



ANNUAL REPORT  
2016





## WE EFFECT

**OUR VISION** is a sustainable and just world free from poverty.

**OUR MISSION** is to enable men and women living in poverty to improve their living conditions, defend their rights and contribute to a just society.

**OUR VALUES** are those of the International Cooperative Alliance relating to help to self-help, personal responsibility, democracy, gender equality, justice and solidarity.

**OUR OBJECTIVE** is to work together with our member organisations towards creating commitment, raising awareness, mobilising resources and winning public support for longterm development work. This takes place through help to self-help.



Christine and John Manchisi, Zambia.

### WE EFFECT IN BRIEF

- **A DEVELOPMENT COOPERATION ORGANISATION** established in Sweden in 1958, with the aim of reducing the gulf between rich and poor throughout the world.
- **HAS 59 SWEDISH ORGANISATIONS** and companies with cooperative roots as members.
- **OPERATES IN 25 COUNTRIES** across four continents to tackle poverty and injustice.
- **HELPING PEOPLE TO HELP THEMSELVES** is the core of our development cooperation work.
- **WORKS IN PARTNERSHIP WITH JUST OVER 160 LOCAL** organisations around the world.

### IN SWEDEN, WE FOCUS ON:

- **ENCOURAGING PEOPLE TO TAKE A STAND** and get involved in supporting a just and sustainable world order.
- **FUNDRAISING TO SUPPORT** our development cooperation activities.

We Effect is not affiliated to any political party or religion.

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Mercy Kasokoneza, Malawi.

## WE EFFECT YIELDS RESULTS!

Thanks to you donors together with many others, thousands of people were able to escape poverty in 2016. We are pleased and proud of this. Now we have to further increase the pace to achieve the target: to wipe out poverty. We Effect's Chairman Tommy Ohlström and Managing Director Anneli Rogeman visited Mangochi, Malawi during the year.



At Mufuna Sacco in Malawi; Noel Chilembwe, Vice Managing Director, John Mabvuto, Managing Director, Tommy Ohlström, Chairman of the Board We Effect, Sofi a Selemani, Committee Member, Max Kananji, Secretary, Anneli Rogeman, Managing Director We Effect and Anders Källström, Managing Director LRF.

"In these impoverished parts of Malawi, banks refuse to grant loans to women. But in our savings and loan association, we treat men and women equally."

John Mabvuto, Manager of Mufuna Sacco in Mangochi, Malawi, is pleased. Not because women are discriminated against in southern Malawi as in many other places in the world, that upsets him of course. John Mabvuto is happy that it has gone so well for the banking cooperative that he manages. Four years after the beginning, the cooperative has 4,593 members and the number is steadily growing. Half women, half men.

"Your activities are a good example of the good results of long-term development work," says We Effect's Chairman of the Board Tommy Ohlström during the visit at Mufuna Sacco.

**"Thanks to our donors in Sweden, We Effect has been able to support the formation of Mufuna Sacco," says We Effect's MD Anneli Rogeman.**

In 2016, the fundraising was higher than ever at SEK 74.7 million.

Sales increased and with it the support to many other savings and loan cooperatives – and farmer groups, housing cooperatives, women's associations and so on – in We Effect's countries of operation.

2016 was generally a successful year for We Effect. We Effect is now one of Sweden's largest development cooperation organisations that works with long-term development cooperation with collaborative agreements with more than 160 organisations from civil society. Gender equality is included in every project.

**"I am proud of our results," says Tommy Ohlström. "And that we focus on gender equality. This is noticed even more clearly in We Effect's new strategy for 2017 and on that is called Equality first."**

"Poverty has gone down in real figures in the past 20 years. But more than a billion people are still forced to try to live on less than two dollars a day," says Anneli Rogeman.

**Mufuna Sacco manages well today. We Effect's help to self-help has worked yet again. But there are hundreds of thousands of other small and medium-sized cooperatives that need support before they can stand on their own two legs. This may involve simple courses in everything from accounting and organisational procedures to agricultural techniques.**

In 2016, thousands of farming families in our project countries were able to escape poverty thanks to We Effect and our donor's help.

"Let's endeavour to double this number in 2017," says Tommy Ohlström.

**"Like all of the UN's member states, Sweden has promised to achieve the global sustainability goals for 2030. One of the goals is that poverty will be eliminated by then. There is a lot more to do and We Effect is needed in this work," says Anneli Rogeman.**

"With the help of the donors, we will be able to continue to play an important role in the global work. And make a difference in the lives of many individual people," says We Effect's Chairman Tommy Ohlström.



*Tommy Ohlström*  
Tommy Ohlström,  
chairperson

*Anneli Rogeman*  
Anneli Rogeman,  
MD



## WE EFFECT'S WORLD

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



## Latin America



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

## Europe



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

## Africa



The most important part of We Effect's work in Africa is strengthening the rights of people in poverty. And supporting the transition to climate-adapted agriculture.

## Asia



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

# 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 four regions where we conduct development cooperation, decisions are made on the formulation of the projects.



Thanks to donations from individuals and companies We Effect can carry on development cooperation activities. Our own fund-raising is a prerequisite in order to receive funding from Sida, which is We Effect's main funder. 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 deemed to have development potential.
- **WHERE WE JUDGE THAT OUR EFFORTS**  
will achieve 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.

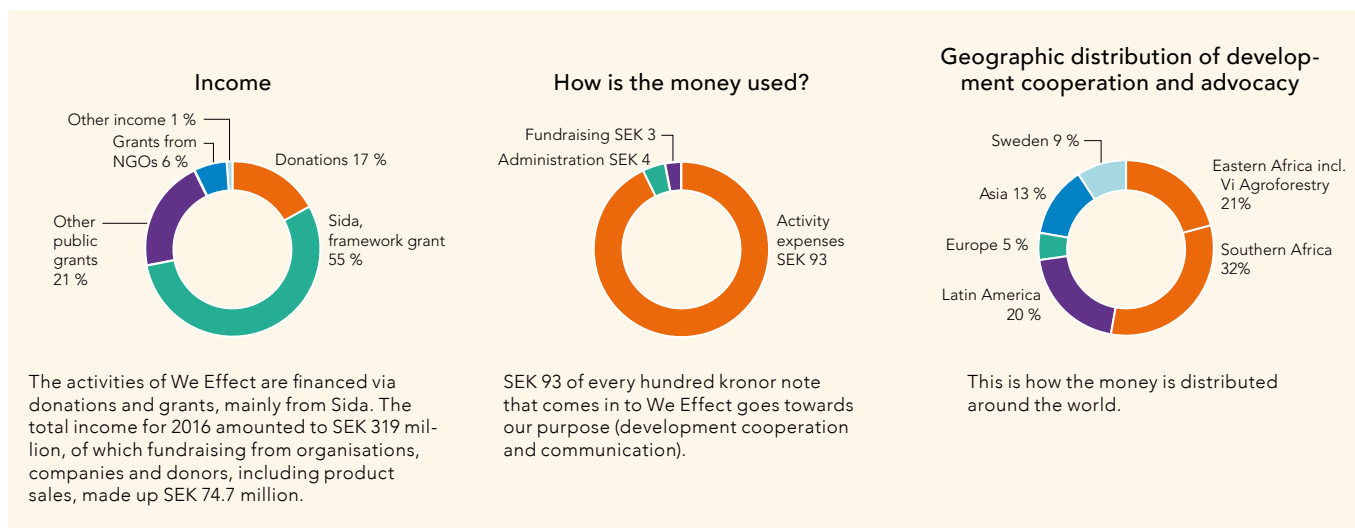
In each case we work in partnership with a local organisation, 160 in all around the world. We jointly determine objectives for the activity and follow up on the results:

- **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 paid better. 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 funders. Private donors are informed through our newsletter Effekter, among other channels. Each project is carefully evaluated to enable us to learn and improve.

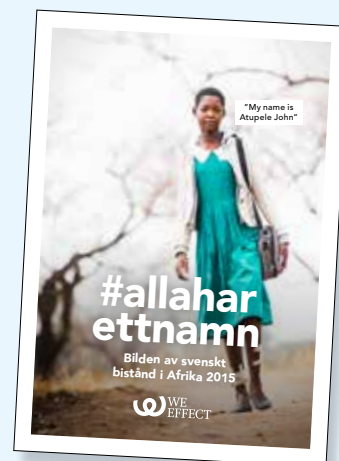


## TOGETHER, WE ARE THE WE EFFECT!

We live with, for and by "togetherness". None of everything we do could be done alone. Thanks only to the cooperation with everyone who supports We Effect, and those we in turn can support can we make the world a little better for more people. Together, we are the We Effect!



**TOGETHER WITH THE MONTHLY DONORS**, we are building the future. Our faithful supporters are important for us to be able to provide long-term help to people to themselves escape from poverty. A long-term monthly donor campaign was begun in 2016. Recruitment in Coop stores provided many new and younger monthly donors.



**TOGETHER WITH THE MEDIA.** For the fourth time, we published the We Effect report #everyonehasaname about Swedish media coverage of Swedish development cooperation in African countries. The report was widely distributed in the media. The report release was listed as one of the 25 Almedalen events that should not be missed and those in power named We Effect one of the most important NGOs at Almedalen.



**TOGETHER WITH THE SWEDISH POSTCODE LOTTERY** we have an opportunity to do extra activities. The base support was SEK 20 million. And thanks to a special project on the theme Innovation and development, We Effect was able to develop a new modern, engaging website.

