

Afghanaid

For peace and prosperity



Annual Report 2021

Afghanaid

Company No. 3034888

Charity Nos. 1045348 (England and Wales) and SC044614 (Scotland)

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

TABLE OF CONTENTS

REFERENCE AND ADMINISTRATIVE INFORMATION	3
STATEMENT FROM THE MANAGING DIRECTOR	4
REPORT OF THE TRUSTEES	5
• Governance and Management	5
STRATEGIC REPORT	7
• History	7
• Present Day & Mission and Vision	7
• Impact on the Taliban's return to power in August 2021	9
• Programmes	11
○ Basic Services For All	11
○ Economic Opportunities, Sustainable Livelihoods and Food Security	11
○ Climate Change and Disaster Risk Reduction	12
○ Emergency Humanitarian Assistance	13
○ Cross-Cutting Themes	15
○ 2022 Programme Plans	17
• Afghanaid People	17
• Our Donors and Supporters	20
• Communications	21
• Financial Review	23
○ Reserves	23
○ Going Concern	24
• Statement of Trustees' Responsibilities	25
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AFGHANAID	27
• Statement of Financial Activities	30
• Balance Sheet	31
• Statement of Cash Flows	32
• Notes to the Financial Statements	33

REFERENCE AND ADMINISTRATIVE INFORMATION

Company Number	3034888	
Charity Numbers	1045348 (England and Wales) SC044614 (Scotland)	
Governing Document	The charity was established under a Memorandum of Association, which established the objects and powers of the charitable company, and it is governed under its Articles of Association.	
Registered Office & Operational Address	Omnibus Business Centre 39-41 North Road London N7 9DP	
Board of Trustees	<div> <div> Mr Christopher Kinder (Chair) Ms Elizabeth Winter, OBE (Vice-Chair) Ms Pauline Hayes (Secretary) Ms Mary Mountain, FCA (Treasurer) Dr David Page </div> <div> Mr Shirazuddin Siddiqi Dr Orzala Ashraf Nemat Dr Martin Greeley Mr Anthony Fitzherbert, OBE Mr Mark Bowden, CMG </div> </div> <p>Dr Brian Pratt- <i>resigned in July 2021</i> Mr James Sinclair Taylor - <i>joined 17 January 2022</i> Mr John Hayward - <i>joined 23 February 2022</i></p>	
Principal Staff	Mr Charles Davy, Managing Director Mr Abdul Rahman Tariq, Director of Programme Quality and Implementation Mr Alwyn Dzinamarira , Director of Operations Ms Zodiac Maslin-Hahn, Director of Programme Development and Resource Mobilisation Mr Mujtaba Nooristani, Deputy Director of Human Resources Mr Ayub Khan Khugyaniwal, Deputy Director of Finance and Administration Mr Guru Naik Charan, Deputy Director Afghanistan Resilience Consortium	
Bankers	<div> Barclays Bank Plc. London Corporate Banking Group 1 Churchill Place London E14 5HP </div> <div> Bank Alfalah Ltd 410 Charah-e Sadarat Shehr-e Now Kabul, Afghanistan </div> <div> Azizi Bank Kabul Afghanistan </div> <div> New Kabul Bank Ltd Kabul Afghanistan </div>	
Solicitors	Russel-Cooke LLP 8 Bedford Row London WC1R 4BX	
Auditors	Crowe UK LLP, Chartered Accountants 55 Ludgate Hill, London EC4M 7JW	
Auditors – Afghanistan	PKF, Chartered Accountants (Member firm of PKF International) House Number 3, Street 5, Sailoo Road Kabul, Afghanistan	

STATEMENT FROM THE MANAGING DIRECTOR

In the early hours of August 16, just hours after the Taliban had taken control of Kabul, I waited to board an RAF evacuation flight. I was tired from long weeks of insecurity, anxious for the safety of my Afghan colleagues, yet proud of the team they are, and confident of their ability to not only keep our operations going but also to scale up to meet what I anticipated would be the massive and urgent needs of the people of Afghanistan.

The past year has been an extraordinarily challenging one for the people of Afghanistan. As the year began, the country continued to battle the Covid-19 pandemic. During the Spring, the conflict between Government and Taliban forces intensified, towns and then cities fell under Taliban control, and the number of people killed or maimed in the crossfire grew; tens of thousands more were displaced, shattering families and wrecking livelihoods. By the time the Taliban took control of Kabul on August 15th, it was clear that the second drought in three years would very soon cause massive food shortages, which would only be compounded by the flight of capital outside of the country, the International Community's freezing of Afghanistan's financial reserves, and the introduction of sanctions. Banks lost the ability to operate in any meaningful way, unemployment skyrocketed, salaries went unpaid for months, and people with paid work found themselves having to support three or four families. The value of the national currency went into freefall and the price of staple foods increased up to 50%. By the year's end millions more people were plunged into poverty and as freezing winter temperatures set in, 23 million people, 57% of the population, were considered severely food insecure, and did not have enough to eat. On top of this dire humanitarian crisis, the reporting of human rights abuses by the new authorities, as well as the restrictions imposed on girls attending school and women working caused great anxiety across the country.

Afghanaid responded to the changing context with considerable agility, rapidly switching from a programme of work that prioritised development assistance to one that focused on emergency humanitarian assistance, providing cash for work and cash assistance, distributing food packages, as well as materials to help people in some of the most remote and hard to reach areas of the country prepare for the winter months ahead. Meanwhile, as the conflict impacted our areas of operation, we temporarily suspended work, relocated programme teams across the country, and ensured that our personnel were safe, eventually temporarily evacuating our international staff to work from home. Yet quickly, as calm was restored in our areas of operation, we were able to renegotiate access with the new de facto authorities, secure permissions for our female staff to work, and resume our work supporting communities and families.

Following the Taliban's return to power in mid-August, the greater obstacles to resuming and then scaling up our work were presented by the loss of liquidity in the Afghan economy, the restrictions imposed on normal banking practices, and the time it took for donor countries to make humanitarian exemptions to the international sanctions regime. By the end of September however, through clear communication with our donor governments and strong due diligence of traditional Hawala money transfer services, we had put in place effective and secure measures to move sufficient money into and around the country and were able to pay our staff and suppliers, and deliver assistance to families and communities.

The fantastic response that we received to our Crisis Appeal, from generous private and corporate supporters, as well as a number of Trusts and Foundations, was absolutely critical to delivering emergency life-saving assistance where it was most needed. Between August and December our supporters donated just over £1.4 million to Afghanaid, allowing us to provide direct cash, food and winterization assistance to an additional 206,000 people by the end of the year. Private donations not only allowed us to respond with great speed and flexibility but also enabled us to leverage additional resources from institutional donors, often by as much as six fold. This effort has been continuing through 2022 and by the end of the winter we had provided support to over one million people.

Meanwhile, as the new de facto authorities consolidated power, they increased pressure on NGOs, adding to the sense of unease and uncertainty. National and local pronouncements restricted women in the workplace and while travelling, and even how they dressed. Attempts were made to interfere in our staff recruitment, as well as our targeting of communities and selection of beneficiaries, pointing up the importance of our pre-emptive engagement with local Taliban authorities, to help them better understand our way of working, to build trust and allow us to work collaboratively but without interference. It is a testament to the experience and courage of our field teams that so far we have been able to navigate the changing context while adhering to our principles.

2022 will bring immense humanitarian needs and many new bureaucratic and operational challenges but the past year has proven that my confidence in our fundraising, programmes, operations, security and communications teams to meet the

challenges ahead was justified. We will continue to work hard and think creatively, adjusting to the changing context and finding solutions to meet the needs of the people of Afghanistan, most especially supporting them to move away from humanitarian assistance to regain their self-reliance.

REPORT OF THE TRUSTEES

The trustees present their report and audited financial statements for the year ended 31 December 2021.

The reference and administrative information set out on page 4 forms a part of this report. The financial statements comply with current statutory requirements, the Memorandum and Articles of Association and the Statement of Recommended Practice – Accounting and Reporting by Charities (issued March 2005).

GOVERNANCE AND MANAGEMENT

Appointment of Trustees

In advance of trustees leaving, the existing board members canvas for new appointments, vet and select, then vote on new members. Once elected, members remain in office for three years unless they resign or are removed. After this time, members must retire at the AGM, but are eligible for re-election.

The Board of Trustees may also appoint individuals to fill vacancies in the membership and may co-opt up to five additional members.

Policies and Procedures on Training of Trustees

New trustees are provided with Afghanaid's Guide for Trustees, its Memorandum and Articles of Association, as well as information on its current strategy, programmes and projects, its annual accounts and minutes of the most recent board meetings. The Chair and the Managing Director also brief new members, and meetings are arranged for them with key staff. The training requirements of the Board of Trustees are reviewed every two years at a special board meeting dedicated to board appraisal and a strategy review.

Organisational Decision-Making

Afghanaid's Board of Trustees meet quarterly throughout the year with the Managing Director and other Directors to review strategy, programme and financial performance, security, safeguarding and other risks, funding and income matters, and to discuss significant trends and problems that might affect long-term organisational stability. The Board Security Committee also meets quarterly with the Security Team Leader and the Managing Director. Moreover, the Managing Director liaises bi-weekly with the Chair of the Board of Trustees to consult and receive support and guidance, and the Director of Finance and Operations meets monthly with the Treasurer, also to consult and receive support and guidance.

Trustees are required to disclose all relevant interests and to register them with the Chair and withdraw from a decision where a conflict of interest arises.

Pay and Remuneration

As a matter of course the trustees are not remunerated. However, trustees are normally recruited for their expertise and if a project requires a significant amount of time from a particular trustee, then the trustee could be contracted to do the work.

All related party transactions are disclosed under Note 19 in the financial statements.

The Directors of Afghanaid are employed according to approved terms, conditions and pay scale applicable to all staff. To better

attract and retain the qualified, motivated directors required to work in Afghanistan's challenging environment, Afghanaid aims to offer remuneration competitive with other similar NGOs, to recognise tenure and to reward good performance. Salary increments are proposed to and reviewed by the Board of Trustees. Afghanaid aims to adjust directors' salaries in line with inflation, to retain purchasing power year on year. A 'cost of living adjustment' is also applied annually, as affordable, using the UK inflation rate published by the Bank of England. Afghanaid rewards tenure by applying a 2.5% annual increase on directors' salaries, and increments between 0% and 5% are applied, based on directors' performance. Afghanaid conducts benchmarking exercises every two years to assess the competitiveness of remuneration compared to peer organisations.

Public Benefit

The Board of Trustees of Afghanaid complies with the requirements of Section 17 of the Charities Act 2011 and refers to the Charity Commission's general guidance on Public Benefit when reviewing its aims and objectives and in planning future activities. In particular, the trustees have considered how the planned activities will contribute to the aims and objectives they have set.

Afghanaid works in some of the most remote and impoverished parts of Afghanistan. Its special focus is on working with marginalised communities in urgent need of support, including women and children, so they can improve their well-being and opportunities. We also advocate for social change with, and on behalf of, disadvantaged communities and work with them, civil society organisations and various levels of government in Afghanistan to ensure that national development efforts are both equitable and sustainable. We regularly evaluate our own work and commission external evaluations to ensure that we are meeting our objectives and bringing benefit to the targeted communities and groups.

