants were women. Participants came from in total 64 countries.





### Participant satisfaction

Training evaluations at the end of each training provide indicators both for the satisfaction of the participants and for their increase in awareness, knowledge and skills. Our M&E-report for 2019 shows an overall satisfaction score of 4,4 out of 5 for the open subscription courses. Moreover, 99% of the participants to these courses say the course was applicable to their work. 95% would recommend the course to others.

The participants to tailor made courses show an overall satisfaction of 4,6, while 97% indicate that the course was applicable to their work and 94% would recommend the course to others (mainly the courses in The Netherlands were measured). See the table below.

	Open Courses	Tailor Made Courses
Overall satisfaction	4,4	4,6
Applicability	99%	97%
Recommend to others	95%	94%

For tailor made training abroad, we use different types of evaluations, of which the results are not yet collected in a systematic way. This is an important point for improvement in our Activity Plan for 2020.

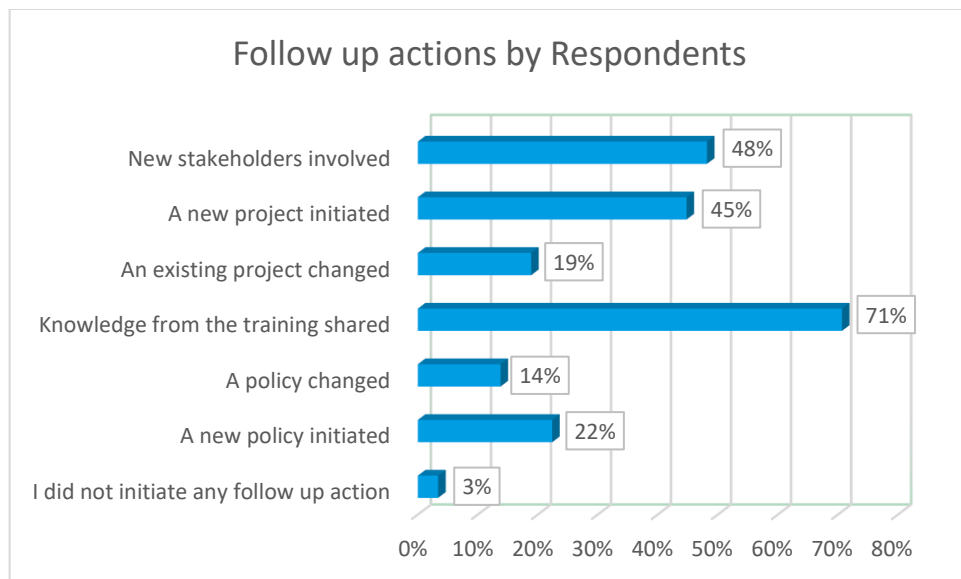
### Long term impact

With our annual online 'Sprockler'-survey, we measure not only the increase of individual knowledge and skills directly after the training but also the longer term the impact on the organisations and communities after one year. The method of Sprockler makes it possible to collect not only quantitative data but also valuable stories about what the participants learned as a result of the training in The Hague.

41% of the alumni participated in the Sprockler-survey for open course participants from 2018. The results show that nearly all (97%) applied the knowledge gained from the course in their work. 71% shared the knowledge with colleagues, 64% started a new project or changed an existing project,



36% started a new policy or changed an existing policy and 48% indicated they had involved new stakeholders. These results clearly show that the impact of the training goes beyond the individual knowledge and skills of the participants.



When asked about the success of the post-training activities, 75% say their actions were (partially) successful, and one-third even very successful. The most important reason for success to 70% of the respondents was the training itself, while 15% considered external factors more dominant and another 15% saw themselves as being the most important change factor.

It is also interesting to learn that after a year, all respondents are still in contact with each other. 40% of them even say they often have contact with fellow participants (more than five times a year), mainly work related. This implies that the open courses considerably contribute to the development of a sustainable, international network of practitioners working in the field of local governance.



*Participants of the open course Conflict, Local Security and the Rule of Law.*



*Study visit to Culemborg in the open course Climate Adaptation and Local Resilience.*

### 3. Open subscription courses

In 2019, we organised twelve open subscription courses, including one online course. In total, there were 194 participants in our open courses, 45 more than in 2018. The average number of participants was 16.2 per training, a considerable increase compared to 2018 (13.5) and a little more than in 2017 (15.3). The total turnover was € 832,000, which is € 140,000 more than budgeted: € 81,000 from Nuffic to cover extra scholarship expenditures and € 59,000 extra income from course fees.

In 2019, the most popular courses were 'Gender Responsive Governance' and 'Citizen Participation & Inclusive Governance', both 24 participants. Multilevel Water Governance attracted 19 participants, Fiscal Decentralisation and Local Economic Development 18, Local Climate Adaptation & Resilience 17 and Inclusive Service Delivery 16. Least popular this year were the courses Conflict, Rule of Law & Local Security (13 participants), Localising the SDGs (12 participants) and Integrity & Anti-corruption (11 participants). The new course on Migration & Local Authorities was quite successful with 14 participants.

The record number of participants was realised despite the fact that the course on Sustaining Peace, offered together with Barcelona Peace Centre, was cancelled due to a lack of participants. For the online course on Local Economic Development, only six people applied, while we budgeted for twenty. In 2020, we will do a market analysis to get a better picture of the needs for (paid) online training amongst our target groups.

As described in our Annual Plan for 2019, we redesigned the courses Climate Adaptation & Resilient Cities and Migration & Local Authorities. The idea to organise a French LED-course with a local partner was postponed. With respect to online tools, we improved the user friendliness of the of the online platform for course participants.



