



## Stichting *AFEW International*

### Report on the Financial Statements for 2022


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.

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BDO Accountancy, Tax & Legal B.V.

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## Report of the Board of Directors

The Board of Directors, Yuliya van Polanen Executive Director of *AFEW International* is pleased to present the organisation's 2022 Financial Statements. This document accompanies the Annual Report 2022 .

### 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.**

**Our vision:** a world in which underserved populations gain access to health care free from stigma and discrimination

**Our mission:** providing support and a strong international voice on rights and on healthcare access for underserved populations in the EECA region

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 “underserved 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 comprised of independent local organisations working in the countries of Eastern Europe and Central Asia. In 2022 the *AFEW Partnership* consisted of four members operating in Kazakhstan, Kyrgyzstan, the Netherlands and Ukraine; with *AFEW International* in the Netherlands serving as the international secretariat of the partnership.

### AFEW 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.

### AFEW Partnership 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.

## 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.

## 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, stigmatised 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 underserved 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 underserved 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.

**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](http://www.afew.org)

## Our achievements: projects 2022

In 2022 we developed a new strategy that helped us to reprioritize our efforts on supporting the wider needs and rights of underserved populations across EECA.

This strategy is based on a people-centered, integrated model that puts underserved populations including those living with HIV and the hepatitis C virus (HCV) and who have experienced tuberculosis (TB) at the centre of our collective efforts to responding to these communicable diseases. In parallel, we aim to highlight and address the stigma, poverty, discrimination, and exclusion faced by underserved populations, all of which continue to drive underlying health and social inequalities, while working towards better-coordinated EECA- and EU country-specific community-led responses. *AFEW International* focused on 3 strategic objectives:

- 1) **Greater visibility** for underserved populations' needs and rights related to health in the EECA region, including advocacy & increased resources.
- 2) **Strengthening partnerships and partners capacities** on improving health and social protections for underserved populations and communities.
- 3) **Linking and Learning**, providing platforms and opportunities for effective exchanges and access to knowledge to the wider EECA region and neighbourhood countries.

### 1. Greater Visibility

**Following our objective greater visibility for** underserved populations' needs and rights related to health in the EECA region, including advocacy & increased resources, we attended a number of key events **in different parts of the world.**

Under the objective Greater visibility, AFEW partnership also launched a regional social campaign against stigmatization and discrimination of women living with and affected by HIV within the project "**Combating stigma to end HIV/AIDS in EECA**", financed within Gilead's *Zeroing In: Ending the HIV Epidemic (EHE)* programme.

The campaign materials are freely available in English/ Russian, as well as Kazakh, Kyrgyz, Uzbek, and Ukrainian languages, and include videos and other materials that can be used for online and offline promotion. [www.stopstigma.hiv](http://www.stopstigma.hiv)

## **2. Strengthening partnerships and partners capacities**

In 2022 we worked on strengthening capacity of our partners in several countries by implementing our projects.

### ***The project Expansion and improvement of HIV services in Uzbekistan, financed by Elton John Aids Foundation (May 2021 – April 2023).***

A 2-year project implemented in partnership with a local partner NGO “ISHONCH VA HAYOT” (a community based membership NGO uniting key populations).

The project addresses the existing gap in the access of KPs to testing and relevant HIV services. Through the rapid HIV testing system developed by the community and the subsequent social follow-up of clients to the health facility, clients will be linked to ARV treatment in a timely manner. Community-based HIV self-testing has been effectively implemented in many EECA countries for several years. However, for Tashkent, this approach is new and has not yet been reflected in the national HIV protocol. The project aims to assist the Republican AIDS Centre of Uzbekistan in adapting the new WHO recommendations on the provision of HIV testing services.

In 2022 *AFEW International* provided technical support to ensure better coverage of key populations in HIV testing services, and better treatment adherence of those tested positive for HIV. Main focus of the support given in 2022 was organizational development, monitoring & evaluation and human resource management.

### ***Advocating vulnerable groups’ rights through a stronger civil society in Uzbekistan, Financed by the EU delegation in Uzbekistan (February 2022 – August 2024)***

The project is dedicated to empowering underserved groups in Uzbekistan, such as people vulnerable to discrimination – women, people with disabilities, people living with or at high risk of HIV and migrants, and to protecting their rights and freedoms through strengthening and building local CSOs’ own organisations and capacities, thereby strengthening civil society in Uzbekistan.

### ***EU COVID-19 Solidarity Programme in the Eastern Partnership countries with the financial support of the European Union (July 2020 – December 2022)***

In the framework of this project, we addressed the COVID-19 needs and advocacy for support of the key populations organisations.

