

AFIDEP

African Institute for
Development Policy

AUDITED FINANCIAL REPORT

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

AFRICAN INSTITUTE FOR DEVELOPMENT POLICY
(AFIDEP)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

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BOARD OF DIRECTORS	Prof Francis Dodoo Prof Sosten Chiotha Mike Eldon Dr Bocar Kouyate Elizabeth Lule Dr Cheikh Mbacké John Mudany Pamela Onduso Susan Rich Dr Yazoume YE Dr Eliya Zulu (Ex-Officio)	- Chairman
MANAGEMENT	Dr Eliya Zulu Dr Rose Oronje Prof. Nyovani Madise Elizabeth Mutinda	- Executive Director - Director, Science Communications and Evidence Uptake - Director of Development Policy & Head of Malawi Office - Head of Finance and Administration
REGISTERED OFFICE	Westcom Point Building 6th Floor, Block A, Mahiga Mairu Avenue, Westlands P.O. Box 14688, 00800 Nairobi, Kenya	
MALAWI OFFICE	Area 6, plot # 6/3 Off Maula Prison Road P.O. Box 31024 Lilongwe 3, Malawi T: +265 995 495 143	
INDEPENDENT AUDITOR	Parker Randall Eastern Africa Certified Public Accountants Block 2(A), Galleria Business Park, Lang'ata road P.O Box 25426 – 00100 Nairobi	
PRINCIPAL BANKER	Ecobank Kenya Limited Nairobi Ecobank Malawi Limited Blantyre NCBA Bank Limited Nairobi	
LEGAL ADVISORS	Njoroge Regeru and Co Advocates Nairobi	

The directors submit their report and the audited consolidated financial statements for the year ended 31 December 2020 which shows the state of affairs of the organisation.

1. Incorporation

We are an African-led, non-profit research and policy institute established in 2010 to help bridge the gaps between research, policy and practice in development efforts in Africa. We are registered as a Non-Governmental Organisation in both Kenya and Malawi, with a mandate to work across Africa. We seek to contribute to the realisation of the SDGs and other development strategies by enabling the formulation of effective development policies and programme interventions.

2. Objectives of the Institute

Since its establishment in 2010, AFIDEP has been working across Africa to realize sustainable development by strengthening the use of evidence by decision-makers.

Over the years, the institution has experienced significant growth and increasingly being recognized as the go-to research and policy institute in the continent.

This work has been driven through the Strategic plan, 2015-2019 which laid a solid foundation for AFIDEP as a thought leader in the evidence-informed decision-making (EIDM) field. The year 2019 marked the end of our 2015-2019 strategic plan.

3. Principal activities

The principal activity of the organisation is to facilitate creation, translation and utilisation of research evidence for policy formulation and resource allocation in Africa.

4. Directors

The directors who served during the year and to the date of this report are as shown on page 1.

5. Statement as to disclosure to the Institute's auditor

With respect to each director at the time this report was approved:

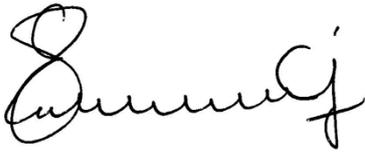
- a. There is, so far as each director is aware, no relevant audit information of which the Institute's auditor is unaware; and
- b. Each director has taken all the steps that the director ought to have taken as a director so as to be aware of any relevant audit information and to establish that the Institute's auditor is aware of that information.

6. Terms of appointment of the auditor

Parker Randall Eastern Africa continue in office in accordance with the terms of reference. The directors monitor the effectiveness, objectivity and independence of the auditor.

The directors also approve the annual audit engagement contract which sets out the terms of the auditor's appointment and the related fees.