*Study visit to the Municipality of The Hague in the open course Fiscal Decentralisation.*

## 4. Multi-annual training programmes

The multi-annual training programmes that we design and deliver are often part of long-term capacity building programmes led by development partners. For these partners, we design training activities according to our problem driven, action oriented approach. The programmes often include special training for local trainers (Training-of-Trainers or TOT) so that they can continue delivering training in their local language after the programme has ended. Furthermore, the activities usually involve the facilitation of dialogues between government and civil society actors, to increase mutual understanding and promote cooperation between them.

For multi-annual programmes that focus mainly on training, The Hague Academy is usually in the lead. Examples are the Shiraka-programmes for the MENA-region, the Master's programme on Local Development for the University of Jordan, and the MATRA-programme on integrity and anti-corruption in Ukraine.

In 2019, the income from multi-annual programmes was € 1.63 mln. This was € 55,000 less than budgeted, of which € 19,000 less because of lower material costs and € 36,000 less because of different reasons: less productive days, lower fees for certain projects, overspending of travel costs for a Shiraka-course and a loss on exchange rates for the UNDP Jordan project.



*Networking event in the Shiraka training programme Water Management.*

## 4.1 Inclusive governance in fragile states

In 2019, we provided various activities for governments, civil society actors and development partners in conflict affected countries. Central topic was inclusive governance and related topics such as gender and conflict sensitive governance. In the Activity plan 2019 we planned to develop conflict sensitivity guidelines for designing programmes in fragile states as well as for dealing with people who have been traumatised by conflict. This is still in progress and will be finalised in 2020.

The following training activities were implemented:

- as part of the “Every Voice Counts”-programme with CARE Nederland in Afghanistan, Burundi, Pakistan, Rwanda, Somalia and Sudan, we delivered several TOTs as well as trainings for local authority representatives, joint trainings for local authorities and CSOs, and a training for national government staff from Rwanda;



*Training participants of the Every Voice Counts-programme in Somalia.*

- in the NAP 1325-project “Women, Peace and Security in Yemen”, led by CARE Nederland, we organised a refresher training in Amman for local trainers and partner organisations of CARE Yemen on inclusive governance and advocacy in a conflict context;
- for the programme “Inclusive Decisions At Local Level” (IDEAL) managed by VNG International, we delivered training on inclusive public financial management in Burundi, gender mainstreaming in Rwanda, gender and conflict sensitive governance in Mali (TOT), gender inclusion in Uganda (TOT) and The Netherlands (for IDEAL-project managers), and we carried out a capacity needs assessment for the Association of Municipalities in Mali;





*Training activity for the programme Inclusive Decisions At Local Level in Rwanda*

- as part of the project “Inawezekana” implemented by ZOA, War Child and VNG International in Congo, we organised two TOTs for staff of local authorities and NGOs: one on adult learning methods and one on gender and inclusive governance;
- for staff of ZOA, World Relief and CARE Switzerland, working for the “Stability Through Resilience”-programme in Sudan, we offered a TOT on human security, conflict and gender.

## 4.2 Strengthening government capacity

In 2019, we implemented the following training programmes aimed at building the capacity government practitioners and establishing international networks:

- three Shiraka training programmes, funded by the Dutch Ministry of Foreign Affairs, on the topics “Social Affairs & Employment”, “Local Governance” and “Water Governance” for civil servants from all countries in the MENA-region;



*Study visit to a vocational training centre in Nabeul for the Shiraka training programme Local Governance.*



*Participants of the Shiraka training programme Ecosystem for Entrepreneurs.*

- a new Shiraka training programme “Ecosystems for Entrepreneurs” for civil servants from national and local governments in Jordan, Morocco and Tunisia, for which we organised three kick-off workshops in the three countries and one training in the Netherlands;
- a training on integrity dilemmas and advisory skills, a training on leadership and change management, a follow-up TOT for local trainers, development of a training manual and a study visit to The Netherlands, for the MATRA-programme “Integrity and Anti-Corruption in the Civil Service in Ukraine” aimed at civil servants from several national ministries in Ukraine;



*Exchange visit to The Netherlands for the MATRA-programme Integrity and Anti-corruption.*

- development of several modules on Local Development together with the University of Jordan and experts from the Universities of Groningen and Florence, and a development and implementation of a training on Fiscal Decentralisation in The Netherlands, for UNDP Jordan;
- two ten-day training programmes for civil servants from the Balkans, Georgia, Armenia and Ukraine as part of the MATRA Rule of Law Training (ROLT)-programme of the Dutch Ministry of Foreign Affairs on “Integrity of Civil Servants” and on “Decentralisation & Participation” as well as change management sessions in trainings organised by our partners Leiden University and the Dutch Helsinki Committee, an inception mission to Armenia and Georgia and alumni days in Albania and North Macedonia;
- a training on citizen participation in local security for staff of Albanian municipalities, as part of the MATRA-programme “Local Safety and Security in Albania” that we implement in partnership with VNG International.



*Study visit to the Ministry of Interior in Tunis for the Shiraka training programme Local Governance.*



## 5. Short tailor made courses

Short training programmes, with a duration varying from one week up to one year, are designed on the request of a variety of clients such as governments, UNDP, GIZ or training institutes. Together with local partner organisations, we also pro-actively develop and submit proposals for funding agencies like Nuffic.

In 2019, we implemented 15 short tailor made programmes. The income from these programmes was € 449,000, which is € 245,000 more than budgeted. € 172,000 was received for coverage of material costs, the remaining difference consists of extra income from realised manhours (52 days more were realised) and more participant fees.

