AFGHANAID

England & Wales · Charity number 1045348

Details

Status	Registered
Legal form	Charitable company
Company number	03034888
Registered	1995-03-29
Register	View on the Charity Commission register

Contact

Address	The Busworks Omnibus Business Centre 39-41 North Road London N7 9DP
Phone	02079169883
Email	info@afghanaid.org.uk
Website	www.afghanaid.org.uk

Activities

Objects: (A) TO RELIEVE POVERTY HARDSHIP AND DISTRESS AMONG THE PEOPLE OF AFGHANISTAN AND REFUGEES FROM AFGHANISTAN.(B) TO APPLY THE INCOME AND ASSETS OF THE COMPANY FOR SUCH CHARITABLE INSTITUTION OR INSTITUTIONS OR TORWARDS SUCH CHARITABLE PURPOSE OR PURPOSES AS THE COMPANY THROUGH ITS MANAGEMENT COMMITTEE MAY FROM TIME TO TIME DECIDE.

Activities: Afghanaid's work is to assist village level groups to improve their livlihoods and to mitigate some of the disadvantages they face. Improved livlihoods are acheived by developing the physical, financial, natural, social and human resources available to them in a sustainable way.

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Classification

- **How:** Makes Grants To Organisations, Provides Services, Provides Advocacy/advice/information, Sponsors Or Undertakes Research, Other Charitable Activities
- **What:** Education/training, The Prevention Or Relief Of Poverty, Overseas Aid/famine Relief, Animals, Economic/community Development/employment
- **Who:** Children/young People, Elderly/old People, People With Disabilities, People Of A Particular Ethnic Or Racial Origin

Geography

- Afghanistan

Finances

Period end	Income	Expenditure	Assets	Employees
2024-12-31	£15,895,649	£16,210,334	£2,044,098	421
2023-12-31	£19,424,545	£19,494,540	£2,511,876	591
2022-12-31	£16,580,862	£16,318,602	£3,099,951	435
2021-12-31	£7,964,169	£6,606,746	£2,973,979	226
2020-12-31	£196,677	£10,622,170	£1,534,747	345

Trustees

Name	Role	Appointed
CHRISTOPHER WILLIAM KINDER	Chair	2012-03-29
Duncan Wood		2024-05-16
ELIZABETH MARGARET WINTER OBE		
JAMES SINCLAIR TAYLOR		2022-01-17
John Hayward		2022-02-23
MARY CATHERINE MOUNTAIN		2014-06-23
Mark Rainer Bowden		2017-07-27
ORZALA NEMAT		2013-07-11
PROFESSOR Nigel David Poole		2024-05-16
Pauline Hayes CBE		2016-06-15
SHIRAZUDDIN SIDDIQI		2011-12-02

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AFGHANAID

England & Wales - Charity number 1045348

Accounts



Afghanaid
For peace and prosperity

Annual Report 2024

Company No. 3034888, Charity Nos. England and Wales 1045348 and Scotland SC044614

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

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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:

Mr Christopher Kinder (Chair)
Ms Elizabeth Winter OBE (Vice-Chair)
Ms Pauline Hayes CBE (Secretary)
Mr Duncan Wood CA (Treasurer)
Ms Mary Mountain FCA
Mr Mark Bowden CMG
Mr Shirazuddin Siddiqi
Dr Orzala Ashraf Nemat
Mr John Hayward
Mr Anthony Fitzherbert OBE
Mr James Sinclair Taylor
Professor Nigel Poole

Principal Staff:

Mr Charles Davy, Managing Director
Mr Abdul Rahman Tariq, Director of Programme Quality and Implementation
Mr Ayub Khan Khugyaniwal, Director of Operations
Ms Zodiac Maslin-Hahn, Director of Programme Development and Resource Mobilisation
Mr Johannes Jansen, Deputy Director of Programme Performance and Monitoring
Mr Mujtaba Nooristani, Deputy Director of Human Resources (departed 31 October 2024)
Mr Saleh Mohammad Salehzai, Acting Deputy Director of Human Resources (from 1st November 2024)
Mr Guru Naik Charan, Deputy Director Climate Action

Bankers:

Barclays Bank Plc.
London Corporate Banking Group
1 Churchill Place, London
E14 5HP

AIB Bank
Airport Road, Bibi Mahro
Kabul, Afghanistan

Azizi Bank - Main Branch
Zanbaq Square,
Shar-e-Naw
Kabul, Afghanistan

Solicitors	Russell-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



It gives me great pleasure to introduce this 2024 Annual Report, in which Afghanaid reflects upon yet another very successful year, one in which we surmounted numerous challenges and gave great support to the people of Afghanistan. Unfortunately, it was a year marked with great sadness, at the passing of Dr. David Page, our long-serving and cherished Trustee, and our former Chairman.

David joined our Board of Trustees in 1996, and was elected Chairman in 2004. As Chair, he was instrumental in shifting the balance of our work from emergency relief to long-term development, when we began to play an important part in Afghanistan's reconstruction, taking on infrastructure projects, such as roads, bridges, and irrigation systems. Also under David's guidance, our community-led approach became indelibly ingrained in our identity, culture and operational ethos, as we developed and collaborated with village councils and self-help groups. We also launched our first long-term disaster risk reduction and climate adaptation programming, which remains central to our work today. David stepped down as Chairman in 2014, but remained a committed and engaged Trustee until his passing in October 2024. We will miss him greatly.

During 2024, Afghanistan saw a small decline in the number of people requiring life-saving assistance, as the critical importance of addressing the systemic challenges that hold millions of families in poverty, moved to the fore. Not until the root causes of poverty and injustice in Afghanistan are given focused attention, will ordinary people extract themselves from the perennial vulnerability to economic and climatic shocks, which repeatedly drag them back to reliance on emergency life-saving assistance.

I am proud to say that in 2024, Afghanaid and our implementing partners assisted a total of 1,647,198 project beneficiaries. Afghanaid again stood out, in words and actions, as one of the organisations leading the break from the repeated cycles of emergency humanitarian assistance, shifting resources to focus on systemic issues, and accompanying rural Afghan communities as they mitigate disaster risks, adapt to climate change, improve access to water, grow agricultural yields, reduce food insecurity, while improving value chains and family incomes. In doing so, we were able to ensure meaningful and effective programming for women, by women.



With the goal to reduce bureaucratic impediments and optimize programmatic delivery, we worked hard to strengthen our working relationships and build trust with the Taliban authorities, at both the national and local level. I am pleased to say that our efforts resulted in some incremental gains.

None of this would have been possible without the growing financial and moral backing we have received from our donors, supporters, partners, and target communities, for which we are truly grateful. During the year, we continued to enhance our reputation for technical competence and value for money, and we were again recognised for our professionalism and transparency; especially in our leadership of major consortia of national and international partner NGOs. Our relationships will become even more critical for the people of Afghanistan, as the global donor community reevaluates spending priorities and reduces funding in an increasingly climate-change-impacted and unstable World. In spite of the current dystopia, Afghanaid looks to the future with confidence and optimism, founded on our reputation for impactful programmatic delivery through numerous periods of crises.

REPORT OF THE TRUSTEES

The trustees present their report and audited financial statements for the year ended 31 December 2024.

The reference and administrative information on page 3 are 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, and 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, 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. Annually, the Board members undertake refresher training in safeguarding.

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 meets quarterly with the Security Team Leader and the Managing Director. The Board Finance Committee meets quarterly with the Managing Director, Director of Finance and Operations,

Deputy Director of Finance and Administration, Deputy Director for Human Resources, and the Head of Communications and Giving. The Programme Committee meets three times a year with the Managing Director, Director Programme Implementation and Quality, Director of Programme Development and Resource Mobilisation, and several other relevant staff. The Managing Director liaises fortnightly with the Chair of the Board of Trustees to consult and receive support and guidance. The Director of Finance and Operations meets monthly with the Treasurer to consult and receive support and guidance.

Trustees are required to disclose all relevant interests and 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. If a project requires a significant amount of time from a particular trustee, the trustee could be contracted to do the work.

All related party transactions are disclosed under Note 17 in the financial statements.

The Directors of Afghanaid (Principal Staff) 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 similar NGOs. Directors' salary increments between 0% and 5% are applied based on their performance; these are proposed to and reviewed by the Board of Trustees.

Afghanaid aims to adjust staff salaries in line with inflation and other economic conditions, to retain purchasing power year-on-year. A cost-of-living adjustment (COLA) is applied annually subject to affordability. For International Hire and UK-based staff, the rate is calculated mainly on the UK inflation rate published by the Bank of England; for National Hire staff, the rate is mainly determined by averaging out the World Bank, IMF, or Central Statistical Office inflation rates. In addition, being cognisant of the difficulty of retaining International Hire staff, Afghanaid rewards tenure by applying 2.5% annually to their salaries. Afghanaid conducts benchmarking exercises every two years to assess the competitiveness of remuneration compared to peer organisations. At the end of 2024, Afghanaid commissioned a comprehensive external review of its remuneration and benefits system, to assess efficiency, value for money and compliance with labour law, and will begin incorporating recommendations during 2025.

Public Benefit

The Board of Trustees of Afghanaid complies with the requirements of Section 17 of the Charities Act 2011. It refers to the Charity Commission's general guidance on Public Benefit when reviewing its aims and objectives and 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 that 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 project's participants and staff from sexual exploitation, abuse and harassment. It also provides continual training to staff across its offices to ensure safeguarding policies are followed. Afghanaid aims to adhere to best-practice standards and has again reviewed these practices during 2024.

Subcontracting and Grant Making Arrangements

In provinces where Afghanaid has an established presence, it implements projects directly.

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

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

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 based on the principles provided by the Charity Commission in its guidance on charity fundraising (CC20) published in November 2016. Afghanaid is also registered with the Fundraising Regulator as part of our commitment to fundraising in a way that is legal, open, honest and respectful - in line with the Code of Fundraising Practice. In 2024, Afghanaid benefited from the support of regular givers and ran four public fundraising appeals, generating funds through events, print mailing, email marketing and digital marketing channels. Afghanaid has dedicated staff members in its London Office who monitor and provide support to all fundraisers. Afghanaid does not use professional fundraisers or commercial organisations to carry out its activities, and in 2024 did not engage in door-to-door, private site or street fundraising. Every care is taken to protect vulnerable people and other members of the public from unreasonable behaviour or places an individual under undue pressure. During the year, we did not receive any fundraising-related complaints.





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 Afghanistan's most remote and inaccessible areas, serving tens of thousands of families at risk of exclusion and poverty. In the early years, from our initial base in Peshawar, Pakistan, we delivered humanitarian relief to Afghan refugees and, braving conflict in Afghanistan, provided essential services such as delivering food, medical supplies and agricultural and livelihood 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 significant 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 local stakeholders, strengthen the network of offices across the country, and even more effectively meet the needs of families facing the greatest hardships.

In 2020, Afghanistan saw intensified conflict culminating in the Taliban's return to power in 2021, accompanied by economic collapse, a massive humanitarian crisis, and a profound shift from long-term development funding to short-term life-saving humanitarian funding. Then, through 2023 and 2024, though the Afghan economy remained fragile and millions of Afghans continued to require emergency humanitarian assistance, some donors sought to rebalance, investing in addressing the chronic and systemic root causes of poverty and vulnerability. Afghanaid, which long ago recognised the critical linkage between emergency humanitarian to long-term development assistance, has been well placed to advocate for and take advantage of this funding shift: supporting families through the hardest of times, and then enabling them to build the resilience necessary to lift themselves out of poverty and vulnerability, and thereby removing the perennial reliance on humanitarian assistance.





Present Day

Afghanaid's head office is located in Kabul. In 2024 we worked directly in Badakhshan, Daykundi, Ghor and Samangan provinces, and implemented projects through our partners in Takhar, Bamyan, Jawzjan, Sar-e-Pul, Nooristan, Nangarhar, Ghazni, Balkh and Herat.

We also maintained our small but dynamic Communications and Fundraising Office in London, United Kingdom. Through 2024 we employed an average of 399 national staff, 10 UK-based staff and 12 international staff based in Afghanistan. 31% percent of our staff were female.

Programmes

We deliver basic services for all, including 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 and solar 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.

Our climate change adaptation and disaster risk reduction work involves creating community-based natural resource management associations, and providing the necessary inputs, so that communities can conserve and manage their water, forest and rangeland, helping them adapt to the impacts of climate change: preventing deforestation, overgrazing and erosion and improving soil quality on irrigated and rainfed land. This work also entails working with communities to assess hazards and providing them with the training and support they need to take pre-emptive actions to mitigate disasters, and strengthening communities' capacities to effectively respond to and manage disasters when they occur. Most importantly, this work increases groundwater, restores water tables, and creates the opportunity for irrigation and rural livelihoods.

Providing economic opportunities, sustainable livelihoods and food security entails working with farmers and their families to improve agricultural and animal husbandry techniques; providing vocational training and support for small enterprise development, especially among women; and introducing innovations that add value for farmers and entrepreneurs and improving access to markets. All of which lead to improved productivity, incomes, food security and nutrition.

When disaster strikes, we respond immediately with emergency humanitarian assistance, providing food, clean water, shelter, and sanitation, or cash to support these needs, both amidst a crisis or in the aftermath. And once the immediate disaster is over, we assist communities to 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 incorporated as cross-cutting themes across all our projects. These themes occasionally also form the basis of stand-alone projects. Afghanaid believes that working with both men and women is necessary for Afghanistan to achieve political and economic stability. We work with both sexes in all 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, ensuring that services align with the needs and priorities of under-represented communities.

OUR PROGRAMMES IN 2024

Basic Services for all

In 2024, communities across Afghanistan continued to face major challenges in accessing essential infrastructure. An estimated 80% of the population lacked reliable access to safe drinking water due to prolonged droughts, economic instability, and infrastructure damaged by floods. The lack of employment opportunities in rural communities, combined with the growing impact of climate-related disasters, left many families unable to afford basic necessities such as clean water, nutritious food, and hygiene essentials.

To address these urgent needs, Afghanaid successfully worked with its partners to strengthen local infrastructure, expand access to clean water, and create income opportunities for rural communities. We implemented nearly a thousand community-led projects to repair and upgrade water systems and build new sanitation facilities. In 16 communities, hygiene kits were distributed to help reduce the spread of disease arising from poor living conditions. To address barriers to accessing education, we constructed gender-friendly and inclusive handwashing stations, latrines, and water reservoirs for 5 schools, to help over 3,000 children study in a safe and hygienic environment. And to ensure the sustainable use of the constructed water and irrigation infrastructures, we delivered technical training to local workers, equipping them with the skills necessary for maintenance and renovation.



Besides facilitating access to basic services, our projects also provided short-term employment to 97,000 skilled and unskilled labourers - benefiting over 670,000 family members - by enabling them to earn an income while contributing to the development of their communities. Afghanaid provided meaningful support to 20,000 female- or disabled-headed-households, that were unable to participate in cash for work activities, and therefore were provided with direct financial assistance and food support.

Climate Change and Disaster Risk Reduction

Afghanistan has seen a marked increase in climate-related challenges in the past decades, including prolonged droughts, flash floods and declining soil fertility, which severely impacted food security and water availability across Afghanistan. Rural communities, which are heavily dependent on agriculture, face reduced crop yields and livestock losses, making it hard to sustain their livelihoods and concurrently increasing their vulnerability to natural disasters.

In 2024, Afghanaid continued to build vulnerable communities' climate resilience by strengthening sustainable agriculture, disaster preparedness, and inclusive governance. We delivered training to 4,100 members of local disaster and water management committees in climate adaptation and natural resource conservation, and we established 250 Watershed Management Groups to ensure that climate solutions were locally led. We also provided guidance and resources for these groups to implement Watershed Development Plans to make their communities more resilient to natural disasters and the effects of climate change.

As part of our commitment to reducing the impact of droughts, floods and other disaster risks through ecosystem restoration, we implemented integrated watershed management initiatives, such as constructing trenches, terraces, gully plugs and check dams, as well as planting 21,000 saplings and reseeding rangelands across 59 hectares. These efforts helped prevent soil erosion and reduce the severity of, or eliminated, flash floods, and played a vital role in recharging over 1.8 million cubic meters of groundwater.

To build on the results of our ecosystem restoration we built more resilient food systems, providing nearly 10,000 farmers – including 2,000 women – with materials and training on climate-smart agricultural techniques. These efforts benefited an estimated 70,000 individuals by helping them conserve water, improve soil quality and adopt sustainable irrigation methods. We supported Veterinary Field Units to provide

training and animal health services to 1,800 livestock farmers, ensuring that their livestock remained healthy despite adverse agro-climatic conditions, thereby safeguarding an essential source of food and income for vulnerable families.

Together with local community members, Afghanaid lined a 113-meter irrigation canal with concrete to prevent water loss through absorption and thereby enable broader water distribution. The initiative directly benefited over 2,000 people.

Mohammad Amin's story

Promoting peace and prosperity through natural resource management

Across Afghanistan, repeated droughts have made life and livelihoods increasingly challenging, igniting conflicts over shared resources.

For years, the village of Hassan Khail Payen in Samangan's Aybak district struggled with severe water shortages, impacting every aspect of daily life.Mohammad Amin, a 43-year-old resident, spoke to us about the tensions that had erupted with a neighbouring village over irrigation water for farmland, putting the area's stability at risk. As both communities competed for this vital resource, divisions deepened, leaving Mohammad Amin's village unable at times to secure enough water to grow their crops.

Recognising this challenge, Afghanaid sought to help Mohammed Amin's village meet their water needs while also working to strengthen social cohesion and reduce conflict between the communities.



Understanding that peace was as vital as water, Afghanaid also established a Community Conflict Mitigation Committee (CCMC) made up of eight trusted village members. These individuals underwent specialised training in conflict resolution techniques, equipping them to effectively address and resolve disputes. The CCMC quickly emerged as a stabilising force in the community. Whenever conflicts arose - whether concerning water distribution, land disputes, or other matters - the committee intervened with skill and empathy. Their efforts not only diffused tensions but also nurtured a culture of dialogue and cooperation among villagers.

“It warms my heart to see how the CCMC has not only brought peace and unity but also fostered a sense of belonging and collective responsibility among the residents.” Mohammad Amin told us proudly, “As we look to the future, I am confident that this village will continue to thrive and serve as a beacon of hope for others."



Economic Opportunities, Sustainable Livelihoods and Food Security

Limited economic opportunities and food insecurity remained major challenges for rural communities in Afghanistan. Climate and pest-related crop failures and the rising costs of agricultural inputs make it difficult for many farmers to maintain stable yields and sustainable incomes year-on-year.

By providing improved seeds, fertilisers and honeybees to over 9,000 farmers, Afghanaid contributed to the long-term food security of local communities. Aside from providing essential farming tools, we invested in skills development and training to ensure the communities' long-term resilience. A total of 11,000 people received training in agriculture, livestock management and off-farm enterprise development.

To enhance reliable water access for both agricultural and household use, we strengthened water infrastructure benefiting 43,000 individuals across 31 communities. These improvements helped provide safe drinking water, and reduced diseases and illnesses which often arise from consuming contaminated water. We also upgraded irrigation infrastructure for over 2,000 hectares of land, increasing agricultural productivity and ensuring a more stable supply of food.

To empower women and help them establish and strengthen their micro-enterprises, we supported 115 Self-Help Groups, providing micro-grants to 1,800 women to help grow their business. We also distributed livestock to 1,600 female farmers, giving them greater economic stability and financial independence.

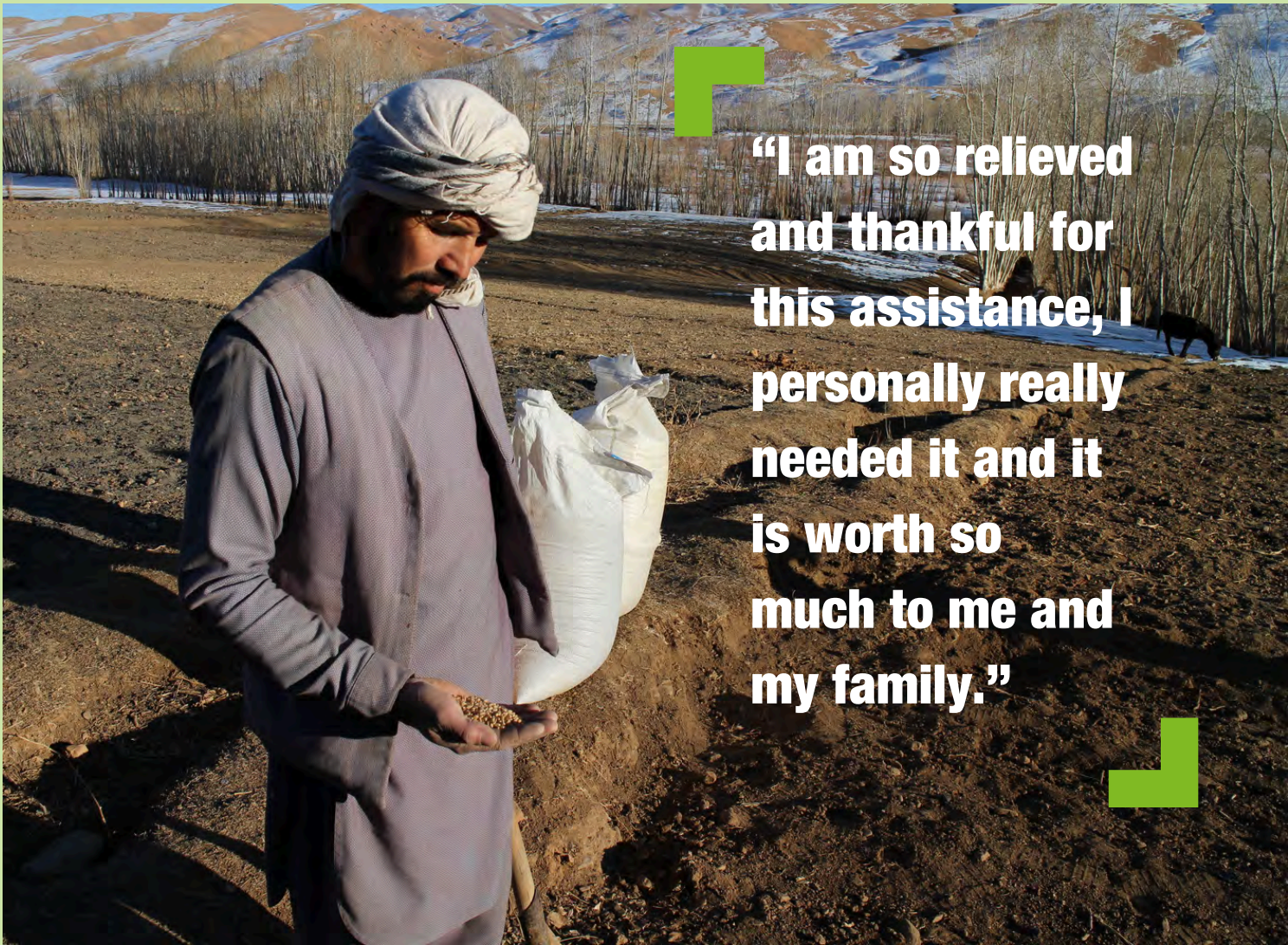


Abdul Razaq's story

Revitalising rural livelihoods

In the remote village of Joy Badal Ha, nestled in the mountainous province of Ghor, farmer Abdul Razaq was struggling to make ends meet for his family of five. Despite owning land from which to earn a living, the simultaneous economic and climatic crises that grip Afghanistan have made it extremely difficult to get by. Most notably, severe drought has severely impacted Abdul Razaq's region in recent years, greatly diminishing his yields from his crops, and leaving him unable to afford even the most basic necessities.

Barely earning half of what he needed to cover both farming and household expenses, Abdul Razaq searched for solutions that could support him to tackle these issues. But with unemployment and poverty rife throughout his whole community, there were no routes available to him to make additional income. In many areas of Ghor province, one of Afghanistan's most impoverished regions, communities have been hit particularly hard by cuts to international aid funding, as well as the economic collapse of August 2021, when many longer-term development projects were interrupted. Abdul Razaq reflected on the immense challenges he had been facing:



"There are no jobs available. For us, farming is the only hope. Many people face being internally displaced or forced to leave the country in search of ways to support their families, and many have uncertain futures."

When Afghanaid's team conducted a visit to Abdul Razaq's village, it became evident that one of the main challenges for this agricultural community was the need for farming support, to help farmers like Abdul Razaq grow more despite the changing climate. To address these challenges, Afghanaid, with the support of the Food and Agriculture Organization of the United Nations, delivered certified wheat seeds, fertilisers, and training on cultivation techniques to 5,699 farmers in Ghor province . Abdul Razaq, along with others, embraced this opportunity, recognising the potential of certified seeds to yield better crops compared to local varieties, especially considering its more drought-tolerant qualities.

"The best solution during a dry year is for me to cultivate improved, drought resistant and higher yielding wheat seeds, rather than the locally available but cheaper seeds, or living on short-term grants" explained Abdul Razaq.

"Now that Afghanaid has provided me with improved wheat seeds and fertiliser I can say for sure that for at least 2 or 3 years we will have better yields than would otherwise have been the case, this will be fantastic for my family. I am so relieved and thankful for this assistance, I personally really needed it and it is worth so much to me and my family."





Emergency Humanitarian Assistance

Freezing temperatures, poorly insulated homes, and the lack of proper heating and warm clothing makes winter an especially difficult season for millions of Afghan families. While heavy snowfalls block roads, cutting remote communities off from markets and essential services.

To help families cope with the harsh winter weather, Afghanaid provided winterisation assistance to nearly 1,900 vulnerable households, distributing firewood, warm clothes, and blankets. And to address winter food insecurity, we delivered cash-for-food assistance to more than 4,600 households, allowing them to buy essential supplies to sustain them through the winter.

For families affected by the earthquakes in Herat province, winter brought additional hardships. Afghanaid responded by providing cash assistance to over 1,600 households, enabling them to purchase food, clothing, heating materials and helping them to recover from the disaster.

Sayed Nasir's story

Supporting families in the wake of disaster

Sayed Nasir and his family live in one of Herat Province's most isolated areas. Lacking many basic facilities, things in Sayed Nasir's village have always been tough, but when a series of devastating earthquakes hit in October 2023, destroying homes, infrastructure and livelihoods, life became even more challenging.

Following the earthquakes, Afghanaid launched an appeal to provide support for those affected, and succeeded in raising a total of £ 68,654 from the UK public, and a further £316,000 from the Hilton and Avazz foundations.

Sayed Nasir and his family were one of the many in urgent need of assistance. Their home had been extensively damaged and many of the family's possessions destroyed. Like many parents in the area, Sayed Nasir found it extremely difficult to make ends meet and feed his family. Moreover, he was also unable to afford essential medicines without which he risked losing his legs. Enrolling in Afghanaid's emergency relief program for families affected by the earthquakes, and implemented by our national partners, CHA and WASSA, Sayed Nasir received cash assistance that enabled him to regain his stability:

"We used the help given for the treatment of my leg and to buy food for the family, " he told us, "I hope that this aid will continue in the future and through it, I can make my life and that of my children better than before so that they have a brighter future."



Cross Cutting Themes



Gender and Inclusion

Restrictions on women's rights in Afghanistan continued to worsen, severely limiting women's mobility, education and participation in public life, making it even more difficult for them to access livelihood opportunities, support services, and decision-making spaces.

Afghanaid remained committed to ensuring that female staff could continue their work safely and effectively. We negotiated with local authorities to safeguard the mobility and professional inclusion of our female staff so that they could continue to reach female beneficiaries directly, play an essential role in supporting Afghan communities, and ensure that women could still have access to vital support.

With financial support from UN Women, Afghanaid applied our community-based approach, and provided livelihood training and seed grants for equipment and working capital, to women's self-help groups (SHGs), so that they could improve their economic and social well-being. In addition to livelihoods assistance, we ensured that women had access to psychological support. We trained SHG representatives to provide basic counselling and emotional support to other women in their communities.

And to challenge harmful norms and promote women's rights, we engaged with influential male community figures and religious leaders to raise awareness and to champion support for women's role in society and decision-making processes. Our awareness raising campaigns on women's rights, disability inclusion and nutrition reached over 119,000 people, helping to ensure that women and vulnerable groups had a voice in local decision-making, while also improving knowledge of health and well-being within communities.

By integrating gender and inclusion into all aspects of our work and advocating for women and supporting marginalised groups, we ensure that even in restrictive environments, communities can work towards opportunities for all.

Amina's story

Rewriting the future through entrepreneurship

In the mountainous province of Badakhshan, within the village of Dasht-i-Qurugh, lives Amina, a determined mother of nine who has transformed her family's circumstances and become a community role model.

Starting her working life as a teacher, Amina often found it difficult to provide for her large family and make ends meet. With the family facing financial difficulties and with Amina's husband and sons unable to find work due to the unemployment crisis, her daughter was forced to stop studying as they could no longer afford her education.



Resolute in her dream of building a secure future for her children, Amina spoke to our local Afghanaid team, and enrolled in a project providing her and other women in her community with training in dairy processing. Amina excelled in the programme, mastering yoghurt, butter and cream production skills. Amina then became the head of the Safa Dairy Self Help Group. With funds supplied by the programme, she purchased the equipment and raw materials necessary to start her own dairy business, including cold storage and milk testing equipment to retain the high quality of her products. Now, Amina buys 40 litres of milk daily from a local livestock farmer and turns it into various dairy products for the local market. Her products are popular among local communities, achieving impressive sales and earning her over 3,500 Afghani (approx. 35 GBP) each day, enough to look after her family as well as continue to grow her business.

But Amina did not stop at dairy processing. She also decided to start a tailoring business, investing 10,000 Afghani (approx. 105 GBP) from her dairy business into equipment and raw materials for this additional venture. Her daughter now trains six girls in sewing and tailoring, helping them gain new skills Together, they produce garments sold in local schools, enhancing their economic independence.

In addition to her economic activities, Amina's expertise and background as a teacher means she is now recognised as an experienced trainer in the dairy processing sector, and has been appointed by various organisations to share her knowledge with others. Amina's story is one of inspirational change. From her beginnings as a teacher to now becoming a successful entrepreneur and community leader, her dedication and resilience has transformed the futures of many, as well as her own. She is proud of the impact she has been able to have with Afghanaid's support.





Good Governance and Community Development

In 2024, we continued to prioritise the strengthening of community capacity through tailored training and support for a wide range of community-based groups.

Our support helped establish and strengthen Community-Based Disaster Management Committees, Watershed Management Committees and Groups, Natural Resource Management Committees, Water, Sanitation and Hygiene (WASH) Committees, Self-Help and Producer Groups, as well as Farming Cooperatives. These efforts aimed to empower communities to become more self-sufficient, ensuring their voices are heard and meaningfully represented in local decision-making processes.

Conflict Mitigation and Peacebuilding

Afghanaid successfully built the capacity of numerous civil society organisations (CSOs) and NGOs across multiple sectors, to mitigate and manage community conflicts and build peace. As a result, the supported groups have demonstrated a strong intention to expand opportunities for dialogue on critical issues such as cultural and political tolerance, and the rights of women and minority groups, promoting inclusive values within their communities.

The establishment and capacity-building of community Conflict Mitigation Committees have led to significant improvements in both knowledge and skills, markedly enhancing their ability to resolve local disputes.

Women committee members, in particular, are actively participating in decision-making processes and contributing to dialogues that address their rights and protection concerns.

Additionally, the recruitment of 12 Islamic scholars and 34 religious leaders to conduct Community Dialogue Meetings on women's rights, human rights, and conflict mitigation has had a substantial impact. These sessions have raised awareness among community residents about the rights of different groups. As a result, intergroup respect has improved, and communities now enjoy increased opportunities for economic engagement and participation in decision-making processes. The approach—grounded in Islamic teachings and aligned with cultural norms—has facilitated the acceptance and integration of human rights principles at the grassroots level.

Finally, the implementation of 36 conflict mitigation structures and small-scale infrastructure projects across 34 communities in four provinces has significantly reduced disputes over drinking and irrigation water distribution. These initiatives have contributed to greater community unity and stability by establishing organized water supply networks. The reliable provision of potable and irrigation water has mitigated long standing conflicts related to resource allocation and ensured equitable access for all residents.





2025 PROGRAMME PLANS

Afghanistan begins 2025 amidst continued humanitarian needs across the country, driven by economic difficulties and sombre agroclimatic forecasts.

Although improved rainfall in early 2024 temporarily eased drought conditions in some provinces, forecasts indicate a shift to a La Niña episode in early 2025, raising the likelihood of reduced precipitation and higher temperatures. These conditions are expected to affect rain-fed agricultural areas across the northern, north-eastern, and north-western regions, threatening crop yields and straining already limited water resources. Meanwhile, floods and flash floods, which affected over 173,000 people in 2024, are anticipated to continue posing serious risks, damaging homes, agricultural land, and essential infrastructure such as health facilities and roads. Seasonal challenges such as harsh winters further isolate communities and increase the risk of displacement, disease, and food shortages in remote areas.

Moreover, pressure is anticipated to mount for the estimated eight million Afghans residing under various statuses in Pakistan and Iran to return to Afghanistan. If large numbers of people return over a short time period, it will be very difficult for the country to absorb them without a major humanitarian crisis developing.

According to the UN's Afghanistan Humanitarian Needs and Response Plan in 2025, an estimated 22.9 million people – nearly half of the population – will require humanitarian assistance, with 14.8 million projected to experience crisis or emergency levels of food insecurity. The impact of decades of conflict, compounded by a fragile economy and an increasingly constrained operational environment, has left millions of families with limited capacity to respond to further shocks.

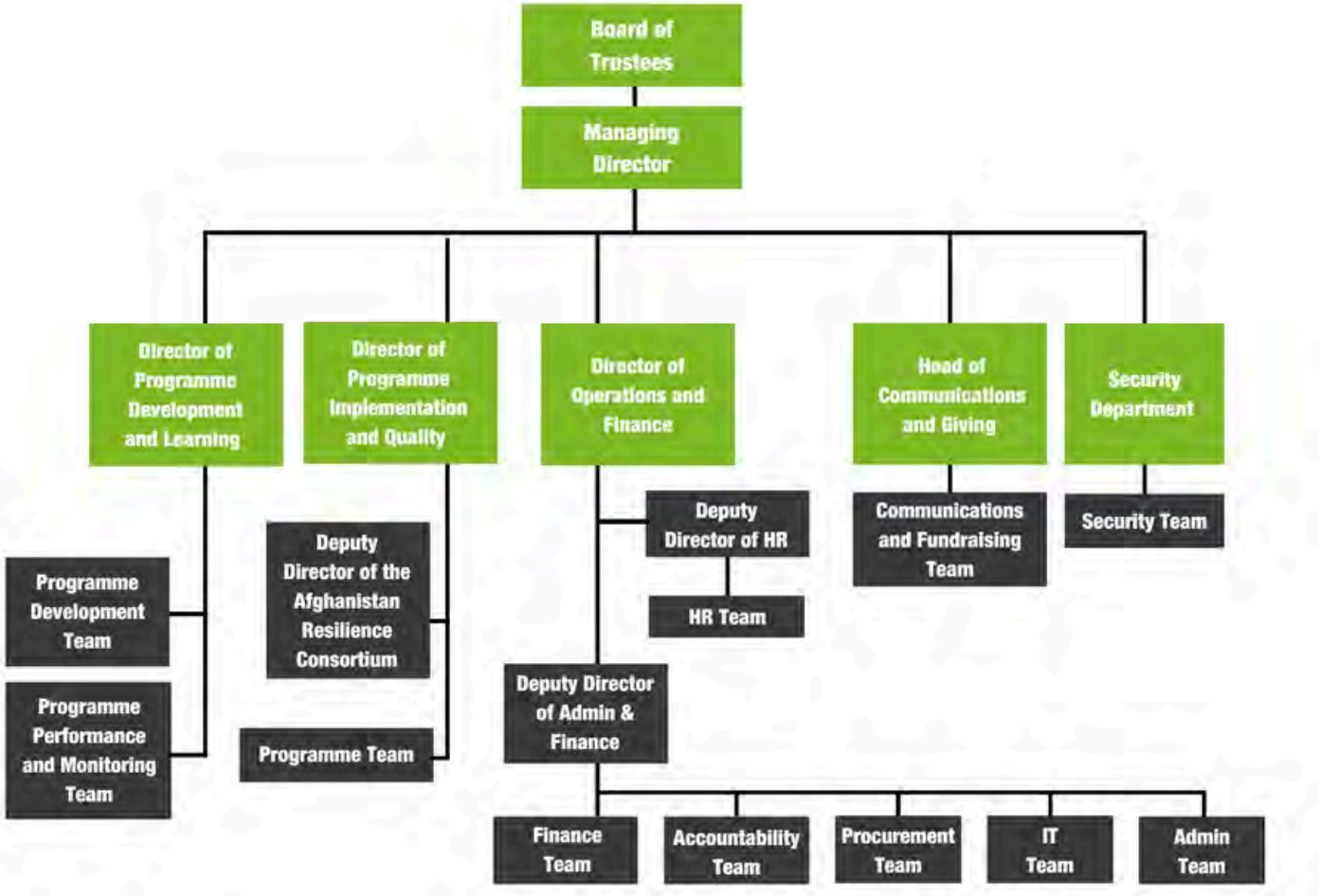
In response, Afghanaid's 2025 programme will continue to deliver projects directly and to lead consortia of partner NGOs, combining both life-saving assistance with resilience-building interventions. Working closely with partners, we will ensure that services remain inclusive, conflict-sensitive, and rooted in community participation. Priorities for the year include expanding climate-adaptive agriculture and watershed management, restoring access to safe drinking water and sanitation, and providing tailored support in remote areas through livelihood assistance and inclusive community programming.

Three of our larger, multi-year projects will be the Farigir (Inclusion) Project, funded by the EU, the Climate Adaptation and Resilient Livelihoods Project, funded jointly by by the EU and the Swiss Agency for Development and Cooperation (SDC), and the new PREVALE project funded by the UK's Foreign, Commonwealth and Development Office (FCDO). Each of these projects will be implemented by Afghanaid-led consortia, across 15 provinces and assisting over 18,000 families by delivering a package of interventions to support communities to mitigate the risk of climate-induced disasters, recharge ground water and conserve surface water, adapt climate-smart agricultural practices, improve food security, enhance value chains and and expand market linkages. Through these projects, rural families and communities will be able to lift themselves out of extreme poverty and build resilience to economic and climatic shocks.



AFGHANAID PEOPLE

To maintain Afghanaid's reputation as an impactful and professional organisation, among the most respected NGOs in Afghanistan, we always endeavour to attract and retain the most technically competent, innovative, and driven personnel, who actively contribute to achieving Afghanaid's mission and vision. The organisation is structured according to the following organogram:



During the year, we employed an average of 421 staff. This total comprises 399 Afghan national staff, 10 UK-based staff and 12 international staff based in Afghanistan. On average, 31% of our staff were female. The staff turnover rate for the year was 0.76%, a decrease from 2023. Of particular note, three senior and long-serving members of staff, Mujtaba Nuristani (23 years with Afghanaid), our Deputy Director for Human Resources; Fazil Hadi Omarzai (19 years) one of our most experienced project managers; and Najibullah Namiq (15 years) our most experienced national hire Programme Development Manager, all left Afghanistan with their families to start new lives in the USA. Each has made immense contributions to Afghanaid and the people of Afghanistan and they will be missed.

In 2024, our HR department facilitated 60 training courses for a total of 601 participants , ensuring that all staff members were well-versed in areas such as digital literacy, diversity and inclusion communication, safeguarding, and cybersecurity.





Staff Spotlight

Fariha Frotan

Agricultural Officer

Fariha Frotan joined Afghanaid as an Agricultural Officer in Badakhshan after earning her Bachelor's degree in Agriculture and receiving training in sustainable farming, agribusiness, and community engagement.

In her role, she supports local farmers by facilitating training sessions focused on climate-smart agricultural practices, distributing improved seed varieties, and monitoring agricultural activities in remote areas of the province.

Fariha finds it very fulfilling to witness the improvements in the farmers' lives when they apply the knowledge she shared, and she sees that our support is making a tangible difference. Despite the challenges of working in remote mountainous areas, Fariha emphasises the importance of community engagement: "Navigating difficult terrain can be a real challenge, but strong cooperation from the communities we work with helps us overcome these barriers."