By Order of the Board



Director

...30th July 2021

The NGO Coordination Act requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the organisation as at the end of the financial year and of the results for that year. It also requires the directors to ensure that the organisation maintains proper accounting records that are sufficient to show and explain the transactions of the organisation; and that disclose, with reasonable accuracy, the financial position of the organisation and that enables them to prepare financial statements of the organisation that comply with the International Financial Reporting Standard for Small and Medium Sized Entities and the requirements of the NGO Coordination Act. The directors are also responsible for safeguarding the assets of the organisation and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors accept responsibility for the preparation and fair presentation of the financial statements in accordance with the International Financial Reporting Standard for Small and Medium Sized Entities. They also accept responsibility for:

- a) Designing, implementing and maintaining such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- b) Selecting and applying appropriate accounting policies; and
- c) Making accounting estimates and judgements that are reasonable in the circumstances.

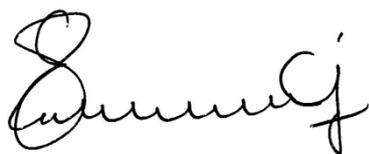
The directors are of the opinion that the financial statements give a true and fair view of the financial position of the organisation as at 31 December 2020 and of the organisation's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards for Small and Medium-sized Entities (IFRS for SMEs) and the requirements of the NGO Coordination Act.

Having made an assessment of the organisation's ability to continue as a going concern, the directors are not aware of any material uncertainties related to events or conditions that may cast doubt upon the organisation's ability to continue as a going concern.

The directors acknowledge that the independent audit of the financial statements does not relieve them of their responsibilities.

So far as each of the directors is aware, there is no relevant audit information which the auditor is unaware of, and each of the directors has taken all the steps that ought to have been taken in order to become aware of any relevant audit information and to establish that the auditor is aware of that information.

The financial statements set out on pages 8 to 24 were approved by the Board of Directors on **30th July 2021** ... and were signed on its behalf by:



.....
Director



.....
Chairman

**REPORT OF THE INDEPENDENT AUDITOR
TO THE AFRICAN INSTITUTE FOR DEVELOPMENT POLICY -AFIDEP
FOR THE YEAR ENDED 31 DECEMBER 2020**

Opinion

We have audited the financial statements of African Institute for Development Policy (AFIDEP) as set out on pages 7 to 24, which comprise the statement of financial position as at 31 December 2020; statement of income and expenditure and accumulated fund balance, statement of changes in fund balance and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

In our opinion the accompanying financial statements give a true and fair view of the financial affairs of African Institute for Development Policy (AFIDEP) as at 31 December 2020 and of its results and cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs) and the NGO Coordination Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs).

Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the organisation in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Kenya, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The directors are responsible for the other information. Other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Director's responsibility for the financial statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards for Small and Medium sized Entities (IFRS for SMEs). This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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Partners: Coutts Otolo, Victor Majani, Michelle Okonji

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Director's responsibility for the financial statements (continued)

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

Auditor's responsibility for the audit of the financial statements

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organisation's internal control
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the organisation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the organisation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

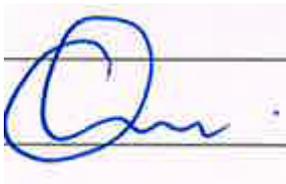
Auditor's responsibility for the audit of the financial statements (continued)

We communicated with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

Report on other matters as prescribed by Kenya Companies Act 2015:

In our opinion, the information given in the report of the directors on page 2 is consistent with the financial statements.

The engagement partner responsible for the audit resulting in this independent auditor's report was CPA Michelle Okonji Practicing Certificate No. 2423



Partner

For and on behalf;



Certified Public Accountants
Nairobi, Kenya.

30th July 2021

AFRICAN INSTITUTE FOR DEVELOPMENT POLICY (AFIDEP)
STATEMENT OF INCOME AND EXPENDITURE AND ACCUMULATED FUND BALANCE
FOR THE YEAR ENDED 31 DECEMBER 2020