The following courses were designed and delivered:

- the second part of a Shiraka-training on Local Governance exclusively for Algeria, as part of a cooperation agreement between the governments of The Netherlands and Algeria;
- two TOT-programmes and a certification workshop as part of a Nuffic-sponsored programme for training officers of the municipality of Tirana (Albania): one on inclusive and gender responsive governance and one on integrity and anti-corruption;
- several training sessions for national and subnational government officials in Zambia on inclusive governance and gender responsiveness in local land administration, for a Nuffic-funded project together with the Ministry of Lands and Natural Resources in Zambia, TU Twente and the Dutch Kadaster;



*Training with land cartographers in Zambia.*

- a training on inclusive and gender responsive governance for staff from seven municipalities and the Ministry of Local Government in Palestine as well as a leadership training for 26 Palestinian mayors and council members, funded by GIZ Palestine;



- a training about decentralisation and localising the SDGs for staff of three state governments and knowledge institutes in Pakistan, at the request of GIZ Pakistan;



*Participants of the training Decentralisation and Localising the SDGs.*

- a training on 'smart' local government in The Netherlands for senior officers of the Ministry of Home Affairs and Provinces in Sri Lanka, as part of their project "Modern Management Strategies in Local Government";



*Participants of the training on smart local government on an Open Data-tour in Utrecht.*

- a training in The Netherlands on project cycle management and waste management in refugee camps, for staff of two Turkish metropolitan municipalities (Şanlıurfa and Hatay) near the Syrian border, funded by UNDP Turkey;



*Study visit to Avalex (waste management company) in the training on project and waste management.*

- a training in The Netherlands on inclusive urban policies for Master students of King Saud University in Saudi Arabia, organised in cooperation with VNG International;



*Place making exercise in the training on inclusive urban policies.*

- three trainings for staff of the development agency Helvetas Kosovo: one Training-of-Trainers, one training on data analysis and data analytics projects, and one on the policy cycle and policy analysis;
- a Nuffic-sponsored training on how to educate and involve communities in forest governance for staff of local (forest) offices, national parks and wildlife sanctuaries in Bhutan;



*Training on forestry governance in Bhutan*

- a second training on local policy making for future staff of the autonomous region Bangsamoro in Mindanao, the Philippines, funded by the Netherlands' embassy;



*Participants of the training on local policy making, Mindanao, The Philippines.*

- a one-day TOT about knowledge dissemination for staff of Dutch Water Authorities engaged in the Blue Deal Programme;
- a one week study visit on local governance and peacebuilding in Georgia for mayors from nine municipalities in Afghanistan, on the request of DAI Afghanistan.

Furthermore, we started with the development of a Nuffic-sponsored training programme to empower community mobilisers working with Syrian refugees in Jordan.



## 6. Talent for Governance

Since 2009, we have implemented our Talent for Governance-scholarship programme. The programme offers a training at The Hague Academy and an internship in a Dutch municipality to young, talented and motivated local government officers in developing countries. In 2019, we took a pause with the programme to be able to evaluate and reflect on the future.

Surveys were done amongst municipalities and potential sponsors from the private sector. This was followed by a brainstorm workshop with the team, in which we elaborated and discussed future scenarios. The results of the surveys showed that there are quite some municipalities willing to support the programme by organising an internship and/or giving a donation. However, the time involved in organising the internship and finding budgets to support the programme are often an obstacle for participation. It also became clear that private business tend to find the programme very sympathetic but also find it difficult to relate to their social responsibility policies.

With respect to the scenarios discussed in the team and with the Board, we concluded that the current practice was too time consuming to be continued in the same way. There is a big time investment involved in fundraising, promoting and selecting Talents and organising about ten internship programmes a year. The scenario of upscaling the programme would require a large investor, which has proved to be hard to find. We therefore decided to continue with a modest scenario, in which we select young, municipal candidates from the Nuffic-applications list and offer them a scholarship from our own funds. We will also try to engage municipalities for organizing an internship. Therefore, we also had a booth at the annual VNG-congress in June. In the meantime, we will still pursue funding from large sponsors and submitted a proposal for the 'Postcode Loterij', because we believe that Talent for Governance contributes in a positive way to our mission and adds very much to our organisational profile.



*Participants of the Talent-programme on Citizen Participation in 2015.*



## 7. Organisational development

In our Annual Plan for 2019, we identified many activities to improve the quality of the organisation and our services, in order to contribute to our multi-annual strategy plan. The activities are summarised in the Activity Plan for 2019 and relate to our human resources, integrity, quality management, finance and administration and communication. Although 2019 was a year full of training activities, a lot of progress was made.

### 7.1 Human resources

Two programme managers left the organisation in 2019 and a new programme manager and programme officer were hired in the first quarter of 2019. The communication officer and administrative officer had to leave the organisation in 2019 and two new colleagues started in February and June respectively. Because of the increasing volume of our work, the back office team was strengthened with a new part time finance officer. The total number of employees by the end of 2019 was eighteen.



*The Hague Academy staff members in action*

The following actions from the Activity Plan 2019 were realised:

- new guidelines were developed for the *recruitment, selection, introduction and coaching* of new employees;
- new staff attended a basic *security training*; staff travelling to orange and red areas received a special HEAT-training;
- the *internal Training-of-Trainers* was updated and offered to all programme managers and programme officers;
- the *staff training overview* for all staff of The Hague Academy was revised;
- the *security guidelines* were updated and a security checklist was included for training abroad to help programme managers with guaranteeing the security of staff, experts and participants abroad in situations our local partner does not have its own security policy;
- a *Code of Conduct for participants, trainers and experts* was adopted to promote respectful behaviour in and outside the training room by creating awareness and clarity on the expectations for experts and course participants and consequences of not adhering to these joint principles;

- guidelines to promote *diversity and gender equality* were developed, adopted and discussed with the team in a lunch meeting.



