

**Afghanaid**  
For peace and prosperity



# Annual Report 2022



# Report and Financial Statements For the Year Ended 31 December 2022

## Table of Contents

Reference and Administrative Information	3
Statement from the Managing Director	4
Report of the Trustees	6
Governance and Management	6
Strategic Report	10
History	10
Present Day & Mission and Vision	11
Our Programmes in 2022	13
Basic Services For All	14
Climate Change Adaptation and Disaster Risk Reduction	14
Success Story: Bringing Water, Trees, and Employment Opportunities to Chayabak Village	16
Economic Opportunities, Sustainable Livelihoods and Food Security	18
Success Story: Malika is Sewing Her Way to a Brighter Future	19
Emergency Humanitarian Assistance	21
Success Story: Rebuilding Homes, Restoring Communities	22
Cross Cutting Themes	24
Gender Inclusion	24
Success Story: A Thriving Mother-Daughter Partnership	25
Good Governance and Community Development	26
Conflict Mitigation and Peacebuilding	26
2023 Programme Plans	27
Afghanaid People	29
Organogram	29
Staff Profiles	30
Our Donors and Supporters	32
Communications	34
Financial Review	35
Key Risks and Uncertainties	35
Going Concern	36
Statement of Trustees' Responsibilities	37
Independent Auditor's Report to the Members and the Trustees of Afghanaid	41
Statement of Financial Activities	46
Balance Sheet	47
Statement of Cash Flows	48
Notes to the Financial Statements	49

## Reference and Administrative Information

<b>Company Number</b>	3034888	
<b>Charity Numbers</b>	1045348 (England and Wales) SC044614 (Scotland)	
<b>Governing Document</b>	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.	
<b>Registered Office &amp; Operational Address</b>	Omnibus Business Centre 39-41 North Road, London N7 9DP	
<b>Board of Trustees</b>	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
<b>Principal Staff</b>	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	
<b>Bankers</b>	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	
<b>Solicitors</b>	Russell-Cooke LLP 8 Bedford Row London WC1R 4BX	
<b>Auditors</b>	Crowe UK LLP, Chartered Accountants 55 Ludgate Hill, London EC4M 7JW	
<b>Auditors - Afghanistan</b>	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 of 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.



**“We are excited that several other longer-term programmes addressing basic needs and livelihoods are in the pipeline for 2023.”**

# 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 policies 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 conducted 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 to 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.



**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.**



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.





## 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. Afghanistan, 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

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 with her granddaughters.  
Richard Pohle/The Times

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 Parirukh'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, Parirukh'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 Peacebuilding

**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's Conflict, Stability and Security Fund (CSSF). This project signifies a crucial step towards a more comprehensive approach to conflict mitigation and peacebuilding.



## 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<sup>1</sup>, "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.

