



Annual Report and Accounts 2022



The Hague Academy for
local governance

Table of contents

1. Introduction	4
2. Our mission	6
2.1. Our Theory of Change	6
2.2. Our programmes	7
2.3. Our values	8
2.4. Our impact	9
3. Open subscription courses	11
4. Multiannual training programmes	12
4.1. MATRA-programmes	12
4.2. Shiraka-training programmes	12
4.3. We are Able!	13
4.4. Cooperation programmes with VNG International	14
4.5. Strengthening the capacity of training institutes	14
5. Short tailor made programmes	15
6. Talent for Governance	16
7. Organisation	17
7.1. Human resources	17
7.2. Strategic development	18
7.3. Integrity policy	20
8. Finances	21
8.1. Sources of income	21
8.2. Financial health	22
8.3. Risk management and in control statement	22
8.4. Future development	23

9. Accounts	25	lg
9.1. Balance sheet per 31 December 2022	25	
9.2. Profit and loss account 2022	26	
9.3. Cash flow statement 2022	27	
9.4. Notes to the accounts	27	
9.5. Notes to the balance sheet per 31 December 2022	29	
9.6. Notes to the profit and loss account	31	
9.7. Auditor's opinion	34	

1. Introduction

In 2022, after two years heavily affected by COVID 19, we were happy to gradually go back to normal, with most programmes being delivered in-person. However, international travel proved to be more difficult to organise than before, due to delays with visa, cancelled flights, lost luggage etc. Despite these logistical challenges, participant satisfaction for 2022 was consistently high with a score of 4.5 out of 5 for open courses and 4.4 for tailor made courses. In total we trained 1200 people among which 204 people in our open courses and 166 in our Shiraka-courses for the MENA-region. 191 participants from local authorities and civil society organisations were trained as part of the 'We Are Able!'-programme implemented in six countries in Africa. Furthermore, we acquired three new five-year contracts for the Shiraka-training programmes on Local Governance, Social Affairs & Employment, and Water Management. This ensures a sustainable source of income for the coming years.



Study visit to Culemborg, course on Citizen Participation & Inclusive Governance, 2022

Our open course offer in 2022 consisted of twelve open courses that were all organised in-person in The Hague. We received much more Nuffic-scholarships for our open courses than in the past. This led to a considerable increase in income from open courses as well as more time spent on selection, communication and logistic activities. The new scholarship officer who started in February 2022, was much needed. The total income from open courses in 2022 was € 1.16 mln.

In addition to the open subscription courses, a variety of activities was organised for our tailor made programmes, both online and in-person. The total income from tailor made training was € 2.49 mln. The main part was generated by the multi-annual programme 'We Are Able!' (€ 530,000) and the five thematic Shiraka-programmes (€ 1.17 mln). With Corona-measures almost all lifted, we experienced an increase of requests for short training in the second half of the year. This led to an income from short tailor made programmes of € 669,000, which is 50% more than

budgeted. We hosted groups from Saudi Arabia and Pakistan and started new training programmes for the Royal Academy of Management of Oman and the Human Resource Centre of Ulaanbaatar in Mongolia. We also started up again our fundraising activities for the Talent for Governance-programme, so that we will be able to offer training and internships to new talented municipal employees in 2023.

Although inflation led to higher costs for implementing open courses, scholarships and tailor made programmes, we managed to close the year with a result of € 14,000 which is € 7,000 more than budgeted.



Participants during study visit, Shiraka Water Management, 2022.

2. Our mission

The foundation The Hague Academy for Local Governance is a non-profit organisation that aims to strengthen local democracy worldwide. We do this by offering practice oriented training programmes for practitioners of national and subnational governments, NGOs and development partners.

2.1. Our Theory of Change

At The Hague Academy, we believe that a stronger local democracy will ultimately lead to governments and citizens jointly contributing to stability, sustainable socio-economic development, and better public services, thereby improving the quality of life of citizens worldwide.

The local level for most citizens is the first point of contact with the government. Here, people can raise concerns and participate in decision making. Moreover, due to the worldwide trends of decentralisation and urbanisation, local governments play an increasing role in tackling global issues such as poverty, migration, and climate change. It is our vision therefore, that real development starts at the local level, with local authorities and citizens working constructively together for sustainable development.



António Guterres
Secretary-General of
the United Nations

● ● ● ●

“Local governments are a positive and growing force on the global stage. They have borne the brunt of the pandemic and are also in the frontline of the climate crisis. We must strengthen their capacities and deepen the cooperation between local and national authorities. Local governments need access to financing mechanisms and the fiscal gaps they face must be addressed for the world to get on track to achieve the Sustainable Development Goals.”

We work on our mission by organising practice oriented training programmes for practitioners at national and subnational governments, NGOs and development partners. Our programmes help them to develop awareness, knowledge and skills needed to act as change agents in their organisations and communities. This way, we support the development of well-functioning institutions that effectively manage public services and promote practices of democratic local governance. Moreover, we support citizens to effectively engage with their governments and make their voices heard.

In our programmes, we promote the following principles of good, democratic local governance:

- Participation and responsiveness
- Accountability and transparency
- Equity and inclusiveness
- Respecting the rule of law and human rights
- Effectivity and efficiency

