

#### TABLE OF CONTENTS

We Effect in brief	3
Vision	4
Statement by the CEO	5
About We Effect	6
This is what We Effect does	7
Significant events during the year	8
We Effect in the regions	10
Board of Directors	14
Directors' report	15
Profit and loss statement	18
Balance sheet	19
Cash flow statement	20
Notes	21
Auditor's report	26



Biata Chisi is a farmer in Salima, Malawi. Through We Effect, she and her neighbours have established a savings and loan group, which among other things has given her the opportunity to invest in pig farming. This means increased income for this five-child family and a more secure economy.

#### OUR FUNDRAISING ACTIVITIES ARE AUDITED BY THE SWEDISH FUNDRAISING CONTROL

We have a 90-account for fundraising that is monitored by the Swedish Fundraising Control. This ensures that the fundraising is ethical and professional and that at least 75 per cent goes to the intended purpose.









# THE DEFINITION OF HELPING PEOPLE TO HELP THEMSELVES!



We are at a women's cooperative in Machakos, a few hours' drive from Nairobi, Kenya. Seven years ago, the ground was dry and almost unusable here. The upwards of 600 families living in the area were seldom able to satisfy their hunger. Knowledge was lacking on how to increase crop yield or how to make a profit on the meagre sales of baskets at the market. It was not possible to get a loan from the banks. The daily struggle was exhausting. Life was hard.



We also visited this area back then. The memory of the sprawling sisal plants straining out of the earth towards the sun is still fresh in our minds. As are the women of the families who had to walk several miles each day to get water and to search for firewood to cook the evening meal.

In 2010, the women came into contact with We Effect. One year later, study circles had already been held that focused on more effective methods of cultivation. Two years on, the Kikuthuko Women Group was founded. After a few more years, the families' incomes had increased, and when we visit them now, they are eager to tell us of the positive changes in their lives. No one is starving any more. Sales of bags and baskets are going well, very well in fact. They have even begun to export their goods. Animal breeding activities have expanded – a chick bought for fifteen shilling has grown into a hen that is sold for fifty. The self-help group known as the Kikuthuko. Women Group is the hub of all activity. The "helping people to help themselves" approach is an essential aspect of We Effect's work with combating poverty.

Another important aspect is our work at the head office in Stockholm. Here, 2017 has also proven to be a successful year with fundraising reaching an all-time high and a strong increase in awareness of We Effect and our work. 2017 was also the year which we advertised on television for the first time. The Christmas campaign alone reached more than 1.5 million viewers through television and web TV. What else have we achieved from head office? A number of polemical articles, a major appeal during the Almedalen Week (political meeting place) for increased gender equality in the work with combating poverty, and widespread reports on, for example, the importance of media putting names to the faces of people living in poverty. Furthermore, we strengthened our essential partnerships with our member organisations.

Out in the field we have redoubled our efforts in countries such as Myanmar and Colombia, we have grown in Southern Africa and we have established a new region of operations in the Balkans and Eastern Europe. We have been happy to see the revolution in Zimbabwe and concerned about the developments in Kenya. We have funnelled more support to flood-affected Vietnam.

Our donors have also contributed to a reduction in world poverty in 2017. Over the past ten years, extreme poverty has halved. Yet more than 700 million people in the world are still forced to go to bed hungry. This is something we will change. With your

help. The example from the women's group Machakos is just one of thousands where We Effect has contributed to more people being able to leave poverty behind. But this is not enough. With your support we can continue the fight against poverty with full resources behind us – until poverty becomes a distant memoryin this world. Thank you for your support in 2017. I look forward to our partnership to continue in the years to come.



Anneli Rogeman

Tommy Ohlström, Chairperson

# **WE EFFECT'S WORLD**

We have operations in 25 countries including the head office in Sweden











# LATINAMERICA

In Latin America, We Effect supports people who want to join forces and demand their right to food, housing and a life of equality.

# **AFRICA**

The most important part of We Effect's work in our two regions in Africa is strengthening the rights of people in poverty.

# **EUROPE**

In the European countries, We Effect's work is mainly focused on three aspects: rural development, reconciliation and equality.

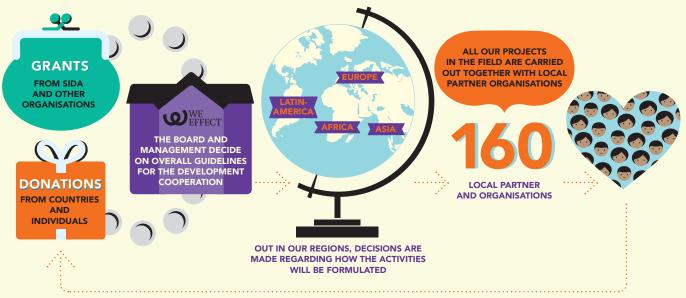
# ASIA

In Asia, We Effect supports women's rights, sustainable agriculture and people's right to housing.

6 WE EFFECT ANNUAL REPORT 2017

# **HOW WE EFFECT WORKS**

The Board makes decisions on overall guidelines regarding the focus of our development cooperation work, in consultation with the management. In the five regions where we conduct development cooperation, decisions are made on the formulation of the projects.



#### **RESULTS OF THE EFFORTS**

Thanks to donations from individuals and companies, We Effect can carry on development cooperation activities. Our own fundraising is a prerequisite in order to receive funding from Sida, which is We Effect's main donor. We Effect also receives funding from other sources, such as Swedish and foreign embassies, international organisations and the Swedish Postcode Lottery. The Board decides on the guidelines for our work. Our efforts are focused:

- → WHERE POVERTY IS GREATEST. The majority of the world's poor live in rural areas.
- WHERE THERE ARE ORGANISATIONS that are relevant for us to collaborate with and are deemed to have development potential.
- → WHERE WE JUDGE THAT OUR EFFORTS will yield positive effects.

  Great poverty does not always mean that we are able to work effectively and achieve good results. Development cooperation is most effective when formulated in discussion with those at whom the support is aimed in developing countries. Decisions about operational activities are therefore made in each region, as close to the field as possible.

In each case we work in partnership with a local organisation, 160 all in all around the world. We jointly determine objectives for the activity and follow up on the results:

- WHAT ACTIVITIES WILL BE CARRIED OUT? They often involve training and advice within rural development, housing, access to land and equality.
- WHAT CHANGE SHOULD THE ACTIVITIES LEAD TO? It could be that the participants in the project achieve increased income, the opportunity to increase their harvests and get better paid. They may improve their land rights, build homes for themselves or be more successful in their advocacy work.
- → WHAT LONG-TERM EFFECTS SHOULD THE WORK YIELD? Ultimately, all We Effect's projects should contribute to reducing poverty and injustice. What can be measured is changed behaviour and improved living conditions; for example, participants in the project becoming self-sufficient and being able to send their children to school. There may also be social changes that reduce injustice, e.g., new laws regarding women's right to land.

When a project is concluded, the results are reported to Sida and other donors. Private donors are informed through our newsletter Effekter, among other channels. Each project is carefully evaluated to enable us to learn and improve.



# Other public grants 28 % Other public grant 53 %

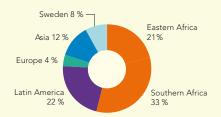
The activities of We Effect are financed via donations and grants, mainly from Sida. The total income for 2017 amounted to SEK 341 million, of which fundraising from organisations, companies and donors, including product sales, made up SEK 66 million.

#### How is the money used?



SEK 90 of every hundred kronor note that comes in to We Effect goes towards our purpose (development cooperation and communication).

#### Geographic distribution of development cooperation and advocacy



The money that goes specifically to development cooperation is distributed globally as indicated above.

# THE WE EFFECT YIELDS RESULTS IN FUNDRAISING AND AWARENESS

Thanks to all those supporting We Effect, there is a notable increase in both fundraising and awareness. Everyone is important, from those who sporadically give a donation to our long-term business partnerships. And it is the we effect here in Sweden and out in our projects, the cooperative mindset, that gives results. Tackling poverty together!



# THE REVEREND WHO FIGHTS FOR LAND AND WATER

José Pilar Álvarez Cabrera, Lutheran reverend from Guatemala, became this year's Lobbyist for Change. At a ceremony at Dansmuseet in Stockholm, he was celebrated for his struggle to secure the right of the Guatemalan indigenous peoples to land and water around the Las Granadillas mountain. The prize of USD 10,000 goes to those organisations that support José Pilar Álvarez Cabrera's work for the Maya Chortí people and the inhabitants of Zacapa and Chiquimula in Guatemala.

# TRUMP HELPED US MOULD PUBLIC OPINION

To inspire debate on our issues, a short film on Trump was produced prior to his first 100 days in office. It was posted on Facebook and directed at Sweden and English-speaking countries. It received a lot of interest, with 207,132 views for the Swedish version and 230,480 for the English.



#### **FAITH IN ALMEDALEN**

The Faith campaign was also in attendance during the Almedalen Week. Over 1,200 people signed an appeal for more women presidents, and in support of We Effect's gender equality effect.



WE EFFECT

# FLER KVINNLIGA PRESIDENTER!

Kvinnor är nyckeln till en värld utan fattigdom. Utrota fattigdom med jämställdhet och ge kvinnor större makt. Stötta jämställdhetseffekten!

SKRIV PÅ! jämställdhetseffekten.se

#### WITH RADIOHJÄLPEN IN ALBANIA

We Effect was granted SEK 2.6 million from Radiohjälpen for our work with reducing the exclusion of Roma children in Albania. The project involves, among other things, regular health examinations for children and the chance to attend preschool to learn Albanian before they start school. The parents are also offered courses on health issues and are encouraged to register the children with the authorities so that they obtain access to all social services. The project will run until 2019.



#### #everyonehasaname

In 2016, 41 per cent of the Africans portrayed in the Swedish media reports on development cooperation had their name published in connection with the articles. Despite this being less than half, it is a significant increase since 2012 when We Effect first published the report #everyonehasaname, which focused on the image of national support to Africa portrayed by Swedish media. This year's edition of the report, which was presented during the Almedalen Week and received great media dissemination, shows that one can influence the discussion regarding who is made visible – and who gets a name – in the media's reporting.