Safeguarding

Afghanaid has in place key policies to protect its beneficiaries and staff from sexual exploitation, abuse and harassment, and provides continual training to staff across its offices to ensure safeguarding policies are adhered to. Afghanaid aims to adhere to best-practice standards and has again reviewed these practices over the past year.

Grant Making and Subcontracting Arrangements

Grant Making: As a rule, Afghanaid does not typically make grants to individuals or other organisations.

Subcontracting: In order to more effectively achieve its objectives, attain greater geographical reach, access targeted populations and draw on technical expertise, Afghanaid identifies suitable implementing partners from amongst other NGOs and Civil Society Organisations. Afghanaid vets and conducts due diligence exercises, including the gathering of references from other donors and partners, and engages with these organisations throughout the project design, proposal development and subcontracting phases, requires quarterly reporting, and monitors and evaluates their performance.

Fundraising

The Board of Trustees oversees all fundraising activities and ensures that the reputation of and public trust in Afghanaid is protected throughout. Afghanaid conducts its fundraising efforts in full compliance with applicable laws and regulations, and continually evaluates its fundraising practices on the basis of the principles provided by the Charity Commission in its guidance on charity fundraising (CC20) published in November 2016. Afghanaid does not use any professional fundraisers or commercial organisations in carrying out its activities. Every care is taken to protect vulnerable people and other members of the public from behaviour which is unreasonable or places an individual under undue pressure. During the year we received one complaint from a supporter who, due to human error, was accidentally added to our email list. They raised their complaint and we promptly removed them from the list. Since the beginning of 2022 we have begun using an automated CRM software to avoid human error related issues in the future.

STRATEGIC REPORT

HISTORY

Established in Britain in 1983 to serve the needs of the people of Afghanistan fleeing war following the invasion by the Soviet Union, Afghanaid has since become one of the longest serving, most widely respected non-governmental organisations (NGOs) in the country. Today, Afghanaid's dedicated personnel work in some of the most remote and inaccessible areas of Afghanistan, serving tens of thousands of families at risk of exclusion and poverty.

In the early years, from our initial base in Peshawar, we delivered humanitarian relief to Afghan refugees and, braving conflict in Afghanistan, provided essential services such as delivering food, medical supplies and agricultural and livelihoods assistance.

From the early 1990s, Afghanaid shifted the focus of its work in Afghanistan from humanitarian relief to community focused development to help rural people claim their rights and strengthen community self-reliance. At that time, we became renowned for our community-driven construction and repair of major infrastructure, such as bridges and roads, as well as our assistance in improving local capacities for food production.

Moving the head office from Peshawar to Kabul in 2003 enabled Afghanaid to work more closely with the Afghan Government and with local stakeholders, strengthen the network of offices across the country, and even more effectively meet the needs of families facing the greatest hardships.

In the 2020s however, as the situation in Afghanistan shifted again, we reincorporated emergency humanitarian relief into our programming, responding to and helping communities recover from crises, and complementing our development programming.

This past year, Afghanaid marked its 38th year of working with rural Afghan men, women, girls and boys to improve their lives.

PRESENT DAY

Afghanaid's head office is located in Kabul. In 2021 we also worked in the provinces of Daykundi, Ghor, Samangan, Badakhshan, Nangarhar, Logar, and Takhar and maintained a small fundraising office in London. At the end of 2021, Afghanaid employed 215 full-time staff, 93.5% of whom were Afghans and 32% of whom were women.

Over time Afghanaid's work has evolved to address four main pillars: providing basic services for all; promoting economic opportunities, sustainable livelihoods and food security; supporting communities to adapt to the ravages of climate change and reduce their exposure to disasters; and providing assistance in humanitarian crises. Through all our projects we pay special attention to gender and inclusion, good governance and community development, and conflict mitigation and peacebuilding.

Basic Services for all includes constructing community infrastructure such as wells, reservoirs and pipe systems that provide clean drinking water; constructing latrines and raising communities' awareness of good hygiene practices; installing micro-hydro power plants to bring electrical power to villages for the first time; constructing roads that give remote villages access to medical services, schools and markets; and building and equipping schools, making it possible for boys and girls to receive an education in a safe environment.

Economic Opportunities, Sustainable Livelihoods and Food security includes providing resources and creating associations for communities to more effectively protect and manage their natural resources such as water, forests and rangelands, thereby preventing overgrazing and erosion and improving productivity. Improving livelihoods also entails working with farmers and

Our vision is for a peaceful and thriving Afghanistan.

Our mission is to work alongside Afghans, providing the skills, training and tools they need to help themselves, their families and their communities.

their families to improve agricultural and animal husbandry techniques and productivity; providing vocational training and support for small enterprise development, especially among women; and introducing innovations that add value for farmers and entrepreneurs, as well as improving access to markets.

Climate Change Adaptation and Disaster Risk Reduction involves working with communities to assess hazards and providing them with the training and support they need to take pre-emptive actions to mitigate the impact of climate change and disasters. This area of our work also strengthens communities' capacities to effectively respond to, and manage, disasters when they do occur.

Emergency Humanitarian Assistance involves the provision of urgent food, clean water, shelter and sanitation, or access to cash to support these needs, amidst a crisis or in the aftermath. Following a disaster, we assist communities so that they can rebuild their homes, renovate productive land and community infrastructure and revitalise livelihoods.

Gender and inclusion, good governance and community development, and conflict mitigation and peacebuilding are central to the sustainability and impact of Afghanaid's projects and are incorporated as cross-cutting themes across our projects. These themes occasionally also form the basis of stand-alone projects. Afghanaid believes that working with both men and women is necessary in order for Afghanistan to achieve political and economic stability. We work with both sexes in all of our projects and ensure that men and women are consulted at every stage of project intervention – from design and implementation to monitoring and evaluation. We also work to improve local governance, to ensure that services and development are in line with the needs and priorities of under-represented communities.

Afghanaid's success is founded on our community-focused approach through which we work with people to identify their most pressing needs and support them to solve their problems. This grassroots approach, coupled with years of experience – including an understanding of local cultural and tribal issues – has earned Afghanaid's staff great trust and respect, which in turn affords access to some of the most remote areas of Afghanistan.



We work with communities to restore harmonious local ecosystems, reversing climate degradation and strengthening the resilience of rural Afghans.

IMPACT OF THE TALIBAN'S RETURN TO POWER IN AUGUST 2021

Following the Taliban's return to power in August 2021, the imposition of financial sanctions and suspension of development funding precipitated a severe economic collapse. The banking system effectively ceased to function, most government employees stopped receiving any salaries, unemployment soared, inflation increased and the currency fell in value. These conditions plunged millions more families into poverty, acute food insecurity and hunger - further compounded by the drought already taking hold across the country.

Though the international community applied humanitarian exemptions to the sanctions regime, these have fallen short of what is required to allow for a functioning economy and as a result, millions were forced to rely on humanitarian assistance to get through the autumn and winter of 2021.

Whilst the Taliban victory has brought about a much reduced level of violence across the country it has also created a great deal of uncertainty and anxiety about the future. One effect of this is the continuing emigration of many of the best and brightest. For organisations like Afghanaid it has been necessary to re-negotiate our ways of working including reaching agreement that our female staff members can resume work and reaffirming our independence in areas such as recruitment or beneficiary selection. This has all been achieved without compromise to our core principles or "red lines".

Other important aspects of our response have been to reduce local financial exposure to our Afghan banks and to establish a shortlist of reliable Hawala providers. Using the traditional Hawala networks allowed us to resume salary payments to our staff in September followed by suppliers and then to make direct cash payments as part of our humanitarian programming. We have pegged our local salaries to the US Dollar in order to provide some protection for our staff from the effects of currency devaluation and inflation.

Importantly we have also engaged with our key donors both to scale up our humanitarian programming but also to give them confidence that we are still able to operate safely, effectively and without compromising the sanctions regime despite the very challenging operating environment.

It is great testament to the experience of the management and staff of Afghanaid that we have managed to implement such a dramatic change to our operations at a speed which has allowed us to deliver a major humanitarian programme throughout the winter of 2021/22.

Hummaira's story

30-year old Hummaira lives in Samangan with her two sons and three daughters. Hummaira lost her husband in 2019 when conflict escalated near their home and she is now the head of her family and the sole provider for her children. She also lives with a physical disability, which makes it difficult for her to find work.

Hummaira owns one cow, but the family was struggling to get by. She recalled that “life is hard for me, I can only earn an income from the milk I get from my cow, but it does not meet my family’s needs. I tried to find work as a cleaner in the homes of other families, or outside in their vegetable gardens, but due to my disability, no one would hire me.”



Worried about the lives and futures of her children, Hummaira sought out assistance from Afghanaid and enrolled in the Transitional Development Assistance project. This initiative provides men and women with the tools and training they need to establish their own nursery gardens, to sustain themselves, and to grow more food in their communities. Hummaira received 2800 pistachio seeds, along with the necessary gardening tools and training, and established a nursery on her land.

When Hummaira’s saplings grow, Afghanaid’s project team will purchase them to plant in the local area, benefiting her financially and giving her the knowledge and confidence to continue her small business in the future. Hummaira’s expanding tree nursery provides long-term income generation, allowing her to feed her family and giving them stability and security.

Hummaira says, “Thank you Afghanaid for implementing this project and supporting vulnerable, women-headed households”.



PROGRAMMES

Basic Services for All:

Four decades of conflict, extensive corruption and poor governance have wreaked havoc and held back the development of Afghanistan's education and health systems, as well in transportation, communications, power, water, sanitation, irrigation, and commercial and financial infrastructure, keeping people in poverty. For example, despite some success over the previous 20 years to increase school enrolment, finishing school remains a faraway dream for many of the country's children, particularly in rural areas for girls and women. Low school enrolment and completion has left Afghanistan with appallingly high illiteracy rates: 77% for women and 48% for men, meaning that more than half the population is ill prepared for employment opportunities.

While some of the more arid parts of Afghanistan are physically water-scarce, most of the people who lack access to drinking and irrigation water are in that situation because of inadequate water infrastructure and poor water management. In 2021 we constructed and/or rehabilitated 41 community water management structures including reservoirs, canals, protection walls, and super passages in the central highlands of Afghanistan. These structures helped 6,942 farming families to irrigate 586 hectares of agricultural land, supporting 43,752 fruit and non-fruit trees, and helped livestock owners to provide enough water and fodder for their animals. These irrigation systems store millions of litres of water for an extended period, allowing farmers to continue watering saplings, seedlings, vegetable plots and rangelands, even in times of drought. Moreover, the water storage systems provide essential drinking water for wildlife.

Economic Opportunities, Sustainable Livelihoods and Food Security

During the year, as the people of Afghanistan faced intensified armed conflict and insecurity, drought, the Covid-19 pandemic, and the massive political upheaval and economic collapse, Afghanaid responded by continuing to help vulnerable families improve and diversify their livelihoods, teaching improved farming practices and essential vocational skills, and providing the tools and resources for families to ward off the threats and lift themselves out of poverty.