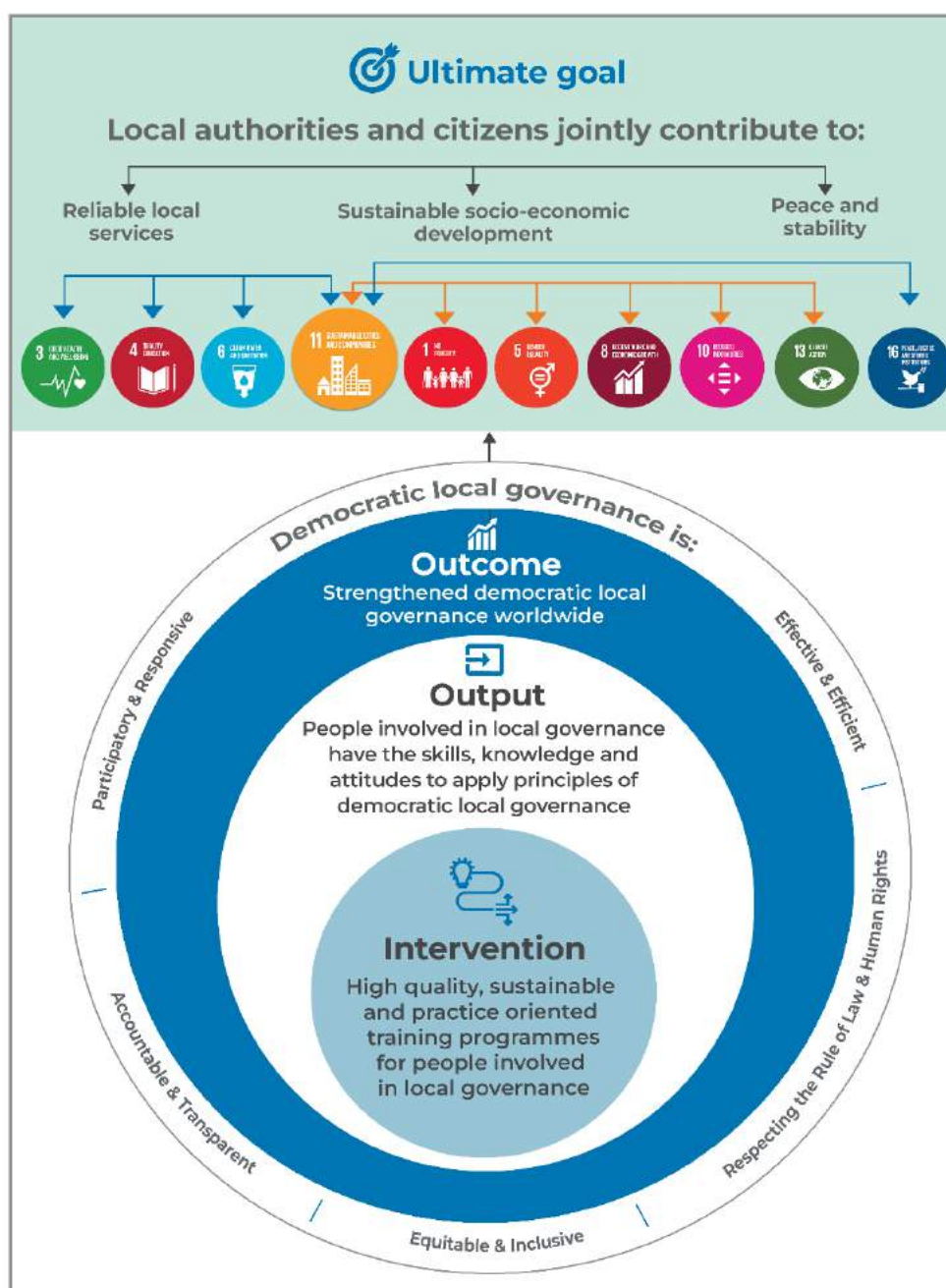


Figure 1 Theory of Change

2.2. Our programmes

The Hague Academy offers short courses for open subscription, short tailor made training programmes, multi-annual action-learning programmes, Training of Trainer-programmes (ToT) and training centre support. We also have our scholarship programme Talent for Governance for young, talented municipal employees in developing and transitional countries. Programmes are offered Face-to-Face and online and in different languages (English, Arabic, Spanish and French), both in The Hague and abroad.



Figure 2 Overview of programme types

The programmes we design are characterised by the following elements:

- **A local perspective**

Our programmes take a local perspective to development, considering all actors at the local level. This means we work not only with local government practitioners but also with national and regional governments, who coordinate and facilitate the local level, as well as with informal power holders and civil society organisations, businesses and development partners.

- **Practice oriented**

Our programmes are action oriented and designed around real life problems. Participants share work experiences and dilemmas with each other. Case studies and tools derived from practice are presented by experts who are practitioners themselves. We reflect with participants on how the lessons learned relate to their own local context, and coach them in the development and implementation of their action plans, to support the change process in their organisations and communities.

- **Expertise, Exchange, and Experience**

We offer a combination of content expertise, training expertise and an active exchange of knowledge between practitioners. Through dialogue, exercises, role play, games, and study visits, we involve participants as much as possible, thereby offering an experience that inspires and motivates them for their work back home.

2.3. Our values

The Hague Academy has defined the following core values: expertise, innovation, diversity, passion, responsiveness, and quality. These values reflect how we see ourselves as organisation and staff. They define the way we work, and how we communicate with our stakeholders: our training participants, clients, partners, and staff. They help us make decisions, plan for the future,

and function as a team. To further strengthen the values in our work practices, an internal working group on Diversity and Equality was created. In 2022, the working group assessed our diversity policy which will be followed by suggestions for improvement.

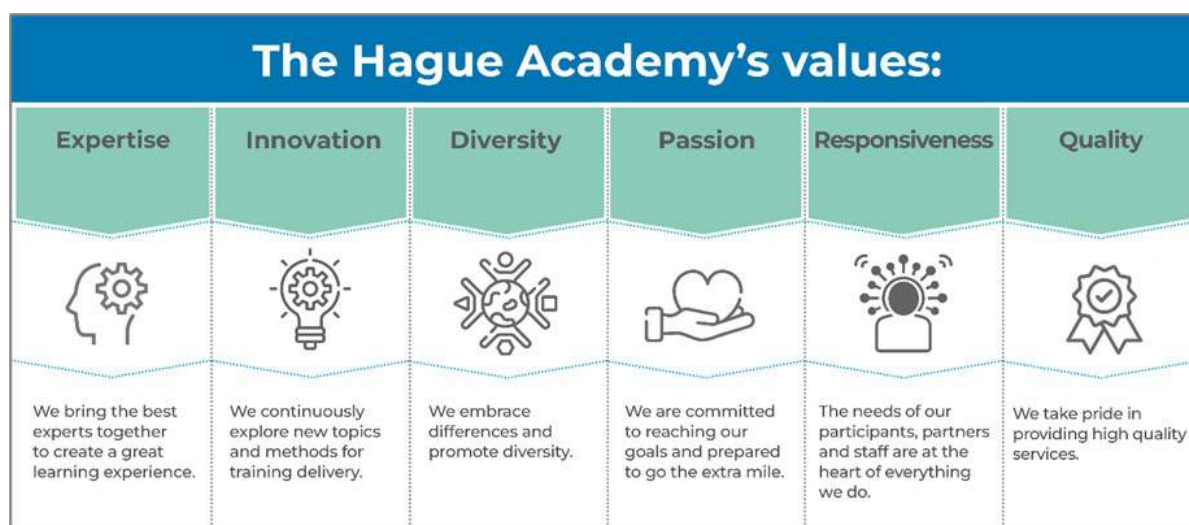


Figure 3 Our values

2.4. Our impact

In 2022, we trained 1,200 persons, which means that we are back at the level of before Corona. The percentage of participants working for either national government, subnational government is about equal, around 30%. About a quarter works for a local civil society organisation. The remaining participants come from donor and development organisations, consultancies or training and knowledge institutes. Unfortunately, after an increase in the percentage of women to 50% last year, we now see a drop to 39%. Especially in programmes where The Hague Academy is not involved in the selection of participants, it proves to be more difficult to realise a good gender balance. However, we will keep thinking of ways to increase the percentage of women in all our programmes. Finally, the figures show that most participants (44%) come from the Middle East and North Africa region (MENA), 31% from the other part of Africa, 13% from Asia, 10% from Europe and 2% from the Americas.