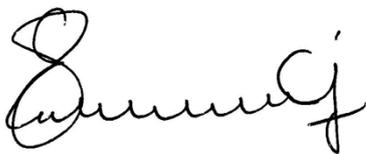
	Notes	2020 Kshs	2020 US\$	2019 Kshs	2019 US\$
Grants income	4	380,556,532	3,606,283	301,873,292	2,930,103
Other operating income	5	10,748,137	100,953	4,448,648	43,610
		391,304,669	3,707,236	306,321,940	2,973,713
Programme expenses	6	272,209,793	2,556,737	225,725,845	2,212,782
Administrative expenses	7	95,505,378	897,035	100,457,958	984,781
		367,715,171	3,453,772	326,183,803	3,197,563
Excess of income over expenditure in the year		23,589,498	253,464	(19,861,863)	(223,850)
Reconciliation of fund balance					
Fund balance brought forward		25,501,472	252,142	55,573,248	545,659
Prior period adjustment		-	-	(75,913)	(749)
Excess of expenditure over income in the year		23,589,498	253,464	(19,861,863)	(223,850)
Transfer to sustainability fund		(10,917,180)	(100,000)	(10,134,000)	(100,000)
Translation difference		-	(50,302)	-	31,082
Fund balance carried forward		38,173,790	355,304	25,501,472	252,142

The notes set out on pages 11 to 24 form an integral part of these financial statements

AFRICAN INSTITUTE FOR DEVELOPMENT POLICY (AFIDEP)
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

Assets	Notes	2020 Kshs	2020 US\$	2019 Kshs	2019 US\$
Non-current assets					
Property and equipment	8	11,605,493	106,305	14,234,087	140,459
Current assets					
Receivables	9	15,584,644	142,754	21,256,630	209,755
Grants receivable	10	82,501,961	756,207	31,812,838	313,924
Cash and cash equivalents	11	279,499,821	2,560,183	44,472,135	438,841
		<u>377,586,426</u>	<u>3,459,144</u>	<u>97,541,603</u>	<u>962,520</u>
Total Assets		<u>389,191,918</u>	<u>3,565,448</u>	<u>111,775,690</u>	<u>1,102,979</u>
Funds and Liabilities					
Funds					
Accumulated fund		38,173,790	355,304	25,501,472	252,142
Sustainability fund		31,235,790	300,000	20,318,610	200,000
		<u>69,409,580</u>	<u>655,304</u>	<u>45,820,082</u>	<u>452,142</u>
Current liabilities					
Payables	12	31,808,236	291,362	17,776,728	175,419
Deferred income	13	287,974,102	2,618,782	48,178,880	475,418
		<u>319,782,338</u>	<u>2,910,144</u>	<u>65,955,608</u>	<u>650,837</u>
Total Funds and Liabilities		<u>389,191,918</u>	<u>3,565,448</u>	<u>111,775,690</u>	<u>1,102,979</u>

The financial statements on pages 8 to 24 were approved by the Board of Directors on**30th July 2021**..... 2021 and signed on its behalf by:



.....
Executive Director



.....
Chairman

The notes set out on pages 12 to 24 form an integral part of these financial statements.

AFRICAN INSTITUTE FOR DEVELOPMENT POLICY (AFIDEP)
STATEMENT OF CHANGES IN FUNDS
FOR THE YEAR ENDED 31 DECEMBER 2020

	Accumulated fund		Sustainability fund		Total	
	Kshs	US\$	Kshs	US\$	Kshs	US\$
Year ended 31 December 2019						
As at 1 January 2019	55,573,248	545,659	10,184,610	100,000	65,757,858	645,659
Prior period adjustment	(75,913)	(749)	-	-	(75,913)	(749)
Restated	55,497,335	544,910	10,184,610	100,000	65,681,945	644,910
Excess of expenditure over income in the year	(19,861,863)	(223,850)	-	-	(19,861,863)	(223,850)
Transfer to sustainability fund	(10,134,000)	(100,000)	10,134,000	100,000	-	-
Translation difference	-	31,082	-	-	-	31,082
As at 31 December 2019	<u>25,501,472</u>	<u>252,142</u>	<u>20,318,610</u>	<u>200,000</u>	<u>45,820,082</u>	<u>452,142</u>
Year ended 31 December 2020						
As at 1 January 2020	25,501,472	252,142	20,318,610	200,000	45,820,082	452,142
Excess of income over expenditure in the year	23,589,498	253,464	-	-	23,589,498	253,464
Transfer to sustainability fund	(10,917,180)	(100,000)	10,917,180	100,000	-	-
Translation difference	-	(50,302)	-	-	-	(50,302)
As at 31 December 2020	<u>38,173,790</u>	<u>355,304</u>	<u>31,235,790</u>	<u>300,000</u>	<u>69,409,580</u>	<u>655,304</u>

The notes set out on pages 11 to 24 form an integral part of these financial statements.