For example, this year we supported 10,000 farming families to improve their agricultural production and livestock by providing better seeds and training in improved cultivation, harvest and storage techniques, as well as providing veterinary services and training in improved animal husbandry. Our activities improved the health of tens of thousands of farm animals, boosted productivity and strengthened resilience, doubling incomes and enabling participants to better meet their basic needs.

Our women's vocational training (supported mainly by the British Government's, Foreign Commonwealth and Development Office - FCDO) in poultry rearing, dairy processing, food processing, handicrafts, and tailoring, and reinforced by training in enterprise development and financial management, supported 10,500 women and their families. These women, all returning refugees and internally displaced people or considered otherwise at risk, formed 585 Savings Groups and we provided each group with a small seed grant to help the women apply their new skills and start small businesses, creating sustainable sources of income. These activities not only enabled the women to increase their family incomes but also strengthened the women's social positions, helping them gain greater influence and decision-making power in their extended families and communities.

In 2021, to bring positive changes in the social and economic life of women, we also organised literacy courses for hundreds of illiterate women in the east and central highlands of Afghanistan. The literacy classes were critical to maximising the women's learning from our vocational training courses, to growing their small enterprises, and increasing influence in their families and communities. Unfortunately, upon the Taliban's return to power, we were required to suspend literacy training for women. We are advocating to be permitted to resume this work in 2022.

Murad Mohammad's Story

58-year-old Murad Mohammad lives in Badakhshan province. His wife passed away and he now lives with his five sons and two daughters. Only his eldest son was able to go to school because the family couldn't afford to send the other children. Since the age of 15, using skills passed down by his father, Murad has farmed beans, wheat, onions and potatoes to provide for his family.

Murad Mohammad recalled that "before joining Afghanaid's training course, I did not know about technical farming. I learned traditional farming methods from my father and he learned them from his father. I did not know how to control pests and diseases and had little knowledge of the cultivation methods for beans. This is why I was not able to increase the yields from my land, and I was probably making less income than I could have."

After enrolling in Afghanaid's agriculture course, Murad Mohammad received 35kg of bean seeds and 50kg of fertiliser, alongside training in improved agro-techniques.

Reflecting on his training, Murad Mohammad said "with Afghanaid's help, I have learned more modern farming techniques. I cultivated the bean seed the way that I learned through the training course, and I harvested significantly more beans this year than last year. I sold my beans for 85 AFN per kg and earned 59,000 AFN which helped meet my family's needs. I no longer need to worry about my bean harvests, and my children will be able to go to school so that they will not have to live in poverty as I did. They will have a better future".



Climate Change Adaptation and Disaster Risk Reduction

Due to climate change, its geographical location and years of environmental degradation Afghanistan is highly prone to intense and recurring natural hazards, including drought, floods, flash floods, avalanches, landslides and earthquakes, which destroy livelihoods and property, uproot families, injure and kill both people and livestock, and set back development gains, holding families in the grip of poverty for years to come.

To assist families and communities adapt to the changing climate and protect against natural disasters, in 2021, with support from Swiss Development Cooperation (SDC), Swedish International Development Cooperation Agency (Sida) and Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), we implemented comprehensive and sustainable ecosystem restoration and soil and water conservation activities across 34,000 hectares of land in seven central and northern provinces of the country. These activities included constructing contour and bench terraces, trenches, and gully plugs, all of which slow water run-off

and keep water in the hillsides; the construction of check dams, earthen reservoirs and canals to store and distribute water, while protecting 24,000 households from flooding; and reseeded rangelands with plants that restore vegetation coverage and planting fruit and non-fruit trees, that promote sustainable livelihoods, and further protect against erosion and natural disasters. By paying local under and unemployed people for their daily labour to perform the work, we also created thousands of jobs that put money in people's pockets and food on the table of families struggling in the challenging economic climate. Moreover, we provided training to 283 community associations in soil and water conservation, animal husbandry, rangeland improvement and forest management, as well in disaster risk reduction, and first aid.

Our work helped mitigate the risk for disasters, supported farming families to adapt to the changing climate and create more resilient and sustainable livelihoods.

Baqir's Story

Baqir lives in Daykundi, a remote rural province in the central highlands of Afghanistan. He is a widower who lives with his four children and the family relies on the land for their food and income.

Baqir reflected that, "In the past, I was busy every day farming on my land. I cultivated crops and cut down shrubs to use as fuel, but we didn't have any irrigation systems, or know how to avoid soil erosion and manage our land most effectively. When drought came to our village I lost my ability to farm. Our economic situation deteriorated and we couldn't grow enough food. My health started to deteriorate and we lost hope of being able to stay in our village. We were thinking of leaving to find a better life elsewhere."

Baqir then heard about one of Afghanistan's Rangeland Management projects. He took part in several training sessions on managing land sustainably and received material support.



"Afghanaid helped us to construct sustainable land management structures like trenches, eyebrow ridges, and ridge terraces which reduce water run-off and protect against soil erosion, keeping the water for productive use on our land. I also constructed a new reservoir and installed a water supply pipe system to irrigate my crops and ensure they have enough water. I am now able to cultivate different types of vegetables to feed my family. Also with help from Afghanaid I planted almond saplings under my new reservoir, which in a few years will give us a better income. This year's drought affected springs in other areas but thanks to Afghanaid we had enough water".

Emergency Humanitarian Assistance

In recent years, tens of thousands of Afghans have been killed, injured, or forced to flee their homes as a result of the country's longstanding conflict and natural disasters including flooding, avalanches, drought and earthquakes. Such disasters take a devastating toll on Afghan families and their ability to break free from poverty, demanding urgent humanitarian assistance. During 2021, Afghanistan faced the combined weight of multiple disasters: the Covid pandemic continued to rage across the country; the second drought in three years devastated crop yields and food production; as US forces withdrew, the conflict intensified, the Afghan government quickly lost territory to the Taliban, uprooting tens of thousands, and in August the whole country fell under their control; the international community responded by cutting off critical financial support and imposing sanctions: collapsing the banking system, creating massive unemployment and forcing millions more into poverty and food insecurity. As winter approached and freezing conditions gripped the country, it was estimated that 23 million people (57% of

the population, did not have enough to eat and faced acute food insecurity. Afghanaid responded by ramping up our emergency humanitarian assistance to the most vulnerable and disaster affected households in our areas of operation.

Between August and December, we provided humanitarian assistance to more than 206,000 men, women and children; providing cash assistance to 10,111 vulnerable families, food packages to 21,580 households, as well as nutritional supplements to 3,557 malnourished children. We also provided 5,678 internally displaced families, refugee returnees, and other conflict-affected households with emergency shelter and non-food items, such as warm blankets, winter clothing, fuel for cooking and kitchen utensils, to help them survive during the harsh winter and reduce their likelihood of illness and death. In addition, we provided awareness raising sessions on Covid-19 to 30,706 families to help them be better protected from the pandemic.

Mohammad Omar's Story

Mohammad Omar is 47 years old and the father of five, three daughters and two sons who are all under 18. In the past, his life was simple but happy. He owned some land which he worked on to provide the basics for his family. He didn't earn much, but they got by. When conflict erupted in their village however, Mohammad Omar and his wife fled with their children in search of safety. He recalled, "most of our neighbours died during the violence. Luckily some of us were able to escape, but during our escape I stepped on a mine and my leg was severely injured in the explosion. Eventually the doctors had to remove some of it". His family made it to the centre of Ferozkoh, in Ghor province, but had no money, no belongings, and nowhere to stay. Their home had been destroyed as a result of the conflict and they were not able to carry any clothes, food, or fuel when they left.

"I borrowed money from my relatives to rent us a home, which I was so grateful for as my wife was pregnant and we were afraid to lose our children to the cold. Because of my disability I could not find work and it was too hard for me to provide my family with their basic needs," he said.

Then he heard that Afghanaid was providing support for people in situations like his. "We received money in four instalments to cover our rent, and to purchase fuel and firewood to warm our rooms throughout the winter months. Now here we are and my newborn son is 15 days old and we have a room for him. If I did not receive this help from Afghanaid, I would never have been able to protect him from the cold weather!"

Mohammad Omar's story and ones like it are all too common in Afghanistan. Conflict and drought have created widespread displacement in the last year, and a harsh winter made it challenging for families already struggling to meet their basic needs for shelter and heat. Afghanaid works to support families like Mohammad Omar's during critical periods in the country.



Afghanaid's financial support allowed Mohammad Omar to keep his family warm in the cold winter months

Cross-cutting themes

Gender and Inclusion

Ranking 157 in UNDP's 2020 Gender Inequality Index¹, Afghanistan is one of the most challenging places in the world to be female, with women and girls continuing to face widespread discrimination and rights abuses, particularly since August 2021's regime change. Gender equality and women's rights are pivotal to Afghanaid's mission, reflecting the inclusivity enshrined in our core values, and recognising the importance of gender equality for reducing poverty.

Afghanaid is, and always will be, committed to creating a society in which women can become active citizens and leaders, negotiating their social and economic rights, actively contributing to their families' incomes and leading development activities in their communities. In 2021, we helped establish community based associations with 50% female members. We built women's capacity in DRR activities including in conducting hazard risk assessments, planning disaster mitigation measures, and planting trees. We also provided training to women on income generation activities as we believe that women must share in any socio-economic benefits achieved in society and that economic independence elevates women's status in their family and community.

This year we ensured that 41% of our total beneficiaries were women, and we worked with religious leaders to organise workshops and campaigns promoting women's rights and spreading positive messages in the communities where we work. Our work on gender accords with Afghan culture and Islamic teachings and it encourages behavioural changes, including more inclusive women's involvement in family decision-making and greater respect for women's rights.

Benafsha's Story

Benafsha is 37 years old and lives with her five children in Badakhshan province. Her husband has worked in Iran for the last five years but hasn't been sending money back, so Benafsha relies on agriculture and livestock to provide for her family.

"Before joining Afghanaid's training course, the situation for my family was getting desperate, I was working hard on my land but I was only earning 800 to 1000 AFN (£7 - £9) per month which was not enough. It was too difficult for me to provide my family with the basic things like food, clothing, medicine, supplies for school and so on, and I was always worrying. I did not have any financial support from my husband or anyone else. Everything was on my shoulders," she said.

When Afghanaid staff came to her community looking for women to participate in a home nursery training course, so that they might grow saplings for reforestation and orchard planting, Benafsha enrolled in the course. She received 1000 poly pots, walnut seeds, pistachio seeds, and the tools and technical training she needed to get her home nursery going. The home nurseries are a vital component of Afghanaid's work to combat the effects of climate change in remote rural communities like Benafsha's and provide an opportunity to further empower women to earn enough to support their families.

Reflecting on her participation in the training, Benafsha said "I am so grateful for this help. The home nursery helped me to get back on my feet and I decided I needed to have a long-term way of earning an income to support my family so, using the money I earned, I bought a sewing machine and the required tailoring material.

