



Stichting *AFEW International*

Report on the Financial Statements for 2021

This report has been drawn up in accordance with the 2008 **Directive for Fundraising Institutions (RJ650)**, as published by the Dutch Council for Annual Reporting. This directive provides the public with clear criteria for assessing fundraising cost ratios, the expenditure of funds and how far these funds have been spent on the goals for which they were intended.

The following financial statements have been prepared from the accounting records of *AFEW International* and in accordance with the organisation's accounting policies.



AFEW International is registered with *Algemeen Nut Beogende Instelling* (ANBI) in the Netherlands. ANBI status confirms that *AFEW International* is a charitable organisation that serves the public interests. *AFEW International* is recognized as a charity, therefore all donations are tax deductible and they are fully exempt from gift tax and inheritance tax.

Contacts

AFEW International (Amsterdam)

Interim Director
Yuliya van Polanen
Yuliya_van_Polanen@afew.nl

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Report of the Board of Directors

The Board of Directors, Yuliya van Polanen Interim Director of *AFEW International* is pleased to present the organisation's 2021 Financial Statements. This document accompanies the Annual Report 2021.

Who We Are

***AFEW International* works for all people in Eastern Europe and Central Asia who face barriers in access to health, justice, and participation. Priority is with groups that are more at risk, more stigmatised, and are facing more severe barriers.**

From a non-governmental, humanitarian and rights-based perspective, *AFEW International* promotes health and advocates for increased access to prevention, treatment, and care for major public health concerns such as HIV, tuberculosis, COVID-19, viral hepatitis, and sexual and reproductive health and rights.

AFEW International is working with and for “key populations” - individuals and communities who have disproportionate burdens of HIV risk and disease and lack of access to essential HIV services (including, but not limited to LGBTIQ, men who have sex with men, people who use drugs, sex workers, people living with HIV, (ex) prisoners, (labour) migrants, vulnerable youth and adolescents).

By providing support and empowering communities and civil society organisations in Eastern Europe and Central Asia (EECA), we contribute to better access to good quality health services for all, including people whose access is denied due to stigma and discrimination.

AFEW partnership is an independent local organisations working in the countries of Eastern Europe and Central Asia. At the moment, the *AFEW Partnership* consists of five members operating in Kazakhstan, Kyrgyzstan, the Netherlands, Russia and Ukraine; with *AFEW International* in the Netherlands serving as the international secretariat of the partnership.

Vision

All people in Eastern Europe and Central Asia participate fully and confidently concerning their health and rights, in an inclusive and just society.

Mission

AFEW International and *AFEW Partnership* (*AFEW*) are dedicated to improving the health of key populations in society. With a focus on Eastern Europe and Central Asia, *AFEW* strives to promote health and increase access to prevention, treatment and care for major public health concerns such as HIV, TB, viral hepatitis, and sexual and reproductive health.

We seek to do this by:

1. Access to good quality health services
2. Legal and Social justice
3. Power to voice, participate and decide
4. Appreciation of diversity

Our Approaches

All the programmes in the extensive portfolio of *AFEW International* and the other members of *AFEW Partnership* are founded on the principle of **universal access** and exemplify an approach based on **human rights and social justice**. Put simply, the starting point is that everyone should have equal access to HIV, TB, and viral hepatitis treatment, prevention and care, including services that reduce harm from drug use or other risky behaviours.

AFEW International and the other members of *AFEW Partnership* position themselves as a **partner organisation**. As such, the partnership participates actively in several of the foremost international consortia dealing with HIV and AIDS, as well as building grassroots networks of service providers and local NGOs. *AFEW Partnership*'s unique value as a partner lies in its extensive experience of working in local healthcare infrastructures combined with its international-level expertise, especially on harm reduction and prison health.

COVID-19

AFEW International had to deal with the consequences of the COVID-19 pandemic, which was disrupting "business as usual" within political and fundraising landscapes. This resulted in changes in turnover and additional costs for the organisation. The management team has recognized this situation and has prepared a risk analysis and an impact analysis. *AFEW International* is taking measures to limit the negative consequences for the organisation as much as possible.

AFEW International continued digitalising the organisation and improving skills in facilitating virtual meetings, trainings and webinars. Although the transition to working remotely has been successful, actions were taken to accommodate a better balance in working from the office and working remotely, and safeguard well-being of staff partly through the support of Gilead's COVID-19 Response, Organizational Costs Support project. Throughout the year *AFEW International* has also been preparing and disseminating bi-weekly and quarterly COVID-19 situation reports on frame of the implementation of the project EU COVID-19 Solidarity Programme in the Eastern Partnership countries.

Covid measures were partly relief due to big percentage of the vaccinated people which brought ability to resume travel in the middle of 2021. *AFEW International* introduced 'hybrid' model for continuation of implementation of current projects and participation in conferences, seminars and etc.

Methods

Through constructive engagement with governments and civil society in the countries where it works, *AFEW International and the members of AFEW Partnership* **advocate** for the basic human right to health and demonstrates why it must be extended to reach the most marginalised, stigmatized groups in society.

Recognising that civil society can be effective in filling voids in the health and social systems of the EECA region, *AFEW International and the members of AFEW Partnership* **assist local organisations** with technical support (hands-on training, and customised consultations) so that they can reach more people and serve them more effectively.

Working directly with those who live at the sharp end of the epidemics, *AFEW International and the members of AFEW Partnership empower key populations at higher risk* with tailored, accurate information and assistance in building their own support networks.

Where basic treatment and care (for instance, antiretroviral drugs, care for pregnant women, prevention tools, etc) are absent or inadequate, *AFEW International and the members of AFEW Partnership support the development of direct services to key populations*. In particular, different departments of the healthcare systems in EECA (i.e., tuberculosis clinics, AIDS centres, drug rehabilitation centres) often work in isolation from one another, leading to gaps in care for people with complex issues. *AFEW's* client management models and HIV/TB collaborative activities bridge these gaps and help service providers to better structure their responses.

Finally, *long-term sustainability* lies at the heart of *AFEW International and the members of AFEW Partnership's* programming, meaning that each project activity comes with a clear strategy for its eventual handover to local authorities, governments or civil society groups.

The People We Reach and the Public Health Concerns we address

People who use Drugs. At the core of *AFEW International and the members of AFEW Partnership's* effort to reduce the exceptionally high level of HIV transmission among people who inject drugs in EECA is the support for harm reduction and the support of national harm reduction and people who use drugs networks. These networks comprise training centres for professionals, needle exchange points, introduction and provision of opiate substitution therapy and provision of less harmful alternatives to unsafe injecting drugs.

Prisoners. *AFEW International and the members of AFEW Partnership* work together with ministries of justice, prison health experts, inmates and local NGOs to strengthen local capacity and ensure that prisoners have the same access to information and services as those living outside prison walls. This policy is in line with the internationally accepted principles of the World Health Organization (WHO). Given the high rate of injecting drug use in the prisons in the region, this implies that *AFEW* also advocates for provision of needle exchange and opioid substitution therapy in prisons. Another major component of *AFEW International and the members of AFEW Partnership's* prison work is the introduction and upscaling of **transitional client management**. To ensure continuity of care for released prisoners, a system has been developed that prepares prisoners for release and guides them to medical and social assistance outside of prison.

Vulnerable women. Power and economic imbalances related to gender can increase the vulnerability of women. This vulnerability combined with stigma against women who use drugs and sex workers leave women with reduced access to harm reduction and drug treatment services. Women living with HIV also require separate attention, if only because of the issue of prevention of mother-to-child transmission (see below) and child care. Activities for female **sex workers** aim to create non-discriminatory, non-judgmental and user-friendly medical and psycho-social services, including HIV prevention, counselling and testing services.

People living with HIV. Stigma and discrimination remain prevalent in the countries of EECA, even within the very services that they rely on for treatment and care. Breaking through the wall of prejudice directed at this group is vital to addressing the HIV epidemic and is therefore a priority area for *AFEW International and the members of AFEW Partnership*. Education, training and advocacy within state services are combined with mobilization and support of communities of people living with HIV.

Adolescents at higher risk. *AFEW International and the members of AFEW Partnership* develop informational materials, outreach programmes and peer training initiatives especially for young people living in high-risk circumstances. Activities for **young drugs users and young offenders** focus on information and education on healthy lifestyles, including information on HIV and drugs. Access to health services for young people who use drugs is hampered due to laws and regulations. With the help of the ombudsman in e.g., Ukraine *AFEW Ukraine* addresses this access to services with policy makers and politicians.

Men who have sex with men (MSM). MSM are one of the key populations at risk. Due to stigma and discrimination MSM encounter barriers in accessing information and health services and having a healthy and satisfying sexual life. *AFEW International and the members of AFEW Partnership* are collaborating with local Lesbian Gay Bisexual Transgender organisations in training of police officers, capacity building, reaching out and offering information and testing and treatment to MSM.