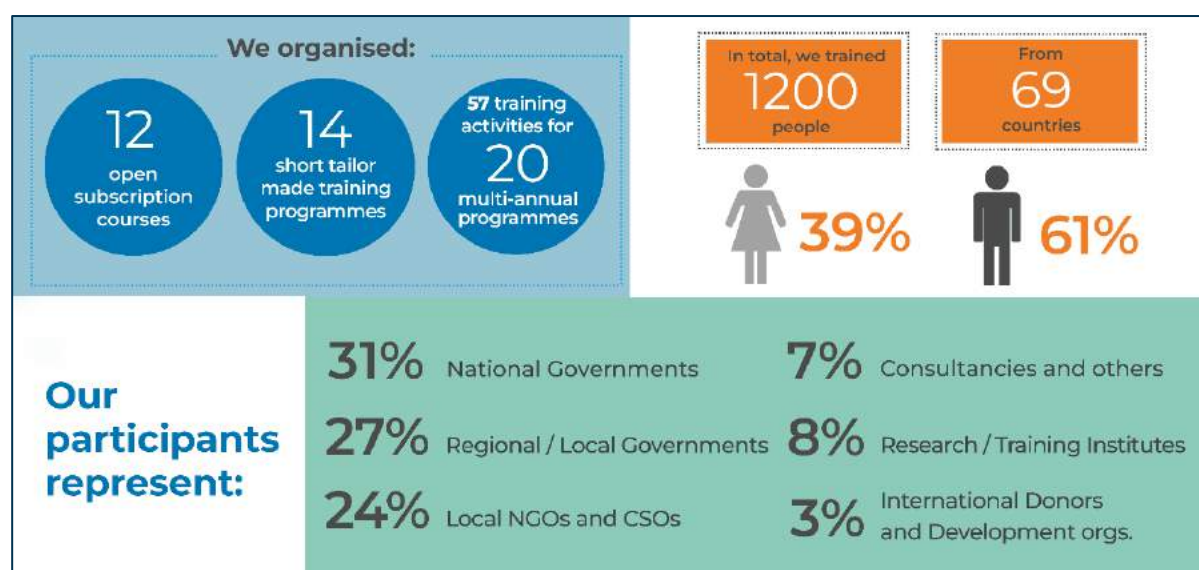


Figure 4 Overview training programmes and participants 2022

Participants rated our programmes with an average score of 4.5 out of 5. Moreover, 97% of the participants thought the training was applicable to their work and 95% would recommend it to others. The balance between theory and practice scored on average 4.3 which is an important indication that our courses match our ambition to deliver practice oriented and interactive training.

Long term impact

To measure the change that our open course participants create in their organisations and communities after the training, we conducted our annual impact survey in 2022 among the participants in 2021. The survey showed that our open courses are effective in creating a professional network of practitioners: 92% of the participants were still in touch with their fellow participants after a year, of which 68% more than five times a year.

As in previous years, the open courses also proved to be successful in supporting change activities initiated by the participants. This year, 100% of the respondents said they initiated change after their training. Their actions of change concerned: sharing knowledge from the training with others in the organisation or community (94%), involving new stakeholders (56%), starting, or adjusting a project (44% resp. 54%), and developing or changing a policy (31% resp. 24%). See the table below. When looking at the success factors for these change actions, respondents primarily attributed their success to the training.

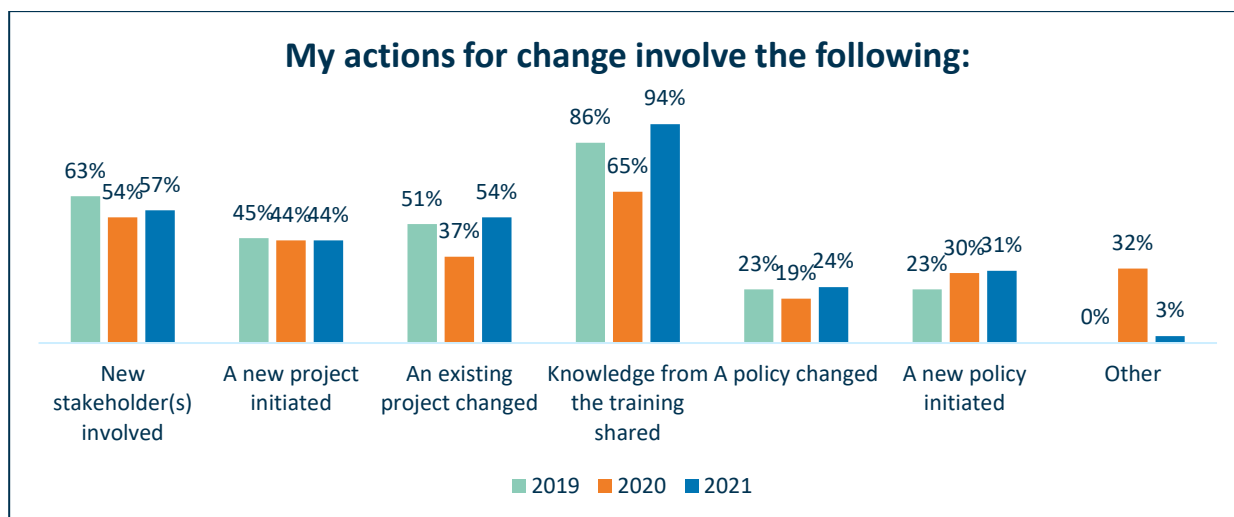


Figure 5 Actions for change

3. Open subscription courses

In 2022, we organised two blended courses (a mix of online and in-person modules) and ten fully in-person courses. The fully online course on Local Economic Development had to be cancelled due to insufficient interest. Thanks to the large number of Nuffic-scholarships in the second half of the year, 204 participants joined our courses. This is on average 17 participants per course, which is more than in the years before Corona. The number of self-funded participants was still modest though. This may be caused by the fact that, due to the insecurity about Corona, people were hesitant to subscribe in the first part of the year and the fact that we didn't promote the courses for the second half of the year, since they were already full with scholarship participants. However, we noticed more interest by self-sponsored participants for the courses after summer. To accommodate the high interest the citizen participation course, we organised an extra course on this topic in September.

The number of participants to our open courses in the past three years was as follows:

Participants Open Training	2022	2021	2020
Self-funded participants	52	75	68
Nuffic-scholarships	152	165	94
Talent for Governance	0	0	1
TOTAL	204	240*	162

Figure 6 Participants open courses (*Includes 92 participants from 2020 who followed the second -online- part of their course in 2021)



Study visit to Culemborg, course on Urban Governance: Resilient & Smart Cities, 2022.

4. Multiannual training programmes



2022 was the final year of our Shiraka-training programmes on Local Governance, Social Affairs & Employment and Water Management as well as for the two MATRA-programmes. The 'We Are Able!'-programme is in full operation and we also delivered several training activities for VNG International. Furthermore, we finalised two multi-annual programmes funded by the Orange Knowledge Programme (OKP) managed by Nuffic, that strengthen the training capacity and curricula of training institutes.

4.1. MATRA-programmes

The MATRA-fund by the Ministry of Foreign Affairs supports the rule of law and democracy in (potential) future EU-countries and countries of the EU Eastern Partnership. In the past years, The Hague Academy implemented the MATRA Rule of Law-training programme (ROLT) led by the Netherlands Helsinki Committee, in partnership with the University of Leiden. In 2022, the online leadership training that we developed in 2021, was offered for the second time to the most talented MATRA ROLT-alumni of the past years.

Since 2018, we run a MATRA-programme in Ukraine to promote integrity in the civil service. The programme was put on hold due to the invasion of Ukraine by Russia in February 2022. To be able to continue the programme in an adapted way, we consulted our Ukrainian partners about their needs for further support, after which online activities were developed that will be implemented in 2023.