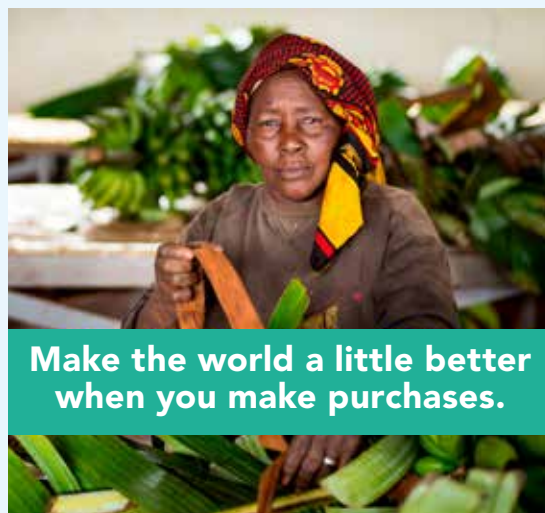


**TOGETHER WITH RADIOHJÄLPEN.** In 2016, We Effect was awarded a total of just over SEK 5.9 million in grants from Radiohjälpen. The money has been used to provide school children in Gaza clean water, reduce malnutrition for children under the age of five in Mozambique and increase food safety in Guatemala and Honduras.

**TOGETHER WITH EVERYONE** who supports us, we are growing and can support even more. The funds raised for We Effect in 2016, including product sales, were SEK 74.7 million. The strongest increase in donations came from the Swedish Postcode Lottery.



**TOGETHER FOR FARMING.** Beginning with an editorial in DN Debatt, and based on a new Sida strategy of development cooperation in Africa, We Effect addressed the shortage of agricultural initiatives in Swedish development cooperation. The article was widely distributed and shared in social media. We Effect also prepared a report on the importance of agricultural development cooperation. The report was turned over to Minister for Agriculture Sven-Erik Bucht, among others. It was also translated to English and Spanish and turned over to high government representatives in the Philippines and Palestine, to name a few. "The Toughest Job in the World" campaign and the urgent situation in rural Malawi impacted We Effect's PR efforts during the spring.



**Make the world a little better when you make purchases.**



**TOGETHER WITH OUR MEMBER ORGANISATIONS,** we are strong. With Coop MedMera Bank, an effort was made to increase the number of people affiliated with the "Bistånd på Köpet" [Donation in the purchase] fundraising effort. It raised nearly SEK 1 million more than the year before. The fundraising from HSB increased thanks in part to an art sale for the benefit of We Effect.

**TOGETHER WITH THOSE WHO ARE STRUGGLING.** We Effect awarded the Lobbyist of the Impoverished prize for the first time to call attention to lobbying to reduce poverty and strengthen human rights. The 2016 prize went to Rachael Mwikali, who lives in Mathare, a slum in Nairobi, Kenya, where people's rights are violated daily. The prize amount of USD 10,000 was handed over to Rachael Mwikali's organisation Coalition for Grassroots Human Rights Defenders (CGHRD).



**TOGETHER WE FOCUSED ON GENDER EQUALITY IN OUR CHRISTMAS CAMPAIGN,** through a film that was used in social media and in digital advertising. The aim was to get the public to donate money and at the same time spread the word about We Effect.

## WOMEN'S RIGHTS A CENTRAL ISSUE

### Africa

#### OBJECTIVES

- To increase the influence of smallholders living in poverty and safeguard their rights to land, among other things.
- To contribute to long-term sustainable farming and to more people obtaining food and income from harvests.
- To give people living in poverty access to financial services such as loans, saving and insurance at prices that are reasonable for them.
- To promote equality between men and women, and ensure that at least half of development cooperation support goes to women.
- To combat the spread of HIV.



Auxilia Chivandire, Zimbabwe.

**THE ADVOCACY WORK OF STRENGTHENING** the rights of women, slum residents and small-scale farmers in eastern Africa reached the UN Human Rights Council (UNHRC) in 2016. This happened through the forum the UNHRC offers civil society. Prior to the reviews of Uganda and Tanzania, the forum was used to hold both states accountable for deficient rights for the groups We Effect works with.

#### Poor farmers won the fight against the big corporations

Mozambique is one of many African countries where the rights of the residents are threatened when international corporations exploit natural resources. We Effect provides support to organisations that educate people in rural areas in what legal rights they have and how they can best negotiate reasonable conditions. In Palma, 1,600 families won over the U.S. gas company Anadarko, which has recognised their right to compensation.

#### We Effect influences housing policy in Uganda

Uganda's government has been influenced by We Effect's work with housing cooperatives and acceptable housing for the most disadvantaged, who are often women. A project with low-cost housing outside Kam-

pala that was completed in 2016 is pointed out by the government as a model to follow. In 2016, the number of housing cooperatives in Uganda also increased from 10 to 21 with support from We Effect and intensive advocacy work has led to Uganda formulating its first national housing policy.

#### Own income gives women new opportunities

Giving women their own income is central to We Effect's work in Africa. The income gives the women a way out of poverty and a stronger position in society. One example is a group of women in Zvinodamasimba in Zimbabwe who have begun a small joint vegetable garden. The income is SEK 200 per month per member. Now the women are planning on buying a water pump that they estimate will increase profit by 50%.

#### EFFECTS

- 30,020 cotton farmers in Zambia were able to almost double their income from the harvest on average, from around SEK 870 to SEK 1,685, through We Effect's partner organisation CAZ's work to break the farmers' dependence on the large corporations.
- Small-scale honey producers in Zambia increased their production by 58% thanks to Zambia Honey Council's work with support from We Effect.
- Thanks to We Effect's work, 2 million people in Eastern Africa, half of whom are women, have gained access to financial services. 6,629 savings and loan groups have been established.
- The savings and loan groups that We Effect's partner organisations have helped to organise among 31,516 members in Malawi, Mozambique, Zambia and Zimbabwe had a turnover of more than SEK 20 million.
- In Machakos, Kenya, 11 newly formed savings and loan groups with a total of 320 members, mostly women who live in poverty, together saved SEK 340,000 in 2016.
- 24 contracts that offered better pay, lower costs and better access to markets for the members were negotiated with private actors by We Effect's partner organisations in Malawi, Mozambique, Zambia and Zimbabwe.
- The work for greater equality in a dairy cooperative in Kenya has led to one out of three representatives and one out of three board members in the cooperative being women who actively participate in the decision-making processes.
- Two new laws that strengthen women's right to land in Malawi and Zimbabwe, respectively, were negotiated by We Effect's partner organisations.
- When the women in a housing cooperative in Uganda moved into their newly built homes with water and sewage, it had the positive effect that another 200,000 households in the local area could be connected to the water system.
- 73 groups for men who want to work for gender equality were established in 2016 by We Effect's partner organisations in Malawi, Mozambique, Zambia and Zimbabwe.
- In Tanzania, the advocacy work for women's right to land has led to 52 women taking legal action at the district level. Eight of the women have won their disputes and the other 44 cases are under way.
- 1,879 women received training in leadership and business in 2016 by We Effect's partner organisations in Malawi, Mozambique, Zambia and Zimbabwe.
- The work of increasing the percentage of women politicians in four counties in the public elections in Kenya in 2017 has led to twice as many women (167) becoming candidates in the election in 2017 compared with the last election in 2013 when 79 women were candidates.
- With greater knowledge about women's rights, more and more traditional male leaders in Uganda are accepting that a woman can also lead a clan, a breakthrough that has been appreciated by Uganda's government.



## POVERTY IS STILL A WOMEN'S ISSUE

### Latin America

#### OBJECTIVES

- For more people to have adequate housing.
- To promote equality between men and women, and ensure that at least half of development co-operation support goes to women.
- More people being able to put food on the table and obtain an income from harvests, or some other activity.
- To support smallholders living in poverty in employing long-term, sustainable cultivation methods.



Doña Juana, Guatemala.

**EVEN IF THE MIDDLE CLASS IS GROWING** in Latin America, the economic disparities are growing as well. Women in rural areas, representatives of indigenous populations and often the illiterate are those who are struck hardest by poverty and discrimination. Legislatively established social safety nets still work poorly, the labour market is difficult to enter and even harder to stay in after marriage and childbirth. We Effect's increased efforts for women and their possibilities of supporting themselves have led to many different initiatives.

The cooperative activities are supplemented with child-minding and political continuing education and, surprisingly, several of We Effect's partner organisations have successfully conducted a dialogue with the government and local authorities on issues of rights and development. Getting men in organisations to represent both men's and women's interests and needs is a work in progress, which when it works has a major impact on the work for everyone's sustenance and safe access to food.

#### The earth as the giver of life, a right and an object of trade

2016 was off to a rough start in Central America when the activist Berta Cáceres,

award-winning leader for the Honduran indigenous people's organisation COPINH, was murdered. The organisation is still fighting against the major project that plans to build several large dams in the Lenca people's areas, and more of their members were murdered during the year. We Effect continues to support the work of communicating the threats and the situation for the people in rural areas and the indigenous peoples in our cooperation countries. The economic situation means that even governments that previously promised to listen to the people have begun compromising on their promises and resuming negotiations on the exploitation of natural resources.