Governmental and non-governmental organisations (national and international). As part of *AFEW International* and the members of *AFEW Partnership's* sustainability strategy, *the partnership* strengthens the capacity of local governmental and non-governmental partners. *AFEW International* and the members of *AFEW Partnership* provide technical support in order to equip staff with the right knowledge to provide HIV and TB prevention, treatment, care and support that is up-to-date and of good quality. For instance, *AFEW International and the members of AFEW Partnership* train police staff in HIV prevention and creates a resource centre and a pool of trainers to make such a training programme sustainable. Organisational development comprises training in management skills, administrative and financial skills, monitoring and evaluation and fundraising. These skills promote the sustainability of our partners and hence the sustainability of the approaches that we introduce.

Tuberculosis related activities and TB Patients. *AFEW International and members of AFEW Partnership* are improving knowledge of Tuberculosis among staff of NGOs in Central Asia by developing training and information materials. *AFEW International* collaborates closely with KNCV, a Dutch organisation to fight Tuberculosis, this collaboration enhances integration of HIV and TB and strengthens collaboration between the public and non-public services.

Viral Hepatitis and hepatitis C specifically. *AFEW International and the members of AFEW Partnership* recognise the high prevalence of hepatitis C in the EECA region. The majority of people infected with hepatitis C are people who inject drugs. *AFEW International and the members of AFEW Partnership* advocate for the development of national policy plans and for access to the most effective hepatitis C treatment.

We invite you to read more about *AFEW International and the members of AFEW Partnership's* projects, past and present, on our website at www.afew.org

Our achievements: projects 2021

AFEW International and the members of *AFEW Partnership* strengthen the capacity of professionals in the region through the adoption of effective methods of HIV prevention, treatment, care and support given the specific circumstances in their countries. The Partnership sees its role as providing assistance in such a way that appropriate action is taken, with the objective of strengthening local capacity and ensuring that the final responsibility remains with those in the society itself.

During 2021 *AFEW International* together with Aidsfonds was finishing implementation of **Emergency Support Fund for Key Populations in EECA (ESF)** funded by the Elton John

Foundation in 10 countries in the EECA region - Armenia, Belarus, Kazakhstan, Kyrgyzstan, Moldova, Russian Federation, Tajikistan, Turkmenistan, Ukraine, Uzbekistan.

Since 2018 ESF strived for a comprehensive response to emergencies threatening HIV service provision for key populations in the EECA region and supported activities ranging from advocacy and prevention to treatment and care in terms of HIV and co-infections.

During 3 years of operation ESF has received about 600 applications. 230 projects from 10 countries in EECA (Armenia, Belarus, Kazakhstan, Kyrgyzstan, Moldova, Russia, Tajikistan, Turkmenistan, Ukraine, and Uzbekistan) were funded. For many organisations this support mechanism helped to overcome funding gaps and ensure continuity in emergency situations, especially in the countries where space for civil society initiatives continues to shrink due to local legislation changes.

In 2021 jointly managed by *AFEW International* and *Aidsfonds* the grant making went until September 2021 accompanied by a comprehensive impact assessment study, which provided valuable insights into the programme successes and learnings. The Emergency Support Fund was funded through a grant from the Elton John AIDS Foundation and *Aidsfonds*.

2021 was also the last year of implementation of the **“Young, Wild and Free”- the Flexible Fund** project financed by the Dutch Ministry of Foreign Affairs. The project originally planned from September 2019 until July 2021, was extended until September 2021 due to the COVID implications. In June 2021 *AFEW Russia* and *AFEW Ukraine* were invited to submit proposals and were supported with additional funding for activities ensuring sustainability of achieved project results, which were conducted in July-September 2021. Learning from and building on good practices in the 'Bridging the Gaps' programme, this project addressed the different needs of young key population members and the barriers they experience in accessing SRHR, HIV, and harm reduction services through tailored approaches. *AFEW International* and its local partners were responsible for scale-up of good practices in reaching and engaging young people in Russia and Ukraine.

Some of the achieved changes in 2021 included:

- A community-based participatory research (CBPR) in 3 Russian regions;
- Research and new interventions for young people under 18 to prevent risky sexual and drug use behaviours in schools, colleges, and technical schools in four towns in Russia;
- Online webinars to exchange best practices in organising work with young people who use drugs between *AFEW Ukraine* and NGOs from South Africa, Vietnam, Kenya, and Russia;
- A study and knowledge exchange visit of the *AFEW International*'s Russian partners to *AFEW Ukraine*;
- Capacity building and engagement of young people in the promotion of SRHR and human rights in social media in Ukraine;
- Distribution of small grants to support young key population communities throughout Russia.

We continued implementation of **“EU COVID-19 Solidarity Programme in the Eastern Partnership countries”** with the financial support of the European Union and in partnership with *People in Need (PIN)* and the *Netherlands Helsinki Committee (NHC)*. This programme has been launched in July 2020 in the Eastern Partnership countries (Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine) and continued in 2021 as comprehensive response to emergencies threatening key populations in the aftermath of COVID-19. Through small grants

to community-based organisations (CBOs), working with vulnerable groups, with activities ranging from advocacy and prevention, to treatment and care in terms of COVID-19 implications, *AFEW International* together with consortium partners responded to arising and anticipated post-pandemic challenges.

In April 2021 *AFEW International* has launched a second call for proposals for CBOs. The small grants up to € 3.500 were provided for immediate material needs arising from COVID-19 related measures. 61 proposals were received and 10 projects were funded, of which 5 are from Ukraine, 2 from Georgia, 2 from Armenia, and 1 from Moldova.

Expansion and improvement of HIV prevention services in Uzbekistan

In May 2021, *AFEW International*, together with a local partner NGO “ISHONCH VA HAYOT” (a community based membership NGO uniting key populations), launched a 2-year **project “Expansion and improvement of HIV services in Uzbekistan”** with the support of the Elton John AIDS Foundation. The project addresses the existing gaps in the access of KPs to testing and relevant HIV services in the country.

On September 28-30 the first training session for outreach workers “Introducing assisted self-testing for HIV among KP” took place in Tashkent. The training ensured that the outreach workers are equipped to provide quality consultation on testing and HIV to the KPs and refer those KP representatives who tested HIV-positive to the AIDS Center and related services, and that information on the KPs is collected accurately and safely.

The main project activities:

- Training of the outreach workers on assisted self-testing and HIV prevention information;
- Establishment of a monitoring system to evaluate the quality of outreach workers and peer educators.
- Strengthening of the interaction with AIDS Centre nurses to improve treatment adherence.
- Organising assisted self-testing for key populations in Tashkent city and connecting identified HIV-positive people with the AIDS Centre.
- AIDS Center and Outreach workers collaboration on returning lost to treatment patients (those who were earlier tested positive and registered with the AIDS Center but did not return to checkup and ART).
- Establishment of a pilot Social Support Centre for KP to provide psycho-social and legal support and ensure adherence to ART among KP.

In September 2021 EU-Russia Civil Society Forum and *AFEW International* launched a project **Health for key populations** to strengthen the capacity of Russian civil society organisations involved in supporting key populations in the context of HIV/AIDS (people living with HIV; women living with HIV; youth and adolescents living with HIV, LGBTI and MSM, people with drug addiction etc).

4 projects from Voronezh, Kemerovo, Omsk, and St. Petersburg were supported with small grants up to 4500 EUR.

In December a capacity building and organisational development webinar and a two-day knowledge exchange and learning events in Moscow were organised for awarded organisations.

Other programmes implemented in 2021 were:

- Civil Society Forum on Drugs financed by European Commission;
- Comprehensive support to sexual and reproductive health and rights (SRHR) and social wellbeing of vulnerable adolescents (Russia) financed by the European Union;
- “Together against tuberculosis” project financed by TB Reach Wave 8 initiative of “Stop TB” Partnership/UNOPS aimed at increasing the number of detected TB cases with the help of private medical health care providers.

Due to the continuing COVID-19 pandemic restrictions, the second scientific workshop on HIV, Hepatitis C and Tuberculosis in Eastern Europe and Central Asia EECA INTERACT was held virtually in November 2021, and plans were developed to hold a hybrid conference in November 2022. 128 representatives of government organisations, foundations, research institutes, universities, and journalists attended the event. Virtual Workshop was held on the 11th November 2021 together with the Amsterdam Institute of Global Health and Development

Governance and Finance

Governance

AFEW International fully complies with the code of good practice for charity organisations in the Netherlands, the Code Wijffels. *AFEW International* is led by the managing board, the director, and supervised by a supervisory board of 7 board members and 2 Observers.

Supervisory board members bring to the organisation their professional experience in various fields of work, from specialised knowledge of medical treatment and the HIV epidemic to expertise in management and budgeting. The supervisory board is charged with overseeing the overall operation of the organisation in order to ensure **good standards of transparency and accountability**. The supervisory board approves the organisation’s strategy and the budget, as well as advising the director and management team on strategic issues. The supervisory board also evaluates and appraises the work of the director. Supervisory Board members receive no financial compensation for their work.