8 WE EFFECT ANNUAL REPORT 2017

#### **MONTHLY DONOR WON A TRIP**



Riksbyggen is committed to social change around the world and has for many years supported the efforts of We Effect to

establish housing cooperatives in El Salvador. As an extra incentive, all employees who became monthly donors were included in a lottery. Eva Sevetin, association coordinator at Riksbyggen, was the lucky winner and the prize was a trip together with a group of elected representatives and employees to El Salvador to follow up on the projects receiving support through We Effect. The programme involved visiting both the most vulnerable areas, in order to get an idea of the prevailing situation, and established housing cooperatives, along with those still in the development phase.



# NEW DIRECTOR-GENERAL OF SIDA COMES TO VISIT

We Effect's Board of Directors were among the first to be visited by the new Director-General of Sida, Carin Jämtin, who took office at the beginning of the summer.



Anneli Rogeman, Carin Jämtin and Tommy Ohlström.

"The work that you do at We Effect is incredibly important."

Carin Jämtin



#### WIDE AUDIENCE CAMPAIGN

The importance of being persistent in your message cannot be emphasised enough, so we therefore continued the campaign focusing on the fictional Faith. The focus has been on increasing awareness and fundraising, and for the first time We Effect appeared in television spots across a wide range of important TV channels, complemented with increased visibility in social media and online. The spring campaign reached over 800,000 people via television and web TV and over 400,000 people via social media. The Christmas campaign reached over 1.5 million people via television and web TV and 560,000 people via social media. Before Christmas, we also invested for the first time in a campaign directed at companies where the theme was the same. The focus was on DM aimed at a select target group of named companies with an offer to buy shares of the gender equality effect. This initiative during the year has resulted in an increase of 5 percentage points in awareness of We Effect.

#### **REPORT ON THE GLOBAL GOALS**

Less than four out of ten Swedes are familiar with the UN's new Sustainable Development Goals. Only half of these, two out of ten, think that the world will achieve these goals. This is indicated in a Sifo survey commissioned by We Effect and presented during the summer. The report gained attention in the media beginning with a polemical article in the newspaper Dagens Nyheter where We Effect gave tips on what was needed in order for more people to understand and reach the goals – "speaking so that people understand" and "showing them it is possible to reverse the trend" were two of them.

## THE SWEDISH POSTCODE LOTTERY BELIEVES IN WE EFFECT



In 2017, We Effect received SEK 20 million from the Swedish Postcode Lottery to be able to implement specifically targeted initiatives during the year. We were also granted funds to implement the special project "Kvinnokraft", where women will undergo training over a two-year period

on how to use, maintain and market solar energy products and other alternative energy sources, which will lead to increased income for the family, a healthier, cleaner environment and economically profitable communities with reduced deforestation and burning of trees.



## MORE "AID FOR YOUR MONEY"

The partnership with Coop MedMera bank also yielded dividends in 2017. In total, the fundraising increased by SEK 300,000 to almost SEK 7.5 million.

Other activities together with Coop and KF also contributed to boosted fundraising.



# AN AFRICA THAT IS LAGGING BEHIND

While poverty is decreasing in most parts of the world, such change is proving more of a struggle for the countries in sub-Saharan Africa. According to the World Bank's latest figures for We Effect's seven focus countries in the two regions in Africa, at least one third of the population lives below the poverty line, the worst figures being in Malawi with over 70 per cent living on less than USD 1.9 a day.

Unfair allocation of resources, effects of climate change, widespread corruption, a lack of gender equality and undemocratic societies are just some of the causes of this widespread poverty. We Effect's work aims to be a counteracting force and a lot has been achieved in 2017. Through projects together with local partner organisations, tens of thousands of women and men have experienced better equality and have been able to increase their sales, reduce vulnerability to climate change, gain access to financial services and provide greater security for their families. But the needs are still great.

## Gender equality on the agenda

Gender equality is central to all of We Effect's activities, and more than half of the resources go to women. A large number of gender equality courses have been conducted for members of We Effect's partner organisations. This has led, among other things, to the proportion of women involved in decision-making in the family increasing from 41 per cent to 64 per cent in southern Africa. In Kenya, a successful campaign funded by the EU was run to increase female candidates in the 2017 elections. Within the Groots women's network, 70 women ran as candidates in the county of Kakamega's governor, senate and county elections. Four of them were elected to the county parliament, which clearly increases women's influence in the region.

#### The right to land is crucial

Within the housing projects, success has been achieved above all in Tanzania, but also in Uganda, where women have been given the right to own land. In many other countries, such as Zimbabwe and Zambia, We Effect's partner organisations have been able to influence legislative proposals that give women more secure access to land.

- Strengthen organisations that represent people living in poverty.
- Promote equality between men and women and ensure that at least half of the resources goes to women.
- Increase poor smallholders' influence, income, access to financial services and land rights.
- Work to achieve long-term, sustainable agriculture and support initiatives to ensure that more people have food and an income and are less vulnerable to climate change.
- Provide more people with the opportunity to have a safe and sustainable home.

**After** ZADF, the Zimbabwe Association of Dairy Farmers, with We Effect's support, started study circles and savings and loan groups in Tsonzo in eastern Zimbabwe, milk production increased from 250 litres to 500 litres a day.

**Microinsurance** saw an unparalleled increase in popularity during the year, when the number of policyholders within Eastern Africa cooperatives increased from almost 33,000 to 178,273 women, men and young people.

**We Effect** and the Cotton Association of ZAMBIA (CAZ) have conducted courses for 129 prominent student circle leaders. This has resulted in 1,092 new study circle groups, with 12,880 members (55 per cent women), being formed during the year. In total, the productivity of CAZ members increased from 581 kg/ha to 719 kg/ha.

**Coffee farmers** in Meru Coffee in Kenya more than quadrupled their coffee sales, from 1.8 million to 9.8 million Kenyan Shilling in 2017, thanks to a more efficient distribution chain.

With gender equality in focus, women in Mabele in Western Zambia have been trained in spinning, dyeing and weaving products from their own cotton. They have been able to sell the products at a good price and have both increased their financial security and invested in the village's school. The number of independent cotton farmers has increased significantly.

**4,514 savings groups** were founded in Eastern Africa, of which 1,233 groups are for young people. A total of 126,392 members were reached, of whom 85 per cent are women.

**Legal aid and education** of social observers in Apac and Dokolo in Uganda has yielded positive results in 97 legal cases in which women have previously been victims of injustice.

**20 hectares** of undeveloped land has so far been bought up by cooperatives in Uganda.

**Meru Dairy Union** in Kenya has negotiated a guarantee price for the milk of 40 Kenyan Shilling per litre. This has increased the milk farmers' income by 125 per cent since 2014 and interest in milk production is growing.

**To promote** the right to land in Tanzania, 600 plots have been guaranteed through partner organisations. 1,934 title deeds have been issued, of which 187 went to women.

**Dairy farmers** in Kenyan BAMSCOS have had a trial run with dividing the income equally between the spouses. This success has led to all milk producers within the cooperatives now subscribing to this model.

FOCUS COUNTRIES IN AFRICA ARE KENYA, MALAWI, MOZAMBIQUE, TANZANIA, UGANDA, ZAMBIA AND ZIMBABWE

AIMS!

10 WE EFFECT ANNUAL REPORT 2017



# WOMEN EMERGED STRONG DURING A YEAR OF CONFLICT IN ASIA

Conflicts, ethnic uprising and the dismantling of democracy. 2017 was a tumultuous year in Asia. In addition, climate changes claimed the lives of many. At the same time, thousands of women emerged strong with the support of We Effect and assumed more prominent roles.

During 2017, millions of people saw their rights restricted in Asia. In Cambodia, the party in power banned the opposition and imprisoned party leader Kem Sokha. Also in Sri Lanka and in the Philippines, democracy came under attack and the space for civil society to act was further diminished. In Myanmar, more than half a million people from the Muslim minority group Rohingya were expelled. In Palestine, residents continued to be severely affected by the now 50-year-old Israeli occupation.

# Forward for equality

We Effect's work to ensure increased gender equality yielded results in Asia in 2017. More women assumed positions as leaders, entrepreneurs and gained access to land and financial services through We Effect's local partner organisations. In 2017, 4,077 female leaders and 3,310 female entrepreneurs received support from We Effect. Together they contributed to reducing poverty. Many organisations still have a long way to go to achieve gender equality, but progress is evident. In the organisations that We Effect supports in Palestine, the number of female leaders has increased by 77 per cent since 2014. Today, about 40 per cent of all senior positions within the organisations are held by women.

## Tougher climate

During the year, many countries in Asia suffered from typhoons, persistent drought and other extreme weather conditions. Six of the ten countries that research shows are most affected by climate change are located in Asia. In Vietnam, hundreds of thousands of families had their homes and crops destroyed by storms. We Effect implemented a targeted crisis initiative with new planting seeds and food packages. In Sri Lanka, the worst drought in 40 years hit the country's farmers hard. We Effect's efforts to support farmers in growing drought-resistant crops, using irrigation facilities and making other climate investments become even more important.

AIMS!

- To reduce poverty by promoting gender equality. Women shall have the same access to land, power and income as men.
- That more people live in adequate housing.
- To support people in counteracting the effects of climate change through sustainable agriculture.

**In the organisations** that We Effect supports in Sri Lanka, the number of female board members increased to 75 per cent.

**The number of female leaders** in We Effect's partner organisations in Myanmar, Cambodia and Vietnam increased from 134 to 720.

In Palestine, the number of female entrepreneurs within We Effect's partner organisations increased significantly, from 35 to 135 entrepreneurs. In addition, their average income was three times higher than expected.

**In 2017**, 530 women in Sri Lanka took the step to becoming entrepreneurs. Within We Effect's partner organisations in the country there are now 975 female entrepreneurs.

**During the year**, 254 savings and loan groups were supported by We Effect in Asia. Of the total 6,067 members, 80 per cent were women. Together they loaned SEK 10 million to each other, all people who normally are unable to borrow money.

**In Sri Lanka,** 8,000 people increased their income and left a life of extreme poverty behind them. They now earn 2.4 to 4 dollars a day, compared to less than 2 dollars a day in 2016.

**Cooperatives** supported by We Effect in Vietnam, Cambodia and Myanmar increased their profits by an average of 34 per cent in 2017.