I am now earning an additional 2,200 AFN (£20) each month. The income I make enables me to feed my children better and provide them with basic things I couldn't afford before. My children and I feel so happy now. Life is still hard but we are no longer struggling as before, and I worry less.



¹ United Nations Development Programme (2020). *Human Development Report 2020: The Next Frontier: Human Development and the Anthropocene*. <http://hdr.undp.org/sites/default/files/hdr2020.pdf> p. 363



Afghanaid's nursery training programme empowered Benafsha to start her own business and support her family.

Good Governance and Community Development

We strive to support good governance in all our projects promoting the core tenets of transparency, accountability, inclusivity, rule of law, integrity, responsiveness, participation, sustainability, effectiveness and efficiency, and sound financial management. We strengthen relationships between citizens and local authorities, in furtherance of our goal to broaden inclusion in governance and decision-making. In this year of dramatic change, we have worked with integrity to find common ground and ways in which we can collaborate with the new government at the national and provincial level, without contravening sanctions or crossing our red lines, so that we are able to deliver essential services to our target communities.

We work with a wide range of community-based organisations (CBOs), building on our commitment to put communities at the centre of all that we do. This year we established and offered capacity-building training and support to members of savings groups, self-help groups, livestock owner groups, rangeland management associations and forest management associations, to ensure that men and women have the skills and confidence to play a role in tackling key issues in their communities.

Conflict Mitigation and Peacebuilding

Though the peace process is currently suspended due to the change of government in Afghanistan, conflict mitigation and peacebuilding are growing more significant across all our programmes. All pillars of our programming intersect in aiming to ensure a sustainable transition from conflict to peace, making it a key cross-cutting theme for Afghanaid. In 2021, we trained 25 men and 22 women from different communities in conflict mitigation and resolution, fostering a more cooperative and harmonious community life.



2022 PROGRAMME PLANS

In 2022 Afghanistan's population will face extensive food insecurity and a malnutrition crisis of unparalleled proportions. The rapid increase in those experiencing acute hunger – from 14 million in July 2021 to 23 million in March 2022² – has forced households to resort to desperate measures including skipping meals or taking on unprecedented debt to be able to put food on the table. Considering the crisis and our organisational expertise, in the coming year we plan to extend our work in different districts and communities to provide assistance to those most vulnerable and in need of support.

In the first six months of 2022, we anticipate reaching another 700,000 individuals with emergency humanitarian assistance, which will include food packages for 29,550 families, agricultural support to 46,019 farming families, and to construct 85 small mitigation structures from which 1,906 families will benefit from short-term job opportunities. We will also provide 6,825 vulnerable families with unconditional cash support. Considering the situation facing women in the country, we will also target 3,520 women with training and support to develop new skills, knowledge, agency, and access to networks and services, allowing them to more effectively influence and advance progress on gender equality, women's empowerment, and elimination of violence against women within their communities.

AFGHANAID PEOPLE

On average, 226 full-time and 148 part-time staff worked with Afghanaid during 2021, including eight international personnel based in Afghanistan and six staff in the UK. An average of 43% of our staff were female. The turnover rate was 0.5% reflecting a decrease from 2020 which was 1.3%.

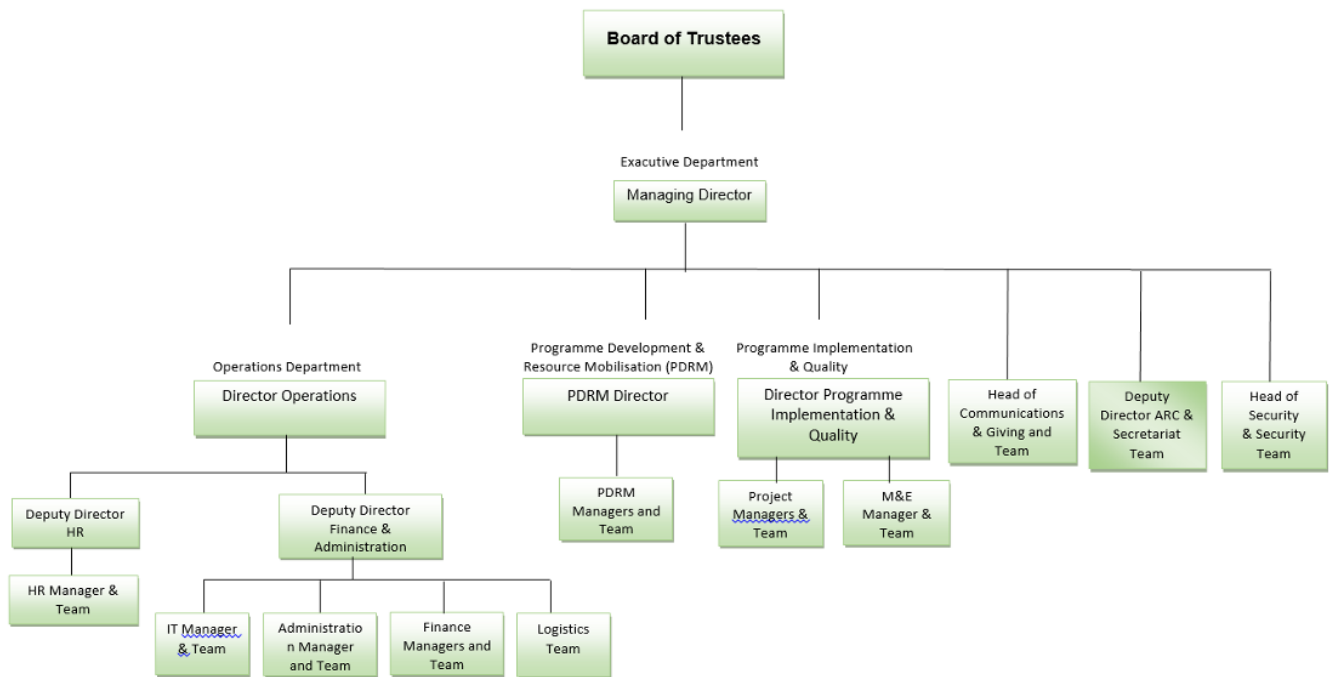
In March 2021, everyone in Afghanaid was deeply saddened by the passing of our friend and colleague, Mohammad Ashraf Himat, our Senior Programme Manager, who had served the organisation with great intelligence, commitment and good humour for several years.

With the Taliban's return to power in August 2021, our personnel, like the vast majority of citizens across the country, became very anxious for their security and their safety. The lack of clear policies or government guidelines on women working and being able to access education, affected both men and women. Afghanaid has long paid special attention to creating a safe and motivating environment in which female staff can thrive, however, from August we redoubled our efforts, encouraging women to return to work, ensuring women's voices are heard and building confidence to feel safe in their work.

A simplified organogram of the organisation's structure can be found below:

² Integrated Food Security Phase Classification (October 2021). *IPC Acute Food Insecurity Analysis Afghanistan: September 2021-March 2022*. p.1.

https://www.ipcinfo.org/fileadmin/user_upload/ipcinfo/docs/IPC_Afghanistan_AcuteFoodInsec_2021Oct2022Mar_report.pdf



Since the advent of the Covid-19 pandemic, almost all Afghanaid training has been conducted online. This approach will be expanded going forward because of its more effective reach and economy. During the year, 115 staff received training on security related topics, including handling kidnapping incidents, counter surveillance, humanitarian negotiation, NGO safety and security; as well as Geographic information system (GIS) & remote sensing, and monitoring & evaluation. In addition, 77 full-time and 116 part-time staff received an initial or refresher training on Afghanaid policies, including our safeguarding policies.

Moreover, in 2021 five staff continued their higher education with a 50% financial contribution from Afghanaid. During this period two staff completed MBAs and one completed a BBA. Six staff also took English courses with a 70% financial contribution from Afghanaid.

Staff Profile: Maria Anwari

Maria has been working with Afghanaid since June 2017 as a Senior HR officer and has become increasingly involved in recruitment, staff motivation, and helping staff to develop their personal skills and abilities.

About working for Afghanaid she says: *"I count myself lucky to be a member of the Afghanaid family, my job allows me to help my family and build my personality in the community. In the current situation, Afghanaid provided women the opportunity to go to work as humanitarians helping communities, supporting their families, and identifying opportunities and challenges."*

She expresses her concerns in the current climate that *"girls are deprived of education, the doors of schools are closed, and women are no longer allowed to go to government offices. Women cannot travel alone and they must be accompanied by a mahram, which many women do not have. Women are slowly losing the last 20 years' achievements and it is heart breaking. I have studied in school, graduated from university and I am fortunate to continue being able to go to work, but I am scared and concerned that offices of organizations like Afghanaid might be closed in the future."*



OUR DONORS AND SUPPORTERS

2021 was a challenging year for mobilising institutional donor resources for work in Afghanistan as a result of an uncertain political and security outlook and the impact of the Covid-19 pandemic on overseas development assistance budgets. We are immensely grateful to the institutional donors, trusts, foundations, and individual givers who increasingly support our work.

In 2021, Afghanaid received humanitarian and development funding from the following institutional donors:

- Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)
- Ministry of Rural Rehabilitation and Development of the Islamic Republic of Afghanistan (MRRD)
- Norwegian Agency for Development Cooperation (Norad)
- Swedish International Development Cooperation Agency (Sida)
- Swiss Agency for Development and Cooperation (SDC)
- UK Foreign, Commonwealth, and Development Office (FCDO)
- United Nations Food and Agriculture Organization (FAO)
- United Nations Office for the Coordination of Humanitarian Affairs (OCHA)
- United Nations World Food Programme (WFP)
- US Department of State Bureau for Population, Refugees, and Migration (BPRM)

We also received generous support from the following trusts and foundations:

- Aegis Charitable Trust
- Arghosha Association
- AVAAZ
- BP Foundation
- CHK Foundation
- Evan Cornish Foundation
- Give2Asia
- Khaled Hosseini Foundation
- Oakdale Trust
- P&G Charitable Trust
- Rhododendron Trust
- SJR Foundation
- The 3C Foundation
- The Allen & Overy Foundation
- The Bernadette Charitable Trust
- The Bill & Melinda Gates Foundation Matching Gifts Scheme
- The Brooke Hospital for Animals
- The Coles-Medlock Foundation
- The Dr Susan Chambers Trust
- The Eleemosynary Fund
- The Hearst Lea Foundation
- The Leaver Family Trust
- The Maple Trust
- The RKT Charitable Trust
- The Sante Fe Community Foundation
- The Schooner Foundation
- The Silicon Valley Community Foundation

We are especially grateful to our corporate and individual supporters, who responded with compassion and generosity to our Crisis Appeal in the later part of the year, enabling us to expand our emergency humanitarian programming at a time of great need among the people of Afghanistan.

We would also like to extend a huge thank you to our dedicated 2021 London Marathon Team, who put a huge amount of effort into training and fundraising despite uncertainty surrounding the event.