Members of the Supervisory Board

As of 31 December 2021, *AFEW International* Supervisory Board consisted of 7 members and 2 observers.

Michel Kazatchkine (Chairman of the Supervisory Board)
Udi Davidovich (Vice Chairman of the Supervisory Board)
Dolf Kamermans (Treasurer of the Supervisory Board)
Vladimir Mendelevich (Supervisory Board member)
Hernan Fuenzalida-Puelma (Supervisory Board member)
Maria Yakovleva (Supervisory Board member)
Timur Abdullaev (Supervisory Board member)

Marieke van der Werf (Observer)
Natalya Shumskaya (Partner AFEW Kyrgyzstan, Observer)

Read their biographies: <http://www.afew.org/about us>

Supervisory Board Meetings in 2021

To set up ongoing communication, Chair M. Kazatchkine and Vice Chair U. Davidovich and the Director/ Interim Director had nine trilateral meetings. The Supervisory Board and *AFEW International's* Director and Management Team had three meetings in addition to ad hoc meetings as needed and as deemed relevant by the Supervisory Board.

The trilateral meetings focus on ongoing issues of management of the organisation and on discussing strategic decisions regarding proposals and projects.

In a virtual meeting in February 2021, the Supervisory Board welcomed new Director Yuri de Boer and approved Strategic outline for 2021-2022 / 100 Day Plan prepared by new Director Yuri de Boer and its budget 2021-2022 prepared by Yuliya van Polanen, Director of Finance

In the virtual meeting in May 2021, the Supervisory Board approved the annual report 2020 and the financial statements 2020. Looking forward – 2021-2022. Director introduced bi-annual plan for 2021-2022 with fundraising developments and with 3 potential scenarios for future of *AFEW International*. During Supervisory board meeting was agreed to start looking at the financial situation and fundraising possibilities in October, the Supervisory Board is committed to supporting the Partnership with the need to involve international partners to support the Partnership organizations, raise an idea of civil society replenishment for Eastern Europe.

In the meeting in September 2021, the terms of reference of the position of the Interim Director of *AFEW International* were discussed and approved by the Supervisory Board. Yuliya van Polanen became Interim Director till the end of 2021 with prolongation for 2022.

During the virtual meeting on 17th November 2021, Interim Director Yuliya van Polanen presented a short progress of current situation after leaving of the Director, Yuri de Boer. Supervisory board started to discuss new steps of *AFEW* strategy for 2022-2024 and renewal of Supervisory board in June 2022. During Supervisory board meeting it was agreed that Interim Director and *AFEW* team will present three-year strategy including ongoing projects and the financial situation with three possible scenarios: moving forward, merger or closing in February 2022.

During the meeting in November 2021, an update on staff organogram with current roles, update of project implementation, role of *AFEW International* from *AFEW Partnership* perspective, budget vs actuals 2021 were presented.

Steering Committee of *AFEW Partnership*

The Steering Committee, consisting of all directors of the members of *AFEW Partnership* with the Director of *AFEW International* as chair, had 12 virtual meetings in 2021. Due to COVID-19, there were no face-to-face meetings. The members of the Steering Committee prepared and agreed with the name change: from Network into Partnership.

During the virtual calls ongoing issues regarding projects, proposals and conferences were discussed.

Accountability

The supervisory board is satisfied with the financial statements prepared by board of directors for the year ending 31 December 2021 fairly reflecting the financial position and operations of *AFEW International*. The Annual Report 2021 provides a fair reflection of the programmes, activities and results achieved in 2021. All members of the supervisory board accept responsibility for the Board's annual report and the financial statements prepared by board of directors. The accountants, BDO, has issued an compilation (auditor) report for the financial statement and have granted us permission to publicise the related financial statements.

Performance and Strategy

AFEW International's strategic objectives:

AFEW International's strengths lie in its focus on key populations at higher risk of HIV, TB and viral hepatitis, particularly people who inject drugs, people in prisons and detention centres, sex workers, MSM and street children whether they are living with HIV or not. Within this area we stand out in our prison work. Therefore, particular attention will always be paid to the role of prisons in public health with respect to the concerns listed above.

Our focus on Eastern Europe and Central Asia and our experience in the region are unique because of the scope of countries and services in which we are involved. We will continue to commit to the region and expand within it where opportunities exist. *AFEW International* is open to starting activities in countries beyond the region, it may occur in the framework of technical support in programmes run by others, and it may also be necessary to become less dependent on the dwindling funding opportunities for EECA.

1. Access to good quality health services

As defined by the World Health Organization (WHO), health is a "state of complete physical, mental, and social well-being, and not merely the absence of disease or infirmity." Good quality health services need to include prevention, medical treatment, (consultations /social) care and support, early detection, rehabilitation, and psychological support. Access implies not only that it is available within suitable parameters, but also that it is experienced as being accessible - inclusive and non-judgemental, and affordable.

Good quality health services need to be responsive to the needs of specific communities, including needs related to SRHR, and within a context of high levels of HIV, TB and viral Hepatitis.

2. Legal and Social justice

Legal and social justice includes equality before the law, and protections against human rights violations, for all. Social justice also includes access to a certain range of services that help people to maintain at least a minimum standard of living, for example welfare services, shelter, and education. Heavily interconnected, the basic right to health has a huge impact upon and is affected by many other rights, including the right to food, housing, work, education, non-discrimination, access to information, health, and participation.¹ Justice can also imply a concern for justice, peace, and a genuine respect for people. Legal justice and social justice together mean that the legal framework has been changed in order to ensure that there is no possibility to discriminate on the basis of law, as well as that society at large has embraced this change, ultimately reinforcing the right to self-determination.

¹ www.healthpovertyaction.org

3. Power to voice, participate and decide

To ensure full participation in society, people need information, skills, and the ability to organize themselves autonomously.² People need platforms where they can voice their experience and their needs and experience dialogue, including (but not restricted to) in political spaces. Their power in the dialogue needs to be recognised and actively sought in decision-making processes. This requires a strong civil society, a support network, and political commitment: a reciprocal relationship between communities and decision-makers that is sustainable and resilient, and able to cope with shrinking space for dialogue.

4. Appreciation of diversity

Appreciation of difference is a global challenge; people tend to be comfortable with what looks and feels familiar and suspicious or fearful of what seems different. Soviet legacy reinforces this trait, as it strived for uniformity, and a real shift is needed in this region to move from the current situation to a celebration of difference as something that has value and adds richness to society. That said, any shifts at personal, societal, and/or governmental level, however small, will have an effect.

Programme Development

In 2021, we continued to adapt our programmes to take into account emerging trends in the HIV epidemic in EECA and the COVID-19 pandemic. We have continued closely tracking the latest developments in prevention, testing treatment especially for key and vulnerable populations, such as prisoners, migrants, socially marginalized, youth and people living with HIV.

According to UNAIDS Data Report released in November 2021, EECA region is failing to control its HIV epidemic, with new HIV infections and AIDS-related deaths both continuing to rise. Key populations and their partners account for majority of new infections in the region, with an estimated 43% of new adult HIV infections occurring among people who inject drugs. AIDS-related deaths rose by 32% between 2010 and 2020 in the context of poorly performing testing and treatment programmes in most countries in the region. Services provided by local CSOs are key to enhancing the EECA region's HIV response.

The vulnerable populations such as people who use drugs, sex workers, men who have sex with men and prisoners continue to be most at risk. *AFEW International* and the other members of AFEW Partnership will continue its focus on these groups. *AFEW International* will continue its advocacy to include TB activities in HIV projects.

Geographical Coverage

In 2021, the *AFEW Partnership* has members in Kazakhstan, Kyrgyzstan, Ukraine and Russia. *AFEW international* secretariat is based in Amsterdam, the Netherlands. *AFEW International* works in Armenia, Azerbaijan, Belarus, Georgia, Moldova, Tajikistan, Uzbekistan supporting local NGOs.

²<https://www.socialcapitalresearch.com/designing-social-capital-sensitive-participation-methodologies/definition-participation/>

Communications with Stakeholders

AFEW International strives for a positive image of Eastern Europe and Central Asia to its audience and builds the communication accordingly. *AFEW International* portrays itself as an expert in public health issues in the EECA region who is well connected and is involved in the region for a long time.

In 2021 we continued focusing our communication on ‘change’ narrative: «AFEW contributing to a healthy future in the EECA region ». The idea is that everything that we do changes this world and people. The main hashtag of all our materials on social media was #AFEW’ contribution on EECA region Throughout the year we collected and published change stories about our subgrantees and beneficiaries, especially those supported within the EU COVID-19 Solidarity Programme, Emergency Support Fund for Key Populations in Eastern Europe and Central Asia, and Flex Fund.

AFEW International continued to attract attention to its work at key moments such as World AIDS Day, World TB Day and during the launch of new projects, through events and press liaison at the regional level, together with online reporting. Furthermore, *AFEW International* communicates with its *stakeholders* through the general website, Facebook, twitter, LinkedIn, the annual report and newsletters.