1. General information

African Institute for Development Policy (AFIDEP) is registered in Kenya as an International Non-Governmental Organisation under section 10 of the NGO Coordination Act, and is domiciled in Kenya. The address of its registered office and principal place of business is as shown on page 1.

2. Basis of preparation

The financial statements are prepared on the historical cost basis in accordance with International Financial Reporting Standards for Small and Medium sized Entities. These financial statements have been prepared on a going concern basis.

The preparation of financial statements in conformity with the International Financial Reporting Standard for Small and Medium-sized Entities requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the organisation's accounting policies. Areas involving a higher degree of judgement or complexity, or areas where assumptions and estimations are significant to the financial statements, a

These financial statements comply with the requirements of the NGO Coordination Act.

Going concern

The financial performance of the organisation is set out in the director's report and in the statement of income and expenditure. The financial position of the organization is set out in the statement of financial position.

Based on the above strategies and the organisation's risk management policies, the directors are of the opinion that the organisation is well placed to continue in business for the foreseeable future and as a result the financial statements are prepared on a going concern basis.

3. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below.

a. Key sources of estimation uncertainty

The organisation makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed below.

Useful lives of property and equipment - Management reviews the useful lives and residual values of the items of property and equipment on a regular basis. During the financial year, the directors determined no significant changes in the useful lives and residual values.

3 Summary of significant accounting policies (Continued)

a. Key sources of estimation uncertainty (Continued)

Impairment of account receivables

The organisation reviews their portfolio of accounts receivables on an annual basis. In determining whether receivables are impaired, the management makes judgement as to whether there is any evidence indicating that there is a measurable decrease in the estimated future cash flows expected.

b. Recognition of income

Revenue comprises the fair value of the consideration received or receivable from donors.

Grants are recognised when planned activities for those grants are carried out and deliverables completed. Any unutilised grants are recognised as deferred income and any excess expenditure over income is recorded as grants receivable at year end where there is commitment of additional funds from grant providers to cover such expenditure.

All other donations are accounted for on a cash receipt basis unless there are committed funds or pledged funds that are receivable.

Interest income is accrued by reference to time under the effective interest method.

Other income is recognised upon performance of the services rendered.

c. Capital grants

This represents funds received for purchase of property and equipment or the value of such property and equipment that are granted to the organisation. The initial amount is credited to a deferred income account known as capital grants. The grant balance is amortised to income annually at an amount equal to that of depreciating the assets purchased with the grants.

d. Property and equipment

All property and equipment is initially recorded at cost and thereafter stated at historical cost less depreciation. Historical cost comprises expenditure initially incurred to bring the asset to its location and condition ready for its intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the organisation and the cost can be reliably measured.

The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to surplus or deficit during the financial year in which they are incurred.

3. Summary of significant accounting policies (continued)

d. Property and equipment (continued)

Depreciation is calculated on the straight line basis to write down the cost of each asset, to its residual value over its estimated useful life using the following annual rates:

	<u>Rate %</u>
Computers	33.3%
Software	25%
Furniture and fittings	12.5%
Office equipment	12.5%

The depreciation is recognised through the asset account.

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposal of property and equipment are determined by comparing the proceeds with the carrying amount and are taken into account in determining surplus for the year.

e. Receivables

Receivables are initially recognised at the transaction price. They are subsequently measured at amortised cost using the effective interest method.

f. Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand and deposits held at call with banks, net of bank overdrafts.