We are similarly extremely grateful for the enduring support of our corporate partners, The Afghan Rug Shop, Yashar Bish and Untamed Borders, as well as many new corporate supporters including Jefferies LLC and Aman Behzad of Royal Park Partners. Corporate in-kind contributions made to our silent auction also helped ensure that our biennial event, *Don't Forget Afghanistan*, at the Royal Geographical Society in November was a success. We could not have delivered such a successful event without the support of our Event Committee: Sarah Rutherford, Heidi Kingstone, Felicity Finch, Tasha Arguile, Sima Vaziry and Olivia Inge, as well as for the contributions of our esteemed panelists, Shaharзад Akbar, Andrew Scanlon, Anthony Loyd, Lady Frances D'Souza and Shukria Barakzai.

COMMUNICATIONS

At the start of 2021, the communications team continued to implement a strategy to improve brand recognition, reach new audiences and maintain engagement with existing supporters. This included continuing to produce informative and educational content; increasing our use of video and graphics; sharing updates from our projects and stories from people we have worked with; and starting to share press releases and statements on important topics. As such, brand awareness has continued to see a huge improvement in 2021, with traffic onto our website via organic search (people finding us via Google search, not paid-for Google ads), increasing by 254%; referral traffic (from any other online sources that are not our own channels or links) increasing by 1,757%; and traffic from social media increasing by 1,096%. This meant that during the escalation in conflict, the Taliban takeover, and the ensuing crisis in the country, we were cited as a trusted source of information and a good charity to donate to by many prominent accounts on social media and in lists on various news outlets and websites.

In August, we launched a crisis appeal alongside implementing a crisis communications plan, through which we kept key stakeholders up to date with the evolving situation in Afghanistan, Afghanaid's response, and the impact of their support. We raised just over £1.4million through this crisis appeal and a further £396,600 from other sources. To heighten awareness of our crisis appeal, we were pleased to have secured coverage with news outlets such as Sky News, ITV News, Channel 5, Good Morning Britain, CNN, The iNewspaper, Times Radio and The Wall Street Journal.

In the final quarter of the year we ran another successful Big Give Christmas Challenge campaign and sold out of Christmas shop products. We began implementing a strategy to ensure the 13,500 people and organisations who donated to us for the first time in 2021 have tailored experience with Afghanaid, including preparing to transition over onto a new Customer Relationship Management and emailing system in early 2022. We also started to formalise plans for our UK Aid Match campaign which will run in summer 2022.



In Daykundi province we continue to empower families and communities with the skills and training to improve their livelihoods.

FINANCIAL REVIEW

Income of £8 million was recognised in the 2021 financial year, which represents a decrease from income of £11 million in 2020. This decrease in income was influenced by the general uncertainty prevailing in Afghanistan in 2021.

£1.524 million in income was recognised from United Nations Office for Coordination of Humanitarian Affairs – UNOCHA. A total of £1.387 million in income was recognised from the Swedish International Development Cooperation Agency (Sida) funded Community-based Eco-Disaster Risk Reduction programme, implemented by Afghanaid and its three partners in the Afghanistan Resilience Consortium: Save the Children Afghanistan, Concern Worldwide Afghanistan and ActionAid Afghanistan. A total of £859k in income is attributable to these consortium partners, the balance of £481k representing Afghanaid direct implementation. £902k was recognised from the Swiss Agency for Development and Cooperation (SDC) funded RAMA programme, £749k from the UK Foreign, Commonwealth and Development Office (FCDO) Families Empowerment (FEM) Programme, £438k from the Government of Afghanistan MRRD funded Citizens' Charter National Priority Programme, £124k from the Federal Republic of Germany - GIZ, £133k from The Brooke Animal hospital, £387k from the World Food Programme (WFP) and £180k from the Food and Agriculture Organisation of the UN (FAO). Afghanaid implemented other programmes focusing on emergency humanitarian assistance, women's financial autonomy and women's rights, and cash assistance for internally displaced people.

Immediately following the change of government in August 2021 Afghanaid launched its Afghanistan Crisis Appeal. This appeal raised over £1.4 million in 2021. This money was utilised to supplement our humanitarian programming in 2021. However the majority of this funding has been carried into 2022 and is expected to be largely expended in 2022.

Afghanaid has continued to take a prudent approach to cash management especially in light of the near collapse of the banking system in Afghanistan. The majority of Afghanaid contracts are funded in advance, all donor funds are deposited into our UK bank accounts with transfers made to Afghanistan only when required to service operational needs.

Reserves

At 31 December 2021, Afghanaid had total reserves of £2.974m, made up of an expendable endowment fund of £150k and £2.824m unrestricted funds. This is an increase from the total reserves of £1.535m as at 31 December 2020, largely as a result of the Crisis Appeal.

The total of unrestricted reserves is made up as follows:

General Funds: an amount that allows Afghanaid to pursue its agreed purpose and strategy, specifically to meet short term funding gaps and thereby maintain capacity, to cover short-term working capital needs and potential co-financing requirements. At the end of 2020 this reserve was £918k and increased to £982k at the end of 2021.

Fixed asset reserve: an amount to cover funds invested in tangible and intangible fixed assets, totalling £35k at the end of 2021 (£66k at the end of 2020).

Crisis Appeal Program Funds: a designated reserve representing appeal funds carried forward at the end of the year amounting to £1.357m. This designated reserve for the Crisis Appeal is expected to be largely expended in 2022.

Designated Contingency funds: Working in a complex and insecure environment, such as Afghanistan, makes it important for us to cover the liquidity needs which might arise from the risk of having to cancel or seriously curtail planned programmes, or the cost arising from closing and/or relocating all or parts of our operations to the extent that these costs cannot be recovered from donor contracted funding. At the end of 2020 this reserve was £400k and increased to £450k at the end of 2021.

The trustees review the reserves policy annually and have decided that a range of £1 million to £1.5 million is appropriate for the charity. The reserves are primarily used to support working capital needs, to meet the cost of unanticipated severe curtailment of programmes or to clear the liabilities linked with closing part of or, in extreme but unlikely circumstances, the whole organisation, and pay off the accumulated liabilities not recoverable from any unrestricted funding sources.

Key Risks and Uncertainties

Given the prevailing socio-political context the Executive Team have conducted a comprehensive review of the risk register to align it with the changing context. The Executive Team will continue to review the organisational risk register on a quarterly basis and provide updates to the trustees at each trustee board meeting as an interim measure in light of the heightened risk prevailing in the country. Afghanaid's Executive Team is responsible for ensuring that risk management processes are embedded in the day to day operations through effective implementation of policies and procedures. The trustees are ultimately responsible for risk management and the effectiveness of Afghanaid's internal control systems.

As is common with similar organisations operating in our sector in Afghanistan, the new political situation, security, Covid 19, long term funding and the banking position emerge as the most significant ongoing risks. However, we have been carrying out our programme work successfully for many years through careful management of these risks and expect to continue to do so. These risks are likely to continue but do not amount to material uncertainties in relation to Afghanaid's ability to continue as a going concern.

- **Political and security uncertainty:** The change in government has brought about a much improved security situation but equally a great sense of uncertainty about the future of the country. There remains a risk that the new government could seek to significantly curtail the operations of NGOs operating in Afghanistan. Afghanaid continues to coordinate our activities with all stakeholders in order to ensure our ability to operate safely and in a manner consistent with our core principles of independence and impartiality
- **Long term funding:** The change in government, international sanctions, the Ukraine crisis and the continuing economic impacts of the COVID-19 pandemic have created uncertainty around future funding commitments for Afghanistan. Afghanaid has worked closely with key donors to demonstrate our ability to continue to deliver humanitarian and development programming and thus maintain donor confidence in the value of continuing funding.
- **Banking System:** The freezing of the foreign currency reserves of the central bank has caused a liquidity crisis in the banking system. This has required Afghanaid, in common with other NGOs, to place much greater reliance on the traditional Hawala network. There remains a continuing risk that liquidity shortages could also affect the various Hawala agents. We continue to expand the network of agents approved through our due diligence processes and to investigate other methods to move funds into and around the country.
- **COVID-19 Pandemic:** Afghanaid has not had to cease operations at any stage during the COVID-19 pandemic. We will continue to adopt mitigatory measures to minimize the adverse impacts of the pandemic.

Going Concern

The trustees are required to consider whether it is appropriate for Afghanaid's accounts to be prepared on a 'going concern' basis. These accounts have been prepared on a going concern basis, the assumption underpinning this being that Afghanaid will continue in operational existence for the foreseeable future and has neither the intention nor need to significantly curtail the scale of its operations. In an assessment to support going concern for the 2021 Financial Statements, a detailed review of income and expenditure for 2022 and 2023 was conducted together with cash flow projections. The assessment indicates that the finances of Afghanaid remain resilient to the uncertainties in income. Regular reassessments will continue to be carried out and the organisation has the ability to adjust operating expenditure in the event that funding is curtailed whilst still maintaining core operating capabilities and, if necessary, draw down on reserves. The trustees are satisfied with the measures implemented to mitigate the risks, as outlined above, in Afghanistan's operating environment. For these reasons, the trustees continue to adopt the going concern basis in preparing the financial statements.

Factors which support this assumption include the following:

- a) Further awards from a range of donors have been agreed in the 2022 financial year along with a viable pipeline of future multi-year funding.
- b) Core operating expenses are closely aligned to income
- c) Continued strong cash management and cash flow projections.
- d) The expectation is that we will continue to be able to deliver our programmes despite the challenging operational context. We will adjust core operating costs should our programme activities be severely impacted by either restrictive operating guidelines imposed by the authorities or further waves of COVID-19.

Whilst the risks associated with operating in Afghanistan have the potential for a significant impact on the operations of the organisation they are however not considered material uncertainties in relation to Afghanaid's ability to continue as a going concern.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees (who are also directors of Afghanaid for the purposes of company law) are responsible for preparing the trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards).

Company law requires the trustees to prepare financial statements for each financial year. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions, disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the provisions of the charity's constitution. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as each of the trustees is aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- each of the trustees has taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

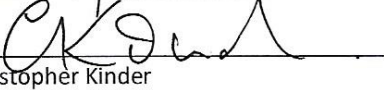
The trustees fully subscribe to the tenets of Charity Governance Code which is anchored on seven principles, namely organisational purpose; leadership; integrity; decision-making, risk and control; board effectiveness; diversity; and openness and accountability. The trustees are aware that the Charity Governance Code is not a regulatory requirement but recommends best practice and assists in making well considered decisions, which are in the best interest of the charity.

Auditors

Crowe UK LLP was appointed auditor for the year. In accordance with the provisions of the Companies Act, it is proposed that it be re-appointed auditor for the ensuing year.