AFEW International continued to participate in advocacy efforts on HIV/AIDS, SRHR and key populations aimed at the Dutch government and policymakers, the European Commission and European Union. Furthermore, *AFEW International* participates in the Health in Prison Project of WHO and in the board of the European Forum for Primary Care. A consultant was hired to examine *AFEW International’s* current engagement with and advocacy towards the EU, and drafted a Brussels Playbook for *AFEW International*, which will be used as a basis for further advocacy work in the coming years.

Human Resources Management and Efficiency

Ethical work practices are one of the guiding principles of *AFEW International*. *AFEW International’s Code of Conduct* clarifies certain issues related to privacy, conflicts of interest, the use of *AFEW International’s* property, and behaviour that could damage *AFEW International’s* reputation or expose *AFEW International* to legal liability. The Code illustrates ethical standards that apply to all *AFEW International* employees.

AFEW International’s staff adhere to a high and uniform set of conduct standards. Every employee has a personal obligation to uphold these standards, and act in an ethical manner with each other, our partners, priority groups and the general public. Employees are motivated to contribute to a common cause and feel close to the core values of the organisation. Consequently, employees should always represent the organisation in a professional way.

There were changes in staff members composition. Due to the increased number of projects and staff rotation, *AFEW International* hired a new Office Manager and Director of Programmes & Public Affairs as a separate position beginning of June 2021. Director of Finance combined with position of director from September 2021. The overview of staff in 2021:

Director 0.92 fte

Director of Finance 0.92 fte

Director of Programmes and Public Affairs 0.92 fte

Grant Writer 0.62 fte

Communication officer 0.62 fte

Project Officer 0.92 fte

Project and Grant Officer 0.92 fte
Office manager 0.82 fte

Fundraising

As reflected in the Sustainable Development Goals, HIV has a lower priority on international and national political agendas than previously. Less funding is available for activities related to HIV. The Global Fund to fight against AIDS, TB and Malaria is withdrawing from middle-income countries, of which some are in Eastern Europe and Central-Asia. Domestic funding for HIV and harm reduction is continuing to be limited.

Fewer external donors are interested in financing activities for Russia and the other countries of the former Soviet Union. Civil society is experiencing the biggest impact of the withdrawal of international funders. Moreover, the unfolding and deteriorating political and security situation across the EECA region could result in a lot of new donor money being re-directed to the region to civil society strengthening, as well as emergency / humanitarian funding in conflict situations.

For 2021, current budget revenues were based on the Emergency Support Fund for Key Populations in the EECA region financed by the Elton John AIDS Foundation, regional “COVID-19 Solidarity Programme in the Eastern Partnership countries” with the financial support of the European Union and in partnership with People in Need (PIN) and the Netherlands Helsinki Committee (NHC), “Young, Wild and Free”- the Flexible Fund financed by the Ministry of Foreign Affairs of the Netherlands, Civil Society Forum on Drugs financed by European Commission, “Comprehensive support to sexual and reproductive health and rights (SRHR) and social wellbeing of vulnerable adolescents (Russia)” financed by the European Union, “Health for key populations (Russia)” financed by the German government through EU-Russia Civil Society Forum, “Together against tuberculosis” (Kyrgyzstan) financed by Stop TB Partnership/UNOPS, “Expansion and improvement of HIV services in Uzbekistan” financed by the Elton John AIDS Foundation, “EECA Interact 2021” co-financed by Gilead and ViiV Healthcare, and “Gilead Cares” financed by Gilead’s COVID-19 Emergency Funds.

Fundraising Strategy for 2021 and Beyond

AFEW International is joining other Dutch HIV and sexual and reproductive health organisations in advocacy efforts to have sexual and reproductive health and rights and HIV on the political agenda. *AFEW International* is joining the EECA NGOs and networks in regional advocacy. *AFEW International* is a member of the EU Civil Society Forum on drugs and the EU-Russia Civil Society Forum.

We are diversifying our funding sources by addressing new trends in the HIV, TB, viral hepatitis epidemics and sexual and reproductive health and rights issues in EECA, as well as COVID-19 related issues. We continue with applications for funds allocated specifically for women’s and youth projects. Gender-based and youth-specific projects are urgently required as we see a rise in the proportion of cases affecting women and adolescents.

We strive to have multi-annual, multi-country proposals with at least an amount to maintain the Amsterdam office for the enabling of a full reset process.

In 2021 we have applied to a variety of open grant calls including by: Robert Carr Fund, Radian Unmet Need fund, Gilead Zeroing In to End HIV/AIDS in EECA grant programme, ViiV Positive Action Fund, and new round of German government funding.

At the end of 2021 we have also been approached by EU delegation Uzbekistan confirming availability of funds for our proposal “Advocating vulnerable groups’ rights through a stronger civil society in Uzbekistan” submitted in 2020 that was short-listed and remained pending on the waiting list.

Risk Categories

Strategy

The current strategic plan of *AFEW International* is based on rights- and evidence-based approaches. Due to political changes, a global tendency of increased conservatism with a revival of traditional societal and family values, *AFEW International* and members of *AFEW Partnership*, like many other NGOs working with key populations at risk for HIV, TB and viral hepatitis, are confronted with barriers to implement its activities, the strategies and activities described in the strategic plan might not be in line with the local policies. *AFEW Partnership* members carefully assess the local contexts, judge the local situation and, within the network we decide what is possible to do. The current strategic plan guided *AFEW International* during the organisational restructuring. Towards the end of 2021, the decision was made by the organisation to develop a new strategic plan (2022-2024).

In the medium and long term, the ambition remains for *AFEW International* to be a facilitator of change and exchange between East and West, a strong advocate for human rights and access to healthcare for all, maintaining a focus on “key populations”, and to raise awareness of and funding for *AFEW International* and the *AFEW Partnership* and, in more general terms, for the EECA region as a whole.

A **Reset Task Force** was established in 2020 to discuss and prepare strategic directions for the organization’s future contributing to a healthy future in the EECA region in a sustainable way. These discussions included the exploration of the hybrid model (donor funding combined with activities to generate income) and social enterprising in order to generate revenue for the organization. The unfortunate setback in fundraising and project acquisition at the end of 2020 and **change in leadership** further influenced the Reset in 2021, taking concrete shape in the following priorities for 2021:

- Developing new narratives to demonstrate *AFEW International*’s added value and to generate awareness on public health concerns in EECA.
- Transforming *AFEW International* into an agile, flexible, visible, determined, motivated organisation. Lightweight on operations, heavyweight on substance and voice.
- Ensuring financial sustainability, through ‘traditional’ fundraising, the development of alternative forms of fundraising, and by reconsidering and reducing operational costs.

The organisation explored and developed throughout 2021 scenarios for the future of *AFEW International* and the continuation of its mission. These scenarios took shape along different financial scenarios, different prioritisation in organisational ambitions. Intensified cooperation with one or more other organisations in the field of either HIV/AIDS or civil society strengthening in the EECA region was considered. The primary ambition, though, remained that *AFEW International* stays an independent organization, with an agile and cost-efficient team, based in Amsterdam or any other relevant location in Europe.

Operational risks

AFEW International and AFEW Partnership maintain the highest standards of transparency and accountability by carrying out regular internal and external audits. *AFEW International* continues to provide good governance to secure success in project implementation.

If one of the *AFEW Partnership* members is not meeting the standards of good governance and transparency, then the Steering Committee can decide to stop the collaboration with that specific member. If one of the *Partnership* members decides to leave the *AFEW Partnership*, the Steering Committee delegates the task to the chair of *AFEW Partnership*, which is the director of *AFEW International* to arrange, if any, the financial and legal implications, and to arrange the communication about the leave.

The change in financial outlook from 2021 has a significant impact on the work of the *AFEW Partnership*. It is a risk that one of the partners of the *AFEW Partnership* will step down from the network and *AFEW International* understands the importance of the continued search for opportunities and to support fundraising activities.

Mitigation of risk: *AFEW Partnership* members have regular contact, 6-weekly skype calls, 2 face to face meetings, and project visits to the country in order to notice and discuss any concerns in the collaboration within *AFEW Partnership*.

In 2021, the director was combining his tasks as general manager with the tasks for lobby and advocacy till beginning of September. The director of Programmes and Public Affairs together with the project staff and director oversaw developments and trends in the EECA region. *AFEW International* kept its capacity for communication activities (0,62 fte). The finance department, HR department and operational processes within *AFEW International* is headed by director of Finance, for 0.92 fte. From September,6 2021, The director of Finance combined two roles as Interim Director and hold finance department. During the organisational restructuring in 2022, leadership roles will be re-considered, and tasks re-assigned.

At the end of 2021, *AFEW International* reduced staff from 9 to 5 members due to the decrease in projects, funding and restructuring of the organization.

Financial Reporting and Financial risks

AFEW International is staying in close contact with donors regarding financial items, including reporting and budget changes. Financial risks which took place in 2021 and may play a role in future work are described below.