In 2022 AFEW International conducted the Advocacy workshop in Istanbul on June 29-30 for our previous subgrantees from Georgia, Armenia, and Moldova, and following that, together with AFEW Ukraine, launched a closed Call for advocacy proposals. The small advocacy grants have enabled subgrantees in Armenia, Georgia, Moldova, and Ukraine to implement projects addressing post-pandemic challenges, such as threats to funding stability, the growing refugee crisis and health systems underfunding, will contribute to the strength of grassroots organizations serving communities that are often left behind.

We have organised a monitoring visit to Georgia in October 2022. Special attention was paid to the extent and range of knowledge and skills gained by CSOs through the Capacity Building

Program and small grant advocacy program, as well as the feedback on the relevancy and challenges of the advocacy strategies of CSOs during the current period of implementation.

Finally, we have continued to collect information on the epidemiology of COVID-19 in the six countries of the Eastern Partnership, as well as measures taken by local governments to contain the epidemic and information on access to health services.

### **3. Linking and learning**

#### ***EECA INTERACT 2022***

The third scientific workshop on HIV, Hepatitis C and Tuberculosis in Eastern Europe and Central Asia – EECA INTERACT 2022 – was organised on December 13-14 in Riga, Latvia.

EECA INTERACT 2022 expanded and included the Baltics, the Balkans, and several countries in Central Europe. Overall, 106 scientists, clinicians, NGO delegates, civil society representatives, and policymakers from 28 different countries attended EECA INTERACT 2022 to discuss the latest developments on HIV, TB, and hepatitis. 70 abstracts were submitted.

*The event was co-organised by AFEW International, Amsterdam Institute of Global Health & Development (AIGHD) and Riga Stradins University.*

## **Ukraine**

From the first days of the war in Ukraine, AFEW immediately mobilized all resources to aid to Ukrainians who suffered. We have aligned with our network in Ukraine and started gathering their requests. We talked to our international partners and donors and found ways to reallocate some of the funding for emergency aid. We have co-signed and co-created several statements to the decision-makers to draw attention to the needs underserved groups. We were continuously updating lists of needs and locations and matched them with potential funders and resources they needed, while connecting and coordinating the information and aid flow with the organisations in the Netherlands and other European countries.

### **What was done?**

- 1) In the framework of a project “Humanitarian aid to local Civil Society Organizations in Ukraine “SOS-Ukraine”, implemented by the MBF AFEW-Ukraine and International Humanitarian Organization People in Need, with technical support of AFEW International, Ukrainian organizations have got an emergency financial support. With this help they were able to get food, water, medicine and other essential supplies.
- 2) *AFEW International* joined the SAZ, a project of 29 Dutch regional hospitals, to help some of our partners in Ukraine. Within the project, healthcare workers and doctors contacted hospitals and non-profit organisations in Ukraine and investigated their colleagues' requests. After they collected medicines and medical devices to send to Ukraine. AFEW International was also involved in collecting information.
- 3) *AFEW International* have started a collaboration with the Vattenfall Foundation in the Netherlands which helps vulnerable people and groups in society. We have gotten humanitarian aid which partly went to Ukrainian refugees in the Netherlands and partly



was delivered to Ukraine. Thanks to Ronald Smit, Coordinator at Vattenfall Foundation, for his support to Ukrainian people.

- 4) De Samenwerkende Hulporganisaties (SHO), also known as Giro 555 in the Netherlands, raised 500 m euro for help Ukrainian people. With the help of our partners in the Netherlands Dokters van de wereld, some of this money was transferred to our partner in Ukraine - AFEW-Ukraine to get medicines and provide vulnerable communities for HIC: prisoners, PWUD, Sex Workers, LGBTQI.
- 5) We have set up an online campaign called “Voices from Ukraine”, in which our community-based partners from different parts of the country tell us what is happening in their cities and how they are helping key groups to overcome this crisis.
- 6) *We collaborated with Pharos, a Dutch Centre of Expertise on Health Disparities which works to improve the safe use of medicines among semi-literate people, non-western migrants and people with limited health literacy. Pharos has developed a sheet with information for health professionals about health risks and specific health issues among Ukrainian refugees that need attention.*

*More information about AFEW projects can be found in annual report or on our web site.*

## 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 6 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 2022, *AFEW International* Supervisory Board consisted of 6 members and 2 observers.

Michel Kazatchkine (Chairman of the Supervisory Board)  
Timur Abdullaev (Vice Chairman of the Supervisory Board)  
Robert Delhaas (Treasurer of the Supervisory Board)  
Vladimir Mendelevich (Supervisory Board member)  
Masoud Dara (Supervisory Board member)  
Maria Yakovleva (Supervisory Board member)

Marieke van der Werf (Observer)  
Victoria Dollen (representative *AFEW Partnership* , Observer)

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

## **Supervisory Board Meetings in 2022**

To set up ongoing communication, Chair M. Kazatchkine Executive Director had seven 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 2022, Yuliya van Polanen, interim director introduced Strategic Planning including budget for 2022-2024 and open discussion for strategy 2022-2024.