In addition to her technical role, Fariha also serves as the Gender Focal Point at our Badakhshan office. She is committed to creating a supportive and inclusive environment where her female colleagues are able to remain meaningfully engaged. "My role is to ensure women in our workplace feel safe and supported, and to help address any challenges they may face," she says.



When asked what working at Afghanaid means to her, Fariha responds: "It means creating meaningful and lasting change in people's lives through compassion, dedication, and sustainable action."

Staff Spotlight

Shakirullah Rasheed

Engineer



Engineer Shakirullah Rasheed joined Afghanaid with qualifications in civil engineering, WASH (water, sanitation and hygiene), and project management. Over time, his expertise has become integral to Afghanaid's work in designing and delivering technically proficient and sustainable WASH interventions, responsive to the local needs. By providing technical guidance on engineering components, Shakirullah plays a crucial role in designing WASH initiatives aligned with both national policies and international standards, supporting consistency and quality across projects.

"I spend my workdays guiding our project teams, reviewing technical reports, supporting field staff, and ensuring that all activities align with donor requirements, sector standards and community priorities. What I enjoy most about my work is seeing the direct results of what we do," he shares. "When a family gains access to clean water or a community recovers after a flood, you know your work is meaningful. That sense of impact keeps me motivated."

He noted, however, that working in Afghanistan comes with significant challenges. "Security concerns, difficult terrain, and political instability make the context unpredictable. You have to be flexible, think creatively, and most importantly, remain committed." Reflecting on the broader needs of the region, he highlights that reliable access to safe water remains one of the greatest challenges in the areas he works. "Many communities still depend on unsafe and unprotected water sources, especially in remote areas, which increases the risk of waterborne diseases. Sanitation facilities are often inadequate, and hygiene education is limited."

He stresses that building infrastructure is only part of the solution. "To be effective, WASH interventions must involve community members from the beginning, and promote long-term behavioural change. Infrastructure without community ownership is never sustainable."

OUR DONORS AND SUPPORTERS

In 2024, Afghanaid received humanitarian and development funding from the following institutional donors:

- European Commission - DG INTPA
- UK Conflict, Stability and Security Fund (CSSF) - in partnership with Search for Common Ground
- Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)
- Swedish International Development Cooperation Agency (Sida)
- Swiss Agency for Development Cooperation (SDC)
- Food and Agriculture Organization of the United Nations (FAO)
- United Nations Office for Project Services (UNOPS)
- United Nations Office for the Coordination of Humanitarian Affairs (OCHA)
- United Nations World Food Programme (WFP)
- UN Women (UNW)

We were especially grateful to these donors for their steadfast support despite the challenges of sanctions, fund transfers, and the political actions by Afghanistan's de facto authorities.

We also received funding from the following Trusts and Foundations and corporate donors:

- Afghan Caravan
- Afghan Rug Shop
- Avaaz Foundation
- Rathbone Investment Management
- Bloomberg Corporate
- Cecil Pilkington Charitable Trust
- The Coles-Medlock Foundation
- CHK Foundation
- Fletcher Charitable Giving Fund
- Give to Asia
- Global Giving Emergency Relief Fund
- Grassington and District Peace Group
- Hoare Trustees - Miranda Fund
- JAC Trust
- The Joanna Herbert Stepney Charitable Settlement Also Known As The Paget Charitable Trust
- Joss Stone Foundation
- K Hannay Memorial Trust
- Linda Norgrove Foundation
- Miss K.M. Harbinson Charitable Trust
- Muslim Aid
- RP Partner Ltd
- Rhododendron Trust
- The Sargeant Family Trust
- Untamed Borders
- Utley Foundation
- Vitol Foundation
- Yashar Bish

We appreciate the commitment shown by the Trusts and Foundations and corporate donors, whose contributions enabled us to support communities facing hardship across Afghanistan.

COMMUNICATIONS

In 2024, the Communications and Giving team advanced key milestones in our five-year strategy, notably expanding supporter recruitment by partnering with a digital advertising agency to launch an integrated marketing strategy across Meta, LinkedIn, and Google.

Despite declining media coverage of Afghanistan's crisis, digital audiences grew, with social followers and email subscribers increasing by 7.95% and 15% respectively. Paid media campaigns boosted acquisition and brand awareness, reaching over 810,000 accounts on Meta and achieving 363,000 impressions on LinkedIn.

To retain donors, we implemented tailored engagement plans, increasing regular giving by 4% and re-engaging over 60 high-value donors. Strong SEO (search engine optimisation) and Google Advertising strategies maintained high website engagement, with 137,000 users active on our site across the year. We continued to generate over 50,000 clicks onto the website via Google Search, maintaining a significantly higher engagement than 2022, when 21,000 clicks were made.

The Communications & Giving Team established a new Legacy Giving offering for supporters, partnering with FareWills to offer free will-writing services to donors looking to leave part of their estate to Afghanaid. We also expanded our use of traditional media to elicit new supporters, and expanded the offerings available to Muslim supporters online, publishing Afghanaid's first appeals for Zakat and Sadaqah donations.

The team also worked cross-departmentally to promote Afghanaid's reputation and presence in climate spaces. With match-funding from two Trusts and Foundations, Afghanaid's climate-focused summer appeal raised over £35,000. As part of this, the team produced a high-quality short film, Be The Light, which was shown as part of London Climate Action Week, at Ceres Food Film Festival, the Swedish Film Institute in Stockholm and during COP29. Receiving over 67,000 views across digital platforms, the film received a special mention at the Big Syn International Film Festival, and is nominated in the Smiley Charity Film Awards.

We continued to strengthen relationships with high-profile advocates and funding partners. This included Joss Stone, who, through her foundation, hosted a match-funding appeal for Afghanaid on International Women's Day. We were able to achieve our highest number of pledges ever to our Big Give Christmas Challenge campaign, raising over £42,000.

Throughout the year, we organised targeted events for key groups within our supporter community, including the third iteration of our Afghan cultural festival, a November dinner for major donors, and a poetry evening for Shab-e-Yalda in December. We also supported community events, including a fundraising concert hosted by our late Trustee David Page at All Saints West Dulwich church, and collections at Richmond Theatre, who fundraised £10,000 alongside performances of The Kite Runner.

In 2025, the team looks forward to increasing its capacity to generate earned media through increasing human resources in this area, and formalising an advocacy strategy. The team shall also increase their focus on legacy and Islamic giving through approaches established in 2024.

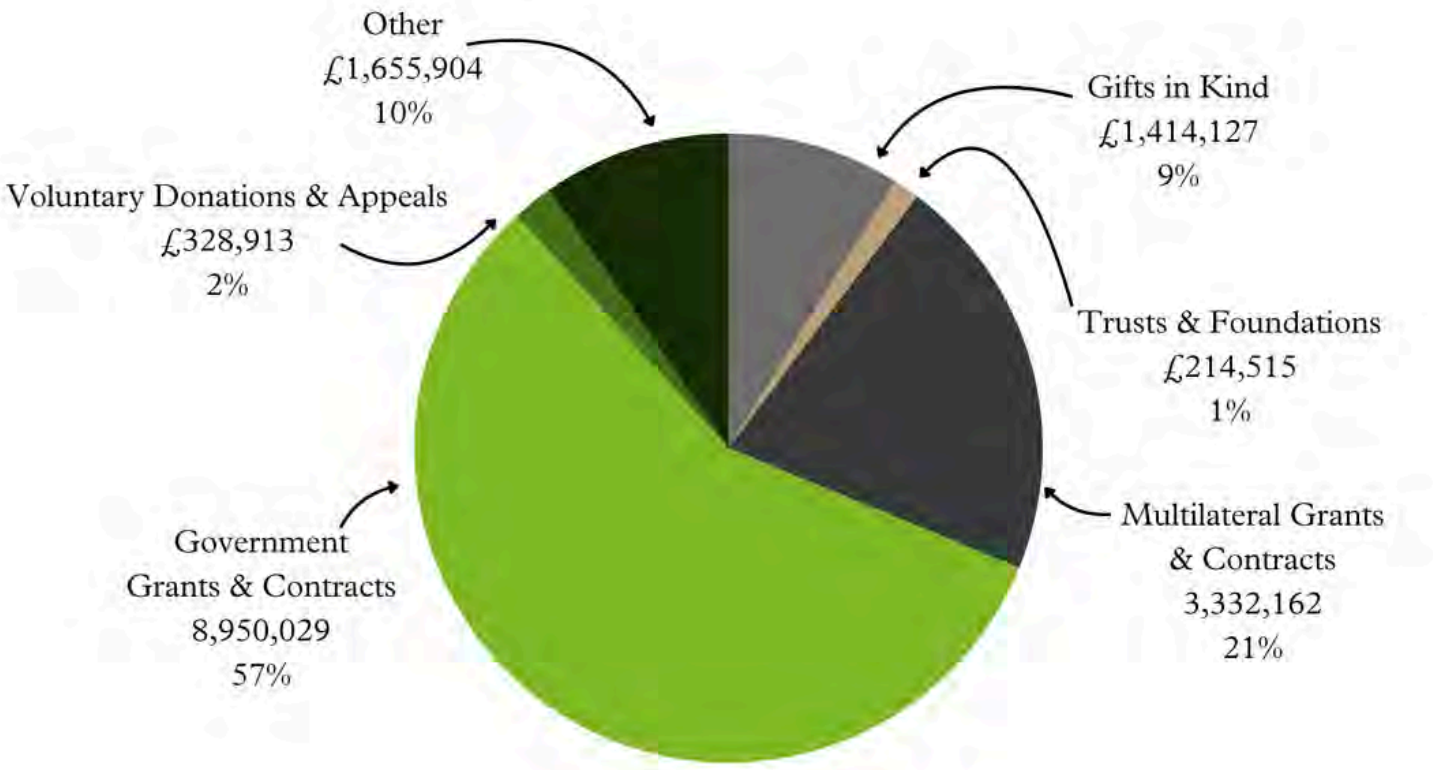


FINANCIAL REVIEW

In the financial year of 2024, income of £15.896 million was recognised, marking a decrease of £3.529 million compared to £19.425 million in 2023.This decline was primarily due to a reduction in multilateral grants and contract revenue, which fell by £4.502 million, particularly £2.929 million from UNOCHA, £834k from WFP, £642k from FAO, and £304k from UNOPS, partially offset by a £207k increase in funding from UN Women.

Government grants and contract income showed a slight increase by £181k, largely driven by an increases in income primarily attributed to projects funded by European Union (£3.056 million), the Sida (£373k), and the GiZ (£854k). These favourable variances were partially offset by a £4.102 million reduction following the conclusion of the UK FCDO-funded Emergency Rural Livelihoods Recovery project.

The remaining net increase of £792k is primarily attributable to contributions from Search for Common Ground (£240k), US AVAAZ (£117k) and Other Grants & Contracts (£971k), and along with income from Trusts & Foundations (£24k). These favourable variances were offset by a £467k increase in Donation and Legacies and other sources £93k. A detailed breakdown of total income by category is provided below:

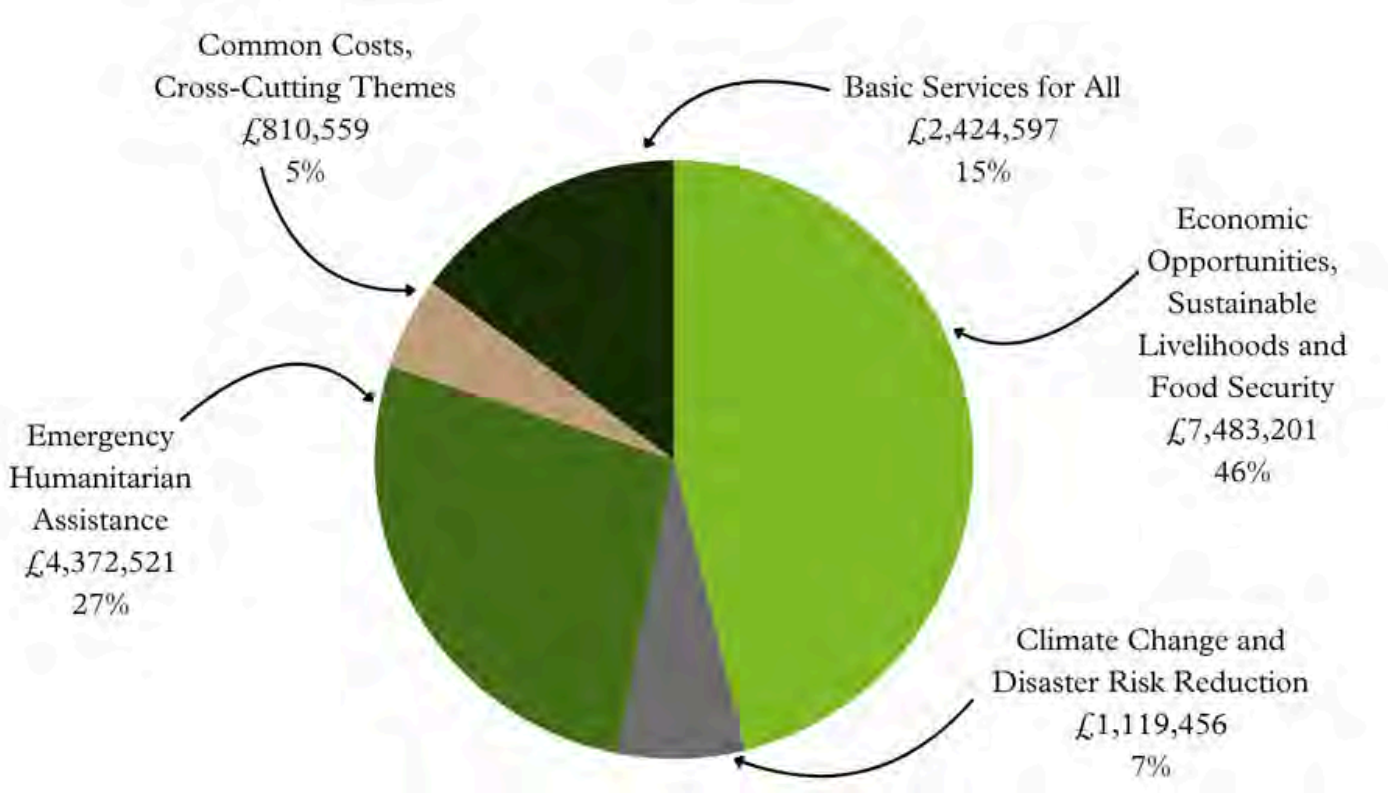


Charitable expenditure in the year amounted to £16.210 million, a £3.284 million decrease compared to 2023 expenditure of £19.495 million.

The main reason for a reduction of £3.388 million is spending under the Climate Change and Disaster Risk Reduction programme, primarily due to end of the FCDO-funded Emergency Rural Livelihoods Recovery project. Expenditure linked to the Economic Opportunities, Sustainable Livelihoods and Food Security programme pillar increased by £1.008 million, driven by projects funded by European Union (£2.263 million) and the partly offset by FAO (£802k), Vitol Foundation (£372k), and others (£82k).

Expenditure associated with the Basic Services for All decreased slightly by £270k, mainly due to reduced activity on UNOCHA-funded WASH projects. Expenditure under the Emergency Humanitarian Assistance decreased by £1.364 million. This was primarily due to reduced spending on projects funded by WFP (£1.786 million), UNOCHA (£814k), and UNODC (£1.185 million) partly offset by increased expenditure on the WFP (£1.233 million), FAO (£1.124 million), and other initiatives (£64k), which were predominantly spent during 2024.

Expenditure on Cross-Cutting Themes increased by £730k. This increase was largely driven by higher spending on the UN Women project (£298k) and unrestricted projects (£214k). Below is the breakdown of total expenditure by category:



In 2024, a total of £411k appeal funds were utilised to co-fund various humanitarian projects. This includes £244k from the Crisis Appeal Programme, £11k from the By Her Side Appeal, £121k from The Times & Sunday Times Appeal, and £35k from the Earthquake Appeal. Further disbursement of appeal funds is anticipated in 2025.

Reviews of Foreign Exchange transactions identified a total exchange loss of £153k, comprising £142k in unrealised losses, £45k in realised losses and £34k in gains on retranslation of opening balances. The appreciation of the Afghani (AFN) against the United States Dollar (USD) by 0.50% and 1.79% against GBP and 6.10% against Euro respectively which was largely attributed to stringent measures enforced by the Da Afghanistan Bank (DAB). These measures included restrictions on deposit withdrawals, capital outflows, and the prohibition of non-AFN currencies in local transactions.

Risks, uncertainties and management thereof:

Ban on Afghan women working for NGOs

Through 2024, a Taliban 2022 decree prohibiting Afghan women from working with NGOs remained in place, and the situation regarding the rights, roles, and mobility of female staff remained uncertain, challenging our ability to implement gender-inclusive programmes, retain qualified female personnel, and adhere to donor requirements relating to safeguarding, inclusion, and gender equity. Despite these constraints, through careful solutions, female staff in both Afghanaid's head office and provincial offices were able to continue in their vital roles. Female field staff continued to work from home and travel directly to field sites, where they engaged directly with female project participants, further demonstrating Afghanaid’s ability to navigate these challenging circumstances.

Throughout 2024, Afghanaid strengthened trust-building engagement and dialogue with local Taliban authorities and secured incremental but meaningful improvements in women’s access and participation. This has satisfied donors of commitment and capacity to implement gender-inclusive programmes.

Banking sector

Whilst Afghanistan's banking sector has made considerable progress at the national level over the past 12 months, the sector continues to exhibit systemic vulnerabilities. These include limited liquidity at the provincial level and access to formal banking services remains limited in many rural and district areas, compelling banks and NGOs to utilise Money Service Providers (MSPs) for programme implementation and cash-based interventions. The risk averse nature of international banks and weak correspondent banking networks hinders transfers of funds into Afghanistan.

Afghanaid has taken deliberate and prudent steps to reduce dependence on informal financial mechanisms by transitioning from international and local Hawala transfers to formal banking channels. Our usage of Afghanistan International Bank (AIB), Crown Agents Bank, WU Convera, and the UN Money Transfer System has significantly reduced our reliance on Hawala transfers. We have also established new banking relationships with StoneX, and Ebury, thereby reducing dependency on Barclays and enhancing the speed and reliability of fund transfers into Afghanistan. These strategic measures have lowered cross-border transaction costs, and bolstered the confidence of UK-based banking institutions. Domestically, we have expanded the utilisation of Azizi Bank and Afghanistan International Bank for salary disbursements in Kabul and provincial capitals, for beneficiary cash distributions at both provincial and district levels, and for vendor payments where banking access permits. We continue to hold the majority of our cash in London only transferring cash to Kabul in support of short term operational needs.

The above robust action has mitigated risk of banking and liquidity issues impinging programme delivery and also ensuring that donors are confident of our governance framework.

Currency volatility

Currency volatility continues to present a financial risk, with the Afghani (AFN) often experiencing sharp and unpredictable fluctuations against major international currencies. This volatility exposes Afghanaid to both realised and unrealised foreign exchange (FX) losses, particularly due to the organisation's multi-currency operating model. While the AFN remains the functional currency for in-country transactions, Afghanaid's financial reporting is conducted in Pounds (GBP). This structural mismatch increases exposure to exchange rate fluctuations, as the bulk of income is received in foreign currencies while the majority of expenditure is incurred in AFN.

Afghanaid is currently undertaking a comprehensive review of its FX risk framework in 2025, with the support of the statutory auditors Crowe. Afghanaid maintains low cash level in AFN to reduce the risk of a major cash devaluation. Contractual negotiation with donors and partners focus on the minimization of currency risk.

Bureaucratic impediments

We continue to face a complex and restrictive regulatory environment shaped by the evolving policies and practices of the Taliban authorities. Bureaucratic hurdles affect project design, and registration, and the negotiation of project memorandums of understanding with the relevant Ministry. Ministries attempt to interfere in donor-agreed cost structures present the greatest challenge. These constraints have implications for financial planning and sustainability. The inability to secure timely MoU approvals can delay the launch of projects, impacting annual spending, critical service delivery to vulnerable communities, and potentially jeopardising donor confidence and future funding.

Afghanaid has refined its approach to engagement with line ministries, investing in early and structured dialogue with authorities and designing projects that reflect both donor expectations and the practical realities on the ground in Afghanistan.

Funding

The global ODA-funding landscape for 2025 has been impacted by policy shifts in major donor countries, most notably the USA, but also among Afghanaid's traditional institutional donors, including the UK, Sweden, Germany, and the EU. This will intensify competition for scarce funding, favouring NGOs with lower operational costs and/or offering greater value for money, and NGOs with substantial unrestricted income streams. Afghanaid has a diverse and comprehensive range of donors. Afghanaid has also signed a significant £22 million, three-year grant with FCDO, pending new funding being available, and the EU has committed an additional £5 million to extend one of their existing grants by another two years from 2026.

We anticipate above referenced projects income of £17.810 million for 2026, comprising £8.805 million in committed income and £9.005 million in potential income. which will generate Head Office cost recoveries totalling £1.716 million. Additionally, we forecast a further £500k in unrestricted fundraising income, derived from individual giving, community events, trusts, and major donors.
Moving forward, Afghanaid is planning to increase unrestricted and lightly restricted funding (Appeal funds) to meet shortfalls in institutional restricted funding.

We will continually evaluate whether our current footprint and thematic focus areas align with the future funding climate in the sector. We will scale operations in line with funding levels and will work closely with key donors to demonstrate our ability to continue to deliver high-quality humanitarian and development programming, while ensuring the meaningful engagement of women, and thus maintaining donor confidence in the value of continuing funding.

Security

Afghanaid recognises significant improvements in nationwide physical security compared to the Republican era. However, low level security incidents, particularly in Kabul, orchestrated by armed opposition groups, present a small but continuing risk to our operations, as does the likely increase in crime, as the economy falters. Further threats encompass civil unrest, natural and man-made disasters, workplace accidents, safeguarding incidents, and cyber-attacks. Unfortunately, the International NGO Security Organisation (INSO), which we largely relied on for most security incident reporting and analysis, was expelled from Afghanistan during 2024, temporarily reducing NGOs' access to triangulated and reliable security related information. Afghanaid maintains robust security policy and protocols as well as strong security infrastructure and remains vigilant and adaptive in a volatile security environment, to ensure staff safety and operational continuity. To actively manage security and safety risks, in 2025, Afghanaid has registered and established an ongoing relationship with UNDSS to fill the gap left by the expulsion of INSO. Regarding Cyber Security, in 2024 Crowe concluded a penetration test to assess Afghanaid's exposure to cyber-attack and proposed corrective actions. To date, 80% of the corrective measures have been implemented, others are planned for 2025, and depending on affordability, 2026.

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. Afghanaid has an established Risk Management Committee, comprising of the Directorate, as well as the Heads of Compliance, Safeguarding, and Gender and Inclusion. The Committee provides in-depth review and support in the areas of Risk, Due Diligence, Safeguarding and Fraud and Corruption, anti-money laundering and counter terrorism, to ensure more attention and time is devoted to these areas of our risk framework, and to provide summary reports to the Board of Trustees on a regular basis. The organisational risk register is maintained by the Director of Operations, reviewed quarterly by the Directors, and reviewed on a semi-annual basis by the Finance Committee and the Board of Trustees.

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 2024 Financial Statements, a detailed review of income and expenditure for 2025-2026 was conducted together with cash flow projections. Regular reassessments will continue to be carried out as necessary and the organisation could 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.

Factors which support this assumption include the following:

1. Further awards from a range of donors have been agreed in the 2025 financial year along with a viable pipeline of future multi-year funding.
2. Continued strong cash management and cash flow projections.
3. The expectation is that we will be able to deliver our programmes. We will adjust core operating costs should our programme activities be severely impacted by either restrictive operating guideline imposed by the authorities or security considerations.

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

Reserves

At 31 December 2024, Afghanaid had total reserves of £2.044m, made up of £1.894m of unrestricted reserves and an expendable endowment fund of £150k. This is a decrease from the total reserves of £2.512m as at 31 December 2023.

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 2023 this reserve was £884k and decreased to £813k at the end of 2024. The £71k reduction was mainly due to foreign exchange losses.

Fixed Asset Reserve
An amount to cover funds invested in tangible and intangible fixed assets, totalling £25k at the end of 2024 (£34k at the end of 2023).

Appeal Funds
At 31 December 2024, Afghanaid had a designated unrestricted reserve of £527k (2023 £919k) representing appeal funds carried forward at the end of the year amounting to £80k (2023 £307k) from Crisis Appeal Programme, £139k (2023 £150k) By Her Side Appeal, £308k (2023 £429k) The Times & Sunday Times Appeal, and £ nil (2023 £33k) Earthquake Appeal.

Designated Contingency Funds
Working in a complex and insecure environment, such as Afghanistan, makes it important for us to cover the costs 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. The trustees believe the costs of winding down the organisation (designated contingency fund) are £530k (£525k in 2023), and this amounts to the minimum reserves level.

The trustees review the reserves policy annually and have decided that a range of £1.5 million to £2 million in respect of general funds and contingency funds 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.

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

15th July 2025 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 2024 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 2024 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 45, 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.



Dipesh Chhatralia
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor
London

28 July 2025

STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	Unrestricted Funds	Restricted Funds	Endowment Funds	2024 Total Funds	2023 Total Funds
		£	£	£	£	£
Income and endowments from:						
Donation and Legacies	4a	328,913	-	-	**328,913**	796,015
Gift in kind		-	1,414,127		**1,414,127**	1,607,723
Charitable activities	4b	1,010,163	12,968,550	-	**13,978,713**	16,995,087
Investments		26,757	-	-	**26,757**	13,780
Other		147,139	-	-	**147,139**	11,940
Total		**1,512,972**	**14,382,677**	**-**	**15,895,649**	19,424,545
Expenditure on:						
Raising funds		219,586	-	-	**219,586**	**161,002**
Rural Rehabilitations & Emergencies		1,608,071	14,382,677	-	**15,990,748**	16,160,839
Total	**5**	**1,827,657**	**14,382,677**	**-**	**16,210,334**	19,494,540
Net income/(expenditure)		**(314,685)**	**-**	**-**	**(314,684)**	**(69,995)**
Other recognised gains:						
Gains/ (losses) on foreign exchange retranslation		(153,093)	-	-	**(153,093)**	(518,080)
Net Movement in Funds	**16**	(467,778)	-	-	**(467,778)**	(588,075)
Reconciliation of funds:			-			
Total funds brought forward		2,361,876	-	150,000	**2,511,876**	3,099,951
Total funds carried forward	**16**	**1,894,098**	**-**	**150,000**	**2,044,098**	**2,511,876**

COMPANY NUMBER: 3034888

BALANCE SHEET FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	As at 31 December 2024 £	£	As at 31 December 2023 £
Fixed Assets:				
Intangible assets	**9**		15,783	28,298
Tangible assets	**10**		8,756	5,530
Total fixed assets			**24,539**	**33,828**
Current Assets:				
Debtors	**11**	1,110,983		2,395,558
Cash at bank and in hand	**12**	6,761,578		5,047,738
Total current assets		**7,872,561**		**7,443,296**
Creditors: Amounts falling due within one year	**13**	**5,853,002**		**4,965,248**
Net Current Assets			**2,019,559**	**2,478,048**
Total Net Assets			**2,044,098**	**2,511,876**
The funds of the charity:				
Endowment Fund			150,000	150,000
Restricted Appeal Funds				-
Unrestricted Funds				
Designated Contingency Funds			530,000	525,000
Appeal Funds			526,986	919,404
Fixed Assets Reserve			24,539	33,828
General Funds			812,573	883,644
Subtotal			**1,894,098**	**2,361,876**
Total charity funds	**16**		**2,044,098**	**2,511,876**

Approved by the trustees, and authorised for distribution, on 15th July 2025 signed on their behalf by:

Christopher Kinder
Chairman

Duncan Wood
Treasurer

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2024

	As at 31 December 2024	As at 31 December 2023
	£	£
Cash flows from operating activities:		
Net cash provided by operating activities	1,848,778	(2,145,940)
Cash flows from investing activities:		
Interest received	26,757	13,780
Purchase of tangible fixed assets	(8,602)	-
Net cash (used in) / provided by financing activities	18,155	13,780
Change in cash and cash equivalents during the reporting period	1,866,933	(2,132,160)
Cash and cash equivalents at the beginning of the reporting period	5,047,738	7,697,978
Change in cash and cash equivalents due to exchange rate movements	(153,093)	(518,080)
Cash and cash equivalents at the end of the reporting period	6,761,578	5,047,738
Net income/(expenditure) for the reporting period:	(314,685)	(69,995)
Adjustments for:		
Returns on investment	(26,757)	(13,780)
Depreciation and amortisation of fixed assets	18,509	28,430
Revaluation of tangible fixed assets	(618)	(10,039)
(Increase) / decrease in debtors	1,284,575	3,492,834
Increase / (decrease) in creditors	887,754	(5,573,390)
Net cash flow from operating activities	1,848,778	(2,145,940)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

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.
- Gifts-in-kind received during the reporting period have been valued at fair value of these gifts based on donor published commodities rates.

NOTE 3: ACCOUNTING POLICIES

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

1. 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.

NOTE 3: ACCOUNTING POLICIES (CONTINUED)

2. Branch accounting

Operations in Afghanistan are treated as a branch of Afghanaid and their results are included herein.

3. 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 2024 Financial Statements, a detailed review of income and expenditure for 2025 and 2026 was conducted together with cash flow projections. Regular reassessments will continue to be carried out and the organisation could 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 risks and uncertainties section of the trustees' report.

4. Functional/Presentation Currency

The functional currency of Afghanaid and its branches is considered to be Afghanis because that is the currency of the primary economic environment in which the charity operates i.e. Afghanistan. However, in accordance with FRS 102, the financial statements are presented in Pound Sterling (GBP), which is the reporting currency.

5. 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:

Grants from governments, institutional donors and trusts & foundations: due to the fragile nature of the areas that we work, entitlement to programmatic income is recognised when the underlying expenditure has been incurred. For those agreements related to specific conditions, income is recognised in the SOFA when the conditions have been substantially met and expenditure incurred. For those agreements with unconditional entitlement, income is recognised based on expenditure incurred. Where income is received in advance of its recognition in the SOFA it is deferred as a liability until probability exists that the entitlement to that income has been incurred. Where entitlement occurs before incoming resources are received, the income is accrued.

NOTE 3: ACCOUNTING POLICIES (CONTINUED)

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.

Appeals income: Appeals income is raised from individual giving, trusts, and major donors and is recognised as income in the SOFA when it is received. The funds will be used according to implementation plans 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.

Gift in kind: Gifts-in-kind represent non-monetary contributions in the form of donated goods, services and facilities made by benefactors to support the organisation's mission and activities. An equivalent amount is included in the SOFA at fair value of these gifts, which is determined using average market price rates published by the World Food Programme (WFP)

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

6. 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 Afghanaid'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.

7. 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 (generally four years), arising from the completed project.

NOTE 3: ACCOUNTING POLICIES (CONTINUED)

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 £3,979 (US$ 5,000). Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities.

8. Financial Instruments

Afghanaid 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 at 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.

9. Fund Accounting

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

Endowment funds are resources held by Afghanaid on trust, comprising monetary and other assets which represent capital. 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, structured as a stability fund to meet cash flow needs while preserving resources for core expenses. This grant acts as a reserve, accessible as required, with the expectation of replenishment during favourable conditions.

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.

NOTE 3: ACCOUNTING POLICIES (CONTINUED)

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

10) 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.

11) 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.

NOTE 4A: DONATIONS AND LEGACIES

	Unrestricted Funds	Restricted Funds	Total 2024	Unrestricted Funds	Restricted Funds	Total 2023
	£	£	£	£	£	£
Donations from Crisis Appeal	17,043	-	17,043	30,661	-	30,661
Donations from The Times & Sunday Times Appeal	-	-	-	253,830	-	253,830
Earthquake Appeal	1,851		1,851	68,654	-	68,654
Others	310,019	-	310,019	442,870	-	442,870
TOTAL	**328,913**	**-**	**328,913**	**796,015**	**-**	**796,015**

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

	Unrestricted Funds £	Restricted Funds £	Total 2024 £	Unrestricted Funds £	Restricted Funds £	Total 2023 £
Government Grants & Contracts (Note 4b.1 & 4b.2)						
European Commission	-	3,869,764	**3,869,764**	-	813,373	**813,373**
UK Foreign, Commonwealth, and Development Office (FCDO)	-	-	**-**	-	4,101,719	**4,101,719**
Swedish International Development Cooperation Agency (SIDA)	-	4,047,502	**4,047,502**	-	3,674,959	**3,674,959**
Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)	-	1,032,763	**1,032,763**	-	179,031	**179,031**
Sub total	**-**	**8,950,029**	**8,950,029**	**-**	**8,769,082**	**8,769,082**

Mulilateral Grants & Contracts						
United Nations World Food Programme (WFP)	-	1,118,286	**1,118,286**	-	1,952,250	**1,952,250**
United Nations Office for the Coordination of Humanitarian Affairs (UNOCHA)	-	620,003	**620,003**	-	3,549,255	**3,549,255**
United Nations Food and Agriculture Organization (FAO)	-	414,820	**414,820**	-	1,056,600	**1,056,600**
United Nations Office for Projects Services (UNOPS)	880,860	-	**880,860**	1,184,717	-	**1,184,717**
United Nations Women (UN Women)	-	298,193	**298,193**		91,741	**91,741**
Sub total	**880,860**	**2,451,302**	**3,332,162**	**1,184,717**	**6,649,846**	**7,834,563**
Search for Common Ground (SfCG)	-	392,323	**392,323**	-	152,133	**152,133**
US- Avaaz	-	117,448	**117,448**	-	-	**-**
Trusts & Foundations Grants	-	214,515	**214,515**	-	190,612	**190,612**
Other Grants & Contracts	129,303	842,933	**972,236**	47,023	1,674	**1,674**
Sub total	**129,303**	**1,567,219**	**1,696,522**	**47,023**	**344,419**	**391,442**
TOTAL	**1,010,163**	**12,968,550**	**13,978,713**	**1,231,740**	**15,763,347**	**16,995,087**

NOTE 4B.1: INCOME FROM GOVERNMENT GRANTS & CONTRACTS (2024)

Income from governments during the reporting period include:

Government/Agency	Nature	Amount £	Unfulfilled conditions
European Commission	Inclusive Livelihoods Recovery and Community Resilience	3,869,764	None
Swedish International Development Cooperation Agency (SDC)	Grants for Community Based-Eco-Disaster Risk Reduction/ Climate Change Adaptation.	4,047,502	None
Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)	Grants for Forest Landscape Restoration and Transitional Development Assistance.	1,032,763	None
TOTAL		**8,950,029**	

NOTE 4B.2: INCOME FROM GOVERNMENT GRANTS & CONTRACTS (2023)

Income from governments during the reporting period include:

Government/Agency	Nature	Amount £	Unfulfilled conditions
European Commission	Inclusive Livelihoods Recovery and Community Resilience	813,373	None
UK Foreign, Commonwealth, and Development Office (FCDO)	Grants for Emergency Rural Livelihoods Recovery	4,101,719	None
Swedish International Development Cooperation Agency (SIDA)	Grants for Community Based-Eco-Disaster Risk Reduction	3,674,959	None
Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)	Grants for Forest Landscape Restoration and Transitional Development Assistance.	179,031	None
TOTAL		**8,769,082**	

NOTE 5: EXPENDITURE

	Raising funds	Rural Rehabilitations & Emergencies	2024 Total	2023 Total
	£	£	£	£
Staff costs	100,860	3,768,233	3,869,093	4,263,356
Sub-Grants/Sub-Contracts to Implementing Partners (note 5.1 & 5.2)	-	5,455,896	5,455,896	3,784,461
Direct costs	101,535	4,710,224	4,811,759	9,233,233
Gift in kind	-	1,414,127	1,414,127	1,607,723
Support costs (note 5.3)	17,191	642,268	659,459	605,767
Total	**219,586**	**15,990,748**	**16,210,334**	**19,494,540**

NOTE 5.1: EXPENDITURE

	Grants to Implementing Partners	Support Costs	Year ended 31 December 2024	Year ended 31 December 2023
	£	£	£	£
Basic Services	244,100	-	244,100	35,456
Economic Opportunities, Sustainable Livelihoods & Food Security	1,813,809	-	1,813,809	399,200
Climate Change and Disaster Risk Reduction	2,519,273	-	2,519,273	2,704,576
Emergency Humanitarian Assistance	878,714	-	878,714	645,229
Common Costs, Cross-cutting Themes & Other Unallocated	-	642,268	642,268	596,819
Total	**5,455,896**	**642,268**	**6,098,164**	**4,381,280**

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

	Year ended 31 December 2024 (£)	Year ended 31 December 2023 (£)
Concern Worldwide Afghanistan	1,679,854	670,382
Action Aid – Afghanistan	348,696	513,845
Save the Children Afghanistan (SCI)	1,174,041	965,204
Deutsche Welthungerhilfee.V (WHH)	658,727	199,810
Coordination of Humanitarian Assistance (CHA)	650,736	392,215
Rural Rehabilitation Association for Afghanistan (RRAA)	318,187	288,470
The Liaison Office (TLO)	159,671	667,790
Handicap International (HI)	131,277	71,382
Efforts Organization for Women Advocacy (EOWA)	-	15,363
Women's Activities and Social Services Association	100,950	-
Danish Refugee Council (DRC)	180,816	-
Others (Various with below £5k)	52,941	-
Total	**5,455,896**	**3,784,461**

100% of grants are to institutions; no grants are paid to individuals (2023: £ nil).

NOTE 5.3: ANALYSIS OF SUPPORT COSTS

	Raising funds	Rural Rehabilitations & Emergencies	Year ended 31 December 2024 Total	Year ended 31 December 2023 Total
	£	£	£	£
Staff costs	11,773	319,357	331,130	186,554
Governance	1,639	65,513	67,152	61,730
Administrative costs	3,779	257,398	261,177	357,483
Total	**17,191**	**642,268**	**659,459**	**605,767**

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

	Year ended 31 December 2024	Year ended 31 December 2023
	£	£
Amortisation and depreciation	18,509	28,430
Trustees' travel expenses	1,026	1,669
Auditors' remuneration:		
Afghanistan – Other Auditors	10,997	11,475
United Kingdom – Crowe U.K. LLP	36,960	35,220
Operating lease payments:		
Land and buildings	208,787	217,105
Other assets	3,978	4,209

NOTE 7: STAFF COSTS

	Year ended 31 December 2024	Year ended 31 December 2023
	£	£
Staff costs were as follows:		
Gross salaries - Afghanistan	3,265,873	3,603,314
Gross salaries – UK	421,791	324,774
Pension and Social security costs	512,559	521,822
Total	**4,200,223**	**4,449,910**

No trustee received any remuneration for their services in 2024 (nil in 2023), and no redundancy or termination payments were made during 2024 (£nil in 2023).

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

	Year ended 31 December 2024	Year ended 31 December 2023
£60,000 - £69,999	3	1
£70,000 - £79,999	-	2
£80,000 - £89,999	5	3
£90,000 - £99,999	1	1
£100,000 - £109,999	1	1
£110,000 - £119,999	-	2
£120,000 - £129,999	1	-
£150,000 - £159,999	-	1
£160,000 - £169,999	1	-

In addition to the amounts disclosed above, Afghanaid have incurred security costs of £80,231 (2023: £63,846) and employer national insurance contributions of £11,672 (2023: £6,839).