**With the support** of We Effect, a new law was ratified that provides members of cooperatives in Palestine with increased social security.

**During the year**, 1 000 families in the Philippines, who previously lived in slum-like conditions, were able to move into brand new homes with clean running water, electricity and walls that could withstand typhoons.

**Through housing cooperatives** supported by We Effect in the Philippines, a total of 10,000 families took one step closer to affordable apartments or houses during the year. 7,000 homes are under construction and 2,000 homes are waiting for funding.

**In the Philippines**, an increasing number of farmers received support in using sustainable and climatesmart methods. Today, 5,586 small-scale farmers within We Effect's partner organisations in the Philippines use such sustainable farming methods.

**In total**, 16,089 farmers in Asia received support from We Effect to grow sustainably in 2017.

FOCUS COUNTRIES IN ASIA ARE THE PHILIPPINES, CAMBODIA, MYANMAR, PALESTINE, SRI LANKA AND VIETNAM.



# A DANGEROUS REGION FOR WOMEN AND HUMAN RIGHTS ACTIVISTS

Latin America continues to be the region of the world most marred by inequality. While most of the countries are officially middle income countries, poverty, discrimination and exclusion are widespread. For women, indigenous peoples and human rights activists, the situation is particularly difficult. During the year, We Effect has strengthened its focus on increased gender equality as a solution to the growing inequality.

When more women work, poverty and inequality are shown to decrease. However, the proportion of women among the poor in the region is increasing, and it is particularly important to strengthen their participation in politics, the economy and society. At the same time, according to UN Women, Latin America is the world's most dangerous region for women in particular. In some countries, 50 per cent of women have experienced domestic violence, and in 2017 the number of women murdered increased throughout the region.

It is therefore not enough to work exclusively with women's economic and political selfempowerment. We Effect has redoubled its care economy efforts in 2017 in order to increase gender equality and change the power relationships in homes, organisations and society.

## Fighting for rights entails mortal danger

Actively fighting for your human rights is in many cases associated with mortal danger, with two out of three human rights activists murdered globally coming from Latin America. In Honduras, which is the most dangerous country in the world for environmental activists, at least 120 people have been murdered for taking a stand against dam construction and mining, deforestation or agriculture on their land since 2010. At the same time, El Salvador became the first country in the world to completely ban mines in 2017, following several reports of extensive environmental damage and deaths in connection with the anti-mining campaign. We Effect continues to support organisations that fight for the rights of indigenous people, the environment, the defence of land and human rights.

AIMS!

- To reduce poverty and injustice.
- To increase gender equality in partner organisations, to have more women lead organisations and actively participate in political negotiations.
- To strengthen cooperative and social economy models in housing and sustainable rural development with an emphasis on women's integrated economic capacity.
- Redistribution of responsibility between men and women with regard to productive and reproductive work as well as the preservation of nature.

**The goal** of increasing women's participation in the partner organisation boards has been achieved. In total, 52 per cent of the board members are women. The largest increase in 2017 was seen in the housing programme, which went from 57 per cent to 73 per cent.

**76 per cent** of our partner organisations have introduced a gender equality policy. Within the rural development programme, the figure is 100 per cent.

**In Paraguay**, our partner CEARD has increased food production in 540 family farms by about 60 per cent and household income by approximately 25 per cent.

**77 housing cooperatives** in seven countries have received support from We Effect.

**The advocacy work** of our partner organisations has led to the state funding of housing projects in Paraguay, El Salvador and Guatemala. In El Salvador's capital San Salvador, our partner organisation FESCOVAM's persistent advocacy work has led to twelve new housing cooperatives being built with the support of the state. Over 65 per cent of the beneficiaries are women, many of them single.

**75 per cent** of the partner organisations in the rural development programme have increased their production during the year.

**Over 17,700 women** have participated in education initiatives in 2017.

**Approximately 3,000 men** have participated in courses on gender equality and care economy.

**30 collective initiatives** concerning care work have been carried out, involving both men and women, to reduce the time women spend on care and household chores.

**Around the region**, female farmers have gained knowledge of organic farming methods, effective water management and value chains.

In Guatemala, our partner organisation APROBA SANK has received municipal support and subsidies for its farmers market model. The markets have increased the financial security of local communities, especially for women who previously had no income of their own.

**Over 5,000 people** have participated in courses on climate change and the environment.

**In 2017** we launched a pilot project in Colombia to contribute to the peace process with our expertise in rural development and the housing cooperative model.

FOCUS COUNTRIES IN LATIN AMERICA ARE BOLIVIA, COLOMBIA, EL SALVADOR, GUATEMALA, HONDURAS, NICARAGUA AND PARAGUAY.

12 WE EFFECT ANNUAL REPORT 2017



# WOMEN ARE GAINING GROUND THANKS TO HARD WORK

2017 was a turbulent year of political crises that threatened democracy, stability and peace. As a result, the EU renewed its commitment to the region and the road to EU accession has become somewhat shorter, at least for the Balkan countries. However, much remains to be done, not least regarding respect for human rights, democratic principles and the judiciary.

In line with We Effect's global strategy and the new regional strategy for 2017–2022, the focus on gender equality in the work in Europe continues. A gender equality study, the first of its kind, was conducted during the year. The study focuses on women in rural areas in the five programme countries and provides recommendations for concrete activities to increase gender equality and advocacy work for women's rights. 2017 has also yielded many positive results. We see more women in leadership positions in our partner organisations, more equal participation in decision-making and more women in rural areas who have gained access to markets.

#### Lobbying and advocacy work gives results

During 2017, We Effect conducted a multidimensional poverty analysis in all countries in the region. The study indicates poverty and vulnerability in rural areas – especially for women – and the importance of strengthening civil society so as to give people in rural areas a voice. In line with this, our partner organisation FFRM, the Federation of Farmers of the Republic of Macedonia, engages in advocacy work to improve existing legislation on rural poverty. In Bosnia and Herzegovina, We Effect's partner organisation CERD, the Center for Economic and Rural Development, has contributed significantly to the formulation of the national strategic plan for rural development.

#### Continued support for the Roma minority

In 2017, efforts to combat discrimination against the Roma minority have continued. In Albania, We Effect's partner organisation Amaro Drom has contributed to the process of adopting the Law on Protection from Discrimination. A law that for the first time in history recognises Roma as a minority group in Albania. Thanks to a project that receives support from We Effect, Roma farmers have been able to cultivate their own land, and income for Roma farmers has increased by 60 per cent compared to 2014 when the land was leased.

- Reduce poverty in rural areas.
- Promote equality between men and women and ensure that at least half of the resources goes to women.
- Support people in asserting their rights and making their voices heard.

**1,680 small-scale farmers** have received training in EU standards within agriculture. This has facilitated access to markets nationally and within the EU, which has increased the competitiveness and income of farmers.

**The average sales** through cooperatives that are members of We Effect's partner organisation in Moldova have increased by 52 per cent in 2017, compared with 2016.

**Extreme weather conditions**, and especially late frost in the spring, have destroyed 40–60 per cent of fruit production in Albania. Thanks to support from one of We Effect's partner organisations, farmers have been able to protect the remaining production and sell it at a 20 per cent higher price compared with the previous year.

**10 small-scale** female farmers in Bosnia-Herzegovina have built greenhouses and undergone training in organic production. The women's company has yielded a total of 1,000 m2 of vegetable production.

17 farmer organisations for women in Kosovo (over 170 women) have received help with applications and granted financial support from institutional donors. This has contributed to women being able to expand their farming activities and increase their families' income

**We Effect's** partner organisation FFRM, the Federation of Farmers of the Republic of Macedonia, elected its first female leader this year, the first in the organisation's 15-year history.

10 agricultural schools (Farmers Field School) have been started in Moldova. As a result of the education received at the schools, 84 women and 73 men have increased their knowledge and skills in the management of livestock and cultivation of fruit, berries and vegetables, as well as in business planning and accounting. 102 families have experienced a 25 per cent increase in production volume and a 15–20 per cent increase in income

**Between 2014 and 2017**, the European programme has reached 93,367 members (of which 50.5 per cent are women) in rural areas.

**In the region**, 10 new study circle groups were formed during the year, and there are now 128 in total. 1,470 members are women and 640 are men.

**274 local organisations** have participated in programme activities in the region.

A further 206 farmers in the region have begun using an integrated farming system, which aims at achieving more sustainable agriculture. The method combines modern technology with traditional methods.

FOCUS COUNTRIES IN EUROPE ARE ALBANIA, BOSNIA-HERZEGOVINA, MACEDONIA, MOLDOVA AND KOSOVO

AIMS!

# TILLSAMMANS MOT FATTIGDOM

Styrelse



Chair of the Board CEO of Kooperativa Förbundet Elected: 2014 Born: 1954 Other key assignments: Member of the Board of Riksbyggen. Member of the Board of the Swedish Sports Confederation

TOMMY OHLSTRÖM

HELEN PERSSON



ANN CHARLOTT FOLKESSON Vice Chair Forestry and agricultural entrepreneur in Vännäs, Västerbotten Elected: 2015 Born: 1970 Other key assignments: Member of the National Board of LRF. Vice chair of LRF Västerbotten. Member of the Board of We Effect East Africa.



**ANDERS LAGO** Chair of the Board of HSB Riksförbund and SYVAB Elected: 2012 Born: 1956 Other key assignments: Chair of the Board of Tom Tits experiment. Member of the Boards of Stockholm Stadsmission, Folksam, Sak and Berättarministeriet.



**BJÖRN LARSSON** CMO and Group Director AO Marknad, Coop Sweden Elected: 2016 Born: 1956 Other key assignments: Member of the Board of Michaël Berglund AB.



Responsible for member activities, sponsorship and PR, Konsumentföreningen Stockholm Elected: 2015 Born: 1955 Other key assignments: Member of the Board of We Effect East Africa.



ELISABETH SASSE Manager of Folksam's Partner and Collectively Agreed Business Elected: 2016 Born: 1966 Other key assignments: Member of the Boards of KPA Pension, Förenade Liv, Tre Kronor, Riksbyggen. Chair of Folksam LO Pension.



BRITTA VON SCHOULTZ Director of Communications, Riksbyggen Elected: 2015 Born: 1969 Other key assignments: Member of the Board of Tornet.