The Trustees' Report, incorporating the Strategic and Directors' Report, was approved by the trustees on

7 July 2022 and signed on their behalf by:



Christopher Kinder

Chairman Board of Trustees

Independent Auditor's Report to the Members and the Trustees of Afghanaid

Opinion

We have audited the financial statements of Afghanaid ('the charitable company') for the year ended 31 December 2021 which comprise Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2021 and of its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, and the Charities and Trustee Investment (Scotland) Act 2005 and Regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (amended).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of our audit

- the information given in the trustees' report, which includes the directors' report and the strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the trustees' report have been prepared in accordance with

applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included within the trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 requires us to report to you if, in our opinion:

- adequate and proper accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 25, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members including significant component audit teams. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charitable company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, the Charities Act 2011 and The Charities and Trustee Investment (Scotland) Act 2005, together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company for fraud. The laws and regulations we considered in this context for the UK operations were General Data Protection Regulation (GDPR), Anti-fraud, bribery and corruption legislation, Taxation legislation, and Employment legislation. We also considered compliance with local legislation for the group's overseas operating segments.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of income, and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management, and the Board of Trustees about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission, and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charitable company's trustees, as a body, in accordance with Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Tim Redwood
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor

London

Date: 29 July 2022

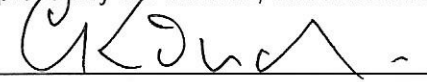
STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 DECEMBER 2021

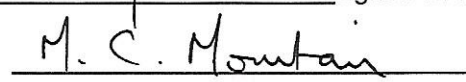
	Note	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2021 Total Funds £	2020 Total Funds £
Income and endowments from:						
Donation and Legacies	4a	1,846,822	-	-	1,846,822	139,911
Charitable activities	4b	557,216	5,510,352	-	6,067,568	10,652,834
Investments		329	-	-	329	4,146
Other		49,450	-	-	49,450	52,620
Total		2,453,817	5,510,352	-	7,964,169	10,849,511
Expenditure on:						
Raising funds		145,477	-	-	145,477	141,254
Rural Rehabilitations & Emergencies		950,917	5,510,352	-	6,461,269	10,480,916
Total	5	1,096,394	5,510,352	-	6,606,746	10,622,170
Net income/(expenditure)		1,357,423	-	-	1,357,423	227,341
Other recognised gains:						
Gains/ (losses) on foreign exchange retranslation		81,809	-	-	81,809	(5,526)
Net Movement in Funds	16	1,439,232	-	-	1,439,232	221,815
Reconciliation of funds:						
Total funds brought forward		1,384,747	-	150,000	1,534,747	1,312,932
Total funds carried forward	16	2,823,979	-	150,000	2,973,979	1,534,747

COMPANY NUMBER: 3034888
BALANCE SHEET
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	As at 31 December 2021 £	As at 31 December 2020 £
Fixed Assets:			
Intangible assets	9	-	4,213
Tangible assets	10	35,242	62,220
Total fixed assets		35,242	66,433
Current Assets:			
Debtors	11	1,720,521	1,838,073
Cash at bank and in hand	12	3,635,593	3,561,750
Total current assets		5,356,114	5,399,823
Creditors: Amounts falling due within one year	13	2,417,377	3,931,509
Net Current Assets		2,938,737	1,468,314
Total Net Assets		2,973,979	1,534,747
The funds of the charity:			
Endowment Fund		150,000	150,000
Unrestricted Funds			
Designated Contingency funds		450,000	400,000
Crisis Appeal Program Funds		1,357,085	-
Fixed Assets Reserve		35,242	66,433
General funds		981,652	918,314
Subtotal		2,823,979	1,384,747
Total charity funds	16	2,973,979	1,534,747

Approved by the trustees, and authorised for distribution, on 7 July 2022 signed on their behalf by:


 Christopher Kinder
 Chairman


 Mary Mountain
 Treasurer

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021

	Year ended 31 December 2021 £	Year ended 31 December 2020 £
Cash flows from operating activities:		
Net cash provided by operating activities	5,549	(2,617,711)
Cash flows from investing activities:		
Interest received	329	4,146
Purchase of tangible fixed assets	(13,844)	-
Net cash (used in) / provided by financing activities	(13,515)	4,146
Change in cash and cash equivalents during the reporting period	(7,966)	(2,613,565)
Cash and cash equivalents at the beginning of the reporting period	3,561,750	6,180,841
Change in cash and cash equivalents due to exchange rate movements	81,809	(5,526)
Cash and cash equivalents at the end of the reporting period	3,635,593	3,561,750

Table A

Net income/(expenditure) for the reporting period:	1,357,423	227,341
Adjustments for:		
Returns on investment	(329)	(4,146)
Depreciation and amortisation of fixed assets	30,674	37,524
Revaluation of tangible fixed assets	14,361	3,295
(Increase) / decrease in debtors	117,552	(129,578)
Increase / (decrease) in creditors	(1,514,132)	(2,752,147)
Net cash flow from operating activities	5,549	(2,617,711)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

NOTE 1: CHARITY INFORMATION

Afghanaid is a company limited by guarantee, which is incorporated in England and Wales. Afghanaid is a registered charity in England and Wales, and Scotland, and is a public benefit entity.

The address of the registered office is Omnibus Business Centre, 39-41 North Road, London N7 9DP.

Company Name: Afghanaid, LBG
Company No. 3034888
Charity Nos. 1045348 (England and Wales)
SC044614 (Scotland)

NOTE 2: CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of Afghanaid's accounting policies, which are described in note 3, trustees are required to make judgements, estimates, assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects the current and future periods.

In the view of the trustees and management, the following are the most significant accounting estimates and areas of judgement:

- The treatment of deferred income balances related to restricted contracts as monetary liabilities.
- The judgement that expenditure incurred on performance related grants is a reliable basis for estimating the right to receive payment for the work received.
- The judgement that, subject to evidence to the contrary, all expenditure incurred under a signed funding agreement is recoverable from funders.
- The judgement that there is no provision required for disallowed expenditure under donor funding agreements.

NOTE 3: ACCOUNTING POLICIES

The principal accounting policies which have been adopted have been set out below:

a) Accounting Convention

The accounts (financial statements) have been prepared under the historical cost convention and in accordance with the Charities SORP (FRS102) applicable to charities preparing their accounts in accordance with FRS102 the Financial Reporting Standard applicable in the UK and Republic of Ireland and UK Generally Accepted Practice as it applies from 1 January 2015.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

NOTE 3: ACCOUNTING POLICIES (CONTINUED)

b) Branch accounting

Operations in Afghanistan are, in accordance with SORP 2015, treated as a branch of Afghanaid and their results are included herein.

c) Preparation of the accounts on a going concern basis

The trustees are required to consider whether it is appropriate for Afghanaid's accounts to be prepared on a 'going concern' basis. These accounts have been prepared on a going concern basis, the assumption underpinning this being that Afghanaid will continue in operational existence for the foreseeable future and has neither the intention nor need to significantly curtail the scale of its operations. In an assessment to support going concern for the 2021 Financial Statements, a detailed review of income and expenditure for 2022 and 2023 was conducted together with cash flow projections. The assessment indicates that the finances of Afghanaid remain resilient to the uncertainties in income. Regular reassessments will continue to be carried out and the organisation has the ability to adjust operating expenditure in the event that funding is curtailed whilst still maintaining core operating capabilities and, if necessary, draw down on reserves. The trustees are satisfied with the measures implemented to mitigate the risks in Afghanistan's operating environment. For these reasons, the trustees continue to adopt the going concern basis in preparing the financial statements. More information is included within the principal risks and uncertainties section of the trustees' report.

d) Functional/Presentation Currency

The functional currency of Afghanaid and its branches is considered to be in Afghanis because that is the currency of the primary economic environment in which the charity operates i.e. Afghanistan. The financial statements are presented in pounds sterling.

e) Income

All incoming resources are included in the Statement of Financial Activities (SOFA) when Afghanaid is entitled to the income, when it is probable that the incoming resource will be received and the amount can be quantified with reasonable accuracy.

The following specific policies apply to categories of income:

Performance based contracts: where Afghanaid provides goods and/or services in return for a fee as part of its charitable activities such contractual income is recognised as income in the SOFA to the extent that Afghanaid has provided the goods and/or services thereby earning the right to consideration by its performance.

Grants from governments, institutional donors and trusts & foundations: those related to specific conditions are recognised as income in the SOFA when the conditions have been substantially met and the associated expenditure is incurred. Grants that are not subject to specific performance deliverables or conditions are recognised in full in the SOFA when they become receivable. Where income is received in advance of its recognition in the SOFA it is deferred as a liability until certainty exists that the conditions imposed can be met. Where entitlement occurs before incoming resources are received the income is accrued.

Crisis Appeal income: Appeal income is raised from individual giving, trusts, and major donors and is recognised as unrestricted in nature. The fund will be used according to the implementation plan developed in response to the needs specified in the appeal, and must be approved by directors according to their authority limits.

Investment income is recognised when receivable.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

NOTE 3: ACCOUNTING POLICIES (CONTINUED)

Donated goods, services and facilities represent the value of the contribution made by benefactors. An equivalent amount is included in resources expended in accordance with the recommendation of the SORP.

Other income, including proceeds from the sale of assets, is recognised in the period it is receivable and to the extent that Afghanistanid has provided the goods or services.

f) Expenditure

Resources expended are accounted for on an accruals basis and have been classified under headings that aggregate all costs related to the category. Cost of raising funds relates to direct costs incurred in obtaining future funding, including an allocation of salaries and resources used. Direct charitable expenditure comprises all expenditure directly relating to the objects of the charitable company.

Support costs comprise all administrative services supplied centrally, identifiable as wholly or mainly in support of the emergency and rural rehabilitation programmes as well as governance costs related to the management of Afghanistanid's assets, organizational management and compliance with constitutional and statutory requirements. These have been apportioned to the charitable activities and costs of raising funds on the basis of staff time spent on each area.

g) Intangible Fixed Assets

Software and website development costs are capitalised within intangible assets as they can be identified with a specific project anticipated to produce future benefits. Once brought into use they will be amortised on the straight-line basis over the anticipated life of the benefits arising from the completed project.

Tangible Fixed Assets

Depreciation is provided on a straight-line basis on all tangible fixed assets at rates calculated to write off the cost of each asset over its expected useful life as follows:

Motor vehicles	4 years
Office equipment	4 years
Plant and machinery	5 years

Items of equipment are capitalised where the purchase price exceeds £3,706 (US\$ 5,000). Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities.

h) Financial Instruments

Afghanistanid has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at fair value at the Balance Sheet date, with gains and losses being recognised within income and expenditure. Financial assets held at fair value at the Balance Sheet date comprise cash and bank and in hand, together with trade and other debtors. Financial liabilities held at amortised cost comprise bank loans and overdrafts, trade and other creditors.

i) Fund Accounting

Restricted funds are donations and grants for which the donor has specified an intention to support a particular aspect of Afghanistanid's charitable activities, together with investment income accruing directly to those restricted

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

NOTE 3: ACCOUNTING POLICIES (CONTINUED)

funds. Only expenditure which meets the criteria agreed by the donor is charged against each fund. Surpluses are held until they can be fully expended on the activity to which the restriction applies. In the case of grant funds, unspent balances are usually returnable at the end of the grant period.

Restricted funds may be either endowment (capital) or restricted income funds, depending on the nature of the restriction. Endowment funds are resources held by Afghanaid on trust, comprising monetary and other assets which represent capital.