4.2. Shiraka-training programmes

In 2022, we implemented the following Shiraka-training programmes for civil servants in the MENA-region, as part of our framework contracts with RVO (Netherlands Enterprise Agency):

- Local Governance
- Social Affairs & Employment (together with CNV International)
- Water Management (together with Wageningen University)
- E-government (together with PBLQ)
- Ecosystems for entrepreneurs

We also implemented a blended Water Management training (with training sessions online, in Oman and in The Netherlands) for civil servants from the Gulf-countries, and we organised an alumni event for participants of the Social Affairs and Employment-training who, due to Corona, could not come to The Netherlands before.



Study visit to DELFT Civil Engineering Faculty, Shiraka Water Management, 2022.

4.3. We are Able!

For the 'We Are Able!'-programme, implemented by our consortium with ZOA (lead), VNG International, See You, Leprazending and ADF, and funded under the 'Power of Voices'-partnership with the Dutch Ministry of Foreign Affairs, we delivered several trainings on inclusive governance in six countries: Burundi, DR Congo, Ethiopia, South Sudan, Sudan, and Uganda. As responsible organisation for the knowledge management component of the programme, we also coordinated the publication of a policy brief about barriers and laws leading to exclusion of people with disabilities and we co-organised the regional conference in Burundi. Furthermore, together with VNG International and Dutch mayors, we organised several lobby-activities at the World Congress of United Cities and Local Governance (UCLG) in South Korea, in October 2022.



Training of trainers as part of the We Are Able!-programme in DR Congo, 2022.

4.4. Cooperation programmes with VNG International

In 2022, as in other years, The Hague Academy designed the training component for several programmes managed by VNG International and facilitated several training activities. We launched a Training of Trainers-programme (TOT) on integrity and anti-corruption for the 'ESPER'-project in the Democratic Republic of Congo. We also delivered training and coaching activities for local coaches and implemented workshops with municipalities as part of the 'Dan Wadaag'-programme in Somaliland, focusing on inclusive disaster risk management. We also started the Training of Trainers-programme in Puntland for the same programme.

In 2022, VNG International started a five-year partnership programme with the Dutch Ministry of Foreign Affairs: 'Sustainable Development through improved Local Governance'. The Hague Academy is included in the programme as partner for the training component. In 2022 we started discussions about our contribution to the programme in the coming years.



Training of trainers, Dan Wadaag Somaliland, 2022.

4.5. Strengthening the capacity of training institutes

Two multi-annual programmes that were funded by the Orange Knowledge Programme of Nuffic came to an end in 2022. The programme 'Participatory, inclusive education for refugee students and vulnerable youth in Jordan' aimed to strengthen the capacities of teachers at the Luminus Technical University College, a vocational training institute in Jordan. In 2022, an evaluation meeting took place in Jordan. The programme 'Inclusion, participation and peacebuilding in urban governance in Ethiopia' aimed to develop a trainer's pool for the Ethiopian Cities Association (ECA), to support Ethiopian cities with training and knowledge exchange. In 2022, we delivered a training on informal settlements, the ECA coordinated a roll out of the trainings by the trainers pool, and we jointly wrapped up the programme with a final evaluation and recommendations for follow up.

In 2023, new opportunities for this type of multi-annual training programmes will open up once new calls for proposals are published in the first half of the year.

5. Short tailor made programmes



In 2022, we finalised our Nuffic-programmes in the Philippines and Myanmar. The programme in The Philippines was a training of trainers on inclusive governance, decentralisation and sustaining peace for staff of Mindanao State University who will be responsible for training (future) civil servants of the State of Mindanao. After several online sessions in 2020 and 2021, a final in-person training was delivered in The Philippines in May 2022.

Due to the political situation in Myanmar, the Nuffic-programme on decentralisation and community-led governance had to be transformed into an online version. In 2022, despite the difficult circumstances, 55 people from NGOs and community based organisations took part in a three-month online programme.

In 2022, we received several requests for tailor made training. The Royal Academy of Management of Oman, asked us to develop a leadership training programme for the eleven governors of Oman, in cooperation with VNG International. A kick-off meeting and first workshop took place in December 2022, followed by two more training workshops in 2023 and a study visit to The Netherlands, the latter organised by VNG International. Follow up training is foreseen for mayors and city managers in Oman.

Another request was from the Human Resource Centre of Ulaanbaatar in Mongolia. We developed a Training-of- Trainers-programme for their staff about citizen participation, economic development, and smart cities. The programme was closed with a final training and trainer certification workshop in 2023.

Other short programmes that we delivered on request in 2022 were the training on urban development of students at King Saud University, organised again together with VNG International, a training on multilevel governance for a delegation from Balochistan, Pakistan, and a training on fiscal decentralisation for the Asian Development Bank in Uzbekistan. Furthermore, we implemented short training assignments for MDF, CARE Sudan, GIZ Egypt, the Dutch Union of Waterboards, the Dutch Helsinki Committee, Nectaerra and RVO.



OKP tailor made training in the Philippines, 2022.

6. Talent for Governance



After two years of Corona, we finally resumed activities to attract new municipalities for The Hague Academy's scholarship programme Talent for Governance. We had a booth at the annual VNG Congress to interest Dutch internship municipalities for offering a three-day internship to selected young, talented municipal employees from our target countries. We also got in touch with previous internship municipalities and asked them for a renewed engagement. So far, this resulted in the interest of two municipalities, Oss and Amstelveen, to provide internships to three talents for the Urban Governance-course in 2023.

We received an amount of € 1,357 of donations. We are grateful to our former president of the Executive Board, Peter Knip, who raised this amount thanks to his call for donations for Talent for Governance, on the occasion of his farewell as director of VNG International.

7. Organisation

In the first quarter of 2022, we could gradually go back to the office, which allowed for more in-person meetings and more (social) exchange between colleagues. Although people come to the office less often than before Corona, the fact that we can meet each other in-person on a regular basis relieved much of the stress caused by two years Corona with on and off lockdowns and facilitating courses online.

7.1. Human resources

In 2022, two programme officers left the organisation and three new programme officers were hired. Two new programme managers started working in the second half of the year, after two programme managers left earlier in the year. Furthermore, a second scholarship officer joined The Hague Academy in February, to manage the increasing numbers of scholarships.

We continued our policy to invest in the mental health of the team. We organised a team day about mental health, offered a course about time management, organised a lunch meeting about mindfulness, and started a working group on mental wellbeing.

In accordance with our core value 'Diversity' and building on our policy note 'Equality and Diversity', a working group 'Diversity, Equity and Inclusion' was formed in which colleagues assessed the current practice and are developing ideas for more inclusivity and diversity both in our organisation and in our activities.

We also sent out a management survey among the team, to collect feedback on the performance of management with respect to providing feedback and support, reward and recognition, responsiveness, effectiveness, and possibilities for participation. The results were discussed in a management team meeting and provided input for a new rewards policy, performance feedback procedure and a proposal for strengthening the organisational structure. With respect to the latter as well as to lifting workload, it was decided to hire an extra team manager for HR and the back office, an information officer, and a logistic officer in the first half of 2023.



Team during strategy meeting, 2021.