*Training on gender sensitive governance for the programme Every Voice Counts in Somalia.*

The revision of the human resource policy was not yet ready at the end of 2019 and is still on the Activity Plan for 2020.

### **Integrity policy**

In addition to the activities mentioned above, several actions were taken with respect to integrity, in order to align with the criteria of the PARTOS ISO-audit that was planned for the first quarter of 2020:

- a staff member of The Hague Academy was appointed as *Integrity Officer* and will be trained in 2020;
- the Board of The Hague Academy agreed with appointing Janny Vlietstra as responsible *person for integrity* as of January 2020;
- two special trained VNG-employees were introduced as '*persons of trust*';
- the *Code of Conduct for THA-staff* was adjusted to include the new integrity-officer and '*persons of trust*';
- a start was made with identifying the *integrity vulnerabilities* of the organisation.

In 2019, one report was made to the 'person of trust', the integrity officer and the team manager of the person involved. This was followed by a meeting with this person and a written warning signed by management.

## 7.2 Finance and administration

The Activity Plan for 2019 included several actions to improve the financial management of the organisation. The following activities were realised:

- the *digital workflow* to process invoices, advance payments and reimbursement forms was tested and further improved, based on user feedback;
- a start was made with revising the *AO/IC-document* (Administrative Organisation and Internal Control), including procurement guidelines, which will be finalised in 2020;
- *project reporting* was simplified by adjusting booking codes in the bookkeeping system so that 'project transaction reports' in Synergy align better with work budgets of programme managers, and a tool was tested to create project budgets in Synergy which makes it easier to compare budgeted with realised amounts.

We also planned several activities in order to comply with the data protection law GDPR: revising our privacy statement, adjusting application forms, and scanning and cleaning archives. The application forms were adjusted, the other two activities are still work in progress.

## 7.3 Quality management

According to the Activity Plan 2019, several improvements were made to the quality system:

- more attention was paid to document archiving by *scanning project files* twice a year to check whether all documents are archived in the proper way;
- an *internal audit* was implemented in November, to review the Open Training-procedure, of which the outcomes will be used for improving the OT-procedure and guidelines and will be implemented from 2020 onwards;
- *participant evaluation forms* were standardised to improve Monitoring & Evaluation.
- a *report format for tailor made training* was developed to guarantee a standard quality of reporting and collect relevant information on training results, to be used for quality improvement and supporting our Theory of Change.

Working towards the PARTOS-ISO quality certification in 2020, we also did a supplier assessment of our main suppliers and produced an M&E-report with an analysis of participant evaluations. Furthermore, we carried out a stakeholder and risk assessment. These all will be annual activities, of which the results will be reported in November and form input for the annual plan for the upcoming year.

Finally, the ambition to better archive training materials, methodologies and exercises so that they are easier to find, did not yet lead to concrete results but a start was made and this activity will be continued in 2020.

## 7.4 Communication and fundraising

In May 2019, a new communication officer started at The Hague Academy. Many activities that were lagging behind were taken up, with already quite some results:

- the *Theory of Change* was elaborated and visualised;
- presentation of THA in information booths and through expert contributions at different *events*, targeting different audiences:
  - European Development Days in Brussels (international development partners)
  - VNG-congres (Dutch municipalities)
  - PARTOS Innovation Festival (Dutch NGOs)
  - UCLG World congress (local authorities worldwide);



*The Mayor of Tunis visits the stand of The Hague Academy at the UCLG Congress in Durban.*

- *Google Adds* was reactivated, the new communication officer trained and campaigns renewed;
- a proposal was ready for a *new website* structure, new content will be collected and added in 2020;
- a new format was developed for promoting courses on *social media*.

Furthermore, as planned, an event was organised with CARE Nederland on inclusive governance in fragile countries. Moreover, to improve keeping track of fundraising efforts, a new acquisition and fundraising overview was developed and reference documents were updated.

Other activities, such as the improvement of the customer relations database in Synergy, revising the priority relations list and setting up an alumni network, were not yet implemented in 2019 and were postponed to 2020. Because of the huge amount of work expected for the CRM-system and the new website in 2020, we decided to postpone the development of our corporate style to 2021.

## 7.5 Social responsibility

Our social responsibility policy with respect to the environment, has been extended to our suppliers. Hotel Court Garden, which hosts our scholarship-participants as well as many self-paying



participants, was selected as the most sustainable hotel in the Benelux in 2018 and received the GAIA Green Award and European ECO-label in 2019. It has a state-of-the-art rooftop garden, applying farm-to-table principles as much as possible. Our lunches are prepared by Vitam, which adopted a 'zero-waste'-policy aimed at recycling food where possible. Furthermore, we include CO2-compensation on all our flights. Finally, we continued our participation in the 'sustainable Willemshof'-working group of VNG, which develops new measures for a sustainability use of the building.