In the face-to-face meeting in June 2022, the Supervisory Board approved the financial statement 2021 and annual report 'Contributing to the healthy future in the EECA region'. Interim director introduced *AFEW International* Strategy 2022-2024 including main objectives, 3- tier approach, cashflow 2022-2024 in line with strategic vision donor mapping and new organogram. The strategy 2022-2024 was approved by to the supervisory board. The Supervisory Board has reached a decision to reappoint Yuliya van Polanen as the Executive Director of *AFEW International*.

During Supervisory board meeting was agreed to shrink annual report till maximum 8 pages for external use. 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.

During the virtual meeting on 16<sup>th</sup> December 2021, the supervisory board committed a great success of EECA Interact , workshop took place in Riga, Latvia.

Executive director welcomed Yulia Koval-Molodtsova in management team of *AFEW International* and presented annual work plan 2023, which was approved including budget. Additionally, work of *AFEW International* was presented in session 'reflections 2022', based on the current situation of the war in Ukraine and impact it on the neighbouring countries. The Supervisory board supported the decision to close *AFEW Russia* in 2023.

## **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 6 virtual meetings in 2022. Due to COVID-19, there were no face-to-face meetings from 2019 , but *AFEW Partnership* discussed to meet face- to- face in 2023 for further discussion of the *AFEW Partnership* collaboration. During the virtual calls ongoing issues regarding projects, proposals and conferences were discussed.

The steering committee meetings were mainly devoted to discussing the consequences of the war in Ukraine for the target population and of the organizations working in the EECA region.

Also humanitarian response possibilities were discussed. It was decided by the board of AFEW Russia to close the organisation in Moscow.

## Accountability

The supervisory board is satisfied with the financial statements prepared by board of directors for the year ending 31 December 2022 fairly reflecting the financial position and operations of *AFEW International*. The Annual Report 2022 (new version) provides a fair reflection of the programmes, activities and results achieved in 2022. 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.

Most of the programme development activities in 2022 were developed in response to the war in Ukraine and crisis in the region. One of the new programme directions was developing approach to support of the Ukrainian PLHIV arriving in Europe, specifically the Netherlands and to support underserved populations in Ukraine.

## Geographical Coverage

In 2022, the *AFEW Partnership* has members in Kazakhstan, Kyrgyzstan and Ukraine. *AFEW* international secretariat is based in Amsterdam, the Netherlands. *AFEW International* works in Armenia, Azerbaijan, Georgia, Moldova, Tajikistan, Uzbekistan supporting local NGOs.

## Communications with Stakeholders

Throughout the year we have actively engaged with key stakeholders, including by participating in the following events and activities:

- Human Rights Film Festival in The Hague, Netherlands, where we had a panel discussion, presenting a project for HIV-positive displaced Ukrainians currently living in the Netherlands.
- Ambassador conference in The Hague, Netherlands, where we had meetings with ambassadors from Georgia, Latvia, Poland, Kazakhstan, Ukraine, and other EECA countries.
- 15th Netherlands Conference on HIV Pathogenesis, Epidemiology, Prevention and Treatment (NCHIV) in Amsterdam and AIDSFONDS Soa Congress in Utrecht, where we learned about developments in our field in the Netherlands.
- 29th AIDS Conference “A person living with HIV in the family and society” in Warsaw, Poland, where we hosted a panel session “Various faces of support. Poland-Ukraine session”.
- AIDS 2022 in Montreal, Canada, where we participated in a panel discussion to ensure the visibility of the EECA region. \_

## 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 number of projects and staff rotation, *AFEW International* hired a new Office Manager, Grant Writer, Financial Officer and Programmes Manager. Communication Officer. The overview of staff in 2022:

Executive Director 0.92 fte

Director of Programmes and Public Affairs 0.92 fte

Programmes Manager 0.82 fte

Grants Writer 0.82 fte

Communication officer 0.82 fte

Office manager 0.82 fte

Financial Officer 0.52 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 the 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 2022, current budget revenues were based mostly on 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), “Expansion and improvement of HIV services in Uzbekistan” financed by the Elton John AIDS Foundation, ‘Advocating vulnerable groups rights in Uzbekistan’ financed by EU Delegation Uzbekistan, “EECA Interact 2022” co-financed by Gilead, IAS, Aidsfonds, MPP and others.