In the statement of financial position, bank overdrafts are included within borrowings under current liabilities.

g. Payables

Accruals and other payables are obligations on the basis of normal credit terms and do not bear interest.

h. Deferred income

Grant income is deferred where it has been received in advance to fund specific future project activity. Deferred income is recognised as income when the donated funds are utilised.

i. Borrowings

Borrowings are initially recognised at transaction price, net of transaction costs incurred and are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised as interest expense in the statement of income and expenditure under finance costs.

3. Summary of significant accounting policies (continued)

i. Borrowings (continued)

Borrowings are initially recognised at transaction price, net of transaction costs incurred and are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised as interest expense in the statement of income and expenditure under finance costs.

Borrowings are classified as current liabilities unless the organisation has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

All borrowing costs are recognised in the statement of income and expenditure in the year in which they are incurred.

j. Translation of foreign currencies

Transactions in foreign currencies during the year are converted into Kenya Shilling (the functional currency), at the rates ruling at the transaction dates. Assets and liabilities at the reporting date which are expressed in foreign currencies are translated into Kenya Shillings at rates ruling at that date. The resulting differences from conversion and translation are dealt with in the statement of income and expenditure in the year in which they arise.

k. Retirement benefit obligations

The organisation operates a defined contribution staff retirement benefit scheme for its permanent and pensionable employees. The scheme is administered by an insurance company. The organisation's contributions to the defined contribution retirement benefit scheme are charged to the statement of income and expenditure in the year in which they relate.

The organisation and its employees contribute to the National Social Security Fund (NSSF), a statutory defined contribution scheme registered under the NSSF Act. The organisation's contributions to the defined contribution scheme are charged to statement of income and expenditure in the year to which they relate.

l. Taxation

Whilst the organisation does not have a tax exemption certificate at present, the organisation deals in activities which are not for profit and therefore the management is of the view that the organisation would not be subject to tax. Therefore no provision for current or deferred tax is recognised in these financial statements. The management has initiated the process to obtain a formal tax exemption certificate.

m. Accounting for leases

Leases of assets under which all the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to statement of income and expenditure on a straight line basis over the period of the lease.

n. Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

AFRICAN INSTITUTE FOR DEVELOPMENT POLICY (AFIDEP)
 NOTES TO THE FINANCIAL STATEMENTS (Continued)
 FOR THE YEAR ENDED 31 DECEMBER 2020

4 Grants Income	2020		2020		2019	
	Donor	Kshs	US\$	Kshs	US\$	
BJB Foundation		3,198,255	30,127	5,388,293	52,912	
Children's Investment Fund Foundation UK - CIFF		21,878,686	205,020	-	-	
Foreign, Commonwealth & Development Office (FCDO)		8,534,903	78,506	-	-	
Medical Research Council (MRC) - UK		17,540,773	162,340	9,329,646	91,102	
National Institute for Health Research (NIHR) - UK		31,299,744	286,013	23,255,094	228,438	
Norwegian Embassy in Malawi		43,987,613	417,530	56,694,560	546,837	
The Bill & Melinda Gates Foundation		44,023,171	441,409	17,624,729	170,968	
The Wellcome Trust		14,603,158	133,353	6,477,532	63,544	
The William and Flora Hewlett Foundation		125,243,404	1,198,639	88,116,490	850,136	
Thomas J Mather		-	-	51,239,159	500,000	
UK Research and Innovation		3,284,858	29,843	-	-	
United Nations Population Fund		9,535,246	87,118	2,614,322	25,507	
United States Agency for International Development (USAID)		12,934,830	121,016	24,054,132	234,337	
World Health Organisation (WHO)		32,895,293	308,497	13,245,499	128,653	
Other Funders		11,596,598	106,872	3,833,836	37,669	
		<u>380,556,532</u>	<u>3,606,283</u>	<u>301,873,292</u>	<u>2,930,103</u>	