#### EFFECTS

- In Honduras and Paraguay, the influence from our partner organisations has led to the government taking responsibility for the financing of housing projects.
- The cooperation with Sida in Guatemala resulted in a new project with 10 partner organisations where women's economic independence is in focus.
- In Bolivia, women's possibilities for work were strengthened by the local authorities providing support to organisations that operate pre-schools under their own direction. We Effect's partner organisation Ciudadanía is one of the initiators and their members are now given the possibility to work and participate in courses and organisation meetings.
- 74% of our partner organisations have included gender equality as a strategy in their political advocacy documents.
- 76% of all of our partner organisations now have a functioning gender equality policy. In the rural development programme, this figure is as high as 95%.
- The target of 40% women in senior positions in all of our partner organisations has now been exceeded – 43% in Boards or management groups are women. Gender equality issues are brought up in the organisations to a higher degree.
- In 2016, the Bolivian government agreed to a higher minimum wage for the (female) employees in our partner organisation PLANE. PLANE employs more than 140,000 women who moved to urban areas from rural areas and negotiates assignments from the local authorities and the government. We Effect supports PLANE in its negotiation capacity.
- In Bolivia, PLANE has also contributed to a municipal law on subsidised childcare for organisations that provide this service to their members and employees.
- We Effect's school for advocacy work in the region contributed to monitoring the application of new legislation against discrimination of indigenous and farming women in El Salvador, and the fund for land purchases in Nicaragua.
- We Effect supported educational initiatives for more than 25,000 people in 2016.
- More than half of the agricultural organisations We Effect supports have increased their production of food for the family's consumption. Of them, at least ten organisations have introduced ecological methods to create long-term sustainability and environmentally friendly production.
- Between 2014 and 2016, our partner organisations' land use for food production increased by 100% – from 10,000 hectares to 20,000 hectares in 2016.
- On average, every partner organisation conducted at least six different method changes to cultivate more sustainably, to manage water and energy and to diversify their crops.
- The number of projects that our partner organisations can conduct with government and municipal support increased from an average of three to five per organisation. This means that our support of the advocacy for the government to take more responsibility worked.



## POLITICS AND CLIMATE CAUSE FOR CONCERN

### Asia

#### OBJECTIVES

- To reduce poverty in rural areas.
- To contribute to long-term sustainable farming and to more people obtaining food and income from harvests or from other activities.



Nishanthini Harichandran, Mateswaran Vijayaletchumi and Suresh Thevamlar, Sri Lanka.

**THE NUMBER OF PEOPLE IN EXTREME POVERTY** has decreased sharply in Asia, but there are still large groups that are outside this positive development. We Effect's work focuses on strengthening local member-based organisations and thus improving living conditions for the most vulnerable. We saw many good results in 2016. Incomes increased for participants in our projects in many places, and gender equality has also increased.

The election in the U.S. has had consequences in many parts of the world, including Asia. The power balance in the region is affected, which causes concern, and free trade agreements are also at risk of falling apart. The Philippines has a new president, Rodrigo Duterte, whose war on drugs has claimed thousands of lives. Room for civil society to work is shrinking in many places, such as Cambodia where legislation is creating problems for organisations to work freely.

In addition to the political concern, there are fears of an increasingly erratic climate. Extreme weather is part of everyday life in many places in Asia. Vietnam, for example, was struck by the worst drought in nearly a

century in 2016. We Effect's work to support partner organisations with training in how agriculture can be adapted to the climate changes will become even more important.

#### More well-known in the region

In the past year, We Effect worked to become more well-known in the region and conduct advocacy work in issues important to us. Among other things, we have arranged a conference on farming cooperatives and launched We Effect's agricultural report in the Philippines and Palestine. Focus in the upcoming year remains on the awareness work and increasing and broadening the financing of our programmes.

#### EFFECTS

- The average income nearly doubled from 2013 to 2016 for the farmers in the Philippines who participated in We Effect's training programmes where they learned to diversify their crops, among other things.
- 81 families who lived in temporary housing since the typhoon Haiyan destroyed their homes in 2013 moved into new homes in Samar in November. This is one of many housing projects that We Effect supports in the Philippines.
- We Effect's partner organisations in Palestine conducted active lobby and advocacy work during the year. Among other things, a new model for acceptable housing in marginalised areas was presented to both national and international actors.
- Eight study circles with a total of 420 participants were active in Palestine (West Bank and Gaza) in 2016. The study circles addressed current problems, such as agricultural technology and the role of women in society.
- 14,652 people, including 9,524 women, in Sri Lanka increased their income from 1.5 rupees to 4.2 rupees a day through greater knowledge and access to financial services.
- 3,310 families in Sri Lanka cultivate ecological home gardens, which results in nutritious food and lower food costs.
- 4,537 members in cooperatives in Sri Lanka (of whom 70% are women) participated in training programmes in entrepreneurship, leadership, business development and gender equality, among others.
- In the South-East Asia Programme (Vietnam, Cambodia and Myanmar), the introduction of new technology has helped the farming cooperatives to reduce production costs and increase quality, which means that the farmers are paid more for their products.
- From 2014 to 2016, 6,514 farmers in South-East Asia participated in pilot projects for ecological farming. The participants say that they increased their incomes by an average of 20%.
- The cooperatives in Cambodia that We Effect cooperates with have prepared action plans to make sure that 50% of their leaders are women.
- In the region, there were 877 savings and loan groups in 2016. The joint savings enable everything from investments in agriculture to healthcare, education and purchases of school materials and nappies. The majority of the participants are women.
- In Myanmar, We Effect trained 97 people in environmentally friendly techniques for farming and animal husbandry in 2014-2016. They have in turn spread this knowledge on. 478 members improved their techniques and were able to begin cultivating nutritious mushrooms and adapt their farming methods to the climate.



## WORRY AND UNCERTAINTY CHARACTERISES EUROPE

### Europe

#### OBJECTIVES

- To reduce poverty in rural areas.
- To promote equality between men and women, and ensure that at least half of development cooperation support goes to women.
- To support people in asserting their rights and making their voices heard.



Jehona Mustafa, Ajnishah Ahmeti and Barije Rrahmani, Kosovo.

**OUR WORK IN EUROPE** largely aims to prepare the region's farmers for future EU membership. The Europe programme builds on three mainstays: rural development, reconciliation and equality. The feeling of uncertainty is growing ever stronger in the Balkans. Our activities are therefore increasingly important to contribute to guiding the region in the right direction.

#### Romani networks becoming stronger

The regional office in Skopje, Macedonia has been strengthened with one position for the development cooperation activities, mainly with the Romani minority in focus. We Effect is an active actor in the work with uniting the various networks that work with rights issues for the Romani. In 2016, for example, the first cross-border forum for Romani organisations was held in Albania with participation by six countries in the region.

#### Nationalism on the march

In several of the countries we are active in, a growing nationalism is apparent. It is being used by the political elite to maintain power, which means that important issues – such as corruption, human rights and abuses of power – are set aside. We Effect's work in the

region is focused on reconciliation and creating understanding between different religious and ethnic minorities. In Kosovo, for example, where small-scale business initiatives like raspberry farming have gotten the Serbian minority to collaborate with their Albanian neighbours for the first time in villages where the two groups live side by side.

#### Gender equality remains in focus

The work in Europe has a clear gender equality focus. In 2016, the programme reached more women than men for the first time – a full 51.6%. Women are also increasing on the Boards of farmer organisations although there is much work yet to do in terms of women in decision-making positions in the countries in the region.

### EFFECTS

- In Kosovo, 2,825 women participated in training programmes, study circles and conferences. The participating women's business incomes increased by an average of 12%.
- In Kosovo, 36 different organisations received technical expertise in agriculture and education in organisation development.
- In Albania, We Effect is working on training the Romani minority in such matters as rights issues and democracy. This has contributed to doubling the number of Romani representatives in regional and national decision-making bodies from seven to 14.
- Vocational training for Romani youths is showing good results in Albania. 75% of the 65 young people who have undergone vocational training have found employment.
- In 2016, 118 Romani families were given access to legal expertise regarding land and rights issues in Macedonia.
- 51% of all of the participants in We Effect's development cooperation projects in Europe are women.
- In Moldavia, 560 farmers were trained in EU standards in agriculture. 173 of them have already begun applying EU standards in their work.
- During the period, there were a total of 118 study circle groups in We Effect's Europe programme. The groups gained more knowledge in farming techniques and budgeting, among other areas. A total of 2,047 people participated, of whom 1,407 were women.
- In Bosnia-Herzegovina, training and support for small-scale farmers resulted in 48 small-scale plantations (a total of 8 hectares, with among other things raspberries) were established.
- In Albania, improved farming methods led to a production increase of 45% for fruit farmers affiliated with We Effect's projects. The incomes increased by around 35% for the same farmers.