7.2. Strategic development



As part of our multi-annual strategy plan 'Increasing Impact' for 2021 - 2025, several activities were implemented that aim to contribute to the five strategic objectives:

- Diversification and quality improvement of products (what we do)
- Extending and strengthening our network (who we work with)
- Increasing our visibility (how we communicate)
- More efficiency and less workload (how we organise our work)
- Increase staff knowledge and internal learning (how we develop ourselves)

Diversification and quality improvement

In our annual plan for 2022, we budgeted extra days for integrating online elements in our in-person open courses. These online elements proved to be effective for providing additional, optional content. However, the full integration of online methodologies into the programme proved to be challenging, since only part of the participants accessed the online platform prior and during the training, resulting in different levels of knowledge and engagement at the start of the Face-to-Face training. We therefore decided to use the online platform mainly for sharing training materials and additional content.

Furthermore, we experimented with including more local experts in our sessions by including online video presentations. The results were mixed, as the addition of local expertise was appreciated but the online format did not always work well and was less appreciated. We will keep experimenting to find the optimal format for online presentations.

Since participants also indicated that they would like to see more case studies in the courses, we will also evaluate and discuss the number, quality and appreciation of the case studies we've used.

In our open courses, we also started to use a knowledge quiz on the last day of the courses, to test the knowledge that participants acquired about basic concepts and lessons from the course. The experiences with the tests were discussed in the team. The M&E-working group will work on an improved version in 2023.

Extending and strengthening our network

A draft acquisition and fundraising strategy was outlined in 2022 and presented in a team brainstorm about acquisition. Priorities and strategic relations will be further defined based on the themes and partners identified by the programme managers in their individual acquisition plans. Part of the acquisition strategy is to become more active in strategic partnerships with organisations that share our mission, such as UCLG Africa, UCLG learning, the Local Public Sector Alliance and UNCDF. Another goal is to expand our expert network to be able to incorporate more local expertise from the countries we work with and get access to new partner and donors.

Finally, the THA-alumni network, launched in 2021, gained much momentum in 2022. The alumni working group organised two successful online alumni events, invited alumni from tailor made training programmes to the network and sent out the first alumni newsletter.

Increasing our visibility

In 2022, our staff actively contributed to various events in The Netherlands and abroad, targeting different audiences. The events offer an opportunity to showcase our work, a.o. by facilitating

sessions, delivering content contributions, promoting our courses with a booth, and networking with potential partners and client. We contributed to: Bagdad International Water Conference, Oman Sustainability Week, Humanity Hub Peace & Justice café, Africities in Kisumu (Kenya), UN Habitat conference in Katowice (Poland), VNG Annual Congress, Nuffic partner event, 10-year anniversary event RVO, Dutch water mission to Mexico, UCLG World Congress in Daejeon (South Korea), Conference 'Democracy under Threat' by a coalition of Dutch NGOs.

Other activities to increase visibility were:

- experimenting with advertising on social media to increase outreach to specific countries and clients;
- posting more items on LinkedIn, leading to a considerable increase of followers on LinkedIn;
- developing short videos to promote our courses on our website;
- updating our corporate style and further develop our style guide: the first designs were approved and will be elaborated and implemented in 2023.

Working more efficiently

To work more efficiently and reduce workload, we are constantly reviewing our procedures and looking for ICT-solutions that diminish administrative or double work. We also try to create more awareness in the team about the real costs of implementing projects, in particular the time invested by the staff. The aim is to budget more realistically, so that staff have sufficient productive days available for all coordination and administration that comes with managing a project. Some improvements realised in 2022:

- hiring an external supplier for delivering cash for participants' Daily Subsistence Allowance and reimbursements;
- installation of a software tool ('Incoming invoice register') to simplify the archiving and approval process for incoming invoices;
- hiring a consultant to advise on more efficient financial reporting in Exact Globe;
- creating workflow requests and automatic functions in Exact Synergy, such as a new workflow request to generate project data that serve several purposes: project finances, acquisition (reference documents) and communication (website info);
- training project managers on Project Cycle Management, to increase their management and financial skills.

More knowledgeable staff

Staff of The Hague Academy attended various (online) events to stay informed about new developments in our field of work and develop their own expertise. To create more time for staff for this type of learning and personal development, the productivity target for programme staff was reduced.

To facilitate internal learning, we also organised internal lunch & learn meetings on the following topics: disability inclusion, nature-based solutions, design thinking and creative problem solving, mindfulness, the Code of Conduct (undesirable behaviour) and travel security, as well as 'F*ck up sessions' about 'brilliant failures'.

Furthermore, colleagues took part in training on mental health, time management, project cycle management, writing skills, travel security, crisis management (Log keeper and Crisis Management Team), dealing with difficult participants, Synergy and Globe, and climate resilient cities.

7.3. Integrity policy

The Hague Academy's integrity framework consists of our integrity policy and Code of Conduct, supported by an integrity officer, three internal confidential advisors (at VNG), two external confidential advisors and a whistleblower authority. To increase awareness of the staff about the framework and how it functions in practice, we organised our annual session about the Code of Conduct. This time, the focus was on inappropriate and undesirable behaviour. Many staff members shared experiences and dilemmas. We discussed what we see as undesirable behaviour and how to respond to difficult situations, either during or outside training situations. The session contributed to more awareness about recognising undesired behaviour, setting boundaries, and seeking support from colleagues and management.

In December, during our meeting about travel security, some staff members shared some challenges they experience while travelling, related to integrity and corruption. This gave us more insight in the dilemmas that staff face abroad, and created more awareness of the importance of sharing these experiences and dilemmas with management so they can be discussed and addressed.

7.4. Social responsibility

Our social responsibility policy describes how we are looking after our employees and stakeholders, what we do to protect the environment and how we engage the community. The policy aligns with our HR policy (remuneration, personal development, health), our Code of Conduct, our Equality and Diversity Policy and our Travel Security Policy. In 2022, we added a paragraph in our policy in which we commit to uphold internationally recognised human rights and implement the principles laid down in the Universal Declaration of Human Rights and international standards from the ILO and OECD.

To reduce our ecological footprint, we have taken environmentally friendly measures such as agreements with our travel agency Humanitair about CO2-compensation on our flights and working with air carriers that use sustainable aviation fuel. We also offer public transport cards for home-work travel by employees. With technical facilities having improved a lot in the past year, online consultation in some cases prove to be a good alternative for Face-to-Face meetings and is encouraged to avoid unnecessary travel. For training delivery, however, Face-to-Face gatherings are most often the preferred mode. Different types of online training methods have been developed though that can replace in-person training if suitable.

Finally, we aim to select suppliers that care for the environment and have a social policy. We work with hotel Court Garden that is qualified with the GAIA Green Award and European ECO-label, and with catering provider Vitam, that applies a 'zero-waste'-policy aimed at recycling food where possible.

8. Finances

The total turnover realised by The Hague Academy in 2022 is € 3.66 mln, which is € 51,500 less than budgeted. Revenues from open courses are € 1,160,000, which is € 223,000 higher than budgeted, mainly thanks to the increase of Nuffic-scholarship participants. Turnover from tailor made training is € 2.49 mln, which is € 254,000 less than budgeted: € 214,000 less for reimbursement of material costs (tickets, accommodation etc.) and € 40,000 because of less realised productive days. Donations for Talent for Governance were limited to € 1,560, more than € 20,000 less than budgeted, since we could not organise the programme in 2022.