## Fundraising Strategy for 2022 and Beyond

*AFEW International* presented the new fundraising strategy at the end of 2022 for 2023-2024. *AFEW International* is working to bring the EECA region on the political agenda for coming years joining the EECA NGOs and networks in regional advocacy

We are diversifying our funding sources by addressing new trends in HIV, TB, viral hepatitis epidemics and sexual and reproductive health and rights issues, stigma and discrimination in EECA. 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 2022 we have applied to a variety of open grant calls including by: Radian Unmet Need fund, Bridging the gaps - effective sex treatment response for LGBTI communities affected by problematic chemsex funded by Sharenet the Netherlands, Support for the Ukrainian PLHIV refugees GIPA Fund by ViiV, Expanding cooperation with civil society in Georgia funded by German MoFa, UN Women Trust Fund and others.

## Risk Categories

### AFEW Sustainability

With current grant support, *AFEW* has a stable financial base until the end 2024. Funding support includes grants from the following sources: Elton John Aids Foundation (EJAF), the European Commission, Gilead, and the German Ministry of Foreign Affairs, amongst other donors.

Whilst the donor development landscape is changing rapidly and in unpredictable ways, *AFEW*'s new strategic approach and operational model is now more relevant, inclusive, and sustainable in serving underserved populations and communities across the entire region. *AFEW* will pursue its core objectives within the framework of a realistic, agile, and responsive 36-month business plan. The strategy and annual work plan will be reviewed using inclusive consultation methods on a quarterly basis and adjusted as necessary. This reflects the new reality given the current operating landscape, whereby we aim to make an important contribution to both the short- and longer-term health and other needs of the underserved communities we serve.

By focusing on the broader needs of underserved populations and communities and working collaboratively with donors and partners in EECA and several countries at the European level, additional funding and partnership opportunities will be available to the organisation.

Furthermore, donors are inclined to fund community-based organisations and networks with the aim of empowering those communities to work towards a better life. Donors prefer funding big international organisations instead of smaller ones that may have a more limited capacity to mitigate risks.

The core focus remains trained on expanding our partners in different countries and continuing to bring a 'voice' from the EECA region to the European donor and governmental audiences. In addition, this specifically includes lobbying for recognition and resourcing to address strategic underserved population health risks, leveraging if needed the current geopolitical spotlight trained on the region.

*AFEW* is acutely aware of the risks accompanying our work and continually takes measures to mitigate these risks. The risk matrix includes risk awareness and prevention measures

In the medium and longer term, the ambition remains for *AFEW International* to become a facilitator of change and exchange between the East and West, a strong advocate for human rights and access to health care for all, maintaining a focus on ‘key populations’, and raising awareness of and funding for *AFEW International* and the *AFEW Partnership* and, in more general terms, for the EECA region as a whole.

Based on the cash flow analysis, *AFEW international’s* activities are sustainable until the end of 2024, even with its existing projects and the current situation.

## 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 executive 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 2022 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 2022, the executive director was combining her tasks as director with the tasks the position of the director of Finance throughout 2022. The director of Programmes and Public Affairs together with the project staff and executive director oversaw developments and trends in the EECA region. *AFEW International* increased its capacity for communication activities (0,82 fte). The finance department, HR department and operational processes within *AFEW International* is headed by executive director for 0.92 fte.

At the end of 2022, *AFEW International* increased staff from 5 to 7 members due to the current 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 2022 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 2022

*AFEW International* closed the financial year 2022 with a negative result. Based on the Board's decision, the amount of 25,238 EUR from 2022 has been deducted to *AFEW* reserves. More detailed analysis of income and expenditures is provided below.

### Exchange Rates

Since 2022, *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 21th operational year was € 894,333, which represents 49% decrease compared to 2021 (€ 1,765,148).

### Expenditure

Expenditures in 2022 were higher than income, totalling € 925,624. This was 19% lower than the expenditure in 2021 (€ 1,142,547).

### 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 2022 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 2022 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 2022	Project 2023
	<b>Joined Activities</b>						
Advocating vulnerable groups rights in Uzbekistan	EU Delegation Uzbekistan	2021	EUR	2024	<b>380 000</b>	158 000	152 000
Gilead Sciences Inc	Gilead Sciences Inc	2021	EUR	2023	<b>150 000</b>	105 000	45 000
HH EaP	European Commission	2020	EUR	2022	<b>390 000</b>	192 000	
Expansion and improvement of HIV services in Uzbekistan	Elton John Aids Foundation	2021	GBP	2023	<b>399 000</b>	157 000	115 000
Focus Media	European Commission	2020	EUR	2023	<b>24 450</b>	1 000	9 000
Capacitating Public Health Initiatives in Russia	German MoFa	2022	EUR	2023	<b>38 000</b>	26 000	12 000
Radian - Web Outreach NPS in Kyrgyzstan	Elton John Aids Foundation	2022	EUR	2023	<b>14 000</b>	2 000	12 000
Mpox Awareness	Gilead Sciences Inc	2022	EUR	2023	<b>50 000</b>		50 000
STOP TB Uzbekistan	Stop TB Partnership	2022	EUR	2023	<b>20 000</b>		20 000
EECA Interact	Scientific workshop	2019	EUR	2024	-	21 500	90 000
GIPA - Support for the Ukrainian PLHIV refugees	ViiV	2023	EUR	2023			70 000
Bridging the gaps - effective sex treatment response for LGBTI communities affected by problematic chemsex	Sharenet the Netherlands	2023	EUR	2023			25 000
Expanding cooperation with civil society (Georgia)	German MoFa	2023	EUR	2023			46 000
Support for the Ukrainian PLHIV refugees	private donors/ third parties	2023	EUR	2024			48 000
Radian "Unmet Need" (Moldova)	Elton John Aids Foundation	2023	EUR	2025			25 000
Others							120 000