# TACKLING POVERTY TOGETHER

## Board of Directors



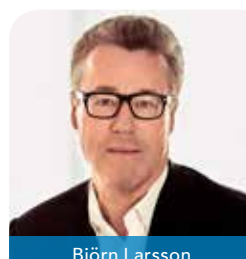
Tommy Ohlström



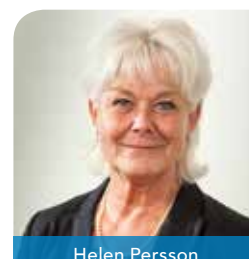
Ann Charlott Folkesson



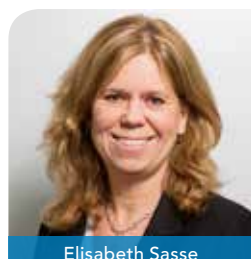
Anders Lago



Björn Larsson



Helen Persson



Elisabeth Sasse



Britta von Schoultz



Ines Uusmann



Anneli Rogeman

| Name                   | Position  | Elected to the Board | Born | Other key assignments  |
|------------------------|---|----------------------|------|--|
| Tommy Ohlström         | Chairperson of the Board<br>MD of Kooperativa Förbundet                               | 2014                 | 1954 | Member of the Board of Riksbyggen.<br>Member of the Board of the Swedish Sports Confederation  |
| Ann Charlott Folkesson | Vice Chairperson<br>Forestry and agricultural entrepreneur<br>in Vännäs, Västerbotten | 2015                 | 1970 | Member of the National Board of LRF.<br>Vice chairperson of LRF Västerbotten.  |
| Anders Lago            | Chairperson of the Board of HSB Riksförbund and SYV-AB                                | 2012                 | 1956 | Member of the Boards of Stockholm Stadsmission, Folksam Sak and Berättarministeriet.   |
| Björn Larsson          | CMO and Group Director AO Marknad, Coop Sweden  | 2016                 | 1956 | Member of the Board of Michael Berglund AB.  |
| Helen Persson          | Responsible for member activities, sponsorship and PR, Konsumentföreningen Stockholm  | 2015                 | 1955 | No other current assignments   |
| Elisabeth Sasse        | Manager of Folksam's Partner and Collectively Agreed Business                         | 2016                 | 1966 | Member of the Boards of KPA Pension, Förenade Liv, Tre Kronor, Riksbyggen.<br>Chairperson of Folksam LO Pension.                                       |
| Britta von Schoultz    | Director of Communications, Riksbyggen  | 2015                 | 1969 | No other current assignments   |
| Ines Uusmann           | OK Ekonomisk förening (Chairperson)   | 2010                 | 1948 | Chairperson of the Board of Vi Agroforestry.<br>Member of the Boards of OKQ8, the Swedish Disability Federation and the Swedish Psoriasis Association. |
| Anneli Rogeman         | CEO We Effect   |                      | 1957 | 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  
The Federation of Swedish Farmers, LRF • Lantmännen OKQ8 • Riksbyggen • Coop • Folksam  
Swedbank • HSB Riksförbund • Fonius



The consumer cooperatives of  
Coop Mitt, Coop Nord, Coop Norrbotten,  
Coop Väst, Kf Göta, Konsum Knäred,  
Konsum Värmland, Konsumentföreningen  
Stockholm, Kristianstad-Blekinge Konsument-  
förening, Veberöds Konsumtionsförening

### HSB associations of

Dalarna, Gävleborg, Göta, Göteborg,  
Karlskoga, Malmö, Mitt, Mölndal, Nordvästra  
Götaland, Norr, Norra Bohuslän, Norra  
Stor-Stockholm, Stockholm, Sydost, Södertäl-  
je, Södertörn, Uppsala, Östergötland

The Federation of Swedish Farmers (LRF)  
regional associations in Gävleborg, Halland,  
Jämtland, Jönköping, Dalarna, Norrbotten,  
Skåne, Sydost, Västra Götaland, Värmland,  
Västerbotten, Östergötland, Örebro

Studieförbundet Vuxenskolan  
Förbundet Vi Unga (Young Folks Association)  
Swedish Empowerment Center • Coompanion  
Sverige • Kooperativa Ledares Förbund  
Ekobanken • Brunnsviks folkhögskola  
Ädelfors folkhögskola



# DIRECTORS' REPORT

The Board of Directors and the Managing Director of We Effect (org. reg. no. 802004-1524) hereby submit the following annual report for the financial year 1 January-31 December 2016.

## 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, raise awareness, mobilise resources and in general win public support for long-term international development work with a focus on helping people to help themselves. The activities of the association contribute to development of the cooperative and social economy to improve living conditions for those living in poverty and in vulnerable situations. 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 organisation is decentralised and decisions are made as close as possible to our development work on the ground. We Effect's local presence promotes local ownership, efficiency, sustainable development, as well as leading to a better understanding of local issues. We Effect has four regional offices throughout the world. There are also national offices in several of the countries in which we operate.

### 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.

### Priority areas of operation

We Effect combines democratic organisation with business development and economic activity. The key areas in which the organisation works to reduce poverty and injustice are rural development, housing and land. An active gender equality perspective is reflected in every aspect of our work. We Effect works to combine democracy with business development and social responsibility. The right to land, financial services, a sustainable environment in ecological balance and equal rights permeate everything we do.

### Partnerships and networks

We Effect's main working method involves helping people to help themselves. The central method is working through partnerships. The objective of partnerships is to ensure that the partner organisation has ownership of its activities and development. This means that the collaboration must be based on the needs that have been identified by the members of the organisations. Many of our partner organisations have limited resources. This is why We Effect's efforts to support organisational and capacity development are essential.

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 provide farming and price-negotiating advice, market access for smallholders, and help get people mobilised. They work towards long-term change in the structures that contribute to poverty. We work with organisations that guarantee people's access to land for housing, thus enabling people living in poverty to build their own homes.

We Effect is also developing savings and credit associations, which offer people living in poverty, particularly those in rural areas, the opportunity to finance their own investments.

It is also important to be part of networks together with larger 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 for poor women and men. 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 (FRU), Forum Syd, the Swedish Development Forum (FUF) and Fairtrade Sverige.

### Geographical areas of activity

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

- Eastern Africa
- Southern Africa
- Latin America
- Europe/Asia.

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.

The core area for Latin America is Central America, covering El Salvador, Guatemala, Honduras and Nicaragua. In South America there are projects in Paraguay and Bolivia. The regional office is located in Guatemala City, Guatemala.

Activities in the Europe/Asia region in 2016 have taken place in Albania, Bosnia-Herzegovina, Burma/Myanmar, the Philippines, Cambodia, Kosovo, Macedonia, Moldova, 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:

#### ■ Poverty and injustice

We Effect works where poverty and injustice are greatest, and focuses activities on rural areas.

#### ■ Relevant partner organisations

We Effect operates in areas that already have relevant organisations and that are deemed to have development potential.

#### ■ Positive impact

We Effect always does an assessment as to whether the capacity exists to expand our work in a particular country or region. The decisions are based on whether an effort would be considered relevant to support and that it is possible to conduct effective activities that lead to 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 2016, We Effect had 60 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 four areas:

#### ■ Information

The member organisations are an extremely important channel when informing the Swedish public about global conditions, development issues and our own 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.

#### ■ Resource base in development cooperation

The knowledge of member organisations is utilised in development cooperation projects, contributing added value.

### OTHER NON-FINANCIAL INFORMATION

#### Cooperation and integration

We Effect has been the framework organisation of Vi Agroforestry (Insamlingsstiftelsen Vi Planterar Träd) since 2005 in its relationship with Sida.

#### Code of Quality for fundraising organisations

We Effect is a member of the Swedish Fundraising Council (FRIL), which is a collective body for Swedish fundraising organisations. FRIL 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

#### Development cooperation budget

At the end of December 2015, Sida Civism announced a reduction of the framework grant for 2016, but in autumn 2016, the government decided to add further funding to the development cooperation budget, which resulted in We Effect's development cooperation budget increasing to the same level as in 2015.

#### Strategy 2017-2021

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

#### HR

During the year, a reorganisation was carried out in We Effect at the head office. The purpose of the reorganisation was to streamline the work and clarify the roles in the organisation. During the year, we also implemented a trainee programme where 11 people were sent out to We Effect's operating countries.

During the year, a new regional manager took office in Guatemala for the region Latin America.

### Quality management system

During 2016, We Effect worked out a quality management system in accordance with ISO9001. To ensure broad ownership for the quality management system, the project placed great emphasis on involving both management and employees throughout the organisation. The system will be launched in spring 2017.

### Marketing department

A new marketing department was created when the fundraising and communication departments were merged as a part of the reorganisation done during the year. The purpose of the work on communication and fundraising will be more integrated and have a greater fundraising and campaign focus than before. The aim is also for fundraising from private individuals and companies to increase along with regular donations. The communication efforts will have a greater fundraising focus at the same time that they will increase awareness.

### Communication and PR

For the fourth time, we published the We Effect report #everyonehasaname about Swedish media coverage of Swedish development cooperation in African countries. The report was widely distributed in the media. The "Toughest Job in the World" campaign and the urgent situation in Malawi influenced We Effect's PR efforts in the spring and the fundraising of the magazine Land achieved the target of SEK 100,000. Beginning with an editorial in DN Debatt, and based on the urgent situation in Malawi and a new Sida strategy of development cooperation in Africa, We Effect incited debate on the shortage of agricultural initiatives in Swedish development cooperation. The article was widely distributed and shared in social media more than 1,000 times.

We Effect prepared a report on the importance of agricultural development cooperation, which was submitted to Minister for Agriculture Sven-Erik Bucht, among others. We Effect awarded the Lobbyist of the Impoverished prize for the first time to call attention to lobbying to reduce poverty and strengthen human rights. The 2016 prize went to Rachael Mwikali, who lives and works in Mathare, a slum in Nairobi, Kenya, where people's rights are violated daily.