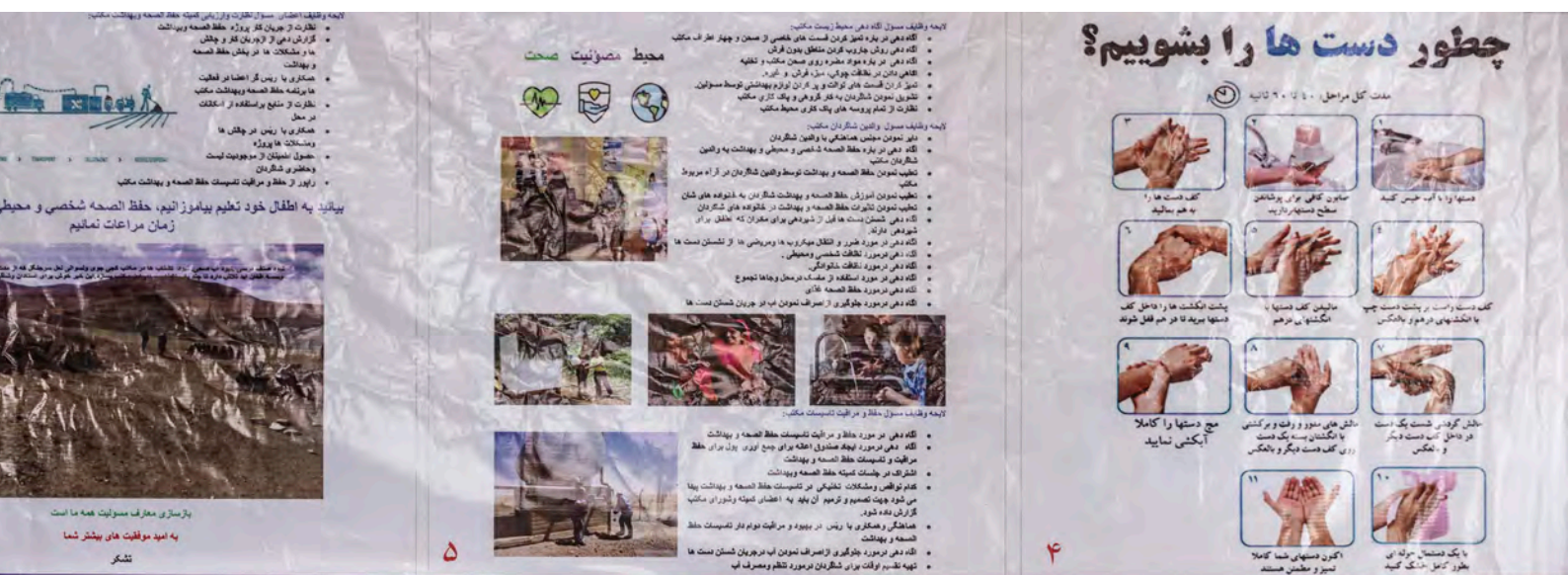
In this context, Afghanaid will continue to deliver emergency food, winterisation, and multi-purpose cash assistance to at least 41,000 households, representing an estimated 287,000 people, across our target provinces. We will also expand our assistance to communities to combat the ravages of climate 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.

<sup>1</sup><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.