## 8. Finances

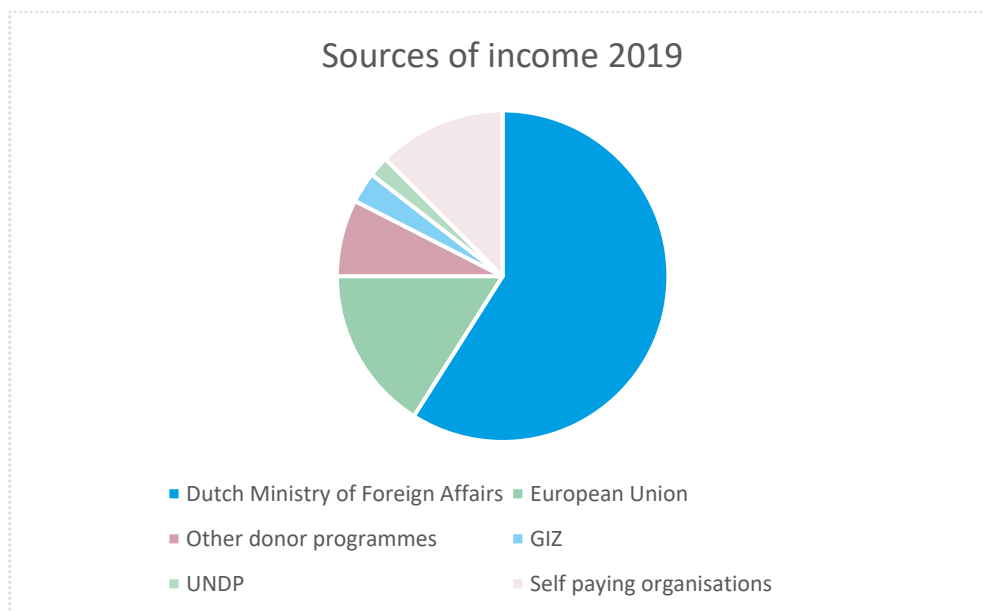
The total turnover realised by The Hague Academy in 2019 was € 2.92 mln. This is € 854,000 more than the turnover in 2018, which is an increase of 41%. This increase was realised by € 246,000 more income from open subscription courses and € 633,000 from tailor made training. Expenditures were higher than in 2018 as well: material costs were € 542,000 higher than in 2018, personnel costs increased with € 224,000. Other expenditures, however, were € 11,000 less. In total, expenditures increased with € 755,000 compared to 2018.

Since the increase in costs was less than the increase in income, the result was nearly € 100,000 more than in 2018. We closed the year with a positive result of € 117,806.

If we compare the figures of 2019 with the budgeted amounts, income was € 329,000 more than expected and expenditures were € 239,000 higher, which led to a result that was € 90,000 more than budgeted. € 140,000 extra income was generated for the open courses and € 191,000 for tailor made training. For more details see the accounts and notes to the accounts in chapter 8.

### 8.1 Sources of income

The table below shows the sources of income in 2019. The Dutch Ministry of Foreign Affairs is the biggest donor (59%). Other donors are the EU (15%), the German development agency GIZ (3%) and UNDP (2%). Self-paying organisations such as foreign governments or knowledge institutes make up 17,5% of the total income.



## 8.2 Expenditure

The division of the expenditures in 2019 is as follows: 79% was spent on the development and implementation of training programmes, 5% on fundraising and acquiring new programmes and 16% on management, administration, innovation and knowledge development.



## 8.3 Financial health

As of 31 December 2019, the financial position of The Hague Academy was as follows:

- the quick ratio for our liquidity position was 1,71 (international benchmark > 1);
- the solvency ratio was 71% (international benchmark > 20%);
- the amount to be received from debtors was € 266,904, the amount to be paid was € 164,646;
- there is no need to make a provision for doubtful debts.

These figures show that the organisation is able to meet both our short and long-term financial obligations. The solvency ratio for The Hague Academy is relatively high. Reason for this is that the current liabilities are quite low in comparison to the equity (general reserve). This reflects the ability of THA to carry the present current liabilities and supports the continuity for THA.

## 8.4 Risk management and in control statement

In 2019, we developed a risk management framework in which we identify and analyse risks, their likelihood and impact, and prevention and mitigation measures. According to the PARTOS-ISO audit report, received in March 2020, the organisational risks and mitigation measures of The Hague Academy are mapped in a structural way. The report explicitly mentions that extensive thought has been given to the risks related to integrity and security, and that management has adequately taken care of operationalisation of policies.

## **Main risks**

The main risks for The Hague Academy relate to security issues and to staff capacity for fundraising and financial project management. Because of the volatile security situation in some countries of work, such as Afghanistan, Somalia and Burundi, training activities in these countries often involve security risks and may even need to be postponed or cancelled. To mitigate this risk, we take preventive measures for staff travelling abroad, a.o. by giving them security trainings and updating and discussing our travel policy and security checklists on an annual basis. Moreover, we continuously monitor and adjust the planning of productive staff days, and we keep track of opportunities for new assignments in other countries that can be pursued should planned activities be cancelled. This flexibility in planning has proven to be very valuable in the worldwide Corona-crisis that started in March 2020. Despite the fact that travelling abroad and meetings became suddenly impossible due to the containment measures taken by governments worldwide, we were still able to realise a large part of our programmes for donors and clients by proposing online options for distance learning.

With respect to staff capacity, it is a challenge to attract new staff with knowledge of local governance, some training experience, international experience and foreign language skills. Moreover, programme managers also need to be able to do fundraising and manage project finances. Since we identified fundraising and financial project management capacities as risks, we included them as important criteria in the recruitment process. We also engage staff more in proposal writing to gain experience with fundraising and encourage them in networking and relation management with potential donors and clients. To increase project finance capacity, we included 'refresher'-sessions on financial budgeting and administration in the introduction programme for new employees, increased the instruction and coaching time spent by the team managers, and planned a training on project finance and Excel. Moreover, we will further explore ICT-support options to make project finances more simple and efficient to manage.