	Year ended 31 December 2024	Year ended 31 December 2023
Key Management Personnel Remuneration	**£803,324**	**£806,149**

Key management personnel costs include salaries as well as all associated benefits for the following key management positions:

- Managing Director
- Director Operations
- Director Programme Development and Impact Learning
- Programme Implementation & Quality Director
- Deputy Director Climate Action
- Deputy Director of Programme Performance and Monitoring
- Deputy Director Human Resources

Staff Numbers

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

United Kingdom	No. in 2024	No. in 2023
• National Staff	10	8
Afghanistan		
• International Staff	12	12
• National Staff-Fixed Term	297	358
• National Staff- Freelance	88	213
• National Staff- Consultant	14	2
Total	**421**	**593**

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 2024	118,087
Additions in the year	-
Disposals in the year	-
Forex Movement During the year	2,411
At 31 December 2024	**120,498**
Amortisation	
At 01 January 2024	**(89,789)**
Charge for the year	(13,032)
Disposals in the year	-
Forex Movement During the year	(1,894)
At 31 December 2024	**(104,715)**
Net Book Value	
At 31 December 2024	**15,783**
At 31 December 2023	28,298

NOTE 10: TANGIBLE FIXED ASSETS

	Motor Vehicles (£)	**Office Equipment (£)**	**Total (£)**
Cost			**Total**
At 01 January 2024	573,238	221,823	795,061
Additions in the year	-	8,602	8,602
Forex movement during the year	10,469	(49,092)	(38,623)
At 31 December 2024	**583,707**	**181,333**	**765,040**
Depreciation			
At 01 January 2024	(573,238)	(216,293)	(789,531)
Charge for the year	-	(5,477)	(5,477)
Forex movement during the year	(10,469)	49,193	38,724
At 31 December 2024	**(583,707)**	**(172,577)**	**(756,284)**
Net Book Value			
At 31 December 2024	**-**	**8,756**	**8,756**
At 31 December 2023	-	5,530	5,530

NOTE 11: DEBTORS

Cost	2024	2023
	£	£
Prepayments	35,279	38,495
Grants receivable	772,487	908,238
Accrued income	211,021	1,329,676
Other debtors	92,196	119,149
Total Debtors	**1,110,983**	**2,395,558**

NOTE 12: CASH & CASH EQUIVALENTS

Cost	2024	2023
	£	£
Cash at bank	6,747,846	5,033,195
Cash in hand	13,732	14,543
Total Cash & Cash Equivalents	**6,761,578**	**5,047,738**

NOTE 13: CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2024	2023
	£	£
Trade creditors	244,515	615,275
Deferred income (Note 13.1)	4,029,006	3,095,016
Grants payable	619,233	128,453
Accruals	266,262	339,118
Taxation and social security	284,942	402,541
Other creditors	409,044	384,845
Total Creditors	**5,853,002**	**4,965,248**

NOTE 13.1: DEFERRED INCOME

Award Name	Balance at 01 January 2024	Receipts	Release to SOFA	Balance at 31 December 2024
	£	£	£	£
Afghanistan Resilience Consortium Project (SIDA)	14,371	4,623,759	(4,047,500)	590,630
Inclusive Livelihoods Recovery & Community Resilience (EU)	1,291,815	2,567,321	(3,087,390)	771,746
Forest Landscape Restoration for Food Security (GiZ)	116,233	217,685	(321,948)	11,970
Women's SHGs (Ignite)	151,307	160,822	(199,383)	112,746
Food Security, Climate and Resources (GiZ)	344,787	477,677	(710,815)	111,649
Emergency Food Assistance-Daikundi (FAO)	372,784	128,700	(501,484)	-
Emergency Water Source Repair (UNOCHA)	374,151	-	(374,151)	-
Disaster Resilience and Community Development (Hilton Foundation)	392,079	-	(392,079)	--
Programme to Renew Collaborative Civic Space (FCDO)	-	792,331	(792,331)	-
Resilience Building Programme-Samangan (WFP)	-	330,487	(330,487)	-
Strengthening the Resilience of Afghan Women (UN-Women)	-	298,193	(298,193)	-
Food Security Project Daikundi (FAO)	-	257,064	(257,064)	-
Emergency Livelihood Support (FAO)	-	148,926	(148,926)	-
Winterization Support to EQ-Affected People in HRT (US-Avaaz)	-	117,448	(117,448)	-
Climate Change Adaptation Rural Livelihoods (European Union)	-	2,798,586	(782,374)	2,016,212
Winterization Assistance in Ghor (UNOCHA)	-	405,278	(40,592)	364,686
Others	37,489	578,264	(566,385)	49,367
Total Deferred Income	**3,095,016**	**13,902,541**	**(12,968,550)**	**4,029,006**

NOTE 14: OPERATING LEASE COMMITMENTS

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

	2024 (£)	2023 (£)
Land and Buildings		
Within one year	44,801	42,851
Other assets		
Within one year	3,978	4,209
Total Operating Lease Commitments	**48,779**	**47,060**

NOTE 15: ANALYSIS OF NET ASSETS BETWEEN FUNDS (2024)

	Expendable Endowment Funds	Unrestricted Funds	Restricted Funds	Total Funds 2024
	£	£	£	£
Total fixed assets	-	24,539	-	24,539
Current assets	150,000	7,722,561	-	7,872,561
Current liabilities	-	(5,853,002)	-	(5,853,002)
Net assets at 31 December 2024	**150,000**	**1,894,098**	**-**	**2,044,098**

NOTE 15: ANALYSIS OF NET ASSETS BETWEEN FUNDS (2023)

	Expendable Endowment Funds	Unrestricted Funds	Restricted Funds	Total Funds 2023
	£	£	£	£
Total fixed assets	-	33,828	-	33,828
Current assets	150,000	7,293,296	-	7,443,296
Current liabilities	-	(4,965,248)	-	(4,965,248)
Net assets at 31 December 2023	**150,000**	**2,361,876**	**-**	**2,511,876**

NOTE 16: FUNDS MOVEMENT (2024)

	At 1 January 2024 £	Income £	Expenditure £	Gains, (Losses) £	Transfers £	At 31 December 2024 £
Endowment Funds:	150,000	-	-	-	-	150,000
Total Restricted Funds (Note 16.1)	-	14,382,677	(14,382,677)	-	-	-
Total Unrestricted Funds						
Designated Contingency Funds	525,000	-	-	-	5,000	530,000
Appeal Funds (Note 16.2)	919,404	18,894	(411,352)	40	-	526,986
Fixed Assets Reserve	33,828	-	(9,723)	434		24,539
General Funds	883,644	1,494,078	(1,406,582)	(153,567)	(5,000)	812,573
Subtotal	**2,361,876**	**1,512,972**	**(1,827,657)**	**(153,093)**	**-**	**1,894,098**
Total Fund	**2,511,876**	**15,895,649**	**(16,210,334)**	**(153,093)**	**-**	**2,044,098**

NOTE 16.1: RESTRICTED FUNDS MOVEMENT (2024)

	At 1 January 2024 £	Income £	Expenditure £	At 31 December 2024 £
Climate Change Adaptation and Rural Livelihoods (EU)	-	782,374	(782,374)	-
Community Assistance Recovery & Empowerment (Hilton Foundation)	-	392,323	(392,323)	-
Community Based Eco-DRR (CBED)-Phase II (Sida)	-	4,047,502	(4,047,502)	-
Emergency Food Assistance-Daikundi (UNOCHA)	-	501,484	(501,484)	-
Forest Landscape Restoration Food Security (GiZ)	-	321,948	(321,948)	-
Inclusive Livelihoods Recovery & Community Resilience (EU)	-	3,087,390	(3,087,390)	-
Renew Collaborative Civic Space (FCDO)	-	792,331	(792,331)	-
Resilience Building Program-Ghor (WFP)	-	787,799	(787,799)	-
Resilience Building Program-Samangan (WFP)	-	330,487	(330,487)	-
Water And Women (GiZ)	-	710,815	(710,815)	-
Gift in Kind	-	1,414,127	(1,414,127)	-
Other (Various with income below £300k)		1,214,097	(1,214,097)	-
TOTAL	-	**14,382,677**	**(14,382,677)**	-

NOTE 16.2: APPEAL FUNDS MOVEMENT (2024)

	At 1 January 2024 £	Income £	Expenditure £	Gains, (Losses) £	Transfers £	At 31 December 2024 £
Crisis Appeal Program Funds	307,053	17,043	(243,968)	60	-	80,188
By Her Side Appeal Funds	150,090	-	(11,440)	-	-	138,650
The Times & Sunday Times Appeal Funds	428,788	-	(120,640)	-	-	308,148
Earthquake Appeal	33,473	1,851	(35,304)	(20)		-
Total Fund	**919,404**	**18,894**	**(411,352)**	**40**	**-**	**526,986**

NOTE 16.3: FUNDS MOVEMENT (2023)

	At 1 January 2023 £	Income £	Expenditure £	Gains, (Losses) £	Transfers £	At 31 December 2023 £
Endowment Funds:	150,000	-	-	-	-	150,000
Total Restricted Funds	445,069	17,371,070	(17,854,439)	38,300	-	-
Total Unrestricted Funds						
Designated Contingency Funds	450,000	-	-	-	75,000	525,000
Appeal Funds (Note 16.4)	960,443	353,145	(378,073)	(16,111)	-	919,404
Fixed Assets Reserve	52,219	-	(24,900)	6,509		33,828
General Funds	1,042,220	1,700,330	(1,237,128)	(546,778)	(75,000)	883,644
Subtotal	2,504,882	2,053,475	(1,640,101)	(556,380)	-	2,361,876
Total Fund	**3,099,951**	**19,424,545**	**(19,494,540)**	**(518,080)**	**-**	**2,511,876**

NOTE 16.4: APPEAL FUNDS MOVEMENT (2023)

	At 1 January 2023 £	Income £	Expenditure £	Gains, (Losses) £	Transfers £	At 31 December 2023 £
Crisis Appeal Program Funds	528,347	30,661	(250,949)	(1,006)	-	307,053
By Her Side Appeal Funds	163,975	-	(13,885)	-	-	150,090
The Times & Sunday Times Appeal Funds	268,121	253,830	(77,783)	(15,380)	-	428,788
Earthquake Appeal	-	68,654	(35,456)	275		33,473
Total Fund	**960,443**	**353,145**	**(378,073)**	**(16,111)**	**-**	**919,404**

NOTE 17: RELATED PARTIES

There were no related party transactions in 2024 (Nil 2023).

END



AFGHANAID

England & Wales - Charity number 1045348

Accounts



Afghanaid
For peace and prosperity

Annual Report 2023

Company No. 3034888, Charity Nos. England and Wales 1045348 and Scotland SC044614

Report and Financial Statements For the Year Ended 31 December 2023

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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:

Mr Christopher Kinder (Chair)
Ms Elizabeth Winter OBE (Vice-Chair)
Ms Pauline Hayes CBE (Secretary)
Ms Mary Mountain FCA (Treasurer)
Dr David Page
Mr Shirazuddin Siddiqi
Dr Orzala Ashraf Nemat
Dr Martin Greeley
Mr Anthony Fitzherbert OBE
Mr Mark Bowden CMG
Mr James Sinclair Taylor
Mr John Hayward

Principal Staff:

Mr Charles Davy, Managing Director
Mr Abdul Rahman Tariq, Director of Programme Quality and Implementation
Mr Alwyn Dzinamarira, Director of Operations (departed December 2023)
Mr Ayub Khan Khugyaniwal, Deputy Director of Finance and Administration (appointed to Director 1 January 2024)
Ms Zodiac Maslin-Hahn, Director of Programme Development and Resource Mobilisation
Mr Johannes Jansen, Deputy Director of Programme Performance and Monitoring (appointed September 2023)
Mr Mujtaba Nooristani, Deputy Director of Human Resources
Mr Guru Naik Charan, Deputy Director Afghanistan Resilience Consortium

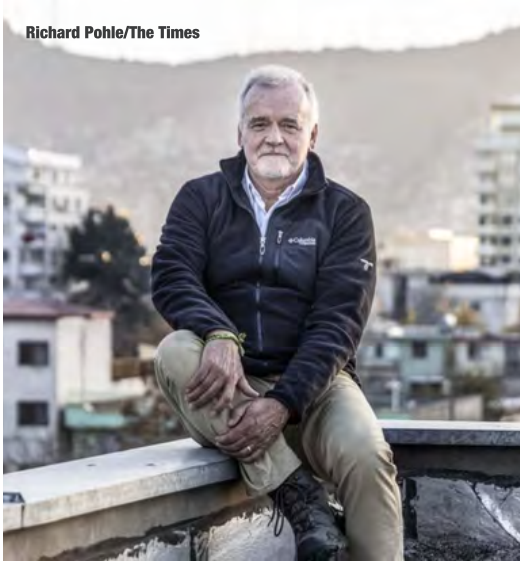
Bankers:

Barclays Bank Plc.
London Corporate Banking Group
1 Churchill Place, London
E14 5HP

AIB Bank
Airport Road, Bibi Mahro
Kabul, Afghanistan

Azizi Bank - Main Branch
Zanbaq Square,
Shar-e-Naw
Kabul, Afghanistan

Solicitors	Russell-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


Richard Pohle/The Times

Statement from the Managing Director

In 2023 we marked Afghanaid's 40th anniversary, and my own 10th anniversary as Managing Director. It was a year in which there was much to be thankful for, yet one beset with considerable challenge.

As 2023 dawned, we were confronted with the Taliban's shocking ban on all Afghan female staff from working for NGOs. Through January and February, we devised a plan that would allow women to work from home while remotely liaising with female community leaders to socialise projects; select women project participants; deliver training through available technology; distribute equipment and materials; and monitor and evaluate project performance – thereby ensuring the meaningful involvement of women in Afghanaid's work, by women for women.

All the while, we negotiated with local district and provincial de facto authorities to build confidence and allow our women to visit target communities in person once again. Gradually, our efforts paid off, and I could not be prouder of the patience, resilience and determination of our women, and our men, in working towards a more satisfactory solution. By year's end most female project staff were able to meet with female project participants in most locations, most of the time. The continued meaningful engagement of women will remain a top priority and a work in progress; we must be careful, but we will continually negotiate with the authorities for improved access for and to women.

Afghanistan, as in the rest of the world, was at last able to look back on the Covid-19 pandemic: most travel restrictions had been lifted and the number of cases in Afghanistan were dramatically down. The financial and banking crisis that had beset Afghanistan since 2021 began to abate and because of our extensive efforts to establish alternative banking channels, gradually, it became easier and less expensive to move money into and around Afghanistan.

The Taliban, in imposing a firm military and police presence on Afghanistan, ended instances of open conflict, giving Afghanaid ready access to all needy communities in our target provinces and at the same time dramatically reducing criminality and corruption.



And, through measured and principled engagement with the de facto authorities, maintaining and explaining our position whilst trying to listen to theirs, we were able to achieve improved relations with local and national authorities, strengthening our ability to resolve bureaucratic impediments, especially those surrounding project registration and the signing of Memorandums of Understanding with line ministries.

On the fundraising front, 2023 proved to be yet another successful year, and Afghanaid’s annual spend grew yet again to exceed £19 million, including gifts in kind; meanwhile, our much-improved capacity to generate private donations, especially from the British public and trusts and foundations, resulted in an additional £800,000 in unrestricted funding during 2023.

By successfully positioning the organisation and honing our reputation with donors and partners, Afghanaid was able to successfully compete for new grants in what was, and is anticipated to be, a shrinking pot of overall humanitarian and development funding to Afghanistan. By year’s end, we were able to look ahead to 2024 with a robust funding pipeline of new projects, especially in the area of climate change adaptation and resilient livelihoods.

Report of the Trustees

The trustees present their report and audited financial statements for the year ended 31 December 2023.

The reference and administrative information on page 3 are 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, and 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, 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 meets quarterly with the Security Team Leader and the Managing Director. The Board Finance Committee meets quarterly with the Managing Director, Director of Operations, Deputy

Director of Finance and Administration, Deputy Director of Human Resources, and the Head of Communications and Giving. The Programme Committee meets three times a year with the Managing Director, Director Programme Implementation and Quality, Director of Programme Development and Resource Mobilisation, and several other relevant staff. The Managing Director liaises fortnightly with the Chair of the Board of Trustees to consult and receive support and guidance. The Director of Finance and Operations meets monthly with the Treasurer to consult and receive support and guidance.

Trustees are required to disclose all relevant interests and 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. If a project requires a significant amount of time from a particular trustee, 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 (Principal Staff) 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 similar NGOs. Directors' salary increments between 0% and 5% are applied based on their performance; these are proposed to and reviewed by the Board of Trustees.

Afghanaid aims to adjust staff salaries in line with inflation and other economic conditions, to retain purchasing power year on year. A cost-of-living adjustment (COLA) is applied annually subject to affordability. For International Hire and UK-based staff, the rate is calculated mainly on the UK inflation rate published by the Bank of England; for National Hire staff, the rate is mainly determined by averaging out the World Bank, IMF, or Central Statistical Office inflation rates. In addition, being cognisant of the difficulty of retaining International Hire staff, Afghanaid rewards tenure by applying 2.5% annually to their salaries. 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. It refers to the Charity Commission's general guidance on Public Benefit when reviewing its aims and objectives and 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 that 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 project's participants and staff from sexual exploitation, abuse and harassment. It also provides continual training to staff across its offices to ensure safeguarding policies are followed. Afghanaid aims to adhere to best-practice standards and has again reviewed these practices during 2023.

Grant Making and Subcontracting Arrangements

Grant Making: As a rule, Afghanaid does not typically make grants to individuals or other organisations, however, in 2023, when a series of devastating earthquakes hit Herat City and its surrounding areas, an area where Afghanaid did not have an existing presence, we made a grant to Coordination of Humanitarian Assistance (CHA), our vetted and existing partner in the area, to provide emergency assistance to affected communities.

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 gathering references from other donors and partners. It 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 based on the principles provided by the Charity Commission in its guidance on charity fundraising (CC20) published in November 2016. Afghanaid is also registered with the Fundraising Regulator as part of our commitment to fundraising in a way that is legal, open, honest and respectful - in line with the Code of Fundraising Practice.

In 2023, Afghanaid benefited from the support of regular givers and ran six public fundraising appeals, generating funds through events, print mailing, email marketing and digital marketing channels. Afghanaid has dedicated staff members in its London Office who monitor and provide support to all fundraisers. Afghanaid does not use professional fundraisers or commercial organisations to carry out its activities, and in 2023 did not engage in door-to-door, private site or street fundraising.

Every care is taken to protect vulnerable people and other members of the public from unreasonable behaviour or places an individual under undue pressure. During the year, we did not receive any fundraising-related complaints.




Richard Pohle/The Times.

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 Afghanistan's most remote and inaccessible areas, serving tens of thousands of families at risk of exclusion and poverty. In the early years, from our initial base in Peshawar, Pakistan, we delivered humanitarian relief to Afghan refugees and, braving conflict in Afghanistan, provided essential services such as delivering food, medical supplies and agricultural and livelihood 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 significant 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 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, Afghanistan saw intensified conflict and economic collapse around the Taliban's return to power, and more frequent climate-related disasters. Long term international development assistance saw a sharp drop after the Taliban takeover but has shown signs of a slow return over the past two years. However, the Afghan economy remains fragile, and millions of Afghans require emergency humanitarian assistance. Afghanaid has recognised the necessity of humanitarian assistance while simultaneously driving toward development assistance, expanding programming that builds livelihoods and resilience.

Present Day

Afghanaid's head office (HO) is located in Kabul. In 2023, we worked directly in Daykundi, Ghor, Samangan, and Badakhshan provinces, and implemented projects through partners in Khost, Paktia, Takhar, Bamyan, Sari Pul, Jawzjan, Balkh, Faryab and Herat. We also maintained our small but dynamic Communications and Fundraising Office in London, United Kingdom.

During 2023, we employed an average of 591 staff. This total comprised 571 Afghan national staff, 8 UK-based staff and 12 international staff based in Afghanistan. Thirty three percent of our staff were female.

Throughout 2023, we remained true to our 2022 five-year strategy and plan: providing essential basic services for all; supporting communities to adapt to the ravages of climate change and reduce their exposure to disasters; promoting economic opportunities, sustainable livelihoods and food security; and assisting when humanitarian crises struck.



And through all our projects, we continued to pay special attention to gender and inclusion, good governance and community development, and conflict mitigation and peacebuilding.

Programmes

We deliver basic services for all, including 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 and solar 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.

Our climate change adaptation and disaster risk reduction work involves creating community-based natural resource management associations, and providing the necessary inputs, so that communities can conserve and manage their water, forest and rangeland, helping them adapt to the impacts of climate change: preventing deforestation, overgrazing and erosion and improving soil quality on irrigated and rainfed land. This work also entails working with communities to assess hazards and providing them with the training and support they need to take pre-emptive actions to mitigate disasters, and strengthening communities' capacities to effectively respond to and manage disasters when they occur. Most importantly, this work increases groundwater, restores water tables, and creates the opportunity for irrigation and rural livelihoods.

Providing economic opportunities, sustainable livelihoods and food security entails working with farmers and their families to improve agricultural and animal husbandry techniques; providing vocational training and support for small enterprise development, especially among women; and introducing innovations that add value for farmers and entrepreneurs and improving access to markets. All of these lead to improved productivity, incomes, food security and nutrition.

When disaster strikes, we respond immediately with emergency humanitarian assistance, providing food, clean water, shelter, and sanitation, or cash to support these needs, both amidst a crisis or in the aftermath. And once the immediate disaster is over, we assist communities to 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 incorporated as cross-cutting themes across all our projects. These themes occasionally also form the basis of stand-alone projects. Afghanaid believes that working with both men and women is necessary for Afghanistan to achieve political and economic stability. We work with both sexes in all 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, ensuring that services align with the needs and priorities of under-represented communities.





Our Programmes in 2023

Basic Services for all

Economic challenges, poor governance, and exposure to climate change-induced natural disasters have resulted in Afghanistan lacking important infrastructure and basic services. Afghanistan's majority rural population lacks access to clean drinking water, hygiene and health facilities, basic education, and roads.

In 2023, Afghanaid worked with its partners to expand community infrastructures and provide emergency water, sanitation and hygiene (WASH) services, reaching over 1,150 communities and providing assistance to more than 925,000 project participants.

Afghanaid and our partner organisations worked to improve roads and irrigation systems and by undertaking this work through cash for work and social grants we simultaneously provided income for the most vulnerable families. To strengthen communities' knowledge and capacity, we trained over 1,138,000 participants/individuals (51% female), in topics ranging from hygiene promotion to disaster and risk preparedness.

In the northern regions of Afghanistan, we implemented over 1,300 water infrastructure projects, reducing the risk of waterborne disease and strengthening community resilience. We also established WASH committees for the long-term maintenance of infrastructures.

Success Story: Basic Services

Promoting health and safety through clean drinking water

70-year-old Abdul Qader lives with his three children in a remote village in Ferozko, Ghor Province. Abdul Qader has always wanted the best for his family, telling us, "I am very interested in getting my children a good education and serving the community." The head of a family of five, he does whatever he can to provide the best life possible for his household, whilst also living with a physical disability.

"During the civil war, my left leg was injured in an explosion, and I became disabled. Work was difficult but I had my small farm, and I received a small amount from the Ministry of Martyrs and Disabled. Unfortunately, now, because of the bad economic situation in the country, I do not receive it anymore. But really, the hardest thing that I must deal with is that even with my disability, for years I have had to travel to the river twice a day, thirty minutes each way, to get water for drinking, cooking and washing. Usually, each trip, I had to bring four jerrycans on the donkey. It was especially hard during the winter cold or in bad weather."

Unfortunately, the water Abdul Qader collected was really unsuitable for human consumption and caused his family and other community members many health problems. "The river water was dirty and caused diarrhoea, skin infections and kidney problems...but we did not have any other option."



When our local Afghanaid team surveyed Abdul Qader's village, they listened to his and his neighbours' concerns and recognised the difficulties they faced in accessing clean water. The team designed a project to build and repair water systems in the village so that the community could have easy access to clean potable water.

As part of the project, Afghanaid drilled a well, installed a solar pump, constructed three water reservoirs, and installed or rehabilitated 44 water standpipes. As well as this, Afghanaid supported community members to establish an operation and maintenance committee to ensure the water network is well looked after and can serve residents for decades to come. No longer having to worry about his family becoming ill, Abdul Qader's life has been changed for the better, telling us,"I am so happy to use safe water!"



Climate Change and Disaster Risk Reduction

As one of the most climate change-affected countries in the world, Afghanistan continued to experience climate-related hardships in 2023, including drought and flooding. Afghanaid remained dedicated to addressing the critical challenges posed by climate change and empowering communities to strengthen their resilience against disaster risk.

Applying our community-led approach, we worked with over 25,000 project participants or beneficiaries to reduce disaster risk, restore watersheds, improve ecosystems and create livelihood opportunities through the construction of trenches, terraces, and check dams. These interventions restored groundwater, mitigated drought, prevented erosion, increased vegetation, and reduced the risk of flooding.



We also rehabilitated local roads and irrigation structures, building communities' capacity to withstand environmental challenges and ensuring continued access to essential services.

More than 7,600 farmers participated in programmes aimed at promoting sustainable, climate-resilient crop production and livestock rearing, strengthening local food systems against the impact of climate change and bolstering food security. Afghanaid and its partners established 30 veterinary teams and 30 agriculture service centres in rural areas, greatly expanding remote communities' access to resources for sustainable and climate-resilient agriculture. We also distributed saplings for the establishment of orchards and introduced several plant species to support biodiversity and restore ecosystems. Restoring local ecosystems through these interventions will allow communities to increase their crop yields and become more disaster-resilient.

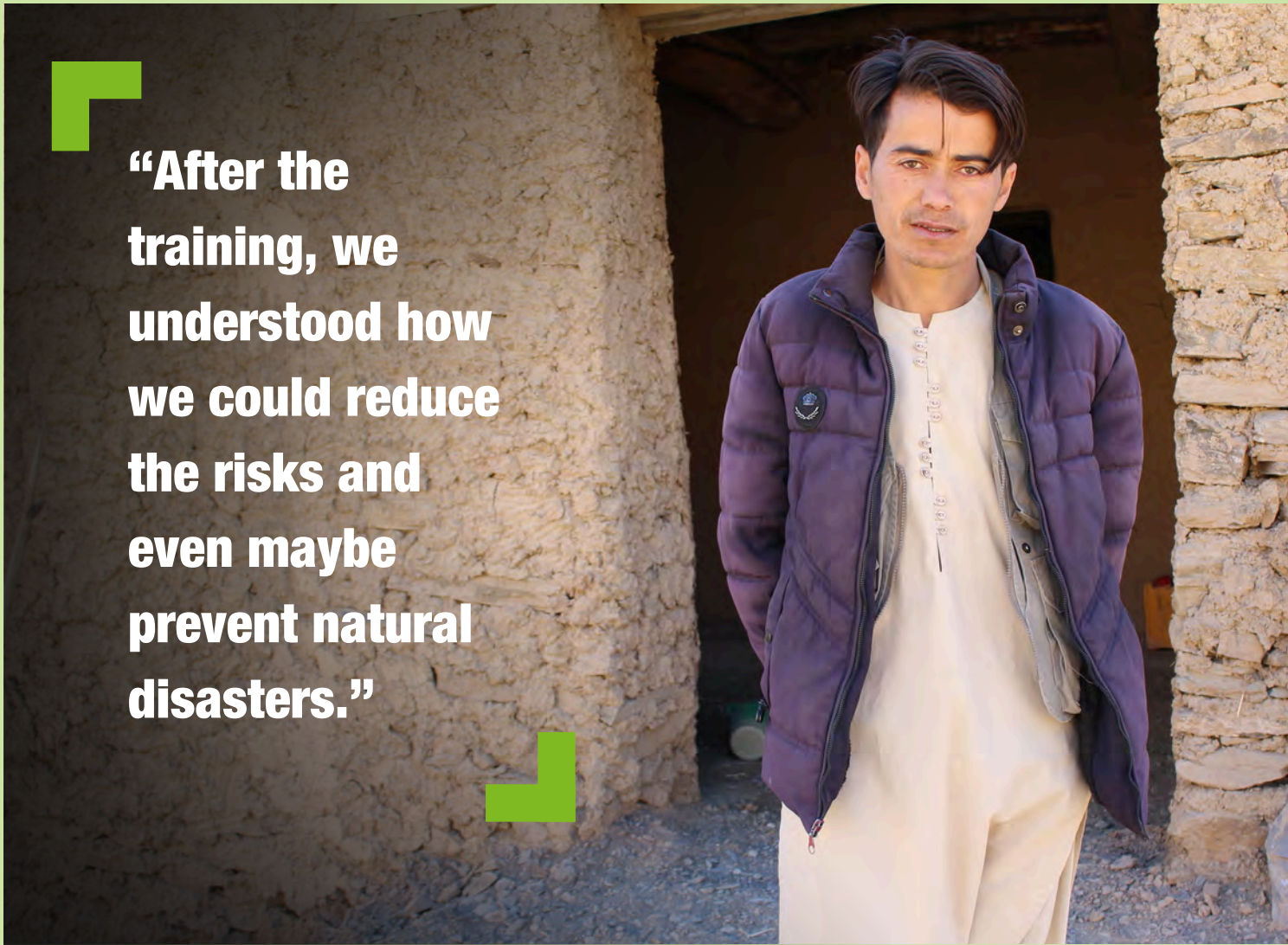
Success Story: Climate Adaptation and Disaster Risk Reduction

Protecting people and the environment through water management

Across Afghanistan, natural disasters repeatedly wreak havoc on Afghan lives and livelihoods, hampering communities' ability to lift themselves out of poverty and withstand crises. Successive droughts have degraded much of Afghanistan's land. This makes floods common as well, because the ground struggles to absorb enough water, so when snow melts or rain falls, water runs off the steep hillsides too quickly and forcefully, into the villages below, causing death and destruction.

In the remote village of Gazbiri, Daykundi province, where most residents rely on agriculture as their sole source of income, droughts and floods - which have increased in severity and frequency over recent years - repeatedly destroy crops, impacting the livelihoods of the whole community.

Naeem, a local farmer in Gazbiri, was one of the residents most affected when disasters hit: "Before, we lived in a place where we had no idea how to protect ourselves from natural disasters, we accepted them as an unstoppable force," Naeem told us, "We faced so many problems."



When Afghanaid visited Naeem's village, we met with households across the community to find a solution to the repeated cycle of drought and flash flood. It was clear that through implementing proper conservation, watershed management and irrigation techniques, we could mitigate the dangers they faced, making the community safer and enabling farmers to build more resilient livelihoods. These measures would also be invaluable in protecting their local environment.

Naeem spoke to us about the training he received from Afghanaid: "After the training, we understood how we could reduce the risks and even maybe prevent natural disasters, as well as how to better utilise the watersheds [land that channels snowmelt and rainfall into rivers and other bodies of water] to water fields, increasing pasture areas, and help soil recover."

After the training, Afghanaid employed members of the community to landscape the hillsides around their village: to build terraces, excavate trenches, construct irrigation canals, and then to plant trees and shrubs, and sow grasses and other fodder crops. These measures helped retain water in drought conditions and replenish the water table, whilst also decreasing the risk of floods. The community members then built a reservoir and installed a solar pump to supply water to the rolling farmlands on top of the nearby mountain. For undertaking the work to reshape the landscape and future of their area, Afghanaid paid community members sustainable wages.

"After we got paid for constructing the disaster risk reduction structures, landscaping the hillsides and planting trees, not only had we protected our village for years to come and controlled the water in five hectares of land, but we had enough to buy food and basic necessities for our families. This helped so much to get us through the drought."





Economic Opportunities, Sustainable Livelihoods and Food Security

Most Afghans are dependent on agriculture, a livelihood regularly now threatened by severe drought and other climate change-related phenomena, however, with the Afghan economy contracting by 27% since 2021, the year continued to be a challenging one for farmers. Through our livelihood programming, we aim to empower families to not only survive periods of hardship, but to break the cycle of poverty and build resilience against future crises.

In 2023, we delivered direct livelihood assistance to 84,517 households, of which 27,491 were led by women. We distributed agricultural inputs, such as seeds, tools, livestock, and fertiliser, that allowed farming households to rebuild and strengthen their livelihoods. We also trained participants in agricultural subjects such as pest control, optimal planting techniques, and livestock husbandry. We established 30 new Veterinary Field Units (VFUs), and in total, our VFUs supported 13,000 livestock-farming households by vaccinating and deworming over 91,000 animals. We also distributed saplings for orchard establishment and introduced several plant species to support biodiversity and restore ecosystems. Restoring local ecosystems through these interventions will allow communities to increase their crop yields and become more disaster resilient.

Once households' income sources were stabilised, Afghanaid helped participants build their enterprises and enhance their incomes, for instance by supplying them with more advanced equipment and creating strong linkages between small-scale producers and traders at central markets.

While much of our livelihood programming focuses on strengthening agricultural vocations and value chains, we also foster new concepts and enterprises through our self-help groups (SHGs). SHGs gave over 3,500 women entrepreneurs the chance to gather and learn about potential income-earning opportunities, access essential materials and start-up financing, and establish micro-enterprises. Through SHGs, women have increased autonomy, receive support from other women in their communities, and build their families' resilience to poverty.

Success Story: Livelihoods

Growing women's confidence and income through dairy processing



In the arid, mountainous province of Daykundi, life has always been difficult, but in recent years, given the ongoing economic crisis, high unemployment rates and food insecurity, families across the province have found it even more challenging to make ends meet. The rugged terrain and isolated nature of Daykundi province makes it incredibly difficult for households to access vital services, including markets, making it difficult to obtain nutritious food, or sell their own agricultural produce to earn an income. A recent survey conducted by Afghanaid highlighted that 60% of households are unable to meet their basic food needs in the region and are living below the poverty line.

Twenty-one-year-old Masoma, who lives with her all-female family in the village of Fati-Mohammad, experiences these monumental challenges first hand. For as long as she has been able, Masoma has worked hard to earn an income for her family: tending apple and almond trees, growing fruit and nuts to sell at market. However, recent droughts have meant her yields have been less than expected, and because of restrictions on women travelling in Afghanistan, she has been very limited in where she can sell them. As a result, Masoma struggled to earn the equivalent of £28 (2,000 AFN) a month, an insufficient amount to meet the basic needs of her family. With Afghan women unable to attend school or university, and confined to their communities, Masoma did not know how to improve her family's situation. "After the regime change and with years of successive drought, I was desperate. There was no hope for life for girls in our village, especially people like me who have no man to earn an income and support the family."

When Afghanaid visited Masoma's village, she eagerly enrolled in our project, funded by AVAAZ, to enhance rural people's resilience to economic and climate-induced shocks. The project supported Masoma and 99 other vulnerable women to become

dairy farmers, a trade more resilient to drought and the changing climate. These women were provided with milk-producing livestock, dairy production kits, packaging and labelling supplies, and training on how best to look after their animals and how to make dairy products to a high standard.

To ensure Masoma and her peers could reach customers and sell their dairy products, Afghanaid linked them to nearby markets where they exhibited their fresh, local products, and encouraged shopkeepers to support the local economy by stocking their products.

The women were subsequently given further training in business management, to ensure they had the knowledge required to make their businesses a success. “I have learnt so much from the training.” Masoma told us, “How to make pudding, qorot [a local dairy product], cream and butter; I learnt how to label them and how to make them according to standard, both in weight and quality, and how to sell to local traders.”

“Now I have started sell my own products, I am earning 10,000 AFN (£110) monthly! I am very happy that I can now support myself. Afghanaid and AVAAZ taught us everything we need to know to make a sustainable business.”



Emergency Humanitarian Assistance Programming

Afghanaid has always been ready to respond to crises. In 2023, we provided 34,391 of the most vulnerable disaster-affected households (approximately 240,737 men, women and children) with a range of emergency assistance services.

During the harsh Afghan winter, Afghanaid provided crucial heating and shelter assistance to 3,278 households, including several displaced households, refugee returnees, and families affected by natural disasters. The assistance helped these vulnerable households to protect themselves against the cold and survive the winter.

Throughout the year, we provided cash and food assistance, allowing 18,000 vulnerable households to meet their food needs. To protect farming households' livelihoods in emergencies and prevent their displacement, we distributed cash and items such as animal feed to 1,000 households experiencing shocks such as drought. Combining immediate relief with building longer-term resilience, we provided cash-for-work opportunities to over 10,600 households, supplying these households with much-needed income to recover from crises while also contributing to the construction of community infrastructure to mitigate the impact of drought and other natural disasters.

In October 2023, four significant earthquakes rocked Afghanistan, primarily affecting Herat province, destroying homes and community infrastructure, and affecting an estimated 43,400 people. With a local partner, Afghanaid provided affected households with cash assistance, and will continue its response in 2024 to ensure those most affected are able to recover from this crisis.



Success Story: Humanitarian Assistance

Building resilience in drought-affected communities

Qemat lives with her husband, three daughters and two young sons in a remote region of Daykundi province, Afghanistan. Though living with a chronic back condition, Qemat's husband earns a living through agriculture, the family's sole income source, while Qemat works hard taking care of the family. Thanks to both husband and wife's determination, in normal years the family were able to make ends meet despite the challenges.

In recent years however, severe droughts and the severe economic crisis have really harmed the family's ability to earn sufficient income. With winter approaching, and insufficient yields from their land, Qemat and her husband worried how they would be able to feed their family. "I was unable to support our family and we did not have enough to eat," Qemat's husband told us, "Our children were hungry and affected by different illnesses. It was a very tough time."

Determined to ensure her family were kept healthy and well-fed, Qemat sought out the support of the local Afghanaid team and was enrolled in our cash-for-work programme. Through the project, Qemat was able to access life-saving cash assistance, which enabled them to buy the nutritious food their young children needed.

"Afghanaid provided cash assistance for food to me and my family, in three payments. Each payment was for 12,600 Afghani [about £140]. I could never have imagined such great help."

Qemat spoke to us about the impact this cash assistance has had on her family's lives: "Thanks to Afghanaid, we were able to feed our children this past winter. Their assistance saved us all from hunger and malnourishment."



Cross Cutting Themes



Gender and Inclusion

With the Taliban decree at the end of 2022 banning women from working in NGOs, the situation for women and girls in Afghanistan deteriorated further. Few women were able to work outside their homes, and secondary-grade girls continued to be banned from attending school. Despite this diabolical situation, we remained committed to negotiating with the authorities to find ways for our women to continue to work and to meaningfully engage with female project participants, and over time, we were increasingly successful, for example, establishing and supporting 266 women's self-help groups with 5,320 members.

During 2023, Afghanaid started several women-focused projects, including a GIZ-funded project which provides training to women on gardening, water management, and hygiene, and a project funded by the Vitol Foundation which provides women's self-help groups (SHGs) with small grants to establish businesses and complete projects to strengthen their communities.

Afghanaid also engaged in dialogues with local religious leaders and 1,989 community members to promote the importance of gender equality with a focus on Islamic values and the invaluable contributions women make to society.

Good Governance and Community Development

Across our range of programmes, we apply a community-based approach focused on strengthening local community governance institutions such as Community Development Councils (CDCs) and ensure they are included in the planning and implementation of projects. We focus on building constructive relationships with local stakeholders to ensure the continuation of vital services to the communities we support.

In 2023 we particularly focused on building capacity within communities, offering tailored training and support to various community-based groups, including watershed management committees, natural resource management committees, self-help groups (SHGs), and farming cooperatives. Our ultimate goal is to foster resilience and self-reliance among Afghan communities, ensuring their voices are amplified and represented in local decision-making processes.

Conflict Mitigation and Peacebuilding

Three years on from the Taliban's return to power, as Afghanistan adjusts to its new de-facto government, we maintain our emphasis on conflict mitigation and peacebuilding within our programming.

Our training of over 2,000 individuals in conflict mitigation and peacebuilding and establishment of 34 Community Conflict Mitigation Committees have been pivotal in resolving numerous long-running communal conflicts and fostering greater communal harmony and social cohesion.





2024 Programme Plans

Despite the reduction in violent conflict, Afghanistan has seen since the political transition in 2021, Afghanistan remains acutely vulnerable to the impact of geopolitical turmoil, natural disasters and climate change, and high levels of humanitarian needs are expected to continue into 2024.

The UN's latest Humanitarian Needs and Response Plan notes that "in 2024, an estimated 23.7 million people–more than half of Afghanistan's population–are projected to require humanitarian assistance," and a total of 15.8 million people will require food assistance. Despite increased precipitation and improvements in agricultural conditions at the end of 2023, rural farming communities are still recovering from several years of successive drought. In 2023, 74 percent of rural communities experienced severe drought, drying up springs and wells and cutting vulnerable households off from access to water. While agroclimatic projections for 2024 predict an end to drought conditions, experts have raised concerns that the sudden increase in rain after several years of drought is likely to expose already vulnerable communities to flash floods and landslides, potentially destroying homes and livelihoods and exacerbating existing vulnerabilities.

In partnership with the United Nations Office for the Coordination of Humanitarian Affairs (UN OCHA), the World Food Programme (WFP), the Food and Agriculture Organisation (FAO) and the United Nations Office for Project Services (UNOPS), we will continue to deliver immediate relief to crisis-affected households, strengthen basic services and local infrastructure, and improve access to water, seeds and equipment for climate-resilient farming.