**MARITA LJUNG** Head of Group Public Affairs, Swedbank Elected: 2017 Born: 1962 Other key assignments: No other current assignments.



ERICA LUNDGREN CEO of OK Västerbotten Elected: 2017 Born: 1963 Other key assignments: Member of the Boards of Humbly, OK Marknadsservice and OKQ8 Marknad.



ANNELI ROGEMAN CEO of We Effect Born: 1957 Other key assignments: CEO of Vi Agroforestry since 2011.

We Effect reaches a broad section of the public in its awareness-raising and fundraising activities via its member organisations. Representatives from the founder organisations sit on the Board of Directors and help make decisions about We Effect's long-term work.

#### MEMBER ORGANISATIONS

Kooperativa Förbundet, KF | Lantbrukarnas Riksförbund, LRF | Lantmännen Ekonomisk Förening | OK ekonomisk förening | Riksbyggen Coop Sverige AB | Folksam | Swedbank | HSB Riksförbund | Fonus | Kooperativa Ledares











#### Konsumentföreningarna

Coop Mitt, Coop Nord, Coop Norrbotten, Coop Väst, Kf Göta, Coop Finspång, Konsum Knäred, Färingsö Konsumentförening, Coop Varberg Ekonomisk Förening, Tabergsdalens Konsumentförening, Coop Gotland Ekonomisk Förening, Konsum Värmland, Konsumentföreningen Stockholm, Kristianstad-Blekinge Konsumentförening, Veberöds Konsumtionsförening

#### HSB-föreningarna

Dalarna, Gävleborg, Göta, Göteborg, Karlskoga, Malmö, Mölndal, Nordvästra Götaland, Norr, Norra Bohuslän, Norra Stor-Stockholm, Stockholm, Sydost, Södertälje, Södertörn, Södra Norrland, Uppsala, Östergötland

Lantbrukarnas Riksförbunds regionförbund i Gävleborg, Halland, Jämtland, Jönköping, Dalarna, Norrbotten, Skåne, Sydost, Västra Götaland, Värmland, Västerbotten, Östergötland, Örebro, Mälardalen, Västernorrland

#### Studieförbundet Vuxenskolan

Förbundet Vi Unga | Swedish Empowerment Center | Coompanion Sverige | Ekobanken Brunnsviks folkhögskola | Ädelfors folkhögskola

Hyresgästföreningen

# **DIRECTORS' REPORT**

The Board of Directors and the CEO of We Effect (org. reg. no. 802004-1524) hereby submit the following annual report for the financial year 1 January–31 December 2017.

#### **GENERAL INFORMATION ABOUT OPERATIONS**

#### Purpose and vision

We Effect is a non-profit association with a mission to reduce poverty in the world. We Effect, in cooperation with its member organisations, works to create commitment, mould public opinion, mobilise resources and win public support for long-term international development work. Our vision is a sustainable and just world free from poverty. We Effect is not affiliated to any political party or religion.

#### We Effect's vision is

"a sustainable and just world free from poverty".

#### Mission and target group

We Effect's mission is to strengthen local and democratic associations so that their members can improve their living conditions, achieve accountability, defend their rights and contribute to a more just world. The collaboration seeks to promote cooperative and member-owned business in the countries in which we are active.

In Sweden, We Effect works on fundraising, creating involvement and increasing the knowledge of the situation of people who live in poverty. The target group for the development cooperation comprises our partner organisations and their existing and potential members. They are men and women who live in poverty and whose rights are violated, but who work together to achieve shared goals. Development cooperation works best when it supports people who have joined forces.

We Effect works with a strong focus on the rights of women and girls. It means that people are active participants in their own development. This working method helps to ensure that human rights are respected, protected and fulfilled. It helps to tackle the structural causes of poverty and injustice, instead of just the symptoms. A rights-based approach states that people living in poverty have rights and are capable of effecting change, and are not just powerless recipients of aid.

We Effect's head office in Sweden functions as a base for fundraising, information and advocacy activities, along with financial and programme quality assurance. The global management group coordinates all activities. The organisation is decentralised and decisions are made as close as possible to our development work on the ground. We Effect's local presence is one of the added values of the organisation as it promotes local ownership, efficiency, sustainable development, and leads to a better understanding of local issues. We Effect has five regional offices throughout the world. There are also national offices in several of the countries in which we operate. The commitment and initiatives of the member organisations are essential to We Effect's operations.

#### Core values

We Effect believes that everyone is equal and has the right to live under acceptable conditions. We work according to the conviction that people are stronger together and that sustainable development presupposes a respect for human rights and democracy.

#### Two thematic areas

We Effect works within two main thematic areas: sustainable rural development with support for farmer organisations, as well as adequate housing with support for cooperative housing associations. All work is permeated by a strong gender equality perspective. We Effect works to unite democracy with business development and social responsibility. The right to land, financial services, a sustainable environment in ecological balance and equal rights permeates all our activities.

# Partnerships and networks

We Effect collaborates with member-based organisations consisting of women and men living in poverty and fighting as one for their rights and improved living conditions. By supporting these local associations and cooperative companies, We Effect wants to strengthen members' influence over their own lives and communities. That is also why we only work in partnership and not with our own independent aid projects.

Most of our partner organisations are member-based farmer organisations, housing cooperatives or savings and loan associations. We choose

our partner organisations with great care and a prerequisite for cooperation is that we share a willingness and ability to contribute to reducing poverty, increasing justice and supporting sustainable development.

The partner organisations within rural development work with, for example, providing farming advice, price negotiations, business development and strengthening people's self-empowerment. The organisations also work to influence the unfair structures that contribute to poverty. Within the thematic area of adequate housing and habitat, We Effect is working with organisations that fight to secure access to land for homes, thus enabling member-owned housing for poor people. We Effect is also working to develop savings and loan associations that provide people living in poverty, especially in rural areas, the opportunity to finance their own investments.

We Effect collaborates with several international organisations. For example, We Effect is a member of the board of AgriCord, an international network of development cooperation organisations working to strengthen farmers' and rural members' organisations in developing countries. We Effect is also a member of the International Land Coalition (ILC), a global alliance of civil society and intergovernmental organisations working together to promote secure and equitable access to land. Finally, We Effect is also a member of the Association for Women's Rights in Development (AWID), which aims to strengthen individuals, organisations and international movements working to promote women's rights.

In Sweden, We Effect is represented on the board of Concord Sweden, a European network aiming to influence the EU's development cooperation policy. In addition, We Effect plays an active role on the government-appointed FAO committee, the Swedish Fundraising Council (FRII), Föreningen Riksinsamlingen (Världens Barn), Ideell Arena and Fairtrade Sverige.

#### Geographical areas of activity

We Effect's development activities are organised into five regions:

- Eastern Africa
- Southern Africa
- Latin America
- Europe

Eastern Africa includes Kenya, Tanzania and Uganda. The regional office is located in Nairobi, Kenya.

Southern Africa includes Malawi, Mozambique, Zambia and Zimbabwe. The regional office is located in Lusaka, Zambia.

Latin America includes El Salvador, Guatemala, Honduras, Nicaragua, Bolivia and Paraguay. The national office in Paraguay was closed at the end of the year, while presence has been established in Colombia on a trial basis. The regional office is located in Guatemala City, Guatemala.

Europe includes the countries of Macedonia, Albania, Bosnia and Herzegovina, Kosovo and Moldova. The regional office is located in Skopje, Macedonia.

Asia includes Myanmar, the Philippines, Cambodia, Palestine, Sri Lanka and Vietnam. The regional office is located in Ho Chi Minh City, Vietnam.

The factors that determine which areas We Effect gets involved in are:

#### ■ Added value and relevance

We Effect works in countries and areas where the organisation can provide added value beyond funding. For example contributing extensive experience or special knowledge, or assuming another strategic role.

#### ■ Poverty and injustice

We Effect works where there are relevant partner organisations that work with sustainable rural development and/or adequate housing and habitat, and that have the potential to improve the living conditions of their members.

#### **■ Positive impact**

We Effect always conducts an assessment regarding desired results. The decisions are based on whether an initiative would be considered relevant to support and whether it has the potential to yield good results. Considerable poverty and injustice in a region does not always mean that effective operations can be pursued that would lead to positive results.

#### Collaboration with member organisations

In 2017, We Effect had 70 member organisations. Together, We Effect and the companies and organisations that make up the association's membership form a development cooperation organisation that is strongly rooted in Swedish society. We Effect enjoys a profound and extremely important partnership with the member organisations within the following areas:

#### Information

The member organisations are an extremely important channel when informing the Swedish public about global conditions, development issues and We Effect's development cooperation operations.

#### Fundraising

The fundraising activities of the member organisations are an important source of income for We Effect. The goal is for this fundraising to support the member organisations as well; for We Effect to remain relevant to the member organisations' employees, customers and members and to contribute added value to the member organisations' business activities.

#### Advocacy

Work to encourage more people to take a stand for a more just world is carried out as far as possible in cooperation with our member organisations.

#### OTHER NON-FINANCIAL INFORMATION

#### Cooperation and synergies

We Effect has been the framework organisation of Vi Agroforestry (Insamlingsstiftelsen Vi Planterar Träd) since 2005 in its relationship with Sida CIVSAM. This means that We Effect relays Sida funds to Vi Agroforestry. We Effect and Vi Agroforestry cooperate closely in daily activities at the head office. The organisations exchange experiences and cooperate within most areas. In this way, cost-effective development cooperation is achieved.

#### Code of Quality for fundraising organisations

We Effect is a member of the Swedish Fundraising Council (FRII), which is a collective body for Swedish fundraising organisations. FRII has developed a Code of Quality for ethical and professional fundraising activities, to which We Effect adheres. Over the years, We Effect has worked to maintain transparent administrative systems and policies for its activities. We Effect works continually to ensure that the organisation's methods and the level of quality in projects are consistent in all parts of the world. From 2013, compliance with the code will be monitored by an external auditor.

#### SIGNIFICANT EVENTS DURING THE YEAR

# Strategy 2017-2021

In autumn 2016, We Effect's global strategy, "Equality first", was established by the Board.

## The Administrative Department

The Administrative Department consists of three units working closely with each other. During the year, the quality management system was launched throughout the organisation and a course was conducted in all regions.