The risk of fraud or mismanagement is considered to be low, since THA has an elaborate financial control system in place with sufficient checks and balances, and we do not imburse funds to local partners. With respect to other integrity issues, our main risk lies in interpersonal integrity violations due to the culturally diverse setting in which we operate. This sometimes causes difficult situations due to differences in social norms, political views or gender relations, which may lead to discrimination, intimidation or sexual harassment. To prevent this from happening, we have developed a Code of Conduct for participants, trainers and experts on respectful behaviour in and outside the classroom. We also organise regular lunch meetings with the staff to discuss real life cases and how to manage them as a trainer.

## **In control statement**

As can be read above, The Hague Academy for Local Governance has mapped out its risks and made an assessment of the likelihood of these risks occurring and the possible impact. Management has taken mitigation measures by management linked to the identified risks, which minimises the occurrence of these risks. The Board has taken note of the risks and control measures and expresses its confidence that The Hague Academy has sufficient control over the identified risks.



## 8.5 Future development

As can be seen in the budget for 2020, we expect an income of € 3.32 mln, an increase in income of around € 731,000 compared to the budget of 2019. The difference is caused by an expected increase of € 93,000 for the open courses, based on the growth we've seen in 2019, and € 630,000 for the tailor made training-projects, mainly based on the expectation that we will be able to develop and implement four tailor made Shiraka-programmes in 2020.

Since the multi-annual programmes show large volumes with many productive hours to be realised, new staff will be hired starting from January 2020. This is reflected in the personnel costs that will increase with € 219,000 compared to the budget for 2019. Other operating costs will be higher as well (€ 78,000) because of the work facilities for extra staff and price increases by VNG for housing and ICT-support.

The financial forecast for 2020 is as follows:

Budget	2020	2019
Income open courses	€ 785,650	692,300
Income TMT projects	€ 2,522,919	1,892,814
Donations	€ 10,000	2,000
<b>Total income</b>	<b>€ 3,318,569</b>	<b>2,587,114</b>
Material costs open courses	€ 323,000	280,800
Material costs TMT projects	€ 1,284,936	894,584
Material costs Talent for Governance	€ 22,000	2,000
Personnel costs	€ 1,411,498	1,192,417
Other operating costs	€ 266,794	189,124
<b>Total expenses</b>	<b>€ 3,308,229</b>	<b>2,558,925</b>
<b>Result</b>	<b>€ 10,340</b>	<b>28,189</b>

At the time of writing this annual report, we are coping with the Corona-crisis, which started in March 2020 and will seriously impact our work. This unforeseen circumstance is not yet reflected in the budget for 2020. However, in consultation with our donors and clients we are trying to develop and deliver training activities online as much as possible. Trainings that cannot be offered online will be postponed to the second half of the year. In addition, we will make use of the Corona-compensation funds offered by the Dutch government which cover almost 90% of the salary costs for a maximum of six months. We've also encouraged staff to take their leave as much as possible in the period of quarantine. See also the notes to the accounts on page 35. Due to the crisis, the income in 2020 will most probably be less than expected, but with these measures we aim to avert a negative result at the end of 2020.

## 8.6 Governance

The Hague Academy for Local Governance is a foundation under Dutch law. The Board of the Academy per 31 December 2019 consists of Mr. Peter Knip (chair), Mr. Pieter Jeroense (treasurer)

and Janny Vlietstra. Membership of the Board is voluntary and does not involve any form of financial compensation other than the reimbursement of expenses.

The Board appoints and supervises the director of the foundation. Mrs. Cecile Meijs was appointed as director as of 1 October 2011. The director takes financial and operational decisions within the policies set by the Board. The salary of the director is in accordance with the remuneration policy of The Hague Academy, as established by the Board in 2008 and revised in 2011. The remuneration policy describes the job positions at The Hague Academy and the accompanying salary scales.



*Study visit in Cairo for the Shiraka training programme Water Management.*

## 9. Accounts

### 9.1 Balance sheet per 31 December 2019

(after appropriation of result)

Assets	2019	2018
(in euros)		
<b>Current assets</b>		
<b>1. Receivables</b>		
Debtors	266,904	113,245
Taxes and social securities		3,440
Other receivables	<u>8,783</u>	<u>18,960</u>
	275,687	135,645
<b>2. Cash at bank and in hand</b>	<b>722,249</b>	<b>1,078,754</b>
<b>Total current assets</b>	<b>997,936</b>	<b>1,214,399</b>
<b>Total assets</b>	<b>997,936</b>	<b>1,214,399</b>

Equity and liabilities	2019	2018
(in euros)		
<b>3. Equity</b>		
General reserve	414,207	296,401
	414,207	296,401
<b>4. Current liabilities</b>		
Creditors	164,646	142,567
Taxes and social securities	90,074	
Pensions	14,680	12,666
Accruals and other liabilities	<u>314,329</u>	<u>762,765</u>
	583,729	917,998
<b>Total equity and liabilities</b>	<b>997,936</b>	<b>1,214,399</b>

## 9.2 Profit and loss account 2019

	Actual	Budget	Actual
	2019	2019	2018
<b>5. Income</b>			
Income open courses	831,917	692,300	585,941
Income Tailor made projects	2,083,991	1,892,814	1,450,747
Donations	<u>50</u>	<u>2,000</u>	<u>24,950</u>
<b>Total income</b>	<b>2,915,958</b>	<b>2,587,114</b>	<b>2,061,638</b>
<b>6. Material costs</b>			
Material costs open courses	348,405	280,800	250,637
Material costs Tailor made projects	1,045,850	894,584	572,128
Talent for Governance	2,254	2,000	32,061
<b>7. Personnel expenses</b>	<b>1,197,714</b>	<b>1,192,417</b>	<b>973,767</b>
<b>8. Other expenses</b>	<b>203,377</b>	<b>189,124</b>	<b>214,367</b>
<b>Total expenses</b>	<b>2,797,600</b>	<b>2,558,925</b>	<b>2,042,960</b>
<b>Operating result</b>	<b>118,358</b>	<b>28,189</b>	<b>18,678</b>
<b>9. Financial result</b>			
Finance income	-	-	-
Finance expenses	<u>553</u>	<u></u>	<u>636</u>
	553-	-	636-
<b>Total result</b>	<b>117,806</b>	<b>28,189</b>	<b>18,042</b>