## 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 2022 amounted to € 86,650, which represented 9% 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 2022, year-end result is negative since management and administration costs were covered by donors on 97%. For more information, see ‘Management and Administration Costs’.

Although *AFEW International* sets an internal standard that M&A costs can be as much as 9% 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 2022 was € 894,333 , which is 1% higher than the latest budgeted amount of € 890,000 . Realized income is higher than expected because of private donors contribution for support in Ukraine at the beginning of the war in February 2022.

### Expenditure

Accordingly, lower amount of expenditures took place during 2022. A total amount of € 925,624 was spent in the 2022 operational year, which is 4% higher than the budgeted amount of €890,000 . Expenditure is higher than budgeted due to audit conduction for 2022. Unfortunately TVL audit was not budgeted for 2022 , which brought the negative result of the year and difference in the between budgeted and spent funds

## 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 2022 the continuity reserve of *AFEW International* was decreased to € 907,258.

## 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 2023

For 2023, the income part of the budget at the moment of preparing the financial statements is expected to be € 839,000. Income in 2023 is mainly based on the projects: 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 , Ukrainian refugees with HIV living in Poland engaged in HIV policy and practice (GIPA) financed by Viiv Healthcare , Bridging the gaps - effective sex treatment response for LGBTI communities affected by problematic chemsex financed by Sharenet the Netherlands, Expanding cooperation with civil society in Georgia financed by German MoFa and others .

Additionally , contract modifications and rescheduling of the activities of the projects from 2022 moved to 2023: Expansion and improvement of HIV services in Uzbekistan, "Stop TB" Partnership/UNOPS, Mpox awareness of Gilead Sciences Inc and Radian - Web Outreach in Kyrgyzstan

## Balance Sheet

(As of 31<sup>st</sup> December 2022, after appropriation of the year-end surplus)

		2022		2021	
		EUR	EUR	EUR	EUR
<b>Tangible fixed assets</b>	<b>1</b>	<b>3 169</b>		<b>7 677</b>	
			<b>3 169</b>		<b>7 677</b>
<b>Inventory</b>					
For immediate and full use in the context of the objective			<b>0</b>		<b>0</b>
<b>Accounts receivable and deferred assets</b>					
Donors	<b>2</b>	<b>440 456</b>		<b>392 114</b>	
Other	<b>3</b>	<b>189 924</b>		<b>547 534</b>	
			<b>630 380</b>		<b>939 647</b>
<b>Cash and cash equivalents</b>	<b>4</b>		<b>853 048</b>		<b>447 210</b>
<hr/>					
<b>TOTAL ASSETS</b>			<b>1 486 597</b>		<b>1 394 534</b>
<hr/>					
<b>Reserves and Funds:</b>					
<b>Reserves</b>	<b>5</b>				
Continuity reserve		<b>907 258</b>		<b>932 496</b>	
			<b>907 258</b>		<b>932 496</b>
<b>Funds</b>					
Special purpose funds	<b>6</b>		<b>0</b>		<b>6 274</b>
<b>Long-term debts</b>					
Subsidy commitments	<b>7</b>				
<b>Short-term debts</b>					
Subsidy commitments	<b>7</b>	<b>442 911</b>		<b>383 170</b>	
Other liabilities	<b>8</b>	<b>136 430</b>		<b>72 593</b>	
			<b>579 341</b>		<b>455 763</b>
<hr/>					
<b>TOTAL LIABILITIES</b>			<b>1 486 597</b>		<b>1 394 534</b>
<hr/>					

# Statement of Income and Expenditure for 2022

(x1€)