Work on the new organisation continued in 2017 as a step in streamlining work and clarifying the roles within the organisation. During the year, new

regional managers were instated for the regions of Southern Africa and Asia. Several important recruitments were also made at the head office in Stockholm.

#### The Marketing Department

The Marketing Department consists of four units: Press and Advocacy, Creation and Production, Fundraising Corporate and Fundraising Private. In 2017 We Effect raised SEK 66 million. We Effect's member organisations account for 32 per cent of the fundraising, the Swedish Postcode Lottery for 31 per cent, and private donors for 22 per cent.

To raise awareness about We Effect and thus increase fundraising in the long term, two major campaigns have been implemented – a spring campaign and a Christmas campaign. As a basis for the campaigns, a common overarching communication platform was developed during the year which, together with a new message platform, has created conditions for working in a more systematic and integrated manner with increasing awareness and fundraising communication.

The focus was on increased visibility, and for the first time We Effect appeared in television spots across a wide range of important TV channels, complemented with increased visibility in social media and online. The spring campaign reached over 800,000 people via television and web TV and over 400,000 people via social media. The Christmas campaign reached over 1.5 million people via television and web TV and 560,000 people via social media. This initiative has resulted in an increase of 5 percentage points in awareness of We Effect.

Weeffect.se, which was relaunched in 2016, has been further developed and includes the new option of making donations via Swish. A new donation service for the mobile phone was launched in November. A total of 149,000 unique visits were made to the site. By the end of the year, We Effect had almost 7,000 followers on Facebook.

A Sifo report concerning Swedes' knowledge of the UN's Global Goals was presented at the beginning of the summer and was accompanied by a polemical article on DN Debatt during the Almedalen Week, signed by CEO Anneli Rogeman. The report received broad coverage in the media. The fifth edition of the report #everyonehasaname, concerning Swedish media's reporting on national support to Africa, was presented at a seminar at Almedalen and received great media dissemination. In addition, more than 1,200 people signed the appeal during the Almedalen Week that called for more women presidents and to support gender equality.

During the autumn, CEO Anneli Rogeman also appeared in a widely disseminated polemical article about the MeToo movement and the importance of including women without voice in other parts of the world.

In November, Rev. José Pilar Álvarez Cabrera was designated "Lobbyist for Change" for his work with defending the Maya Chortí people's right to water and natural resources in Guatemala.

### The International Department

2017 is the last year of the current programme period. The main focus of the year has therefore been on the final reporting of lessons learned and results, planning the new development cooperation programmes for 2018–2022, and developing a funding application for Sida CIVSAM for the next five-year period.

The entire global organisation has been involved in this work, which has contributed to broad ownership, increased harmonisation and global learning. During the year, intense efforts have also been made to broaden the funding base, and we have exceeded the goals set by the organisation. The International Department comprises three units at the head office in Stockholm as well as the development cooperation operations in the regions. In Sweden, the Methods and Quality Unit has worked with developing development cooperation methods and systems for quality management.

The Policy and Advocacy Unit has coordinated global partnerships and participation in networks such as AgriCord, in which We Effect participates with LRF. The Resource Mobilisation Unit has strengthened procedures for seeking funding from institutional donors. The clearer way of working and coordination from the head office have contributed to more effective working methods – and an excellent result.

#### The regions

**Southern Africa** – During the year, the former regional programmes were left, and the region was completely transferred to a national programme. In order not to lose sight any regional learning, methodology and knowledge platforms were created in eight key subjects: gender equality, environment/climate, cooperation, economic inclusion, housing, rights perspective, land issues and study circles. In November, an assumption of power took place in Zimbabwe, where President Robert Mugabe was deposed after 37 years in power. This could mean greater opportunities for development in the country and region and could positively impact We Effect's work. A delegation from LRF was visiting Zimbabwe during the event, which went peacefully.

Eastern Africa – In 2017, an office with two employees was opened in Tanzania and cooperation with the Swedish embassy began. In Kenya, the year was characterised by unrest surrounding the presidential election, and during the autumn this resulted in reduced mobility, postponed projects and increased security efforts. The EU funded project that ended in October and focused in increased female representation in politics was successful and resulted in increased female representation across all levels. During the first months, the region suffered from a lack of rain that led to food shortages. We redistributed part of the budget in order to support the worst affected partner organisations and we deepened local partnerships to support water provision activities to the drought-affected areas.

Latin America – The region has been characterised by uncertainty and unrest, and in Honduras, human rights violations continue and the country is quite unstable after the elections in November. A third high-level delegation visited several partner organisations in Guatemala and participated in round table talks with indigenous representatives, women's groups and youth. In San Salvador, funding was secured for 12 new housing cooperatives in the city centre. In El Salvador we also received a delegation from Riksbyggen where we visited various projects within the housing programme. The office in Paraguay was closed according to plan. Following the peace treaty in Colombia, We Effect's experience has been in demand, and we began to provide support to activities focused on the integration of conflicting parties through rural development. Evaluation will be done in 2018.

**Europe** – Europe became its own region in 2017, and the focus during the year has been on programme planning and establishing the regional strategy. In Albania, we entered the second phase of the Världens Barn (The World's Children) project to support Roma children. During the year, initial support was provided to a regional partner organisation, the Balkan Rural Development Network, and the region worked on strengthening relations with the Swedish embassies and other Swedish organisations operating in the countries. The region also received visits from We Effect's Board of Directors and from Sida. The year has been characterised by multiple political crises in most of the countries. The situation in Macedonia was particularly tense during the first six months of the year, which resulted in increased ethnic tensions. The situation in the region led to the EU adopting a new approach to the issue of integration of the Western Balkans countries. Sida decided to reintroduce bilateral support to Macedonia.

Asia – The year has seen its share of major political challenges with escalating violence, which has resulted in reduced space for civil society organisations working with rights. We have hired a programme consultant in Myanmar to develop We Effect's work in the country. During the year, Asia has been severely affected by typhoons and extreme drought, followed by floods. Much focus has been placed on strengthening partner organisations' resilience to climate change. We Effect conducted an emergency intervention in Vietnam to support reconstruction after heavy floods caused the total destruction of crops and other damage.

#### Financial position and performance

The profit/loss for the year after net financial items and the change in earmarked funds amounted to a loss of SEK 6.6 million. We Effect is a non-profit organisation. However, the Board considers it important to have equity as a buffer, to ensure the long-term survival of our operations at all times. Fund investments are recorded at cost. We Effect will maintain low risk in its financial investments, in accordance with the organisation's policy of consolidation and capital investment.

The Board proposes that the association's result be carried forward in its entirety.

#### Financing operations

Total operating income in 2017 amounted to SEK 340.7 million. Donations from companies and individuals are an important element of financing, and totalled SEK 66 million, including product sales. The public grants amounted to a total of SEK 274 million and grants from non-public organisations amounted to SEK 9.7 million.

We Effect is a framework organisation to Sida, and the majority of the financing comprises the framework grant, SEK 179 million. Financing also includes other appropriation items from Sida and other institutions. During the year, Sida grants have been paid out to the Vi planterar träd fundraising foundation (Vi Agroforestry) via We Effect.

#### **Activity expenses**

The volume of our activity expenses was SEK 316 million in 2017, including forwarded grants. Africa receives the highest proportion of financial support, at 54 per cent. Support to Latin America accounts for 22 per cent, Asia for 12 per cent and Europe for 4 per cent. The advocacy activities and other activity expenses in Sweden amounted to 8 per cent.

#### Significant events after the end of the financial year

We Effect was notified by Sida CIVSAM that they approved our application for a new programme period. The amount we received was slightly lower than the application but in line with the 2017 appropriation.

The CEO announced her resignation as per the end of May 2018, which is why the recruitment work with a new CEO for We Effect and Vi Agroforestry was started.

#### **Future development**

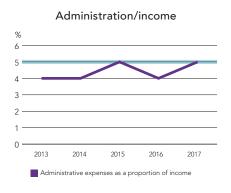
Operations in 2018 will to a great extent involve launching a total of 13 development cooperation programmes in the regions, as well as continuing to develop work processes for harmonisation and increased global learning across all areas of the operations. At the head office, the Marketing Department has received additional funds for continued work with fundraising and awareness.

In 2017 we also commenced a major initiative to acquire more and regular donors and increase awareness, as well as a new platform that supports the work in the form of a new donation website. This work will continue in 2018.

# **ANNUAL ACCOUNTS**

# **Profit and Loss Statement**

Amounts in SEK	Note	2017	2016
OPERATING INCOME			
Donations	3	55,943,751	55,147,601
Grants	3	283,772,145	261,823,069
Net sales		301,319	703,904
Other operating income	4	686,034	1,749,077
Total operating income		340,703,249	319,423,651
Operating expenses	5		
Activity expenses	6	-315,828,223	-301,479,405
Administrative expenses	7	-16,432,492	-12,180,444
Fundraising expenses		-15,961,691	-9,471,972
Cost of goods sold		-561,888	-1,440,582
Other operating expenses		_	-341,535
Total operating expenses		-348,784,294	-324,913,938
Operating result		-8,081,045	-5,490,287
Profit/loss from financial investments			
Profit/loss from securities and receivables			
accounted or as non-current assets	8	1,687,583	904,986
Other interest income and similar profit/loss items	9	779,977	374,689
Interest expenses and similar profit/loss items	10	-70,642	-71,140
Total profit/loss from financial investments		2,396,918	1,208,535
Profit/loss after financial items		-5,684,127	-4,281,752
Profit/loss for the year		-5,684,127	-4,281,752
Change in earmarked funds			
Profit/loss for the year as per income statement		-5,684,127	-4,281,752
Utilisation of earmarked funds from prior years		2,549,301	1,462,724
Earmarking of funds		-3,494,502	-2,598,456
Remaining amount for the year/ change in retained equity		-6,629,328	-5,417,484



#### Income over time SEK million 350 300 250 200 150 100 50 0 2012 2013 2016 Other income and product sales Grants from NGOs Grants Sida framework grant Donations

The aim is for administration costs to amount to no more than 5 per cent of income.