Project expenditures in 2022 are about € 30,000 more than budgeted: € 254,000 more for open courses (including costs for the Nuffic-scholarships), € 203,000 less for tailor made training and € 21,000 less for Talent for Governance. The other operating expenses are € 89,000 less than budgeted: € 96,000 less personnel costs and € 7,000 more for other expenditures, mainly for extra costs for conferences abroad and auditing costs.

We closed the year with a result of about € 14,000, which is € 7,000 more than budgeted.

8.1. Sources of income

The figure below shows the sources of income in 2022. Compared to the Corona-years 2020 and 2021, the percentage of revenues coming directly or indirectly from the Dutch Ministry of Foreign Affairs (MFA) has decreased from 85% in 2021 to 80% in 2022. We expect that this trend will continue in 2023. The MFA-funds come from different channels: the strategic partnerships, the MATRA-programme, Nuffic (scholarships and tailor made training) and RVO (Shiraka-training). In 2022, we didn't have any programmes funded by other donors like the EU or UNDP. Revenue from other organisations (20%) relates to organisations sponsoring open course participants and organisations that asked for tailor made training such as VNG International, CARE, MDF, GIZ, Netherlands Helsinki Committee, DAI, the Dutch Ministry of Interior, the City of Ulaan Baatar, King Saud University and the Royal Academy of Management of Oman.

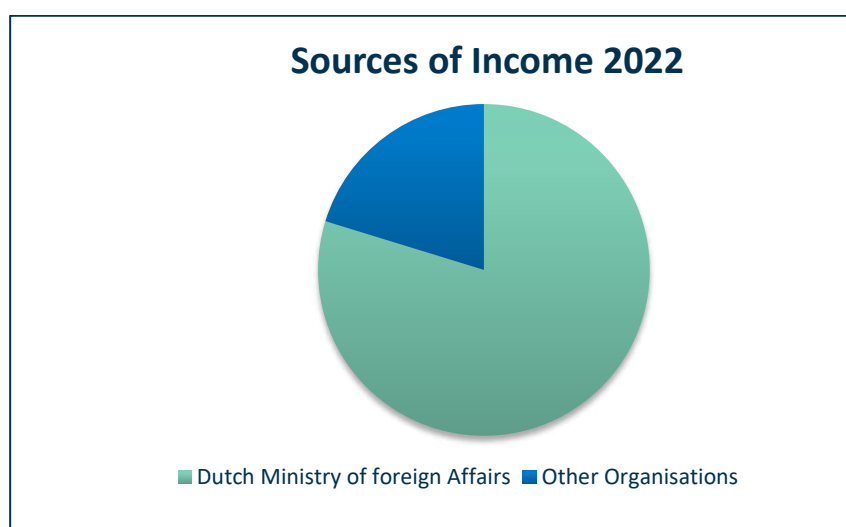


Figure 7 Sources of Income

8.2. Financial health



As of 31 December 2022, the financial position of The Hague Academy was as follows:

- the quick ratio for our liquidity position was 1.3;
- the solvency ratio was 25%;
- the amount to be received from debtors € 233,855
- the amount for creditors to be paid was € 238,732;
- there is no need to make a provision for doubtful debts;
- the continuity reserve is € 513,000.

Based on these figures, the auditor has confirmed that The Hague Academy is a financially healthy organisation. The figures reflect the ability of The Hague Academy to carry the present current liabilities and support the continuity of the foundation. Considering the healthy financial position of the organisation, the financial statements have been prepared by the auditor on a going concern basis.

8.3. Risk management and in control statement

In 2020, we developed a risk management framework to identify and analyse risks, their likelihood and impact as well as prevention and mitigation measures. Organisational risks are assessed and updated annually to incorporate the effects of mitigation measures and adapt and anticipate to the changing context.

Risks and mitigation

The main organisational risks for The Hague Academy relate to security issues, which may threaten the security of our staff and/or lead to postponement or cancellation of activities, and therefore less income. The security situation in our countries of work is often hard to predict. The situation in Ethiopia, for example, became suddenly instable in 2021 with armed violence in some parts of the country. The same happened with Ukraine in 2022 and Sudan in 2023. Other countries of work with potential security risks are Burundi, DR Congo, South Sudan and Somalia. In addition, we have to take into account health security risks, such as the recent COVID-19 outbreak or other international or regional epidemics.

To mitigate staff security and health risks, we take preventive measures for staff travelling abroad. We have developed an elaborate travel security policy that is updated and discussed with the staff annually. Staff and experts travelling for The Hague Academy follow the travel advice of the Ministry of Foreign Affairs and before planning their trip, prepare a detailed security analysis based on several reliable, international sources. Staff also receive basic, advanced and refresher security trainings. Female staff follow a special security training for female travellers. In 2022, we updated our crisis management plan that we will test during a crisis simulation that is scheduled for April 2023.

To mitigate the risk of cancelled or postponed activities due to security issues, we continuously monitor and adjust the planning of productive days, and we are flexible in adjusting our staff planning if necessary. At the same time, we keep track of opportunities for new assignments in other countries that can be pursued to replace planned activities in case of cancellation or delay. In previous years, we have showed that cancellations and delays of planned activities could be compensated by new assignments and/or cutting expenditures. Moreover, in the past year, we

developed different distance learning methods that can be applied when travel is impossible for security reasons or in case of future pandemics. The past years have shown that we are well able to shift to online alternatives. In Yemen, for example, our training was offered completely online with a network of local trainers who delivered follow-up training in-country.

Apart from security, other risks relate to the number of subscribers to our open courses. We therefore have invested in a new website that generates more traffic, in social media advertising, and in special agreements with partners. We have also invested in the promotion and selection process for Nuffic-scholarships, to be able to guarantee high qualified scholarship candidates. Moreover, we are in contact with the Dutch embassies to prevent as much as possible that course participants have to cancel their participation due to visa issues.

The risk of fraud or mismanagement is considered low since THA has a solid financial control system in place with sufficient checks and balances. Moreover, we do not have local offices abroad and provide only very limited amounts to local partners. To mitigate integrity risks, we are currently further identifying and elaborating our vulnerable work areas and procedures for dealing with violations. As a preventive measure, we organise regular internal lunch meetings about dilemmas of staff in their work.

In 2022, we saw some risks identified earlier becoming less, thanks to the implementation of several mitigation measures:

- Lack of financial and administrative skills of programme managers: from high to medium;
- Preparation of open training courses starts too late: from medium to low;
- Website does not provide sufficient information about tailor made training opportunities and impact: from medium to low;
- Lack of protocol for how to handle in emergency situations for training organised (logistically) by THA: from high to medium.

In control statement

The Executive Board has acknowledged that The Hague Academy's management has mapped out organisational risks, the likelihood of these risks occurring and the possible impact and has taken appropriate mitigation measures, thereby minimising the occurrence of these risks. The administrative organisation and internal control system, as confirmed in the auditor's report, function at a professional level. The Board therefore has expressed its confidence that the foundation has sufficient control over the identified risks.