### Fundraising

The funds raised for We Effect in 2016, including product sales, were SEK 74.7 million. The strongest increase in donations came from the Swedish Postcode Lottery. Thanks to a special project from the Swedish Postcode Lottery on the theme innovation and development, We Effect was able to develop a new modern, engaging website. Extra fundraising in support of the victims of drought in Malawi was conducted in 2016. Together with Coop MedMera Bank, an effort was made to increase the number of people affiliated with the "Bistånd på Köpet" [Donation in the purchase] fundraising effort, which increased by nearly SEK 1 million during the year. The fundraising from HSB increased thanks in part to an art sale for the benefit of We Effect. A long-term monthly donor campaign was begun in 2016. Investments were made in a new fundraising system that was launched at the end of the year.

### The International Department

The International Department comprises three units at the main office in Stockholm and the regions. New procedures and ways of working were created and developed with the aim of creating a more efficient organisation.

The Unit for Method and Quality has worked to develop development cooperation methods and systems for quality management. The Unit for Policy and Advocacy has coordinated global partnerships and participation in networks, such as AgriCord, where We Effect participates together with LRF.

The Unit for Resource Mobilisation developed procedures for seeking financing 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** – In northern Mozambique, a nutrition project was begun, financed by Radiohjälpen and linked to other programmes. The new project combines the struggle against chronic malnutrition with agricultural development in a way that has received considerable attention in the province. Attention was called to Malawi through the “Toughest Job in the World” campaign with subsequent exchange in Sweden. During the year, the work in Zambia was affected by the embezzlement scandal that came to light in the farmers’ union ZNFU. We Effect had a small part in a broader programme in which the Swedish and Finnish embassies were also involved. The cooperation between donors worked well. At year-end, ZNFU had elected a new Board that indicates a desire to clear up the improprieties and repay the money embezzled.

**Eastern Africa** – A new agreement was reached with the EU to promote women’s and young people’s political participation prior to the elections in Tanzania in 2019. Through the collaboration with the Anna Lindh Academy, 15 Swedes attended a leadership programme with a focus on human rights, coordinated by We Effect. During the second African cooperative conference in Rwanda, We Effect emphasised the necessity of engaging more women and young people in the leadership of the cooperatives. More than 200 participants took part in the conference on Gender Equality for Sustainable Development in Nairobi. Women’s access to resources for entrepreneurship was at the top of the agenda. In Uganda, a business project for young people reached 95,500 young people over three years. One of the results is a newly formed network to fight youth unemployment.

**Latin America** – In March, the environmental activist Berta Cáceres, who was the leader for We Effect’s partner organisation COPINH in Honduras, which works in defence of the Lenca people’s rights, was murdered. The year has been marked by the advocacy work to demand justice. One year later, nobody has yet been charged with the murder. Together with the Church of Sweden, Diakonia and IM, We Effect jointly arranged the second high level delegation to Guatemala in April, with responsible enterprise as the topic. The organisation was represented by Tommy Ohlström, KF, and Pia Carlsson Thörnqvist from Folksam. In November, a new agreement was signed with the Swedish embassy in Guatemala to improve the position of Mayan women as market actors. A new regional manager took office during the year and the regional office moved to a new office.

**Europe/Asia** – In January, the cooperative parliamentary group visited Vietnam and Cambodia and later Palestine as well. The group later submitted a motion regarding the difficult situation in Palestine. In April, the regional office in Vietnam was visited by Sida, which reviewed project operations and systems for internal control. The results were documented and contributed to improvements in the work.

The Philippines elected a new president, which led to an increase in violence and uncertainty for the population. During the year, it became harder for civil society organisations to work in several of our operating countries as a result of increased control. The region developed cooperation with organisations such as the UN Food and Agriculture Organization (UNFAO), Fairtrade and the International Cooperative Alliance.

In the Balkans and Eastern Europe, We Effect provided support to 10 collaborative partners in five operating countries. The support is mainly targeted at rural development with a strong focus on reconciliation between various groups in society, support for minority groups and gender equality work. During the year, a new project was begun in Macedonia directed at Romani who applied for asylum in Western Europe, but who received rejections and need support reintegrating.

### **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 5.4 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 2016 amounted to SEK 319 million. Donations from companies and individuals are an important element of financing, and totalled SEK 74.7 million, including product sales. The public grants amounted to a total of SEK 243 million and grants from non-public organisations amounted to SEK 19 million. We Effect is a framework organisation to Sida, and the majority of the financing comprises Sida Civsam’s framework grant, SEK 177 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 Agro-forestry).

### **Activity expenses**

The volume of our activity expenses was SEK 301 million in 2016, including forwarded grants. Africa receives the highest proportion of financial support, at 53%. Support to Latin America accounts for 20% of the total volume, while around 18% goes to Europe/Asia. The advocacy activities and other activity expenses in Sweden amounted to 9%.

### **Future development**

In 2016, the organisation worked out a new global strategy with a strong focus on gender equality. This is something that will involve the entire operation and all projects that will be started.

### **Other information**

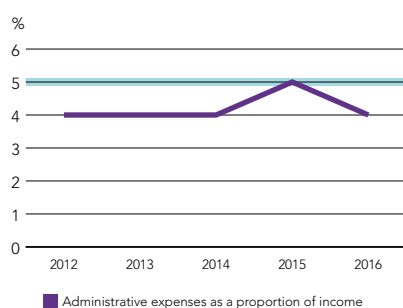
At the beginning of 2017, we also began a major effort for more and regular donors and greater awareness, as well as a new platform that supports the work in the form of a new engaging website.

# ANNUAL ACCOUNTS

## Income statement

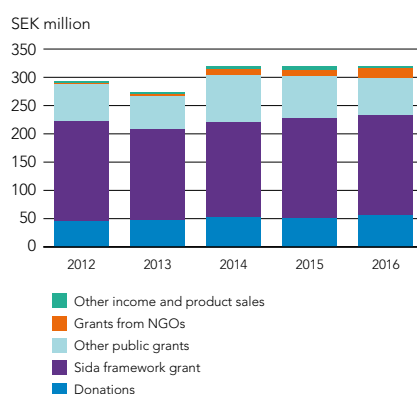
| Amounts in SEK  | Note | 2016                | 2015                |
|---|------|---------------------|---------------------|
| <b>OPERATING INCOME</b>   |      |                     |                     |
| Donations   | 3    | 55,147,601          | 50,766,300          |
| Grants  | 3    | 261,823,069         | 262,223,006         |
| Net sales   |      | 703,904             | 1,140,631           |
| Other operating income  | 4    | 1,749,077           | 5,409,537           |
| <b>Total operating income</b>   |      | <b>319,423,651</b>  | <b>319,539,474</b>  |
| <b>Operating expenses</b>   |      |                     |                     |
| Activity expenses   | 6    | -301,479,405        | -303,608,413        |
| Administrative expenses   | 7    | -12,180,444         | -14,703,726         |
| Fundraising expenses  |      | -9,471,972          | -9,568,578          |
| Cost of goods sold  |      | -1,440,582          | -1,377,896          |
| Other operating expenses  |      | -341,535            | -509,764            |
| <b>Total operating expenses</b>   | 5    | <b>-324,913,938</b> | <b>-329,768,377</b> |
| <b>Operating result</b>   |      | <b>-5,490,287</b>   | <b>-10,228,903</b>  |
| <b>Profit/loss from financial investments</b>                                   |      |                     |                     |
| Profit/loss from securities and receivables accounted for as non-current assets | 8    | 904,986             | 3,610,042           |
| Other interest income and similar profit/loss items                             | 9    | 374,684             | 416,278             |
| Interest expenses and similar profit/loss items                                 | 10   | -71,135             | -55,269             |
| <b>Total profit/loss from financial investments</b>                             |      | <b>1,208,535</b>    | <b>3,971,051</b>    |
| <b>Profit/loss after financial items</b>  |      | <b>-4,281,752</b>   | <b>-6,257,852</b>   |
| <b>Profit/loss for the year</b>   |      | <b>-4,281,752</b>   | <b>-6,257,852</b>   |
| <b>Change in earmarked funds</b>  |      |                     |                     |
| Profit/loss for the year as per income statement                                |      | -4,281,752          | -6,257,853          |
| Utilisation of earmarked funds from prior years                                 |      | 1,462,724           | 3,638,917           |
| Earmarking of funds   |      | -2,598,456          | -1,884,817          |
| <b>Remaining amount for the year/<br/>change in retained equity</b>             |      | <b>-5,417,484</b>   | <b>-4,503,752</b>   |

Administration/income

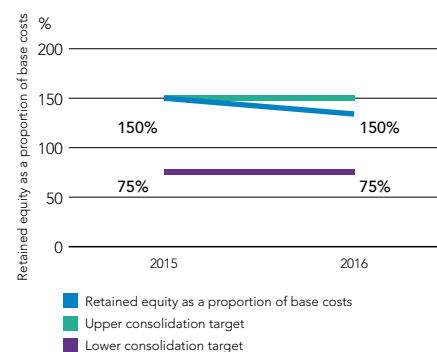


The aim is for administration costs to amount to no more than 5% of income.