The internal consolidation target is for the retained capital to be between 75 and 150 per cent of the total base costs, which comprise administrative, fundraising and communication expenses and a share of activity expenses per cent. This leaves a sufficient level of reserves in place to wind down activities in a responsible manner, should there be a considerable drop in income from fundraising and grants.

# Balance sheet

Amounts in SEK	Note	31 Dec 2017	31 Dec 2016
ASSETS			
Fixed assets			
Intangible fixed assets	11	1,287,510	1,716,680
		1,287,510	1,716,680
Property, plant and equipment			
Land and buildings	12	3,870,943	4,236,551
Financial assets			
Securities held as non-current assets	13	33,566,187	39,878,605
Total financial assets		33,566,187	39,878,605
Total fixed assets		38,724,640	45,831,836
Total assets			
Inventories			
Products		33,783	99,031
Total inventories		33,783	99,031
Current receivables			
Accounts receivable – trade		460,370	463,941
Other receivables	14	18,855,973	18,451,481
Prepayments and accrued income	15_	3,828,764	3,417,511
Total current receivables		23,145,108	22,332,933
Cash and bank		89,847,628	90,562,170
Total current assets		113,026,519	112,994,134
TOTAL ASSETS		151,751,159	158,825,970
A CFIX			
Amounts in SEK	Note	31 Dec 2017	31 Dec 2016
EQUITY AND LIABILITIES			
Equity		90,000,303	07/10/22
Retained equity		80,990,293	87,619,622
Earmarked funds		4,521,723	3,576,520
Total equity		85,512,016	91,196,142
Current liabilities			
Accounts payable – trade		4,628,196	2,521,269
Liability received, unutilised grants	16	54,030,329	58,703,507
Other liabilities		571,300	533,532
Accruals and deferred income	17	7,009,318	5,871,520
Total current liabilities		66,239,143	67,629,828
TOTAL EQUITY AND LIABILITIES		151,751,159	158,825,970

# Change in equity

	Earmarked funds	Retained equity	Total equity
Closing balance	3,576,520	87,619,622	91,196,142
Earmarked	3,494,503	-3,494,503	_
Utilised funds	-2,549,301	2,549,301	_
Profit/loss for the year	_	-5,684,127	-5,684,127
Closing balance	4,521,722	80,990,293	85,512,015

The above amounts for earmarked funds were earmarked by the donor.

# Cash flow statement

	2017	2016
Operating activities		
Profit/loss after financial items	-5,684,127	-4,281,752
Adjustments for non-cash items		
Depreciation, amortisation and impairment losses	794,778	852,915
Capital result of sale of financial assets	-1,516,058	_
Cash flow from operating activities before changes in working capital	-6,405,407	-3,428,837
Changes in working capital		
Change in inventories	65,248	-25,672
Change in current receivables	-812,176	4,546,517
Change in current liabilities	-1,390,685	21,000,886
Cash flow from operating activities	-8,543,020	22,092,894
Investing activities		
Purchase of intangible fixed assets		-1,521,943
Purchase of financial assets	-7,589,446	-15,461,279
Sale of financial assets	15,417,924	14,556,293
Cash flow from investing activities	7,828,478	-2,426,929
Cash flow for the year	-714,542	19,665,965
Cash and cash equivalents at the beginning of the year	90,562,170	70,896,205
Cash and cash equivalents at the end of the year	89,847,628	90,562,170

## **NOTES**

# with accounting policies and supplementary information

Unless otherwise specifically stated, all amounts are presented in SEK. Information in parentheses refers to the previous year.

#### NOTE 1 ACCOUNTING AND VALUATION PRINCIPLES

This annual report has been prepared in accordance with the Annual Accounts Act (1995:1554), the Swedish Accounting Standards Board's BFNAR 2012:1 Annual and Consolidated Accounts (K3) and the Swedish Fundraising Council's (FRII) Guidelines for annual reports. The accounting and valuation principles are unchanged compared with the previous year.

#### Reporting of income

#### Operating income

Only the inflow of financial benefits that the association received or will receive for its own behalf is recognised as income. Unless specifically stated below, income is valued at the fair value of what has been received or will be received. For the respective income item, when income recognition occurs is described below.

#### **Donations and grants**

A transaction in which the organisation has received an asset or a service that has a value without giving back an equivalent value in exchange is a donation or a received grant. If the asset or service is received because the organisation has fulfilled or will fulfil certain conditions and if the organisation has an obligation to repay the other party if the conditions are not fulfilled, it is a received grant. If it is not a grant, it is a donation.

#### Donations

According to the main rule, donations are recorded as income when received. When it comes to donations in the form of shares, properties and art that the organisation intends to sell, the income is recognised at the time of the donation. A donation recorded as income is either recorded as an asset or an expense depending on whether the donation is used immediately or not. Donations that the organisation intends to continuously use in activities are recorded as fixed assets. Other donations, which are not used, are recorded as current assets. According to the main rule, donations are valued at fair value.

#### Grants

Grants are recorded as income when the conditions for receiving the grant have been fulfilled. Grants received are recorded as a liability until the conditions for receiving the grant have been fulfilled. Grants received to cover certain costs (e.g. for administration) are reported in the same financial year as the cost the grant is intended to cover. Grants received are measured at the fair value of the asset that the organisation received or will receive.

#### Net sales

Income upon the sale of goods or services is normally recognised at the time of sale.

#### Other income

Other income is in most cases non-recurring items, such as capital gain on the sale of a property, damages received or insurance compensation received.

#### Leasing

All of the association's leasing agreements are recognised as operating leases, meaning that the leasing fee is recognised on a straight-line basis over the term of the lease.

#### Reporting of costs

Operating expenses primarily comprise activity expenses, fundraising expenses and administrative expenses. Additional operating expenses that cannot be attributed to the main functions include costs for goods sold, which comprise purchasing, administration and sales costs. Other expenses derive from costs for ongoing maintenance of fixed assets abroad.

Activity expenses consist of costs attributable to the association's mission according to its statutes. They encompass approved project expenses for development activities and costs arising as a direct result of an activity within the organisation's remit, including costs of follow-up, reporting and local audits. Activity expenses also include costs relating to advocacy activities and highlighting the organisation's work as stipulated in its mission according to the statutes.

Fundraising expenses comprise costs associated with efforts to raise money in the form of donations and grants from donors. Fundraising expenses also include costs relating to fundraising material, advertisements, donor registers, fundraising campaigns and mailings.

Administrative expenses include central functions such as IT, Finance, HR, administrative systems, other joint costs and audit expenses. Joint costs are allocated based on the number of employees per department.

#### Remuneration of employees

Ongoing employee benefits in the form of salaries, social security contributions and similar are expensed as employees carry out the services required. Plans for remuneration after termination of employment are classified as defined-benefit plans and the simplification rules stated in BFNAR 2012:1 are applied. Pension obligations are secured via a transfer of funds to a pension fund. Should the pension fund's balance fall short of the obligation, a provision is recognised. If the fund's balance exceeds the obligation, no asset is reported. Termination benefits are only recognised as a liability and a cost when the company has a legal or informal obligation to terminate an employee's employment before the normal termination date

#### Valuation principles

Assets, liabilities and provisions have been measured at cost, unless otherwise stated. Receivables have been stated, after individual valuation, at the amounts that are expected to be received. Receivables and liabilities in foreign currencies have been translated at the rate on the balance sheet date.

#### Intangible fixed assests

Intangible assets are valued at cost less accumulated amortisation and any impairment losses. Straight-line amortisation takes place over the asset's estimated useful life. The following depreciation periods are applied:

Intangible fixed assets: 5 years

#### Property, plant and equipment

Property, plant and equipment abroad, which is classified as equipment and exceeds a price base amount, is recognised as equipment. Purchases are deemed to be funded by grants and the grants reduce the acquisition cost of the fixed assets. Property, plant and equipment are recognised as assets in the balance sheet when, on the basis of the information available, it is likely that the future economic benefit associated with ownership will accrue to the association and that the acquisition cost of the asset can be reliably calculated.

Property, plant and equipment are systematically depreciated over the asset's estimated useful life. Every fixed asset is valued as an asset. Fixed assets in the form of land and buildings abroad have not been divided up into components, as they are deemed to have the same useful lives. When the depreciable amount of the assets has been determined, the asset's residual value will be considered if applicable. Straight-line depreciation is applied.

The following depreciation periods are applied:

Land No depreciation/amortisation

Buildings abroad 20 years Equipment 5 years

Impairment is only carried out in the event of a permanent decline in value.

#### Financial assets

Non-current interest-bearing assets are valued at amortised cost, less any impairment. All assets held for the purposes of risk diversification are considered to be part of a securities portfolio and treated as one item when valuing in accordance with the lowest value principle, or for impairment testing.

Accounts receivable are valued individually in the amount expected to be received. Receivables and liabilities in foreign currencies are valued at the closing day rate.

#### NOT 3 Continued

#### Inventories

Goods for resale are valued with the application of the first-in, first-out method at the lower of historical cost and net realisable value as per the balance sheet date.

#### Earmarked funds

In the item Earmarked funds in equity, donations and other earmarked funds not yet used are recognised.

#### **Provisions**

A provisions is recognised when the association has obligations that are attributable to the financial year or previous financial years and that, on the closing day, are certain and probable as to their existence, but uncertain as to amount that will be required to settle the commitment.

#### **Cash flow statement**

The cash flow statement is prepared according to the indirect method and shows the association's inbound and outbound payments divided into operating activities and investing activities. The reported cash flow includes only transactions involving payments in or out. Cash and cash equivalents comprise cash and disposable balances with banks and other credit institutions.

#### **Contingent liabilities**

A contingent liability is recognised when there is:

- a) an existing obligation as a result of occurred events, but is not reported as a liability or provision because it is not likely that an outflow of resources will be required or the size of the commitment cannot be calculated with sufficient reliability, or
- b) a possible obligation as a result of occurred events and the existence of which will only confirmed by one or more uncertain future events.

#### Translation of foreign currencies

Receivables and liabilities in foreign currencies are valued at the closing-day rate, which is the exchange rate on the balance sheet date.

#### Income tax

The association is exempt from income tax on its non-profit activities since it meets the requirements to be considered a public service under the tax legislation.