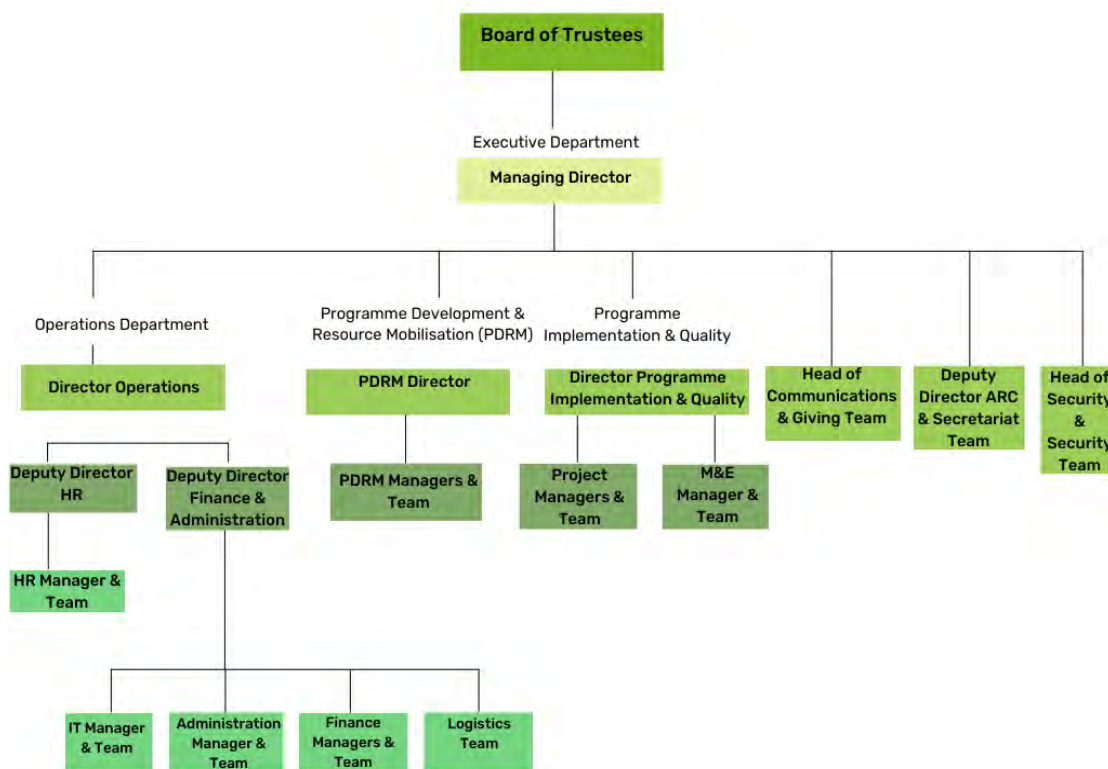


Girls in a WASH committee training session.

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<sup>2</sup>. 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.

<sup>2</sup> 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                        | • The Brooke Hospital for Animals       |
| • Andre Bernheim Charitable Trust         | • The Cecil Pilkington Charitable Trust |
| • CHK Foundation                          | • The Corvo Foundation                  |
| • Christians Aware Charity                | • The Day Group Ltd                     |
| • Evan Cornish Foundation                 | • The David and Kathleen Harvey Trust   |
| • Fitzherbert-Brockholes Charitable Trust | • The Dinkin Family Trust               |
| • Give2Asia                               | • The E M McAndrew Trust                |
| • Harbinson Charitable Trust              | • The Flavia Nunes Charitable Trust     |
| • P&G Charitable Trust                    | • The Gilmour Charitable Fund           |
| • Roger Stirk Charitable Trust            | • The Grocers' Charity                  |
| • Seaton Family Trust                     | • The Helen Marshall Charitable Trust   |
| • Slaughter and May Charitable Trust      | • The Hurst Lea Foundation              |
| • Sue Rouse Charitable Trust              | • The J Behrens Charitable Trust        |
| • The Alligator Charitable Trust          |   |
| • The Bernadette 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 through 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' 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;
- 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;



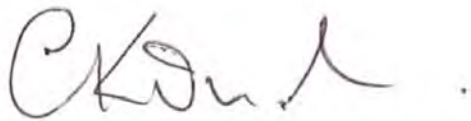
decision-making, risk and control; board effectiveness; diversity; and openness and accountability. The trustees are aware that the Charity Governance Code is not a regulatory requirement but recommends best practice and assists in making well considered decisions, which are in the best interest of the 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

4 July 2023 and signed on their behalf by:

A handwritten signature in dark ink, appearing to read 'C Kinder', followed by a period.

---

**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](http://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

---

Date: 27 September 2023



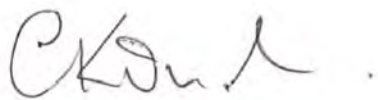
**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2022 Total Funds £	2021 Total Funds £
<b>Income and endowments from:</b>						
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
<b>Total</b>		<b>1,462,485</b>	<b>15,118,377</b>	<b>-</b>	<b>16,580,862</b>	<b>10,149,747</b>
<b>Expenditure on:</b>						
Raising funds		157,763	-	-	157,763	145,477
Rural Rehabilitations & Emergencies		1,487,531	14,673,308	-	16,160,839	8,646,847
<b>Total</b>	5	<b>1,645,294</b>	<b>14,673,308</b>	<b>-</b>	<b>16,318,602</b>	<b>8,792,324</b>
<b>Net income/(expenditure)</b>		<b>(182,809)</b>	<b>445,069</b>	<b>-</b>	<b>262,260</b>	<b>1,357,423</b>
<b>Other recognised gains:</b>						
Gains/ (losses) on foreign exchange retranslation		(136,288)	-	-	(136,288)	81,809
<b>Net Movement in Funds</b>	16	<b>(319,097)</b>	<b>445,069</b>	<b>-</b>	<b>125,972</b>	<b>1,439,232</b>
<b>Reconciliation of funds:</b>						
Total funds brought forward		2,823,979	-	150,000	2,973,979	1,534,747
<b>Total funds carried forward</b>	16	<b>2,504,882</b>	<b>445,069</b>	<b>150,000</b>	<b>3,099,951</b>	<b>2,973,979</b>