	2020	2020	2019	2019
	Kshs	US\$	Kshs	US\$
5. Other operating income				
Miscellaneous income	1,454,099	13,658	3,852,911	37,770
Interest income	1,245,137	11,695	595,737	5,840
Exchange gain	8,048,901	75,600	-	-
	<u>10,748,137</u>	<u>100,953</u>	<u>4,448,648</u>	<u>43,610</u>
6. Programme costs				
Project personnel costs	139,990,390	1,314,863	126,999,423	1,244,970
Project direct costs	57,072,197	536,052	63,981,703	627,210
Project travel costs	5,961,143	55,990	10,509,034	103,020
Partners (collaborators) costs	42,467,875	398,881	4,969,474	48,716
Programme support costs	26,718,188	250,951	19,266,211	188,866
	<u>272,209,793</u>	<u>2,556,737</u>	<u>225,725,845</u>	<u>2,212,782</u>

The organization's expenditure has been classified as programme costs, programme support costs and administrative expenses.

Programme costs relate to expenses incurred in project implementation by the programme staff which covers project direct costs, partner costs, project travel costs and project personnel costs.

Programme support costs relate to personnel costs incurred in project implementation by the Finance and Administration staff that are directly covered by project grants. These costs also include personnel costs of communications staff that are incurred in supporting project implementation but are not directly covered by project grants.

	2020 Kshs	2020 US\$	2019 Kshs	2019 US\$
7. Administrative Expenses				
Employment:				
Administrative staff salaries	40,995,912	385,055	33,472,215	328,127
Staff training	957,056	8,989	1,640,032	16,077
Staff other benefit	4,626,244	43,452	781,119	7,657
Staff welfare	1,114,748	10,470	832,849	8,164
Staff recruitments	225,148	2,115	864,399	8,474
Other staff costs	4,620,359	43,397	926,959	9,087
	52,539,467	493,478	38,517,573	377,586
Other administrative expenses:				
Office rent	11,624,722	109,186	10,758,433	105,464
Depreciation charge for the year	4,547,405	42,712	4,772,575	46,785
Depreciation under-provision prior years	-	-	3,054,053	29,939
Repairs and maintenance - assets and facilities	3,046,036	28,610	1,004,920	9,851
Insurance - health scheme and others	2,596,156	24,384	1,772,692	17,378
Board expenses/remunerations	2,509,630	23,572	8,535,399	83,672
Internet expenses	2,460,844	23,114	813,174	7,972
Partnership Building & Resource mobilization	2,263,402	21,259	-	-
Covid Expenses	1,860,976	17,479	-	-
Travelling/ conference and meetings	1,761,852	16,548	5,933,424	58,165
Insurance-assets	1,413,831	13,279	1,276,137	12,510
Bank charges	1,180,026	11,083	749,263	7,345
Local travel	1,021,274	9,592	1,736,122	17,019
Security	1,014,243	9,526	855,532	8,387
Professional fees	1,013,006	9,515	11,151,868	109,321
Office stationery and printing costs	909,935	8,547	846,455	8,298
Advertisements	837,629	7,867	692,520	6,789
Office expenses	627,850	5,897	2,545,153	24,950

	2020	2020	2020	2019	2019
	Kshs	US\$	US\$	Kshs	US\$
7. Administrative Expenses (continued)					
Other administrative expenses (continued):					
Telephone communication and postage	605,917	5,691	1,070,796	10,497	
Audit fees	589,586	5,538	403,332	3,954	
Electricity	505,470	4,748	449,463	4,406	
Miscellaneous expenses	361,667	3,396	273,071	2,674	
Policy Engagement	289,818	2,722	3,721	36	
Newspapers and periodicals	111,360	1,046	182,942	1,793	
General expenses and repairs	106,950	1,005	18,598	182	
Subscriptions	77,976	732	90,759	890	
Leave provision	(371,650)	(3,491)	799,094	7,833	
Exchange loss	-	-	2,150,889	21,085	
	<u>42,965,911</u>	<u>403,557</u>	<u>61,940,385</u>	<u>607,195</u>	
Total administrative expenses	<u>95,505,378</u>	<u>897,035</u>	<u>100,457,958</u>	<u>984,781</u>	

Administrative costs are the pooled administration, finance and other operational costs that cannot be allocated directly to specific projects. These costs include personnel costs for administration and finance staff, office supplies, rent and utilities & office general maintenance.