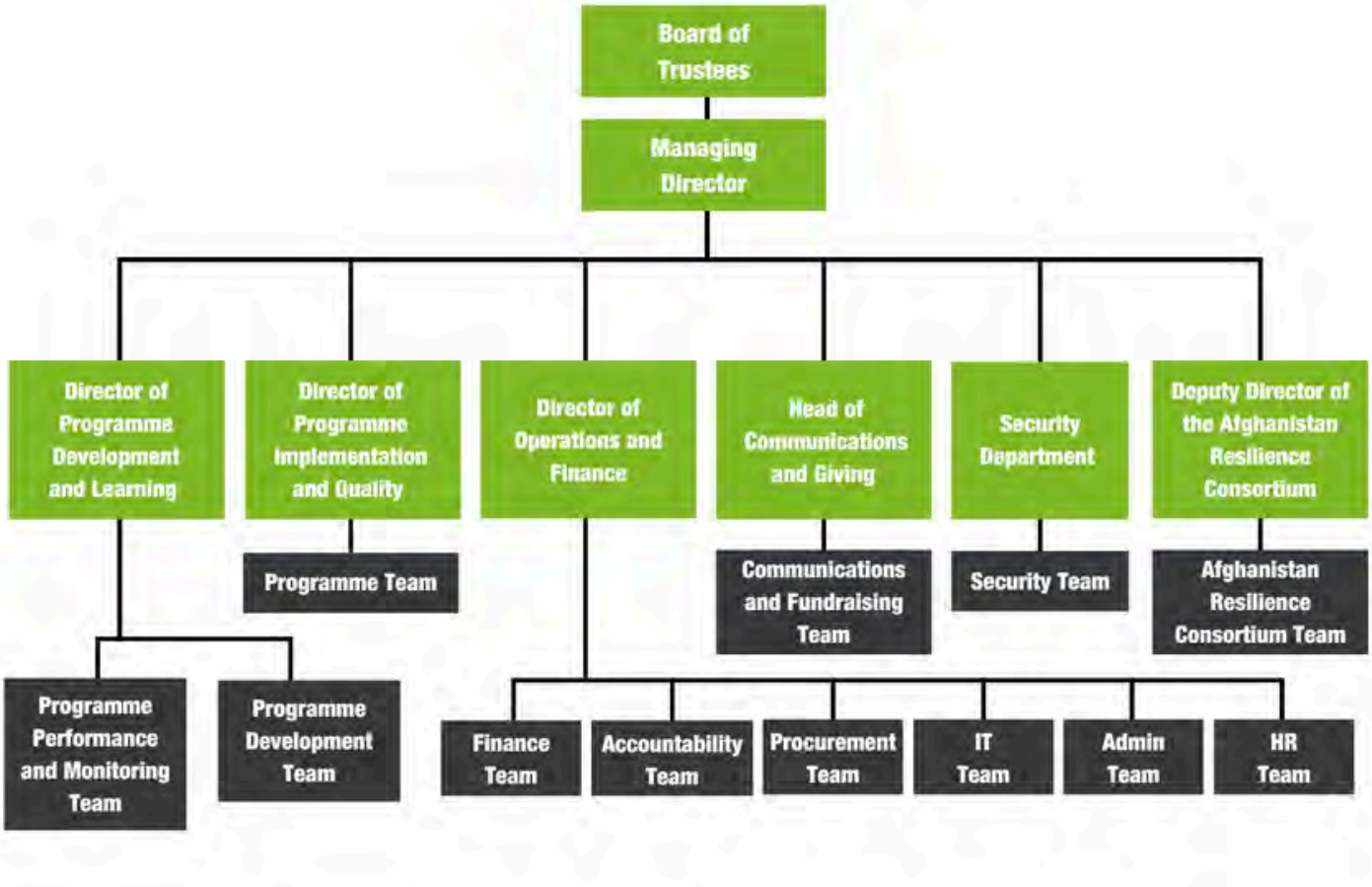
Without long-term programming which durably mitigates the impact of climate change, Afghan communities will remain deeply vulnerable to shocks, and development gains will remain fragile. To address these challenges and build communities' resilience, Afghanaid will expand its climate change adaptation programming in 2024. With joint funding from the EU and the Swiss Agency for Development and Cooperation (SDC), Afghanaid and its partners The Liaison Office (TLO), the Afghanistan Education Production Organisation (AEPO) and the Danish Refugee Council (DRC) will start a new, multi-year programme to regenerate watersheds and ecosystems, strengthening access to water and improving the conditions for food production.

Across all our programmes, we will pay particular attention to the inclusion of women, by ensuring the access of our female staff to our field locations, raising awareness in our communities of the rights of women from an Islamic perspective, and continuing to invest in projects which enhance women's skills and incomes.



Afghanaid People

To maintain Afghanaid's reputation as an impactful and professional organisation, among the most respected NGOs in Afghanistan, we always endeavour to attract and retain the most technically competent, innovative, and driven personnel, who actively contribute to achieving Afghanaid's mission and vision. The organisation is structured according to the following organogram:



During the year, we employed an average of 571 Afghan national staff, 8 UK-based staff and 12 international staff based in Afghanistan; and we finished the year with a total of 437 staff. On average, 33% of our staff were female. The staff turnover rate for the year was 0.9%, a decrease of 0.5% from 2022.

We continued to provide induction and refresher training, to all new and existing staff members, on Afghanaid's policies, including safeguarding, fraud and corruption, diversity and inclusion, complaints and feedback mechanisms, and whistleblowing. In total 325 personnel participated in these training sessions in 2023.

Three hundred and twenty-eight staff received training on security-related topics, including counter surveillance, humanitarian negotiation and NGO safety and security. All finance staff participated in financial training, including treasury management and vendor reconciliation.

Our Programme and M&E teams participated in training on gender and inclusion, geographic information systems, quantum geographic information systems and remote monitoring.

Three staff availed of the organisation's Education Assistance Policy, which provides support for higher education and professional development. Unfortunately, no female staff members were able to avail of this support due to the Taliban Governments ban on women attending universities in Afghanistan.



Richard Pohle/The Times.

Staff Spotlight

Nazila Yonus

Administrative Manager



Since joining Afghanaid in 2018, Nazila has risen to assume the position of Admin stration Manager. She explained, “It is a great honour for me to be part of such an esteemed organisation. I am inspired by Afghanaid’s respect for our local culture and religion, and the community support this generates.” She also says she values Afghanaid's high ethical standards, the commitment to equality and to fostering positive transformations.

Afghanaid’s daily operations would not be possible without Nazila’s dedication. She manages an enormous workload, with direct oversight of 14 staff, and the responsibility to maintain multiple large buildings, a vehicle fleet, and external contractors. Nazila executes her duties diligently and due to the nature of her role, is available at all hours; she said with a shrug, “Any time Afghanaid needs support, I will be there.” She went on to say, "Afghanaid serves as a university for all of us. I initially began as an Administrative Officer and have progressed to the role of Administrative Manager."

She expressed gratitude for the mentorship and support she has received, emphasising her commitment to extending similar guidance to junior staff, facilitating their professional development.

Speaking of the ban on women working for NGOs in December 2022, and other challenges, Nazila noted that Afghanaid has been exceptionally supportive to its female staff and dealt with the situation over the past year with courage and creativity, to ensure that female staff remain employed and engaged. However, she notes that the period working from home was challenging because women felt isolated and cultural and family expectations made it difficult to prioritise work over domestic and family obligations. Nazila is hopeful for an Afghanistan where women have equal rights in all aspects and can progress in their careers as far as they desire.

She hopes for a peaceful Afghanistan, where children grow in a secure environment with a bright future, free of discrimination.



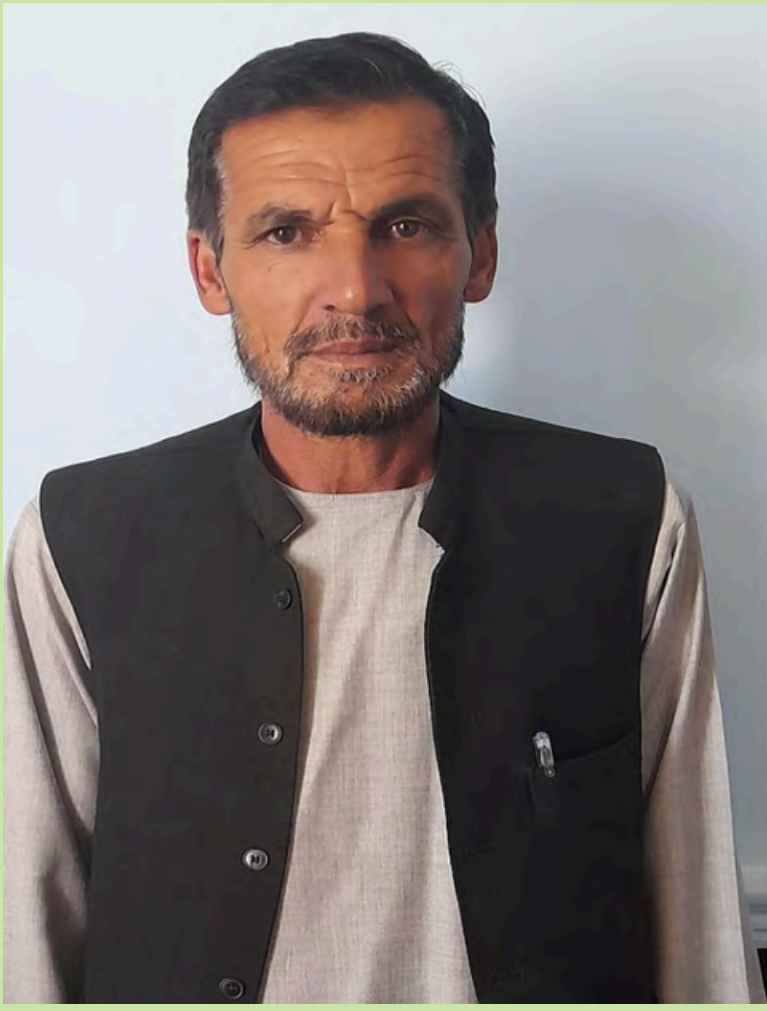
Staff Spotlight

Mohammid Farid

Driver, Ghor Province

Mohammad Farid has spent 20 years driving the deeply rutted and treacherous roads of Ghor province on behalf of Afghanaid. His deep knowledge and exceptional skills, even in the harshest weather, have enabled Afghanaid's project teams to safely reach the people most in need, including in the aftermath of floods, or in deep snow and extreme cold. In doing so, Farid has developed an exceptional knowledge of Afghanaid's projects, past and present.

It is always a great pleasure to drive with Farid and have him proudly point out the roads, irrigation roads, irrigation schemes, dams, reservoirs, flood retaining walls and other essential infrastructure constructed by Afghanaid over the years.



Among Farid's favourite Afghanaid projects is the water reservoir and pipe scheme we constructed in Salmin village. He observed firsthand how the water reservoir positively impacted the families there as they now enjoy clean water, for both drinking and sanitation, as well as how the reservoir has supported the return of vegetation to the valley.

Speaking of Ghor province, Mohammad Farid observes that the province's geography and remoteness is an overarching challenge:
"It is a massive, mountainous and poor province that lacks proper roads and infrastructure and is constantly faced with natural obstacles and disasters."
Considering this, Farid believes the Afghanaid' work over so many years has made a profound difference to the lives of the people of the province.

Our Donors and Supporters

In 2023, Afghanaid received humanitarian and development funding from the following institutional donors:

- Avaaz Foundation
- Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)
- European Union (EU)
- Food and Agriculture Organization of the United Nations (FAO)
- UK Foreign, Commonwealth, & Development Office (FCDO)
- Swedish International Development Cooperation Agency (Sida)
- United Nations Office for Project Services (UNOPS)
- United Nations Office for the Coordination of Humanitarian Affairs (OCHA)
- United Nations World Food Programme (WFP)
- UN Women (UNW)

We were especially grateful to these donors for their steadfast support despite the challenges of sanctions, fund transfers, and the political actions by Afghanistan's de facto authorities.

We also received funding from the following Trusts and Foundations and corporate donors:

- Afghan Caravan
- Armstrong Family Trust
- Asian Council Voya Financial
- Bloomberg Corporate
- Boston Consulting Group
- Capital Group
- Cecil Pilkington Charitable Trust
- CHK Foundation
- Diane McMullen Educational Trust
- Eddie Dinshaw Foundation
- Global Giving Emergency Relief Fund
- Grassington and District Peace Group
- Hoare Trustees - Miranda Fund
- Joss Stone Foundation
- JAC Trust
- K Hannay Memorial Trust
- KPMG LLP
- Linda Norgrove Foundation
- Lyon's Family Trust
- Miss K.M. Harbinson Charitable Trust
- P&G Charitable Trust
- Rhododendron Trust
- Skythorn Trust
- Untamed Borders
- Utley Foundation
- Vitol Foundation
- Watani Box
- Wild Frontiers

Communications

In 2023, the Communications and Giving team continued to roll out a retention strategy to ensure the portfolio of supporters we gained in 2021 and 2022, alongside our existing community, continued to positively engage with Afghanaid. This included continuing to build out the capacity of our new Customer Relationship Management software and marketing cloud, developing more tailored engagement plans for the segmented donor base, hosting a range of events, and improving organisational capacity for impact reporting. Notably, the team were able to carry the support of 70% of its high value donor portfolio from 2022 to 2023, highlighting the success of its refined stewardship portfolio.

During the first quarter of 2023, the team continued to deliver activities related to Times and Sunday Times prestigious Christmas Appeal, however, the appeal coincided with the suspension of all Afghanaid operations in the first quarter of the year, following the de facto authority's announcement of the decree banning national women staff from working for NGOs. The communications team worked positively with the Times and Sunday Times to coordinate the issuance of statements and additional news pieces to readers to ensure they were informed through the challenging period. Despite these challenges, by the end of the appeal in February 2023, we had raised a further £250k from the appeal and welcomed a total of over 1,500 new donors.

The final quarter of the year was our most active in terms of appeals and activities: the communications ran four multi-channel fundraising appeals, including an emergency earthquake appeal in October, and the annual Big Give Christmas campaign.

Afghanaid also seized the opportunity to cultivate new and maintain existing relationships through activities as part of our 40th anniversary celebrations. This included a large-scale event in November at the Royal Geographical Society, an exclusive event at the House of Lords, and the release of a documentary film reflecting on four decades of work. As well as raising vital funds - in part due to generous match funding from the CHK Foundation - the 40th campaign played a key role in continuing to elevate brand awareness. We utilised several celebrity connections to promote the film and anniversary campaign both on digital channels and at in-person events.

Our engaging campaign, storytelling and stewardship activities throughout the year enabled us to continue to significantly grow our increase in digital engagement seen across 2021 and 2022, with total website users for the year reaching 168,043, an increase of over 40% from 2022 figures. Additionally, through refining our search engine optimisation (SEO) and Google Advertising strategies, we tripled our Google Search impressions from a 2022 base of 958,000. On social channels, we kept pace with algorithm changes and increased our total following by a further 16%, strategically using these digital channels to reach new audiences, build relationships with celebrities and high-profile diaspora members, and build a community.

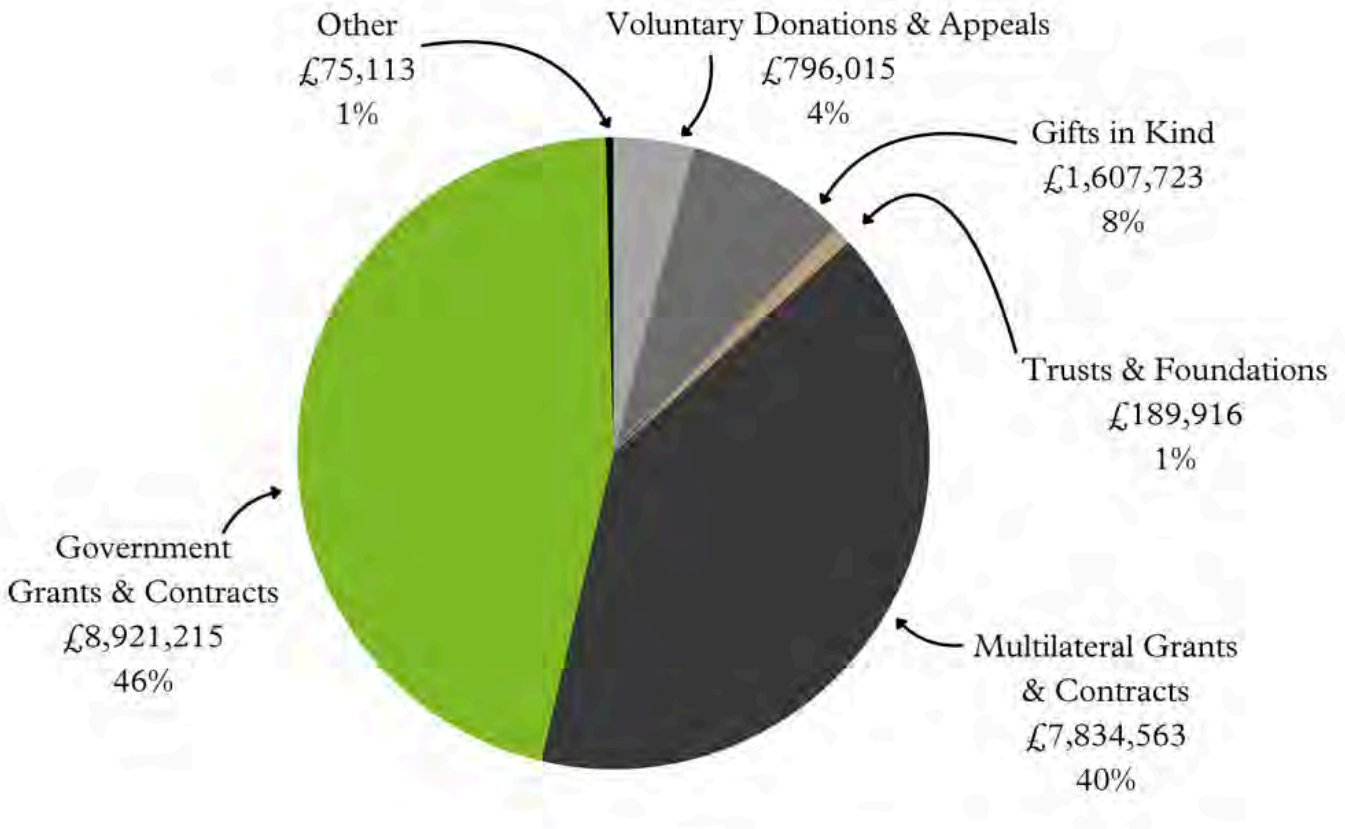
In 2024, the team will continue to hit key strategic milestones in the organisational five-year strategy, notably building out its capacity to recruit new supporters through enlisting the services of a Digital Advertising Agency to launch an integrated, full-funnel paid marketing strategy across Meta and Google, and increasing its capacity to generate earned media through increasing human resource in this area.



Financial Review

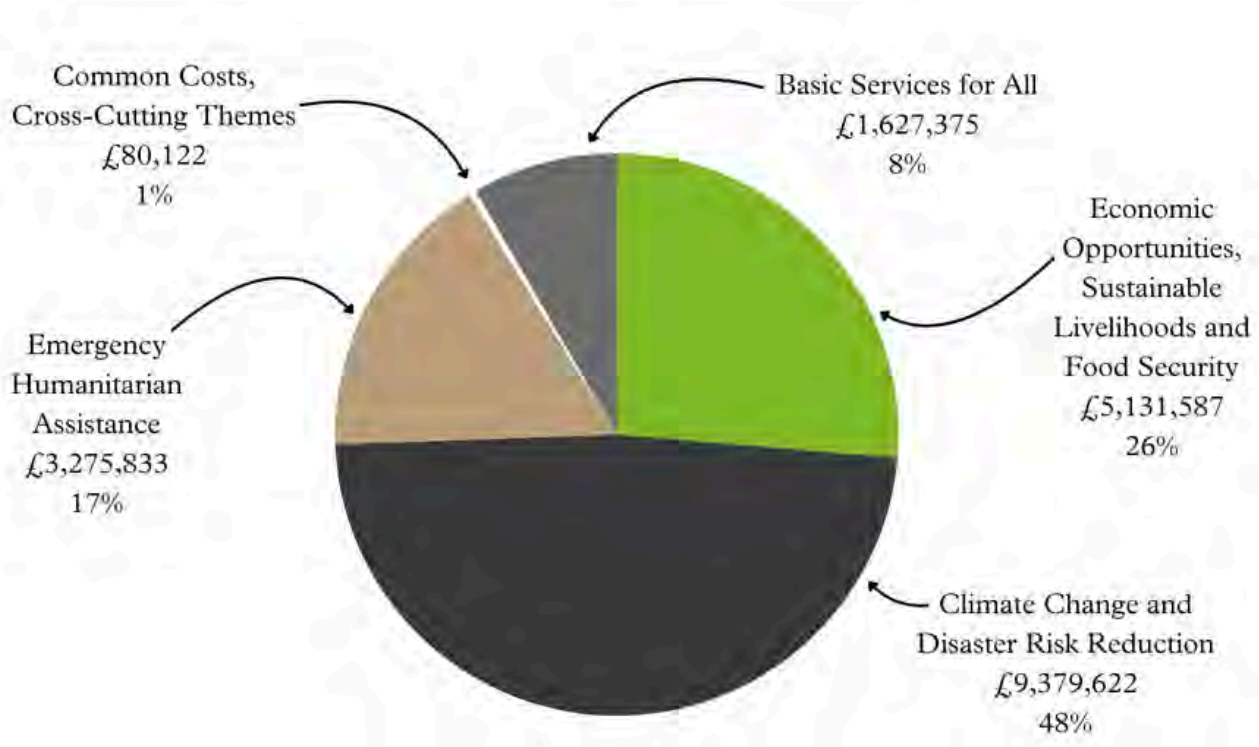
In the financial year of 2023, income of £19.425 million was recognised, an increase from the £16.581 million income reported in 2022. This upturn in income was primarily driven by an increase in government grants and contracts, amounting to £3.636 million (a 69% rise compared to 2022). This is largely attributed to the EU-funded Faragir project, the UK FCDO-funded Emergency Rural Livelihoods Recovery project, and the Sida-funded Community-Based Eco-DRR (CBED Phase II) project.

Income from multilateral grants and contracts experienced an increase of £2.611 million (a 50% increase compared to 2022), primarily due to various short term emergency projects funded by FAO and the Afghanistan Community Resilience & Livelihoods project funded by UNOPS. There was a decrease in gift-in-kind income, amounting to £2.474 million (a 61% decline). This reduction is mainly attributed to WFP-funded unconditional seasonal food support projects which closed in 2022 and for grants awarded in 2023 involving substantial food distributions, the food distribution component of these projects was postponed to 2024. Below is the breakdown of total income by category:



Charitable expenditure in the year amounted to £19.495 million (2022 £16.319 million). This growth was mainly driven by a £3.832 million rise (69% higher than in 2022) in expenditures within the climate change and disaster risk reduction programme pillar. This increase is primarily attributed to spending on the Sida-funded Community-Based Eco-DRR (CBED II) project and the FCDO-funded Emergency Rural livelihoods Recovery project. Expenditure linked to the Economic Opportunities, Sustainable Livelihoods and Food Security programme pillar rose by £1.772 million (53% higher than in 2022), driven by the WFP-funded Rural Resilience Building Programme projects, UNOPS funded Afghanistan Community Resilience and Livelihoods (Lot3) project and the FCDO-funded Empowering Women through Improved Animal Husbandry project.

Expenditures associated with the Basic Services for All programme pillar increased by £258k (a 19% increase from 2022), mainly due to the United Nations Office for the Coordination of Humanitarian Affairs (UNOCHA) funded Emergency WASH projects. Expenditures under the Emergency Humanitarian Assistance programme pillar decreased by £2.562 million (44% lower than in 2022), primarily due to reduced spending on winterisation projects funded by the United Nations Office for the Coordination of Humanitarian Affairs (UNOCHA) and completion of WFP-funded unconditional seasonal food support (SSUP) project, which was predominantly spent during 2022. Expenditures on Cross-Cutting Themes within the programme pillar decreased by £124k (61% lower than in 2022), largely due to reduced expenditures on unrestricted projects. Below is the breakdown of total expenditure by category:



During 2023 £378k (2022 £1.076 million) of Appeal funds were used to co-fund various humanitarian projects. This includes £251k (2022 £1.076 million) from the Crisis Appeal Programme, £14k (nil in 2022) for the By Her Side Appeal, £78k (nil in 2022) from The Times & Sunday Times Appeal, and £35k (nil in 2022) from the Earthquake Appeal. Appeal funds will be further spent down in 2024.

Between July 2023 and November 2023 there was a substantial appreciation of the Afghani (AFN) against the United States Dollar (USD) by 22.06% and 16.13% against GBP respectively which was largely attributed to stringent measures enforced by the Da Afghanistan Bank (DAB). These measures included restrictions on deposit withdrawals, capital outflows, and the prohibition of non-AFN currencies in local transactions. This considerable fluctuation resulted in a foreign exchange loss of £518k.

Risks, uncertainties and management thereof:

Ban on Afghan women working for NGOs

In late December 2022, the Taliban authorities announced a complete ban on Afghan women working for NGOs. Afghanaid immediately suspended all activities in Afghanistan while we took stock of the situation. A number of donors also suspended funding. Over the next two months we devised and implemented a plan that would allow women to work from home while remotely liaising with female community leaders to socialise projects; select female project participants; deliver training through video, MP3 and demonstration; distribute equipment and materials; and monitor and evaluate project performance – thereby ensuring the meaningful involvement of women in Afghanaid's work by women for women. All the while we negotiated with



local district and provincial authorities to build confidence and allow our female staff to visit target communities. Gradually, these efforts paid off, donor confidence returned and most female project staff were able to visit female project participants in most locations most of the time. Still, through 2024 it will remain a work in progress; we must be careful, but we will continually negotiate with the authorities for improved access for and to women.

Banking sector

The residual fragility of the banking sector remains a concern going forward, but the situation has significantly improved throughout 2023. As of the start of 2024 we will cease the international Hawala transfers that we have largely relied on since September 2021, using the Afghanistan International Bank (AIB), Crown Agent Bank, Convera, and UN Money Transfer System, thereby considerably reducing the cost of international fund transfers, reducing risk and bolstering the confidence of our UK banks. We continue to hold the majority of funds in the UK with transfers made to Afghanistan as required for operational requirements. For fund transfers inside Afghanistan in 2024 we will also begin utilising Azizi Bank to make domestic salary payments to staff based in Kabul and provincial capitals (though not yet to district capitals), and we will increasingly use the banks to make payments to suppliers. Where we need to continue to use Hawala services in Afghanistan, we will rapidly move away from post-payment transfers to pre-payments arrangements with well-established and now proven money service providers (MSPs), thereby further and significantly reducing the cost of domestic fund transfers.

Currency volatility

During 2023, the volatility of the Afghani against the major currencies and the risk of exchange rate loss presented a further risk on the financial front. However, we were successful in renegotiating contracts with both UNOPS and Sida to cover exchange rate losses on the two projects where losses were most significant. We applied judicious measures to minimise losses, negotiating contracts in hard currencies and holding funds in hard currencies in UK-based bank accounts, only converting to Afghani when absolutely needed. We will continue the same practices going forward.

Bureaucratic impediments

In 2023, NGOs were confronted with numerous and repeated bureaucratic impediments created by the de facto authorities. The Taliban Ministry of Education decreed that international NGOs immediately turn over direct implementation of

education programmes to national NGOs; as time has gone by, the NGO community has negotiated some compromise but despite there being no supporting evidence, the spectre that this order will be expanded to other sectors has not gone away. There has also been pressure from the de facto authorities to increase direct funding to local NGOs. However, it is important to note that no major donor and no donor of Afghanaid has any appetite to increase funding levels directly to local NGOs in the next several years.

Many NGOs have experienced lengthy delays in registering new projects already contracted with donors. Each new project must be registered with the Ministry of Economy and a Memorandum of Understanding (MoU) agreed with the most relevant line ministry. During the registration and MoU process, NGOs are often confronted with pressures from de facto authorities to reduce project management costs to an arbitrary 25 to 35%; demands to relocate projects to target areas of their choosing; as well as demands for the assigned ministry's involvement in procurement and/or recruitment. However, as we headed into 2024 and beyond, by remaining determinedly true to our principles, investing the time and effort to pre-emptively engage the authorities in project design and build understanding, and striving to design projects that do not exceed the de facto authority's expectation of administrative costs, Afghanaid is increasingly confident that we can negotiate resolution in most instances, as proven by eventual resolution of long-running negotiations for the EU-funded Faragir project in February 2024.

Loss of staff due to resettlement cases

A further threat that came to the fore in 2023 was the pending resettlement to the USA of 19 well established head office staff. Though Afghanaid has lost a few staff to various resettlement countries since 2021 these departures had been over an extended period and more easily managed. The risk of losing 19 staff within the space of a year or two posed a greater risk, therefore, in 2023 Afghanaid undertook a thorough assessment of each position and individual that could be affected and tailored succession plans to mitigate the disruption. To date four important head office staff, out of the 19 have embarked on their resettlement journey, but by pre-emptively recruiting and training replacements, putting in place detailed handover plans, and allowing departing staff to work remotely for several weeks, we have been able to mitigate the impacts.

Security

Given the current context, Afghanaid acknowledges the significant improvements in nationwide physical security compared to the Republican era. Threats do still continue and encompass direct and indirect violence by armed groups, civil unrest, natural and man-made disasters, workplace accidents, and mental and physical health challenges.

To actively manage security and safety risks, we implement a comprehensive security policy, regularly updated risk register, and stringent due diligence on partners and service providers ensure that we remain vigilant and prepared for various threats. We have robust training programs for staff and project participants in security, and safeguarding protocols, supported by regular security drills and the provision of protective equipment. Furthermore, we provide mental health and psychosocial support, with adequate insurance coverage to maintain staff well-being. Our preparedness plans, including hibernation, relocation, and evacuation strategies, ensure we can continue our operations safely. The Security Management and Access Committee (SMAC) meets every two weeks to discuss political and security developments and their likely impact to the organisation. The actions recommended are monitored and implemented as appropriate. The SMAC is ably supported by a Senior Security Advisor and a Head of Security who manage security strategy and day-to-day management respectively. A Board Security Committee also meets quarterly to provide strategic oversight and advice to Afghanaid management.

An organisation risk register is maintained by the Director of Finance and Operations, reviewed regularly by the Directorate and the Board of Trustees. Management has set up a Management Risk Committee to provide in-depth review and support in the areas of Risk, Due Diligence, Safeguarding and Fraud and Corruption, anti-money laundering and counter terrorism, to ensure more attention and time is devoted to these areas of our risk framework, and to provide summary reports to the Board of Trustees on a regular basis.

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.

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 2023 Financial Statements, a detailed review of income and expenditure for 2024 and 2025 was conducted together with cash flow projections. Regular reassessments will continue to be carried out as necessary and the organisation could 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.

Factors which support this assumption include the following:

1. Further awards from a range of donors have been agreed in the 2024 financial year along with a viable pipeline of future multi-year funding.
2. Core operating expenses are closely aligned to income.
3. Continued strong cash management and cash flow projections.
4. The expectation is that we will be able to deliver our programmes. We will adjust core operating costs should our programme activities be severely impacted by either restrictive operating guidelines imposed by the authorities or security considerations.

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

Reserves

At 31 December 2023, Afghanaid had total reserves of £2.512m, made up of £2.362m of unrestricted reserves and an expendable endowment fund of £150k. This is a decrease from the total reserves of £3.100m as at 31 December 2022, which included restricted appeal funds of £445k that were spent in 2023.

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. This reserve was £884k at the end of 2023, a decrease from £1.042m at the end of 2022. The largest component of this reduction was due to unrealised foreign exchange losses.

Fixed Asset Reserve
An amount to cover funds invested in tangible and intangible fixed assets, totalling £34k at the end of 2023 (£52k at the end of 2022).

Appeal Funds
At 31 December 2023, Afghanaid had a designated unrestricted reserve of £919k representing appeal funds carried forward at the end of the year amounting to £307k from Crisis Appeal Programme Funds, £150k By Her Side Appeal Funds, £429k The Times & Sunday Times Appeal Funds and £33k Earthquake appeal Funds. At the end of 2022 this reserve was £960k.

Designated Contingency Funds
Working in a complex and insecure environment, such as Afghanistan, makes it important for us to cover the costs 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. The trustees believe the costs of winding down the organisation (designated contingency fund) are £525k (£450k in 2022). The £75k increase in designated contingency funds is associated with scaling up our operations.

The trustees review the reserves policy annually and have decided that a range of £1.5 million to £2 million in respect of general funds and contingency funds 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.

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

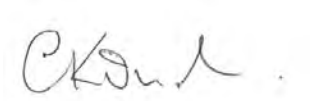
- each of the trustees has taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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

Tuesday 9th July 2024 and signed on their behalf by:



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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 2023 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 2023 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 45, 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.



Dipesh Chhatralia
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor
London

12 July 2024

STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	Unrestricted Funds	Restricted Funds	Endowment Funds	2023 Total Funds	2022 Total Funds
		£	£	£	£	£
Income and endowments from:						
Donation and Legacies	4a	796,015	-	-	**796,015**	1,181,911
Gift in kind		-	1,607,723		**1,607,723**	4,081,371
Charitable activities	4b	1,231,740	15,763,347	-	**16,995,087**	11,260,492
Investments		13,780	-	-	**13,780**	1,735
Other		11,940	-	-	**11,940**	55,353
Total		**2,053,475**	**17,371,070**	**-**	**19,424,545**	16,580,862
Expenditure on:						
Raising funds		161,002	-	-	**161,002**	**157,763**
Rural Rehabilitations & Emergencies		1,479,099	17,854,439	-	**19,333,538**	16,160,839
Total		**1,640,101**	**17,854,439**	**-**	**19,494,540**	16,318,602
Net income/(expenditure)		**413,374**	**(483,369)**	**-**	**(69,995)**	**262,260**
Other recognised gains:						(136,288)
Gains/ (losses) on foreign exchange retranslation		(556,380)	38,300	-	**(518,080)**	125,972
Net Movement in Funds		(143,006)	(445,069)	-	**(588,075)**	
Reconciliation of funds:						2,973,979
Total funds brought forward		2,504,882	445,069	150,000	**3,099,951**	3,099,951
Total funds carried forward		**2,361,876**	**-**	**150,000**	**2,511,876**	

COMPANY NUMBER: 3034888

BALANCE SHEET FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	As at 31 December 2023 £	£	As at 31 December 2022 £
Fixed Assets:				
Intangible assets	**9**		28,298	34,469
Tangible assets	**10**		5,530	17,750
Total fixed assets			**33,828**	**52,219**
Current Assets:				
Debtors	**11**	2,395,558		5,888,392
Cash at bank and in hand	**12**	5,047,738		7,697,978
Total current assets		**7,443,296**		**13,586,370**
Creditors: Amounts falling due within one year	**13**	**4,965,248**		**10,538,638**
Net Current Assets			**2,478,048**	**3,047,732**
Total Net Assets			**2,511,876**	**3,099,951**
The funds of the charity:				
Endowment Fund			150,000	150,000
Restricted Appeal Funds			-	445,069
Unrestricted Funds				
Designated Contingency Funds			525,000	450,000
Appeal Funds			919,404	960,443
Fixed Assets Reserve			33,828	52,219
General Funds			883,644	1,042,220
Subtotal			**2,361,876**	**2,504,882**
Total charity funds	**16**		**2,511,876**	**3,099,951**

Approved by the trustees, and authorised for distribution, on Tuesday 9th July 2024 signed on their behalf by:

Christopher Kinder
Chairman

Mary Mountain
Treasurer

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023

	As at 31 December 2023	As at 31 December 2022
	£	£
Cash flows from operating activities:		
Net cash provided by operating activities	(2,145,940)	4,239,875
Cash flows from investing activities:		
Interest received	13,780	1,735
Purchase of tangible fixed assets	-	(42,937)
Net cash (used in) / provided by financing activities	13,780	(41,202)
Change in cash and cash equivalents during the reporting period	(2,132,160)	4,198,673
Cash and cash equivalents at the beginning of the reporting period	7,697,978	3,635,593
Change in cash and cash equivalents due to exchange rate movements	(518,080)	(136,288)
Cash and cash equivalents at the end of the reporting period	**5,047,738**	**7,697,978**
Net income/(expenditure) for the reporting period:	**(69,995)**	**262,260**
Adjustments for:		
Returns on investment	(13,780)	(1,735)
Depreciation and amortisation of fixed assets	28,430	36,838
Revaluation of tangible fixed assets	(10,039)	(10,877)
(Increase) / decrease in debtors	3,492,834	(4,167,871)
Increase / (decrease) in creditors	(5,573,390)	8,121,260
Net cash flow from operating activities	**(2,145,940)**	**4,239,875**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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.
- Gifts-in-kind received during the reporting period have been valued at fair value of these gifts based on donor published commodities rates.

NOTE 3: ACCOUNTING POLICIES

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

1. 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.

NOTE 3: ACCOUNTING POLICIES (CONTINUED)

2. Branch accounting

Operations in Afghanistan are treated as a branch of Afghanaid and their results are included herein.

3. 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 2023 Financial Statements, a detailed review of income and expenditure for 2024 and 2025 was conducted together with cash flow projections. Regular reassessments will continue to be carried out and the organisation could 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 risks and uncertainties section of the trustees' report.

4. 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.

5. 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: due to the fragile nature of the areas that we work, entitlement to programmatic income is recognised when the underlying expenditure has been incurred. For those agreements related to specific conditions, income is recognised in the SOFA when the conditions have been substantially met and expenditure incurred. For those agreements with unconditional entitlement, income is recognised based on expenditure incurred. Where income is received in advance of its recognition in the SOFA it is deferred as a

NOTE 3: ACCOUNTING POLICIES (CONTINUED)

liability until probability exists that the entitlement to that income has been incurred. Where entitlement occurs before incoming resources are received, the income is accrued.

Appeals income: Appeals income is raised from individual giving, trusts, and major donors and is recognised as income in the SOFA when it is received. The funds will be used according to implementation plans 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.

Gift in kind: Gifts-in-kind represent non-monetary contributions in the form of donated goods, services and facilities made by benefactors to support the organisation's mission and activities. An equivalent amount is included in the SOFA at fair value of these gifts.

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

6. 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 Afghanaid'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.

7. 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

NOTE 3: ACCOUNTING POLICIES (CONTINUED)

Items of equipment are capitalised where the purchase price exceeds £3,928 (US$ 5,000). Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities.

8. Financial Instruments

Afghanaid 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 at 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.

9. Fund Accounting

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

Endowment funds are resources held by Afghanaid on trust, comprising monetary and other assets which represent capital. 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, structured as a stability fund to meet cash flow needs while preserving resources for core expenses. This grant acts as a reserve, accessible as required, with the expectation of replenishment during favourable conditions.

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.

NOTE 3: ACCOUNTING POLICIES (CONTINUED)

10. 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.

11. 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.