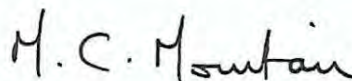
**COMPANY NUMBER: 3034888**  
**BALANCE SHEET**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

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

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 £
<b>Cash flows from operating activities:</b>		
Net cash provided by operating activities	4,239,875	5,549
<b>Cash flows from investing activities:</b>		
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
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>7,697,978</b>	<b>3,635,593</b>

**Table A**

<b>Net income/(expenditure) for the reporting period:</b>	<b>262,260</b>	<b>1,357,423</b>
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.



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

### 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.

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

### 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 Afghanistanid has provided the goods or services.

#### f) **Expenditure**

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

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

#### g) **Intangible Fixed Assets**

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

#### **Tangible Fixed Assets**

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

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

Items of equipment are capitalised where the purchase price exceeds £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**

Afghanistanid has financial assets and financial liabilities of a kind that qualify as basic financial instruments.

Basic financial instruments are initially recognised at transaction value and subsequently measured at fair value at the Balance Sheet date, with gains and losses being recognised within income and expenditure.

Financial assets held at fair value at the Balance Sheet date comprise cash 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 Afghanistanid's charitable activities, together with investment income accruing directly to those restricted

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

### 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.



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

**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
<b>TOTAL</b>	<b>1,017,936</b>	<b>163,975</b>	<b>1,181,911</b>	<b>1,846,822</b>	<b>-</b>	<b>1,846,822</b>

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

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

**Multilateral Grants & Contracts**

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

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

Income from governments during the reporting period include:

<u>Government/Agency</u>	<u>Nature</u>	<u>Amount</u> £	<u>Unfulfilled conditions</u>
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
<b>TOTAL</b>		<b>5,284,779</b>	

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

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

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

<u>Government/Agency</u>	<u>Nature</u>	<u>Amount</u> £	<u>Unfulfilled conditions</u>
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
<b>TOTAL</b>		<b>3,707,073</b>	



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

### 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
	<b>157,763</b>	<b>16,160,839</b>	<b>16,318,602</b>	<b>8,792,324</b>

### NOTE 5.1: EXPENDITURE

	Grants to Institutions £	Support Costs £	Yearended 31 December 2022 £	Yearended 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
<b>Total</b>	<b>1,717,873</b>	<b>581,880</b>	<b>2,299,753</b>	<b>1,818,425</b>

### NOTE 5.2: SUBGRANTS PER PARTNER (excluding support costs)

	Yearended 31 December 2022 £	Yearended 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 Afghanistan The Liaison Office	122,037	-
	356,046	-
The Share Trust Inc	31,692	-
	<b>1,717,873</b>	<b>1,160,866</b>

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

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

**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
<b>TOTAL</b>	<b>9,817</b>	<b>581,880</b>	<b>591,697</b>	<b>674,860</b>

**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
<b>Operating lease payments:</b>		
- Land and buildings	193,409	171,886
- Other assets	3,427	3,267

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

### NOTE 7: STAFF COSTS

	Yearended 31 December 2022 £	Yearended 31 December 2021 £
<b>Staff costs were as follows:</b>		
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
<b>Total</b>	<b>3,519,988</b>	<b>2,418,287</b>

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	-

<b>Key Management Personnel Remuneration</b>	<b>£</b>	<b>£</b>
	<b>754,938</b>	<b>602,412</b>

In addition to the amounts disclosed above, Afghanistan 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.