### 9.3 Cash flow statement 2019

in euros	2019	2018
<b>Cashflow from regular activities</b>		
Operating result	118,358	18,678
Changes in working capital:		
Taxes	93,514	88,032-
Changes in receivables	143,482-	233,673
Changes in liabilities	424,343-	624,067
	<u>474,311-</u>	<u>769,708</u>
	355,953-	78,386
Received interest	-	-
Paid interest	553	636
	<u>553-</u>	<u>636-</u>
<b>Cash flow from regular activities</b>	<b>356,505-</b>	<b>787,750</b>
<b>Changes in cash at bank and in hand</b>	<b>356,505-</b>	<b>787,750-</b>
Amount cash at bank and in hand per January 1st, 2019	1,078,754	291,004
Amount cash at bank and in hand per December 31st, 2019	<u>722,249</u>	<u>1,078,754</u>
<b>Changes in cash at bank and in hand</b>	<b>356,505-</b>	<b>787,750</b>

## 9.4 Notes to the accounts

The financial statements are prepared in accordance with the Guideline for annual reporting for small organisations not-for-profit (RjkC1) of the Dutch Accounting Standards Board.

### Activities

The foundation The Hague Academy for Local Governance aims to strengthen local democracy worldwide. The foundation aims to achieve its goal by increasing knowledge and skills of people working in the field of local governance in developing and transition countries, by raising funds and offering practice oriented training and other projects that contribute to the goal of the foundation.

### Principles of valuation

Receivables are included at nominal value, less any provision for doubtful accounts. These provisions are determined by individual assessment of the receivables.

The pension plan can be defined as a defined contribution plan. Contributions are included in the financial year in which the contributions are paid. Outstanding contributions are included in current liabilities.

All other accounts are valued at nominal value.

### Principles of revenue recognition

Income consists of:

- Subsidies, these are allocated to the financial year in proportion to the actual spent costs;
- Donations, these are included in the financial year in which the donations are received;
- Revenues for services rendered, these are included in the financial year in which these revenues are rendered.

Expenses are recognised in the year in which the expenses are incurred. Provisions for estimated losses, if any, are made in the period that such losses are determined.

### Principles of the cash flow statement

The cash flow statement is drafted using the indirect method. Cash at bank and in hand consists of the amounts held at the bank accounts of the foundation. Received and paid interest is included in the cash flow from regular activities.

### Related parties

The Hague Academy for Local Governance is an independent, non-governmental organisation, housed in the building of the Association of Dutch Municipalities (VNG) at Nassaulaan 12. VNG International charges us for housing costs, ICT-support and other services based on a service agreement.

	2019	2018
Costs for housing and facilities paid to VNGI (in euros)	169,569	120,879

### Principles off-balance sheet

The off-balance sheet commitments regarding workplace, laptops, accounts, ICT support are included in a service agreement with VNG International. The renewal of the contract takes after three years with the possibility to end the commitments one month before end of the contract period with no further commitments.

### Principles after balance date

In the financial year 2020, The Hague Academy, as many other organisations, has been seriously affected by the Corona-crisis. We expect a considerable loss of income in the period from April to September. Several measures have been taken by the management to mitigate the loss of income. We have applied for the NOW-subsidy from the Dutch government, which covers almost 90% of the salary costs in this period. Also, staff has been asked to take their leave as much as possible. Furthermore, we have postponed three open courses to the last quarter of 2020, planned an online open course to start in April, and converted tailor made training from 'in person' meetings to online activities in consultation with donors and clients. These measures justify that the financial report is drawn up on a going concern basis.

## 9.5 Notes to the balance sheet per 31 December 2019

	2019	2018
<b>1. Receivables</b>		
Debtors	266,904	113,245
Taxes and social securities		3,440
Receivables short term projects and others	8,783	18,960
Receivables scholarships		
Receivables long term projects		
	<u>275,687</u>	<u>135,645</u>

No provision for doubtful debts is deemed necessary.

	2019	2018
<b>2. Cash at bank and in hand</b>		
Cash in hand	3,053	1,217
Banks	<u>719,196</u>	<u>1,077,537</u>
	<u>722,249</u>	<u>1,078,754</u>

Cash at bank and in hand consists of amounts at the foundation's bank accounts. All amounts are free at disposal of the foundation.

	2019	2018
<b>3. Equity</b>		
General reserve		
As at January, 1 <sup>st</sup>	296,401	278,359
Current year result	117,806	18,042
As at December, 31 <sup>st</sup>	414,207	296,401

	2019	2018
<b>4. Current liabilities</b>		
Creditors	164,646	142,567
Taxes and social securities	90,074	
Pensions	14,680	12,666
Other current liabilities	91,589	72,895
Accruals	222,740	689,870
	583,729	917,998

Accruals

Amounts projects and scholarships received in advance

Work in progress	125,498	608,775
Other amounts received in advance	9,710	10,080
Accrued Holiday allowance and end of year payment	50,009	32,428
Accrued Holidays	37,472	38,587
Net salaries	51	
	222,740	689,870

The amount mentioned under work in progress consists of € 259,797 payments to be received and € 385,295 payments received in advance. An amount of € 4,990 to related parties is included in the current liabilities. This amount relates to housing costs for the last quarter of 2019.