NOTE 4A: DONATIONS AND LEGACIES

	Unrestricted Funds £	Restricted Funds £	Total 2023 £	Unrestricted Funds £	Restricted Funds £	Total 2022 £
Donations from Crisis Appeal	30,661	-	30,661	141,929	-	141,929
Donations from By Her Side Appeal	-	-	-	163,975	163,975	327,950
Donations from The Times & Sunday Times Appeal	253,830	-	253,830	268,121	-	268,121
Earthquake Appeal	68,654	-	68,654	-	-	-
Others	442,870	-	442,870	443,911	-	443,911
TOTAL	**796,015**	**-**	**796,015**	**1,017,936**	**163,975**	**1,181,911**

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

	Unrestricted Funds £	Restricted Funds £	Total 2023 £	Unrestricted Funds £	Restricted Funds £	Total 2022 £
Government Grants & Contracts (Note 4b.1 & 4b.2)						
European Commission	-	813,373	**813,373**	-	-	**-**
UK Foreign, Commonwealth, and Development Office (FCDO)	-	4,101,719	**4,101,719**	-	1,061,300	**1,061,300**
Swiss Agency for Development and Cooperation (SDC)	-	-	**-**	-	400,878	**400,878**
Swedish International Development Cooperation Agency (Sida)	-	3,674,959	**3,674,959**	-	2,484,915	**2,484,915**
Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)	**-**	**179,031**	**179,031**	**-**	**1,056,592**	**1,056,592**
Sub total	**-**	**8,769,082**	**8,769,082**	**-**	**5,003,685**	**5,003,685**

Mulilateral Grants & Contracts						
United Nations World Food Programme (WFP)	-	1,952,250	**1,952,250**	-	1,173543	**1,173543**
United Nations Office for the Coordination of Humanitarian Affairs (UNOCHA)	-	3,549,255	**3,549,255**	-	3,329,354	**3,329,354**
United Nations Food and Agriculture Organization (FAO)	-	1,056,600	**1,056,600**	-	281,518	**281,518**
United Nations Office for Projects Services (UNOPS)	1,184,717	-	**1,184,717**	365,603	-	**365,603**
United Nations Women (UN Women)	-	91,741	**91,741**		73,515	**73,515**
Sub total	1,184,717	6,649,846	**7,834,563**	365,603	4,857,930	**5,223,533**
Search for Common Ground (SfCG)	-	152,133	**152,133**		-	**-**
By Her Side Appeal- Match Funding		-	**-**		281,094	**281,094**
Trusts & Foundations Grants	-	190,612	**190,612**	-	719,606	**719,606**
Other Grants & Contracts	47,023	1,674	**48,697**	21,858	10,716	**32,574**
Sub total	47,023	344,419	**391,442**	21,858	1,011,416	**1,033,274**
TOTAL	**1,231,740**	**15,763,347**	**16,995,087**	**387,461**	**10,873,031**	**11,260,492**

FOR THE YEAR ENDED 31 DECEMBER 2023

NOTE 4B.1: INCOME FROM GOVERNMENT GRANTS & CONTRACTS (2023)

Income from governments during the reporting period include:

Government/Agency	Nature	Amount £	Unfulfilled conditions
European Commission	Inclusive Livelihoods Recovery and Community Resilience	813,373	None
UK Foreign, Commonwealth, and Development Office (FCDO)	Grants for Emergency Rural Livelihoods Recovery	4,101,719	None
Swedish International Development Cooperation Agency (SIDA)	Grants for Community Based-Eco-Disaster Risk Reduction	3,674,959	None
Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)	Grants for Forest Landscape Restoration and Transitional Development Assistance.	179,031	None
TOTAL		**8,769,082**	

FOR THE YEAR ENDED 31 DECEMBER 2023

NOTE 4B.2: INCOME FROM GOVERNMENT GRANTS & CONTRACTS (2022)

Income from governments during the reporting period include:

Government/Agency	Nature	Amount £	Unfulfilled conditions
Swedish International Development Cooperation Agency (SIDA)	Grants for Community Based-Eco-Disaster Risk Reduction	2,484,915	None
UK Foreign, Commonwealth, and Development Office (FCDO)	Grants for Emergency Rural Livelihoods Recovery	1,061,300	None
Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)	Grants for Forest Landscape Restoration and Transitional Development Assistance.	1,056,592	None
Swiss International Development Cooperation Agency (SDC)	Rangeland Management - Phase 1	400,878	None
TOTAL		**5,003,685**	

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

NOTE 5: EXPENDITURE

	Raising funds	Rural Rehabilitations & Emergencies	2023 Total	2022 Total
	£	£	£	£
Staff costs	62,976	4,200,380	4,263,356	3,231,959
Sub-Grants/Sub-Contracts to Implementing Partners (note 5.1 & 5.2)	-	3,784,461	3,784,461	1,717,873
Direct costs	89,078	9,144,155	9,233,233	6,695,702
Gift in kind	-	1,607,723	1,607,723	4,081,371
Support costs (note 5.3)	8,948	596,819	605,767	591,697
Total	**161,002**	**19,333,538**	**19,494,540**	**16,318,602**

NOTE 5.1: EXPENDITURE

	Grants to Institutions	Support Costs	Year ended 31 December2023	Year ended 31 December2022
	£	£	£	£
Basic Services	645,230	-	645,230	228,339
Improved Livelihoods	184,920	-	184,920	31,692
Climate Change and Disaster Risk Reduction	2,420,623	-	2,420,623	440,534
Emergency Humanitarian Assistance	498,232	-	498,232	1,017,308
Common Costs, Cross-cutting Themes & Other Unallocated	35,456	596,819	632,275	581,880
Total	**3,784,461**	**596,819**	**4,381,280**	**2,299,753**

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

	Year ended 31 December 2023 (£)	Year ended 31 December 2022 (£)
Concern Worldwide Afghanistan	670,382	260,908
Action Aid – Afghanistan	513,845	330,409
Save the Children Afghanistan (SCI)	965,204	510,478
Deutsche Welthungerhilfee.V (WHH)	199,810	-
Coordination of Humanitarian Assistance (CHA)	392,215	106,303
Rural Rehabilitation Association for Afghanistan (RRAA)	288,470	122,037
The Liaison Office (TLO)	667,790	356,046
Humanity & Inclusion (HI)	71,382	-
Efforts Organization for Women Advocacy (EOWA)	15,363	-
The Share Trust Inc.	-	31,692
Total	**3,784,461**	**1,717,873**

100% of grants are to institutions; no grants are paid to individuals (2022: £ nil).

NOTE 5.3: ANALYSIS OF SUPPORT COSTS

	Raising funds	Rural Rehabilitations & Emergencies	Year ended 31/12/23	Year ended 31/12/22
			Total	Total
	£	£	£	£
Staff costs	6,128	180,426	186,554	288,029
Governance	853	60,877	61,730	60,282
Administrative costs	1,967	355,516	357,483	243,386
Total	**8,948**	**596,819**	**605,767**	**591,697**

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

	Year ended 31 December 2023	Year ended 31 December 2022
	£	£
Amortisation and depreciation	28,430	36,838
Trustees' travel expenses	1,669	3,056
Auditors' remuneration:		
Afghanistan – Other Auditors	11,475	7,464
United Kingdom – Crowe U.K. LLP	35,220	29,760
Operating lease payments:		
Land and buildings	217,105	193,409
Other assets	4,209	3,427

NOTE 7: STAFF COSTS

	Year ended 31 December 2023	Year ended 31 December 2022
	£	£
Staff costs were as follows:		
Gross salaries - Afghanistan	3,603,314	2,917,607
Gross salaries – UK	324,774	294,909
Pension and Social security costs	521,822	307,472
Total	**4,449,910**	**3,519,988**

No trustee received any remuneration for their services in 2023 (nil in 2022).

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

	Year ended 31 December 2023	Year ended 31 December 2022
£60,000 - £69,999	1	2
£70,000 - £79,999	2	2
£80,000 - £89,999	3	2
£90,000 - £99,999	1	-
£100,000 - £109,999	-	2
£110,000 - £119,999	1	-
£120,000 - £129,999	2	-
£150,000 - £159,999	-	1
£160,000 - £169,999	1	-

In addition to the amounts disclosed above, Afghanaid have incurred security costs of £63,846 (2022: £48,841) and employer national insurance contributions of £6,839 (2022: £8,755).

	Year ended 31 December 2023	Year ended 31 December 2022
Key Management Personnel Remuneration	**£806,149**	**£754,938**

Key management personnel costs include salaries as well as all associated benefits for the following key management positions:

- Managing Director
- Director Operations
- Director Programme Development and Impact Learning
- Programme Implementation & Quality Director
- Deputy Director ARC
- Deputy Director of Programme Performance and Monitoring
- Deputy Director Finance and Administration
- Deputy Director Human Resources

Staff Numbers

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

United Kingdom	No. in 2023	No. in 2022
• National Staff	8	7
Afghanistan		
• International Staff	12	10
• National Staff-Fixed Term	358	309
• National Staff- Freelance	213	109
Total	**591**	**435**

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 2023	99,043
Additions in the year	
Disposals in the year	-
Forex Movement During the year	19,044
At 31 December 2023	**118,087**
Amortisation	
At 01 January 2023	**(64,474)**
Charge for the year	(12,798)
Disposals in the year	-
Forex Movement During the year	(12,517)
At 31 December 2023	**(89,789)**
Net Book Value	
At 31 December 2023	**28,298**
At 31 December 2022	34,469

NOTE 10: TANGIBLE FIXED ASSETS

	Motor Vehicles (£)	**Office Equipment (£)**	**Total (£)**
Cost			**Total**
At 01 January 2023	480,793	186,050	666,843
Additions in the year	-	-	-
Forex movement during the year	92,445	35,773	128,218
At 31 December 2023	**573,238**	**221,823**	**795,061**
Depreciation			
At 01 January 2023	(471,358)	(177,735)	(649,093)
Charge for the year	(11,248)	(4,384)	(15,632)
Forex movement during the year	(90,632)	(34,174)	(124,806)
At 31 December 2023	**(573,238)**	**(216,293)**	**(789,531)**
Net Book Value			
At 31 December 2023	**-**	**5,530**	**5,530**
At 31 December 2022	9,435	8,315	17,750

NOTE 11: DEBTORS

Cost	2023	2022
	£	£
Prepayments	38,495	39,142
Grants receivable	908,238	3,922,128
Accrued income	1,329,676	1,558,483
Other debtors	119,149	368,639
Total Debtors	**2,395,558**	**5,888,392**

NOTE 12: CASH & CASH EQUIVALENTS

Cost	2023	2022
	£	£
Cash at bank	5,033,195	7,687,299
Cash in hand	14,543	10,679
Total Cash & Cash Equivalents	**5,047,738**	**7,697,978**

NOTE 13: CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2023	2022
	£	£
Trade creditors	615,275	2,605,764
Deferred income (Note 13.1)	3,095,016	6,567,062
Grants payable	128,453	601,315
Accruals	339,118	358,674
Taxation and social security	402,541	175,330
Other creditors	384,845	230,493
Total Creditors	**4,965,248**	**10,538,638**

NOTE 13.1: DEFERRED INCOME

Award Name	Balance at 01 January 2023	Receipts	Release to SOFA	Balance at 31 December 2023
	£	£	£	£
Afghanistan Resilience Consortium Project (SIDA)	1,883,030	1,806,300	(3,674,959)	14,371
Emergency Livelihood Support (FAO)	-	281,195	(281,195)	-
Resilience Building Programme-Ghor (WFP)	-	1,100,205	(1,100,205)	-
Resilience Building Programme-Samangan (WFP)	-	247,409	(247,409)	-
Emergency Livelihood Support-Daykundi (FAO)	-	274,569	(274,569)	-
Emergency Rural Livelihoods Recovery Project (FCDO)	2,112,789	1,988,929	(4,101,718)	-
Winterization Assistance (RA 2022) Project (UNODC)	453,276	140,286	(593,562)	-
Winterization Assistance (3rd RA 2022) Project (UNODC)	454,714	136,984	(591,698)	-
Seasonal Food Support-Ghor (WFP)	-	290,786	(290,786)	-
Cash for Food Assistance-Daikundi (UNOCHA)	477,933	336,274	(814,207)	-
Provision of Emergency WASH Supplies (BDK RA3) -(UNOCHA)	298,177	70,656	(368,833)	-
Provision of emergency WASH supplies (Ghor RA3)- (UNOCHA)	246,710	68,433	(315,143)	-
Provision of emergency WASH supplies (SMG RA3)- (UNOCHA)	427,678	102,691	(530,369)	-
Inclusive Livelihoods Recovery & Community Resilience (EU)	-	2,105,188	(813,373)	1,291,815
Forest Landscape Restoration for Food Security (GiZ)	-	212,592	(96,359)	116,233
Programme to Renew Collaborative Civi Space (FCDO)	-	152,133	(152,133)	-
Women's SHGs (Ignite)	-	183,238	(31,931)	151,307
Food Security, Climate and Resources (GiZ)	-	427,460	(82,673)	344,787
Emergency Food Assistance-Daikundi (FAO)	-	418,921	(46,137)	372,784
Emergency Water Source Repair (UNOCHA)	-	430,965	(56,814)	374,151
Disaster Resilience and Community Development (Hilton Foundation)	-	392,776	(697)	392,079
Others	212,755	1,123,311	(1,298,577)	37,489
Total Deferred Income	**6,567,062**	**12,291,301**	**(15,763,347)**	**3,095,016**

NOTE 14: OPERATING LEASE COMMITMENTS

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

	2023 (£)	2022 (£)
Land and Buildings		
Within one year	42,851	14,524
Other assets		
Within one year	4,209	3,427
Total Operating Lease Commitment	**47,060**	17,951

NOTE 15: ANALYSIS OF NET ASSETS BETWEEN FUNDS (2023)

	Expendable Endowment Funds	Unrestricted Funds	Restricted Funds	Total Funds 2023
	£	£	£	£
Total fixed assets	-	33,828	-	33,828
Current assets	150,000	7,293,296	-	7,443,296
Current liabilities	-	(4,965,248)	-	(4,965,248)
Net assets at 31 December 2023	**150,000**	**2,361,876**	**-**	**2,511,876**

NOTE 15: ANALYSIS OF NET ASSETS BETWEEN FUNDS (2022)

	Expendable Endowment Funds	Unrestricted Funds	Restricted Funds	Total Funds 2023
	£	£	£	£
Total fixed assets	-	52,219	-	52,219
Current assets	150,000	12,991,301	445,069	13,586,370
Current liabilities	-	(10,538,638)	-	(10,538,638)
Net assets at 31 December 2022	**150,000**	**2,504,882**	**445,069**	**3,099,951**

NOTE 16: FUNDS MOVEMENT (2023)

	At 1 January 2023 £	Income £	Expenditure £	Gains, (Losses) £	Transfers £	At 31 December 2023 £
Endowment Funds:	150,000	-	-	-	-	150,000
Total Restricted Funds (Note 16.1)	445,069	17,371,070	(17,854,439)	38,300	-	-
Total Unrestricted Funds						
Designated Contingency Funds	450,000	-	-	-	75,000	525,000
Appeal Funds (Note 16.2)	960,443	353,145	(378,073)	(16,111)	-	919,404
Fixed Assets Reserve	52,219	-	(24,900)	6,509		33,828
General Funds	1,042,220	1,700,330	(1,237,128)	(546,778)	(75,000)	883,644
Subtotal	**2,504,882**	**2,053,475**	**(1,640,101)**	**(556,380)**	**-**	**2,361,876**
TOTAL FUND	**3,099,951**	**19,424,545**	**(19,494,540)**	**(518,080)**	**-**	**2,511,876**

NOTE 16.1: RESTRICTED FUNDS MOVEMENT (2023)

	At 1 January 2023 £	Income £	Expenditure £	Gains, (Losses) £	At 31 December 2023 £
Emergency Rural Livelihoods Recovery Project (FCDO)	-	4,101,718	(4,101,718)	-	-
Community Based Eco-DRR (CBED)-Phase II (Sida)	-	3,674,959	(3,674,959)	-	-
Afghanistan Community Resilience & Livelihoods (UNOPS)	-	1,184,717	(1,184,717)	-	-
Resilience Building Program-Ghor (WFP)	-	1,100,205	(1,100,205)	-	-
Faragir Project (EU)	-	813,373	(813,373)	-	-
Cash for Food Assistance-Daikundi (UNOCHA)	-	814,207	(814,207)	-	-
Winterization Assistance (RA 2022) Project (UNODC)	-	593,562	(593,562)	-	-
Winterization Assistance (3rd RA 2022) Project (UNODC)	-	591,698	(591,698)	-	-
Provision of emergency WASH supplies (SMG RA3)-(UNOCHA)	-	530,369	(530,369)	-	-
Provision of emergency WASH supplies (BDK RA3) -(UNOCHA)	-	368,833	(368,833)	-	-
Provision of emergency WASH supplies (Ghor RA3)-(UNOCHA)	-	315,143	(315,143)	-	-
Others	445,069	1,674,563	(1,674,563)	38,300	-
Gift in Kind	-	1,607,723	(1,607,723)	-	-
TOTAL	445,069	**17,371,070**	**(17,854,439)**	**38,300**	-

NOTE 16.2: APPEAL FUNDS MOVEMENT (2023)	At 1 January 2023 £	Income £	Expenditure £	Gains, (Losses) £	Transfers £	At 31 December 2023 £
Crisis Appeal Program Funds	528,347	30,661	(250,949)	(1,006)	-	307,053
By Her Side Appeal Funds	163,975	-	(13,885)	-	-	150,090
The Times & Sunday Times Appeal Funds	268,121	253,830	(77,783)	(15,380)	-	428,788
Earthquake Appeal	-	68,654	(35,456)	275	-	33,473
TOTAL FUNDS	960,443	**353,145**	**(378,073)**	**(16,111)**	-	919,404

NOTE 16.3: FUNDS MOVEMENT (2022)	At 1 January 2022 £	Income £	Expenditure £	Gains, (Losses) £	Transfers £	At 31 December 2022 £
Endowment Funds:	150,000	-	-	-	-	150,000
Total Restricted Funds	-	15,118,377	(14,673,308)	-	-	445,069
Total Unrestricted Funds						
Designated Contingency Funds	450,000	-	-	-	-	450,000
Appeal Funds (Note 16.4)	1,357,085	556,845	(1,075,616)	122,129	-	960,443
Fixed Assets Reserve	35,242	-	5,845	11,132		52,219
General Funds	981,652	905,640	(575,523)	(269,549)	-	1,042,220
Subtotal	2,823,979	**1,462,485**	**(1,645,294)**	**(136,288)**	-	2,504,882
TOTAL FUNDS	2,973,979	**16,580,862**	**(16,318,602)**	**(136,288)**	-	3,099,951

NOTE 16.4: APPEAL FUNDS MOVEMENT (2022)

	At 1 January 2022 £	Income £	Expenditure £	Gains, (Losses) £	Transfers £	At 31 December 2022 £
Crisis Appeal Program Funds	1,357,085	141,929	(1,075,616)	104,949	-	528,347
By Her Side Appeal Funds	-	157,490	-	6,485	-	163,975
The Times & Sunday Times Appeal Funds	-	257,426	-	10,695	-	268,121
TOTAL FUNDS	1,357,085	**556,845**	**(1,075,616)**	**122,129**	-	960,443

NOTE 17: RELATED PARTIES

There were no related party transactions in 2023 (Nil 2022).

END

AFGHANAID

England & Wales - Charity number 1045348

Accounts

Afghanaid

For peace and prosperity



Annual Report 2022

Company No. 3034888, Charity Nos. England and Wales 1045348 and Scotland SC044614

Report and Financial Statements For the Year Ended 31 December 2022

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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	Mr Christopher Kinder (Chair) Ms Elizabeth Winter, OBE (Vice-Chair) Ms Pauline Hayes CBE (Secretary) Ms Mary Mountain, FCA (Treasurer) Dr David Page Mr Shirazuddin Siddiqi Dr Orzala Ashraf Nemat Dr Martin Greeley Mr Anthony Fitzherbert, OBE Mr Mark Bowden, CMG Mr James Sinclair Taylor - from Jan 22 Mr John Hayward - from Feb 22
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 Johannes Jansen, Acting 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	Barclays Bank Plc. London Corporate Banking Group 1 Churchill Place London E14 5HP Azizi Bank - Main Branch Zanbaq Square, Shar-e-Naw Kabul, Afghanistan AIB Bank Airport Road, Bibi Mahro Kabul, Afghanistan
Solicitors	Russell-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

It gives me great pride and satisfaction to introduce this year's Annual Report. Through 2022, Afghanistan faced one the most challenging years in memory, one in which Afghanaid once again demonstrated great agility and creativity to adapt, developed a new five year strategy, scaled up operations to meet the immense needs of some of the most underserved communities in Ghor, Daykundi, Badakhshan and Samangan provinces and worked with five national and international partners to implement projects in another nine provinces.

In the wake of the Covid pandemic, the withdrawal of international troops, the Taliban's return to power, and then the imposition of international sanctions and withdrawal of much international development financing in 2021, the Afghan economy and population teetered on the precipice. The financial and banking crises that ensued increased the cost and difficulty of transferring money to Afghanistan and then moving money around the country, the result being that often businesses and the Taliban authorities were unable to pay salaries and there was a massive rise in unemployment. Meanwhile, the people of Afghanistan faced the third drought in four years, dramatically reducing productivity in the agricultural sector that 80% of the population depends on. The United Nations estimated that 28 million people - 63% of Afghanistan's population - needed humanitarian assistance to survive, most especially food assistance. The Taliban authorities did not make the situation any easier, imposing bureaucratic impediments that delayed assistance, and in some instances, threatening humanitarian workers and actively diverting aid. Then shockingly, on December 24th, the authorities imposed a ban on Afghan women working for NGOs, making it much harder to assist many of the neediest families.

Through the year, our Communications and Fundraising Team in London, continued to show creativity and dynamism, allowing us to garner considerable support from the British public, as well as trusts and foundations, for which we are deeply grateful. A particular highlight was our participation in The Times and Sunday Times Christmas Appeal which generated very favourable publicity and tremendous financial support. Public funding enabled us to supplement and thereby take on more grants from institutional donors, such as the World Food Programme and the UN Food and Agriculture Organisation, allowing us to significantly scale up emergency food, cash, and shelter assistance; as well as to distribute large volumes of improved wheat and vegetable seed, fertiliser, and animal feed, to help families through the worst of the drought.

As the year progressed - recognising that the only way for rural families to

overcome food insecurity, repay borrowed funds, and generate an income with which to afford essentials, is for them to grow enough food themselves and re-energise rural economies - our Programme Development and Programme Implementation Teams began to focus on longer-term programming. This programming focuses on promoting better moisture retention in the hillsides, replenishing water tables and facilitating sufficient irrigation, and additionally supports farmers to grow more, better quality crops, raise healthy livestock and diversify their income streams. Furthermore, we expanded our water, sanitation, and hygiene (WASH) programming to provide clean drinking water and promote better health. In implementing much of the related watershed management and community infrastructure work, we recruited seven thousand locally underemployed men and women and paid them a daily wage, which allowed them to put food on their families' tables. We are excited that several other longer-term programmes addressing basic needs and livelihoods are in the pipeline for 2023.

Meanwhile, our Finance Team repeatedly overcame challenges in transferring funds, working with donors, banks, and money service providers, so that we could move funds into Afghanistan, pay staff and suppliers and deliver cash directly to families in need.

In December, when the Taliban authorities banned our Afghan female staff from working, we immediately suspended operations while we worked with partners, the UN, donors and sister organisations to find workable solutions which would enable us to continue to support female project participants and enable our women staff to continue to be meaningfully involved in that work. As 2023 dawned, serious challenges lay ahead but we were determined to protect our staff and continue to deliver support to the people of Afghanistan.



Report of the Trustees

The trustees present their report and audited financial statements for the year ended 31 December 2022.

The reference and administrative information on page 3 are 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, and 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, 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 meets quarterly with the Security Team Leader and the Managing Director. In 2022 two new Board of Trustee committees were constituted, the Finance Committee and the Programme Committee, with the Finance Committee meeting for the first time in December 2022, alongside the Managing Director, Director of Operations, Deputy Director of Finance and Administration, Deputy Director of Human Resources, and the Head of Communications and Giving. The Programme Committee will meet for the first time in April 2023, along with

the Managing Director, Director Programme Implementation and Quality, Director of Programme Development and Resource Mobilisation, and several other relevant staff. The Managing Director liaises bi-weekly with the Chair of the Board of Trustees to consult and receive support and guidance. The Director of Finance and Operations meets monthly with the Treasurer to consult and receive support and guidance.

Trustees are required to disclose all relevant interests and 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. If a project requires a significant amount of time from a particular trustee, 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 similar NGOs. Directors' salary increments between 0% and 5% are applied based on their performance; these are proposed to and reviewed by the Board of Trustees.

Afghanaid aims to adjust staff salaries in line with inflation, to retain purchasing power year on year. A cost-of-living adjustment (COLA) is applied annually subject to affordability. For International Hire and UK-based staff, the rate is calculated based on the UK inflation rate published by the Bank of England; for National Hire staff, the Operations Department averages out the World Bank, IMF, or Asian Development inflation rates. In addition, and being cognisant of the difficulty of retaining International Hire staff, Afghanaid rewards tenure by applying 2.5% annually to their salaries. 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. It refers to the Charity Commission's general guidance on Public Benefit when reviewing its aims and objectives and 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 that 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 takes the safeguarding of its personnel and stakeholders very seriously and has in place key policies to prevent and protect its staff and project participants from discrimination, sexual exploitation, abuse and harassment.

These policies include but are not limited to polices on safeguarding, diversity and inclusion, workplace harassment, social media, and protection of children and vulnerable adults. Each policy and procedure is reviewed every three years, and revised as necessary. We have in place a Code of Conduct that all personnel are required to sign upon joining, and all personnel receive safeguarding training soon after joining the organisation, further refresher training is conducted for all personnel annually. Moreover, members of the Board of Trustees participate in safeguarding training annually. We have a tried and tested stakeholder complaints and feedback policy and mechanism, as well as a whistleblowing policy. The Whistleblowing policy provides all staff and stakeholders access to designated members of the Board of Trustees, the Managing Director and/or the Deputy Director for HR to lodge a complaint. Furthermore, we are a member of the UN administered Awaaz Inter-Agency Communications and Accountability Centre, a call centre through which affected populations can access information and register feedback on our assistance programmes and personnel.

Whenever a report of a safeguarding breach is received a project participant or other stakeholder is identified, the Managing Director appoints a small investigation committee of suitably qualified personnel; the committee develops a term of reference tailored to the specific incident; the investigation is conduced and a report with recommendations is presented to the Managing Director, the Deputy Director for HR and the two designated Trustees for consideration and decision-making. The Directors, while maintaining appropriate confidentiality, consider the status and resolution of any safeguarding issues on a quarterly basis and the Managing Director, continuing of maintain appropriate confidentiality, also reports to the Board of Trustees each quarter on the status and resolution of any safeguarding incidents. Any serious incidents will be reported to any project donor concerned and to the Charity Commission for England and Wales.

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 gathering references from other donors and partners. It 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 based on the principles provided by the Charity Commission in its guidance on charity fundraising (CC20) published in November 2016. Afghanaid does not use professional fundraisers or commercial organisations to carry out its activities. Every care is taken to protect vulnerable people and other members of the public from unreasonable behaviour or places an individual under undue pressure. During the year, we did not receive any fundraising-related complaints.



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 NGOs in the country.

Today, Afghanaid's dedicated personnel work in some of Afghanistan's most remote and inaccessible areas, serving tens of thousands of families at risk of exclusion and poverty.

In the early years, from our initial base in Peshawar, Pakistan, we delivered humanitarian relief to Afghan refugees and, braving conflict in Afghanistan, provided essential services such as delivering food, medical supplies and agricultural and livelihood 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 significant 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 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, the situation in Afghanistan shifted again, with drought affecting the country in three of the past four years and intensification of the conflict leading up to the Taliban's return to power in 2021. This has been followed by the withdrawal of much of the longer term international development assistance and the freezing of central bank reserves, creating an economic and financial crisis which has combined to force millions more people into extreme poverty and food insecurity. In response, we expanded the emergency humanitarian relief components of our work, sustaining families through crisis, helping them recover, and supporting them in building long-term resilience.

Present Day

Afghanaid's head office is located in Kabul. In 2022, we worked directly in Daykundi, Ghor, Samangan, and Badakhshan provinces, implemented projects through partners in Khost, Paktia, Takhar, Bamyan, Sai Pul, Jawzjan, Balkh, Faryab and Herat. We also maintained our small but dynamic Communications and Fundraising Office in London, United Kingdom.

At the end of 2022, Afghanaid employed 775 people. This figure included 14 international staff based in Kabul and seven staff in London. In total, 33% of our staff were female.

During 2022, we took stock of the changed situation and rolled out a new strategy and five-year plan, which reaffirmed our four main programme pillars, that is: providing essential basic services for all; supporting communities to adapt to the ravages of climate change and reduce their exposure to disasters; promoting economic opportunities, sustainable livelihoods and food security; and assisting when humanitarian crises strike. Additionally, through all our projects, we pay special attention to gender and inclusion, good governance and community development, and conflict mitigation and peacebuilding.



We deliver **basic services for all**, including 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.

Our **climate change adaptation and disaster risk reduction work** involves creating water, forest and rangeland management associations and providing inputs for communities to conserve and manage their natural resources such as water, forests, and rangelands and adapt to the impacts of climate change: preventing deforestation, overgrazing and erosion and improving soil quality on irrigated and rainfed land. This work also entails working with communities to assess hazards and providing them with the training and support they need to take pre-emptive actions to mitigate disasters, and strengthening communities' capacities to effectively respond to and manage disasters when they occur.

Providing **economic opportunities, sustainable livelihoods and food security** entails working with farmers and their families to improve agricultural and animal husbandry techniques; providing vocational training and support for small enterprise development, especially among women; and introducing innovations that add value for farmers and entrepreneurs and improving access to markets. All of which lead to improved productivity, incomes, food security and nutrition.

When disaster strikes, we respond immediately with **emergency humanitarian assistance**, providing food, clean water, shelter, and sanitation, or cash to support these needs both amidst a crisis, or in the aftermath. And once the immediate disaster is over, we assist communities to 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 incorporated as cross-cutting themes across all our projects. These themes occasionally also form the basis of stand-alone projects. Afghanaid believes that working with both men and women is necessary for Afghanistan to achieve political and economic stability. We work with both sexes in all 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, ensuring that services and development align with the needs and priorities of under-represented communities.



Richard Pohle/The Times.

Our Programmes in 2022

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 in solving 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.

Basic Services for All

40 years of conflict, widespread corruption, and poor governance have wreaked havoc on the Afghanistan economy and held back development of the country's infrastructure and basic services, keeping people in poverty.

During 2022, Afghanaid launched its successor to the long-running National Solidarity Programme (NSP) and the Citizens' Charter Afghanistan Programme (CCAP), the Community Resilient Livelihoods (CRL) Programme. The objectives being to revitalise Community Development Councils in 727 villages across five provinces and identify essential community infrastructure that would enable livelihoods, such as roads and irrigation canals, and then coordinate teams of local workers to undertake the construction, thereby earning daily wages that will protect families from the financial crisis.

We also implemented programmes focused on water, sanitation, and hygiene (WASH): constructing wells, reservoirs, and pipe-schemes to bring clean drinking water to over 15,500 families for the first time, while again providing short term employment to thousands of community members.

Climate Change Adaptation and Disaster Risk Reduction

Due to extreme vulnerability to climate change, its geographical location and years of environmental mismanagement and degradation, Afghanistan is highly prone to droughts, floods, avalanches, landslides, and earthquakes. Such cataclysmic events destroy livelihoods and property, uproot families, injure and kill family members and livestock, setting back development gains and holding families in poverty for years. The past year was no exception with Afghanistan experiencing its third drought in four years.

During the past year, with financial support from Swedish International Development Cooperation Agency (Sida), Swiss Development Cooperation (SDC), and German Agency for International Cooperation (GIZ), as well as several trusts and foundations, we concluded several projects and launched new ones across our target provinces, to support communities adapt to climate change and mitigate the risk and impact of disasters. Taking a community-led eco-system approach, we guided communities to landscape watersheds, dig terraces and trenches and construct gully plugs, check dams, ponds, and reservoirs, as well as plant trees, fodder crops and grasses. These interventions improved eco-systems, conserved soil and water, restored groundwater, increased vegetation and reduced the risk of floods and drought. Such restored eco-systems allow rural communities to manage water and land more sustainably, curtail negative coping mechanisms, expand the land under irrigation, and thereby allow

families to diversify crops and increase yields. And by paying local unemployed and underemployed men and women to perform this work, we create thousands of jobs that put money in people's pockets and food on their tables.

In 2022, we worked on 6,751 hectares of land, to protect a total 375,701 people in 295 communities.



Landscaping watersheds, such as by digging trenches on hillsides, helps to reduce soil erosion and flash flood

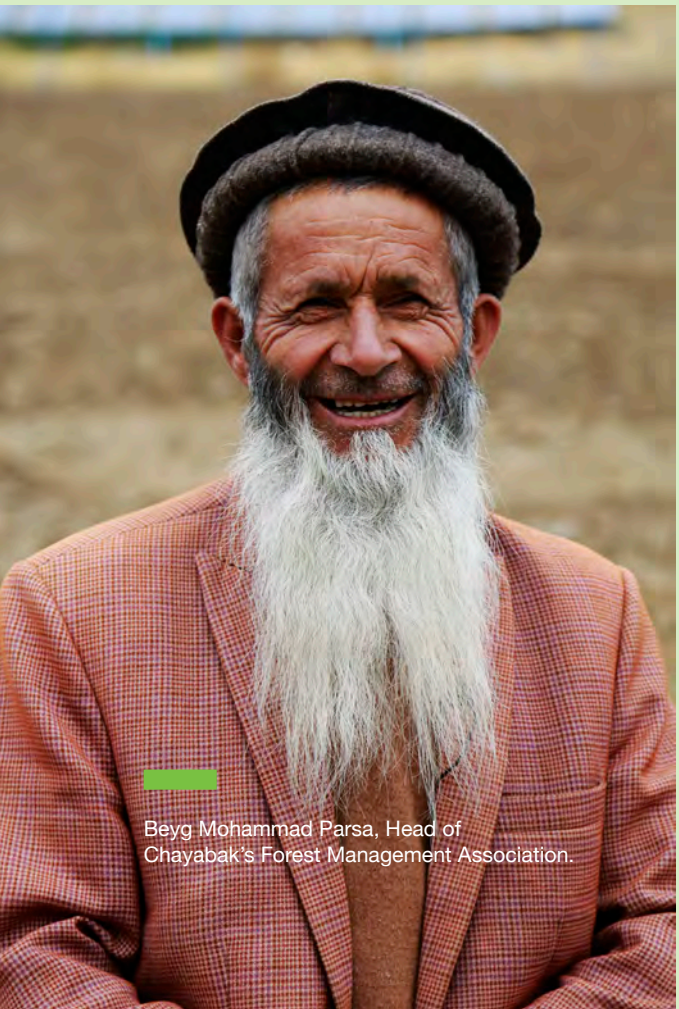
Success Story

Bringing Water, Trees, and Employment Opportunities to Chayabak Village

Chayabak village sits nestled amongst the dramatic Hindu Kush mountains of rural Badakhshan. People living in this village are already facing the heavy consequences of the changing climate - in recent years, both floods and droughts have intensified in the area, making it difficult for local people to rely on their harvests for food and income, while fearing that their homes and livelihoods will be swept away by floods.



To curb some of the consequences of climate change, we've been supporting villagers to replant vegetation and effectively preserve water and irrigate their lands, helping them to better protect themselves from increasingly frequent natural disasters whilst improving their access to clean water.



Beyg Mohammad Parsa, Head of Chayabak's Forest Management Association.

"In the past, people did not know the negative effects of destroying and damaging forests. People cut down and destroyed our forests," Beyg Mohammad Parsa, the newly appointed head of Chayabak's Forest Management Association, told us, "The resulting floods really hurt people."

Trees have long been casualties of poverty and war in Afghanistan, with many people having little choice but to cut down forests to build houses and keep warm in winter. But trees play a vital role in keeping people and properties safe from flooding. Their canopy cover helps reduce the speed at which rainfall hits the ground, and their root systems help water penetrate deeper into the soil, resulting in less surface run-off and thus lowering the chances of flash floods.

"We want to plant forests here to prevent diseases caused by polluted air and to prevent floods and soil erosion." Beyg Mohammad's Forest Management Association now leads on reforestation efforts in the village and supports the delivery of training sessions to local people, ensuring that they understand why replanting trees is so important in reducing flooding.

As part of this project, we've also employed people from over 130 households in Chayabak and surrounding villages to build irrigation and flood protection infrastructure in their area. "On the one hand, this solves their financial problems, and on the other hand, the wall prevents floods from damaging our houses and lands," Beyg Mohammad reflected.



Abdul Raseq, a villager who earned a daily wage for his work on Chayabak's new water reservoir, alongside his wife and daughters.

One of the villagers who earned daily wages for participating in the construction of irrigation and flood protection infrastructure was Abdul Raseq, and as a result, he was able to afford for his children to start attending school.

"Previously, I was unemployed and there were no jobs available." Reflecting on the challenges of the last year, in which unemployment and food prices have skyrocketed, it was a relief for Abdul Raseq to find work in his village, "Thank God, this job was provided for me and I found a purpose."

Economic Opportunities, Sustainable Livelihoods and Food Security

At the start of 2022, Afghanistan's currency and economy were in freefall; unemployment and levels of personal debt had skyrocketed; and the drought looked set to continue for another year. According to the UN, the number of Afghans living in poverty, and unable to produce or afford enough food to feed their families, reached 28 million, 63% of the total population. Afghanaid, while providing emergency humanitarian assistance to the neediest in our areas of operation, recognises that the only way out of an economic crisis and food insecurity, is for rural people to grow and sell more food, and build resilience. Therefore, in 2022 we continued support to 4,520 women in 226 self-help groups. To increase their economic independence, we distributed poultry and essential supplies alongside providing training in poultry rearing, dairy processing and enterprise development. To a total of 5,882 farming households, we distributed a variety of improved seeds and fertiliser, concentrated animal feed and administered de-worming treatment to 53,889 animals. Additionally, we distributed power tillers to 2,000 farming households. In the latter part of the year, we launched a large Foreign, Commonwealth and Development Office (FCDO)-funded project across seven provinces to support emergency rural livelihood recovery.





Success Story

Malika is Sewing Her Way to a Brighter Future

32-year-old Malika lives in a remote village in the central highlands of Afghanistan. Malika and her husband were among the millions of couples in Afghanistan who have been unable to make ends meet for their loved ones amidst drought and economic difficulties, which had impacted the ability of Malika's husband to earn enough through his small piece of rain-fed land. Malika also has a chronic illness, and the family were struggling to afford the medicine she needed. She also had believed that her ability to help contribute to her family's income was limited.

When Afghanaid introduced Malika to dressmaking, providing six months of training and the basic equipment and materials with which she started a small home-based enterprise, she was able to earn money for the very first time in a way that suited her needs.

"Before I started working, I was a housewife and took care of my children. Later, I studied for six months on one of the courses run by Afghanaid, and now I am a tailor," she reflected. "In the past, I was in a very bad situation. Since I started sewing, I have been helping my husband with our household expenses, and I also help my children."

“I am sick and everyone in the village knows it. Afghanaid gave me a sewing machine and after that I started sewing clothes. I used the money I earned for my treatment and also bought medicine for myself.”



Malika is now earning enough that as well as supporting her own health needs, she is supporting her family’s future. “I have bought clothes, pens and notebooks for my children. I am also sending them to a training course to study. I am very happy with my tailoring business and with Afghanaid.”

In the past year, Afghanaid has also formed a women’s self-help group (SHG) in Malika’s village, to provide women with the financing, networks and support they need to grow their small businesses. Malika jumped at the chance to get involved. Now, the group generates savings for its members, which can be borrowed to support urgent needs or other micro-enterprise activities.

Zahra, another member of Malika’s SHG, reflected on why the group is so important to them, “As you know, Afghanistan is going through a lot of changes and especially women face a lot of challenges. When we get together, we learn about each other’s situations, problems and troubles. This is very important because a person cannot solve their problems alone. But when you share them with another woman, she can give you better advice.”



Malika’s Self Help Group.

Emergency Humanitarian Assistance

The collapse of the Afghan economy, due to the intensification of the conflict, the Taliban return to power and the resulting international sanctions coupled with two successive years of drought, created what the UN has labelled the worst humanitarian crises in the world. Families throughout the country struggled to feed themselves and their livestock or afford even basic medicines. Afghanaid, with very generous financial support from the British public, augmenting funding from the World Food Programme and the UN Afghanistan Humanitarian Fund, responded by urgently delivering food assistance to 26,899 households (approximately 188,293 men, women, and children) as well as supplemental nutritional food to 14,016 children and lactating and expectant mothers. We distributed shelter and multi-purpose cash assistance to a further 9,956 families and reconstructed 1,824 houses destroyed by conflict or flooding. To help vulnerable rural families keep livestock alive through the winter months we urgently provided concentrated animal feed to 3,000 households.

In total, through our emergency humanitarian assistance programming, coupled with our cash for work and other emergency livelihoods work, we reached a total of 1.5 million people during this difficult year.