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



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

### 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	-
<b>At 31 December 2022</b>	<b>99,043</b>
<b>Amortisation</b>	
At 01 January 2022	<b>56,106</b>
Charge for the year	8,468
Disposals in the year	-
<b>At 31 December 2022</b>	<b>64,574</b>
<b>Net Book Value</b>	
At 31 December 2022	<b>34,469</b>
At 31 December 2021	-

### NOTE 10: TANGIBLE FIXED ASSETS

	Motor Vehicles £	Office Equipment £	Total £
<b>Cost</b>			
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
<b>At 31 December 2022</b>	<b>480,793</b>	<b>186,050</b>	<b>666,843</b>
<b>Depreciation</b>			
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
<b>At 31 December 2022</b>	<b>471,358</b>	<b>177,735</b>	<b>649,093</b>
<b>Net Book Value</b>			
<b>At 31 December 2022</b>	<b>9,435</b>	<b>8,315</b>	<b>17,750</b>
At 31 December 2021	24,283	10,959	35,242

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

**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
<b>Total Debtors</b>	<b>5,888,392</b>	<b>1,720,521</b>

**NOTE 12: CASH & CASH EQUIVALENTS**

	2022	2021
	£	£
Cash at bank	7,687,299	3,629,795
Cash in hand	10,679	5,798
<b>Total Cash &amp; Cash Equivalents</b>	<b>7,697,978</b>	<b>3,635,593</b>

**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
<b>Total Creditors</b>	<b>10,538,638</b>	<b>2,417,377</b>

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

**NOTE 13.1: DEFERRED INCOME**

<b>Award Name</b>	<b>Balance at 01 January 2022</b>	<b>Receipts</b>	<b>Released to SOFA</b>	<b>Balance at 31 December 2022</b>
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)	246,710
Winterization support Project for vulnerable households (UNODC)	146,187	108,106	(254,293)	-
Strengthening Community Resilience to Natural Disasters and Improving WASH Conditions (Avaaz Foundation)	146,120	17,414	(163,534)	-
Community Based Eco-DRR (Bridge Extension) Project (SIDA)	272,701	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
<b>Total Deferred Income</b>	<b>983,949</b>	<b>16,175,050</b>	<b>(10,591,937)</b>	<b>6,567,062</b>



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

### NOTE 14: OPERATING LEASE COMMITMENTS

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

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

### 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)
<b>Net assets at 31 December 2022</b>	<b>150,000</b>	<b>2,504,882</b>	<b>445,069</b>	<b>3,099,951</b>

### 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)
<b>Net assets at 31 December 2021</b>	<b>150,000</b>	<b>2,823,979</b>	<b>2,973,979</b>

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

**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
<b>Total Unrestricted Funds</b>						
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
<b>Total Fund</b>	<b>2,973,979</b>	<b>16,580,862</b>	<b>(16,318,602)</b>	<b>(136,288)</b>	<b>-</b>	<b>3,099,951</b>

**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)	-
<b>Total</b>	<b>-</b>	<b>15,118,377</b>	<b>(14,673,308)</b>	<b>445,069</b>

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

**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
<b>Total Fund</b>	<b>1,357,085</b>	<b>556,845</b>	<b>(1,075,616)</b>	<b>122,129</b>	<b>-L</b>	<b>960,443</b>

**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)	-	-	-
	-	-	-	-	-	-
<b>Total Unrestricted Funds</b>						
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
<b>Subtotal</b>	<b>1,384,747</b>	<b>2,453,817</b>	<b>(1,096,394)</b>	<b>81,809</b>	<b>-</b>	<b>2,823,979</b>
<b>Total Fund</b>	<b>1,534,747</b>	<b>10,149,747</b>	<b>(8,792,324)</b>	<b>81,809</b>	<b>-</b>	<b>2,973,979</b>



**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)	-
<b>Total</b>		<b>7,695,930</b>	<b>(7,695,930)</b>	<b>-</b>

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

### 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

A young boy with dark hair, wearing a brown jacket over a patterned shirt, is leaning over a metal water tap. He is washing his hands, and water is splashing around them. The background is a dry, hilly landscape under a clear blue sky. A yellow container is visible in the bottom left corner.

**Afghanaid**  
For peace and prosperity

[www.afghanaid.org.uk](http://www.afghanaid.org.uk)

Omnibus Business Centre  
39-41 North Road  
London N7 9DP  
United Kingdom  
Tel: (0)207 9169883  
[info@afghanaid.org.uk](mailto:info@afghanaid.org.uk)

Kabul, Afghanistan  
+93 (0)799 309 373

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