- 1) Rejection by donors of some expenses as not justifiable. *AFEW International* staff are always striving to follow donor procedures and to avoid situations in which inapplicable expenses are claimed. In case some expenses are not accepted by donor, *AFEW International* can cover costs from its contingency reserve.
- 2) Many donors have a rule to put on hold the final tranche of funding until verification of the final report. As a rule, the final tranche amount is not bigger than 10% of the grant. However, approval of the final report can take some time. As a result, *AFEW International* has to prepay some expenses from its own money. *AFEW International* communicates this issue to donors and tries to receive payments from donors in a timely manner.
- 3) Exchange rate differences between *AFEW International's* internal financial system and some donors fixed exchange rates may lead to some *AFEW International* gain/losses that are difficult to predict. To limit the variance, *AFEW International* agrees, during signing of the grant that is operated in foreign currency, with donor the currency exchange rate on that moment when charitable agreement is signed. In this way we avoid high 'jumps' of exchange rate difference during the project implementation and amount of the gain / loss is not much material.

***AFEW International* leads its activities with EECA countries and has partners in 6 countries with emerging markets. Due to unstable political and economic situations within these countries, it can bring some financial risks for *AFEW International*, such as bank bankruptcy or poor bank liquidity. To minimize such risks, *AFEW International* makes investigation of potential banks, preferably on following criteria: - using government bank; - commercial banks with connection to European Bank Group; - reputation of bank etc. Moreover, transfer of funds is limited (smaller amounts) and carried out on request based with copy of overview of activities signed by Director and financial controller.**

Legislation

In each country of its operation, *AFEW Partnership* members and other local partners work according to the local legislation. Legislation in the countries where *AFEW Partnership* members and other local partners work might change. New laws regarding the status of (inter)national NGOs or the content of work (*AFEW Partnership* has projects on controversial themes such as harm reduction and prison health) might occur. *AFEW Partnership* members and local partners are aware of changes in the law, inform *AFEW Partnership* and know how to respond.

Regulations

AFEW International has a set of internal policies and procedures that are followed by all staff. For projects that are financed and led by *AFEW International*, it conducts internal audits, executed once a year with each *AFEW Partnership* member and other local partner, checks the understanding and interpretation of regulations, and reveals any concerns.

Financial Results for 2021

AFEW International closed the financial year 2021 with a positive result. Based on the Board's decision, the amount of 622 601 EUR from 2021 has been added to *AFEW* reserves. More detailed analysis of income and expenditures is provided below.

Exchange Rates

Since 2021, *AFEW International* has used the Euro as its internal management currency within the internal financial system (Exact online). *AFEW International* has reported to donors using an average exchange rate for the year, except in cases where donors have requested a special exchange rate.

Income

The total income available for core objectives in *AFEW International*'s 20th operational year was € 1,765,148 , which represents 38% decrease compared to 2020 (€ 2,861,095).

Description of income of *AFEW International* is presented in the Annual Report 2021.

Expenditure

Expenditures in 2021 were lower than income, totalling € 1,142,547. This was 59% lower than the expenditure in 2020 (€ 2,810,941).

Fundraising

All contracts were granted for a long period of time (more than one year) and short period of time (one year or less). The total amount of contract subsidies signed to date is around million.

Information about subsidies received and contract reversals in 2021 are presented in the following table, together with information about all open contracts.

AFEW International signs grants with donors in different currencies, mostly in Euro, US dollars or GBP. During 2021 all grants were signed and money received in EUR, USD and GBP. In the table below the grant amounts are presented in the currencies of the contract, to reflect the actual contract information.

Open contracts subsidies signed (Contract currency)

	Donor	Signed in operational year	Contract currency	Contact duration (till)	Amount in contract currency	Project 2021	Project 2022
BTG II	Subsidies from Governments: The Netherlands Ministry of Foreign Affairs (Key Population Fund)	2016	EUR	2020	6.769.296	20.000	
FLEX		2018	EUR	2021	217.500	113.000	
PITCH		2018	EUR	2020	599.943	1.392	
	Joined Activities						
Gilead Sciences Inc	Gilead Sciences Inc	2020	USD	2021	99.602	84.000	150.000
EU Civil Society Forum	German government				75.000		75.000
EU Delegation in Uzbekistan	European Commission	2021	EUR	2023	390.000		158.000
HH EaP	European Commission	2020	EUR	2022	390.000	72.500	230.000
TB REACH Wave 8	TB Partnership	2021	USD	2022	24.000	21.585	20.000
Civil Society Forum on Drugs	European Commission	2019	EUR	2021	24.165	4.500	
Other Donors	Other Donors	2022	EUR	2022	90.000		90.000
Focus Media	European Commission	2020	EUR	2022	24.450	8.100	10.000
EJAF Uzbekistan	Elton John AIDS Foundation	2021	GBP	2023	300.000	57.500	157.000
EJAF Emergency Funds	Elton John AIDS Foundation	2018	GBP	2021	1.227.649	750.000	

Fundraising Expenditure

In 2016, *AFEW International* updated its definition of revenue and costs related to its own fundraising in line with the RJ650 guidelines for annual reporting by fundraising institutions and changes in *AFEW International* policy in 2016. More details about our reclassification of costs related to our own fundraising is given under ‘Costs of Raising Income’.

Over the last operational year, of *AFEW International*’s income that was generated by its own fundraising was spent on further fundraising activities.

Management and Administration Costs

AFEW International’s indirect (or overhead) costs cover the costs involved in raising income and management and administration (M&A). *AFEW International*’s own guidelines stipulate that total indirect costs should not exceed the organisation’s total expenditures. Total indirect costs in 2021 amounted to € 91,404, which represented 8% of the organisation’s total expenditure for the year.

AFEW International has no core funding to cover its indirect costs. Therefore, *AFEW International* depends on its donors allowing a proportion of their project grants to be devoted to these indirect expenses, which maintain the organisation’s infrastructure. In 2021, year-end result is positive since management and administration costs were covered by donors in full. For more information, see ‘Management and Administration Costs’.

Although *AFEW International* sets an internal standard that M&A costs can be as much as 8% of total expenditure, it strives to keep these costs well below this standard.

AFEW International has brought its approach to and definitions of M&A costs into line with RJ650 guidelines. As a result, a separate heading for M&A was added to the profit and loss statement. RJ650 guidelines allow fundraising institutions the freedom to determine which costs will be allocated to M&A, as long as a consistent method is used. Each fundraising institution is obliged to create its own guidelines for determining these expenses. For this purpose, *AFEW International* uses the VFI Recommended Application of Guideline RJ650 for Cost Management and Administration.

Detailed explanations and breakdowns of administration costs are provided under 'Management and Administration Costs'.

Budget Deviation Analysis

Income

The total income available for *AFEW International* activities in 2021 was € 1,765,148, which is 65% higher than the latest budgeted amount of €1,070,000. Realized income is higher than expected due to several contract modifications and rescheduling of the activities of the projects: Elton John Foundation: Emergency Support Fund for Key Populations, The regional "COVID-19 Solidarity Programme in the Eastern Partnership countries", "Young, Wild and Free"- the Flexible Fund, Expansion and improvement of HIV services in Uzbekistan, "Stop TB" Partnership/UNOPS, the EU Civil Society Forum on Drugs and "Comprehensive support to sexual and reproductive health and rights (SRHR) and social wellbeing of vulnerable adolescents (Russia)". Other income consists of subsidies from the government for 2021.

Expenditure

Accordingly, higher amount of expenditures took place during 2021. A total amount of € 1,142,547 was spent in the 2021 operational year, which is 1% higher than the budgeted amount of €1,134,000. Expenditure refers to money spent on core programme objectives, the costs of raising income and management and administration costs.

Reserves and Funds

Freely Disposable Capital

Freely disposable capital is what is referred to as a continuity reserve. In this area, *AFEW International* complies with the guidelines for equity policy and equity reporting of the Dutch Association of Fundraising Organisations (VFI), which were adopted by the Central Bureau of Fundraising (CBF) in 2008.

Annex 13 ('Reserves and Investment Policy') to the ANBI document explains how organisations should deal with their financial reserves. The holding or building of reserves is allowed in certain cases:

- As an assigned fund or reserve and where a third-party donation is made for a specified goal in the future;
- As a continuity reserve for managing short-term risks. In this case, it should not exceed 1.5 times the yearly cost of the organisation;
- In order to finance assets for projects implemented by the organisation, or to implement a specific objective;
- As a reserve that will provide a source of income. Such a reserve is allowed when the income is necessary for the realization of longer-term goals, under the condition that the destination is pre-determined and the principal is known.

The main priority in building and managing reserves and funds should be to maintain the value of the organisation's mission and goals, as well as the transparent management of funds. The organisation is responsible for ensuring clarity and transparency in complying with these regulations.

The purpose of the continuity reserve is to ensure that the organisation can continue operating should it experience a sudden drop in its funding, to ensure the sustainability of long-term programmes, to provide pre-financing for some activities, and to conduct exploratory missions in new countries. The *AFEW International* Board set a long-term target of achieving a continuity reserve that is sufficient to cover a six-month period of operational costs.