A man carries flour at a food distribution site in Ghor Province.
Richard Pohle/The Times

Success Story

Rebuilding Homes, Restoring Communities

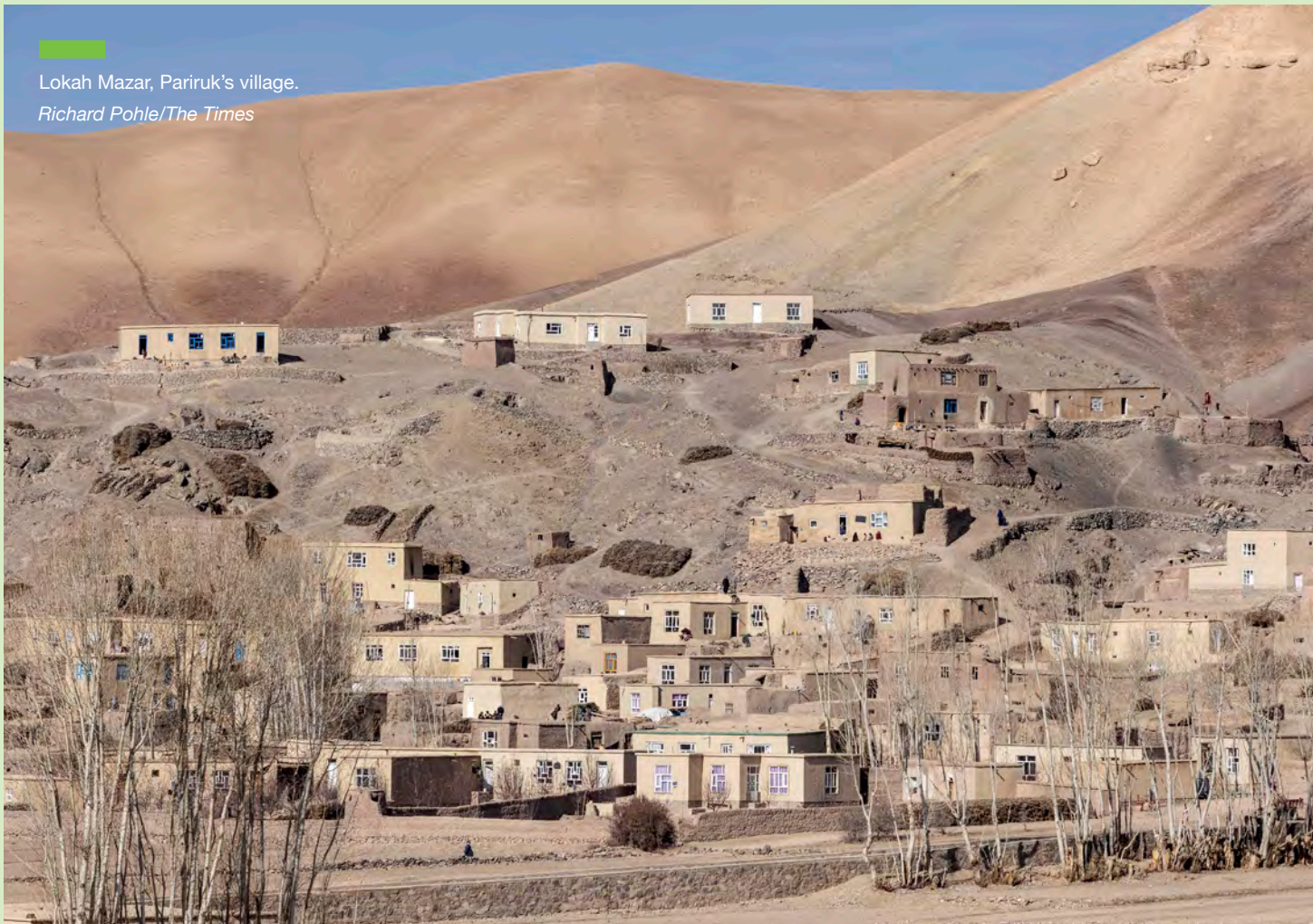


Pariruk with her granddaughters.
Richard Pohle/The Times

Parirukh, 70, lives with her daughter-in-law Farkh and three granddaughters in Ghor province. Sadly, a few years ago Parirukh's son was killed during the war when their village, Lokah Mazar, was caught in fighting between opposing sides.

Parirukh recalled how difficult it was for her to lose her son. Not only was she mourning the loss of her child, as she was unable to work, she and her daughter-in-law found themselves in an extremely difficult situation. With no income and struggling to make ends meet, they were forced to rely on other relatives for support and food. After some time, her daughter-in-law started selling enough of her embroidery work to keep them afloat, and this business became the primary source of the family's income. However, the relief was short-lived.

In May 2021, fighting between armed groups once again intensified in and around Pariruk's village, forcing her and her family - alongside many members of the same village - to leave in search of safety. They were not able to carry any of their belongings with them.



Lokah Mazar, Pariruk's village.
Richard Pohle/The Times

When Pariruk and her family returned to their home, they did not imagine what they would encounter. “When the fighting finished, we returned to the village and saw everything in ruins. It was no less than dying to see that our home was destroyed. We didn’t have anything.”

Nearly every resident of Pariruk’s village was affected, with over 100 homes completely destroyed, and others severely damaged. Many families in the area were already facing acute financial difficulties before they lost their homes, meaning they could not afford to rebuild. To keep a roof over their heads, Parirukh and her family were forced to move to her daughter-in-law’s family´s house in Ferozkoh, the provincial capital.

In summer 2022, Afghanaid started working in Lokah Mazar village as part of the AHF-funded Transitional Shelter project to help restore homes and rebuild communities in Ghor, ultimately helping over 1,505 families in the area to access safe and secure shelter.

In the first week of December, families started moving back into Lokah Mazar village, into their newly constructed and repaired homes. Pariruk and her family were thrilled to return to the village, and to help them get back on their feet, the family also received unconditional food assistance from Afghanaid.

“We are happy there is no more fighting and that we have a home.” Parirukh said. Her neighbour, Ghulam Sarwat, said that when all the villagers had returned to the community, “We will have a celebration with them and all our neighbours too and welcome everyone who has come home at last.”



Children from the village take a peek inside one of the newly constructed homes.

Richard Pohle/ The Times

Cross Cutting Themes



Gender and Inclusion

Afghanistan has always been considered one of the hardest places in the world to be a woman: even though considerable gains had been made over the previous two decades, most girls did not go to school, most women were still illiterate, and only few women were able to work outside of their homes or travel unaccompanied by a male family member.

The Taliban's return to power in 2021, despite promises to the contrary, created much anxiety for men and women alike, that recent gains would be quickly eroded. Indeed, this was very much the case during 2022, female government employees were told not to report to work; in June, though adolescent girls had been expecting to return to school, on the day of their anticipated return, schools were closed to them until further notice; women were banned from accessing public parks; then, in December, the Taliban imposed a ban on Afghan women working for NGOs.

Throughout 2022, Afghanaid, remaining true to our values, our vision and mission, continued to include both men and women in all our programming, and of the primary project participants reached, 37% were women. Of note, we rolled out two women's economic empowerment projects: Ignite (Light in Persian) and Spotlight, aimed at supporting women's economic resilience. We continued liaising with religious leaders and community influencers to deliver training and workshops on women´s rights through an Islamic perspective.



Success Story

A Thriving Mother-Daughter Partnership

Halima, a 42-year-old mother of seven, from Samangan Province, is the primary income earner of her family. Her husband is disabled and unable to work.

Halima used to weave women's shawls and sell them in her neighbourhood for a very small income. Then four years ago, Halima participated in our hand embroidery training and learned how to decorate the shawls to add value. Having perfected the techniques, she passed them on to her elder daughter. Working together they increased their profits and enabled them to provide for their family. However, it was still difficult for them to gain access to markets where they could sell them, and they remained poor.

In 2022, Halima joined a self-help group, formed by Afghanaid. Through this group, Halima and her daughter developed their embroidery skills further, and learned about marketing and business management.

Halima now says: "I sew the shawls while my daughter does the embroidery. We received purchase requests from customers, and sometimes we can sell in the market. I am very happy. I plan to improve my small business; my daughter will help me. We will work hard so the children have a better life in the future and don't face economic problems."

Good Governance and Community Development

Four decades of conflict, as well as repeated changes in the system of government, including the Taliban's return to power in 2021, have meant that Afghanistan's state institutions remain weak and out of touch, especially with the more remote communities, and governance arrangements are weak.

Afghanaid therefore applies community-based and inclusive approaches that support rural communities to effectively participate in their own governance. Collaborating with religious scholars, influencers, and community leaders, Afghanaid seeks to establish representative community councils and engage them in all our projects.

In 2022, we revitalised Community Development Councils (CDCs), established Watershed and Rangeland Management Committees, as well as Self-Help Groups (SHGs), that helped create a conducive environment for awareness raising, dialogue and decision-making. These groups give input to needs assessments and project designs, socialise projects throughout their communities, and support the identification of project participants most in need.



Conflict Mitigation and Peacebuildin

Even with relative peace accompanying the Taliban's return to power, it will require time, effort and understanding, by all factions, to achieve a lasting peace in Afghanistan.

Recognising the new context and drawing on our expertise in community led development and natural resource management, Afghanaid is committed to integrating conflict mitigation and peacebuilding into our projects to support the peacebuilding process; in 2022, we introduced this third cross-cutting theme into our strategy.

During the year, with support from UN Women and Avaaz, we delivered training to a total of 728 women in conflict mitigation. We entered a partnership with the largest peacebuilding NGO in the world, Search for Common Ground, and by year's end secured project funding from the UK Government' Conflict, Stability and Security Fund (CSSF). This project signifies a crucial step towards a more comprehensive approach to conflict mitigation and peacebuilding.



Richard Pohle/The Times

2023 Programme Plans

While there were some hopeful developments in the latter half of 2022, including stabilisation of Afghanistan's currency, reduced inflation, increased tax revenue, and a decline in corruption, by year's end, the humanitarian crisis looked set to continue through 2023.

The key drivers in 2023 will be multidimensional: drought, climate change, and the continuing economic crisis, and protection threats, particularly for women and girls. The levels of debt accumulated by rural families over the past two years of drought and poor harvest will take several years to recover from, and the Taliban government's policies towards girls and women have created great anxiety and will have a profoundly impoverishing impact on millions of families. According to the UN's Humanitarian Needs Overview 2023[1], "a staggering 28.3 million people (two thirds of Afghanistan's population) will need urgent humanitarian assistance in order to survive," and with this reality, 17 million people will face acute hunger, including 6 million people at emergency levels of food insecurity, one step away from famine – one of the highest figures in the world.

In this context, Afghanaid will continue to deliver emergency food, winterisation, and multi-purpose cash assistance to at least 41,000 households, representing an estimated 287,000 people, across our target provinces. We will also expand our assistance to communities to combat the ravages of climate change and revitalise watersheds, retaining moisture in the hillsides and protecting and restoring soil quality, and thereby improving the conditions for both crops and livestock.

[1]https://www.unocha.org/afghanistan

With grant funding from the UK's Foreign, Commonwealth and Development Office (FCDO), the United Nations Office for the Coordination of Humanitarian Affairs (UN OCHA), the World Food Programme (WFP), and the United Nations Office for Project Services (UNOPS), we and our local implementing partners, Coordination of Humanitarian Assistance (CHA), Rural Rehabilitation Association of Afghanistan (RRAA) and The Liaison Office (TLO), will expand our work in basic services, constructing and maintaining rural community infrastructure, such as water storage tanks, irrigation canals, water wells, water pipe schemes, waste disposal systems, retaining wall and access roads, across twelve provinces. In implementing this work, as well as much of the above watershed restoration work, we will provide short-term, cash-for-work assistance to over 100,000 local men and women, and thereby support an estimated further 600,000 family members.

In implementing our programme plans we will pay very close attention to the new restrictions on women working with NGOs and ensure that women continue to play a meaningful role in programme delivery. To this end, we will modify job descriptions as needed; equip all of our female staff to work effectively from home; select female community leaders to play the role of community facilitators to reach our female project participants across their communities and ensure their meaningful participation.

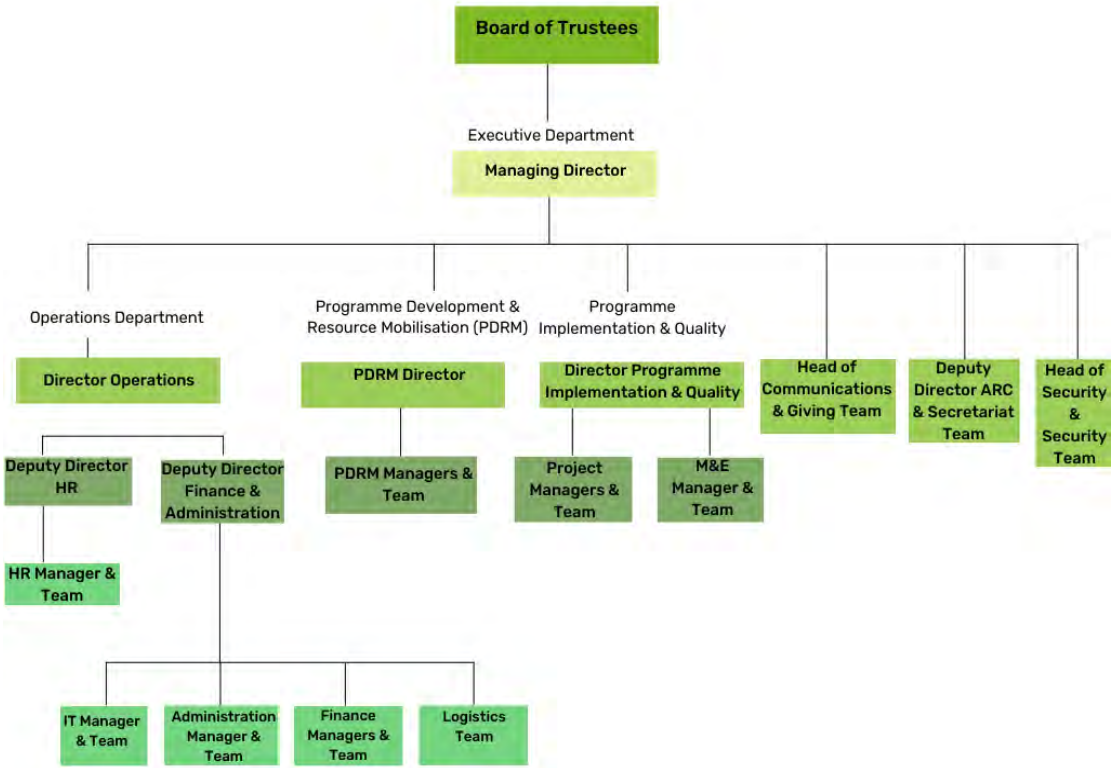


Girls in a WASH committee training session.

Richard Pohle/The Times

Afghanaid People

To maintain Afghanaid's reputation as an impactful, professional organisation among the most respected NGOs in Afghanistan, we always endeavour to attract and retain the most technically competent, innovative, and driven personnel, who actively contribute to achieving Afghanaid's mission and vision. The organisation is structured according to the following organogram:



During the year, we employed an average of 418 Afghan national staff, 7 UK-based staff and 10 international staff based in Afghanistan; and we finished the year with a total of 775 staff. On average, 33% of our staff were female[2]. The staff turnover rate for the year was 1.4%, an increase of 0.5% on 2021.

We continued to provide induction and refresher training on Afghanaid's policies, including safeguarding, fraud and corruption, diversity and inclusion, complaints and feedback mechanisms, and whistleblowing, to all new and existing staff members. In total 795 personnel participated in these training sessions in 2022. 328 staff received training on security-related topics, including counter surveillance, humanitarian negotiation and NGO safety and security. All finance staff participated in financial training, including treasury management and vendor reconciliation. Our Programme and M&E Teams participated in training on gender and inclusion, geographic information systems, quantum geographic information systems and remote monitoring. We continued to support our staff in higher education. One female team member completed an online postgraduate Diploma in Monitoring and Evaluation.

2 For this figure, we discount guards, warehouse watchmen and drivers, positions for which, in the remote rural areas where we work, it is still culturally unacceptable for women to be employed in these roles.

Staff Spotlight



Suleiman Khalisyar

Project Manager

Suleiman Khalisyar started working for Afghanaid in 2002, first in the Administration Department, then in the Programmes Department.

21 years working with Afghanaid in remote areas of Samangan and Badakhshan has made him one of the most capable and experienced Programme Managers in Afghanaid. He has overseen numerous projects focused on each of Afghanaid's programme pillars, including basic services, improved livelihoods and food security, climate change adaptation and disaster risk reduction, as well as emergency humanitarian assistance.

When talking about Afghanaid, Suleiman pointed out how working with Afghanaid provided him the opportunity to develop and grow his professional skills.

"We all say that Afghanaid is a like a university; anyone working here gains great knowledge and builds their capacity through training, education support, and experience, but, especially from the high standards and fast-paced work environment."

Regarding the recent restrictions placed on his female colleagues, Suleiman said how sorry he feels for all Afghan women affected by the ban. He told of how difficult the ban makes it to deliver assistance for all Afghans in this time of need. And he said, "Here, in the Programme Department, we have identified several ways to engage our sisters (colleagues) effectively and continue to reach women and girls in our target communities. Right now, I am working hard and trying think creatively to both keep female colleagues meaningfully engaged, and to apply technology and devise new ways of working, to ensure that female community members play meaningful roles in determining the training and assistance their families receive, ensuring it reaches the right people, and is utilised effectively.

Staff Spotlight



Ayub Khan

Deputy Director of Finance and Administration

Ayub Khan, Afghanaid's Deputy Director of Finance & Administration, joined the organisation in 2010.

He said that by working with Afghanaid, helping to ensure that it is a financially viable and accountable organisation, he is fulfilling his conviction to support the less well-off among his people and helping his country to prosper. He said, "Afghanaid´s assistance and way of working is really impactful, especially in provinces where we have worked for many years. It is really rewarding for me to see this."



Speaking about the current humanitarian crisis and the situation for women, Ayub said, "It is deeply concerning. As Deputy Director of Finance and Administration, I see numerous challenges affecting the Afghan economy and the operations of organisations like Afghanaid. The banking system has just survived the past year, but it is still fragile. International banks are still reluctant to re-establish intermediate services, creating delays and worst of all making it very difficult to support people in urgent need of humanitarian assistance."
Further, Ayub believes that the ongoing deterioration in women's rights will have a long-lasting and profound impact on Afghanistan's future. He says, "both men and women must be able to contribute to Afghanistan's development, if women are removed from the economy, unable to work in services and commerce, we will not be able to thrive as a country, alongside our Moslem neighbours and the rest of the world."

Specifically of the plight of his female colleagues since the Taliban's December 2022 ban on women working in NGOs, Ayub said, "While they are working remotely, I do my very best to consistently engage female colleagues in day-to-day operations and ensure they are part of decision-making. I continue to try my best to build their capacity and create opportunities for their future, so they can still grow and be promoted."

Our Donors and Supporters

In 2022, Afghanaid received humanitarian and development funding from the following institutional donors:

- Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)
- 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)
- United Nations Women (UN Women)
- United Nations Office for Projects Services (UNOPS)

We were especially grateful to these donors for their steadfast support despite the challenges of sanctions, fund transfers, and the political actions by Afghanistan's de facto authorities.

We also received funding from the following 40 Trusts and Foundations:

- Avaaz Foundation
- Andre Bernheim Charitable Trust
- CHK Foundation
- Christians Aware Charity
- Evan Cornish Foundation
- Fitzherbert-Brockholes Charitable Trust
- Give2Asia
- Harbinson Charitable Trust
- P&G Charitable Trust
- Roger Stirk Charitable Trust
- Seaton Family Trust
- Slaughter and May Charitable Trust
- Sue Rouse Charitable Trust
- The Alligator Charitable Trust
- The Bernadette Charitable Trust
- The Brooke Hospital for Animals
- The Cecil Pilkington Charitable Trust
- The Corvo Foundation
- The Day Group Ltd
- The David and Kathleen Harvey Trust
- The Dinkin Family Trust
- The E M McAndrew Trust
- The Flavia Nunes Charitable Trust
- The Gilmour Charitable Fund
- The Grocers' Charity
- The Helen Marshall Charitable Trust
- The Hurst Lea Foundation
- The J Behrens Charitable Trust

- The Joanna Herbert Stepney Charitable Settlement, Also Known As The Paget Charitable Trust
- The John Frame Fund
- The Kings and Princes Trust
- The Leaver Family Trust
- The Linda Norgrove Foundation
- The Miranda Fund
- The Orrin Charitable Trust
- The Rhododendron Trust
- The Share Trust
- The RKT Charitable Trust
- The Talent Fund
- Utley Foundation
- Vitol Foundation

Our deep thanks go to the trusts, individual supporters and our regular giving community who responded positively to our By Her Side UK Aid Match Appeal in the summer, for which the UK Government matched every pound donated by the British public. Funds raised through this campaign will enable us to fund a project supporting the livelihoods of rural Afghan women. The campaign's success would not have been possible without the endorsement and partnership of several key supporters, including Deborah Meaden, Esme Higgs, Seema Pankhania, Gulwali Passarlay, Sana Safi, Annabelle Wallis, and Good Chance Theatre. We would also like to extend our gratitude to the fabulous contributors to our inaugural Cultural Festival, which represented a key activity of the campaign, these were: Elaaha Soroor, Farhot, Kaveh Bahrami, Sahar Fetrat, Dr Homira Rezai, Two Lads Kitchen and Dulwich Books. In total, the campaign raised over £590,000 (including match funds), which will enable us to deliver an important project supporting rural Afghan women's livelihoods.

We were also extremely thankful to be selected as one of three charity partners for The Times and Sunday Times' prestigious Christmas Appeal in the final quarter of 2022, giving us a unique chance to recruit new supporters from among their readership - by the end of December 2022, we had raised over £250k from the appeal and welcomed over 1,500 new donors. We are deeply grateful for their support and overwhelmed by the generous and compassionate response of their readers.

Our dedicated 2022 London Marathon Team also deserves special mention for their exceptional fundraising efforts. We are similarly grateful for the enduring support of our corporate partners, The Afghan Rug Shop, Yashar Bish, Untamed Borders, Wild Frontiers, as well as new corporate donors Buzzfeed, Turner & Townsend, Playtech Software Ltd, Enel Global Thermal, The Guatemalan Indian Centre Limited, Culture Brained, and Lansons Communications.

Communications

Following the success of the crisis appeal in autumn 2021, in 2022 the Communications and Giving Team rolled out a retention strategy to encourage new supporters to continue engaging with Afghanaid, alongside our existing community. This strategy included moving to a new customer relationship management software in early 2022 and developing more tailored engagement plans for the segmented donor base.

As well as raising vital funds, the By Her Side UK Aid Match campaign and our other emergency, seasonal and ongoing appeals through the course of the year played a key role in continuing to elevate brand awareness. We expanded our use of innovative video and graphic materials, and published press releases and statements to shed light on important topics, promote engagement and drive users to the website. This ensured that the significant growth in digital reach in 2021 was sustained, with average monthly website traffic reaching over 8,180 users, an increase of over 60% from pre-2021-crisis-appeal figures. During the first quarter of the year we increased by 220% our Instagram reach metrics and then maintained that gain through the remainder of the year, and we increased by 70% our LinkedIn impressions metrics. We also launched our profile on social media channel TikTok, to reach new audiences and keep pace with algorithm changes online.

Further to this, the team sustained high-profile press coverage throughout the year, with notable highlights including Lyse Doucet's reporting on our programme activities in Ghor on BBC News at 6 and 10, and on the Radio 4 Today show, an opinion piece in the Independent newspaper, and further articles appearing in The Guardian, The Evening Standard and a host of European and UK regional and local newspapers. Our involvement as one of the charity beneficiaries of the Times and Sunday Times' Christmas Appeal also presented a rare and extremely valuable opportunity for high-value, detailed coverage, with Catherine Philp and Richard Pohle of The Times subsequently visiting our projects in Afghanistan and producing a series of compelling articles and photos, and Christina Lamb of the Sunday Times writing about the situation in the country. The sustained growth of Afghanaid's media presence and network continues to strengthen our reputation as a credible storyteller and source of information with the media.

In 2023, the team will begin to roll out a new five-year strategy focused on building upon the growth seen in the past eighteen months, retaining Afghanaid's existing supporter base, and ensuring digital communications are innovative and compelling.

Financial Review

Income of £16.581 million was recognised in the 2022 financial year, an increase from income of £10.150 million in 2021. This increase in income was influenced by a significant increase in emergency assistance as a result of the humanitarian crisis in Afghanistan resulting from drought and the widespread economic collapse which followed the change in government in August 2021.

Income from voluntary donations and appeals amounted to £1.182 million (2021 £1.847 million), income from Gift in Kind amounted to £4.081 million (2021 £2.186 million), income from Trusts and Foundations amounted to £720k (2021 £139k), income from Government donors amounted to £5.285 million (2021 £3.707 million), income from multilateral donors amounted to £5.224 million (2021 £2.091 million) and others £89k (2021 £180k).

Charitable expenditure in the year amounted to £16.319 million (2021 £8.792 million) in the following major categories (Basic Services £801k, Improved Livelihoods £441k, Climate Change and Disaster Risk Reduction £3.323 million and Emergency Humanitarian Assistance £11.754 million).

The scale of humanitarian assistance in 2022 was the highest in the history of Afghanaid. Our ability to respond at this speed and scale was greatly assisted by the success of our voluntary fundraising and appeals and we are immensely grateful to all the individuals and organisations who have contributed so generously.

Liquidity in the Afghan banking system remained very limited throughout 2022 albeit with some easing later in the year. As a result we continued to place reliance on the traditional Hawala money exchange network to move money into and around the country with the majority of funds being held with our UK bank. We continue to perform due diligence on Hawala agents and to monitor their liquidity and charges. We also continue to explore options to transfer funds into Afghanistan through the banking network as the liquidity of Afghan banks improves. We are hopeful that this will become increasingly possible in 2023.

Reserves

At 31 December 2022, Afghanaid had total reserves of £3.100m, made up of £2.505m of unrestricted reserves, restricted appeal funds of £445k and an expendable endowment fund of £150k. This is an increase from the total reserves of £2.974m as at 31 December 2021.

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 2021 this reserve was £982k and increased to £1.042m at the end of 2022.

Fixed asset reserve: an amount to cover funds invested in tangible and intangible fixed assets, totalling £52k at the end of 2022 (£35k at the end of 2021).

Appeal Funds: At 31 December 2022, Afghanaid had a designated unrestricted reserve of £960k representing appeal funds carried forward at the end of the year amounting to £528k from Crisis Appeal Programme Funds, £164k By Her Side Appeal Funds and £268k The Times & Sunday Times Appeal Funds. A designated restricted fund of £445k from By Her Side Appeal was created. At the end of 2021 the unrestricted reserve was £1.357m from Crisis Appeal Programme Funds. These funds are expected to be largely expended in 2023.

Designated Contingency funds: Working in a complex and insecure environment, such as Afghanistan, makes it important for us to cover the costs 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. The trustees believe the costs of winding down the organisation (designated contingency fund) are £450k, and this amounts to the minimum reserves level.

The trustees review the reserves policy annually and have decided that a range of £1 million to £1.5 million in respect of general funds and contingency funds 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 risks facing the organisation. 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, 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.

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 how NGOs operate 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.

Banking System: The freezing of the foreign currency reserves of the central bank continued to cause liquidity challenges in the banking system. This has required Afghanaid, in common with other NGOs, to place much greater reliance on the traditional Hawala network. The UN Cash transfer mechanism of bringing cash into Afghanistan proved to be essential in stabilising the currency and increasing liquidity. However, there remains a continuing risk that liquidity shortages could affect the various Hawala agents. We continue to expand the network of agents approved though our due diligence processes and to investigate other methods to move funds into and around the country, including the careful and limited use of local banks.

Long term funding: The Ukraine, Turkey, Sudan crises and the various decrees by the Authorities have created uncertainty around future funding commitments for Afghanistan. The UN Office for the Coordination of Humanitarian Affairs (UNOCHA) in its 2023 Afghanistan Humanitarian Response Plan (HRP), has reinforced the idea that, at this time, operations are being monitored and could be re-assessed, depending on how the ban on women working with NGOs impacts on the continued ability to support the female half of the population. As a result, most donors are watching how NGOs will effectively implement projects during this "trial period". Afghanaid endeavours to work 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.

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 2022 Financial Statements, a detailed review of income and expenditure for 2023 and 2024 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 2023 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 be able to deliver our programmes. We will adjust core operating costs should our programme activities be severely impacted by either restrictive operating guidelines imposed by the authorities or further decrees.

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' Respomsibilities

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; 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.

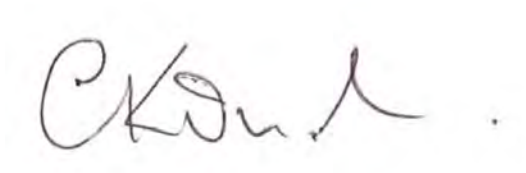
The trustees fully subscribe to the tenets of Charity Governance Code which is anchored on seven principles, namely organisational purpose; leadership; inegrity;

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

4 July 2023 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 2022 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 2022 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.

Responsibilities of trustees
As explained more fully in the trustees' responsibilities statement set out on page 3, 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 withinthe 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.



Dipesh Chhatralia
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor
London

Date: 27 September 2023

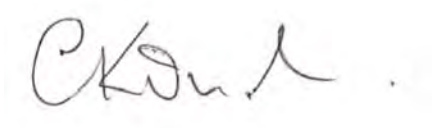
STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	Unrestricted Funds	Restricted Funds	Endowment Funds	2022 Total Funds	2021 Total Funds
		£	£	£	£	£
Income and endowments from:						
Donation and Legacies	4a	1,017,936	163,975	-	**1,181,911**	**1,846,822**
Gift in kind		-	4,081,371		**4,081,371**	**2,185,578**
Charitable activities	4b	387,461	10,873,031	-	**11,260,492**	**6,067,568**
Investments		1,735	-	-	**1,735**	**329**
Other		55,353	-	-	**55,353**	**49,450**
Total		**1,462,485**	**15,118,377**	**-**	**16,580,862**	**10,149,747**
Expenditure on:						
Raising funds		157, 763	-	-	**157,763**	**145,477**
Rural Rehabilitations & Emergencies		1,487,531	14,673,308	-	**16,160,839**	**8,646,847**
Total	5	**1,645,294**	**14,673,308**	**-**	**16,318,602**	**8,792,324**
Net income/(expenditure)		**(182,809)**	**445,069**	**-**	**262,260**	**1,357,423**
Other recognised gains:						
Gains/ (losses) on foreign exchange retranslation		(136,288)	-	-	**(136,288)**	**81,809**
Net Movement in Funds	16	**(319,097)**	**445,069**	**-**	**125,972**	**1,439,232**
Reconciliation of funds:						
Total funds brought forward		2,823,979	-	150,000	**2,973,979**	**1,534,747**
Total funds carried forward	16	**2,504,882**	**445,069**	**150,000**	**3,099,951**	**2,973,979**

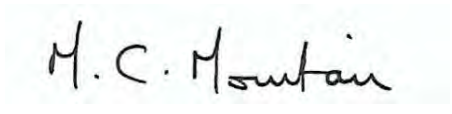
COMPANY NUMBER: 3034888
BALANCE SHEET
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	As at 31 December 2022		As at 31 December 2021
		£	£	£
Fixed Assets:				
Intangible assets	**9**		34,469	-
Tangible assets	**10**		17,750	35,242
Total fixed assets			**52,219**	**35,242**
Current Assets:				
Debtors	**11**	5,888,392		1,720,521
Cash at bank and in hand	**12**	7,697,978		3,635,593
Total current assets		**13,586,370**		**5,356,114**
Creditors: Amounts falling due within one year	**13**	**10,538,638**		**2,417,377**
Net Current Assets			**3,047,732**	**2,938,737**
Total Net Assets			**3,099,951**	**2,973,979**
The funds of the charity:				
Endowment Fund			150,000	150,000
Restricted Appeal Funds			445,069	-
Unrestricted Funds				
Designated Contingency Funds			450,000	450,000
Appeal Funds			960,443	1,357,085
Fixed Assets Reserve			52,219	35,242
General Funds			1,042,220	981,652
Subtotal			**2,504,882**	**2,823,979**
Total charity funds	**16**		**3,099,951**	**2,973,979**

Approved by the trustees, and authorised for distribution, on 4 July 2023 signed on their behalf by:



Christopher Kinder
Chairman



Mary Mountain
Treasurer

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022

	Year ended 31 December 2022 £	Year ended 31 December 2021 £
Cash flows from operating activities:		
Net cash provided by operating activities	4,239,875	5,549
Cash flows from investing activities:		
Interest received	1,735	329
Purchase of tangible fixed assets	(42,937)	(13,844)
Net cash (used in) / provided by financing activities	(41,202)	(13,515)
Change in cash and cash equivalents during the reporting period	4,198,673	(7,966)
Cash and cash equivalents at the beginning of the reporting period	3,635,593	3,561,750
Change in cash and cash equivalents due to exchange rate movements	(136,288)	81,809
Cash and cash equivalents at the end of the reporting period	**7,697,978**	**3,635,593**

Table A

Net income/(expenditure) for the reporting period:	**262,260**	**1,357,423**
Adjustments for:		
Returns on investment	(1,735)	(329)
Depreciation and amortisation of fixed assets	36,838	30,674
Revaluation of tangible fixed assets	(10,877)	14,361
(Increase) / decrease in debtors	(4,167,871)	117,552
Increase / (decrease) in creditors	8,121,260	(1,514,132)
Net cash flow from operating activities	4,239,875	5,549

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

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.
- Gifts-in-kind received during the reporting period have been valued at fair value of these gifts based on donor published commodities rates.

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.

b) **Branch accounting**

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

NOTE 3: ACCOUNTING POLICIES (CONTINUED)

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 2022 Financial Statements, a detailed review of income and expenditure for 2023 and 2024 was conducted together with cash flow projections. 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: due to the fragile nature of the areas that we work, entitlement to programmatic income is recognised when the underlying expenditure has been incurred. For those agreements related to specific conditions, income is recognised in the SOFA when the conditions have been substantially met and expenditure incurred. For those agreements with unconditional entitlement, income is recognised based on expenditure incurred. Where income is received in advance of its recognition in the SOFA it is deferred as a liability until probability exists that the entitlement to that income has been incurred. Where entitlement occurs before incoming resources are received, the income is accrued.

Appeals income: Appeals income is raised from individual giving, trusts, and major donors and is recognised as income in the SOFA when it is received. The funds will be used according to implementation plans 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.

NOTE 3: ACCOUNTING POLICIES (CONTINUED)

Gift in kind: Gifts-in-kind represent non-monetary contributions in the form of donated goods, services and facilities made by benefactors to support the organisation's mission and activities. An equivalent amount is included in the SOFA at fair value of these gifts.

Other income, including proceeds from the sale of assets, is recognised in the period it is receivable and to the extent that Afghanaid 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 Afghanaid'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 £4,147 (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

Afghanaid 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 at 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 Afghanaid's charitable activities, together with investment income accruing directly to those restricted

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.

l) Prior year adjustment

Prior year income and expenditure comparatives have been restated by £2,185,578 relating to Gift In Kind. The balances were restated to allow the recognition of Gift In Kind, which has had no impact on the opening reserves.

NOTE 4a: DONATIONS AND LEGACIES

	Unrestricted Funds	Restricted Funds	Total 2022	Unrestricted Funds	Restricted Funds	Total 2021
	£	£	£	£	£	£
Donations from Crisis Appeal	141,929	-	141,929	1,449,959	-	1,449,959
Donations from By Her Side Appeal	163,975	163,975	327,950	-	-	-
Donations from The Times & Sunday Time Appeal	268,121	-	268,121	-	-	-
Others	443,911	-	443,911	396,863	-	396,863
TOTAL	**1,017,936**	**163,975**	**1,181,911**	**1,846,822**	-	**1,846,822**

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

	Unrestricted Funds	Restricted Funds	Total 2022	Unrestricted Funds	Restricted Funds	Total 2021
	£	£	£	£	£	£
Government Grants & Contracts (Note 4b.1 & 4b.2)						
UK Department for International Development	-	-	-	-	748,814	**748,814**
UK Foreign, Commonwealth, and Development Office (FCDO)		1,061,300	**1,061,300**	-	-	-
Government of the Islamic Republic of Afghanistan - Citizen's Charter National Priority Program.	-	-	-	438,366	-	**438,366**
US Government – Bureau of Population, Refugees, and Migration	-	-	-	-	49,329	**49,329**
Swiss Agency for Development and Cooperation (SDC)	-	400,878	**400,878**	-	902,811	**902,811**
Norwegian Agency for Development Cooperation	-	-	-	-	56,531	**56,531**
Swedish International Development Cooperation Agency (Sida)	-	2,484,915	**2,484,915**	-	1,387,272	**1,387,272**
Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)		1,056,592	**1,056,592**		123,950	**123,950**
By Her Side Appeal- Match Funding		281,094	**281,094**	-	-	-
Sub total	-	5,284,779	**5,284,779**	438,366	3,268,707	**3,707,073**

Multilateral Grants & Contracts						
United Nations World Food Programme (WFP)	-	1,173,543	**1,173,543**	-	387,009	**387,009**
United Nations Office for the Coordination of Humanitarian Affairs (UNOCHA)	-	3,329,354	**3,329,354**	-	1,523,653	**1,523,653**
United Nations Food and Agriculture Organization (FAO)	-	281,518	**281,518**	-	179,956	**179,956**
United Nations Office for Projects Services (UNOPS)	365,603	-	**365,603**	-	-	**-**
United Nations Women (UN Women)		73,515	**73,515**	-	-	**-**
Sub total	365,603	4,857,930	**5,223,533**	-	2,090,618	**2,090,618**
Trusts & Foundations Grants	-	719,606	**719,606**	-	138,711	**138,711**
Other Grants & Contracts	21,858	10,716	**32,574**	118,850	12,316	**131,166**
Sub total	21,858	730,322	**752,180**	118,850	151,027	**269,877**
TOTAL	387,461	10,873,031	**11,260,492**	557,216	5,510,352	**6,067,568**

NOTE 4b.1: INCOME FROM GOVERNMENT GRANTS & CONTRACTS (2022)

Income from governments during the reporting period include:

Government/Agency	Nature	Amount £	Unfulfilled conditions
Swedish International Development Cooperation Agency (Sida)	Grants for Community Based-Eco-Disaster Risk Reduction	2,484,915	None
UK Foreign, Commonwealth, and Development Office (FCDO)	Grants for Emergency Rural Livelihoods Recovery	1,342,394	None
Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)	Grants for Forest Landscape Restoration and Transitional Development Assistance.	1,056,592	None
Swedish International Development Cooperation Agency (Sida)	Rangeland Management - Phase 1	400,878	None
TOTAL		**5,284,779**	

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

(2021) Income from governments during the reporting period include:

Government/Agency	Nature	Amount £	Unfulfilled conditions
Swedish International Development Cooperation Agency (Sida)	Grants for Community Based-Eco-Disaster Risk Reduction	1,387,272	None
Swiss Agency for Development and Cooperation (SDC)	Rangeland Management - Phase 1	902,811	None
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 - Citizen's Charter National Priority Program	Contracts for provision of basic services and agriculture value chain interventions	438,366	None
Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)	Grants for Forest Landscape Restoration and Transitional Development Assistance.	123,950	None
Norwegian Agency for Development Cooperation	Grants for Community Based-Eco-Disaster risk reduction	56,531	None
US Government – Bureau of Population, Refugees, and Migration	Grants for Building Women's Livelihoods and Reintegrating Refugees.	49,329	None
TOTAL		**3,707,073**	

NOTE 5: EXPENDITURE

	Raising funds £	Rural Rehabilitations & Emergencies £	2022 Total £	2021 Total £
Staff costs	53,620	3,178,339	**3,231,959**	**1,955,025**
Sub-Grants/Sub-Contracts to Implementing Partners (note 5.1 & 5.2)	-	1,717,873	**1,717,873**	**1,160,866**
Direct costs	94,326	6,601,376	**6,695,702**	**2,815,995**
Gift in kind	-	4,081,371	**4,081,371**	**2,185,578**
Support costs (note 5.3)	9,817	581,880	**591,697**	**674,860**
	157,763	**16,160,839**	**16,318,602**	**8,792,324**

NOTE 5.1: EXPENDITURE

	Grants to Institutions £	Support Costs £	Year ended 31 December 2022 £	Year ended 31 December 2021 £
Basic Services	228,339	-	228,339	273,139
Improved Livelihoods	31,692	-	31,692	29,096
Climate Change and Disaster Risk Reduction	440,534	-	440,534	858,631
Emergency Humanitarian Assistance	1,017,308	-	1,017,308	-
Common Costs, Cross-cutting Themes & Other Unallocated	-	581,880	581,880	657,559
Total	**1,717,873**	**581,880**	**2,299,753**	**1,818,425**

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

	Year ended 31 December 2022 £	Year ended 31 December 2021 £
Afghan Education Production Organization	-	29,096
Concern Worldwide – Afghanistan	260,908	207,873
Action Aid – Afghanistan	330,409	170,028
Save the Children - Afghanistan	510,478	480,730
Oxfam Novib	-	132,491
Coordination of Humanitarian Assistance	106,303	140,648
Rural Rehabilitation Association for	122,037	-
Afghanistan The Liaison Office	356,046	-
The Share Trust Inc	31,692	-
	1,717,873	**1,160,866**

100% of grants are to institutions; no grants are paid to individuals (2021: £ nil).