8.4. Future development

The budget for 2023 shows a turnover of € 4.14 mln., an increase of about € 430,000 compared to the budget of 2022. The increase is based on the expectation that the number of participants of the open courses will increase to 260 (28 more self-sponsored participants, 22 more Nuffic-scholarships and six Talent for Governance-scholars) leading to an extra income of € 516,000 in 2023 (including expenditures for scholarship travel and accommodation). € 96,000 less revenue is expected from tailor made programmes and € 10,000 more from donations for Talent for Governance.

Expenditures are budgeted at € 4.13 mln., an increase of € 422,000. Project expenditures increase with € 322,000 for open courses and with € 10,000 for Talent for Governance. Costs for tailor made training are expected to be € 190,000 less. The other operating costs are estimated at 2.30 mln., an increase of € 280,000, mainly because of more back-office staff and increased staff travel costs

for home-work traffic. These figures, and an expected positive interest of € 1,000.-, result in an expected net income of € 14,389.



Budget		2023	2022
Income open courses	€	1,457,489	941,045
Income TMT projects	€	2,649,933	2,746,300
Donations	€	32,000	22,000
Total income	€	4,139,422	3,709,345
Material costs open courses	€	656,200	334,000
Material costs TMT projects	€	1,133,450	1,324,151
Material costs Talent for Governance	€	32,000	22,000
Personnel costs	€	2,022,378	1,749,828
Other operating and financial costs	€	281,005	272,966
Total expenses	€	4,125,032	3,702,945
Result	€	14,389	6,400

Figure 8 Budget 2023 compared to 2022

At the time of writing this report, the forecast for 2023 shows that we are well on track, but we face delays in the implementation of activities planned for Sudan, Mali and Congo due to the security situation in these countries. This, in combination with the fact that most Shiraka-activities have been planned for later this year, caused lower productivity rates in the first quarter of 2023. We are trying to catch up by aiming for more participants in our open courses and for more income from tailor made training. At the time of writing, we are awaiting the decision by Nuffic on the scholarships in the second half of the year as well as on seven proposals for Nuffic-sponsored tailor made programmes that we submitted.

For the years after 2023, we have five multi-annual contracts for Shiraka-training running and will continue with the MATRA ROLT-programme. Our partnership programme 'We Are Able!' runs until 2025. Discussions are still ongoing with VNG International about the training component that we can deliver in their SDLG-programme. Moreover, we are finalising the acquisition and fundraising strategy, in which we will analyse if and how we can diversify our income in the future.

Governance

The Hague Academy for Local Governance is a foundation under Dutch law. As per 1 July 2022, the chair of the Executive Board, Peter Knip, was replaced by Pieter Jeroense. The role of treasurer was taken over from Pieter Jeroense by Nathan Ducastel. Janny Vlietstra is the third member of the Executive Board. 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. 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 and 2022. The remuneration policy describes the job positions at The Hague Academy and the accompanying salary scales.

9. Accounts



9.1. Balance sheet per 31 December 2022

(After appropriation of result)

Assets	2022	2021
(in euros)		
Current assets		
Receivables		
Debtors	233,855	41,505
Taxes and social securities	-	-
Other receivables	<u>602,525</u>	<u>347,608</u>
	836,380	389,113
Cash at bank and in hand	1,240,578	1,312,298
Total current assets	2,076,958	1,701,411
Total assets	2,076,958	1,701,411

Equity and liabilities	2022	2021
(in euros)		
Equity		
General reserve	512,619	498,916
	512,619	498,916
Current liabilities		
Creditors	238,732	136,400
Taxes and social securities	91,957	117,540
Pensions	22,001	20,313
Accruals and other liabilities	<u>1,211,649</u>	<u>928,242</u>
	1,564,339	1,202,495
Total equity and liabilities	2,076,958	1,701,411

9.2. Profit and loss account 2022



	Actual	Budget	Actual
	2022	2022	2021
Income			
Open courses	1,163,788	941,045	803,192
Tailor made projects	2,492,449	2,746,300	1,792,526
Donations	1,562	22,000	-
Total income	3,657,799	3,709,345	2,595,718
Material costs			
Open courses	588,100	334,000	213,544
Tailor made projects	1,121,171	1,324,151	585,168
Talent for Governance	1,357	22,000	-
Personnel expenses	1,653,942	1,749,828	1,496,401
Other expenses	275,854	268,966	240,665
Total expenses	3,640,424	3,698,945	2,535,778
Operating result	17,375	10,400	59,940
Financial result			
Finance income	-	-	-
Finance expenses	3,672	4,000	6,088
	3,672-	4,000-	6,088-
Total result	13,703	6,400	53,852

9.3. Cash flow statement 2022



in euros	2022	2021
Cashflow from regular activities		
Operating result	17,375	59,940
Changes in working capital:		
Taxes	25,583-	83,134
Changes in receivables	447,267-	22,624
Changes in liabilities	387,427	219,470-
	<u>85,423-</u>	<u>113,712-</u>
	68,048-	53,772-
Received interest	-	-
Paid interest	3,672	6,088
	<u>3,672-</u>	<u>6,088-</u>
Cash flow from regular activities	71,720-	59,860-
Changes in cash at bank and in hand	71,720-	59,860-
Amount cash at bank and in hand per January 1 st	1,312,298	1,372,158
Amount cash at bank and in hand per December 31 st	<u>1,240,578</u>	<u>1,312,298</u>
Changes in cash at bank and in hand	71,720-	59,860-

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 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.

Change in accounting policies relating to presentation of construction contracts in the balance sheet



As a consequence of a change to the Dutch Accounting Standard relating to construction contracts (DAS 221), a change in accounting policies has been applied in the 2022 financial statements. Whereas it was previously permitted to recognize construction contracts and present them in the balance sheet as a single total, this is no longer allowed with effect from the current financial year. Construction contracts with a debit balance are now presented separately in the balance sheet under current assets. Construction contracts with a credit balance are now presented separately in the balance sheet under current liabilities.

The change in accounting policies relates solely to the presentation of construction contracts in the balance sheet and does not affect the financial position and result. To aid comparability, the comparative figures have been restated as a consequence of the change in accounting policies.

The following financial statement items have been restated in connection with the change in accounting policies:

- Work in progress (current assets) in the comparative figures: € 245.852 (was: € 0);
- Work in progress (current liabilities) in the comparative figures: € 719.219 (was € 473.367).

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. The foundation rents office space and facilities from the Association of Dutch Municipalities (VNG) at Nassaulaan 12, but is financially nor administratively related to the VNG.

	2022	2021
Costs for housing and facilities paid to VNGI (in euros)	218,272	186,364

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

After balance date, no remarkable developments have taken place. The impact of COVID-19 on the year 2022 has been limited so far, and we have taken precautionary measures to mitigate the risk of COVID-19 spreading again later this year or early next year. 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 2022

	2022	2021
Receivables		
Debtors	233,855	41,505
Taxes and social securities	-	-
Work in progress	464,715	245,852
Receivables others	61,793	12,789
Receivables scholarships	-	-
Advances employees	2,000	2,000
Pre-paid costs	74,017	86,967
	<u>836,380</u>	<u>389,113</u>

No provision for doubtful debts is deemed necessary.