Income over time



Consolidation target



The internal consolidation target is for the retained capital to be between 75 and 150% of the total base costs, which comprise administrative, fundraising and communication expenses and a share of activity expenses amounting to 10%. This leaves a sufficient level of reserves in place for it to be possible 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 2016        | 31 Dec 2015        |
|--------------------------------------|------|--------------------|--------------------|
| <b>ASSETS</b>                        |      |                    |                    |
| <b>Non-current/fixed</b>             |      |                    |                    |
| Intangible fixed assets              | 11   | 1,716,680          | 623,907            |
|                                      |      | <b>1,716,680</b>   | <b>623,907</b>     |
| <i>Property, plant and equipment</i> |      |                    |                    |
| Land and buildings                   | 12   | 4,236,551          | 4,602,159          |
| Equipment                            | 13   | –                  | 61,401             |
|                                      |      | <b>4,236,551</b>   | <b>4,663,560</b>   |
| <i>Financial assets</i>              |      |                    |                    |
| Securities held as fixed assets      | 14   | 39,878,605         | 38,973,619         |
| <b>Total financial assets</b>        |      | <b>39,878,605</b>  | <b>38,973,619</b>  |
| <b>Total non-current/fixed</b>       |      | <b>45,831,836</b>  | <b>44,261,086</b>  |
| <b>Current assets</b>                |      |                    |                    |
| <i>Inventories</i>                   |      |                    |                    |
| Products                             |      | 99,031             | 73,359             |
| <b>Total inventories</b>             |      | <b>99,031</b>      | <b>73,359</b>      |
| <i>Current receivables</i>           |      |                    |                    |
| Accounts receivable – trade          |      | 463,941            | 889,902            |
| Other receivables                    | 15   | 18,451,481         | 22,775,348         |
| Prepayments and accrued income       | 16   | 3,417,511          | 3,214,200          |
| <b>Total current receivables</b>     |      | <b>22,332,933</b>  | <b>26,879,450</b>  |
| Cash and bank balances               |      | 90,562,170         | 70,896,205         |
| <b>Total current assets</b>          |      | <b>112,994,134</b> | <b>97,849,014</b>  |
| <b>TOTAL ASSETS</b>                  |      | <b>158,825,970</b> | <b>140,110,100</b> |

| Amounts in SEK                        | Note | 31 Dec 2016        | 31 Dec 2015        |
|---------------------------------------|------|--------------------|--------------------|
| <b>EQUITY AND LIABILITIES</b>         |      |                    |                    |
| <b>Equity</b>                         |      |                    |                    |
| Retained equity                       |      | 87,619,622         | 93,037,106         |
| Earmarked funds                       |      | 3,576,520          | 2,440,788          |
| <b>Total equity</b>                   |      | <b>91,196,142</b>  | <b>95,477,894</b>  |
| <i>Provisions</i>                     |      |                    |                    |
| Other provisions                      | 17   | –                  | 3,264              |
| <b>Total provisions</b>               |      | <b>0</b>           | <b>3,264</b>       |
| <i>Current liabilities</i>            |      |                    |                    |
| Accounts payable – trade              |      | 2,521,269          | 2,503,128          |
| Liability received, unutilised grants | 18   | 58,703,507         | 40,121,383         |
| Other liabilities                     |      | 533,532            | 483,597            |
| Accruals and deferred income          | 19   | 5,871,520          | 3,520,835          |
| <b>Total current liabilities</b>      |      | <b>67,629,828</b>  | <b>46,628,943</b>  |
| <b>TOTAL EQUITY AND LIABILITIES</b>   |      | <b>158,825,970</b> | <b>142,110,101</b> |

## Change in equity

| Amounts in SEK           | Earmarked funds | Retained equity | Total equity |
|--------------------------|-----------------|-----------------|--------------|
| Opening balance          | 2,440,788       | 93,037,106      | 95,477,894   |
| Earmarked                | 2,598,456       | -2,598,456      | -            |
| Utilised funds           | -1,462,724      | 1,462,724       | -            |
| Profit/loss for the year | -               | -4,281,752      | -4,281,752   |
| Closing balance          | 3,576,520       | 87,619,622      | 91,196,142   |

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

## Cash flow statement

| Amounts in SEK   | 2016              | 2015               |
|--|-------------------|--------------------|
| <b>Operating activities</b>  |                   |                    |
| Profit/loss after financial items  | -4,281,752        | -6,257,673         |
| Adjustments for non-cash items   |                   |                    |
| Depreciation, amortisation and impairment losses                             | 852,915           | 426,508            |
| Other non-cash items   | -                 | -5,642,050         |
| <b>Cash flow from operating activities before changes in working capital</b> | <b>-3,428,837</b> | <b>-11,473,215</b> |
| <b>Changes in working capital</b>  |                   |                    |
| Change in inventories  | -25,672           | -25,420            |
| Change in current receivables  | 4,546,517         | -2,086,191         |
| Change in current liabilities  | 21,000,886        | -32,711,205        |
| <b>Cash flow from operating activities</b>                                   | <b>22,092,894</b> | <b>-46,296,031</b> |
| <b>Investing activities</b>  |                   |                    |
| Purchase of intangible fixed assets  | -1,521,943        | -623,907           |
| Purchase of property, plant and equipment                                    | -                 | -2,712,624         |
| Sale of property, plant and equipment  | -                 | 2,679,820          |
| Purchase of financial assets   | -15,461,279       | -54,512,354        |
| Sale of financial assets   | 14,556,293        | 54,114,528         |
| <b>Cash flow from investing activities</b>                                   | <b>-2,426,929</b> | <b>-1,054,537</b>  |
| <b>Cash flow for the year</b>  | <b>19,665,965</b> | <b>-47,350,568</b> |
| <b>Cash and cash equivalents at the beginning of the year</b>                | <b>70,896,205</b> | <b>118,246,773</b> |
| <b>Cash and cash equivalents at the end of the year</b>                      | <b>90,562,170</b> | <b>70,896,205</b>  |



# 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. In terms of 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 valued 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 and 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 assets

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.

## NOTE 1 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 provision 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 or to the point in time they will be fulfilled. Provisions are valued at the best estimate of the 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:

- 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
- a possible obligation as a result of occurred events and the existence of which will only be 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 for its non-profit activities since it meets the requirements of being 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 obligation 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

| Donations recognised in income statement        | 2016              | 2015              |
|---|-------------------|-------------------|
| Individual donors                               | 10,691,604        | 10,269,132        |
| Folksam   | 1,527,807         | 1,380,669         |
| Fonus   | –                 | 1,300             |
| HSB and affiliated associations                 | 3,456,940         | 3,123,302         |
| KF, COOP and consumer associations              | 11,704,331        | 11,913,699        |
| Lantmännen                                      | 470,000           | 470,000           |
| LRF   | 3,253,358         | 3,315,124         |
| OK & OKQ8                                       | 18,776            | 727,348           |
| Riksbyggen                                      | 2,284,006         | 2,214,274         |
| Swedish Postcode Lottery                        | 20,000,000        | 15,000,000        |
| Swedbank  | 636,923           | 886,523           |
| Other fundraising organisations and individuals | 1,103,856         | 1,464,929         |
| <b>Total donations</b>                          | <b>55,147,601</b> | <b>50,766,300</b> |

The above amounts include dividends from Humanfond of SEK 136,923.

## NOTE 3 Continued

### Donations in the form of services

The association's activities build to some extent on volunteer work. The number of volunteer hours totalled 102 (115) in 2016.

| Grants and public grants recognised in profit or loss | 2016              | 2015              |
|---|-------------------|-------------------|
| <b>Fundraising, non-public grants</b>                 |                   |                   |
| UN, FAO, OCHA   | 820,606           | 2,981,994         |
| World Food Programme, Malawi                          | 401,568           | 331,465           |
| UNDP  | 3,230,768         | –                 |
| Heifer, Nicaragua                                     | 750,450           | 1,218,139         |
| IITA  | 206               | –                 |
| Radiohjälpen  | 8,199,983         | 4,920,480         |
| Swedish Postcode Lottery, special projects            | 3,673,762         | 276,611           |
| VFS   | 312,651           | 233,981           |
| Welthungerhilfe                                       | 1,452,261         | 1,525,195         |
| Zambia National Farmers Union                         | –                 | 437,577           |
| <b>Total fundraising, non-public grants</b>           | <b>18,842,255</b> | <b>11,925,442</b> |

| Grants from authorities, public grants                             | 2016               | 2015               |
|--|--------------------|--------------------|
| AgriCord, AFD  | 1,880,782          | –                  |
| AgriCord, DGIS   | 1,388,354          | 1,262,979          |
| AgriCord, DGD  | 397,634            | –                  |
| AgriCord, IFAD, EU   | 326,777            | 2,588,105          |
| AgriCord, MFAF   | 929,522            | –                  |
| Embassy of Ireland, Mozambique                                     | 1,332,442          | 1,549,079          |
| EU, Guatemala  | 1,268,798          | 1,763,597          |
| EU, Kenya  | 1,901,005          | –                  |
| CIP, International Potato Center, USAID                            | 326,172            | –                  |
| International Programme Office, internship programme               | 1,755,234          | 1,810,154          |
| Millennium Challenge Account (MCA)                                 | 2,404,150          | 452,856            |
| Norwegian Ministry of Foreign Affairs, Malawi                      | 12,986,495         | 14,605,760         |
| NRC, Sida, Palestine (humanitarian grants)                         | 46,384             | 922,476            |
| Sida Civsam  | 177,128,420        | 176,246,129        |
| Sida, EU Contribution  | 603,697            | 578,836            |
| Sida Information grants  | 1,155,393          | 392,300            |
| Sida Guatemala City, Guatemala                                     | 1,265,350          | 8,658,022          |
| Sida Harare, Zimbabwe  | 6,137,771          | 6,410,118          |
| Sida Jerusalem, Palestine (humanitarian grants)                    | –                  | 553,034            |
| Sida Maputo, Mozambique  | 29,000,336         | 31,201,320         |
| Sida Global (grant for Bilateral Associate Experts)                | 746,098            | 1,302,799          |
| <b>Total public grants from authorities</b>                        | <b>242,980,814</b> | <b>250,297,564</b> |
| <b>Total grants and public grants recognised in profit or loss</b> | <b>261,823,069</b> | <b>262,223,006</b> |

| Total fundraising consists of the following:     | 2016              | 2015              |
|--|-------------------|-------------------|
| Donations recognised in income statement         | 55,147,601        | 50,766,300        |
| Non-public grants recognised in income statement | 18,842,255        | 11,925,442        |
| <b>Total fundraising</b>                         | <b>73,989,856</b> | <b>62,691,742</b> |