## 9.6 Notes to the profit and loss account for 2019

	Actual	Budget	Actual
(in euros)	2019	2019	2018
<b>5. Income</b>			
Income open courses	831,917	692,300	585,941
Income tailor made projects	2,083,991	1,892,814	1,450,747
Donations Talent for Governance	50	2,000	24,950
<b>Total</b>	<b>2,915,958</b>	<b>2,587,114</b>	<b>2,061,638</b>



	Actual	Budget	Actual
	2019	2019	2018
<b>6. Material costs</b>			
Material costs open courses	348,405	280,800	250,637
Material costs tailor made projects	1,045,850	894,584	572,128
Talent for Governance	2,254	2,000	32,061
<b>Total</b>	<u>1,396,509</u>	<u>1,177,384</u>	<u>854,826</u>

#### Income and expenditures open courses

The total income from open courses was € 832,000 and costs (including staff hours) were € 560,320. The income was € 140,000 more than budgeted, while the material costs were only € 49,000 above budget. The income was higher than foreseen due to the higher number of participants 194 (of which 99 Nuffic participants) instead of the budgeted 183.

#### Income and expenditures tailor made projects

The total income from TMT-programmes was € 190,000 more than budgeted. The income from multi-annual programmes, however, was € 55,000 less than budgeted. There are several reasons for this. First of all, material costs for tickets, hotels etc. were less than budgeted and therefore less subsidies to cover these costs were received (€ 19,000). In addition, there were losses made on the daily fee for VNGI-projects (€ 7,000), the exchange rate for the UNDP Jordan-programme (€ 11,000) and overspending of travel costs for the Shiraka Water Management-training (€ 7,000). Furthermore, less productive days less were realised than expected (about € 11,000). The budgeted Shiraka Tailor Made-trainings for Tunisia, Algeria and Morocco could not be realised due to a lack of capacity for acquisition, and planned trainings for VNGI (CISPE Congo, DEMI Tunisia and Shiraka Algeria) did not materialise. Also, we decided to postpone activities for Matra Ukraine and Matra Albania to 2020. The loss of productive days was mostly compensated by extra days for Every Voice Counts, IDEAL and the newly acquired Shiraka Ecosystems-programme.

The income from short tailor made training projects was € 449,000, which was € 245,000 more than budgeted. This increase is mainly caused by the reimbursement of material costs which were € 172,500 higher than expected. In addition, we realised 52 productive days more than foreseen which adds up to € 44,000. Finally, due to a higher amount of subscriptions, the projects for GIZ Pakistan, King Saud University and Sri Lanka Ministry of Home Affairs, closed with a positive result of € 29,000.

The productivity of the staff was less than budgeted. In total, we realised 41 productive days less. The productivity rate for programme managers was 5,6% above the targeted 60% but for the programme officers it was 10,4% below the target of 63%.

## Donations Talent for Governance

The Talent for Governance-programme was put on hold in 2019. However, some cost were made which caused a loss of € 2,200.

	Actual	Budget	Actual
	2019	2019	2018
<b>7. Personnel expenses</b>			
Wages and salaries	853,750	838,671	667,965
Social security costs	145,213	141,651	108,513
Pension costs	139,482	136,049	107,769
Staff costs Talent for Governance		-	
Travel and accommodation costs	16,670	15,000	11,609
Services third parties	12,370	15,000	43,294
Other employee costs	30,229	46,040	34,617
	<u>1,197,714</u>	<u>1,192,417</u>	<u>963,767</u>

In 2019 there were quite some personnel changes at The Hague Academy. At the end of 2019 there were three more staff members compared to the end of 2018. Expenses related to staff were only € 5,000 more than budgeted. Salaries, social security and pension costs were a bit higher. However, because of the improved budgeting method, pension costs were more accurate than before. Travel costs for home-work traffic were a little higher and services from third parties a little less than expected. Other employee costs were considerably less, mainly because of staff using their holiday reserve, leading to a negative impact on the provision instead of the budget increase of € 8,500. Costs for staff education were less and compensation for telephone and Internet as well as salary administration costs were higher than foreseen.

	Actual	Budget	Actual
	2019	2019	2018
<b>8. Other expenses</b>			
Housing costs	52,816	44,522	42,736
Office costs	70,704	80,752	55,521
Auditing costs	8,450	9,500	11,290
Communication and fundraising expenses	38,956	34,500	29,962
Other expenses	<u>32,451</u>	<u>18,850</u>	<u>74,858</u>
	<u>203,377</u>	<u>188,124</u>	<u>214,367</u>

The other expenses in 2019 were in total € 15,000 more than budgeted. Housing costs were € 8,000 above budget due to two extra work spaces. Office costs were € 10,000 less because of lower charges for laptops, accounts and telephones. Communication costs were nearly € 4,500

above budget, due to research and design costs for setting up a new website. Finally, 'other expenses' were € 14,000 higher than budgeted, mainly because of higher costs for insurances.

**Staff members**

Per 31 December 2019, eighteen staff members were working for the foundation (2018: sixteen, of which 0,8 fte seconded to another organisation).

**Remuneration of executives**

The remuneration of the current members of the executive Board which are included in the current year financial statements, amounts to € 0.

**Appropriation of result**

The result for 2019 amounts to € 117,806 and will be added to the general reserve.

**Subsequent events**

Between the time of preparing the financial statements and the balance sheet date there have been no events that give a different view on the annual result for 2019.

## 9.7 Auditor's report

See next pages.