It is becoming increasingly difficult to find funding that will allow *AFEW International* to continue to operate with the capacity as it has now. With further funding challenges expected in future, *AFEW International* decided to build a continuity reserve, to cover the costs of possible organisational restructuring.

As a result of movements among reserves, at the end of 2021 the continuity reserve of *AFEW International* was increased to € 932 496. Normally it is *AFEW International's* policy to increase the continuity reserve to the desired level by means of positive balances on the income and expenditure statement.

Investment Policy

To avoid financial risks that may harm the financial stability of the organisation, *AFEW International* does not invest freely disposable capital. According to *AFEW International* policy, liquidity cannot be invested in equities or bonds. Major donors' contracts require us to keep granted subsidies in cash.

Forecasts for 2022

For 2022, the income part of the budget at the moment of preparing the financial statements is expected to be € 890,000 . Income in 2022 is mainly based on the projects: “COVID-19 Solidarity Programme in the Eastern Partnership countries”, Advocating vulnerable groups' rights through a stronger civil society in Uzbekistan, financed by EU Delegation in Uzbekistan , Expansion and improvement of HIV services in Uzbekistan financed by Elton John Foundation , Combating stigma to end HIV/AIDS in Eastern Europe & Central Asia financed by Gilead , social wellbeing of vulnerable adolescents (Russia)” and others.

Balance Sheet

(As of 31st December 2021, after appropriation of the year-end surplus)

Balance sheet as at 31 December 2021

	2021		2020	
	EUR	EUR	EUR	EUR
Tangible fixed assets	1 7.677		12.454	
		7.677		12.454
Inventory				
For immediate and full use in the context of the objective		0		0
Accounts receivable and deferred assets				
Donors	2 392.114		450.945	
Other	3 547.534		10.858	
		939.647		461.803
Cash and cash equivalents	4	447.210		390.410
<hr/>				
TOTAL ASSETS		1.394.534		864.667
<hr/> <hr/>				
Reserves and Funds:				
Reserves	5			
Continuity reserve	932.496		309.896	
		932.496		309.896
Funds				
Special purpose funds	6	6.274		6.274
Long-term debts				
Subsidy commitments	7			
Short-term debts				
Subsidy commitments	7 383.170		383.353	
Other liabilities	8 72.593		165.144	
		455.763		548.497
<hr/>				
TOTAL LIABILITIES		1.394.534		864.667
<hr/> <hr/>				

Statement of Income and Expenditure for 2021

(x1€)

		Actual 2021		Budget 2021		Actual 2020	
		EUR	EUR	EUR	EUR	EUR	EUR
INCOME	10						
Income from own fundraising:	A						
- Grants from international Foundations / NGOs		0		0		0	
- Grants from Businesses		0		0		0	
- Other: Donations / Collections		84.328		0		33.215	
			84.328	0			33.215
Income from joint activities	B		930.247	0	275.000		859.746
Subsidies from governments	D		134.185		773.000		1.928.825
Other income/ loss	E		616.387		22.000		39.310
TOTAL INCOME			1.765.148		1.070.000		2.861.095
EXPENDITURES	11						
Spent on objectives:	A						
Capacity Strengthening		777.640		741.523		1.841.933	
Advocacy		194.410		185.381		460.483	
Research /Assessments		3.348		72.377		133.552	
			975.398	999.281			2.435.967
Costs of raising income:	B						
Cost of own fundraising		74.429		37.762		104.684	
Costs of obtaining governmental grants			74.429	37.762			104.684
Management and administration:	C						
Costs Management and administration		91.404		90.720		224.875	
Human Resource		1.317		6.237		45.416	
			92.720	96.957			270.291
TOTAL EXPENDITURES			1.142.547	1.134.000			2.810.942
Balance of income and expenditure			622.601	(64.000)			50.153
Allocation of Year-end result:							
Correction of previous years							
Continuity reserve			622.601	(64.000)			50.153
Continuation reserve Russia 2012							
Restructuring reserve, additions							
Restructuring reserve, expenditures							
Restructuring reserve Central Asia							
Special purpose funds, additions							
Special purpose funds, expenditures							
Total allocation of Year-end result			622.601	(64.000)			50.153

Cash Flow Statement

(x1€)

	2021 EUR	2020 EUR
Year-end Result	622.601	50.153
Depreciation on tangible fixed assets		
Changes in Inventory	-	-
Changes in working capital	-	-
- Donor receivables	(417.318)	1.100.326
- Other current assets	(99.913)	(25.984)
- Subsidy commitments	(53.532)	(2.214.071)
- Other current liabilities	4.964	32.187
Net operating cash flow	56.801	(1.057.389)
Net cash flow from investment activities	-	-
Cash provided by financing activities	-	-
Effect of exchange rate changes		
Change to cash and cash equivalents	56.801	(1.057.389)
Opening Cash balance	390.409	1.447.798
Closing Cash balance	447.210	390.409

Notes to the 2021 Financial Statements

General

The 2021 Financial Statements have been prepared in accordance with Guideline RJ650 for Fundraising Organisations (revised in 2008).

Going Concern

EECA region: Addressing the needs of underserved populations across the wider EECA region

Underserved communities face significant barriers to accessing essential health and social services while experiencing high burden of disease and ill health, and are especially affected by HIV, TB and HCV, all diseases of poverty, stigma, exclusion and ignorance.

The war in Ukraine and imposition of sanctions will impact the entire Eastern European and Central Asia (EECA) region, and could result a severe health crisis in the region. The disruption to diagnostics and treatment for HIV, MDR-TB and HCV has the potential to be a driver of new infections and mortality especially for these underserved groups in the region, as healthcare systems in the region come under pressure. Aid flows are to Ukraine, while welcome, means less funding for underserved populations service and rights programming for the rest of the region and donors re direct and re purpose funding.

AFEW will continue to work with our local partners to support visibility and capacity strengthening efforts to ensure continuation of critical services and programming while providing targeted technical and funding support. We will advocate for underserved populations service needs and continued funding in the wider EECA / EU region, with donors and policy makers in the Netherlands, EU as well as internationally.

Reporting Period

The statements are based on a reporting period of one year. The fiscal year coincides with the calendar year.

About the Organisation

The 2021 Financial Statements provide a financial overview of Stichting *AFEW International*. The organisation was founded on 4th January 2001 in the Netherlands, registration city Amsterdam, and during 2021 conducted operations in the Russian Federation, Ukraine, Kazakhstan, Kyrgyzstan and Tajikistan via registered representative offices. *AFEW Partnership* does not have country offices in Uzbekistan, but in 2021 implemented a project in this country in collaboration with local partner. These projects are managed from *AFEW's* International office (Uzbekistan).

Reporting Directive for Fundraising Institutions

AFEW International maintains its accounting records in accordance with the legislative requirements of the countries in which it has operations.

This report has been drawn up in accordance with the 2008 guidelines for fundraising institutions (RJ650) as published by the Dutch Council for Annual Reporting. These guidelines provide the public with clear criteria for assessing fundraising cost ratios, expenditure of funds and whether these funds have been spent on the goals for which they were intended. The

following financial statements have been prepared from the accounting records of *AFEW International* and in accordance with the organisation's accounting policies.

Principles for the Valuation of Assets, Liabilities and Financial Results

General

The principles applied in evaluating assets and liabilities and determining financial results are based on the historical cost. Unless otherwise stated, monetary assets and liabilities are shown at nominal value. Revenues and expenses are matched to the period in which they occurred (according to the matching principle).

Principles for the Translation of Foreign Currencies

The currency used throughout this report is the Euro (€).

Transactions denoted in foreign currencies are converted using the prevailing exchange rate on the date of the transaction. Monetary assets and liabilities denoted in foreign currencies are translated into the functional currency based on the prevailing exchange rate at the time of compiling the balance sheet date.

Non-monetary assets and liabilities denoted in foreign currencies and recorded at historical cost are translated into Euros against the exchange rates prevailing on the date of the transaction. The gains and losses that occurred as a result of currency exchanges are shown in the income statement.

AFEW International reports to donors using an average exchange rate for the year, except in cases where donors have requested reports using special exchange rates.

Principles for the Valuation of Assets and Liabilities

Tangible Fixed Assets

Tangible fixed assets are valued at actual cost (acquisition cost or cost of manufacture). Depreciation is calculated according to the straight-line method, on the basis of useful life.

The rates of depreciation are:

- Computer equipment, office equipment, furniture, fixtures and fittings: 33%

Fixed assets that are deployed immediately for core objectives are fully depreciated, as long as the assets have an expected life that is less than or equal to project duration.

Fixed assets with a life exceeding project duration are depreciated according to the principles for tangible fixed assets.

Inventory

Items on the inventory are valued at purchase price. If applicable, a provision for unmarketable stocks will be deducted from the value of the stocks.

The inventory lists the materials that *AFEW International* owns temporarily (prevention tools for priority populations, office supplies, synergies, published materials and brochures).