## NOTE 4 Other operating income

|                                     | 2016             | 2015             |
|-------------------------------------|------------------|------------------|
| Rental income                       | 518,935          | 2,071,462        |
| Local revenues abroad               | 120,353          | 2,758,414        |
| Other income                        | 1,109,789        | 579,661          |
| <b>Total other operating income</b> | <b>1,749,077</b> | <b>5,409,537</b> |



## NOTE 5 Personnel costs

| Average number of employees              | 2016        | 2015        |
|--|-------------|-------------|
| Sweden                                   | 32          | 32          |
| Region Europe/Asia                       | 31          | 27          |
| Region Latin America                     | 31          | 28          |
| Region Southern Africa                   | 79          | 82          |
| Region Eastern Africa                    | 23          | 24          |
| <b>Total employees</b>                   | <b>196</b>  | <b>193</b>  |
|  | <b>2016</b> | <b>2015</b> |
| Women                                    | 105         | 99          |
| Men                                      | 91          | 94          |
| <b>Total average number of employees</b> | <b>196</b>  | <b>193</b>  |

The average number of employees does not include employees who received compensation less than one half of a price base amount SEK 22,200 (22,250). This has been done with support of BFNAR 2006:11.

| Employees' wages and benefits  | 2016              | 2015              |
|--------------------------------|-------------------|-------------------|
| <b>Service in Sweden</b>       |                   |                   |
| Employees' wages and benefits  | 16,629,224        | 15,712,343        |
| Social security expenses       | 8,859,873         | 5,769,965         |
| <b>Total service in Sweden</b> | <b>25,489,097</b> | <b>21,482,308</b> |

The total of salaries and social security expenses for work rendered in Sweden amounts to SEK 25,489,097 (21,482,308) of which pension expenses comprise SEK 4,071,326 (1,135,330) in 2016.

| Employees' wages and benefits       | 2016              | 2015              |
|-------------------------------------|-------------------|-------------------|
| <b>Service in the regions</b>       |                   |                   |
| Region Europe/Asia                  | 6,847,959         | 6,712,796         |
| Region Southern Africa              | 11,175,829        | 9,657,645         |
| Region Latin America                | 8,365,181         | 6,998,636         |
| Region Eastern Africa               | 5,321,223         | 5,467,110         |
| <b>Total service in the regions</b> | <b>31,710,192</b> | <b>28,836,187</b> |
| <b>Total salaries and benefits</b>  | <b>57,199,289</b> | <b>50,318,495</b> |

### 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 3,389,282 (2,925,313). The current value of the obligations covered by the fund totals SEK 64,897,653 (63,410,888) on the balance sheet date. The balance of the organisation's share of the fund exceeds the pension liability by SEK 15,157,705 (12,682,177). 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% (120%) of the provision.

### The Board and senior executives

Salaries and benefits include remuneration to the Managing Director of SEK 876,687 (859,631). Of the organisation's pension costs, including statutory taxes, SEK 328,017 (328,544) relates to the Managing Director. Managing Director conditions of employment: mutual notice period of six months; in the event of notice being given by the employer, severance pay is paid out corresponding to 12 months' salary.

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 | 2016     | 2015     |
|--|----------|----------|
| <b>Members of the Board on the balance sheet date</b>        |          |          |
| Women  | 5        | 4        |
| Men  | 3        | 4        |
| <b>Total Board members on the balance sheet date</b>         | <b>8</b> | <b>8</b> |
| <b>Managing Director</b>                                     |          |          |
| Women  | 1        | 1        |
| Men  | –        | –        |
| <b>Total Managing Director</b>                               | <b>1</b> | <b>1</b> |

### Fees and reimbursement to auditors

During the year the organisation's fees and reimbursement of expenses to auditors amounted to SEK 3,587,669 (3,622,888), which is distributed as follows:

| The organisation's chosen auditor | 2016             | 2015             |
|-----------------------------------|------------------|------------------|
| Audit assignment                  | 485,655          | 256,000          |
| Other assignments                 | 80,000           | 28,625           |
| Audit KPMG                        | –                | 203,000          |
|                                   | <b>565,656</b>   | <b>487,626</b>   |
| <b>Audit assignments abroad</b>   | <b>2016</b>      | <b>2015</b>      |
| BDO                               | 21,147           | 402,872          |
| EY                                | 519,485          | 543,608          |
| HLB Audit and consulting          | 748,945          | 468,024          |
| KPMG                              | 57,545           | 69,584           |
| PwC                               | 763,673          | 620,487          |
| Other auditors abroad             | 911,218          | 1,030,687        |
| <b>Sweden</b>                     | <b>3,587,669</b> | <b>3,622,888</b> |

The audit assignment relates to an examination of the annual accounts and bookkeeping, together with the management by the Board and Managing Director 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**

|  | 2016               | 2015               |
|--|--------------------|--------------------|
| <b>Region Eastern Africa</b>             |                    |                    |
| Regional projects Eastern Africa         | 14,791,403         | 14,986,873         |
| Kenya                                    | 13,701,046         | 11,396,591         |
| Tanzania                                 | 7,800,943          | 7,163,678          |
| Uganda                                   | 10,863,672         | 11,835,874         |
| Vi Agroforestry, forwarded contributions | 16,816,245         | 16,640,000         |
| <b>Region Southern Africa</b>            |                    |                    |
| Regional projects in Southern Africa     | 14,497,291         | 13,918,232         |
| Malawi                                   | 22,293,687         | 23,133,062         |
| Mozambique                               | 32,649,936         | 34,615,639         |
| Zambia                                   | 10,912,305         | 10,479,159         |
| Zimbabwe                                 | 15,875,920         | 16,058,044         |
| <b>Region Latin America</b>              |                    |                    |
| Regional projects in Latin America       | 22,324,016         | 21,292,329         |
| Bolivia                                  | 5,570,019          | 5,897,809          |
| El Salvador                              | 6,491,344          | 6,186,456          |
| Guatemala                                | 8,075,016          | 15,792,060         |
| Honduras                                 | 5,149,787          | 5,789,998          |
| Nicaragua                                | 5,432,726          | 7,367,052          |
| Paraguay                                 | 6,539,133          | 6,713,652          |
| <b>Region Europe/Asia</b>                |                    |                    |
| Regional projects in Europe/Asia         | 8,660,179          | 8,080,694          |
| Albania                                  | 4,025,853          | 3,459,471          |
| Bosnia-Herzegovina                       | 1,202,923          | 1,031,951          |
| The Philippines                          | 6,986,011          | 7,205,881          |
| Cambodia                                 | 1,749,681          | 1,506,036          |
| Kosovo                                   | 933,238            | 916,056            |
| Macedonia                                | 2,777,503          | 1,196,946          |
| Moldova                                  | 2,633,317          | 2,455,781          |
| Myanmar/Burma                            | 739,636            | 558,814            |
| Palestine                                | 14,618,762         | 11,416,059         |
| Sri Lanka                                | 6,147,611          | 6,490,503          |
| Vietnam                                  | 4,513,358          | 4,667,474          |
| <b>Global</b>                            |                    |                    |
| ICA's regional development work          | –                  | 1,252,460          |
| Global Programme                         | –                  | 430,733            |
| <b>Total project expenses</b>            | <b>274,772,561</b> | <b>279,935,367</b> |
| <b>Other projects, etc.</b>              |                    |                    |
| Trainee programme                        | 1,382,929          | 1,810,154          |
| Advocacy activities in Sweden            | 16,592,035         | 18,190,030         |
| The International Department             | 3,907,676          | 2,453,609          |
| Other projects                           | 4,824,204          | 1,219,252          |
| <b>Total activity expenses</b>           | <b>301,479,405</b> | <b>303,608,412</b> |

**NOTE 7 Operating leases**

|   | 2016             | 2015             |
|---|------------------|------------------|
| Future lease payments are due as follows:         |                  |                  |
| Due for payment within one year                   | 3,075,761        | 3,075,761        |
| Due for payment between one and five years        | –                | 3,075,761        |
| <b>Estimated lease payments during the period</b> | <b>3,075,761</b> | <b>6,151,522</b> |

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**

|                 | 2016           | 2015             |
|-----------------|----------------|------------------|
| Dividends       | –              | –                |
| Interest income | 904,986        | 3,610,042        |
| <b>Total</b>    | <b>904,986</b> | <b>3,610,042</b> |