Insofar as the association conducts business activity, the main rule is that the business activity is taxable. Business activity can be exempt from tax if it has a natural connection to the public service purpose or is a time-honoured source of financing. Business activity that is normally taxable can also in some cases be exempt from taxation if the main principle is applicable.

## NOTE 2 Estimates and assumptions

We Effect performs estimates and assessments about future development. The estimates for accounting purposes resulting from these will, by definition, rarely correspond to the actual result.

#### NOTE 3 Fundraising

22 WE EFFECT

Donations recognised in income statement	2017	2016
Individual donors	14,387,483	10,691,604
Folksam	1,214,375	1,527,807
Fonus	1,530	_
HSB and affiliated associations	3,191,035	3,456,940
KF, COOP and consumer associations	10,861,719	11,704,331
Lantmännen	475,000	470,000
LRF	2,949,186	3,253,358
OK ekonomisk förening	7,763	18,776
Riksbyggen	2,146,291	2,284,006
Swedish Postcode Lottery	20,000,000	20,000,000
Swedbank	147,751	636,923
Other fundraising companies	561,618	1,103,856
Total donations	55,943,751	55,147,601

The above amounts include dividends from Humanfond of SEK 137,814.

#### Donations in the form of services

The association's activities build to some extent on volunteer work. The number of volunteer hours totalled 89.5 (102) in 2017.

recognised in profit or loss	2017	2016
Fundraising, non-public grants		
FN, FAO, OCHA	290,432	820,606
World Food Program, Malawi	999,718	401,568
UNDP	997,848	3,230,768
Heifer, Nicaragua	591,002	750,450
IITA	444,835	206
Radiohjälpen	3,571,541	8,199,983
Swedish Postcode Lottery, special projects	426,195	3,673,762
VFS		312,651
Welthungerhilfe	1,804,667	1,452,261
Fairtrade Africa	265,352	
WYG Int. SAIRLA	291,091	
Total fundraising, non-public grants	9,682,681	18,842,255
Grants from authorities, public grants	2017	2016
AgriCord, AFD	1,231,441	1,880,782
AgriCord, DGIS	1,066,773	1,388,354
AgriCord, DGD	1,903,931	397,634
AgriCord, IFAD, EU	1,758,290	326,777
AgriCord, MFAF	1,167,338	929,522
Embassy of Ireland, Moçambique	1,448,800	1,332,442
EU, Guatemala	4,256,843	1,268,798
EU, Kenya	4,197,388	1,901,005
CIP, International Potatoe Center, USAID	571,512	326,172
International Programme Office, internship programme	396,086	1,755,234
Millenium Challenge Account (MCA)	2,049,782	2,404,150
Norwegian Ministry of Foreign Affairs, Malawi	16,164,704	12,986,495
NRC, Sida, Palestina (humanitarian grants)		46,384
Sida Civsam	179,235,443	177,128,420
Sida, EU Contribution	1,457,490	603,697
Sida Information grants	685,658	1,155,393
Sida Guatemala City, Guatemala	15,313,903	1,265,350
Sida Harare, Zimbabwe	3,611,736	6,137,771
Sida Maputo, Moçambique	37,049,468	29,000,336
Sida Global, grant for Bilateral Associate		
Experts (BBE)	522,878	746,098
Total public grants from authorities	274,089,464	242,980,814
Total grants and public grants recognised in profit or loss	283,772,145	261,823,069
	2017	2016
Total fundraising consists of the following		EE 147 / O1
Donations recognized in income statement	55,943,751	55,147,601
	9,682,681	55,147,601 18,842,255

# NOTE 4 Other operating income

	2017	2016
Rental income	584,668	518,935
Local revenues abroad	70,388	120,353
Other income	30,978	1,109,789
Total other operating income	686.034	1.749.077

#### NOTE 5 Personnel costs

Average number of employees	2017	2016
Sweden	36	32
Region Europe/Asia		31
Region Europe (counted together with Asia the previous year)	4	_
Region Asia (counted together with Europe the previous year)	23	-
Region Latin America	33	31
Region Southern Africa	73	79
Region Eastern Africa	22	23
Total employees	191	196
	2017	2016
Women	109	105
Men	82	91
Total average number of employees	191	196

The average number of employees does not include employees who received compensation less than one half of a price base amount SEK 22,200. This has been done with support of BFNAR 2006:11

Employees' wages and benefits	2017	2016
Service in Sweden		
Employees wages and benefits	18,640,705	16,629,224
Social security expenses	10,959,611	8,859,873
Total service in Sweden	29,600,316	25,489,097

The total of salaries and social security expenses for work rendered in Sweden SEK 29,600,316 (25,489,097) of which pension expenses comprise SEK 224 (4,071,326) in 2017.

Employees' wages and benefits	2017	2016
Service in the regions		
Region Europe/Asia	_	6,847,959
Region Europe (counted together with Asia the previous year)	1,295,815	_
Region Asia (counted together with Europe the previous year)	4,953,245	_
Region Southern Africa	12,918 293	11,175,829
Region Latin America	8,733,596	8,365,181
Region Eastern Africa	5,324,838	5,321,223
Total service in the regions	33,225,787	31,710,192
Total salaries and benefits	62.826.103	57.199.289

#### Pension expenses and other social security contributions

Pension obligations are secured via a fund at Folksam (KP Pension & Försäkring). Pension payments from the fund during the year amounted to SEK 3,700,467 (3,389,282). The current value of the obligations covered by the fund totals SEK 68,089,741 (64,897,653) on the balance sheet date. The balance of the organisation's share of the fund exceeds the pension liability by SEK 14,675,834 (15,157,705). The pension obligations have been secured via credit value insurance up to 31 December 2017, in accordance with an agreement with PRI Pensionsgaranti. As a special insurance condition, the pension fund must have an overconsolidation reserve, a minimum of 120 per cent (120) of the provision.

#### The Board and senior executives

Salaries and benefits include remuneration to the CEO of SEK 913,881 (876,687). Of the organisation's pension costs, including statutory taxes, SEK 458,866 (328,017) relates to the CEO. CEO conditions of employment: mutual notice period of six months; in the event of notice being given by the employer, severance pay corresponding to 12 months' salary is paid out.

No remuneration is paid to the Board. The organisation's outstanding pension obligations to the Board amount to SEK 0 (0).

No other transactions with Board members, senior employees or key individuals have taken place. The organisation enjoys a close partnership with its member organisations, which assist with advice within each organisation's area of activity. During the year, LRF has acted as landlord for the organisation's central administration.

#### NOTE 5 Continued

Gender distribution in the Board and among senior executives	2017	2016
Members of the Board on the balance sheet date		
Women	7	5
Men	3	3
Total Board members on the balance sheet date	10	8
CEO		
Women	1	1
Men	-	-
Total CEO	1	1

#### Fees and reimbursement to auditors

During the year the organisation's fees and reimbursement of expenses to auditors amounted to SEK 4,483,362 (3,587,669), which is distributed as follows:

The organisation's chosen auditor	2017	2016
Audit assignment	585,772	485,655
Other assignments	_	80,000
	585,773	565,656
Audit assignments abroad	2017	2016
BDO	258	21,147
Deloitte	203,560	-
EY	510,840	519,485
HLB Audit and consulting	596,030	748,945
KPMG	379,254	57,545
PwC	510,614	763,673
Other auditors abroad	1,697,033	911,218
Total audit assignments in Sweden and abroad	4,483,362	3,587,669

The audit assignment relates to an examination of the annual accounts and bookkeeping, together with the management by the Board and CEO and other tasks incumbent upon the organisation's auditors. In addition, the assignment includes advice or other assistance deemed necessary as a result of observations during the tasks mentioned above.

#### NOTE 6 Activity expenses

	2017	2016
Region Eastern Africa		
Regional projects Eastern Africa	14,766,893	14,791,403
Kenya	12,408,280	13,701,046
Tanzania	10,490,724	7,800,943
Uganda	10,114,084	10,863,672
Vi Agroforestry, forwarded contributions	18,873,669	16,816,24
Region Southern Africa		
Regional projects in Southern Africa	16,964,417	14,497,29
Malawi	24,705,536	22,293,68
Mozambique	40,297,879	32,649,93
Zambia	9,412,674	10,912,30
Zimbabwe	12,690,209	15,875,92
Region Latin America		
Regional projects in Latin America	18,347,349	22,324,01
Bolivia	5,952,960	5,570,01
El Salvador	6,558,667	6,491,34
Guatemala	18,514,945	8,075,01
Honduras	6,371,032	5,149,78
Nicaragua	7,878,982	5,432,72
Paraguay	6,050,019	6,539,13
Region Asia		
Regional projects in Asia	5,838,458	5,888,92
The Philippines	8,137,389	6,986,01
Cambodia	1,911,047	1,749,68
Myanmar	889,156	739,63
Palestine	10,177,950	14,618,76
Sri Lanka	6,048,259	6,147,61
Vietnam	5,361,169	4,513,35
Region Europe		
Regional projects in Europe	2,306,094	2,771,25
Albania	3,860,475	4,025,85
Bosnia-Herzegovina	1,153,738	1,202,92
Kosovo	1,108,153	933,23
Macedonia	2,153,841	2,777,50
Moldova	3,066,144	2,633,31
Total project expenses	292,410,192	274,772,56
Other projects, etc.		
Trainee programme	242,418	1,382,92
Advocacy activities in Sweden	15,836,842	16,592,03
The International Department	6,475,496	3,907,67
Other projects	863,275	4,824,20
		, . ,

# NOTE 7 Operating leases

	2017	2016
Future lease payments are due as follows:		
Due for payment within one year	3,075,761	3,075,761
Estimated lease payments during the period	3,075,761	3,075,761

Future leasing costs relate to premises and IT equipment. The value for 2016 relates to a three-year agreement period renewed as of 2015, which runs until 2017 and is then renewed two years at a time unless cancellation occurs. Expensed lease payments in the income statement amount to SEK 3,075,761 (3,075,761).