8. Property and equipment	Computers & software Kshs	Furniture and fittings Kshs	Office equipment Kshs	Total Kshs
a) For the year ended 31 December 2020				
Cost				
As at 1 January	8,962,163	16,426,393	7,420,987	32,809,543
Additions	1,532,072	386,739	-	1,918,811
As at 31 December	10,494,235	16,813,132	7,420,987	34,728,354
Accumulated Depreciation				
As at 1 January	7,143,730	7,290,483	4,141,243	18,575,456
Charge for the year	1,918,896	1,747,169	881,340	4,547,405
	9,062,626	9,037,652	5,022,583	23,122,861
Net Book Value				
As at 31 December	1,431,609	7,775,480	2,398,404	11,605,493
b) For the year ended 31 December 2019				
Cost				
As at 1 January	7,794,076	16,073,618	6,389,847	30,257,541
Additions	1,168,087	352,775	1,031,140	2,552,002
As at 31 December	8,962,163	16,426,393	7,420,987	32,809,543
Accumulated Depreciation				
As at 1 January	3,534,752	4,901,442	2,236,721	10,672,915
Adjustment to 2018 depreciation	-	75,913	-	75,913
Charge for the year	3,608,978	2,313,128	1,904,522	7,826,628
	7,143,730	7,290,483	4,141,243	18,575,456
Net Book Value				
As at 31 December	1,818,433	9,135,910	3,279,744	14,234,087

9. Receivables	2020	2020	2019	2019
	Kshs	US\$	Kshs	US\$
Collaborator debtors	1,944,596	17,812	9,462,590	93,375
Prepayments	10,881,328	99,672	9,194,096	90,725
Supplier deposits	2,758,720	25,270	2,152,084	21,236
Staff debtors	-	-	447,860	4,419
	<u>15,584,644</u>	<u>142,754</u>	<u>21,256,630</u>	<u>209,755</u>

In the opinion of the directors, the carrying amounts of receivables approximate to their fair value.

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 NOTES TO THE FINANCIAL STATEMENTS (Continued)
 FOR THE YEAR ENDED 31 DECEMBER 2019

10. Grants receivable	Donor	2020		2020		2019	
		Kshs	US\$	US\$	Kshs	US\$	Kshs
	Children's Investment Fund Foundation UK -CIFF	5,943,845	54,000	-	-	-	-
	Engineering and Physical Sciences Research Council (EPSRC)	590,690	5,366	-	-	-	-
	Foreign & Commonwealth and Development Office (FCDO)	3,029,897	27,527	-	-	-	-
	Medical Research Council (MRC) - UK	11,784,222	108,183	2,424,218	23,922	2,424,218	23,922
	National Institute for Health Research (NIHR) - UK	18,713,512	170,013	10,045,003	99,121	10,045,003	99,121
	Plan International	711,418	6,463	-	-	-	-
	Southern African Development Community - SADC	1,817,609	16,513	-	-	-	-
	Swiss Tropical and Public Health Institute	579,085	5,261	-	-	-	-
	The Bill & Melinda Gates Foundation	7,172,877	69,710	9,091,505	89,716	9,091,505	89,716
	The Wellcome Trust	12,563,003	115,142	2,368,908	23,375	2,368,908	23,375
	UK Research and Innovation	2,921,375	26,541	-	-	-	-
	United Nations Population Fund	8,217,161	74,653	-	-	-	-
	United States Agency for International Development (USAID)	8,457,267	76,835	-	-	-	-
	World Health Organisation	-	-	7,883,204	77,790	7,883,204	77,790
		82,501,961	756,207	31,812,838	313,924	31,812,838	313,924