	Actual 2022		Budget 2022		Actual 2021	
	EUR	EUR	EUR	EUR	EUR	EUR
<b>INCOME</b>	<b>10</b>					
<b>Income from own fundraising:</b>	<b>A</b>					
- Grants from international Foundations / NGOs		-	-		-	
- Grants from Businesses		4 500	-		-	
- Other: Donations / Collections		117 837	-		84 328	
			122 337		-	84 328
<b>Income from joint activities</b>	<b>B</b>		533 912	-	720 000	930 247
<b>Subsidies from governments</b>	<b>D</b>					134 185
<b>Other income</b>	<b>E</b>		238 084		170 000	616 387
<b>TOTAL INCOME</b>			<b>894 333</b>		<b>890 000</b>	<b>1 765 148</b>
<b>EXPENDITURES</b>	<b>11</b>					
<b>Spent on objectives:</b>	<b>A</b>					
Capacity Strengthening		606 927	585 000		777 640	
Greater Visibility		103 530	133 500		194 410	
Linking&Learning		65 452	44 500		3 348	
			775 909		763 000	975 398
<b>Costs of raising income:</b>	<b>B</b>					
Cost of own fundraising		51 726	30 000		74 429	
Costs of obtaining governmental grants						
			51 726		30 000	74 429
<b>Management and administration:</b>	<b>C</b>					
Costs Management and administration		86 650	85 000		91 404	
Human Resource		11 338	12 000		1 317	
			97 988		97 000	92 720
<b>TOTAL EXPENDITURES</b>			<b>925 623</b>		<b>890 000</b>	<b>1 142 547</b>
Financial expenditures			4 454			
Exchange rate differences			1 598			
<b>Balance of income and expenditure</b>			<b>(25 238)</b>		<b>-</b>	<b>622 601</b>
<b>Allocation of Year-end result:</b>						
Continuity reserve			(25 238)		-	622 601
<b>Total allocation of Year-end result</b>			<b>(25 238)</b>		<b>-</b>	<b>622 601</b>

# Notes to the 2022 Financial Statements

## General

The 2022 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 2022 Financial Statements provide a financial overview of Stichting *AFEW International*. The organisation was founded on 4<sup>th</sup> January 2001 in the Netherlands, registration city Amsterdam, and during 2022 conducted operations in Ukraine, Kazakhstan, Kyrgyzstan via *AFEW Partnership* 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. f

### **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 2022, *AFEW International* decided on new strategy classifications for its core programme objectives, so that they better reflect what the organisation does.

Following reclassification, there are now 3 main objectives:

- Greater Visibility
- Capacity Strengthening
- Linking & Learning



- 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 2022 EUR
<b>Investments</b>				
Historical Costs as at 1 January 2022	7 275		402	7 677
Investments	999			999
Disinvestments				-
<b>Historical Costs as at 31 December 2022</b>	<b>8 274</b>	<b>-</b>	<b>402</b>	<b>8 676</b>
<b>Depreciation</b>				
Depreciation	(5 221)		(286)	(5 507)
Disinvestments				-
<b>Net book value as at 31 December 2022</b>	<b>3 053</b>	<b>-</b>	<b>116</b>	<b>3 169</b>

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€)

	<b>2022</b>	<b>2021</b>
	<b>EUR</b>	<b>EUR</b>
Donor Receivable Project	<b>440 456</b>	<b>392 114</b>
incl. short-term	440 465	392 114
incl. long-term	_____	_____
	<b>440 456</b>	<b>392 114</b>
	_____	_____

As of 31<sup>st</sup> December 2022, short-term donor receivables totalled € 440,456.

By the end of 2022, donor receivables were 12% higher compared to donor receivables at the end of 2021. 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 2022 in donor receivables, because one grants in 2022 were received in USD and one were received in GBP.

## 3. Other Accounts Receivable

(x 1€)

	<b>2022</b>	<b>2021</b>
	<b>EUR</b>	<b>EUR</b>
Debtors	<b>616</b>	<b>9 170</b>
Settlements with Employees		
Other receivables	<b>189 308</b>	<b>547 534</b>
Advances paid to AFEW independent local foundations	-	-
	_____	_____
	<b>189 924</b>	<b>556 704</b>

Other receivables consist of advances paid to suppliers and some other receivables. 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€)

	<b>2022</b>	<b>2021</b>
	<b>EUR</b>	<b>EUR</b>
Current accounts	187 987	112 149
Deposit account	665 005	335 005
Petty cash	55	55
<b>Total</b>	<b>853 047</b>	<b>447 210</b>

By the end of the year, most liquid assets were kept in EUR (€ 742,174 or 87 % of the total liquid assets). 5% or equivalent of 31,155 was kept in US dollars and 9% or equivalent of 79,719 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 nine-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 total continuity reserve of € 615,000 would be used for cover operational costs of the organization.

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 the movements among reserves, at the end of 2022 the continuity reserve of *AFEW International* was decreased to € 907,258.

#### Appropriation of result

*AFEW International* closed the financial year 2022 with a negative result of € 25,238.