# NOTE 8 Profit/loss from other securities and receivables accounted for as fixed assets

	2017	2016
Capital result from sales	1,516,058	904,986
Dividends	171,525	_
Total	1.687.583	904.986

#### NOTE 9 Other interest income and similar profit/loss items

	2017	2016
Interest income	169,456	113,608
Exchange rate differences	610,521	261,076
Total	779,977	374,684

#### NOTE 10 Interest expenses and similar profit/loss items

	2017	2016
Other interest expenses	-1,244	-1,501
Exchange rate loss on foreign currency accounts	-69,634	-69,634
Total	-70,642	-71,135

## NOTE 11 Intangible fixed assets

	31 Dec 2017	31 Dec 2016
Capitalised expenditure for software		
Openings costs	2,145,850	623,907
Capitalised expenditure for the year		1,521,943
Closing accumulated costs	2,145,850	2,145,850
Opening depreciation	-429,170	_
Scheduled amortisation for the year	-429,170	-429,170
Closing accumulated costs	-858,340	-429,170
Closing carrying amount at end of the period	1,287,510	1,716,680

#### NOTE 12 Land and buildings

	31 Dec 2017	31 Dec 2016
Opening costs	7,312,167	7,312,167
Closing accumulated costs	7,312,167	7,312,167
Accumulated scheduled depreciation		
Opening depreciation	-3,075,616	-2,710,008
Scheduled depreciation for the year	-365,608	-365,608
Closing accumulated depreciation	-3,441,224	-3,075,616
Carrying account, closing balance	3,870,943	4,236,551

Land and buildings abroad comprise the organisation's offices in Guatemala, Honduras, Kenya and Nicaragua.

## NOTE 13 Securities holdings

	2017	2016
Securities holdings (SEK thousand)	Securities held as fixed assets	Market capita- lisation closing date
Securities held as fixed assets		
Ethica Global Mega	4,785,563	5,774,769
Ethica Sverige Mega	8,341,724	9,649,396
Räntefond flexibel (Flexible fixed-income fund)	5,529,421	5,501,934
Räntefond plus (Short plus fixed-income fund)	12,690,426	12,831,792
Humanfonden	2,219,052	3,467,935
Total securities held as fixed assets	33,566,187	37,225,826
	31 Dec 2017	31 Dec 2016
Opening accumulated costs	39,878,605	38,973,619
Investments during the year	7,589,446	15,461,279
Sales/disposals	-13,901,864	-14,556,293
Closing accumulated costs	33,566,187	39,878,605
Closing book value	33,566,187	39,878,605

Liabilities to Sida and other development cooperation donors arise when the donation has been received but the activities are yet to be implemented

#### NOTE 17 Accrued expenses and deferred income

	2017	2016
Other items	4,042,262	2,992,608
Holiday salaries	1,413,589	1,576,366
Accrued social security contributions	1,553,467	1,302,546
Total	7,009,318	5,871,520

## **Contingent liabilities**

	2017	2016
Pension commitment	1,348,647	1,297,953
Total	1,361,795	1,297,953

#### NOTE 14 Other receivables

Specification of other receivables	2017	2016
Project expenses – We Effect offices abroad	13,387,384	16,253,373
Receivables – donors	4,590,413	1,179,304
Other receivables	878,177	1,018,804
Total other receivables	18,855,973	18,451,481

## NOTE 15 Prepaid expenses and accrued income

	31 Dec 2017	31 Dec 2016
Prepaid rent	72,451	
Accrued income	2,825,601	2,748,805
Prepaid expenses	930,712	668,706
Total	3.828.764	3.417.511

# NOTE 16 Liability received, unutilised grants

Specification of liability received, unutilised grants	2017	2016
Sida Civsam	2,826,877	821,280
Sida Info	74,342	44,607
Sida Bilaterial Associate Expert	431,057	953,936
Other Sida grants	19,701,383	31,487,489
AgriCord AFD		124,083
AgriCord DGD	_	442,534
AgriCord IFAD, EU	_	187,979
AgriCord MFAF		348,396
EU grants	7,860,083	6,081,809
Norweigan Embassy, Norad	8,478,837	8,315,815
Other public grants for the activities	198,903	472,523
Total public grants	39,571,482	49,280,451
Grants from organisations or companies	14,458,847	9,423,056
Total liability received, unutilised grants	54,030,329	58,703,507

ANNUAL FINANCIAL REPORT 2017

Stockholm 26 April 2018

Tommy Ohlström Chair of the Board

Ann Charlett Follien Ann Charlott Folkesson

Anders Lago

Marita Ljung

Muuli Rogeman

# **AUDITORS'S REPORT**

To the Annual General Meeting of We Effect, corp. ID no. 802004-1524

#### **REPORT ON THE ANNUAL ACCOUNTS**

We have audited the annual accounts of We Effect for 2017.

In our opinion, the annual accounts have been prepared in accordance with the Swedish Annual Accounts Act and in all material respects fairly present the association's financial position as of 31 December 2017 and its financial performance and cash flows for the year in accordance with the Swedish Annual Accounts Act. The directors' report is consistent with the other parts of the annual accounts.

#### Basis for our opinions

We have conducted the audit in accordance with generally accepted auditing standards in Sweden. The auditors' responsibilities according to these standards are described in more detail in the sections the "Authorised public accountant's responsibility" and the "Elected auditor's responsibility".

We are independent in relation to the association in accordance with generally accepted auditing standards in Sweden. As authorised public accountants, we have fulfilled our professional ethical responsibility in accordance with these requirement.

We believe that the audit evidence we gathered is sufficient and appropriate as a basis for our statement.

#### Responsibilities of the Board of Directors and the CEO

It is the Board of Directors and the CEO that are responsible for the preparation of the annual accounts and that they provide a true and fair view according to the Annual Accounts Act. The Board and CEO are also responsible for the internal control that they deem to be necessary to prepare annual accounts that do not contain any material misstatements, whether due to error or impropriety.

In preparing the annual accounts, the Board and CEO are responsible for the assessment of the association's ability to continue its activities. They provide information, when appropriate, concerning conditions that may affect the ability to continue operations and to use the going concern assumption. The going concern assumption is not, however, applied if the

Board and CEO intend to liquidate the association, cease operations or have no realistic alternative than to do either.

#### Authorised public accountant's responsibility

I have conducted the audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. My objectives are to achieve a reasonable degree of certainty whether or not the annual accounts as a whole contain any material misstatements, whether due to error or impropriety. Reasonable certainty is a high degree of certainty, but is no guarantee that an audit done according to ISA and generally accepted auditing standards in Sweden will always discover a material misstatement if such exists. Misstatements can arise due to impropriety or error and are considered to be material if they individually or together can reasonably be expected to affect financial decisions that users make based on the annual accounts.

As a part of an audit according to ISA, I use professional judgement and have a professionally sceptical approach in the entire audit. Moreover:

- I identify and assess the risks of material misstatements in the annual accounts, whether they are due to impropriety or error, formulate and carry out auditing procedures based in part on these risks and gather audit evidence that is adequate and suitable to form a basis for my opinions. The risk of not discovering a material misstatement due to impropriety is higher than for a material misstatement due to error because improprieties can include acting in collusion, falsifying, intentional omission, incorrect information or disregarding internal
- I obtain an understanding of the part of the association's internal control that is of significance to my audit to carry out auditing procedures that are suitable considering the circumstances, but not to make a statement on the effectiveness of internal controls.
- I evaluate the suitability of the accounting principles used and the reasonability of the Board's and CEO's estimates in the accounting and associated disclosures.

- I draw a conclusion on the suitability of the Board and CEO using the going concern assumption in preparing the annual accounts. I also draw a conclusion based on the audit evidence collected whether or not there are any material uncertainty factors pertaining to such events or conditions that may lead to significant doubt about the association's ability to continue its activities. If I draw the conclusion that there is a material uncertainty factor, I must in my audit report call attention to the disclosures in the annual accounts regarding the material uncertainty factor or, if such disclosures are inadequate, modify the opinion regarding the annual accounts. My conclusions are based on the audit evidence gathered up to the date of the auditor's report. However, future events or circumstances may mean that an association can no longer continue its activities.
- I evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and if the annual accounts portray the underlying transactions and events in a manner that provides a true and fair view.

I must inform the Board of the audit's planned scope and emphasis as well as its timing. I must also inform about significant observations during the audit, including the significant deficiencies in the internal control I identified.

#### Elected auditor's responsibility

I have to conduct an audit in accordance with the Auditing Act and thereby in accordance with generally accepted auditing standards in Sweden. My objective is to achieve a reasonable degree of certainty whether or not the annual accounts were prepared in accordance with the Annual Accounts Act and if the annual accounts provide a true and fair view of the association's position and performance.

#### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

#### Opinion

In addition to our audit of the annual accounts, we have also conducted an audit of the Board's and the CEO's management of We Effect for 2017.

We recommend to the Annual General Meeting that the members of the Board of Directors and the CEO be discharged from liability for the financial year.

#### **Basis for our opinions**

We have conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibility according to these standards is described in more detail in the section on the Auditors' responsibility. We are independent in relation to the association in accordance with generally accepted auditing standards in Sweden. As an authorised public accountant, I have fulfilled my professional ethical responsibility in accordance with these requirements.

We believe that the audit evidence we gathered is sufficient and appropriate as a basis for our opinion.

# Responsibilities of the Board of Directors and the CEO

The Board of Directors and the CEO are responsible for the management.

#### The auditors' responsibility

Our objective regarding the audit of the management, and thereby our opinion regarding discharge from liability, is to gather audit evidence with a reasonable degree of certainty to be able to assess whether any Board member or the CEO in any material respects committed any act or any negligence that may give rise to liability for damages to the association.

Reasonable certainty is a high degree of certainty, but is no guarantee that an audit done according to generally accepted auditing standards in Sweden will always discover actions or neglect that may give rise to liability to pay damages to the association.

As a part of an audit according to generally accepted auditing standards in Sweden, we use professional judgement and have a professionally sceptical approach in the entire audit. The review of the management is mainly based on the audit of the accounts. What additional review procedures are done is based on our professional assessment on the basis of risk and materiality. This means that we focus the review on such measures, areas and circumstances that are significant to the business and where deviations or violations would be of particular significance to the association's situation. We go through and test decisions made, decision documentation, actions taken and other circumstances that are relevant to our opinion regarding discharged from liability.

Stockholm 27 April 2018 Öhrlings PricewaterhouseCoopers AB

Erik Albenius Authirized public Accountant

Carl-Olof Bengtsson Elected Deputy Auditor