Accounts Receivable

Accounts receivable are stated at nominal value less a bad debt provision.

Cash in Banks and Cash In Hand

Cash kept in banks and cash in hand are stated at nominal value.

Reserves

In accordance with a decision by *AFEW International's* Board, a continuity reserve has been created. The continuity reserve is intended to ensure continuity of operations should the organisation experience a temporary drop in income.

Special Purpose Reserve

The special purpose reserve is an operational asset made up of capital invested in tangible fixed assets which are employed for general operations.

Funds

Special purpose funds are resources provided for fixed purposes as specified by a third party.

Long-Term Debts and Current Liabilities

The long-term debts and current liabilities are stated at nominal value.

Direct Donations

Direct donations are recognised on a cash basis.

Compliance with WNT - Law standardization remuneration top executives (semi) public sector (WNT)

For the implementation of the law on remuneration of executives in the (semi) public sector ('Wet normering bezoldiging topfunctionarissen in de (semi) publieke sector; WNT'), *AFEW International* has complied with the application policy WNT.

Financial Instruments

Financial instruments include receivables, cash, long-term debt and short-term debt. Financial instruments are recognized initially at fair value plus directly attributable transaction costs. After initial recognition, financial instruments are measured at amortized cost. If there are no premiums or discounts and directly attributable transaction costs are amortized cost will equal to the nominal value.

Subsidies

AFEW International receives special purpose (contracted) subsidies for both institutional and project activities. The amounts received from institutional donors are granted for the purpose of organisational development. The amounts received from project donors are granted for specific projects and must be spent within the scope of these projects.

The full receivable amount over the full lifetime of the contract and the resultant commitment is recorded in the *AFEW International* accounts on the contract date. These subsidies are recognised in the statement of income and expenditure in proportion to the progress of the project, based on actual expenditures.

Costs

Costs listed in this report include expenditure related to fulfilling the organisation's core objectives, raising income and management and administration. In 2010, *AFEW International* decided on new classifications for its core programme objectives, so that they better reflect what the organisation does.

Following reclassification, there are now three main objectives:

- Capacity strengthening (by far the largest area of activity, which includes training, sub-grants, technical support and client management),
 - Advocacy
 - Other (research, provision of sets for safe injection, infant milk formula, condoms and other materials).
- Costs are allocated on the basis of the following criteria: Directly attributable costs are those directly allocated to programme activities;
 - Indirectly attributable costs are costs associated with raising income and management and administration. Further specification of direct and indirect costs is presented below, under Notes to the Income Statement, 'Costs of Raising Income' and 'Management and Administration Costs'.

Notes to the Balance Sheet

1. Tangible Fixed Assets

Changes to tangible fixed assets are shown below:

(x 1€)

	Computer equipment EUR	Office equipment EUR	Furniture EUR	Total 2021 EUR
Investments				
Historical Costs as at 1 January 2021	11.954		500	12.455
Investments			339	339
Disinvestments			1.069	1.069
Historical Costs as at 31 December 2021	11.954	-	1.908	13.862
Depreciation				
Depreciation	(5.295)		(335)	(5.630)
Disinvestments			(556)	(556)
Depreciation as at 31 December 2021	(5.295)	-	(891)	(6.186)
Net book value as at 31 December 2021	6.659	-	1.017	7.677

Assets that have a life exceeding the project duration are depreciated according to the principles for tangible fixed assets.

2. Main Accounts Receivable

(x 1€)

	2021 EUR	2020 EUR
Donor Receivable Project	392.114	450.949
incl. short-term	392.114	450.949
incl. long-term	_____	_____
	<u>392.114</u>	<u>450.949</u>

As of 31st December 2021, short-term donor receivables totalled € 392,114.

By the end of 2021, donor receivables were 15% lower compared to donor receivables at the end of 2020. Given that multiple-year contracts with donors are signed at irregular intervals, donor receivables may vary significantly from year to year.

There were differences in exchange rates during 2021 in donor receivables, because one grants in 2021 were received in USD and one were received in GBP.

3. Other Accounts Receivable

(x 1€)

	2021 EUR	2020 EUR
Debtors	9.170	132
Settlements with Employees		
Other receivables	547.534	10.727
Advances paid to AFEW independent local foundations	-	-
	_____	_____
	556.704	10.859

Other receivables consist of advances paid to suppliers and some other receivables. Other receivables consists of TVL (subsidy from government due to Covid-19 restrictions) for Q3 and Q4 2021. With implementation of restructuring in 2013, closure of *AFEW* branches and moving of project activities to *AFEW* local foundations, the *AFEW Partnership* members, *AFEW International* secretariat changed accounting accordingly. *AFEW Partnership* members are successors of *AFEW* branches and assumed the activities of *AFEW* projects. *AFEW* international secretariat prepays advances to *AFEW Partnership* members. *AFEW* local foundations report on expenses to *AFEW International* secretariat on a quarterly basis.

4. Liquid Assets

(x 1€)

	2021	2020
	EUR	EUR
Current accounts	112.149	24.812
Deposit account	335.005	365.542
Petty cash	55	55
Total	447.210	390.409

By the end of the year, most liquid assets were kept in EUR (€ 371,563 or 83 % of the total liquid assets). 8% or equivalent of 33,890 was kept in US dollars and 9% or equivalent of 41,756. was kept in GBP. Liquid assets are not restricted for use by any obligations and are freely accessible.

5. Reserves

AFEW International builds its own reserve in accordance with ANBI guidelines. The Board set a long-term target of a continuity reserve that would cover a six-month period of operational costs. Operational costs include: salaries of administrative (non-project) staff and costs related to office rental and maintenance of international and regional offices.

The purpose of the continuity reserve is to ensure that the organisation can continue operating should it experience a sudden drop in its funding, to ensure the sustainability of long-term programmes, to provide pre-financing for some activities, and to conduct exploratory missions in new countries. Any changes in the continuity reserve are stated in the annual report and financial statements.

As a result of movements among reserves, at the end of 2021 the continuity reserve of *AFEW International* was increased to € 932 496.

Appropriation of result

AFEW International closed the financial year 2021 with a positive result of € 622 601.

Reserves

(x 1€)

	Continuity reserve	Total
As at 31 December 2020	309.895	309.895
Result appropriation 2021	622.601	622.601
As at 31 December 2021	932.496	932.496

6. Special Funds

The special purpose fund is based on a grant made in earlier years and during 2017 by AIDS-Fondet Denmark. These funds are allocated to supporting the Drop-in Centre for Street Children in Kyiv, Ukraine. There are no activities in 2021.

7. Main Liabilities

Subsidy Commitments

(x 1€)

	2021	2020
	EUR	EUR
Balance as at 01 January	383 353	2 642 765
Granted subsidies during the Year	1 136 421	521 780
Reversed during the Year	-	-
Spent during the Year	(1 138 192)	(2 782 750)
Exchange rate difference and revaluation	1 588	1 558,03
Grantee	-	-
Balance as at 31 December	383 170	383 353

As of 31st December 2021 there was a balance of € 383,170, in subsidy commitments, among which short-term commitments amounted to € 383,170. There are no long-term commitments in 2021.

8. Other Liabilities

(x 1€)

	2021	2020
	EUR	EUR
Accounts payable, incl. salaries and accrued payroll taxes	70.688	128.322
Audit costs	1.906	30.129
Other accrued costs		6.693
	<hr/>	<hr/>
	72.593	165.144

Other liabilities include salaries, payroll taxes, accrued audit costs and other accounts payable.

Off-balance-sheet Obligations

Multiple Year Financial Obligations

Multiple Year Financial Obligations

Long-term, unconditional obligations have been entered for the lease of the Amsterdam international secretariat office. The initial lease agreement was signed from 18th of April 2016 till 17th of April 2021 with possible prolongation. The Management Team decided to prolong the office lease till 17th April 2026 with termination period of four months. The lease agreement includes office rental, office maintenance costs (utility, cleaning costs, insurance, security, municipal taxes), and some office supplies.

The rent is dependent on the number of people working in the office and the number of square meters occupied. In 2021, 8 *AFEW International* staff worked in the office. Annual costs foreseen under the lease agreement and beyond amounted to € 32,918 – payable in 4 instalments and an additional 5th instalment dependent on extra costs occurred during the year.

Notes to the Income Statement

10. Income

A. Income from *AFEW International's* own Fundraising Activities

(x 1€)

		Actual 2021		Budget 2021		Actual 2020	
		EUR	EUR	EUR	EUR	EUR	EUR
INCOME	10						
Income from own fundraising:	A						
- Other: Donations / Collections		84.328		0		33.215	
			84.328		0		33.215

AFEW International makes grant applications directly to international foundations, NGOs and businesses. These are classified as income from own fundraising.

The volume of funds from businesses declined compared to 2020 to €0. It is not easy to get businesses interested in the key- populations that *AFEW International* reach with its activities (LGBT, people who use drugs, prisoners, sex workers, adolescents at risk).