‘Receivables others’ is including the NOW-grants for COVID 19-related loss of income. The receivables for NOW are in total € 57,265: a receivable of € 70,792 for NOW 3.1 and a liability of € 13,527 for NOW 3.2. These are the final amounts that are checked and approved by the auditors in 2023 and will be settled in 2023.

	2022	2021
Cash at bank and in hand		
Cash in hand	11,875	3,385
Banks	<u>1,228,703</u>	<u>1,308,913</u>
	<u>1,240,578</u>	<u>1,312,298</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.

	2022	2021
Equity		
General reserve		
As at January, 1 st	498,916	445,064
Current year result	13,703	53,852
As at December, 31 st	512,619	498,916

	2022	2021
Current liabilities		
Creditors	238,732	136,400
Taxes and social securities	91,957	117,540
Pensions	22,001	20,313
Other current liabilities	179,233	88,827
Accruals	1,032,416	839,415
	1,564,339	1,202,495

Accruals

Work in progress	921,029	719,219
Other amounts received in advance	-	20,966
Accrued Holiday allowance and end of year payment	53,931	49,749
Accrued Holidays	55,833	49,481
Net salaries	1,623	-
	1,032,416	839,415

9.6. Notes to the profit and loss account



	Actual	Budget	Actual
(in euros)	2022	2022	2021
Income			
Income open courses	1,163,788	941,045	803,192
Income tailor made projects	2,492,449	2,746,300	1,792,526
Donations Talent for Governance	1,562	22,000	-
Total	3,657,799	3,709,345	2,595,718

Material costs			
Material costs open courses	588,100	334,000	213,544
Material costs tailor made projects	1,121,171	1,324,151	585,168
Talent for Governance	1,357	22,000	-
Total	1,710,628	1,680,151	798,712

Income and expenditures open courses

In 2022, we organised two blended courses and ten fully Face-to-Face courses. The online LED course was cancelled due to a lack of interest. Thanks to a large number of Nuffic-scholarships in the second half of the year, we received in total 204 participants, which is 17 on average, much more than in the years before Corona. The number of self-sponsored participants was less than expected, which may have been caused by the insecurity with Corona in the first part of the year, and the fact that we didn't promote the courses for the second half of the year, since they were almost full with scholarship holders. The interest from self-funded applicants for the citizen participation course in June was high, so we decided to organise an extra course in September. In total, revenues are € 1,163,788, which is € 222,700 higher than budgeted. The total number of participants is 204, which is 28 more than budgeted. We hosted 152 Nuffic-sponsored participants (budgeted 100) and 52 self-funded participants (budgeted 76). Apart from the increased income from course fees, more income was received as reimbursement for the increased costs of tickets and accommodation for Nuffic scholars, partly due to the increased number of scholarships and partly due to the high inflation of costs in 2022. Due to high inflation, costs for implementing the open courses also increased.

Income and expenditures tailor made projects

In total, the turnover from tailor made training is € 2.49 mln, which is € 254,000 less than budgeted: € 214,000 less for reimbursement of material costs (tickets, accommodation etc.) and € 40,000 less because of less realised productive days. The total income from manhours is 95% of what was budgeted.

The turnover for the multi-annual programmes is € 1.82 mln, which is € 482,000 less than budgeted. € 430,000 less was received for covering expenditures, mainly for the Shiraka-programmes (€ 287,000) and the We Are Able!-programme (€ 75,000). For the Shiraka-

programmes, the main reason is that some programmes were postponed to 2023 and other had less participants, so less costs. The costs for 'We-Are Able!'-activities were generally budgeted too high which is the main explanation of the difference. In addition, some activities could not take place due to the security situation (DR Congo, South Sudan) and other activities were combined to reduce the costs for flights and accommodation. For the 'Dan Wadaag'-programme, material costs were budgeted too high and for the Nuffic-project, costs were higher than budgeted. The remaining difference in income from multi-annual tailor-made programmes is caused by a lower income from realised manhours.

The turnover for short tailor made programmes is € 669,000, which is € 228,000 more than budgeted: € 216,000 more for covering material costs (€ 101,000 for the Nuffic TMT-programmes) and € 12,000 more thanks to several fixed price contracts, which compensated for the lower number of realised manhours.

Donations Talent for Governance

Due to the Corona-crisis, we could still not organise the Talent for Governance (TfG)-programme in 2022, so income and costs are much less than budgeted. However, we received 24 donations related to the farewell of the chairman of our executive board, and some costs were made for fundraising for the programme of 2023.

	Actual	Budget	Actual
	2022	2022	2021
Personnel expenses			
Wages and salaries	1,166,909	1,254,565	1,078,981
Social security premiums	202,475	212,772	204,925
Pension premiums	198,670	211,491	189,727
Travel and accommodation	15,088	8,000	8,004
Services third parties	24,332	15,000	14,400
Other employee costs	65,187	48,000	54,033
NOW-grant	18,719-	-	53,669-
	<u>1,653,942</u>	<u>1,749,828</u>	<u>1,496,401</u>

Personnel expenses

The total personnel expenses are € 96,000 less than budgeted. Wages and salaries are € 106,000 lower than budgeted, due to staff changes and recalculations of parental leave. Moreover, after a final review by the auditors in the beginning of 2023, the settlement of the Corona-related compensation for salary costs in 2021 (NOW-grant) was € 18,700 more than expected. Social security premiums are € 10,300 less than budgeted and pension costs € 12,800, due to the lower salary costs. Home-work travel costs are € 7,100 higher than budgeted, and services third parties are about € 10,000 more because of the temporary hiring of an external employee. Other employee costs are € 17,000 higher: mainly because of an increase in costs for the internet allowance, relocation costs, and social activities.

	Actual	Budget	Actual
	2022	2022	2021
Other expenses			
Housing	61,321	62,966	62,217
Office costs	108,883	124,000	107,925
Auditing	21,999	10,500	19,000
Communication and fundraising	49,677	38,500	21,826
Other costs	33,974	33,000	29,697
	<u>275,854</u>	<u>268,966</u>	<u>240,665</u>

Other expenses

In total, the office costs are below the budgeted amount, mainly due to lesser costs for maintenance of software and ICT support. Auditing costs are higher because of increased prices of our suppliers. Communication expenditures are also higher than budgeted, mainly due to extra costs for attending conferences. Because of Corona, many important congresses and missions were postponed until the second half of 2022, such as Africities in Kenya, the Dutch Water Mission to Mexico and the UCLG World Congress in South Korea. Auditing costs were much higher than budgeted due to extra work for checking the NOW-grants and increased costs for the audit of the annual accounts.

	Actual	Budget	Actual
	2022	2022	2021
Financial result			
Financial income	-	-	-
Financial expenses	3,672	4,000	6,088
	<u>3,672-</u>	<u>4,000-</u>	<u>6,088-</u>

Financial result

Due to the negative interest rates in 2022, we paid an interest of nearly € 3,700, a bit less than budgeted.

Staff members

Per end of 2022 twenty-three staff members were working for the foundation (2021: twenty three).

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 2022 amounts to € 13,703 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 2022.

9.7. Auditor's opinion

See next pages.