NOTE 5.3: ANALYSIS OF SUPPORT COSTS

	Raising funds	Rural Rehabilitations & Emergencies	Year ended 31-Dec-22 Total	Year ended 31-Dec-21 Total
	£	£	£	£
Staff costs	6,674	281,355	288,029	463,263
Governance	929	59,353	60,282	57,119
Administrative costs	2,214	241,172	243,386	154,478
TOTAL	**9,817**	**581,880**	**591,697**	**674,860**

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

	Year ended 31 December 2022	Year ended 31 December 2021
	£	£
- Amortisation and depreciation	36,838	30,674
- Trustees' travel expenses	3,056	-
- Auditors' remuneration:		
Afghanistan – Other auditors	7,464	6,671
United Kingdom – Crowe U.K. LLP	29,760	24,375
Operating lease payments:		
- Land and buildings	193,409	171,886
- Other assets	3,427	3,267

NOTE 7: STAFF COSTS

	Year ended 31 December 2022 £	Year ended 31 December 2021 £
Staff costs were as follows:		
Gross salaries - Afghanistan	2,917,607	1,878,468
Gross salaries – UK	294,909	218,756
Pension and Social security costs	307,472	321,063
Total	**3,519,988**	**2,418,287**

No trustee received any remuneration for their services in 2022 (nil in 2021).

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

£60,000- £69,999	2	3
£70,000- £79,999	2	1
£80,000- £89,999	2	1
£90,000- £99,999	-	-
£100,000- £109,999	2	-
£130,000- £139,999	-	1
£150,000- £159,999	1	-
	£	£
Key Management Personnel Remuneration	754,938	602,412

In addition to the amounts disclosed above, Afghanaid have incurred security costs of £48,841 (2021: £59,027) related to the service of the Key Management Personnel.

Key management personnel costs include salaries as well as all associated benefits for the following key management positions:

- Managing Director
- Director of Operations
- Director Programme Development & Resource Mobilisation
- Acting Director Programme Development & Resource Mobilisation
- Programme Implementation & Quality Director
- Deputy Director ARC
- Deputy Director Finance and Administration
- Deputy Director Human Resources

Staff Numbers

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

	No.	No.
United Kingdom		
- National Staff	7	5
Afghanistan		
- International Staff	10	8
- National Staff-Fixed Term	309	213
- National Staff-Freelance	109	158
Total	**435**	**384**

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 2022	56,106
Additions in the year	42,937
Disposals in the year	-
At 31 December 2022	**99,043**
Amortisation	
At 01 January 2022	**56,106**
Charge for the year	8,468
Disposals in the year	-
At 31 December 2022	**64,574**
Net Book Value	
At 31 December 2022	**34,469**
At 31 December 2021	-

NOTE 10: TANGIBLE FIXED ASSETS

	Motor Vehicles	Office Equipment	Total
	£	£	£
Cost			
At 01 January 2022	367,389	128,933	496,322
Additions in the year	-	-	-
Forex movement during the year	113,404	57,117	170,521
At 31 December 2022	**480,793**	**186,050**	**666,843**
Depreciation			
At 01 January 2022	343,106	117,974	461,080
Charge for the year	22,344	6,026	28,370
Forex movement during the year	105,908	53,735	159,643
At 31 December 2022	**471,358**	**177,735**	**649,093**
Net Book Value			
At 31 December 2022	**9,435**	**8,315**	**17,750**
At 31 December 2021	24,283	10,959	35,242

NOTE 11: DEBTORS

	2022	2021
	£	£
Prepayments	39,142	126,964
Grants receivable	3,922,128	1,066,344
Accrued income	1,558,483	451,480
Other debtors	368,639	75,733
Total Debtors	**5,888,392**	**1,720,521**

NOTE 12: CASH & CASH EQUIVALENTS

	2022	2021
	£	£
Cash at bank	7,687,299	3,629,795
Cash in hand	10,679	5,798
Total Cash & Cash Equivalents	**7,697,978**	**3,635,593**

NOTE 13: CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022	2021
	£	£
Trade creditors	2,605,764	385,361
Deferred income (Note 13.1)	6,567,062	983,949
Grants payable	601,315	310,997
Accruals	358,674	441,993
Taxation and social security	175,330	206,029
Other creditors	230,493	89,048
Total Creditors	**10,538,638**	**2,417,377**

NOTE 13.1: DEFERRED INCOME

Award Name	Balance at 01 January 2022	Receipts	Released to SOFA	Balance at 31 December 2022
Emergency Rural Livelihoods Recovery Project (FCDO)	-	3,174,089	(1,061,300)	2,112,789
Afghanistan Resilience Consortium Project (SIDA)	-	3,950,657	(2,067,627)	1,883,030
Cash for Food Assistance (for Food Insecure Households)	-	480,881	(2,948)	477,933
Winterization Assistance (3rd RA 2022) Project (UNODC)	-	463,979	(9,265)	454,714
Winterization Assistance (RA 2022) Project (UNODC)	-	463,948	(10,672)	453,276
Provision of emergency WASH supplies (SMG RA3)- (UNOCHA)	-	427,678	-	427,678
Provision of emergency WASH supplies (BDK RA3) -(UNOCHA)	-	298,680	(503)	298,177
Provision of emergency WASH supplies (Ghor RA3)- (UNOCHA)	-	246,797	(87)	246710
Winterization support Project for vulnerable households (UNODC)	146187	108,106	(254,293)	-
Strengthening Community Resilience to Natural Disasters and Improving WASH Conditions (Avaaz Foundation)	146120	17,414	(163,534)	-
Community Based Eco-DRR (Bridge Extension) Project (SIDA)	272701	49,613	(322,314)	-
Transitional Development Assistance Project (GIZ)	237,776	219,882	(457,658)	-
Rangeland Management Project (SDC)	-	400,878	(400,878)	-
Unconditional Seasonal Food Support (WFP)	-	220,819	(220,819)	-
Winterization Assistance 1st SA 2021 (UNOCHA)	-	515,372	(515,372)	-
Winterization Assistance 1st SA 2021 (UNOCHA)	-	403,316	(403,316)	-
Forest Landscape Restoration (GiZ)	-	331,378	(331,378)	-
Flood Response (UNOCHA)	-	474,308	(474,308)	-
Emergency Livelihood Support (UN-FAO)	-	237,941	(237,941)	-
Transitional Shelter Assistance (UNOCHA)	-	711,343	(711,343)	-
Resilience Building Programme (WFP)	-	393,265	(393,265)	-
Emergency Food Assistance (UNOCHA)	-	424,735	(424,735)	-
Others	181,165	2,159,971	(2,128,381)	212,755
Total Deferred Income	**983,949**	**16,175,050**	**(10,591,937)**	**6,567,062**

NOTE 14: OPERATING LEASE COMMITMENTS

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

Land and Buildings	2022 £	2021 £
Within one year	14,524	8,672
Other assets		
Within one year	3,427	2,414
Total Operating Lease Commitments	**17,951**	**11,086**

NOTE 15: ANALYSIS OF NET ASSETS BETWEEN FUNDS (2022)

	Expendable Endowment Funds	Unrestricted Funds	Restricted Funds	Total Funds 2022
	£	£	£	£
Total fixed assets	-	52,219	-	52,219
Current assets	150,000	12,991,301	445,069	13,586,370
Current liabilities	-	(10,538,638)	-	(10,538,638)
Net assets at 31 December 2022	**150,000**	**2,504,882**	**445,069**	**3,099,951**

NOTE 15.1: 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 16: FUNDS MOVEMENT (2022)

	At 1 January 2022 £	Income £	Expenditure £	Gains,(Losses) £	Transfers £	At 31 December 2022 £
Endowment Funds:	150,000	-	-	-	-	150,000
Total Restricted Funds (Note 16.1)	-	15,118,377	(14,673,308)	-	-	445,069
Total Unrestricted Funds						
Designated Contingency Funds	450,000	-	-	-	-	450,000
Appeal Funds (Note 16.2)	1,357,085	556,845	(1,075,616)	122,129	-	960,443
Fixed Assets Reserve	35,242	-	5,845	11,132		52,219
General Funds	981,652	905,640	(575,523)	(269,549)	-	1,042,220
Subtotal	2,823,979	1,462,485	(1,645,294)	(136,288)	-	2,504,882
Total Fund	**2,973,979**	**16,580,862**	**(16,318,602)**	**(136,288)**	**-**	**3,099,951**

NOTE 16.1: RESTRICTED FUNDS MOVEMENT (2022)

Project Name	At 1 January 2022 £	Income £	Expenditure £	At 31 December 2022 £
Emergency Projects - Donated Goods in Kind (WFP and FAO)		4,081,371	(4,081,371)	-
Afghanistan Resilience Consortium Project (SIDA)	-	2,067,627	(2,067,627)	-
Emergency Rural Livelihoods Recovery Project (FCDO)	-	1,061,300	(1,061,300)	-
Transitional Shelter Assistance Project (UNOCHA)	-	711,343	(711,343)	-
Winterization Assistance (FSAC) Project (UNOCHA)	-	515,372	(515,372)	-
Flood Response Project (UNOCHA)	-	474,308	(474,308)	-
Transitional Development Assistance Project (GIZ)	-	457,658	(457,658)	-
Emergency Food Assistance for Households Project (UNOCHA)	-	424,735	(424,735)	-
Enhancing the Resilience of Rural Livelihoods Project (Avaaz Foundation)	-	422,243	(422,243)	-
Winterization Assistance (ESNFI) Project (UNOCHA)	-	403,316	(403,316)	-
Rangeland Management (Phase 1) Project (SDC)	-	400,878	(400,878)	-
Resilience Building Programme (WFP)	-	393,265	(393,265)	-
Forest Landscape Restoration (FLR) Project (GIZ)	-	331,378	(331,378)	-
Community Based Eco-DRR (Bridge Extension) Project (SIDA)	-	322,314	(322,314)	-
By Her Side Appeal	-	445,069	-	445,069
Other (Various with income below £300k)	-	2,606,200	(2,606,200)	-
Total	**-**	**15,118,377**	**(14,673,308)**	**445,069**

NOTE 16.2: APPEAL FUNDS MOVEMENT (2022)

	At 1 January 2022	Income	Expenditure	Gains, (Losses)	Transfers	At 31 December 2022
	£	£	£	£	£	£
Crisis Appeal Program Funds	1,357,085	141,929	(1,075,616)	104,949	-	528,347
By Her Side Appeal Funds	-	157,490	-	6,485	-	163,975
The Times & Sunday Times Appeal Funds	-	257,426	-	10,695	-	268,121
TotalFund	**1,357,085**	**556,845**	**(1,075,616)**	**122,129**	**-L**	**960,443**

NOTE 16.3: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 16.4)	-	7,695,930	(7,695,930)	-	-	-
	-	-	-	-	-	-
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**	**10,149,747**	**(8,792,324)**	**81,809**	**-**	**2,973,979**

NOTE 16.4: RESTRICTED FUNDS MOVEMENT (2021)

Project Name	At 1 January 2021 £	Income £	Expenditure £	At 31 December 2021 £
Emergency Projects - Donated Goods in Kind (WFP and FAO)	-	2,185,578	(2,185,578)	-
Families' Empowerment Project (FEM) Project (FCDO)	-	748,814	(748,814)	-
Rangeland Management (Phase 1) Project (SDC)	-	902,811	(902,811)	-
Animal Health Care Project (Brooke)	-	132,503	(132,503)	-
Afghanistan Resilience Consortium Project (SIDA)	-	963,744	(963,744)	-
Winterization Assistance (ESNFI) Project (UNOCHA)	-	449,893	(449,893)	-
Food Assistance in Daikundi Project (UNOCHA)	-	436,146	(436,146)	-
Sustainable Food System (Wheat Value Chain) Project (WFP)	-	201,205	(201,205)	-
Emergency Shelter and NFIs for IDPs Project (UNOCHA)	-	409,010	(409,010)	-
Forest Landscape Restoration Project (GIZ)	-	106,100	(106,100)	-
Winterization Support (RA3) Project (UNODC)	-	120,619	(120,619)	-
Community Based Eco-DRR (Bridge Extension) Project (SIDA)	-	423,527	(423,527)	-
Others (Various with income below £100k)	-	615,980	(615,980)	
Total		**7,695,930**	**(7,695,930)**	-

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

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.

Fixed asset reserve: an amount to cover funds invested in tangible and intangible fixed assets.

Appeals Funds: A designated reserve representing appeal funds carried forward at the end of the year.

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.

NOTE 18: TRANSFERS BETWEEN FUNDS

No funds have been transferred from restricted to unrestricted funds. (Nil 2021).

NOTE 19: RELATED PARTIES

There were no related party transactions in 2022 (Nil 2021).

END



Afghanaid
For peace and prosperity

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Afghanaid is a registered charity in England, Wales (1045348) and Scotland (SC044614).

AFGHANAID

England & Wales - Charity number 1045348

Accounts

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

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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	Mr Christopher Kinder (Chair) Ms Elizabeth Winter, OBE (Vice-Chair) Ms Pauline Hayes (Secretary) Ms Mary Mountain, FCA (Treasurer) Dr David Page Mr Shirazuddin Siddiqi Dr Orzala Ashraf Nemat Dr Martin Greeley Mr Anthony Fitzherbert, OBE Mr Mark Bowden, CMG Dr Brian Pratt- *resigned in July 2021* Mr James Sinclair Taylor - *joined 17 January 2022* Mr John Hayward - *joined 23 February 2022*
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	Barclays Bank Plc. London Corporate Banking Group 1 Churchill Place London E14 5HP Azizi Bank Kabul Afghanistan Bank Alfalah Ltd 410 Charah-e Sadarat Shehr-e Now Kabul, Afghanistan New Kabul Bank Ltd Kabul Afghanistan
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.

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.

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

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 reseeding 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 Afghanaid'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 Index[1], 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 2022[2] – 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%.

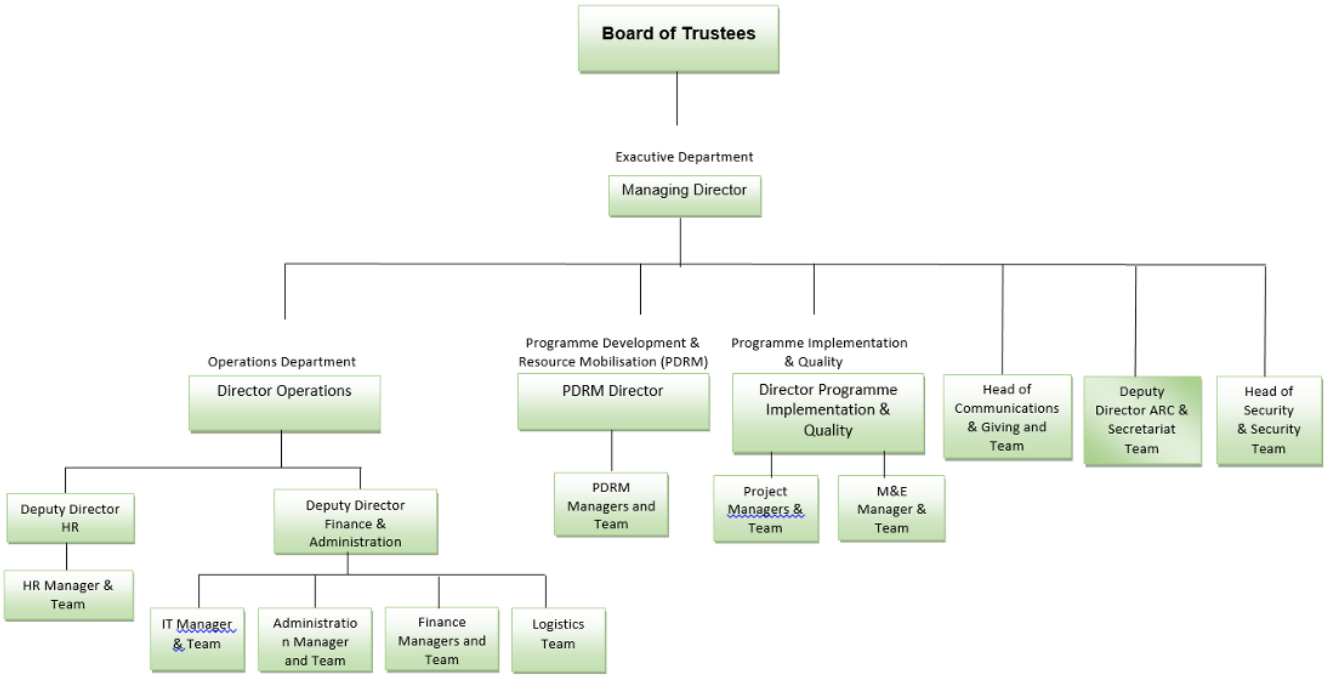
In March 2021, everyone in Afghanaid was deeply saddened by the passing of our friend and colleague, Mohammad Ashraf Himat, our Senior Programme Manager, who had served the organisation with great intelligence, commitment and good humour for several years.

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, Shaharzad 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 though 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.

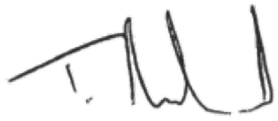
Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

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

M. C. Mountain
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.

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.

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 Afghanaid 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 Afghanaid'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

Afghanaid 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 Afghanaid's charitable activities, together with investment income accruing directly to those restricted

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.

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:

Government/Agency	**Nature**	**Amount**	**Unfulfilled conditions**
		£	
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	

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

Income from governments during the reporting period include:

Government/Agency	Nature	Amount £	Unfulfilled conditions
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**	

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).

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

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, Afghanaid 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**

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

Forex Movement During the year	**Motor Vehicles**	**Office Equipment**	**Total**
	£	**£**	**£**
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

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**

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**

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)

Project Name	At 1 January 2020 £	Income £	Expenditure £	At 31 December 2020 £
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

AFGHANAID

England & Wales - Charity number 1045348

Accounts

Afghanaid



Annual Report 2020

Afghanaid

Company No. 3034888

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

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

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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 is governed under its Articles of Association.
Registered Office & Operational Address	Omnibus Business Centre 39-41 North Road London N7 9DP
Board of Trustees	Mr Christopher Kinder (Chair) Ms Elizabeth Winder, OBE (Vice-Chair) Ms Pauline Hayes (Secretary) Ms Mary Mountain, FCA (Treasurer) Dr David Page Mr Mark Bowden, CMG Mr Shirazuddin Siddiqi Dr Orzala Ashraf Nemat Dr Brian Pratt Mr Anthony Fitzherbert, OBE Dr Martin Greeley *No Trustees resigned or were appointed in 2020.*
Principal Staff	Mr Charles Davy, Managing Director Mr Abdul Rahman Tariq, Director of Programme Quality and Implementation Mr Tonderai Mazingaizo, Director of Operations Ms Zodiac Maslin-Hahn, Director of Programme Development and Resource Mobilisation Mr Mujtaba Nooristani, Deputy Director of HR Mr Ayub Khan Khugyaniwal, Deputy Director of Finance and Administration Mr Guru Naik Charan, ARC Consortium Manager
Bankers	Barclays Bank Plc. London Corporate Banking Group 1 Churchill Place London E14 5HP Azizi Bank Kabul Afghanistan Bank Alfalah Ltd 410 Charah-e Sadarat Shehr-e Now Kabul, Afghanistan New Kabul Bank Ltd Kabul Afghanistan
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

I could not be prouder of our Afghanaid team after the way everyone performed through this exceptionally challenging year, repeatedly demonstrating great courage, resourcefulness and resilience.

In last year's Statement from the Managing Director, I wrote of the hope for peace between the Taliban and the elected Government of Afghanistan, as well as how effectively Afghanaid was working to maintain humanitarian access to remote and hard to reach communities. A year later: I clearly spoke too soon. The Taliban intensified its campaign of violence and the peace process stalled. By year's end, while the USA, the UK and other allies continued plans to draw down military forces, the number of deaths and maimings due to conflict, as well as the hardship and grief brought to Afghan families and communities, spiralled ever upwards. At the same time, across the country, the warring factions created obstructions and threatened aid and development workers, human rights defenders and others with good intentions, and shrank the humanitarian space in which NGOs and UN agencies could deliver assistance safely and efficiently. In several areas where Afghanaid and partners have implemented projects for many years, access to the people we serve had to be renegotiated. Moreover, the Afghan Government pushed a new NGO law, that would place further restrictions on the operations of NGOs.

The intensified conflict and reduced humanitarian space would have been bad enough, but in 2020 the COVID-19 pandemic swept across the world, putting immense pressure on the very best medical services, damaging economies, killing millions worldwide and bringing still greater hardship and grief. The Afghan Government's efforts to inform and educate the populace in advance, as in many countries, were poor, and much of this work had to be done by organisations such as Afghanaid. Yet in the summer, the virus moved rapidly through communities, infecting countless households.

Afghanaid acted early: in the seven weeks to mid-March, we rolled out training for staff, procured personal protective equipment (PPE), reorganised office space, shifted work online, planned for work-from-home, modified policies, worked with our donors to repurpose programme resources and delivered training and protective equipment to well over 1,500 rural villages. Our preparations meant that we were able, though working extra-long days, to continue to implement our projects and deliver essential services during even the worst of the pandemic. Putting the interests of the communities we serve at the heart of our work, we provided basic services, improved livelihoods, helped communities adapt to climate change and reduced their exposure to natural disasters, and responded to humanitarian crises. Through the year we served over one million Afghans across eight provinces, while our partners extended that reach to a further four provinces.

Throughout these challenging times, we were immensely grateful for our continually growing supporter base in the UK and around the world, who by their participation in events, social media engagement and donations, demonstrated solidarity with ordinary Afghans and support for our work. I was also deeply grateful that Afghanaid has such an experienced, well informed and deeply engaged Board of Trustees which played such a central role in overseeing the challenges the organisation confronted. And all things considered, by year's end we had achieved the majority of our 2020 objectives.

Looking ahead to 2021, sadly the conflict looks set to intensify still further, leading to reduced access to remote communities; political instability could increase; further waves of the pandemic are inevitable; and a widespread drought, worse than that of 2018, is looming. Meanwhile, the USA and its allies will withdraw their military support; diplomatic missions are considering departing; and several key donors, with the UK FCDO prominent in this regard, are cutting the funding so critical to the least well-off Afghan families.

However, Afghanaid has continued to support remote rural communities through some very difficult times in the past, and I am confident that we will rise to the challenge again in 2021.

REPORT OF THE TRUSTEES

The trustees present their report and audited financial statements for the year ended 31 December 2020.

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. Afghanaid received no complaint from supporters or potential supporters during 2020, under GDPR or otherwise.

STRATEGIC REPORT

HISTORY

Established in Britain in 1983 to serve the needs of Afghans fleeing war in Afghanistan, 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.

This past year, Afghanaid marked its 37th 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 2020 we maintained another 16 offices across the provinces of Badakhshan, Takhar, Samangan, Ghor, Herat, Nangarhar, Logar and Daykundi, and a small fundraising office in London. At the end of 2020, Afghanaid employed 267 full-time and 190 part-time staff, 96% of whom were Afghans and 56% were women.

Over time Afghanaid's work has evolved to address four main pillars: providing basic services; improving livelihoods and food security; supporting communities to adapt to the ravages of climate change and reducing their exposure to disasters; and providing assistance in humanitarian crises. Through all our projects we pay special attention to gender rights and good governance.

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.

Basic Services 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.

Improved Livelihoods 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 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.

Disaster Risk Reduction and Climate Resilience 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 in the aftermath of a disaster. Following a disaster, we assist communities so that they can rebuild their homes, renovate productive land and community infrastructure and revitalise livelihoods.

Gender Rights and Good Governance are so central to the sustainability and impact of Afghanaid's work that we incorporate these two cross-cutting themes into each and every one of 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 has afforded 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.

Statement on COVID-19

2020 was a year defined by one inescapable phenomenon: the outbreak of the COVID-19 pandemic, bringing untold damage to countries, economies, and organisations across the world. Afghanistan was sadly no exception. With fragile healthcare systems and infrastructure, Afghanistan was acutely ill-equipped to deal with the impacts of the virus. Since accurate figures are unavailable, the true number of cases and deaths are undoubtedly much higher than the officially confirmed figures, which stood at 56,103 and 2,463 respectively in March 2021.[1]

Furthermore, lockdown measures, which came into force from March 2020, placed enormous pressure on already precarious livelihoods. Millions of people were forced to choose between exposing themselves to the virus, or going without the income needed to put food on the table. The impact on the economy threatens to be disastrous, debilitating national economic output and exacerbating already rampant poverty.[2] Despite the arrival of 500,000 COVID vaccines in Kabul in February 2021, the recovery process looks set to be slow.

In many respects, Afghanaid was able to adjust well to the demands of the pandemic. From April 2020, all Kabul and London-based staff transitioned to working remotely until August, with international staff returning to their home countries during this period and returning to Afghanistan in the autumn. Nonetheless, almost all projects continued to run smoothly - although literacy and vocational training sessions in two projects were suspended in line with government guidelines, restarting only towards the end of 2020.

In our programming and organisational management, we responded proactively to the new realities, including funding uncertainties, taking steps including:

- Providing PPE for front-line staff, and insisting on social distancing measures and other best practices to minimise the spread of COVID-19 during implementation.
- Executing a comprehensive engagement plan with all institutional and major donors. This has included 'repurposing' some of our grants and contracts to support COVID-19 response activities in Afghanistan, including awareness-raising activities and cash-for-work schemes to supplement the loss in income during the pandemic.
- Enhancing our abilities to work remotely, with amended business processes and improved software and technology to support remote communication.
- Keeping a close eye on core costs, deferring some staff recruitment and suspending discretionary spending in 2020 to the extent possible. We have maintained a key focus on liquidity, monitoring our cash flow on a continuous basis, and performed regular organisation-wide financial reforecasting in order to adapt to the situation as it developed during 2020.
- With rates of COVID-19 again rising alarmingly across the country in 2021, Afghanaid is remaining vigilant in upholding our safety precautions, and endeavouring to ensure comprehensive vaccination among all our staff.

[1] https://www.who.int/countries/afg/

[2]https://reliefweb.int/report/afghanistan/afghanistan-covid-19-impact-short-term-disruptions-and-policy-considerations

Combatting COVID-19

Looking back to the time when news of the COVID-19 pandemic first arrived in her village, 50-year-old Ozran recalls vividly the feelings of panic and uncertainty that swept through the community. In the remote village in Lal wa Sarjangal district in Ghor province, there is no access to the internet or any official information, and Ozran had no way of accessing advice or of separating fact from rumour. “It was very scary,” she remembers. “We did not know how to keep ourselves safe and protected from the virus.”

Her fears increased when a neighbour returned from Iran, where the number of COVID-19 cases was very high. “I told my children not to leave the house, because I was afraid that they would catch the virus. Everyone in our village was panicking - we did not know what to do.” Without money to buy soap and other supplies to keep their families safe, it was a terrifying time for the villagers.

“Then the Afghanaid team came to our village,” Ozran recalled. “They provided us with information about the Coronavirus, and advice about the precautions and protective measures we should take.” She received a hygiene kit for her family, enabling them to keep clean and help prevent the spread of the virus. “Our children use the masks and gloves provided by Afghanaid, and when they leave the house, they follow the advice that Afghanaid gave us. When they return, they wash their hands thoroughly using the soap and hand washing liquid that came in the kit.”

With these measures in place, Ozran felt much more at ease, and none of her family has been infected by COVID-19. “We are safe now, thankfully. We don’t need to panic anymore because now we know what we do. These kits have helped to protect us from catching and spreading the virus.” Ozran intends to continue following the advice she received, and will save money to purchase similar essential hygiene items in the future to keep her family safe and healthy. “I am very grateful to Afghanaid,” she said, “for reaching vulnerable people like us, even in this difficult situation.”



We helped Ozran and her family feel confident that they knew how to protect themselves from COVID-19.

PROGRAMMES

Basic Services for All:

For millions living in rural communities across Afghanistan, the provision of essential basic services remains extremely limited. Families living in isolated villages, cut off by difficult terrain, harsh weather and inadequate roads, struggle to access health and education facilities and local markets. Crucial infrastructure such as electricity and sanitation facilities are often lacking or in poor repair – a situation exacerbated by ongoing insecurity and political uncertainty. The blow dealt to the economy by the COVID-19 crisis will only make matters worse. In these circumstances, many people, especially those who were already facing many challenges, are left without the fundamental services they need to sustain their family's livelihood and break the cycle of poverty.

Between May 2017 and December 2020, Afghanaid implemented the Citizens' Charter National Priority Programme (CCNPP), in partnership with the Afghan Government. The CCNPP aimed to improve the delivery of core infrastructure and social services to participating communities through strengthened Community Development Councils (CDCs). We supported communities to analyse their development needs, decision-making structures, and distribution of economic and social resources, and to make inclusive community development plans.

In 2020, Afghanaid and its partners facilitated the development of 1,431 CDCs, with a 50% female membership, helping to strengthen their linkages to the local government and their feeling of shared responsibility towards their communities' development. Special sub-committees focused on issues affecting their communities, including education, health, agriculture, and youth engagement. We trained committee members in a wide range of skills and processes, ensuring they had the capacity to carry out their responsibilities successfully, so that local people can be at the forefront of decisions affecting their lives.

CDCs implemented a total of 2,122 sub-projects to address these needs, such as building roads and canals and developing solar and hydro power generation. These projects strengthened communities and made them more inclusive places to live, as well as creating short-term employment for local workers. At the end of 2020, all CDCs and sub-committees were handed over to the Ministry of Rural Rehabilitation and Development.

The story of Safid Dewar village

In the highland countryside of Lal wa Sarjangal District of Ghor province in Central Afghanistan, 38 households make up the small community of Safid Dewar village. Most of the villagers live in extreme poverty, facing serious challenges on a daily basis. Until recently, the most urgent issue was the lack of safe, clean drinking water. With only three wells serving the village, many residents were forced to walk long distances to retrieve water. One female community member recalled: "It was dangerous for us to collect water by ourselves, and it was frustrating for the men in our families that we always had to ask them to get it." Water was not only scarce, but also unclean, meaning that diarrhoea was commonplace, which was especially dangerous for our small children – and could even be fatal.

Two years ago, Afghanaid began implementing the Citizen's Charter National Priority Programme in Safid Dewar. Safe, easily accessible water for drinking and for irrigation was quickly identified as the community's most pressing need. They submitted a proposal to the local government department, who worked with them to build a new clean water system in the village.

The community is delighted with the new system. Hundreds of community members are now able to access drinking water 24 hours a day. Instances of water-related diseases have dropped dramatically – meaning that this year, no children were lost to disease. Every Thursday evening, in their speeches in the mosque, religious leaders encourage the community to manage and take care of their new water facility. A female CDC member expressed her gratitude to Afghanaid for the water system, saying "Now we have access to drinking water by ourselves, which really decreased our level of stress. Thank you, Afghanaid".



Safe, clean water, identified as the community's most urgent need, is now available 24 hours a day.

Economic Opportunities, Sustainable Livelihoods and Food Security

In the rural areas of Afghanistan where we work, most people rely on agriculture and animal husbandry as their primary source of income. For decades, Afghanaid has worked to strengthen and diversify rural livelihoods. This year, in addition to ongoing insecurity and low precipitation, the COVID-19 pandemic further threatened families' economic situation. We continued to support communities to manage natural resources, maintain irrigation systems, and improve farming techniques.

In 2020, in partnership with the United Nations Office on Drugs and Crime, we supported 5,246 farming families in two remote north-western provinces to find viable licit alternatives to opium poppy cultivation. The farmers' incomes increased by 50%, enabling them to meet household expenses and provide for their families. In central and north-eastern provinces we helped thousands of at-risk households access better seeds, techniques, and irrigation systems, boosting productivity and strengthening resilience.

Literacy, numeracy and vocational skills training are central to our livelihoods programming. This year, we supported returning refugees and internally displaced families in the eastern regions bordering Pakistan, delivering this training to women uprooted by conflict, as well as host community members. Through community dialogues women identified potential sources of tension with host communities and worked to mitigate these. In two central provinces, we provided women with literacy and vocational training in skills ranging from food processing, handicrafts and tailoring to poultry rearing and dairy processing. We reinforced this with enterprise development

and financial management training for 10,320 women, and seed grants for savings groups, to help the women use their new skills in viable business initiatives and create sustainable income sources. We combined this income generation support with promoting women's engagement in community governance, and raising awareness of women's rights. In partnership with the Brooke Hospital for Animals, we provided animal health and welfare training and veterinary services to thousands of livestock owners in central Afghanistan, supporting farmers in remote areas to continue using livestock for transportation, winter clothes and dairy products.

Throughout our livelihoods programming, we are acutely conscious of the need to conserve the precious natural resources necessary for communities' livelihoods. In 2020, Afghanaid promoted water preservation techniques, protected and restored forests and rangelands, and supported communities to reduce environmental degradation. With generous funding from the Swiss Agency for Development and Cooperation (SDC), we established Rangeland Management Associations, who planned and implemented activities to control run-off, conserve water and reduce soil erosion. We constructed 50 irrigation structures to bolster agricultural productivity. As a result, vegetation coverage is increased, groundwater levels are raised, and farmers are more resilient to natural disasters and assured of sustainable livelihoods for years ahead. Such activities provided crucial short-term employment for 4,280 community members during the pandemic.

Salma's story

57-year-old Salma knows what it is to be blessed with a large family. She and her husband live with their daughter-in-law, their eleven children and grandchildren in Behsud district in Nangarhar. But while abundant families can be a source of joy, Salma knows all too well the difficulties that poverty brings.

Life had always been hard. Salma's husband, a taxi driver, was the household's main provider – but he didn't own the taxi, and received just £2.75 a day from the vehicle's owner. The family struggled to make ends meet, with so many mouths to feed. Eventually, Salma's son was forced to send his wife and child to her father's house. Several months later, tragedy struck the family, when he decided to take his own life.

Salma could not bear to think that financial hardship would lead to any more deaths in her family. One year later, she enrolled in one of Afghanaid's training courses, and was soon learning how to cook, market and sell different kinds of biscuits and other delicious treats as part of the confectionary-making course.



After Afghanaid's confectionary-making course, Salma sells biscuits to bring in income for her family.

Salma's ambitions did not stop there. A member of a savings group, she borrowed £460 to buy a cow. She uses the milk to feed her family, and to produce cakes, sweets and other products to sell in local markets. With the money she makes, she has managed to pay her husband's debts, buy food and medications, and even save some money.

The impact of the project has been life changing. "Afghanaid helped me improve my family's food security, and saved my children's lives," Salma said. It has also helped transform gender relations in the family: "when my husband saw how powerful I became with the skills I learned, he let my daughter and granddaughter attend school." With a steady income source and the next generation of girls getting an education, Salma feels positive about her family's future.

Climate Change Adaptation and Disaster Risk Reduction

Climate change and natural disasters are a persistent and increasing threat in Afghanistan. The communities we work with are menaced by extreme weather and inhospitable climates, which pose severe challenges to agriculture and food security. Afghanistan is highly vulnerable to the effects of global warming: even small changes in temperatures and rainfall patterns can leave land unusable and devastate harvests. In Afghanistan's delicate ecosystems, agricultural practices and overuse can leave natural resources badly depleted, and environments unable to sustain future usage. Careful conservation practices are required to restore ecosystems, prevent water run-off and soil erosion, and to thereby mitigate the risk of disasters and their effects on people and livelihoods.

Since 2014, Afghanaid has taken the lead in the Afghanistan Resilience Consortium (ARC), comprising four international NGOs and supported over the past two years with funding from the Swedish International Development Cooperation Agency (Sida). In 2020, the ARC worked with 245 communities in six of Afghanistan's most disaster-prone provinces, strengthening resilience to natural disasters and climate change through an integrated community-based approach, which combines climate change adaptation with disaster risk reduction and response, to better equip communities to withstand and recover from emergencies.

Despite severe operational challenges arising from the COVID-19 pandemic, the ARC continued all aspects of this work in 2020. To reduce soil erosion and mitigate the risks of flash flooding, while enhancing livelihoods, the ARC planted almost half a million trees, and constructed 14 flood protection walls. The ARC built mitigation structures including 61,316 metres of canals, 141,088 ridge terraces and 445 check dams, helping reduce water run-off and soil erosion, conserving precious water resources to be used for irrigation. An incredible 99.5% of beneficiaries experienced lower losses to their agriculture and livestock. The consortium trained 1,823 people in Community Based Eco-DRR, and gave men and women cash for work opportunities for their labour. Moreover, we helped villages establish early warning systems and built their emergency response capacities, bolstering their preparedness for disasters.

Abdullah's story

In 2005, disaster struck in the village of Kangorchi in Badakhshan, where 54-year-old Abdullah lives with his family. The village was overwhelmed by a powerful flood, which claimed several lives and swept trees, stones and mud down into the village. Abdullah's own ten jeribs (4.94 acres) of irrigated land were destroyed. The village became inaccessible, making it difficult for district and municipal authorities to bring help. Ever since, Abdullah's village has fallen victim to regular floods and a landslide, which have caused serious destruction to farmland, orchards, a canal and thousands of trees.



Abdullah stands in his fields, which natural disasters no longer threaten.

Abdullah recalled that at the time, hope was in short supply in his village. "We farmers were just praying that God would help us. He was our only hope. Thankfully, he sent Afghanaid to us." Afghanaid began implementing our Community-Based Eco-DRR project in Kangorchi, carrying out a wide range of measures to help ensure that floods never brought such damage and loss again. The team built ridge and bench terraces, planted thousands of fruit and non-fruit trees, constructed several dams and a reservoir to capture and store water, as well as supporting the community to cultivate drought-resistant seeds. Afghanaid also built the capacity of the village residents to mitigate the risks of future disasters, training them in hazard vulnerability capacity assessment, community-based disaster planning, first aid, conflict analysis, and climate change awareness.

In total, our activities allowed us to protect around 2,200 jeribs (1,087 acres) of irrigated land, and thousands of trees and livestock. Abdullah noted the transformative effects for his farming: "This year, our village was protected from floods, so I was able to cultivate my land." As a result, having obtained only limited yield in recent years, Abdullah can now support his family with the significant profits from his rice, wheat and onions crops.

Abdullah said that he is deeply grateful for Afghanaid's contribution: "Thank you, Afghanaid, and all other donors who supported us and saved our lives and those of our children. We wish you all the best in your work."

Emergency Humanitarian Assistance

For decades, Afghanistan has been beset by persistent disasters, both natural and man-made, with devastating consequences for millions of ordinary people in communities across the country. Mired in conflict and grappling with political instability, the country has seen tragically high death tolls and ongoing waves of displacement, both within and beyond Afghanistan's borders, as thousands have been forced to flee their homes. Displacement, and the difficult process of return and reintegration into former or new communities, generate new demands for services, infrastructure and livelihood for both displaced and host communities. The Afghan government, weakened by decades of war and political instability, has only a limited capacity to provide assistance and relief when disasters occur.