## Reserves

(x 1€)

	<u>Continuity reserve</u>	<u>Total</u>
<b>As at 31 December 2021</b>	<b>932 496</b>	<b>932 496</b>
Result appropriation 2022	(25 238)	(25 238)
<b>As at 31 December 2022</b>	<b>907 258</b>	<b>907 258</b>

## 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 total reserve of *AFEW International*

## 7. Subsidy Commitments

(x 1€)

	<b>2022</b>	<b>2021</b>
	<b>EUR</b>	<b>EUR</b>
Subsidy Commitments Project	<b>442 911</b>	<b>383 170</b>
incl. short-term	442 911	383 170
incl. long-term		
Grantee		
	<b>442 911</b>	<b>383 170</b>

As of 31<sup>st</sup> December 2022 there was a balance of € 442,911, in subsidy commitments, among which long-term commitments amounted to € 442,911. There are no long-term commitments.

## 8. Other Liabilities

(x 1€)

	2022	2021
	EUR	EUR
Accounts payable, incl. salaries and accrued payroll taxes	124 951	70 688
Audit costs	9 979	1 906
Other accrued costs	1 500	0
	<hr/>	<hr/>
	<b>136 430</b>	<b>72 593</b>

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

### Off-balance-sheet 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 17<sup>th</sup> 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 2022, 7 *AFEW International* staff worked in the office. Annual costs foreseen under the lease agreement and beyond amounted to € 23,397 – 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 2022		Budget 2022		Actual 2021	
	EUR	EUR	EUR	EUR	EUR	EUR
<b>INCOME</b>	<b>10</b>					
<b>Income from own fundraising:</b>	<b>A</b>					
- Grants from international Foundations / NGOs		-		-		-
- Grants from Businesses		4 500		-		-
- Other: Donations / Collections		117 837		-		84 328
			<b>122 337</b>			<b>84 328</b>

*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 increased compared to 2021 to €4,500

Opportunities for corporate fundraising are on the executive director's agenda for 2023. 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 including grants from business of € 122,337 represent the amounts received for *AFEW International's* activities from different organisations and other small contributions.

#### B. Income from Joint Activities

(x 1€)

	Actual 2022		Budget 2022		Actual 2021	
	EUR	EUR	EUR	EUR	EUR	EUR
<b>INCOME</b>	<b>10</b>					
<b>Income from own fundraising:</b>	<b>A</b>					
<b>Income from joint activities</b>	<b>B</b>					
		<b>533 912</b>		<b>-</b>	<b>720 000</b>	<b>930 247</b>

In 2022, income from joint activities was generated from the projects: The regional "COVID-19 Solidarity Programme in the Eastern Partnership countries", 'Expansion and improvement of HIV services in Uzbekistan', 'Advocating vulnerable groups rights in Uzbekistan' and other small projects.

### C. Income from Third-Party Fundraising

In 2022, there was no income received from third-party fundraising activities.

### D. Subsidies from governments

Government income was not received from the Netherlands Ministry of Foreign Affairs in 2022. EECA region is not at Minister of the Netherlands' agenda till the end of 2024.

### E. Other income

	Actual 2022		Budget 2022		Actual 2021	
	EUR	EUR	EUR	EUR	EUR	EUR
<b>INCOME</b>	<b>10</b>					
<b>Other income</b>	<b>E</b>	<b>238 084</b>		<b>170 000</b>		<b>616 387</b>

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 2022 and other minor corrections are included in other income / loss line of the Statement of Income and Expenditures and in 2022 it was income € 238,084. 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 Spent on Objectives

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

## Expenditure on Programme Objectives

(x 1€)

		Actual 2022		Budget 2022		Actual 2021	
		EUR	EUR	EUR	EUR	EUR	EUR
<b>EXPENDITURES</b>	<b>11</b>						
<b>Spent on objectives:</b>	<b>A</b>						
Capacity Strengthening		606 927		585 000		777 640	
Greater Visibility		103 530		133 500		194 410	
Linking&Learning		65 452		44 500		3 348	
			<b>775 909</b>		<b>763 000</b>		<b>975 398</b>

## B. Costs of Raising Income

The costs of raising income in 2022 related to *AFEW International*'s own fundraising and the costs of raising governmental grants.

### Costs of *AFEW*'s Own Fundraising

(x 1€)

		Actual 2022		Budget 2022		Actual 2021	
		EUR	EUR	EUR	EUR	EUR	EUR
<b>EXPENDITURES</b>	<b>11</b>						
<b>Costs of raising income:</b>	<b>B</b>						
Cost of own fundraising		51 726		30 000		74 429	
Costs of obtaining governmental grants							
			<b>51 726</b>		<b>30 000</b>		<b>74 429</b>

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 2022.