11. Cash and cash equivalents	2020	2020	2019	2019
	Kshs	US\$	Kshs	US\$
Eco Bank Kenya - GBP account	140,076	1,283	67,260	664
Eco Bank Kenya - USD account	40,536,963	371,313	434,512	4,288
Eco Bank Kenya - Shs account	30,586	280	37,116	366
Eco Bank Malawi - MK account	3,548,487	32,504	5,668,746	55,938
Eco Bank Malawi - USD account	6,662,008	61,023	539,775	5,326
NCBA Bank - Shs account	2,168,151	19,860	3,103,446	30,624
NCBA Bank - GBP account	17,104,880	156,680	5,066,598	49,997
NCBA Bank - USD account	40,019,377	366,572	29,499,913	291,098
Petty cash - Kenya office	72,949	668	54,643	539
Petty cash - Malawi office	54	-	126	1
Fixed Deposit	169,216,290	1,550,000	-	-
	<u>279,499,821</u>	<u>2,560,183</u>	<u>44,472,135</u>	<u>438,841</u>

For the purpose of the statement of cash flows, the year-end cash and cash equivalents comprise the following:

12. Payables	2020	2020	2019	2019
	Kshs	US\$	Kshs	US\$
Account payables	22,379,891	204,997	7,140,710	70,463
Other payables	8,987,007	82,322	10,636,018	104,956
Staff creditors	441,338	4,043	-	-
	<u>31,808,236</u>	<u>291,362</u>	<u>17,776,728</u>	<u>175,419</u>

In the opinion of the directors, the carrying amounts of payables approximate to their fair value.

13. Deferred income	2020	2020	2019	2019
Donor	Kshs	US\$	Kshs	US\$
BJB Foundation	1,306,875	11,873	-	-
CIFF- Putting countries back on the path on the SGD's Economic and Social Research Council	28,476,520	258,710	-	-
Guttmacher Institute	811,692	7,374	-	-
Malawi Parliament Strengthening Project – Norwegian Embassy in Malawi	2,006,532	18,229	-	-
The Bill & Melinda Gates Foundation	12,856,701	116,804	17,689,095	174,552
The William and Flora Hewlett Foundation	213,354,635	1,938,333	-	-
World Health Organization	9,542,292	89,221	30,489,785	300,866
	<u>19,618,855</u>	<u>178,238</u>	<u>-</u>	<u>-</u>
	<u>287,974,102</u>	<u>2,618,782</u>	<u>48,178,880</u>	<u>475,418</u>

Deferred income relate to grants that have been received in advance to fund specific future project activity.

14. Presentation currency

The financial statements are presented in Kenya Shillings (Kshs) and US dollar (US\$). The organisation's functional currency is Kenya shillings. The presentation of financial statements in US\$ are translated at the closing rate for balances at the reporting date and the average rate for transactions in the statement of income and expenditure except for grant related balance which are reported as received. The translation difference is recognised in the statement of fund balances.

The exchange rates used are as follows:	2020	2019
Statement of financial position 1 USD	<u>109.17</u>	<u>101.34</u>
Statement of income and expenditure (average rate) 1 USD	<u>106.47</u>	<u>102.01</u>

15. Events after the reporting date

AFIDEP's work and financial position in 2020 was greatly affected by the Coronavirus (COVID-19) pandemic, which seems destined to continue devastating general wellbeing and economic outcomes beyond 2021. The pandemic has impacted how we run our programs, undertake financial management and engage with various stakeholders. To navigate through the crisis, AFIDEP's management came up with innovative ways of working, including delivering most of our work through virtual platforms, to ensure we deliver our mandate and sustain our programmes while keeping our staff members and stakeholders safe. These adjustments have ensured that there is no material uncertainty over AFIDEP's ability to continue as a going concern.

During the year 2020, through the leadership of the Covid-19 Task force Committee that was formed on 1st April 2020, we were able to manage and achieve most of our set goals, notwithstanding the many challenges posed by the Covid 19 pandemic that restricted domestic and international travel- as well as restrictions on face to face events. Our interventions included getting staff to work remotely and engagement with funders to agree on realignment to the work that could not be completed due to the pandemic. These adjustments enabled AFIDEP to fulfil its contractual obligations while maintaining all its staff members in employment in this difficulty year.

While we expect the Covid-19 challenges to remain a major factor in 2021, we are optimistic that the Institute's work will not be too adversely affected given the risk mitigation measures that we have adopted and the increasing number of new grants that we received towards the end of 2020.