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

|                           | 2016           | 2015           |
|---------------------------|----------------|----------------|
| Interest income           | 113,608        | 144,076        |
| Exchange rate differences | 261,076        | 272,202        |
| <b>Total</b>              | <b>374,684</b> | <b>416,278</b> |

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

|   | 2016           | 2015           |
|---|----------------|----------------|
| Other interest expenses                         | –1,501         | –1,704         |
| Exchange rate loss on foreign currency accounts | –69,634        | –53,565        |
| <b>Total</b>                                    | <b>–71,135</b> | <b>–55,269</b> |

**NOTE 11 Intangible fixed assets**

|   | 2016             | 2015           |
|---|------------------|----------------|
| <b>Capitalised expenditure for software</b>         |                  |                |
| Opening costs                                       | 623,907          | –              |
| Capitalised expenditure for the year                | 1,521,943        | 623,907        |
| <b>Closing accumulated costs</b>                    | <b>2,145,850</b> | <b>623,907</b> |
| Opening depreciation                                | –                | –              |
| Scheduled amortisation for the year                 | –429,170         | –              |
| Closing accumulated depreciation                    | –429,170         | 0              |
| Closing accumulated impairment losses               | 0                | 0              |
| <b>Closing carrying amount at end of the period</b> | <b>1,716,680</b> | <b>623,907</b> |

**NOTE 12 Land and buildings**

|   | 2016              | 2015              |
|---|-------------------|-------------------|
| Opening costs                             | 7,312,167         | 6,211,379         |
| New acquisitions                          | –                 | 2,712,624         |
| Divestments and disposals                 | –                 | –1,611,836        |
| <b>Closing accumulated costs</b>          | <b>7,312,167</b>  | <b>7,312,167</b>  |
| <b>Accumulated scheduled depreciation</b> |                   |                   |
| Opening depreciation                      | –2,710,008        | –3,311,504        |
| Divestments and disposals                 | –                 | 967,104           |
| Scheduled depreciation for the year       | –365,608          | –365,608          |
| <b>Closing accumulated depreciation</b>   | <b>–3,075,616</b> | <b>–2,710,008</b> |
| <b>Carrying amount, closing balance</b>   | <b>4,236,551</b>  | <b>4,602,159</b>  |

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



**NOTE 13 Equipment**

|   | 2016            | 2015            |
|---|-----------------|-----------------|
| Opening costs                                       | 641,112         | 1,106,294       |
| Divestments and disposals                           | –               | –465,182        |
| Closing accumulated costs                           | 641,112         | 641,112         |
| Closing accumulated contributions and public grants | 0               | 0               |
| <b>Net costs</b>                                    | <b>641,112</b>  | <b>641,112</b>  |
| <b>Accumulated scheduled depreciation</b>           |                 |                 |
| Opening depreciation                                | –579,711        | –983,993        |
| Divestments and disposals                           | –               | 465,182         |
| Depreciation for the year                           | –61,401         | –60,900         |
| <b>Closing accumulated depreciation</b>             | <b>–641,112</b> | <b>–579,711</b> |
| Closing accumulated impairment losses               | 0               | 0               |
| <b>Carrying amount, closing balance</b>             | <b>0</b>        | <b>61,401</b>   |

**NOTE 14 Securities holdings**

|  | 2016              | 2015                               |
|--|-------------------|------------------------------------|
|  | Cost              | Market capitalisation closing date |
| <b>Securities holdings</b>                         |                   |                                    |
| <b>Securities held as fixed assets</b>             |                   |                                    |
| Ethica Global Mega                                 | 6,075,422         | 6,760,615                          |
| Ethica Sweden Mega                                 | 10,238,244        | 11,467,897                         |
| Räntefond flexibel (Flexible fixed-income fund)    | 6,492,016         | 6,462,696                          |
| Räntefond kort plus (Short plus fixed-income fund) | 14,853,872        | 15,093,707                         |
| Humanfonden  | 2,219,052         | 3,193,506                          |
| <b>Total securities held as fixed assets</b>       | <b>39,878,605</b> | <b>42,978,421</b>                  |
|  | 2016              | 2015                               |
| Opening accumulated costs                          | 38,973,619        | 34,965,751                         |
| Investments during the year                        | 15,461,279        | 54,512,354                         |
| Sales/disposals                                    | –14,556,293       | –50,504,486                        |
| <b>Closing accumulated costs</b>                   | <b>39,878,605</b> | <b>38,973,619</b>                  |
| <b>Closing book value</b>                          | <b>39,878,605</b> | <b>38,973,619</b>                  |

**NOTE 15 Other receivables**

| Specification of other receivables              | 2016              | 2015              |
|---|-------------------|-------------------|
| Project expenses - We Effect offices abroad     | 16,253,373        | 14,731,582        |
| Project expenses - Partner organisations abroad | –                 | 310,861           |
| Receivables - Donors                            | 1,179,304         | 5,916,477         |
| Other receivables                               | 1,018,804         | 1,816,428         |
| <b>Total other receivables</b>                  | <b>18,451,481</b> | <b>22,775,348</b> |

**NOTE 16 Prepaid expenses and accrued income**

|                  | 2016             | 2015             |
|------------------|------------------|------------------|
| Accrued income   | 2,748,805        | 2,602,080        |
| Prepaid expenses | 668,706          | 612,120          |
| <b>Total</b>     | <b>3,417,511</b> | <b>3,214,200</b> |

**NOTE 17 Other provisions**

|                              | 2016     | 2015         |
|------------------------------|----------|--------------|
| Provision at start of year   | 3,264    | –            |
| New provisions               | –        | 3,264        |
| Unused amounts reversed      | –3,264   | –            |
| <b>Provision at year-end</b> | <b>0</b> | <b>3,264</b> |

Provision for potential expenses in disputes in 2016 reversed as dispute is not deemed to continue.

**NOTE 18 Liability received, unutilised grants**

| Specification of liability received, unutilised grants | 2016              | 2015              |
|--|-------------------|-------------------|
| Sida Civsam  | 821,280           | 4,576,391         |
| Sida Info  | 44,607            | –                 |
| Sida Bilateral Associate Experts                       | 953,936           | 748,933           |
| Other Sida grants                                      | 31,487,489        | 13,136,095        |
| AgriCord AFD   | 124,083           | 746,431           |
| AgriCord DGD   | 442,534           | –                 |
| AgriCord IFAD, EU                                      | 187,979           | –                 |
| AgriCord MFAF  | 348,396           | 631,488           |
| EU grants  | 6,081,809         | 1,890,359         |
| Norwegian Embassy, Norad                               | 8,315,815         | –                 |
| <b>Other public grants for the activities</b>          | <b>3,691,151</b>  | <b>5,389,554</b>  |
| <b>Total public grants</b>                             | <b>52,499,079</b> | <b>27,119,251</b> |
| Grants from organisations and companies                | 6,204,428         | 13,002,131        |
| <b>Total liability received, unutilised grants</b>     | <b>58,703,507</b> | <b>40,121,382</b> |

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

**NOTE 19 Accrued expenses and deferred income**

|                                       | 2016             | 2015             |
|---------------------------------------|------------------|------------------|
| Other items                           | 2,992,608        | 1,168,881        |
| Holiday salaries                      | 1,576,366        | 1,664,114        |
| Accrued social security contributions | 1,302,546        | 687,840          |
| <b>Total</b>                          | <b>5,871,520</b> | <b>3,520,835</b> |

**Contingent liabilities**

|                    | 2016             | 2015             |
|--------------------|------------------|------------------|
| Pension commitment | 1,297,953        | 1,268,218        |
| <b>Total</b>       | <b>1,297,953</b> | <b>1,268,218</b> |

Stockholm April 18, 2017



Tommy Ohlström  
Chairperson of the Board



Ann Charlott Folkesson  
Vice Chairperson



Anders Lago



Björn Larsson



Helen Persson



Elisabeth Sasse



Britta von Schoultz



Ines Uusmann



Anneli Rogeman  
Managing Director

## AUDITOR'S REPORT

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

### REPORT ON THE ANNUAL ACCOUNTS

#### Opinions

We have audited the annual accounts of We Effect for 2016. 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 2016 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 requirements. We believe that the audit evidence we gathered is sufficient and appropriate as a basis for our statements.

#### Responsibilities of the Board of Directors and the Managing Director

It is the Board of Directors and the Managing Director 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 Managing Director 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 Managing Director 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 Managing Director 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 controls.
- 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 Managing Director's estimates in the accounting and associated disclosures.
- I draw a conclusion on the suitability of the Board and Managing Director 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.



Lars Wennberg  
Authorised Public Accountant

Stockholm, 25 April 2017  
Öhrlings PricewaterhouseCoopers AB



Thomas Bertilsson  
Elected Deputy Auditor

## **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 Managing Director's management of We Effect for 2016.

We recommend to the Annual General Meeting that the members of the Board of Directors and the Managing Director 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 Managing Director**

The Board of Directors and the Managing Director 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 Managing Director 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.



Catarina Mateus, Mozambique



Ramona Gurdian, Nicaragua



Marije Shkjau, Albania



Sing Ni Chan, Vietnam





#### **OUR FUNDRAISING IS MONITORED BY THE SWEDISH FUNDRAISING CONTROL**

We have a 90-account for fundraising that is monitored by the Swedish Fundraising Control. This guarantees that the fundraising is ethical and professional, and that no more than 25% of income is spent on anything other than the intended purpose.



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[www.weeffect.org](http://www.weeffect.org)