On top of the long-standing conflict, Afghanistan is highly vulnerable to natural disasters and extreme weather. Heavy winter snowfall in remote mountainous regions leaves communities isolated and at risk, while crucial crop yields depend on precipitation levels, and can be jeopardised by both excess rainfall and by drought. As the effects of climate change intensify, extreme weather events such as flooding and droughts will increase, heightening the pressure on Afghanistan's economy, stability and food security. Rural communities are faced with the constant threat of drought, which brings adverse impacts not only at the household and community level, compromising food and livelihood security and coping capacities, but on whole ecosystems, as well as macro-level effects in terms of drought-induced displacements, conflicts over depleted resources and strained fiscal and policy space.

With our strong roots in humanitarian programming, Afghanaid has always been ready to offer urgent assistance to people in crisis situations. In 2020, as part of our Emergency Humanitarian Assistance programme, we helped over 10,030 of the most at-risk disaster-affected households in the northern and central parts of the country, amounting to 70,210 individuals. We provided non-food items such as cooking sets, hygiene kits and female sanitary kits, and as the cold Afghan winter set in, we provided cash assistance, allowing families to pay for food, rent shelter and buy heating fuel. These interventions ensured that crisis-affected people were able to pass through the winter months with a greater degree of comfort and dignity, and with a reduced risk of illness, food insecurity, or need to resort to negative coping mechanisms.

In addition, 2020 witnessed the unprecedented global emergency of the COVID-19 pandemic, the impacts of which fell heavily on those people who were already excluded or at risk of being left behind. Healthcare systems struggled to cope with the sudden burdens placed on them, while those already living in poverty and often working informally were dealt a devastating blow by national lockdown measures and their impact on livelihoods. Afghanaid responded quickly, delivering awareness and information sessions to help prevent the spread of the virus, and offering cash for work opportunities in several projects, which served as a vital lifeline to families struggling to make ends meet.

Cross-cutting themes

Gender and Inclusion



Ranking 157 in UNDP's 2020 Gender Inequality Index[3], Afghanistan is one of the most challenging places in the world in which to be female, with women and girls continuing to face widespread discrimination and rights abuses. 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.

We strive always to create an environment in which women can become active citizens and leaders, negotiating their social and economic rights and driving progress in their communities. In 2020, Afghanaid demonstrated this by working with communities to elect women leaders to Community Development Councils (CDCs), centring women's perspectives in their work. Likewise, we built women's capacity in DRR activities, including conducting hazard risk assessments from women's perspectives, planning disaster mitigation measures, planting trees and nurturing their growth, weaving gabion baskets for the construction of gabion walls, and training them as first responders in search and rescue and first aid. Our work supported women to gain financial autonomy and reflected our conviction that women must share in any socio-economic benefits achieved in society, while economic independence elevates their status in their family and community.

Our experience has shown that working with men and women together can more effectively change beliefs and behaviours than working with women alone. This year, we provided gender and inclusion awareness training to 665,338 women and 839,888 men. We worked with religious leaders to organise workshops and campaigns promoting women's rights, and spread positive messages through theatre, radio, and print and visual media. All our work on gender accords with Afghan culture and Islamic teaching, and encourages behavioural change: women's involvement in family decision-making has improved, and they encounter greater respect for their rights.

Good Governance and Community Development,

Afghanaid recognises the necessity of a viable, effective and legitimate state for ending the cycle of fragility and enabling sustainable development. All too often, development efforts in Afghanistan have been hampered by poor governance practices including rampant corruption and the diversion of resources. We strive to support good governance in all our projects, strengthening relationships between citizens and local authorities, in furtherance of our goal to broaden inclusion in governance and decision-making. We work in close coordination with key ministries at the national and provincial levels, and aim to build the capacity of government staff in departments and ministries linked to our work. Our good governance work centres on the core tenets of transparency, accountability, inclusivity, rule of law, integrity, participation, effectiveness and efficiency.

[3] 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

At the civil society level, we work with a wide range of community-based organisations (CBOs), building on our commitment to put communities at the centre of all we do. This year we established and offered capacity-building and support to members of groups including savings groups, agricultural cooperatives, livestock owners groups, community development councils, and district development assemblies in villages across Afghanistan, ensuring that a wide range of men and women have the skills and confidence to play a role in tackling key issues in their community.

Conflict Mitigation and Peacebuilding

Whether the peace process currently underway results in a lasting peace or not, conflict mitigation and peacebuilding are growing more significant across all our programmes. All four pillars of our programming intersect with ensuring a sustainable transition from conflict to peace, making it a key cross-cutting theme for Afghanaid. In 2020, we trained 585 men and 544 women from different communities in conflict mitigation and resolution, fostering a more cooperative and harmonious community life.

Reza's Story

26-year-old Reza is a teacher, living in Garmab Sofla village, in Lal wa Sarjangal district of Ghor province. Living with his wife, mother, and two sisters, aged 19 and 22, Reza is the only man and therefore the traditional head of his household – and the decisions he has made for his sisters haven't always been to their benefit. Looking back, Reza said "I did not behave properly with them. I thought of them as a burden, and wanted to find husbands for them as soon as possible, so that I would not need to pay for their food and clothing." Neither sister finished their high school education.



After taking Afghanaid's confectionary-making course, Salma sells biscuits to help bring in money for her

However, Reza's mind was changed when he attended Afghanaid's human rights training, learning about women's financial, educational, and employment rights. After the training, Reza allowed his sisters to attend sewing and embroidery courses. Equipped with these skills, they now earn their own income. Reza said proudly: "My sisters are responsible for buying and selling their products, and deal independently with their customers. Now they can help with household expenses. The atmosphere at home has become very positive – we are all happy together."

The changes stemming from his new attitude didn't stop there. Reza wanted his sisters to continue their formal education too. One sister has now enrolled in a Teachers' Training Centre, and the other has registered for the entrance exam for Kabul University, Afghanistan's top university. "I want them to be highly educated," Reza said. "Not educating girls was a tradition in our community, so I did the same. Fortunately, Afghanaid's training changed my mind."

Reza's sisters are delighted to have these opportunities now. "Three years after we stopped school, our brother has given us the opportunity to continue our education – even up to university level. Now we dream about becoming a teacher and a doctor." They are now free to marry whoever they want.

His mother has also noticed the improvements. "I am happy that Reza now treats me and his sisters better," she said. "He respects our opinions, and we are now a very happy family."

2021 PROGRAMME PLANS

In the coming year, we will strive to improve rural livelihoods by providing agricultural and livestock assistance, delivering technical training and material inputs for poultry rearing, orchard and rangeland management, vegetable and dairy processing and business development.



We also plan to expand our work in community-based Eco-DRR, building on the successes achieved in recent years. We will train farmers in climate-smart agricultural techniques, integrated watershed and natural resource management, and disaster risk reduction and response, to boost the resilience of rural communities to climate-induced disasters. A key element of this will be through strengthening climate-resilient livelihoods, ensuring sustainable income sources that are able to withstand the threats of a changing climate.

However, there are clear signs that the country will experience a severe drought in 2021, compounded by intensification of the conflict and continuation of the COVID-19 pandemic, all pointing to a very difficult year ahead for rural communities. We will closely monitor the situation and provide life-saving relief, recovery and rehabilitation assistance to affected communities. We will especially support displaced families, distributing essential cash and in-kind support to help families in urgent need to provide food for their families and keep warm and safe during the cold winter.

In 2021, we will continue to promote the rights of women, disabled people and minorities, and actively include them in all our projects. We will strive to facilitate their inclusion in community decision-making

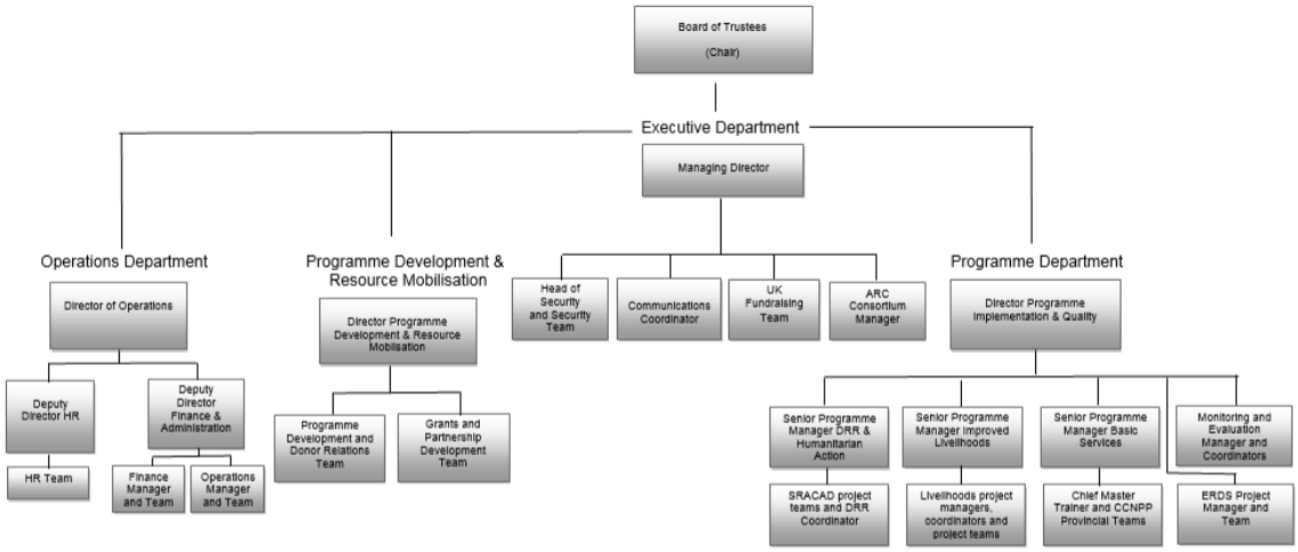
processes and provide assistance that directly serves their interests and helps them claim their rights. We will continue to focus specifically on women's financial autonomy, and the promotion of women's rights through an Islamic lens - both powerful tools in effecting the inclusivity we wish to see.

We will continue to support and capacitate community-based leadership groups, creating platforms for all elements of communities to be represented and have their voices heard. We will continue to influence the choices and actions of the government and donors, to hold them to account and speak truth to power. In particular, we will advocate for better management of national initiatives, and will promote sustainable watershed and natural resource management to support adaptation to climate change.

In 2021, we also plan to develop and strengthen our experience with conflict mitigation and peacebuilding, building on our rich experience and exploring new possibilities to incorporate this into our programming. We will work with other organisations seeking synergies and partnerships to implement effective peacebuilding projects in our areas of operation.

AFGHANAID PEOPLE

To maintain Afghanaid's reputation as an impactful and professional organisation, among the most respected NGOs in Afghanistan, we always endeavour to attract and retain the most technically competent, innovative and driven personnel, who actively contribute to achieving Afghanaid's mission and vision. The organisation is structured according to the following organogram:



During the year, a total of 253 staff received training on one or more of the following: Safeguarding, Whistleblowing, Security Management, Fire Safety, Monitoring and Evaluation, Effective Leadership, Social Inclusion and Nutrition, Project Cycle Management, Watershed Management Planning, and Rainwater Harvesting. Fourteen staff attended training on Community Based Watershed and Rangeland Management in Nepal, and 22 female staff received Management and Leadership training in Dubai.

We continued to provide induction and refresher training sessions on Afghanaid's policies to new and existing staff members. Eighty-eight new staff attended orientation sessions and 120 attended policy refresher training.

In 2020, we continued to support the higher education of eight members of staff; of these, two completed their MBA. Afghanaid also supported 16 staff members to study English language courses.

OUR DONORS AND SUPPORTERS

Afghanaid's ability to serve communities across Afghanistan is thanks to the generosity of our donors and supporters, who enable us to continue addressing the survival and development needs of these communities. We would like to recognise and thank them here.

In 2020, Afghanaid received humanitarian and development funding from:

- Italian Agency for Development Cooperation, Embassy of Italy, Kabul (AICS)
- 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 Office on Drugs and Crime (UNODC)
- 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:

- Ajahma Charitable Trust
- The Brooke Hospital for Animals
- Swedish Postcode Foundation
- Islamic Aid
- Arghosha Association
- Allan & Nesta Ferguson Charitable Trust
- Give2Asia
- Khaled Hosseini Foundation
- The Linda Norgrove Foundation
- The Coles-Medlock Foundation

We would like to express our sincerest thanks to all of our individual donors - in particular David Jones, Jo Nicholson, Jerome O'Hea, Chris Brewer, Angela Morrison, Sir Nicholas Barrington, Kalpna Saksena, Lesley Scoular, Matin Behzad, Nigel Poole, James Sinclair-Taylor, Michael Maude, Don Elwick, Paul Hughes-Smith, Alun Ellis, Francoise Findlay and Brandan Hawthorne - whose continued support enables us to reach people in some of the most underserved regions of the country and create a brighter future for the people of Afghanistan. Special thanks go also to the Ajahma Charitable Trust, whose generous working capital grant in 2020 gave an invaluable boost to all our work in Afghanistan. We are extremely grateful for their support.

Afghanaid also extends our heartfelt thanks to members of our brilliant 2020 London Marathon Team, and all those who took part in other challenge events, who despite the postponements, cancellations and other uncertainties of this tumultuous year, remained determined in their support and fundraising. We would also like to extend a special thanks to all our fantastic fundraisers who dedicated their time and energy to support our work, including everyone who organised and attended a variety of community and student events. Special thanks go to the Adstock Singers, the Adstock Orchard, All Saints West Dulwich, and Brunel and Westminster Afghan Societies. Similarly, we have been extremely grateful for the enduring support of our corporate supporters, The Afghan Rug Shop, Pretty Little Afghan, Charitable Travel, and Wild Frontiers. Despite the challenges of this year for businesses, our corporate sponsors have donated vital funds and helped us speak louder about our campaigns. We would also like to extend

our thanks to all our fantastic 'Conversations with Afghanaid' panelists, who have helped make the launch of the virtual series such a success.

COMMUNICATIONS

This past year the communications team maintained engagement and income during the pandemic, focusing on keeping supporters updated and engaged. During lockdown, the team implemented new strategies to reach supporters, including online activities like our *Conversations with Afghanaid* series and the *At Home Heroes* initiative. We tested and analysed social content and utilised video clips and short films across digital channels; worked to improve Search Engine Optimisation, built new relationships, and provided opportunities for user generated content, further expanding our reach into new networks. We ran a successful emergency COVID-19 appeal, as well as taking part in the Big Give Christmas Challenge for the first time.

We launched our LinkedIn account and continued to use social media to engage with existing supporters and attract new ones, which was reflected in a continued increase in followers and traffic. We increased our international reach, with more users and donors from countries outside of the UK. And we have begun a strategy to refresh aspects of the site, so that the user experience reflects our evolving audience.

Brand awareness has seen a huge improvement in 2020, with traffic onto the site via organic search (people finding us via Google search, not paid-for Google ads), increasing by 227%; referral traffic (from any other online sources that are not our own channels or links) has increased by 71%.



In Daykundi province, we are supporting livestock-owning families to improve the health and productivity of their animals, helping strengthen their own livelihoods.

FINANCIAL REVIEW

Income of more than £10.8 million was recognised in the 2020 financial year, which represents a decrease from the income of £12 million in 2019. The decrease in income was influenced by the slow-down in implementation of projects due to the COVID-19 pandemic. Of the £10.8 million income recognised, £4.45 million relates to the SIDA Community-based Eco-Disaster Risk Reduction programme, implemented by Afghanaid and the three other partners of the Afghanistan Resilience Consortium: Save the Children Afghanistan, Concern Worldwide Afghanistan and ActionAid Afghanistan. A total of £2.425 million in income is attributable to these consortium partners, the balance of £2.025 million representing Afghanaid direct implementation. Other significant income was recognised from the following awards: UK Aid Direct Families Empowerment (FEM) Programme (£822k), Government of Afghanistan MRRD funded Citizens' Charter National Priority Programme (£1.440 million), SDC funded RAMA programme (£1.156k), United Nations Coordination of Humanitarian Affairs-UNOCHA (£445k), UNODC funded BADILL programme (£436k), BPRM funded FLIP programme (£293k), World Food Programme-WFP (£264k), United Nations Food and Agriculture Organisation-FAO (£257k), Norwegian Agency for Development Cooperation-NORAD (£252k), and The Swedish Postcode Foundation (£249k). Afghanaid implemented other programmes focusing on emergency humanitarian assistance, women's financial autonomy and women's rights, and cash assistance for internally displaced people. The other smaller programmes contributed the remaining income recognised.

Cashflow improved in 2020 as implementation of the Citizens' Charter National Priority Programme, which is funded in arrears, came to an end. Invoicing for the outstanding milestones will continue in 2021 with the expectation that a majority of organisational reserves will be supported by cash by the end of the 2021 financial year.

Afghanaid has continued to take a prudent approach to cash management in the light of the operational uncertainties encountered in 2020. The majority of Afghanaid contracts are funded in advance and management proactively manages cash receipts and cash outlays for all projects.

Reserves

At 31 December 2020, Afghanaid had total funds of £1.535m, made up of an expendable endowment fund of £150k and £1.385m unrestricted funds. This is an increase from the total funds of £1.313m as at 31 December 2019.

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 working capital needs and potential co-financing requirements. At the end of 2019 this reserve was £1,056k and increased to £1,319k at the end of 2020.

Fixed asset reserve: an amount to cover funds invested in tangible and intangible fixed assets, totalling £66k at the end of 2020 (£107k at the end of 2019).

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 as working capital, 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. The trustees believe the costs of winding down the organisation are £400k and this amounts to the minimum reserves level.

Going Concern

The trustees are required to consider whether it is appropriate for Afghanaid's accounts to be prepared on a 'going concern' basis. The going concern assumption is a fundamental principle in the preparation of financial statements, under which an entity is ordinarily viewed as continuing in business for the foreseeable future. The 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 2020 Financial Statements, a detailed review of income and expenditure for 2021 and 2022 was conducted. The assessment and reforecasting indicates that the finances of Afghanaid remain resilient to the uncertainties in income and the Afghanistan operating environment. Regular reassessments will be carried out. The charity has the ability to

adjust operating expenditure in the event that programs are curtailed but still maintain core operating capabilities and, if necessary, draw down on reserves. For this reason, the trustees continue to adopt the going concern basis in preparing the financial statements.

Factors which support this assumption include the following:

- Further awards from a range of donors have been agreed in the 2021 financial year along with a viable pipeline of future multi-year funding.
- Core operating expenses are closely aligned to income for the year.
- The expectation is that we will be able to deliver our programmes. We will adjust core operating costs should our programme activities be severely impacted by either increased levels of violence and insecurity or further waves of COVID-19. The said risks, insecurity and the COVID19 pandemic, have potential significant impact to the operations of the charity. They are however not considered material uncertainties in relation to Afghanaid's ability to continue as a going concern.
- We are seeing continued settlement of the remaining Citizens Charter National Priority Programme invoices.

Key Risks and Uncertainties

Afghanaid's Executive Team is responsible for ensuring that risk management processes are embedded in day-to-day operations through effective implementation of policies and procedures. Risk assessment is conducted comprehensively every two years and risk registers are developed at an organisational and project level. The Executive Team reviews the organisational risk register on a quarterly basis and provides updates to the trustees twice a year. The trustees are ultimately responsible for risk management and the effectiveness of Afghanaid's internal control systems. They have assessed major risks to which the charity is exposed and have put in place controls, systems and procedures to manage those risks. It is not possible to eliminate all risk. It is fundamental that the risks are continuously monitored so as to assess the effectiveness of control/mitigating procedures to ensure acceptable residual/retained risk.

The trustees also monitor the effectiveness of risk management processes through assurance mechanisms including project audits and in-house compliance functions. As a result of the risk assessment exercise, as is common with similar organisations operating in our sector in Afghanistan, insecurity, a lack of long-term funding and insufficient income emerge as the most significant ongoing risks, in addition to potential successive waves of the COVID-19 pandemic in 2021. The risks have a likelihood of occurring given the volatile situation in Afghanistan, but they do not amount to material uncertainties in relation to Afghanaid's ability to continue as a going concern.

- **Security:** Insecurity remains a significant threat to Afghanaid's staff, communities and operations. This may hamper our ability to operate effectively and safely and to deliver our programmes within the funds available. Our approach remains very much to work with the consent and cooperation of local communities and to ensure that we maintain our reputation for impartiality and independence. The withdrawal of American troops in Afghanistan by 11 September 2021, as announced by President Biden, has the potential to cause unrest, insurgency, and civil war, which could significantly alter organisational operations.

- **COVID-19 Pandemic:** Possible successive waves of the pandemic in 2021 have the potential to cause movement restrictions, thereby affecting the smooth implementation of projects. Afghanaid has focused on protecting frontline staff, with provision of PPE and training, to minimise the spread of infection to staff, communities and stakeholders. Vaccination programmes have been launched in Afghanistan with significant uptake by staff and beneficiaries. Reforecasting will be conducted to assess the ability of the organisation to meet core operating costs given potential spending reductions.

- **Long term funding and insufficient income:** Shifting funding priorities, political instability in Afghanistan especially with the looming withdrawal of American troops, and the COVID-19 crisis, have created some uncertainty around funding commitments for Afghanistan beyond the 2020 financial year. The decline in Gross National Income (GNI) from donor countries has reduced the overall pool of funding available for development aid. The termination of the UK Aid Direct FEM grant in May 2021 as part of the FCDO spending cuts is a particularly unwelcome development. Afghanaid continues to build relationships with key donors and implementing partners, to position itself for future funding opportunities. Some opportunities for peace building, sustainable forestry management, and climate change, are being explored as part of the organisational mandate to provide assistance to those most in need of support.

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

8 July 2021 and signed on their behalf by:



Christopher Kinder
Chairman Board of Trustees

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES AND MEMBERS OF AFGHANAID

Opinion

We have audited the financial statements of Afghanaid ('the charitable company') for the year ended 31 December 2020 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 2020 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 27, 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.

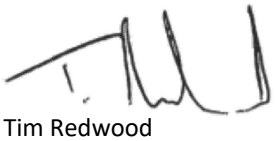
Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

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 3 August 2021

STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	Unrestricted Funds	Restricted Funds	Endowment Funds	2020 Total Funds	2019 Total Funds
		£	£	£	£	£
Income and endowments from:						
Donation and Legacies		104,438	-	-	**104,438**	**71,745**
Grants & Contracts	**4**	1,706,757	8,946,077	-	**10,652,834**	**11,876,942**
Other trading activities		35,473	-	-	**35,473**	**40,822**
Investments		4,146	-	-	**4,146**	**5,937**
Other		52,620	-	-	**52,620**	**6,060**
Total		**1,903,434**	**8,946,077**	**-**	**10,849,511**	**12,001,506**
Expenditure on:						
Raising funds		141,254	-	-	**141,254**	**106,871**
Rural Rehabilitations & Emergencies		1,534,839	8,946,077	-	**10,480,916**	**11,566,799**
Total	**5**	**1,676,093**	**8,946,077**	**-**	**10,622,170**	**11,673,670**
Net income/(expenditure)		**227,341**	**-**	**-**	**227,341**	**327,836**
Other recognised gains:						
Gains/ (losses) on foreign exchange retranslation		(5,526)	-	-	**(5,526)**	**99,696**
Net Movement in Funds	**16**	**221,815**	**-**	**-**	**221,815**	**427,532**
Reconciliation of funds:						
Total funds brought forward		1,162,932	-	150,000	**1,312,932**	**885,400**
Total funds carried forward	**16**	**1,384,747**	**-**	**150,000**	**1,534,747**	**1,312,932**

COMPANY NUMBER: 3034888
BALANCE SHEET
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	As at 31 December 2020 £		As at 31 December 2019 £	
Fixed Assets:					
Intangible assets	**9**		4,213		13,225
Tangible assets	**10**		62,220		94,028
Total fixed assets			**66,433**		**107,253**
Current Assets:					
Debtors	**11**	1,838,073		1,708,494	
Cash at bank and in hand	**12**	3,561,750		6,180,841	
Total current assets		**5,399,823**			**7,889,335**
Creditors: Amounts falling due within one year	**13**	**3,931,509**		**6,683,656**	
Net Current Assets			**1,468,314**		**1,205,679**
Total Net Assets			**1,534,747**		**1,312,932**
The funds of the charity:					
Endowment Fund			150,000		150,000
Unrestricted Funds			1,384,747		1,162,932
Total charity funds	**16**		**1,534,747**		**1,312,932**

Approved by the trustees, and authorised for distribution, on 8 July 2021 signed on their behalf by:

Christopher Kinder
Chairman

Mary Mountain
Treasurer

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

	Year ended 31 December 2020	Year ended 31 December 2019
	£	£
Cash flows from operating activities:		
Net cash provided by operating activities	**(2,617,711)**	**949,863**
Cash flows from investing activities:		
Interest received	**4,146**	**5,937**
Purchase of tangible fixed assets	**-**	**(100,516)**
Net cash used by / (provided by) financing activities	**4,146**	**(94,579)**
Change in cash and cash equivalents during the reporting period	**(2,613,565)**	**855,284**
Cash and cash equivalents at the beginning of the reporting period	**6,180,841**	**5,226,484**
Change in cash and cash equivalents due to exchange rate movements	**(5,526)**	**99,073**
Cash and cash equivalents at the end of the reporting period	**3,561,750**	**6,180,841**

Table A

Net income/(expenditure) for the reporting period:	**227,341**	**328,459**
Adjustments for:		
Returns on investment	**(4,146)**	**(5,937)**
Depreciation and amortisation of fixed assets	**37,524**	**33,150**
Revaluation of tangible fixed assets	**3,295**	**2,838**
(Increase) / decrease in debtors	**(129,578)**	**377,856**
Increase / (decrease) in creditors	**(2,752,147)**	**213,497**
Net cash flow from operating activities	**(2,617,711)**	**949,863**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020
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 critical 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.
- Estimating the useful economic life of tangible fixed assets.
- The full impact of the COVID-19 pandemic and the security situation in Afghanistan remains unknown at the date of signing these accounts. The experience of 2020 and part of 2021 has been that the charity's activities have continued, despite changes to programme delivery and priorities. The situation in Afghanistan remains unpredictable and as such estimates used in the accounts are subject to a greater degree of uncertainty and volatility.

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.

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 going concern assumption is a fundamental principle in the preparation of financial statements, under which an entity is ordinarily viewed as continuing in business for the foreseeable future. The 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 2020 Financial Statements, a detailed review of income and expenditure for 2021 and 2022 was conducted. The assessment and reforecasting indicates that the finances of Afghanaid remain resilient to the uncertainties in income and the Afghanistan operating environment. Regular reassessments will be carried out. The charity has the ability to adjust operating expenditure in the event that programs are curtailed but still maintain core operating capabilities and, if necessary, draw down on reserves. For this reason, the trustees continue to adopt the going concern basis in preparing the financial statements.

Factors which support this assumption include the following:

- Further awards from a range of donors have been agreed in the 2021 financial year along with a viable pipeline of future multi-year funding.
- Core operating expenses are closely aligned to income for the year.
- The expectation is that we will be able to deliver our programmes. We will adjust core operating costs should our programme activities be severely impacted by either increased levels of violence and insecurity or further waves of COVID-19. The said risks, insecurity and the COVID19 pandemic, have potential significant impact to the operations of the charity. They are however not considered material uncertainties in relation to Afghanaid's ability to continue as a going concern.
- We are seeing continued settlement of the remaining Citizens Charter National Priority Programme invoices.

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. Investment income is recognised when receivable.

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 Afghanaid 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 Afghanaid'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 £3,682 (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

Afghanaid 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 Afghanaid's charitable activities, together with investment income accruing directly to those restricted

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. The charity has not set any funds as designated. However, the trustees believe the costs of winding down the organisation are £400k, and this amounts to the minimum reserves level.

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.

NOTE 4: GRANTS & CONTRACTS FOR RURAL REHABILITATION & EMERGENCIES

	Unrestricted Funds £	Restricted Funds £	Endowment Fund £	Year ended 12/31/2020 £	Unrestricted Funds £	Restricted Funds £	Endowment Fund £	Year ended 12/31/2019 £
Government Grants & Contracts (Note 4.1&4.2)								
UK Department for International Development (UK DFID)	-	822,028	-	**822,028**	-	2,286,775	-	**2,286,775**
Government of the Islamic Republic of Afghanistan (GoIRA) - Package 4 & 12.	1,440,532	-	-	**1,440,532**	1,329,066	-	-	**1,329,066**
US Government – BPRM	-	292,961	-	**292,961**	-	594,711	-	**594,711**
The Swedish Postcode Foundation	-	249,486	-	**249,486**	-	-	-	**-**
Swiss Development Cooperation (SDC)	-	1,156,819	-	**1,156,819**	-	953,722	-	**953,722**
Norwegian Agency for Development Cooperation	-	252,991	-	**252,991**	-	212,254	-	**212,254**
SIDA-Afghanistan Resilience Consortium (ARC)	-	4,425,114	-	**4,425,114**	-	4,440,609	-	**4,440,609**
Brooke Animal Hospital	-	208,924	-	**208,924**	-	159,066	-	**159,066**
Sub total	1,440,532	7,408,323	-	**8,848,855**	1,329,066	8,647,137	-	**9,976,203**
Multilateral Grants & Contracts								
World Food Programme (WFP)	-	263,964	-	**263,964**	-	-	-	**-**
United Nations Office for Coordination of Humanitarian Affairs (UNOCHA)	-	444,969	-	**444,969**	-	244,669	-	**244,669**
Food and Agriculture Organization of UN (FAO)	-	257,444	-	**257,444**	-	-	-	**-**
United Nations Office on Drugs and Crime (UNODC)	-	436,288	-	**436,288**	-	690,514	-	**690,514**
Sub total	-	1,402,665	-	1,402,665	-	935,183	-	**935,183**
Trusts & Foundations Grants	-	68,950	-	**68,950**	-	63,928	50,000	**113,928**
Other Grants & Contracts	266,225	66,139	-	**332,364**	185,335	666,293	-	**851,628**
Sub total	266,225	135,089	-	**401,314**	185,335	730,221	50,000	**965,556**
TOTAL	1,706,757	8,946,077	-	**10,652,834**	1,514,401	10,312,541	50,000	**11,876,942**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

NOTE 4.1: INCOME FROM GOVERNMENT GRANTS & CONTRACTS (2020)

Income from governments during the reporting period include:

Government/Agency	Nature	Amount £	Unfulfilled conditions
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**	

NOTE 4.2: INCOME FROM GOVERNMENT GRANTS & CONTRACTS (2019)

Income from governments during the reporting period include:

Government/Agency	Nature	Amount £	Unfulfilled conditions
UK Department for International Development (UK DFID)	Grants for provision of disaster risk reduction; water, sanitation and hygiene services; and economic empowerment for women	2,286,775	None
Government of the Islamic Republic of Afghanistan (GoIRA)	Contracts for provision of basic services and agriculture value chain interventions	1,329,066	None
US Government	Grants for Building Women's Livelihoods and Reintegrating Refugees.	594,711	None
Swiss Development Cooperation (SDC)	Grants for Rangeland Management Project	953,722	None
Norwegian Agency for Development Cooperation	Grants for Promoting Gender Equality and Women's Rights	212,254	None
SIDA-Afghanistan Resilience Consortium (ARC)	Grants for Community Based-Eco-Disaster risk reduction	4,440,609	None
Brooke Animal Hospital	Animal health care	159,066	None
TOTAL		**9,976,203**	

NOTE 5: EXPENDITURE (2020)

	Raising funds £	Rural Rehabilitations & Emergencies £	2020 Total £	2019 Total £
Staff costs	80,804	2,719,631	**2,800,435**	**2,795,605**
Sub-Grants/Sub-Contracts to Implementing Partners (note 5.1 & 5.2)	-	3,487,713	**3,487,713**	**4,180,804**
Direct costs	47,538	3,838,987	**3,886,525**	**4,241,158**
Support costs (note 5.3)	12,912	434,585	**447,497**	**456,103**
	141,254	**10,480,916**	**10,622,170**	**11,673,670**

NOTE 5.1: EXPENDITURE

	Grants to Institutions £	Support Costs £	Year ended 31 December 2020 £	Year ended 31 December 2019 £
Basic Services	784,304	-	784,304	599,765
Improved Livelihoods	69,845	-	69,845	59,352
Emergency Humanitarian Assistance and DRR	2,633,564	-	2,633,564	3,521,687
Common Costs, Cross-cutting Themes & Other Unallocated	-	434,585	434,585	456,103
Total	**3,487,713**	**434,585**	**3,922,298**	**4,636,907**

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

	Year ended 31 December 2020 £	Year ended 31 December 2019 £
Afghan Education Production Organization - AEPO	69,845	49,065
Concern Worldwide - Afghanistan	675,848	699,099
Action Aid - Afghanistan	719,202	725,656
United Nations Environment Programme - UNEP	-	171,284
Save the Children - Afghanistan	1,238,513	1,935,936
Oxfam Novib	246,962	245,708
Coordination of Humanitarian Assistance - CHA	537,343	354,056
	3,487,713	**4,180,804**

100% of grants are to institutions; no grants are paid to individuals (2019: £ nil).

NOTE 5.3: ANALYSIS OF SUPPORT COSTS

	Raising funds	Rural Rehabilitations & Emergencies	Year ended 31-Dec-20 Total	Year ended 31-Dec-19 Total
	£	£	£	£
Staff costs	7,441	250,446	257,887	**226,000**
Governance	884	29,756	30,640	**61,289**
Administrative costs	4,587	154,383	158,970	**168,814**
TOTAL	**12,912**	**434,585**	**447,497**	**456,103**

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

	Year ended 31 December 2020	Year ended 31 December 2019
	£	£
- Amortisation and depreciation	37,524	33,150
- Trustees' travel expenses	76	1,276
- Auditors' remuneration:		
Afghanistan	5,983	6,194
United Kingdom	21,250	18,500
Operating lease payments:		
- Land and buildings	177,944	216,944
- Other assets	3,716	5,902

NOTE 7: STAFF COSTS

	Year ended 31 December 2020 £	Year ended 31 December 2019 £
Staff costs were as follows:		
Gross salaries - Afghanistan	2,432,294	2,385,890
Gross salaries – UK	190,944	186,605
Social security costs	191,807	192,477
	2,815,045	**2,764,972**
Leave Cost	243,276	256,633
Total	**3,058,321**	**3,021,605**

No trustee received any remuneration for their services in 2020 (nil in 2019).

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

£60,000- £69,999	1	-
£70,000- £79,999	-	1
£80,000- £89,999	1	-
£90,000- £99,999	1	1
£110,000- £119,999	-	1
£130,000- £139,999	1	-
	£	**£**
Key Management Personnel Remuneration	441,912	417,628

In addition to the amounts disclosed above, Afghanaid have incurred costs of £82,248 (2019: £84,814) for security costs related to the service of the Key Management Personnel.

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
- Consortium Manager

Staff Numbers

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

	No.	No.
United Kingdom		
- National Staff	6	5
Afghanistan		
- International Staff	8	8
- National Staff	331	384
Total	**345**	**397**

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 31 December 2020	**76,232**
Additions in the year	-
Disposals in the year	**-**
Forex Movement during the year	(2,342)
At 31 December 2020	**73,890**
Amortisation	
At 01 January 2019	**63,008**
Charge for the year	8,605
Disposals in the year	-
Forex movement during the year	(1,936)
At 31 December 2020	**69,677**
Net Book Value	
At 31 December 2020	**4,213**
At 31 December 2019	13,225

NOTE 10: TANGIBLE FIXED ASSETS

Forex Movement During the year	**Motor Vehicles**	**Office Equipment**	**Total**
	£	**£**	**£**
Cost			
At 01 January 2020	499,181	161,823	661,004
Additions in the year	-	-	-
Forex movement during the year	(15,335)	(4,971)	(20,306)
At 31 December 2020	**483,846**	**156,852**	**640,698**
Depreciation			
At 01 January 2020	419,789	147,187	566,976
Charge for the year	22,486	6,433	28,919
Forex movement during the year	(12,896)	(4,521)	(17,417)
At 31 December 2020	**429,379**	**149,099**	**578,478**
Net Book Value			
At 31 December 2020	**54,467**	**7,753**	**62,220**
At 31 December 2019	79,392	14,636	94,028

NOTE 11: DEBTORS

	2020	2019
	£	£
Prepayments	113,079	54,843
Grants receivable	1,238,595	520,653
Accrued income	472,737	1,116,973
Other debtors	13,662	16,025
Total Debtors	**1,838,073**	**1,708,494**

NOTE 12: CASH & CASH EQUIVALENTS

	2020	2019
	£	£
Cash at bank	3,553,323	6,171,214
Cash in hand	8,427	9,627
Total Cash & Cash Equivalents	**3,561,750**	**6,180,841**

NOTE 13: CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020	2019
	£	£
Trade creditors	269,138	837,582
Deferred income (Note 13.1)	1,668,973	3,260,388
Grants payable	1,459,086	1,766,721
Accruals	335,272	546,441
Taxation and social security	71,470	82,308
Other creditors	127,570	190,216
Total Creditors	**3,931,509**	**6,683,656**

NOTE 13.1: DEFERRED INCOME

Award Name	Balance at 01 January 2020	Receipts	Released to SOFA	Balance at 31 December 2020
	£	£	£	£
Citizens' Charter Afghanistan Project- Package 4	-	1,199,988	1,159,622	40,366
FLIP - Families' Livelihoods & Integration Project	-	315,333	282,759	32,574
Families' Empowerment Project (FEM)	-	882,827	793,401	89,426
Rangeland Management Project	81,623	1,034,911	1,116,534	-
Promoting Gender Equality Women's Rights	181,029	124,252	244,180	61,101
Community Based Eco-DRR (CBED)	2,780,780	2,157,416	4,271,011	667,185
Hubert de Pelet (FEM Match Fund)	136	(136)	-	-
Women's Entrepreneurship in Lal	1,085	19,577	20,662	-
Provision of Winterization Support to IDPs	89,904	(2,081)	87,823	-
Improving Agricultural Resilience	125,831	114,967	240,798	-
Provision of Winterization Assistance-AHF 5	-	312,742	301,680	11,062
Literacy Training Project-FEM Match Fund	-	8,179	3,053	5,126
Winterization Assistance in Daikundi & Samangan	-	413,055	30,510	382,545
Food Assistance in Daikundi	-	389,050	9,462	379,588
	-			
Total Deferred Income	**3,260,388**	**6,970,080**	**8,561,495**	**1,668,973**

NOTE 14: OPERATING LEASE COMMITMENTS

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

	As at 31 December 2020	As at 31 December 2019
Land and Buildings	**£**	**£**
Within one year	16,799	18,488
Other assets		
Within one year	286	286
Total Operating Lease Commitments	**17,085**	**18,774**

NOTE 15: ANALYSIS OF NET ASSETS BETWEEN FUNDS (2020)

	Expendable Endowment Funds	Unrestricted Funds	Total Funds 2020
	£	£	£
Total 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**

NOTE 15.1: ANALYSIS OF NET ASSETS BETWEEN FUNDS (2019)

	Expendable Endowment Funds	Unrestricted Funds	Total Funds 2019
	£	£	£
Tangible fixed assets	-	107,253	107,253
Current assets	150,000	7,739,335	7,889,335
Current liabilities	-	(6,683,656)	(6,683,656)
Net assets at 31 December 2019	**150,000**	**1,162,932**	**1,312,932**

NOTE 16: 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	-	8,946,077	8,946,077	-	-	-
Total Unrestricted Funds	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 16.1: FUNDS MOVEMENT (2019)

	At 1 January 2019	Income	Expenditure	Gains, (Losses)	Transfers	At 31 December 2019
	£	£	£	£	£	£
Endowment Funds:	100,000	50,000	-	-	-	150,000
Total Restricted Funds	-	10,312,541	10,312,541	-	-	-
Total Unrestricted Funds	785,400	1,638,965	1,361,129	99,696	-	1,162,932
Total Fund	**885,400**	**12,001,506**	**11,673,670**	**99,696**	**-**	**1,312,932**

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 £1 million 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 £400k, 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 2019 this reserve was £1,056k and was increased to £1,319k at the end of 2020.

Fixed asset reserve: an amount to cover funds invested in tangible and intangible fixed assets totalling £66k at the end of 2020 (£107K at end of 2019).

NOTE 18: TRANSFERS BETWEEN FUNDS

No funds have been transferred from restricted to unrestricted funds. (nil 2019).

NOTE 19: RELATED PARTIES

There were no related party transactions in 2020 (nil 2019).

END