## 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.



	Actual 2022		Budget 2022		Actual 2021	
	EUR	EUR	EUR	EUR	EUR	EUR
<b>EXPENDITURES</b>						
<b>Management and administration:</b>	<b>11</b>					
Costs Management and administration	C	86 650	85 000		91 404	
Human Resource		11 338	12 000		1 317	
			<b>97 988</b>	<b>97 000</b>		<b>92 720</b>
<b>TOTAL EXPENDITURES</b>			<b>925 623</b>	<b>890 000</b>		<b>1 142 547</b>

For assessment of the 2022 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.

## Specification and Division of Costs

(x 1€)

Destination	Objectives			obtaining expenses (Costs of raisnig)			Total 2022
	Capacity Strengthening	Greater visibility	Linking&Learning	Own fundraising	Management & administration	Human Resource Development	
Expenditures	EUR	EUR	EUR	EUR	EUR	EUR	EUR
<b>Subsidies and contributions (subgrants to third parties)</b>	<b>270 380</b>						<b>270 380</b>
Evaluation&survey	12 199						12 199
<b>Purchase and acquisitions:</b>							-
- Travel and accomodation	29 153	26 190	26 628				81 971
- Audit & Consultancy	40 381						40 381
- Events		8 720					8 720
- Conferences participation	34 491						34 491
- Communication and Publicity		7 954	4 956				12 910
<b>Public relations and Communication (incl. Media activities)</b>							-
<b>Staff costs:</b>							-
- Salaries and taxes	212 139	60 666	33 868	51 726	23 714	11 338	393 451
- Staff training							-
<b>Office rent</b>					23 397		23 397
<b>Office maintenance and supplies, incl. Depreciation</b>	8 184				39 539		47 723
							-
<b>Total</b>	<b>606 927</b>	<b>103 530</b>	<b>65 452</b>	<b>51 726</b>	<b>86 650</b>	<b>11 338</b>	<b>925 623</b>

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Date: 21 June 2023

Initials: 

Costs directly attributable to *AFEW International*'s three core objectives (programme activities) amounted to € 606,927 (or 66 % of the total expenditure for 2022). Directly attributable costs € 710,458 decreased 27% compared to 2021 (€ 975,398), due to reasons explained earlier.

Management and administration costs represented 9% of the total expenditure 2022, or € 86,650. These costs decreased compared to 2021, in terms of amount (from € 91,404 in 2021), which is 5% percentage of total costs in 2021.

### Breakdown of Staff Costs

(x 1€)

	<b>Actual 2022</b>	<b>Actual 2021</b>
	<b>EUR</b>	<b>EUR</b>
Salaries	309 405	319 894
Social securities / taxes	53 425	56 887
Pension Plan	17 290	15 848
Others	1 488	1 426
<b>Total Staff costs</b>	<b>381 608</b>	<b>394 055</b>

The total amount spent on staff in 2022 is 3% lower than 2021. *AFEW International* had 7 employees at the end of 2022.

#### *Remuneration of the Supervisory Board*

Board members do not receive remuneration for their activities in accordance with *AFEW International* policy.

#### *Remuneration of Directors*

The Supervisory Board delegates day-to-day supervision and management of the organisation to the Executive Director.

Director's salary is in line with the amount recommended by the VFI in their 'Adviesregeling Beloning Directeuren van Goede Doelen' ('Advice on Remuneration of Directors of Charities'). Directors' salaries are subject to the approval of the Supervisory Board. Directors' salaries and the annual pay rise are subject to an annual review. In general, in previous years the annual pay rise was set in *AFEW* at 2-5% for staff of the international secretariat. *AFEW International* pays pension contributions for its staff.

*AFEW International* complies with the WNT in that the remuneration of directors is the same as under application of WNT as no pension charge is included.

*AFEW International* has included the WNT in the financial statements. The WNT-report will be published afterwards.

**Subsequent Event**

The ongoing war in Ukraine and imposition of sanctions is impacting the entire Eastern European and Central Asia (EECA) region, and could result in a severe health emergency impacting many countries . The disruption to diagnostics and treatment services 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, also means less funding earmarked for underserved populations programming for the rest of the region with donors actively re directing and re purposing their funding.

Signed by *AFEW* Supervisory Board members and the Management Team on 27<sup>th</sup> of June 2023 in Amsterdam.

**Supervisory Board Members:**

**Michel Kazatchkine** (Chairman of the Supervisory Board)



**Timur Abdullaev** (Vice Chairman of the Supervisory Board)



**Robert Delhaas** (Treasurer of the Supervisory Board)



**Vladimir Mendelevich** (Supervisory Board member)



**Maria Jukovleva** (Supervisory Board member)



**Masoud Dara** (Supervisory Board member)



**Marieke van der Werf** (observer)

**Victoria Dollen** (representative *AFEW Partnership*, observer)

**Board of directors 2022:**

**Yuliya van Polanen** (Executive Director)