Endowment funds are expendable, the purpose of which is specified by the donor. Restricted income funds are resources held on trust for spending on specific purposes.

All other funds are unrestricted income and may be used for any of the organisation's charitable purposes.

General reserve: an amount that allows Afghanaid to pursue its agreed purpose and strategy, specifically to meet short term funding gaps and thereby maintain capacity, to cover short term cash flow needs and potential co-financing requirements.

Designated funds are amounts set aside from the general fund which are being held at the discretion of the Afghanaid Board of Trustees.

j) Foreign Currency Transactions

Transactions in foreign currencies are recorded using the monthly average rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date. Non-monetary assets and liabilities denominated in foreign currencies are not retranslated. Gains or losses on transactions are included in the Statement of Financial Activities. Where exchange differences are directly attributable to a particular fund, they have been included in the movements against that fund.

k) Leases

Rentals payable under operating leases, where substantially all the risks and rewards of ownership remain with the lessor, are charged to the Statement of Financial Activities on a straight-line basis over the lease term.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

NOTE 4a: DONATIONS AND LEGACIES

	Unrestricted Funds	Restricted Funds	Endowment Fund	Year ended 12/31/2021	Unrestricted Funds	Restricted Funds	Endowment Fund	Year ended 12/31/2020
	£	£	£	£	£	£	£	£
Donations from Crisis Appeal	1,449,959	-	-	1,449,959	-	-	-	-
Others	396,863	-	-	396,863	139,911	-	-	139,911
TOTAL	1,846,822	-	-	1,846,822	139,911	-	-	139,911

NOTE 4b: GRANTS & CONTRACTS FOR RURAL REHABILITATION & EMERGENCIES

	Unrestricted Funds	Restricted Funds	Endowment Fund	Year ended 12/31/2021	Unrestricted Funds	Restricted Funds	Endowment Fund	Year ended 12/31/2020
	£	£	£	£	£	£	£	£
Government Grants & Contracts (Note 4b.1.2&4b.2)								
UK Department for International Development (UKAID DFID)	-	748,814	-	748,814	-	822,028	-	822,028
Government of the Islamic Republic of Afghanistan (GoIRA) - Package 4 & 12.	438,366	-	-	438,366	1,440,532	-	-	1,440,532
US Government – BPRM	-	49,329	-	49,329	-	292,961	-	292,961
The Swedish Postcode Foundation	-	-	-	-	-	249,486	-	249,486
Swiss Development Cooperation (SDC)	-	902,811	-	902,811	-	1,156,819	-	1,156,819
Norwegian Agency for Development Cooperation	-	56,531	-	56,531	-	252,991	-	252,991
SIDA-Afghanistan Resilience Consortium (ARC)	-	1,387,272	-	1,387,272	-	4,425,114	-	4,425,114
Federal Republic of Germany –GIZ	-	123,950	-	123,950	-	-	-	-
Brooke Animal Hospital	-	132,503	-	132,503	-	208,924	-	208,924
Sub total	438,366	3,401,210	-	3,839,576	1,440,532	7,408,323	-	8,848,855
Multilateral Grants & Contracts								
World Food Programme (WFP)	-	387,009	-	387,009	-	263,964	-	263,964
United Nations Office for Coordination of Humanitarian Affairs (UNOCHA)	-	1,523,653	-	1,523,653	-	444,969	-	444,969
Food and Agriculture Organization of UN (FAO)	-	179,956	-	179,956	-	257,444	-	257,444

United Nations Office on Drugs and Crime (UNODC)	-	-	-	-	-	436,288	-	436,288
Sub total	-	2,090,618	-	2,090,618	-	1,402,665	-	1,402,665
Trusts & Foundations Grants	-	6,208	-	6,208	-	68,950	-	68,950
Other Grants & Contracts	118,850	12,316	-	131,166	266,225	66,139	-	332,364
Sub total	118,850	18,524	-	137,374	266,225	135,089	-	401,314
TOTAL	557,216	5,510,352	-	6,067,568	1,706,757	8,946,077	-	10,652,834

NOTE 4b.1: INCOME FROM GOVERNMENT GRANTS & CONTRACTS (2021)

Income from governments during the reporting period include:

<u>Government/Agency</u>	<u>Nature</u>	<u>Amount</u> £	<u>Unfulfilled conditions</u>
UK Department for International Development (UK DFID/FCDO)	Grants for provision of disaster risk reduction; water, sanitation and hygiene services; and economic empowerment for women	748,814	None
Government of the Islamic Republic of Afghanistan (GoIRA)	Contracts for provision of basic services and agriculture value chain interventions	438,366	None
US Government – BPRM	Grants for Building Women’s Livelihoods and Reintegrating Refugees.	49,329	None
Swiss Development Cooperation (SDC)	Grants for Promoting Gender Equality and Women's Rights	902,811	None
Norwegian Agency for Development Cooperation	Grants for Community Based-Eco-Disaster risk reduction	56,531	None
SIDA-Afghanistan Resilience Consortium (ARC)	Grants for Community Based-Eco-Disaster Risk Reduction	1,387,272	None
Federal Republic of Germany –GIZ	Grants for Forest Landscape Restoration and transitional Development Assistance.	123,950	None
Brooke Animal Hospital	Animal health care	132,503	None
		3,839,576	

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

NOTE 4b.2: INCOME FROM GOVERNMENT GRANTS & CONTRACTS (2020)

Income from governments during the reporting period include:

<u>Government/Agency</u>	<u>Nature</u>	<u>Amount</u> £	<u>Unfulfilled conditions</u>
UK Department for International Development (UK DFID/FCDO)	Grants for provision of disaster risk reduction; water, sanitation and hygiene services; and economic empowerment for women	822,028	None
Government of the Islamic Republic of Afghanistan (GoIRA)	Contracts for provision of basic services and agriculture value chain interventions	1,440,532	None
US Government – BPRM	Grants for Building Women’s Livelihoods and Reintegrating Refugees.	292,961	None
The Swedish Postcode Foundation	Grants for Rangeland Management Project	249,486	None
Swiss Development Cooperation (SDC)	Grants for Promoting Gender Equality and Women's Rights	1,156,819	None
Norwegian Agency for Development Cooperation	Grants for Community Based-Eco-Disaster risk reduction	252,991	None
SIDA-Afghanistan Resilience Consortium (ARC)	Grants for Community Based-Eco-Disaster Risk Reduction	4,425,114	None
Brooke Animal Hospital	Animal health care	208,924	None
TOTAL		8,848,855	

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

NOTE 5: EXPENDITURE

	Raising funds £	Rural Rehabilitations & Emergencies £	2021 Total £	2020 Total £
Staff costs	50,121	1,904,904	1,955,025	2,800,435
Sub-Grants/Sub-Contracts to Implementing Partners (note 5.1 & 5.2)	-	1,160,866	1,160,866	3,487,713
Direct costs	78,055	2,737,940	2,815,995	3,886,525
Support costs (note 5.3)	17,301	657,559	674,860	447,497
	145,477	6,461,269	6,606,746	10,622,170

NOTE 5.1: EXPENDITURE

	Grants to Institutions £	Support Costs £	Year ended 31 December 2021 £	Year ended 31 December 2020 £
Basic Services	273,139	-	273,139	784,304
Improved Livelihoods	29,096	-	29,096	69,845
Emergency Humanitarian Assistance and DRR	858,631	-	858,631	2,633,564
Common Costs, Cross-cutting Themes & Other Unallocated	-	657,559	657,559	434,585
Total	1,160,866	657,559	1,818,425	3,922,298

NOTE 5.2: SUB GRANTS PER PARTNER (excluding support costs)

	Year ended 31 December 2021 £	Year ended 31 December 2020 £
Afghan Education Production Organization - AEPO	29,096	69,845
Concern Worldwide - Afghanistan	207,873	675,848
Action Aid - Afghanistan	170,028	719,202
Save the Children - Afghanistan	480,730	1,238,513
Oxfam Novib	132,491	246,962
Coordination of Humanitarian Assistance - CHA	140,648	537,343
	1,160,866	3,487,713

100% of grants are to institutions; no grants are paid to individuals (2020: £ nil).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

NOTE 5.3: ANALYSIS OF SUPPORT COSTS

	Raising funds	Rural Rehabilitations & Emergencies	Year ended 31-Dec-21 Total	Year ended 31-Dec-20 Total
	£	£	£	£
Staff costs	11,877	451,386	463,263	257,887
Governance	1,464	55,655	57,119	30,640
Administrative costs	3,960	150,518	154,478	158,970
TOTAL	17,301	657,559	674,860	447,497

NOTE 6: NET INCOME FOR THE YEAR IS STATED AFTER CHARGING:

	Year ended 31 December 2021 £	Year ended 31 December 2020 £
- Amortisation and depreciation	30,674	37,524
- Trustees' travel expenses	-	76
- Auditors' remuneration:		
Afghanistan – Other auditors	6,671	5,983
United Kingdom – Crowe U.K. LLP	22,800	22,800
Operating lease payments:		
- Land and buildings	171,886	215,712
- Other assets	3,267	3,583

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

NOTE 7: STAFF COSTS

	Year ended 31 December 2021 £	Year ended 31 December 2020 £
Staff costs were as follows:		
Gross salaries - Afghanistan	1,700,133	2,432,294
Gross salaries – UK	190,543	190,944
Social security costs	321,063	191,807
	2,211,739	2,815,045
Leave Cost	206,548	243,276
Total	2,418,287	3,058,321

No trustee received any remuneration for their services in 2021 (nil in 2020).

Number of employees who earned more than £60,000 during the period:

£60,000- £69,999	3	1
£80,000- £89,999	1	1
£90,000- £99,999	-	1
£130,000- £139,999	1	1

	£	£
Key Management Personnel Remuneration	481,271	441,912

In addition to the amounts disclosed above, Afghanistanid have incurred security cost of £76,725 (2020: £82,248) related to the service of the Key Management Personnel and total termination payments in the year were £59,287.

Key management personnel costs include salaries as well as all associated benefits such as paid absences, medical and life insurance, rest and relaxation allowances, and pension contributions for the following key management positions:

- Managing Director
- Operations Director
- Programme Implementation & Quality Director
- Programme Development & Resource Mobilisation Director
- Deputy Director ARC

Staff Numbers

Staff numbers indicate the average head count during the reporting period.

	No.	No.
United Kingdom		
- National Staff	5	6
Afghanistan		
- International Staff	8	8
- National Staff	213	331
Total	226	345

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

NOTE 8: TAXATION

As a charity, Afghanaid is exempt from tax on income and gains under sections 466 to 493 of the Corporation Tax Act 2010, to the extent that all income is applied for charitable purposes. No tax charges have arisen in the charity in the current or prior year.