Opportunities for corporate fundraising are on the executive director's agenda. Substantial efforts were put in place in the last few years to increase involvement of business in funding HIV prevention, treatment, care and support programs.

AFEW International does not attempt to raise funds from the general public, partly because of the reasons outlined above and partly because of the substantial financial resources needed to establish a brand in a very saturated market.

Other Donations/Collections of € 84,328 represent the amounts received for *AFEW International's* activities from different organisations and other small contributions.

B. Income from Joint Activities

(x 1€)

		Actual 2021		Budget 2021		Actual 2020	
		EUR	EUR	EUR	EUR	EUR	EUR
INCOME	10						
Income from own fundraising:	A						
Income from joint activities	B		930 247	0	275 000		859 746

In 2021, income from joint activities was generated from the projects: Emergency Support Fund for Key Populations in the EECA region, The regional "COVID-19 Solidarity Programme in

the Eastern Partnership countries”, Expansion and improvement of HIV services in Uzbekistan , “Stop TB” Partnership/UNOPS , “Comprehensive support to sexual and reproductive health and rights (SRHR) and social wellbeing of vulnerable adolescents (Russia)”.

C. Income from Third-Party Fundraising

In 2020, there was no income received from third-party fundraising activities.

D. Governmental Subsidies

Government income was mainly drawn from the Netherlands Ministry of Foreign Affairs, which in 2021 contributed € 134,185.

		Actual 2021		Budget 2021		Actual 2020	
		EUR	EUR	EUR	EUR	EUR	EUR
INCOME	10						
Income from own fundraising:	A						
Subsidies from governments	D		134 185		773 000		1 928 825

E. Other income and loss

		Actual 2021		Budget 2021		Actual 2020	
		EUR	EUR	EUR	EUR	EUR	EUR
INCOME	10						
Income from own fundraising:	A						
Other income/ loss	E		616.387		22.000		39.310

Exchange rate differences, income or loss from balance sheet accounts revaluation (for accounts kept in currencies other than euro), interest earned at bank accounts, governmental subsidies for 2021 and other minor corrections are included in other income / loss line of the Statement of Income and Expenditures and in 2021 it was income € 616,387 . These items are usually not budgeted due to difficulty to predict and immateriality of the amounts.

11. Expenditures

Costs relate to fulfilment of programme organisational objectives (direct costs), cost of raising income and management and administration costs (indirect costs).

A. Expenditures on Programme Objectives

In 2010, *AFEW International* decided on new classifications for its core programme objectives, so that they better reflect what the organisation does.

Following reclassification, there are now three main objectives:

- Capacity strengthening (by far the largest area of activity, which includes training, sub-grants, technical support and client management),

- Advocacy
- Other (research, provision of sets for safe injection, condoms and other materials).

Expenditure on Programme Objectives

(x 1€)

	Actual 2021		Budget 2021		Actual 2020	
	EUR	EUR	EUR	EUR	EUR	EUR
EXPENDITURES	11					
Spent on objectives:	A					
Capacity Strengthening	777.640		741.523		1.841.933	
Advocacy	194.410		185.381		460.483	
Research /Assessments	3.348		72.377		133.552	
		975.398		999.281		2.435.967

Capacity Strengthening

For *AFEW International's* work, in 2021 total direct costs (spent on objectives) decreased compared to 2020 on 250 % due finalizing big projects in 2020 like Bridging the Gaps project, PITCH projects. Direct costs were 2% lower than the budgeted amount n 2021

Advocacy

Budget was allocated for advocacy work, including for the memberships in several EU Civil Society Forums.

Research / Assessments Research activities in *AFEW Russia* under the “Young, Wild and Free”- the Flexible Fund project .

B. Costs of Raising Income

The costs of raising income in 2021 related to *AFEW International's* own fundraising and the costs of raising governmental grants.

Costs of *AFEW's* Own Fundraising

(x 1€)

	Actual 2021		Budget 2021		Actual 2020	
	EUR	EUR	EUR	EUR	EUR	EUR
EXPENDITURES	11					
Costs of raising income:	B					
Cost of own fundraising	74.429		37.762		104.684	

These costs include payment to fundraising consultants and grant writer. Due to the nature of the work and time spent on specific fundraising activities, 100 % of the total costs of Grant writers were charged to fundraising in 2021.

C. Management and Administration Costs

Administration expenses are those expenses incurred in the management and administration of the organisation. They primarily relate to executive management, finance and human resource management, internal and external communications and the Board's travel expenses.

AFEW International has brought its approach to and definitions of M&A costs into line with the new RJ650 guidelines. As a result, a separate heading for M&A was added to the profit and loss statement. The RJ650 guidelines allow fundraising institutions the freedom to determine which costs will be allocated to M&A, as long as a consistent method is used. Each fundraising institution is obliged to create its own guidelines for determining these expenses. For this purpose, *AFEW International* uses the VFI Recommended Application of Guideline RJ650 for Cost Management and Administration.

For assessment of the 2021 results, the principle of management and administration costs allocation was slightly revised based on reality new organisational structure. Accordingly, the cost of *AFEW International* Board meetings, executive management, of the International Office, Director, Human Resources, Facilities and ICT support.

	Actual 2021		Budget 2021		Actual 2020	
	EUR	EUR	EUR	EUR	EUR	EUR
EXPENDITURES	11					
Management and administration:	C					
Costs Management and administration	91.404		90.720		224.875	
Human Resource	1.317		6.237		45.416	

Specification and Division of Costs

(x 1€)

Destination Expenditures	Objectives		obtaining expenses (Costs of			Human Resource Development	Total 2021
	Capacity Strengthenin g	Advocacy	Research /Assessments	Own fundraising	Management & administration		
	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Subsidies and contributions (subgrants to third parties)	440.270	210.871					651.141
Outlays							-
Purchase and acquisitions:							-
- Travel and accomodation	22.254	5.564					27.818
- Audit & Consultancy	13.760	3.440					17.200
- Events							-
- Conferences participation							-
- Communication and Publicity	-		3.348			-	3.348
Public relations and Communication (incl. Media activities)							-
Staff costs:							-
- Salaries and taxes	220.713	55.177		74.429	18.491		368.810
- Staff training						1.317	1.317
Office rent					32.918		32.918
Office maintenance and supplies, incl. Depreciation					39.995		39.995
							-
Total	696.997	275.052	3.348	74.429	91.404	1.317	1.142.547

Costs directly attributable to *AFEW International's* three core objectives (programme activities) amounted to € 651 141 (or 57 % of the total expenditure for 2021). Directly attributable costs decreased 300% compared to 2020 (€ 1,955,109), due to reasons explained earlier.

Management and administration costs represented 8% of the total expenditure 2021, or € 91 404. These costs decreased compared to 2020, in terms of amount (from € 224,875 in 2020) and decrease 59% percentage of total costs in 2020.

Breakdown of Staff Costs

(x 1€)

	Actual 2021	Actual 2020
	EUR	EUR
Salaries	319.894	520.584
Social securities / taxes	56.887	0
Pension Plan	15.848	38.871
Others	1.426	28.495
Total Staff costs	394.055	587.950

The total amount spent on staff in 2021 is 33% lower than 2020. *AFEW International* had 5 employees at the end of 2021.

Subsequent Event

2021 has been marked by the unfolding and deteriorating political and security crisis across the EECA region (Kazakhstan, Belarus, Ukraine, Russia, Azerbaijan). There were increasing risks of tougher sanctions and vetting by donor countries for all stakeholders in the region combined with even more restrictive operating environments in focus countries for *AFEW* partnership. The security, health access and safeguarding risks continued to be high for civil society actors and many underserved key population groups in the region.

Political unrest in the EECA region, such as protests in Belarus and Russia, tension between Armenia and Azerbaijan, the protests corruption and fraud during elections in Kyrgyzstan, the 'frozen' conflict in East Ukraine, continued to influence political perspectives on the region. EU – Russia relations were on an all-time low at the time of writing this statement. The combination of Covid-19 and these political developments also affect the health and the access to health services for key-population groups. *AFEW International* continued to support local organisations through the Emergency Fund and the COVID-19 Solidarity Fund and kept public health concerns as HIV, TB and viral hepatitis on the political agenda, as well as was addressing the shrinking space for civil society in the EECA region.

Signed by *AFEW* Supervisory Board members and the Management Team on 13th of June 2022 in Amsterdam.

Supervisory Board Members:

Michel Kazatchkine (Chairman of the Supervisory Board)

Udi Davidovich (Vice Chairman of the Supervisory Board)

Dolf Kamermans (Treasurer of the Supervisory Board)

Vladimir Mendelevich (Supervisory Board member)

Hernan Fuenzalida (Supervisory Board member)

Maria Jokovleva (Supervisory Board member)

Timur Abdullaev (Supervisory Board member)

Marieke van der Werf (observer)

Victoria Dollen (representative *AFEW Partnership*, observer)

Board of directors 2021:

Yuliya van Polanen (Interim Director)