NOTE 9: INTANGIBLE FIXED ASSETS

Cost	Software £
At 01 January 2021	73,890
Additions in the year	-
Disposals in the year	-
Forex Movement during the year	(17,784)
At 31 December 2021	56,106
Amortisation	
At 01 January 2021	69,677
Charge for the year	3,199
Disposals in the year	-
Forex movement during the year	(16,770)
At 31 December 2021	56,106
Net Book Value	
At 31 December 2021	-
At 31 December 2020	4,213

NOTE 10: TANGIBLE FIXED ASSETS

	Motor Vehicles £	Office Equipment £	Total £
Forex Movement During the year			
Cost			
At 01 January 2021	483,846	156,852	640,698
Additions in the year	-	9,834	9,834
Forex movement during the year	(116,457)	(37,753)	(154,210)
At 31 December 2021	367,389	128,933	496,322
Depreciation			
At 01 January 2021	429,379	149,099	578,478
Charge for the year	17,074	4,763	21,837
Forex movement during the year	(103,347)	(35,888)	(139,235)
At 31 December 2021	343,106	117,974	461,080
Net Book Value			
At 31 December 2021	24,283	10,959	35,242
At 31 December 2020	54,467	7,754	62,220

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

NOTE 11: DEBTORS

	2021	2020
	£	£
Prepayments	126,964	113,079
Grants receivable	1,066,344	1,238,595
Accrued income	451,480	472,737
Other debtors	75,733	13,662
Total Debtors	1,720,521	1,838,073

NOTE 12: CASH & CASH EQUIVALENTS

	2021	2020
	£	£
Cash at bank	3,629,795	3,553,323
Cash in hand	5,798	8,427
Total Cash & Cash Equivalents	3,635,593	3,561,750

NOTE 13: CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021	2020
	£	£
Trade creditors	385,361	269,138
Deferred income (Note 13.1)	983,949	1,668,973
Grants payable	310,997	1,459,086
Accruals	441,993	335,272
Taxation and social security	206,029	71,470
Other creditors	89,048	127,570
Total Creditors	2,417,377	3,931,509

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

NOTE 13.1: DEFERRED INCOME

Award Name	Balance at 01 January 2021	Receipts	Released to SOFA	Balance at 31 December 2021
	£	£	£	£
Citizens' Charter Afghanistan Project- Package 4	40,366	397,931	438,297	-
Families' Livelihoods & Integration Project	32,574	16,755	49,329	-
Families' Empowerment Project (FEM)	89,426	659,388	748,814	-
Promoting Gender Equality Women's Rights	61,101	-	61,101	-
Community Based Eco-DRR (CBED)	667,185	373,854	963,744	77,295
Provision of Winterization Assistance-AHF 5	11,062	70,637	81,699	-
Literacy Training Project-FEM Match Fund	5,126	-	5,126	-
Winterization Assistance in Daikundi & Samangan	382,545	67,348	449,893	-
Food Assistance in Daikundi	379,588	56,558	436,146	-
Literacy for FEM livelihoods-FEM Match	-	19,961	6,075	13,886
Funding of literacy and numeracy course-FEM Match	-	4,513	133	4,380
Forest Landscape Restoration	-	115,942	106,100	9,842
Winterization support for vulnerable households in Ghor and Daikundi	-	266,806	120,619	146,187
Emergency Agriculture Support-RA3	-	92,048	26,286	65,762
Strengthening Community Resilience to Natural Disasters and Improving WASH Conditions (STREAM)	-	146,120	-	146,120
Community Based Eco-DRR (CBED)-Bridge Extension	-	696,228	423,527	272,701
Transitional Development Assistance (TDA)	-	255,626	17,850	237,776
Havilland Keith-AVAAZ Match Fund Project	-	10,000	-	10,000
Rangeland Management Project (RAMA)-Phase 1 Project	-	902,811	902,811	-
Animal Health Care (Brooke) Project	-	132,503	132,503	-
Sustainable Food System Project	-	201,205	201,205	-
Emergency Shelter and NFIs for IDPs in Ghor and SM Project	-	409,010	409,010	-
Others	-	368,381	368,381	-
Total Deferred Income	1,668,973	5,263,625	5,948,649	983,949

NOTE 14: OPERATING LEASE COMMITMENTS

Afghanaid has total commitments under non-cancellable operating leases as follows

	As at 31 December 2021	As at 31 December 2020
Land and Buildings	£	£
Within one year	8,672	16,799
Other assets		
Within one year	2,414	286
Total Operating Lease Commitments	11,086	17,085

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

NOTE 15: ANALYSIS OF NET ASSETS BETWEEN FUNDS (2021)

	Expendable Endowment Funds	Unrestricted Funds	Total Funds 2021
	£	£	£
Total fixed assets	-	35,242	35,242
Current assets	150,000	5,206,114	5,356,114
Current liabilities	-	(2,417,377)	(2,417,377)
Net assets at 31 December 2021	150,000	2,823,979	2,973,979

NOTE 15.1: ANALYSIS OF NET ASSETS BETWEEN FUNDS (2020)

	Expendable Endowment Funds	Unrestricted Funds	Total Funds 2020
	£	£	£
Tangible fixed assets	-	66,433	66,433
Current assets	150,000	5,249,823	5,399,823
Current liabilities	-	(3,931,509)	(3,931,509)
Net assets at 31 December 2020	150,000	1,384,747	1,534,747

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

NOTE 16: FUNDS MOVEMENT (2021)

	At 1 January 2021	Income	Expenditure	Gains, (Losses)	Transfers	At 31 December 2021
	£	£	£	£	£	£
Endowment Funds:	150,000	-	-	-	-	150,000
Total Restricted Funds (Note 16.1)	-	5,510,352	5,510,352	-	-	-
	-	-	-	-	-	-
Total Unrestricted Funds						
Designated Contingency Funds	400,000	-	-	-	50,000	450,000
Crisis Appeal Program Funds	-	1,449,959	92,874	-	-	1,357,085
Fixed Assets Reserve	66,433	-	18,625	(12,566)	-	35,242
General Funds	918,314	1,003,858	984,895	94,375	(50,000)	981,652
Subtotal	1,384,747	2,453,817	1,096,394	81,809	-	2,823,979
Total Fund	1,534,747	7,964,169	6,606,746	81,809	-	2,973,979

NOTE 16.1: RESTRICTED FUNDS MOVEMENT (2021)

Project Name	At 1 January 2021	Income	Expenditure	At 31 December 2021
	£	£	£	£
Families' Empowerment Project (FEM) Project	-	748,814	748,814	-
Rangeland Management Project (RAMA)-Phase 1 Project	-	902,811	902,811	-
Animal Health Care (Brooke) Project	-	132,503	132,503	-
Community Based Eco-DRR (CBED) Project	-	963,744	963,744	-
Winterization Assistance in Daikundi and Samangan Project	-	449,893	449,893	-
Food Assistance in Daikundi Project	-	436,146	436,146	-
Sustainable Food System Project	-	201,205	201,205	-
Emergency Shelter and NFIs for IDPs in Ghor and SM Project	-	409,010	409,010	-
Forest Landscape Restoration Project	-	106,100	106,100	-
RA3-Winterization Support Project	-	120,619	120,619	-
Community Based Eco-DRR (CBED)-Bridge Extension Project	-	423,527	423,527	-
Others	-	615,980	615,980	-
Total	-	5,510,352	5,510,352	-

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

NOTE 16.2: FUNDS MOVEMENT (2020)

	At 1 January 2020	Income	Expenditure	Gains, (Losses)	Transfers	At 31 December 2020
	£	£	£	£	£	£
Endowment Funds:	150,000	-	-	-	-	150,000
Total Restricted Funds (Note 16.3)	-	8,946,077	8,946,077	-	-	-
	-	-	-	-	-	-
Total Unrestricted Funds						
Designated Contingency Funds	400,000	-	-	-	-	400,000
Crisis Appeal Program Funds	-	-	-	-	-	-
Fixed Assets Reserve	107,253	-	40,110	(710)	-	66,433
General Funds	655,679	1,903,434	1,635,983	(4,816)	-	918,314
Subtotal	1,162,932	1,903,434	1,676,093	(5,526)	-	1,384,747
Total Fund	1,312,932	10,849,511	10,622,170	-5,526	-	1,534,747

NOTE 16.3: RESTRICTED FUNDS MOVEMENT (2020)

	At 1 January 2020	Income	Expenditure	At 31 December 2020
Project Name	£	£	£	£
FLIP- Families' Livelihoods & Integration Project	-	292,961	292,961	-
Boost Alternative Development Intervention-BADIL Project	-	436,288	436,288	-
Families' Empowerment Project(FEM) Project	-	822,028	822,028	-
Rangeland Management Project (RAMA)-Phase 1 Project	-	1,156,819	1,156,819	-
Promoting Gender Equality & Women's Rights(Norad) Project	-	252,991	252,991	-
Animal Health Care (Brooke) Project	-	208,924	208,924	-
Community Based Eco-DRR (CBED) Project	-	4,425,114	4,425,114	-
Improving Agricultural Resilience Project	-	249,486	249,486	-
Integrated Emergency livelihood Assistance Project	-	257,444	257,444	-
Wheat Value Chain Project	-	263,964	263,964	-
Provision of Winterization Assistance-AHF 5	-	312,565	312,565	-
Others	-	267,493	267,493	-
Total	-	8,946,077	8,946,077	-

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

NOTE 17: FUND CLASSIFICATIONS

a) Expendable Endowment Funds

Expendable endowment funds are held for the purpose specified by the donor. The balance of expendable endowment funds is maintained to provide working capital for the charity.

b) Restricted Funds

Restricted funds are unspent balances on donations and grants for which the donor has specified a purpose.

c) Unrestricted Funds

Afghanaid trustees conduct a regular review of organisational reserves to assess if the levels are adequate to meet current cash flow and organisational sustainability requirements. The trustees are satisfied with the steady growth in reserves. In order to be more financially resilient, the trustees consider reserves of between £1m to £1.5 million as adequate given the medium-term financial outlook of the charity. The trustees believe the costs of winding down the organisation are £450k, and this amounts to the minimum reserves level. The total of unrestricted reserves is made up as follows:

General reserve: an amount that allows Afghanaid to pursue its agreed purpose and strategy, specifically to meet short term funding gaps and thereby maintain capacity, to cover short term cash flow needs and potential co-financing requirements. At the end of 2020 this reserve was £918k and increased to £982k at the end of 2021.

Fixed asset reserve: an amount to cover funds invested in tangible and intangible fixed assets totalling £35K at the end of 2021 (£66K at end of 2020).

Crisis Appeal Fund: a designated reserve representing crisis appeal funds carried forward at the end of the year amounting to £1.357m. The designated reserve for the Appeal is expected to be used mainly in 2022.

Designated Contingency funds: Working in a complex and insecure environment, such as Afghanistan, makes it important for us to cover the liquidity needs which might arise from the risk of having to cancel or seriously curtail planned programmes, or the cost arising from closing and/or relocating all or parts of our operations to the extent that these costs cannot be recovered from donor contracted funding. At the end of 2020 this reserve was £400k and increased to £450k at the end of 2021.

NOTE 18: TRANSFERS BETWEEN FUNDS

No funds have been transferred from restricted to unrestricted funds. (Nil 2020).

NOTE 19: RELATED PARTIES

There were no related party transactions in 2021 (Nil 2020).

END